

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.

Balance Sheet as at December 31, 2016

Particulars	Note No.	MXN- Thousands		INR- Thousands	
		As at December 31			
		2016	2015	2016	2015
ASSETS:					
Non-Current Assets:					
Property, Plant and Equipment	1	527	1,471	1,739	5,649
Other Intangible Assets	1	22	62	72	238
Financial Assets:					
Other Financial Assets	2	100	100	330	384
Other Non-Current Assets	3	971	1,270	3,204	4,877
		1,620	2,903	5,345	11,148
Current Assets:					
Inventories	4	12,899	11,186	42,567	42,954
Financial Assets:					
Trade Receivables	5	58,481	15,286	1,92,988	58,698
Cash and Cash Equivalents	6	7,158	8,629	23,622	33,135
Other Current Assets	7	20,352	12,919	67,161	49,609
		98,890	48,020	3,26,338	1,84,396
Total		1,00,510	50,923	3,31,683	1,95,544
EQUITY AND LIABILITIES:					
Equity:					
Equity Share Capital	8	1,69,315	1,49,815	5,58,740	5,75,290
Other Equity	9	(1,93,835)	(2,03,120)	(6,39,656)	(7,79,983)
		(24,520)	(53,305)	(80,916)	(2,04,693)
Non-Current Liabilities:					
Financial Liabilities:					
Borrowings	10	1,05,903	77,903	3,49,480	2,99,148
Deferred Tax Liabilities [Net]		(8,582)	-	(28,321)	-
		97,321	77,903	3,21,159	2,99,148
Current Liabilities:					
Financial Liabilities:					
Trade Payables	11	22,350	20,920	73,755	80,333
Other Financial Liabilities	12	5,267	5,321	17,381	20,433
Other Current Liabilities	13	92	84	304	323
		27,709	26,325	91,440	1,01,089
Total		1,00,510	50,923	3,31,683	1,95,544
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 24				

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

Sole Administrator

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.
Statement of Profit and Loss for the year ended December 31, 2016

Particulars	Note No.	MXN- Thousands		INR- Thousands	
		Year ended December 31			
		2016	2015	2016	2015
REVENUE:					
Revenue from Operations	14	1,11,945	43,876	4,03,002	1,77,259
Other Income	15	-	108	-	436
Total Revenue		1,11,945	43,984	4,03,002	1,77,695
EXPENSES:					
Purchases of Stock-in-Trade	16	29,306	19,371	1,05,502	78,259
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	17	(1,713)	(3,578)	387	(10,239)
Finance Costs	18	2,550	2,993	9,180	12,092
Depreciation, Amortisation and Impairment expenses	1	1,060	671	3,816	2,710
Other Expenses	19	80,039	86,627	2,88,141	3,49,974
Total Expenses		1,11,242	1,06,084	4,07,026	4,32,796
Profit before Tax		703	(62,100)	(4,024)	(2,55,101)
Less: Tax Expense:					
Deferred Tax		(8,582)	-	(30,895)	-
Profit for the year		9,285	(62,100)	26,871	(2,55,101)
Other Comprehensive Income for the year, net of tax		-	-	-	-
Total Comprehensive Income for the year		9,285	(62,100)	26,871	(2,55,101)
Basic & Diluted Earning per Equity Share [EPS] [in MXN / Rupees]	20	0.06	(0.44)	0.16	(1.81)
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 24				

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

Sole Administrator

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.
Statement of Change in Equity for the year ended December 31, 2016

a Equity Share Capital:	No. of Shares	MXN- Thousands	INR- Thousands
Equity Shares of MXN 1/- each, Issued, Subscribed and Fully Paid-up:			
As at December 31, 2014	1293,15,138	1,29,315	5,56,055
Add: Issued during the year	205,00,000	20,500	
As at December 31, 2015	1498,15,138	1,49,815	5,75,290
Add: Issued during the year	195,00,000	19,500	
As at December 31, 2016	1693,15,138	1,69,315	5,58,740
		MXN- Thousands	
b Other Equity:		Retained Earnings	Total
As at December 31, 2014		(1,41,020)	(1,41,020)
Add: Loss for the year		(62,100)	(62,100)
As at December 31, 2015		(2,03,120)	(2,03,120)
Less: Profit for the year		9,285	9,285
As at December 31, 2016		(1,93,835)	(1,93,835)
			-
		INR- Thousands	
b Other Equity:	Foreign Currency Translation Reserve	Retained Earnings	Total
As at December 31, 2014	43,877	(6,50,262)	(6,06,385)
Add: Profit for the year	-	(2,55,101)	(2,55,101)
Add: Addition during the year #	81,503	-	81,503
As at December 31, 2015	1,25,380	(9,05,363)	(7,79,983)
Add: Profit for the year	-	26,871	26,871
Add: Addition during the year #	1,13,455	-	1,13,455
As at December 31, 2016	2,38,836	(8,78,492)	(6,39,656)
# Includes adjustments on account of exchange rate translation differences.			-
<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	 Sole Administrator		

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.**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).
- C** The accompanying financial statements and their notes were authorized to be issued on April 15, 2017, 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 Accounting Changes:

Improvement to NIF 2016 did not create adjustments to modify the accounting records of financial statements as of December 31, 2016 and 2015.

The accounting changes are the following.

NIF C-1 Cash and cash equivalents and NIF B-2 Statement of Cash flows.

Financial instruments should be measured at fair value on initial recognition.

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 Other Equity.

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 First In - First Out [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.

The Company performs ongoing credit evaluations of its customers' financial condition and establishes an allowance for losses on trade receivables based upon factors surrounding the credit risk of specific customers, historical trends and other information. Additionally, the Company has a policy of charging off uncollectible trade receivables.

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:

Pursuant to NIF B-10, Beginning 2008, compnaies incorporated before that date has suspended recognition of the impact of inflation based on the fact the Mexican economy is now operating in a non - inflationary environment. Since the Company commenced operations in 2013, it has not exceeded the threshold of 26% to recognize the effects of inflation. Accumulated inflation for the three years prior to the date of financial statements is less than 26%.

Annual inflation in 2016, 2015 and 2014 was 3.3603% , 2.1308% and 4.0813% respectively, therefore accumulated for the prior three year period was 9.8710%

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.

Notes to the Financial Statements

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

	Property, Plant and Equipment				Intangible Assets
	<u>Buildings</u>	Furniture and <u>Fixtures</u>	Office <u>Equipment</u>	Total	<u>Computer Software</u>
	MXN- Thousands				MXN- Thousands
Gross Block:					
As at December 31, 2014	1,411	701	1,312	3,424	227
Additions	-	35	75	110	24
Disposals	-	-	-	-	-
Other adjustments	-	-	-	-	-
As at December 31, 2015	1,411	736	1,387	3,534	251
Additions	-	-	76	76	-
Disposals	-	-	-	-	-
Other adjustments	-	-	-	-	-
As at December 31, 2016	1,411	736	1,463	3,610	251
Depreciation and Impairment:					
As at December 31, 2014	740	166	544	1,450	131
Charge for the year	180	74	359	613	58
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Other adjustments	-	-	-	-	-
As at December 31, 2015	920	240	903	2,063	189
Charge for the year	440	190	390	1,020	40
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Other adjustments	-	-	-	-	-
As at December 31, 2016	1,360	430	1,293	3,083	229
Net Block:					
As at December 31, 2015	491	496	484	1,471	62
As at December 31, 2016	51	306	170	527	22
	<u>Buildings</u>	Furniture and <u>Fixtures</u>	Office <u>Equipment</u>	Total	<u>Computer Software</u>
	INR- Thousands				INR- Thousands
Gross Block:					
As at December 31, 2014	6,067	3,014	5,642	14,723	976
Additions	-	141	303	444	97
Disposals	-	-	-	-	-
Other adjustments	(649)	(329)	(619)	(1,596)	(109)
As at December 31, 2015	5,418	2,826	5,326	13,571	964
Additions	-	-	274	274	-
Disposals	-	-	-	-	-
Other adjustments	(762)	(397)	(772)	(1,932)	(136)
As at December 31, 2016	4,656	2,429	4,828	11,913	828
Depreciation and Impairment:					
As at December 31, 2014	3,182	714	2,339	6,235	563
Charge for the year	727	299	1,450	2,476	234
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Other adjustments	(376)	(91)	(321)	(789)	(71)
As at December 31, 2015	3,533	922	3,468	7,922	726
Charge for the year	1,584	684	1,404	3,672	144
Impairment for the year	-	-	-	-	-
Disposals	-	-	-	-	-
Other adjustments	(629)	(187)	(605)	(1,420)	(114)
As at December 31, 2016	4,488	1,419	4,267	10,174	756
Net Block:					
As at December 31, 2015	1,885	1,904	1,858	5,649	238
As at December 31, 2016	168	1,010	561	1,739	72

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

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.

Notes to the Financial Statements

	MXN- Thousands		INR- Thousands	
	As at December 31			
	2016	2015	2016	2015
Note: 2-Other Financial Assets:				
[Unsecured, Considered Good unless otherwise stated]				
Security Deposits	100	100	330	384
Total	100	100	330	384
Note: 3-Other Non-Current Assets:				
[Unsecured, Considered Good unless otherwise stated]				
Balances with Statutory Authorities	37	37	122	142
Capital Advances	934	1,233	3,082	4,735
Total	971	1,270	3,204	4,877
Note: 4-Inventories:				
[The Inventory is valued at lower of cost and net realisable value]				
Classification of Inventories:				
Finished Goods	12,899	11,186	42,567	42,954
Total	12,899	11,186	42,567	42,954
Note: 5-Trade Receivables:				
Considered doubtful				
	1,443	1,753	4,762	6,732
Less: Impairment Allowance	1,443	1,753	4,762	6,732
	-	-	-	-
Others- Considered good:				
Unsecured	58,481	15,286	1,92,988	58,698
Total	58,481	15,286	1,92,988	58,698
Note: 6-Cash and Cash Equivalents:				
Balances with Banks	7,156	8,625	23,615	33,120
Cash on Hand	2	4	7	15
Total	7,158	8,629	23,622	33,135
Note: 7-Other Current Assets:				
[Unsecured, Considered Good]				
Balances with Statutory Authorities	19,920	12,141	65,736	46,621
Prepaid Expenses	432	778	1,425	2,988
Total	20,352	12,919	67,161	49,609
Note: 8-Equity Share Capital:				
Authorised:				
169,315,138 [as at December 31, 2015: 149,815,138] Equity Shares of MXN 1/- each	1,69,315	1,49,815	5,58,740	5,75,290
	1,69,315	1,49,815	5,58,740	5,75,290
Issued, Subscribed and Fully Paid-up Equity Shares:				
169,315,138 [as at December 31, 2015: 149,815,138] Equity Shares of MXN 1/- each	1,69,315	1,49,815	5,58,740	5,75,290
	1,69,315	1,49,815	5,58,740	5,75,290
A The reconciliation of the number of Shares outstanding as at December 31, 2016 and 2015 is as under:				
Number of shares at the beginning	1498,15,138	1293,15,138		
Add: Shares issued during the year	195,00,000	205,00,000		
Number of shares at the end	1693,15,138	1498,15,138		
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	1693,15,138	1498,15,138		
% to total share holding	100%	100%		

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.
Notes to the Financial Statements

	MXN- Thousands		INR- Thousands	
	As at December 31			
	2016	2015	2016	2015
Note: 9-Other Equity:				
Other Reserves:				
Foreign Currency Translation Reserve:				
Balance as per last Balance Sheet			1,25,380	43,877
Add: Exchange Rate differences on translation to INR			1,13,455	81,503
	-	-	2,38,836	1,25,380
Retained Earnings:				
Balance as per last Balance Sheet	(2,03,120)	(1,41,020)	(9,05,363)	(6,50,262)
Less [Add]: Loss [Profit] for the year	9,285	(62,100)	26,871	(2,55,101)
Balance as at the end of the year	(1,93,835)	(2,03,120)	(8,78,492)	(9,05,363)
Total	(1,93,835)	(2,03,120)	(6,39,656)	(7,79,983)
Note: 10-Borrowings:				
Loan from a related party - Zydus International Private Limited, Holding Company [Unsecured] [Interest is charged at the rate of 6 month Euro Libor plus 75 bps]	1,05,903	77,903	3,49,480	2,99,148
Total	1,05,903	77,903	3,49,480	2,99,148
Note: 11-Trade Payables:				
Trade Payables	22,350	20,920	73,755	80,333
Total	22,350	20,920	73,755	80,333
Note: 12-Other Financial Liabilities:				
Interest accrued but not due on borrowings	4,979	3,559	16,431	13,667
Accrued Expenses	288	1,762	950	6,766
Total	5,267	5,321	17,381	20,433
Note: 13-Other Current Liabilities:				
Payable to Statutory Authorities	92	84	304	323
Total	92	84	304	323
	MXN- Thousands		INR- Thousands	
	Year ended December 31			
	2016	2015	2016	2015
Note: 14-Revenue from Operations:				
Sale of Products [Gross]	70,308	43,876	2,53,109	1,77,259
Other Operating Revenues:				
Reimbursement of Expense	40,912	-	1,47,283	-
Miscellaneous Income	725	-	2,610	-
	41,637	-	1,49,893	-
Total	1,11,945	43,876	4,03,002	1,77,259
Note: 15-Other Income:				
Interest Income	-	81	-	327
Miscellaneous Income	-	27	-	109
Total	-	108	-	436
Note: 16-Purchases of Stock-in-Trade:				
Purchases of Stock-in-Trade	29,306	19,371	1,05,502	78,259
Total	29,306	19,371	1,05,502	78,259
Note: 17-Changes in Inventories:				
Stock at commencement:				
Finished Goods	11,186	6,273	42,954	26,974
Less: Stock at close:				
Finished Goods	12,899	11,186	42,567	42,954
Total	(1,713)	(3,578)	387	(10,239)

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.

Notes to the Financial Statements

	MXN- Thousands		INR- Thousands	
	Year ended December 31			
	2016	2015	2016	2015
Note: 18-Finance Cost:				
Interest expense [*]	1,420	2,243	5,112	9,062
Other Borrowing Costs			-	-
Net Loss on foreign currency transactions and translation	996	613	3,586	2,477
Bank commission & charges	134	137	482	553
Total	2,550	2,993	9,180	12,092
[*] The break up of interest expense into major heads is given below:				
Others	1,420	2,243	5,112	9,062
Total	1,420	2,243	5,112	9,062
Note: 19-Other Expenses:				
Research Materials	2,693	2,678	9,695	10,819
Analytical Expenses	1,346	1,973	4,846	7,971
Power & fuel	82	86	295	347
Rent	894	738	3,218	2,982
Insurance	68	66	245	267
Administrative Expenses	2,821	2,534	10,156	10,237
Traveling Expenses	121	93	436	376
Legal and Professional Fees	47,803	52,208	1,72,091	2,10,920
Other marketing expenses	19,121	23,727	68,835	95,857
Bad Debts:				
Impairment Allowances	-	441	-	1,782
Less: Transferred from Impairment Allowances	(310)	-	(1,116)	-
	(310)	441	(1,116)	1,782
Miscellaneous Expenses [*]	5,400	3,920	19,440	15,837
	80,039	88,464	2,88,141	3,57,395
Less : Recovery of Expenses	-	1,837	-	7,421
Total	80,039	86,627	2,88,141	3,49,974
[*] Miscellaneous Expenses include Payment to the auditors as "Auditor"				
Note: 20-Calculation of Earnings per Equity Share [EPS]:				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A Profit [Loss] attributable to Shareholders	9,285	(62,100)	26,871	(2,55,101)
B Basic and weighted average number of Equity shares outstanding during the year	1663,32,638	1407,73,471	1663,32,638	1407,73,471
	MXN		INR	
C Nominal value of equity share	1	1		
D Basic & Diluted EPS	0.06	(0.44)	0.16	(1.81)
Note: 21-Segment Information:				
The Chief Operating Decision Maker [CODM] reviews the Company as single segment, namely, "Pharmaceutical Segment".				
Note: 22-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	Laboratorios Combix S.L. [Spain]			
Dialforhealth Unity Limited	Zydus Noveltech Inc. [USA]			
Dialforhealth Greencross Limited	Hercon Pharmaceuticals LLC [USA]			
Zydus Wellness Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]			
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	Alidac Healthcare (Myanmar) Limited [Myanmar]			
Liva Pharmaceuticals Limited	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]			
Alidac Pharmaceuticals Limited	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 Nikkho Farmaceutica Ltda. [Brazil]	Zydus Worldwide DMCC [Dubai]			
Zydus Lanka (Private) Limited [Srilanka]	Zydus Discovery DMCC [Dubai]			
Zydus France, SAS [France]	Zydus Pharma Japan Co. Ltd. [Japan] [Liquidated during the year]			
d Administrator:	Mr. Prashant Jayantibhai Desai			

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.

Notes to the Financial Statements

Note: 22 -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 22 - A [a , b & c]

Nature of Transactions	Holding company		Value of the Transactions MXN- Thousands		Fellow subsidiaries	
	2016	2015	Ultimate Holding company		2016	2015
			Year ended December 31			
	2016	2015	2016	2015	2016	2015
Purchases:						
Goods:						
Cadila Healthcare Limited			19,631	14,996		
Services:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					46,190	51,783
Reimbursement of expenses recovered:						
Cadila Healthcare Limited			40,912	1,837		
Investments:						
Receipt towards Share Capital:						
Zydus International Private Limited	19,500	20,500				
Finance:						
Inter Company Loan Accepted:						
Zydus International Private Limited	28,000	34,900				
Interest Paid:						
Zydus International Private Limited	1,420	2,243				
Guarantee Fees Paid:						
Cadila Healthcare Limited			130	130		
			As at December 31			
Outstanding:	2016	2015	2016	2015	2016	2015
Payable:						
Zydus International Private Limited	1,10,882	81,462				
Cadila Healthcare Limited			12,207	8,668		
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					6,740	7,759
Receivable:						
Cadila Healthcare Limited			41,522	610		
			As at December 31			
	2016	2015	2016	2015	2016	2015
Purchases:						
Goods:						
Cadila Healthcare Limited	-	-	70,672	60,584	-	-
Services:						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.	-	-	-	-	1,66,284	2,09,203
Sales:						
Reimbursement of expenses received:						
Cadila Healthcare Limited	-	-	1,47,283	7,421	-	-
Investments:						
Receipt towards Share Capital:						
Zydus International Private Limited	64,350	78,720	-	-	-	-
Finance:						
Inter Company Loan Accepted:						
Zydus International Private Limited	92,400	1,34,016	-	-	-	-
Interest Paid:						
Zydus International Private Limited	5,112	9,062	-	-	-	-
Guarantee Fees Paid:						
Cadila Healthcare Limited	-	-	468	525	-	-
			As at December 31			
Outstanding:	2016	2015	2016	2015	2016	2015
Payable:						
Zydus International Private Limited	3,65,911	3,12,814	-	-	-	-
Cadila Healthcare Limited	-	-	40,283	33,285	-	-
Zydus Pharmaceuticals Mexico Services Company SA De C.V.	-	-	-	-	22,242	29,795
Receivable:						
Cadila Healthcare Limited	-	-	1,37,023	2,342	-	-

b There are no transactions with the parties referred to in item no. 22 A [d].

ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.
Notes to the Financial Statements

Note: 23 -Going Concern:

As of December 31, 2016 and 2015, 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: 24

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 24 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

Sole Administrator

ZYDUS PHARMACEUTICALS MEXICO, S.A. DE C.V.
Cash Flow Statement for the year ended December 31, 2016

Particulars	MXN- Thousands		INR- Thousands	
	Year ended December 31			
	2016	2015	2016	2015
A Cash flows from operating activities:				
Profit [Loss] before tax	703	(62,100)	(4,024)	(2,55,101)
Adjustments for:				
Depreciation, Amortisation and Impairment expenses	1,060	671	3,816	2,710
Interest income	-	(81)	-	(327)
Interest expenses	1,420	2,243	5,112	9,062
Provision for impairment allowance	-	441	-	1,782
Provision for impairment allowance written back	(310)	-	(1,116)	-
Total	2,170	3,274	7,812	13,227
Operating profit before working capital changes	2,873	(58,826)	3,788	(2,41,874)
Adjustments for:				
[Increase]/ Decrease in trade receivables	(42,885)	6,377	(1,54,386)	25,764
[Increase] in inventories	(1,713)	(3,577)	(6,166)	(14,452)
Decrease in other current financial assets	-	7,486	-	30,243
Decrease in other current assets	(7,433)	(12,314)	(26,758)	(49,747)
Increase in trade payables	1,430	2,922	5,148	11,805
[Decrease] in other current liabilities	(1,466)	(830)	(5,277)	(3,353)
Total	(52,067)	64	(1,87,439)	260
Net cash used in operating activities	(49,194)	(58,762)	(1,83,651)	(2,41,614)
B Cash flows from investing activities:				
Purchase of property, plant and equipment	223	(270)	802	(1,090)
Interest received	-	81	-	328
Net cash from [used] in investing activities	223	(189)	802	(762)
C Cash flows from financing activities:				
Proceeds from issuance of share capital	19,500	20,500	70,200	82,820
Proceeds from non current borrowings	28,000	34,900	1,00,800	1,40,996
Net cash from financing activities	47,500	55,400	1,71,000	2,23,816
Net [Decrease] in cash and cash equivalents	(1,471)	(3,551)	(11,849)	(18,560)
Increase/ [Decrease] due to the translation to INR [Refer Note-3]	-	-	2,336	(677)
Cash and cash equivalents at the beginning of the year	8,629	12,180	33,135	52,372
Cash and cash equivalents at the end of the year	7,158	8,629	23,622	33,135

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

Sole Administrator