

ZYDUS LANKA (PRIVATE) LIMITED
Balance Sheet as at March 31, 2017

Particulars	Note No.	LKR- Thousands		INR- Thousands	
		As at March 31			
		2017	2016	2017	2016
ASSETS:					
Non-Current Assets:					
Other Non-Current Financial Assets	1	15	15	7	7
Current Assets:					
Cash and Bank Balances	2	257	862	116	414
Other Current Assets	3	28	28	13	13
Total		285	890	129	427
EQUITY AND LIABILITIES:					
Equity:					
Equity Share Capital	4	1,990	1,990	896	955
Other Equity	5	(1,780)	(1,173)	(801)	(563)
Current Liabilities:					
Financial Liabilities:					
Other Financial Liabilities	6	90	88	41	42
Total		300	905	136	434
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 16				

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

Particulars	Note No.	LKR- Thousands		INR- Thousands	
		Year ended March 31			
		2017	2016	2017	2016
EXPENSES:					
Finance Costs	9	-	1	-	-
Other Expenses	10	607	389	273	183
Total Expenses		607	390	273	183
Profit for the year		(607)	(390)	(273)	(183)
OTHER COMPREHENSIVE INCOME:					
Other Comprehensive Income for the year, net of tax		-	-	-	-
Total Comprehensive Income for the year		(607)	(390)	(273)	(183)
Basic & Diluted Earning per Equity Share [EPS] [in LKR / Rupees]	13	(3.05)	(3.90)	(1.37)	(1.83)
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 16				

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

ZYDUS LANKA (PRIVATE) LIMITED

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

a Equity Share Capital:	No. of Shares	LKR- Thousands	INR- Thousands
Equity Shares of LKR 10/- each, Issued, Subscribed and Fully Paid-up:			
As at March 31, 2015	100,000	1,000	490
Add [Less]: During the year	99,000	990	465
As at March 31, 2016	199,000	1,990	955
Add [Less]: During the year	-		-
As at March 31, 2017	199,000	1,990	896
		LKR- Thousands	
b Other Equity:		Retained Earnings	Total
As at March 31, 2015		(783)	(783)
Add: Profit for the year		(390)	(390)
As at March 31, 2016		(1,173)	(1,173)
Add: Profit for the year		(607)	(607)
As at March 31, 2017		(1,780)	(1,780)
			-
		INR- Thousands	
		Foreign Currency Translation Reserve	Retained Earnings
			Total
As at March 31, 2015		(11)	(373)
Add: Profit for the year		-	(183)
Other Credit/ [Debit] during the year #		4	-
As at March 31, 2016		(7)	(556)
Add: Profit for the year		-	(273)
Other Credit/ [Debit] during the year #		35	-
As at March 31, 2017		28	(829)
# Includes adjustments on account of exchange rate translation differences.			-
<u>As per our report of even date</u>	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 25, 2017		Director	

ZYDUS LANKA (PRIVATE) LIMITED

I-Company overview:

Zydus Lanka (Private) Limited [the Company] was incorporated on April 11, 2011. The Company's registered office is situated at Level 26 and 34, East Tower, World Trade Centre, Echelon Square, Colombo - 01, Sri Lanka. The Company is formed with an object of distribution and selling of pharmaceutical products in Sri Lanka. The company has not started its commercial operations during the year.

II-Significant Accounting Policies:

1 Basis of Accounting:

The Financial Statements have been prepared in accordance with the Sri Lanka Financial Reporting Standards for Small & Medium sized Entities[SLFRS for SMEs]. Where appropriate, the policies and any changes thereto are explained in the succeeding notes.

2 Statement of Compliance:

The Financial Statements have been prepared in accordance with the SLFRS for SMEs issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

3 Reporting Currency Translation:

The Local accounts are maintained in local and functional currency which is "Sri Lankan Rupee" [LKR]. 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 LKR 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.

4 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 dates of transactions.
- 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 Sri Lankan Rupee at the rates of exchange ruling at the balance sheet date.

5 Post Balance Sheet Events:

All material events occurring after the Balance Sheet date have been considered and where necessary adjustments to or disclosure have been made in the Financial Statements.

6 Income Tax:

Income Tax has been computed in accordance with the Provisions of Inland Revenue Act No. 10 of 2006 and amendments thereto.

7 Liabilities and Provisions:

All known liabilities have been provided in preparing the Financial Statements.

8 Provision for Retiring Gratuity:

No provision has been made for Retiring Gratuity since there are no permanent employees.

9 Provisions, Contingent Assets and Contingent Liabilities:

Provisions are made for all obligations existing as at the Balance Sheet date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

10 Expenditure

All expenditure incurred on running of the business and for maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year.

ZYDUS LANKA (PRIVATE) LIMITED
Notes to the Financial Statements

	LKR- Thousands		INR- Thousands	
	As at March 31			
	2017	2016	2017	2016
Note: 1-Other Non-Current Financial Assets:				
[Unsecured, Considered Good unless otherwise stated]				
Security Deposits	15	15	7	7
Total	15	15	7	7
Note: 2-Cash and Bank Balances:				
Balances with Banks	257	862	116	414
Cash on Hand			-	-
Total	257	862	116	414
Note: 3-Other Current Assets:				
[Unsecured, Considered Good]				
Prepaid Expenses	28	28	13	13
Total	28	28	13	13
Note: 4-Equity Share Capital:				
Authorised:				
199,000 Ordinary shares [as at March 31, 2016: 199,000] of LKR 10/- each	1,990	1,990	896	955
	1,990	1,990	896	955
Issued, Subscribed and Fully Paid-up Equity Shares:				
199,000 Ordinary shares [as at March 31, 2016: 199,000] of LKR 10/- each	1,990	1,990	896	955
	1,990	1,990	896	955
A Reconciliation of the number of Shares outstanding as at March 31, 2017 and 2016:				
Number of shares at the beginning	199,000	100,000		
Add: Shares issued during the year	-	99,000		
Number of shares at the end	199,000	199,000		
B The Company has only ordinary shares. All ordinary shares rank parri passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.				
C Ordinary shares of LKR 10/- each, fully paid held by Holding Company, Cadila Healthcare Limited, a company incorporated in India:				
Number of Shares	199,000	100,000		
% to total share holding	100%	100%		
Note: 5-Other Equity:				
Other Reserves:				
Foreign Currency Translation Reserve:				
Balance as per last Balance Sheet	-	-	(7)	(11)
Add: Exchange Rate differences on translation to INR	-	-	35	4
	-	-	28	(7)
Retained Earnings:				
Balance as per last Balance Sheet	(1,173)	(783)	(556)	(373)
Less: Adjusted to FVTOCI reserve on transition to Ind AS			-	-
Add: Loss for the year	(607)	(390)	(273)	(183)
Balance as at the end of the year	(1,780)	(1,173)	(829)	(556)
Total	(1,780)	(1,173)	(801)	(563)
Note: 6-Other Financial Liabilities:				
Provision for Expenses	90	88	41	42
Total	90	88	41	42
Note: 7-Contingent Liabilities:				
There were no contingent liabilities outstanding as at the date of the Balance Sheet.				
Note: 8-Capital Commitments:				
There were no capital expenditure commitments approved as at 31st March, 2017 in respect of the Company.				
	LKR- Thousands		INR- Thousands	
	Year ended March 31			
	2017	2016	2017	2016
Note: 9-Finance Cost:				
Bank commission & charges	-	1	-	-
Total	-	1	-	-
Note: 10-Other Expenses:				
Rent	68	68	31	32
Product Registration and Processing Charges	317	-	143	-
Legal and Professional Fees	173	214	77	101
Miscellaneous Expenses	49	107	22	50
Total	607	389	273	183

ZYDUS LANKA (PRIVATE) LIMITED
Notes to the Financial Statements

Note: 11-Taxation:

- A** The Company is liable to income tax at 28% on the taxable Income.
B However no provision for income tax has been made for the year since there is no taxable income.
C There exists a temporary difference between the book income and tax income because of carried forward losses as per income tax. However the related deferred tax asset has not been recognised since commercial operations have not commenced and recoverability of same is uncertain at this stage.

Note: 12-Events after the Balance Sheet date:

There has been no material event occurring after the Balance Sheet date that requires adjustment to or disclosure in the Financial Statements.

Note: 13-Calculation of Earnings per Equity Share [EPS]:

The numerators and denominators used to calculate the basic and diluted EPS are as follows:

	(607)	(390)	(273)	(183)
A Profit attributable to Shareholders	199,000	100,000	199,000	100,000
B Basic and weighted average number of Equity shares outstanding during the year	LKR		INR	
C Nominal value of equity share	10	10		
D Basic & Diluted EPS	(3.05)	(3.90)	(1.37)	(1.83)

Note: 14-Related Party Transactions:

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

a Holding Company:

Cadila Healthcare Limited

b Fellow Subsidiaries:

Dialforhealth India Limited	Hercan Pharmaceuticals LLC [USA]
Dialforhealth Unity Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Dialforhealth Greencross Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Zydus Wellness Limited	Script Management Services (Pty) Ltd [South Africa]
M/s. Zydus Wellness-Sikkim, a Partnership Firm	Zydus Nikkho Farmaceutica Ltda. [Brazil]
Zydus Healthcare Limited	Laboratorios Combix S.L. [Spain]
Zydus Technologies Limited	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Liva Pharmaceuticals Limited	Alidac Healthcare (Myanmar) Limited [Myanmar]
Alidac Pharmaceuticals Limited	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydus International Private Limited [Ireland]	Etna Biotech S.R.L. [Italy]
Zydus Netherlands B.V. [the Netherlands]	ZAHL B.V. [the Netherlands]
Zydus Healthcare (USA) LLC [USA]	ZAHL Europe B.V. [the Netherlands]
Zydus Healthcare Philippines Inc [Philippines]	Bremer Pharma GmbH [Germany]
Zydus Pharmaceuticals (USA) Inc.[USA]	Nesher Pharmaceuticals (USA) LLC [USA]
Zydus Noveltech Inc. [USA]	Zydus Worldwide DMCC [Dubai]
Sentynl Therapeutics Inc. [USA]	Zydus Discovery DMCC [Dubai]
Zydus France, SAS [France]	Zydus Pharma Japan Co. Ltd. [Japan] [Liquidated during the year]

c Directors:

Mr. Ashok Bhatia [Resigned w.e.f 18th April, 2017]	Mr. Tushar Shroff [Resigned w.e.f 18th April, 2017]
Mr. Jay Kothari [Appointed w.e.f 28th April, 2017]	Mr. Vimal Sanghavi [Appointed w.e.f 28th April, 2017]
Mr. Adikarana Dissanayake Tenakoonlage Sanjaya Tennakoon [Appointed w.e.f 28th April, 2017]	

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 14-A [a]

Nature of Transactions

LKR-Thousands

INR-Thousands

Year ended March 31

2016

2015

2016

2015

Shares Issued:

Cadila Healthcare Limited

-

990

-

465

b There were no transactions with parties referred to in Note 14-A [b & c]

Note: 15-Segment Information:

The information on segment is not applicable as there are no revenue from operations.

Note: 16-Previous Year figures:

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 16 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 25, 2017

Director

ZYDUS LANKA (PRIVATE) LIMITED
Cash Flow Statement for the year ended March 31, 2017

Particulars	LKR- Thousands		INR- Thousands	
	Year ended December 31			
	2017	2016	2017	2016
A Cash flows from operating activities:				
Profit [Loss] before tax	(607)	(390)	(273)	(183)
Operating profit before working capital changes	(607)	(390)	(273)	(183)
Adjustments for:				
Decrease/ [Increase] in other current assets	-	1	-	-
Increase/ [Decrease] in other current liabilities	2	45	1	21
Total	2	46	1	21
Cash generated from operations	(605)	(344)	(272)	(162)
Direct taxes paid [Net of refunds]	-	-	-	-
Net cash from [used] operating activities	(605)	(344)	(272)	(162)
B Cash flows from investing activities:				
Net cash used [from] in investing activities	-	-	-	-
C Cash flows from financing activities:				
Proceeds from Issuance of Share Capital	-	990	-	465
Net cash used [from] in financing activities	-	990	-	465
Net increase in cash and cash equivalents	(605)	646	(272)	303
Increase/ [Decrease] due to the translation to INR [Refer Note-3]	-	-	(26)	5
Cash and cash equivalents at the beginning of the year	862	216	414	106
Cash and cash equivalents at the end of the year	257	862	116	414

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 25, 2017

Director