

ZYDUS INTERNATIONAL PRIVATE LIMITED
Balance Sheet as at December 31, 2015

Particulars	Note No.	Euro Thousands		INR Thousands	
		As at December 31			
		2015	2014	2015	2014
EQUITY AND LIABILITIES:					
Shareholders' Funds:					
Share Capital	1	128,616	94,142	9,341,380	7,183,035
Reserves and Surplus	2	(26,886)	(27,830)	(1,952,730)	(2,123,415)
		101,730	66,312	7,388,650	5,059,620
Non-Current Liabilities:					
Long Term Borrowings	3	23,589	39,425	1,713,269	3,008,128
Current Liabilities:					
Other Current Liabilities	4	15,897	14,231	1,154,599	1,085,825
Short Term Provisions	5	10	19	726	1,450
		15,907	14,250	1,155,325	1,087,275
Total		141,226	119,987	10,257,244	9,155,023
ASSETS:					
Non-Current Assets:					
Non-Current Investments	6	106,805	82,818	7,757,247	6,319,014
Long Term Loans and Advances	7	26,688	35,001	1,938,348	2,670,578
		133,493	117,819	9,695,595	8,989,592
Current Assets:					
Cash and Bank Balances	8	55	732	3,995	55,852
Short Term Loans and Advances	9	7,677	1,435	557,581	109,503
Other Current Assets	10	1	1	73	76
		7,733	2,168	561,649	165,431
Total		141,226	119,987	10,257,244	9,155,023
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 19				

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

Particulars	Note No.	Euro Thousands		INR Thousands	
		Year ended December 31			
		2015	2014	2015	2014
REVENUE:					
Revenue from Operations:					
Revenue from Operations	11	1,436	1,035	102,200	83,856
Other Operating Revenues		30	6	2,135	486
Net Revenue from Operations		1,466	1,041	104,335	84,342
Other Income		-	-	-	-
Total Revenue		1,466	1,041	104,335	84,342
EXPENSES:					
Finance Costs	12	218	399	15,515	32,327
Other Expenses	13	17	56	1,210	4,537
Total Expenses		235	455	16,725	36,864
Profit before exceptional items and Tax		1,231	586	87,610	47,478
Less: Exceptional Items	17	243	2,874	17,294	232,851
(Loss) before Tax		988	(2,288)	70,316	(185,373)
Less: Tax Expense:					
Current Tax	18	45	19	3,203	1,539
Prior year's tax adjustments		(1)	(175)	(71)	(14,179)
(Loss) for the year		944	(2,132)	67,184	(172,733)
Basic & Diluted Earning per Share [EPS]	14	0.02	(0.06)	1.55	(4.93)
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 19				

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

Director

ZYDUS INTERNATIONAL PRIVATE LIMITED**I-Company overview:**

Zydus International Private Limited [the Company] was incorporated on April 30, 1998. The Company's registered office is situated at FDW House, Coes Road, Dundalk, Ireland. The Company is an investment holding company for the global investments of Cadila Healthcare Limited, India [CHL].

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

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2014. The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value.

2 Reporting Currency Translation:

The Local accounts are maintained in local and functional currency which is "EURO". 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 "EURO" 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 Reserves and Surplus.

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

- A** The transactions in foreign currencies are stated at the rates of exchange prevailing on the date of transaction.
- B** The net gain or loss on account of exchange differences either on settlement or on translation are recognised in the Statement of Profit and Loss.
- C** Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the rates of exchange ruling at the balance sheet date.

4 Fixed asset investments:

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

5 Financial Instruments:**A Basic financial assets:**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

B Other financial assets:

Other financial assets, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

C Basic financial liabilities:

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within the year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

D Other financial liabilities:

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

6 Impairment of financial assets:

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting period end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

7 Derecognition of financial assets:

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

8 Classification of financial liabilities:

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

9 Revenue Recognition:

- A** Interest income is recognised on time proportionate method.
- B** Dividend income is recognised when the unconditional right to receive the income is established.
- C** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

10 Taxation:

The tax expense represents the sum of the tax currently payable and deferred tax.

- A** The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.
- B** Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

ZYDUS INTERNATIONAL PRIVATE LIMITED
Notes to the Financial Statements

	Euro Thousands		INR Thousands	
	As at December 31			
	2015	2014	2015	2014
Note: 1-Share Capital:				
Authorised:				
50,000,000 [as at December 31, 2014: 50,000,000] Ordinary Shares of € 1.462843 each	73,142	73,142	5,312,303	5,580,735
90,000,000 [as at December 31, 2014:50,000,000] Optionally Convertible Redeemable Preference Shares of € 1 each	90,000	50,000	6,536,700	3,815,000
	163,142	123,142	11,849,003	9,395,735
Issued, Subscribed and Paid-up:				
45,112,708 [as at December 31, 2014: 40,942,649] Ordinary Shares of € 1.462843 each, fully paid	65,993	59,892	4,793,072	4,569,760
62,623,494 [as at December 31, 2014: 34,249,844] Optionally Convertible Redeemable Preference Shares of € 1 each	62,623	34,250	4,548,308	2,613,275
	128,616	94,142	9,341,380	7,183,035
A The reconciliation of the number of Ordinary Shares outstanding is as under:				
Number of shares at the beginning	40,942,649	31,324,934		
Add: Shares issued during the year[*]	4,170,059	9,617,715		
Number of shares at the end	45,112,708	40,942,649		
B The reconciliation of the number of Optionally Convertible Redeemable Preference Shares outstanding is as under:				
Number of shares at the beginning	34,249,844	-		
Add: Issued During the year	28,373,650	34,249,844		
Number of shares at the end	62,623,494	34,249,844		
C The reconciliation of the number of Non- Cumulative Redeemable Preference Shares outstanding is as under:				
Number of shares at the beginning	-	8,200,000		
Less: Conversion into Optionally Convertible Redeemable Preference Shares		8,200,000		
Number of shares at the end	-	-		
D The Company has ordinary shares and preference shares. All ordinary shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the ordinary shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.				
E Ordinary shares of € 1.462843 each fully paid held by Cadila Healthcare Limited, the holding company, a company incorporated in India.				
Number of Shares	45,112,708	40,942,649		
% to total share holding	100%	100%		
F Optionally Convertible Redeemable Preference shares of € 1 each, fully paid held by Cadila Healthcare Limited, the holding company, a company incorporated in India.				
Number of Shares	62,623,494	34,249,844		
% to total share holding	100%	100%		
[*] During the year ended on 31st December 2015, a convertible a convertible loans of USD 8,000,000 have been converted into 4,170,059 ordinary shares of € 1.462843 each, as per the terms of the loan agreement.				
Note: 2-Reserves and Surplus:				
Foreign currency reserve	(103)	(103)	(7,481)	(7,859)
Foreign Currency Translation Reserve:				
Balance as per last Balance Sheet	-	-	166,973	-
Add/ [Less]: Exchange differences on translation to Indian Rupee	-	-	103,123	166,973
	-	-	270,096	166,973
Surplus in Statement of Profit and Loss:				
Balance as per last Balance Sheet	(27,727)	(25,595)	(2,282,529)	(2,109,796)
Add: (Loss) for the year	944	(2,132)	67,184	(172,733)
Balance as at the end of year	(26,783)	(27,727)	(2,215,345)	(2,282,529)
Total	(26,886)	(27,830)	(1,952,730)	(2,123,415)

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Notes to the Financial Statements

Note: 3-Long Term Borrowings:

	Euro Thousands		INR Thousands		Euro Thousands		INR Thousands	
	Non-current portion				Current Maturities			
	As at December 31				As at December 31			
	2015	2014	2015	2014	2015	2014	2015	2014
Loan from Related Party [Unsecured] [*]	23,589	31,425	1,713,269	2,397,728	7,836	6,100	569,129	465,430
Loan from Societe Generale[**]	-	8,000	-	610,400	8,000	8,000	581,040	610,400
Amount disclosed under the head								
Other Current Liabilities [Note-4]	-	-	-	-	(15,836)	(14,100)	(1,150,169)	(1,075,830)
Total	23,589	39,425	1,713,269	3,008,128	-	-	-	-

[*] Details of convertible loans received in different tranches from Cadila Healthcare Limited, the holding company incorporated in India are as under:

Date	Curr.	Amount (in Thousands)	Rate of Interest	Repayment Date
February 7, 2011	Euro	2,208	6M Euro LIBOR + 2.75%	February 10, 2016
April 5, 2011	Euro	2,000	6M Euro LIBOR + 2.75%	February 10, 2016
April 21, 2011	Euro	2,061	6M Euro LIBOR + 2.75%	February 10, 2016
May 9, 2011	Euro	800	6M Euro LIBOR + 2.75%	February 10, 2016
May 9, 2011	Euro	2,200	6M Euro LIBOR + 2.75%	May 9, 2016
July 21, 2011	Euro	2,774	6M Euro LIBOR + 2.75%	May 9, 2016
August 22, 2011	Euro	560	6M Euro LIBOR + 2.85%	May 9, 2016
August 22, 2011	Euro	440	6M Euro LIBOR + 2.85%	August 22, 2016
October 20, 2011	Euro	3,628	6M Euro LIBOR + 2.85%	August 22, 2016
November 17, 2011	Euro	4,457	6M Euro LIBOR + 2.85%	November 17, 2016
July 25, 2012	Euro	1,644	6M Euro LIBOR + 2.85%	August 22, 2016
July 30, 2012	Euro	816	6M Euro LIBOR + 2.85%	August 22, 2016
August 6, 2012	Euro	1,613	6M Euro LIBOR + 2.85%	August 6, 2017
October 9, 2012	Euro	1,242	6M Euro LIBOR + 3.25%	October 9, 2017
October 12, 2012	Euro	1,850	6M Euro LIBOR + 3.25%	October 12, 2017
December 4, 2012	Euro	1,465	6M Euro LIBOR + 3.25%	December 6, 2017
February 1, 2013	Euro	367	6M Euro LIBOR + 3.25%	February 1, 2018
February 22, 2013	Euro	500	6M Euro LIBOR + 3.25%	February 27, 2018
March 6, 2013	Euro	500	6M Euro LIBOR + 3.25%	March 6, 2018
March 26, 2013	Euro	300	6M Euro LIBOR + 3.25%	March 26, 2018

[**] Loan of Societe Generale is secured by Corporate Guarantee of CHL and is repayable in five half yearly equal installments of Euro 4 million each. Interest is charged at the rate of 6 months EURO LIBOR plus 175 bps.

	Euro Thousands		INR Thousands	
	As at December 31			
	2015	2014	2015	2014

Note: 4-Other Current Liabilities:

Current Maturities of Long Term Debt [Refer Note- 3]	15,836	14,100	1,150,169	1,075,830
Interest accrued but not due on borrowings	54	123	3,922	9,385
Others: Provision for Expenses	7	8	508	610
Total	15,897	14,231	1,154,599	1,085,825

Note: 5-Short Term Provisions:

Others: Provision for Taxation [Net of Advance Tax of Euro 35,000 {as at Dec 31,2014: Nil}]	10	19	726	1,450
Total	10	19	726	1,450

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Notes to the Financial Statements

	Nos. [*]	Face Value [**]	Euro Thousands		INR Thousands	
			As at December 31			
			2015	2014	2015	2014
Note: 6-Non-Current Investments:						
Long Term Investments [Valued at cost]:						
Trade Investments:						
Investments in Preference Shares			6,318	398	458,876	30,367
Investments in Equity Instruments			100,487	82,420	7,298,371	6,288,647
Total			106,805	82,818	7,757,247	6,319,014
Redeemable Non Cumulative Convertible Preference share [No par value]						
Zydus Healthcare S.A. (Pty) Ltd	5,877,000 [5,800,000]	-	6,318	398	458,876	30,367
Unquoted shares in subsidiary companies: In fully paid-up equity shares of:						
Zydus Healthcare S.A. (Pty) Ltd	57,704,149	SA Rand 1	5,285	5,285	383,850	403,246
Zydus Healthcare (USA) LLC	200,000	USD 1	169	169	12,274	12,895
Zydus France, SAS	1,944,134	€ 8	9,114	9,114	661,950	695,398
Zydus Pharmaceuticals (USA) Inc	2,100,000	\$1	7,332	7,332	532,523	559,432
Zydus Pharma Japan Co. Ltd	19,295	JPY 26,976	11,799	11,799	856,961	900,264
Zydus Pharma Japan Co. Ltd	70,040 [69,400]	JPY 50,000	21,745	21,502	1,579,339	1,640,603
Zydus Netherlands B.V.	659,443 [496,023]	€ 100	65,944	49,602	4,789,513	3,784,633
Zydus Noveltech Inc.	850	Common Stock	2,930	2,930	212,806	223,559
Etna Biotech S.R.L.	900	€ 100	100	100	7,263	7,630
Zydus Pharmaceuticals Mexico SA De CV	129,315,138 [149,815,138]	MXP 1	8,747	7,574	635,295	577,896
Zydus Pharmaceuticals Mexico Services Company SA De C.V.	5,600,991	MXP 1	314	314	22,806	23,958
ZAHL BV	180 [NIL]	€ 100	552	0	40,092	0
Aggregate amount of unquoted Investments			134,031	115,721	9,734,672	8,829,514
Less: Provision for diminution in value of investment in Zydus J Pharma Japan Co. Ltd. [Refer Note 18]			(33,544)	(33,301)	(2,436,301)	(2,540,867)
Total			100,487	82,420	7,298,371	6,288,647

Explanations:

In "Nos. [*]" figures of previous year are same unless stated in []. In "Face Value [**]" figures are in Respective currency.

	Euro Thousands	INR Thousands		
			As at December 31	
			2015	2014
Note: 7-Long Term Loans and Advances:				
Loans and Advances to Related Parties [*]	26,688	35,001	1,938,348	2,670,578
Total	26,688	35,001	1,938,348	2,670,578
[*] Details of Loans and Advances to Related Parties [Refer note no. 17 for relationship] are as under:				
a Advances to Subsidiary companies:				
Participatory Loan to Laboratorios Combix	5,400	7,550	392,202	576,065
Convertible Loan to Zydus Netherlands B.V.	2,099	15,503	152,450	1,182,879
Non-convertible and Participatory loan to Zydus Healthcare SA (PTY) Ltd.	3,043	7,543	221,013	575,531
Convertible Loan to Zydus Pharmaceuticals Mexico S.A De. C.V	4,418	2,412	320,879	184,036
Term loan to Zydus Worldwide DMCC	3,018	-	219,197	-
Term loan to Zydus Discovery DMCC	7,864	-	571,162	-
Term loan to ZAHL B.V	121	117	8,788	8,927
	25,963	33,125	1,885,691	2,527,438
b Interest Receivable on Advances to Subsidiary companies:				
Zydus Healthcare SA (PTY) Ltd.	527	1,799	38,276	137,264
Zydus Pharmaceuticals Mexico S.A De. C.V	195	75	14,163	5,723
ZAHL B.V	3	2	218	153.00
	725	1,876	52,657	143,140
Total	26,688	35,001	1,938,348	2,670,578

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Notes to the Financial Statements

	Euro Thousands		INR Thousands	
	As at December 31			
	2015	2014	2015	2014
Note: 8-Cash and Bank Balances:				
Balances with Banks				
In Current Accounts	55	132	3,995	10,072
In Fixed Deposits	-	600	-	45,780
Total	55	732	3,995	55,852
Note: 9-Short Term Loans and Advances:				
Loans and Advances to Related Parties[*]	4,390	361	318,846	27,544
Interest Receivable on Advances to Subsidiary companies:[**]	337	1,074	24,476	81,947
Share application money [Previous Year: Eur 163]: [***]	2,950	-	214,259	12
Total	7,677	1,435	557,581	109,503
[*] Short term Loans and Advances to Subsidiary companies:				
Participatory Loan to Laboratorios Combix	1,600	-	116,208	-
Zydus Netherlands B.V.	2,465	361	179,033	27,544
Term loan to Bremer Pharma GMBH	250	-	18,158	-
ZAHL B.V	75	-	5,447	-
	4,390	361	318,846	27,544
[**] Interest Receivable on Advances to Subsidiary companies:				
Laboratorios Combix	275	322	19,973	24,569
Zydus Netherlands B.V.	-	752	-	57,378
Bremer Pharma GMBH	2	-	145	-
ZAHL B.V	3	-	218	-
Zydus Discovery DMCC	41	-	2,978	-
Zydus Worldwide DMCC	16	-	1,162	-
	337	1,074	24,476	81,947
[***] Share application money pending allotment refers investment in equity shares of Zydus Netherlands B.V for which shares are pending for allotment as on 31st Dec'2015				
Note: 10-Other Current Assets:				
Prepaid Expenses	1	1	73	76
Total	1	1	73	76
	Euro Thousands		INR Thousands	
	Year ended December 31			
	2015	2014	2015	2014
Note: 11-Revenue from Operations:				
Details of Revenue under broad heads:				
Interest Income [Gross] - From Others	749	851	53,306	68,948
Net Gain on foreign currency transactions and translation on others	687	184	48,894	14,908
Total	1,436	1,035	102,200	83,856
Other Operating Revenues:				
Net Gain on foreign currency transactions and translation	30	6	2,135	486
Note: 12-Finance Cost:				
Interest	212	395	15,088	32,003
Bank commission & charges	6	4	427	324
Total	218	399	15,515	32,327
A The break up of interest cost in to major heads is given below :				
a On term loans	212	395	15,088	32,003
	212	395	15,088	32,003
Note: 13-Other Expenses:				
Legal and Professional Fees	9	22	641	1,782
Miscellaneous Expenses [*]	8	34	569	2,755
Total	17	56	1,210	4,537
[*] Miscellaneous Expenses include Payment to the auditors as auditor	7	7	498	567

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Notes to the Financial Statements

		Euro Thousands		INR Thousands	
		As at December 31			
		2015	2014	2015	2014
Note: 14-Calculation of Earnings per Share [EPS]:					
The numerators and denominators used to calculate the basic and diluted EPS are as follows:					
A	(Loss)/ Profit after tax attributable to Shareholders	944	(2,132)	67,184	(172,733)
B	Basic and weighted average number of shares outstanding during the year	43,420,909	35,025,130	43,420,909	35,025,130
		Euro		INR	
C	Nominal value of share	1.462843	1.462843		
D	Basic & Diluted EPS	0.02	(0.06)	1.55	(4.93)
Note: 15-Segment Information:					
A Primary Business Segment – By Geographical market:					
		Value of Transactions [Euro Thousands]		Value of Transactions [INR Thousands]	
	Revenue by Geographical Market		Carrying amount of segment assets	Revenue by Geographical Market	Carrying amount of segment assets
		Year ended December 31,		Year ended December 31,	
		2015	2014	2015	2014
a	United States of America	-	-	10,431	10,431
b	European Countries	989	619	91,009	84,156
c	Rest of the world	477	422	39,786	25,400
d	Total	1,466	1,041	141,226	119,987
		-	-	-	-
		72,523	50,152	6,609,985	6,393,560
		31,812	34,190	2,889,656	1,965,565
		104,335	84,342	10,257,244	9,155,011
B Secondary Business Segment - There is only one segment namely investments activities.					
C Notes:					
The segment revenue in the geographical segment considered for disclosure are as follows:					
- Revenue within a particular geographical segment includes interest and dividend received from investments made within that segment.					
- Revenue that can not be allocated to a particular segment has been disclosed as unallocated revenue under Rest of the world.					
Note: 16-Related Party Transactions:					
A Name of the Related Parties and Nature of the Related Party Relationship:					
a Holding Company:					
Cadila Healthcare Limited, a company incorporated in India					
b Subsidiary Companies:					
ZyduS Netherlands B.V. [the Netherlands]		ZyduS Noveltech Inc. [USA]			
ZyduS France, SAS [France]		ZyduS Healthcare S.A. (Pty) Ltd [South Africa]			
Etna Biotech S.R.L. [Italy]		ZyduS Pharma Japan Co. Ltd. [Japan]			
ZyduS Pharmaceuticals (USA) Inc. [USA]		ZyduS Pharmaceuticals Mexico SA De CV [Mexico]			
ZyduS Healthcare (USA) LLC [USA]		ZyduS Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]			
ZAHL B.V. [the Netherlands]					
c Fellow Subsidiary Companies:					
Dialforhealth India Limited		M/s. ZyduS Wellness-Sikkim, a Partnership Firm			
Dialforhealth Unity Limited		Alidac Pharmaceutial Ltd. [erstwhile ZyduS BSV Pharma Private Limited]			
Dialforhealth Greencross Limited		ZyduS Lanka (Private) Limited [Sri Lanka]			
German Remedies Limited		ZyduS Healthcare Philippines Inc. [Philippines]			
ZyduS Wellness Limited		ZyduS Worldwide DMCC [Dubai]			
Liva Pharmaceuticals Limited		ZyduS Discovery DMCC [Dubai]			
ZyduS Technologies Limited		M/s. ZyduS Healthcare, a Partnership Firm			
Biochem Pharmaceutical Industries Limited					
d Step-down Subsidiary Companies:					
Laboratorios Combix S.L. [Spain]		ZyduS Nikkho Farmaceutica Ltda. [Brazil]			
Nesher Pharmaceuticals (USA) LLC [USA]		Hercon Pharmaceuticals LLC [USA]			
Simayla Pharmaceuticals (Pty) Ltd [South Africa]		Script Management Services (Pty) Ltd [South Africa]			
ZAHL Europe B.V. [the Netherlands]		Bremer Pharma GmbH [Germany]			
e Directors:					
Mr. David R Blanksby	Mr. Kamlesh K Patel	Mr. Pankaj R Patel [Ceased to be director w.e.f. 25th Mar,15]			

ZYDUS INTERNATIONAL PRIVATE LIMITED

Notes to the Financial Statements

Note: 16-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 16 A [a,b,c & d]

Nature of Transactions	Value of Transactions [Euro Thousands]				Value of Transactions [INR Thousands]			
	Holding Company		Subsidiary Companies & Step down Subsidiary Companies		Holding Company		Subsidiary Companies & Step down Subsidiary Companies	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2015	2014	2015	2014	2015	2014	2015	2014
1 Finance:								
Inter Corporate Loans given:								
Laboratorios Combix S.L.			-	0			-	0
Zydus Pharmaceuticals Mexico SA De CV			2,006	1,667			145,696	127,192
Zydus Healthcare S.A. (Pty) Ltd							-	0
ZAHL B.V.			79	42			5,738	3,205
Zydus Worldwide DMCC			3,018				219,197	0
Zydus Discovery DMCC			7,864				571,162	0
Bremer Pharma GMBH			250				18,158	0
Zydus Netherlands B.V.							-	0
Total	-	-	13,217	1,709	-	-	959,951	130,397
Inter Corporate Loans recovered:								
Laboratorios Combix S.L.			550	0			39,947	0
Zydus France, SAS							-	0
Zydus Pharmaceuticals Mexico SA De CV							-	0
Zydus Healthcare S.A. (Pty) Ltd			4,425	855			321,388	65,237
Zydus Netherlands B.V.			11,300	19,870			820,719	1,516,081
Total			16,275	20,725			1,182,054	1,581,318
Inter Corporate Loans taken:								
Cadila Healthcare Limited							-	0
Inter Corporate Loans Converted:								
Cadila Healthcare Limited	6,100	14,075			443,043	1,073,923	-	0
Interest Paid:								
Cadila Healthcare Limited							-	0
Interest Received:								
Zydus Healthcare S.A. (Pty) Ltd			147	348			10,462	28,195
Zydus Netherlands B.V.			0	108			-	8,750
Laboratorios Combix S.L.			296	322			21,066	26,088
Zydus Pharmaceuticals Mexico SA De CV			120	68			8,540	5,509
ZAHL B.V.			4	2			285	162
Zydus Worldwide DMCC			31				2,206	-
Zydus Discovery DMCC			149				10,604	-
Bremer Pharma GMBH			2				142	-
Total	-	-	749	848	-	-	53,305	68,704

ZYDUS INTERNATIONAL PRIVATE LIMITED

Notes to the Financial Statements

Note: 16-Related Party Transactions-Continued:

Nature of Transactions	Value of Transactions [Euro Thousands]				Value of Transactions [INR Thousands]			
	Holding Company		Subsidiary Companies & Step down Subsidiary Companies		Holding Company		Subsidiary Companies & Step down Subsidiary Companies	
	Year ended December 31,		Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2015	2014	2015	2014	2015	2014	2015	2014
2 Investments:								
Subscription to Share Capital:								
Zydus Pharma Japan Co. Ltd.			243	2,874	-		17,649	219,286
Zydus Pharmaceuticals Mexico SA De CV			1,173	2,708	-		85,195	206,620
Zydus Pharmaceuticals Mexico Services Company SA De C.V.			-	234	-		-	17,854
Zydus Healthcare S.A. (Pty) Ltd			-	398	-		-	30,367
ZAHL B.V.			552				40,092	-
Zydus Netherlands B.V.			4,290	32,270	-		311,583	2,462,201
Total	-	-	6,258	38,484	-	-	454,519	2,936,328
Share Application Money:								
Zydus Pharmaceuticals Mexico SA De CV			-	0	-		-	0
Zydus Netherlands B.V.			2,950	0	-		214,259	-
Total	-	-	2,950	-	-	-	214,259	-
3 Shares Issued:								
Cadila Healthcare Limited	34,474	40,119			2,503,847	3,061,080		
4 Outstanding:								
Payable:								
Cadila Healthcare Limited	31,425	37,525			2,282,398	2,863,158	-	0
Receivable:								
Zydus Netherlands B.V.			4,564	15,864			331,483	1,210,423
Zydus Healthcare S.A. (Pty) Ltd			3,043	7,543			221,013	575,531
Laboratorios Combix S.L.			7,000	7,550			508,410	576,065
Zydus Pharmaceuticals Mexico SA De CV			4,418	2,412			320,879	184,036
Bremer Pharma GMBH			250				18,158	0
Zydus Worldwide DMCC			3,018				219,197	0
Zydus Discovery DMCC			7,864				571,162	0
ZAHL B.V.			196	117			14,235	8,927
Total	-	-	30,353	33,486	-	-	2,204,537	2,554,982
Interest Receivable:								
Zydus Netherlands B.V.			0	752			-	57,378
Zydus Healthcare S.A. (Pty) Ltd			527	1,799			38,276	137,264
Laboratorios Combix S.L.			275	322			19,973	24,569
Zydus Pharmaceuticals Mexico SA De CV			195	75			14,163	5,723
Bremer Pharma GMBH			2				145	0
Zydus Worldwide DMCC			16				1,162	0
Zydus Discovery DMCC			41				2,978	0
ZAHL B.V.			6	2			436	153
Total	-	-	1,062	2,948	-	-	77,133	225,087

b There are no transactions with the parties referred to in item no. 16 A [e]

Note: 17 Management had, in 2013, carried out a portfolio and strategy review of business operated in Japan through 100% subsidiary Zydus Pharma Japan Co. Ltd. ["ZPJ"] and it has been decided to discontinue existing business in Japan. Consequently, ZPJ has stopped manufacturing and selling of the ethical pharmaceutical products from the end of March 2014. As at December 2015 and 2014, a provision has been made in the financial statements in line with accounting policies for diminution in value of the Investment in ZPJ to reduce the carrying value of the non-current investment to Nil, being its estimated net realizable value.

Note: 18 Pursuant to Revenue Audit carried out by the local tax authorities the Company has received tax refund which was related to the years 2008 to 2012, which is disclosed as Prior year's tax adjustments as at December 2014.

Note: 19 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 19 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

Director

ZYDUS INTERNATIONAL PRIVATE LIMITED
Cash Flow Statement for the year ended December 31, 2015

Particulars	Euro Thousands		INR Thousands	
	Year ended December 31			
	2015	2014	2015	2014
A Cash flows from operating activities:				
Loss before tax	988	(2,288)	70,316	(185,373)
Adjustments for:				
Interest expenses	749	851	53,306	68,948
Operating profit before working capital changes	1,737	(1,437)	123,622	(116,425)
Adjustments for:				
Decrease/ [Increase] in short term advances	(3,653)	(112)	(259,984)	(9,074)
Decrease/ [Increase] in long term advances	(15,725)	(19,870)	(1,119,148)	(1,609,867)
Decrease/ [Increase] in other current assets	-	(1)	-	(81)
Increase/ [Decrease] in other current liabilities	(1)	(52)	(71)	(4,213)
Total	(19,379)	(20,035)	(1,379,203)	(1,623,235)
Cash generated from operations	(17,642)	(21,472)	(1,255,581)	(1,739,660)
Direct taxes paid [Net of refunds]	(53)	143	(3,772)	11,586
Net cash from [used] operating activities	(17,695)	(21,329)	(1,259,353)	(1,728,074)
B Cash flows from investing activities:				
Purchase of Non Current investments	(10,851)	(13,744)	(772,266)	(1,113,539)
Advances to subsidiaries	8,313	16,730	591,636	1,355,465
Net cash used [from] in investing activities	(2,538)	2,986	(180,630)	241,926
C Cash flows from financing activities:				
Proceeds from Issuance of Share Capital	28,374	23,844	2,019,378	1,931,841
Proceeds from Long Term Borrowings	(8,000)	(4,000)	(569,360)	(324,080)
Interest paid	(818)	(885)	(58,217)	(71,703)
Net cash used [from] in financing activities	19,556	18,959	1,391,801	1,536,058
Net increase in cash and cash equivalents	(677)	616	(48,182)	49,910
Increase/ [Decrease] due to the translation to INR [Refer Note-3]	-	-	(3,675)	(3,620)
Cash and cash equivalents at the beginning of the year	732	116	55,852	9,562
Cash and cash equivalents at the end of the year	55	732	3,995	55,852

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 and on behalf of the Board

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

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

Director