

**Zydus Healthcare SA (Pty) Ltd**  
**Balance Sheet as at December 31, 2015**

Particulars	Note No.	ZAR-Thousands		INR-Thousands	
		As at December 31			
		2015	2014	2015	2014
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	1	140,504	63,504	602,762	347,367
Reserves and Surplus	2	(30,230)	(51,407)	(129,687)	(281,197)
		110,274	12,097	473,075	66,170
<b>Non-Current Liabilities:</b>					
Long Term Borrowings	3	51,517	105,401	221,008	576,543
<b>Current Liabilities:</b>					
Short Term Borrowings	4	16,961	38,961	72,763	213,117
Trade Payables	5	9,126	6,695	39,151	36,622
Other Current Liabilities	6	13,743	27,093	58,958	148,198
Short Term Provisions	7	377	232	1,617	1,269
		40,207	72,981	172,489	399,206
<b>Total</b>		<b>201,998</b>	<b>190,479</b>	<b>866,572</b>	<b>1,041,919</b>
<b>ASSETS:</b>					
<b>Non-Current Assets:</b>					
Fixed Assets:					
Tangible Assets					
Tangible Assets	8	613	568	2,631	3,108
Non-Current Investments	9	63,998	63,998	274,551	350,069
Deferred Tax Assets [Net]		514	5,110	2,205	27,952
Long Term Loans and Advances	10	90,118	90,118	386,606	492,945
		155,243	159,794	665,993	874,074
<b>Current Assets:</b>					
Inventories	11	14,687	6,618	63,007	36,200
Trade Receivables	12	20,922	12,668	89,755	69,294
Cash and Bank Balances	13	3	-	13	-
Short Term Loans and Advances	14	189	445	811	2,433
Other Current Assets	15	10,954	10,954	46,993	59,918
		46,755	30,685	200,579	167,845
<b>Total</b>		<b>201,998</b>	<b>190,479</b>	<b>866,572</b>	<b>1,041,919</b>
<b>Significant Accounting Policies</b>	II				
<b>Notes to the Financial Statements</b>	1 to 26				

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

Particulars	Note No.	ZAR-Thousands		INR-Thousands	
		Year ended December 31			
		2015	2014	2015	2014
<b>REVENUE:</b>					
Revenue from Operations:					
Sale of Products [Pharma Products]		147,683	88,229	744,322	495,847
Other Operating Revenues	16	400	1,650	2,016	9,273
Net Revenue from Operations		148,083	89,879	746,338	505,120
Other Income	17	79	-	398	-
Total Revenue		148,162	89,879	746,736	505,120
<b>EXPENSES:</b>					
Purchase of Stock in Trade	18	49,348	17,249	248,714	96,939
Changes in Inventories of Stock-in-Trade	19	(8,069)	(878)	(26,807)	(3,539)
Employee Benefits Expense	20	18,757	13,271	94,535	74,583
Finance Costs	21	5,986	8,857	30,169	49,775
Depreciation, Amortisation and Impairment expenses	8	204	272	1,028	1,528
Other Expenses	22	51,514	37,246	259,630	209,323
Total Expenses		117,740	76,017	607,269	428,609
<b>Profit before tax</b>		<b>30,422</b>	<b>13,862</b>	<b>139,467</b>	<b>76,511</b>
Add/ [Less]: Deferred Tax		(4,596)	5,110	(23,164)	28,718
<b>Profit for the year</b>		<b>25,826</b>	<b>18,972</b>	<b>116,303</b>	<b>105,229</b>
		ZAR		INR	
<b>Basic &amp; Diluted Earning per Equity Share [EPS]</b>	23	0.53	0.24	2.42	1.33
<b>Significant Accounting Policies</b>	II				
<b>Notes to the Financial Statements</b>	1 to 26				

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 Healthcare SA (Pty) Ltd

### I-Company overview:

Zydus Healthcare SA (Pty) Ltd [the company] was incorporated on July 27, 1998. The Company's registered office is situated at 22 Karee Street, Southdowns office park Centurion, Gauteng 0157. The company is engaged in pharmaceutical industry and operates principally in South Africa.

### II-Significant Accounting Policies:

#### 1 Basis of Accounting:

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium - sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on historical cost basis, and incorporate the principal accounting policies set out below. These accounting policies are consistent with the previous year.

#### 2 Reporting Currency Translation:

The Local accounts are maintained in local and functional currency which is "South African Rand [ZAR]". 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 "ZAR" 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.

#### 3 Investment in Subsidiaries:

Investment in subsidiaries are carried at cost less any accumulated impairment, if any.

#### 4 Impairment of Assets:

- A The company assess at each reporting year date whether there is any indication that an asset may be impaired.
- B If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.
- C If an impairment loss subsequently reverses, the carrying amount of the asset [or group of related assets] is increased to the revised estimate of its recoverable amount [selling price less cost to complete and sell, in the case of inventories], but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset [or group of assets] in prior years. A reversal of impairment is recognized immediately in the statement of Profit and Loss.

#### 5 Property, Plant and Equipment:

- A Property, plant and equipment are tangible items that:
  - a are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and
  - b are expected to be used during more than one year.
- B Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.
- C Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.
- D Depreciation is provided using the straight line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows.

Nature of Asset	Average Useful Life
Leasehold Property	3 Years
Furniture and Fixtures	6 Years
Motor Vehicles	5 Years
Office Equipment	6 Years
IT Equipment	3 Years
- E The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting year if there are indicators present that there is a change from the previous estimate.
- F Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.
- G Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the year.

#### 6 Revenue Recognition:

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- A the company has transferred to the buyer the significant risks and rewards of ownership of the goods.
- B the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- C the amount of revenue can be measured reliably.
- D it is probable that the economic benefits associated with the transaction will flow to the company; and
- E the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- A The amount of revenue can be measured reliably;
- B It is probable that the economic benefits associated with the transaction will flow to the company;
- C The stage of completion of the transaction at the balance sheet date can be measured reliably; and
- D The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the express recognised that are recoverable. Revenue is measured at the fair value of the consideration received or receivable and represent the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Interest is recognised, in statement of Profit and Loss, using the effective interest rate method.

#### 7 Provisions and contingencies:

Provisions are recognised when:

- A the company has an obligation at the reporting year date as a result of a past event.
- B it is probable that the company will be required to transfer economic benefits in settlement, and
- C the amount of the obligation can be estimated reliably.

#### 8 Share Capital and Equity :

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**Zydus Healthcare SA (Pty) Ltd**  
**Notes to the Financial Statements**

	ZAR-Thousands		INR-Thousands	
	As at December 31			
	2015	2014	2015	2014
<b>Note: 1-Share Capital:</b>				
<b>Authorised:</b>				
70,000,000 [as at December 31, 2014: 70,000,00 ] Ordinary Shares, no par value	-	-	-	-
10,000,000 [as at December 31, 2014: Nil] Redeemable Non-cumulative Convertible Preference Shares, no par value	-	-	-	-
<b>Issued, Subscribed and Paid-up:</b>				
57,704,149 [as at December 31, 2014: 57,704,149] Ordinary Shares, no par value, fully paid-up	57,704	57,704	247,550	315,641
5,877,000 [as at December 31, 2014: 5,800,000] Redeemable Non-cumulative Convertible Preference Shares, no par value, fully paid-up	82,800	5,800	355,212	31,726
<b>Total</b>	<b>140,504</b>	<b>63,504</b>	<b>602,762</b>	<b>347,367</b>
A There is no change in number of shares as at the beginning and end of year. Number of shares at the beginning and end of their year	57,704,149	57,704,149		
B The reconciliation of the number of Preference Shares outstanding is as under: <u>Particulars</u>				
Number of shares at the beginning of the year	5,800,000	-		
Add: Shares issued during the year	-	5,800,000		
Add: Shares issued pursuant to conversion of loan during the year	77,000	-		
Number of shares at the end of the year	5,877,000	5,800,000		
C 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 remained after distribution of all preferential amounts.				
D The Preference shares shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company. In case of winding up of the Company, preference shareholders shall be entitled to rank as regards repayment of capital and dividend up to the commencement of winding up, in priority to equity shares.				
E Ordinary shares, no par value, 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 % to total share holding	57,704,149 100%	57,704,149 100%		
F Preference shares, no par value, 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 % to total share holding	5,877,000 100%	5,800,000 100%		
<b>Note: 2-Reserves and Surplus:</b>				
<b>Foreign Currency Monetary Items Translation Difference Account:</b>				
Balance as per last Balance Sheet	(25,444)	(28,299)	(145,405)	(161,022)
[Less]/ Add: Change during the year	(4,649)	2,855	(19,944)	15,617
	(30,093)	(25,444)	(165,349)	(145,405)
<b>Foreign Currency Translation Reserve:</b>				
Balance as per last Balance Sheet	-	-	14,658	-
Add: Exchange Rate differences on translation to INR	-	-	55,151	14,658
	-	-	69,809	14,658
<b>Surplus in statement of Profit and Loss:</b>				
Balance as per last Balance Sheet	(25,963)	(44,935)	(150,450)	(255,679)
Add: Profit for the year	25,826	18,972	116,303	105,229
Balance as at the end of year	(137)	(25,963)	(34,147)	(150,450)
<b>Total</b>	<b>(30,230)</b>	<b>(51,407)</b>	<b>(129,687)</b>	<b>(281,197)</b>
<b>Note: 3-Long Term Borrowings:</b>				
Loans and Advances from a Related Party [Unsecured] [*]	51,517	105,401	221,008	576,543
<b>Total</b>	<b>51,517</b>	<b>105,401</b>	<b>221,008</b>	<b>576,543</b>
[*] Loans and Advances from Related Parties relates to Zydus International Private Limited. Interest is charged at 6 month Euro Libor plus applicable margin which ranges from 2 to 2.50 Bps.[The loan has no Fixed Repayment terms but not repayable within next 12 months and bears interest]				
<b>Note: 4-Short Term Borrowings:</b>				
Working Capital Loan - From a bank [Unsecured] [*]	16,961	38,961	72,763	213,117
<b>Total</b>	<b>16,961</b>	<b>38,961</b>	<b>72,763</b>	<b>213,117</b>
[*] The working capital loan is backed by Corporate Guarantee of the ultimate holding company [the interest is charged at Prime rate]				
<b>Note: 5-Trade Payables:</b>				
Trade Payables	9,126	6,695	39,151	36,622
<b>Total</b>	<b>9,126</b>	<b>6,695</b>	<b>39,151</b>	<b>36,622</b>

**Zydus Healthcare SA (Pty) Ltd**  
**Notes to the Financial Statements**

	ZAR-Thousands		INR-Thousands			
	As at December 31					
	2015	2014	2015	2014		
<b>Note: 6-Other Current Liabilities:</b>						
Interest accrued but not due on borrowings	8,925	24,935	38,289	136,394		
Payable to Statutory Authorities	349	-	1,497	-		
Provision for Expenses	4,469	2,158	19,172	11,804		
<b>Total</b>	<b>13,743</b>	<b>27,093</b>	<b>58,958</b>	<b>148,198</b>		
<b>Note: 7-Short Term Provisions:</b>						
Provision for Employee Benefits	377	232	1,617	1,269		
<b>Total</b>	<b>377</b>	<b>232</b>	<b>1,617</b>	<b>1,269</b>		
<b>Note: 8-Fixed Assets:</b>						
<b>Tangible Assets:</b>						
	Leasehold Improvements	Furniture and Fixtures	Vehicles	Office Equipment	IT Equipment	<b>Total</b>
	<b>ZAR-Thousands</b>					
Gross Block:						
As at December 31, 2013	339	329	407	137	48	1,260
Additions		26		13	86	125
Disposals						-
Other adjustments						-
As at December 31, 2014	339	355	407	150	134	1,385
Additions		25	319	-	7	351
Disposals			(100)	-	(2)	(102)
Other adjustments						-
As at December 31, 2015	339	380	626	150	139	1,634
Depreciation and Impairment:						
As at December 31, 2013	245	119	121	44	16	545
Charge for the year	94	51	81	23	23	272
Disposals						-
Other adjustments						-
As at December 31, 2014	339	170	202	67	39	817
Charge for the year	-	54	84	24	42	204
Disposals						-
Other adjustments						-
As at December 31, 2015	339	224	286	91	81	1,021
Net Block:						
As at December 31, 2014	-	185	205	83	95	568
As at December 31, 2015	-	156	340	59	58	613
	<b>INR-Thousands</b>					
Gross Block:						
As at December 31, 2013	1,929	1,872	2,316	780	273	7,170
Additions	-	146	-	73	483	702
Disposals	-	-	-	-	-	-
Other adjustments	(75)	(76)	(90)	(32)	(23)	(296)
As at December 31, 2014	1,854	1,942	2,226	821	733	7,576
Additions	-	126	1,608	-	35	1,769
Disposals	-	-	(504)	-	(10)	(514)
Other adjustments	(400)	(438)	(644)	(177)	(162)	(1,821)
As at December 31, 2015	1,454	1,630	2,686	644	596	7,010
Depreciation and Impairment:						
As at December 31, 2013	1,394	677	688	250	91	3,100
Charge for the year	528	287	455	129	129	1,528
Disposals	-	-	-	-	-	-
Other adjustments	(68)	(34)	(38)	(13)	(7)	(160)
As at December 31, 2014	1,854	930	1,105	366	213	4,468
Charge for the year	-	272	423	121	212	1,028
Disposals	-	-	-	-	-	-
Other adjustments	(400)	(241)	(301)	(97)	(78)	(1,117)
As at December 31, 2015	1,454	961	1,227	390	347	4,379
Net Block:						
As at December 31, 2014	-	1,012	1,121	455	520	3,108
As at December 31, 2015	-	669	1,459	254	249	2,631
Note: Other adjustments include adjustments on account of exchange rate translation differences.						

**Zydus Healthcare SA (Pty) Ltd**  
**Notes to the Financial Statements**

			ZAR-Thousands		INR-Thousands	
	As at December 31					
	2015	2014	2015	2014		
<b>Note: 9-Non-Current Investments:</b>						
Long Term Investments [Valued at cost]:						
Trade Investments: [*]						
Investments in Equity Instruments		63,998	274,551	350,069		
<b>Total</b>		<b>63,998</b>	<b>274,551</b>	<b>350,069</b>		
	<b>Nos.</b>	<b>Face Value</b>				
	[ * ]	[ ** ]				
[*] Details of Trade Investments [Valued at cost]:						
Investment in Equity Instruments of Subsidiary Companies [Unquoted]:						
In fully paid-up equity shares of:						
Simayla Pharmaceuticals (Pty) Ltd.	200	ZAR 1	63,698	63,698	273,264	348,428
Script Management Services (Pty) Ltd.	1	ZAR 1	300	300	1,287	1,641
<b>Total</b>			<b>63,998</b>	<b>63,998</b>	<b>274,551</b>	<b>350,069</b>
<b>Explanations:</b>						
a In "Nos. [*]" figures of Previous year are same unless stated in [ ].						
b In "Face Value [**]", figures in Indian Rupees unless stated otherwise.						
<b>Note: 10-Long Term Loans and Advances:</b>						
[Unsecured, Considered Good]						
Loans and Advances to Related Parties [*]			90,118	90,118	386,606	492,945
<b>Total</b>			<b>90,118</b>	<b>90,118</b>	<b>386,606</b>	<b>492,945</b>
[*] Details of Loans and Advances to Related Parties [Refer Note-24 for relationship] are as under:						
a Simayla Pharmaceuticals (Pty) Ltd. [Interest bearing loan][#]			90,118	90,118	386,606	492,945
<b>Total</b>			<b>90,118</b>	<b>90,118</b>	<b>386,606</b>	<b>492,945</b>
[#] This loan carries interest from time to time and no fixed terms of repayment exist at year end.						
<b>Note: 11-Inventories:</b>						
[The Inventory is valued at lower of cost and net realisable value]						
Stock-in-Trade			14,687	6,618	63,007	36,200
<b>Total</b>			<b>14,687</b>	<b>6,618</b>	<b>63,007</b>	<b>36,200</b>
<b>Note: 12-Trade Receivables:</b>						
Others- Considered good [Unsecured]			20,922	12,668	89,755	69,294
<b>Total</b>			<b>20,922</b>	<b>12,668</b>	<b>89,755</b>	<b>69,294</b>
<b>Note: 13-Cash and Bank Balances:</b>						
Cash on Hand [Previous Year: ZAR 112]			3	-	13	-
<b>Total</b>			<b>3</b>	<b>-</b>	<b>13</b>	<b>-</b>
<b>Note: 14-Short Term Loans and Advances:</b>						
[Unsecured, Considered Good]						
Others:						
Balances with Revenue Authorities			-	269	-	1,471
Security Deposit			107	85	459	465
Advances recoverable in cash or in kind or for value to be received			82	91	352	497
<b>Total</b>			<b>189</b>	<b>445</b>	<b>811</b>	<b>2,433</b>
<b>Note: 15-Other Current Assets:</b>						
[Unsecured, Considered Good]						
Interest Receivables			10,954	10,954	46,993	59,918
<b>Total</b>			<b>10,954</b>	<b>10,954</b>	<b>46,993</b>	<b>59,918</b>
			ZAR-Thousands		INR-Thousands	
			Year ended December 31			
			2015	2014	2015	2014
<b>Note: 16-Other Operating Revenues:</b>						
Licence Fees			400	1,650	2,016	9,273
<b>Total</b>			<b>400</b>	<b>1,650</b>	<b>2,016</b>	<b>9,273</b>
<b>Note: 17-Other Income:</b>						
Profit on sale of assets			79	-	398	-
<b>Total</b>			<b>79</b>	<b>-</b>	<b>398</b>	<b>-</b>
<b>Note: 18-Purchase of Stock-in-Trade:</b>						
Purchase of Stock-in-Trade [Pharma Products]			49,348	17,249	248,714	96,939
<b>Total</b>			<b>49,348</b>	<b>17,249</b>	<b>248,714</b>	<b>96,939</b>
<b>Note: 19-Changes in Inventories:</b>						
Stock-in-Trade:						
Stock at commencement			6,618	5,740	36,200	32,661
Less: Stock at close			14,687	6,618	63,007	36,200
<b>Total</b>			<b>(8,069)</b>	<b>(878)</b>	<b>(26,807)</b>	<b>(3,539)</b>

**Zydus Healthcare SA (Pty) Ltd**  
**Notes to the Financial Statements**

	ZAR-Thousands		INR-Thousands							
	Year ended December 31									
	2015	2014	2015	2014						
<b>Note: 20-Employee Benefits Expense:</b>										
Salaries and wages	18,203	12,799	91,743	71,930						
Staff Welfare expenses	554	472	2,792	2,653						
<b>Total</b>	<b>18,757</b>	<b>13,271</b>	<b>94,535</b>	<b>74,583</b>						
<b>Note: 21-Finance Cost:</b>										
Interest expense:										
On working capital loans	2,700	3,891	13,608	21,867						
On others	2,950	4,947	14,868	27,802						
	<b>5,650</b>	<b>8,838</b>	<b>28,476</b>	<b>49,669</b>						
Net Gain on foreign currency transactions	(494)	(935)	(2,490)	(5,255)						
Bank commission & charges	830	954	4,183	5,361						
<b>Total</b>	<b>5,986</b>	<b>8,857</b>	<b>30,169</b>	<b>49,775</b>						
<b>Note: 22-Other Expenses:</b>										
Advertising Expenses	3,370	1,785	16,985	10,032						
Traveling Expenses	2,646	2,288	13,336	12,859						
Legal and Professional Fees	5	39	25	219						
Insurance	75	76	378	427						
Rent Expenses	1,059	1,006	5,337	5,654						
Data Fees	16,616	12,250	83,745	68,845						
Patient Education	3,458	2,076	17,428	11,667						
Net loss on foreign currency transactions and translations	1,920	1,066	9,677	5,991						
Other Marketing Expenses	18,032	12,919	90,881	72,605						
Miscellaneous Expenses [*]	4,333	3,741	21,838	21,024						
<b>Total</b>	<b>51,514</b>	<b>37,246</b>	<b>259,630</b>	<b>209,323</b>						
[*] Miscellaneous Expenses include Payment to the auditors as Auditor	153	185	771	1,040						
<b>Note: 23-Calculation of Earnings per Equity Share [EPS]:</b>										
The numerators and denominators used to calculate the basic and diluted EPS are as follows:										
A Profit attributable to Shareholders	30,422	13,862	139,467	76,511						
B Basic and weighted average number of shares outstanding during the year	57,704,149	57,704,149	57,704,149	57,704,149						
	<b>ZAR</b>		<b>INR</b>							
C Basic & Diluted EPS	0.53	0.24	2.42	1.33						
<b>Note: 24-Related Party Transactions:</b>										
<b>A Name of the Related Parties and Nature of the Related Party Relationship:</b>										
<b>a Holding Company:</b>	Zydus International Private Limited [Ireland]									
<b>b Ultimate Holding Company:</b>	Cadila Healthcare Limited [India]									
<b>c Subsidiaries:</b>	Simayla Pharmaceuticals (Pty) Ltd. [South Africa] Script Management Services (Pty) Ltd. [South Africa]									
<b>d Fellow Subsidiaries :</b>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> Dialforhealth India Limited  Dialforhealth Unity Limited  Dialforhealth Greencross Limited  German Remedies Limited  Zydus Wellness Limited  M/s. Zydus Wellness-Sikkim, a Partnership Firm  Liva Pharmaceuticals Limited  Zydus Technologies Limited  Biochem Pharmaceutical Industries Limited  Alidac Pharmaceuticals Limited [Formerly known as Zydus BSV Pharma Private Limited]  M/s. Zydus Healthcare, a Partnership Firm  Zydus Lanka (Private) Limited [Sri Lanka]  Zydus Netherlands B.V. [the Netherlands]  Zydus France, SAS [France]  Zydus Healthcare Philippines Inc [Philippines] </td> <td style="width: 50%; vertical-align: top;"> Etna Biotech S.R.L. [Italy]  Zydus Pharmaceuticals (USA) Inc. [USA]  Nesher Pharmaceuticals (USA) LLC [USA]  Zydus Healthcare (USA) LLC [USA]  Zydus Noveltech Inc. [USA]  Hercon Pharmaceuticals LLC [USA]  Zydus Nikkho Farmaceutica Ltda. [Brazil]  Zydus Pharma Japan Co. Ltd. [Japan]  Laboratorios Combix S.L. [Spain]  Zydus Pharmaceuticals Mexico SA De CV [Mexico]  Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]  ZAHL B.V. [the Netherlands]  ZAHL Europe B.V. [the Netherlands]  Bremer Pharma GmbH [Germany]  Zydus Worldwide DMCC [Dubai]  Zydus Discovery DMCC [Dubai] </td> </tr> </table>				Dialforhealth India Limited Dialforhealth Unity Limited Dialforhealth Greencross Limited German Remedies Limited Zydus Wellness Limited M/s. Zydus Wellness-Sikkim, a Partnership Firm Liva Pharmaceuticals Limited Zydus Technologies Limited Biochem Pharmaceutical Industries Limited Alidac Pharmaceuticals Limited [Formerly known as Zydus BSV Pharma Private Limited] M/s. Zydus Healthcare, a Partnership Firm Zydus Lanka (Private) Limited [Sri Lanka] Zydus Netherlands B.V. [the Netherlands] Zydus France, SAS [France] Zydus Healthcare Philippines Inc [Philippines]	Etna Biotech S.R.L. [Italy] Zydus Pharmaceuticals (USA) Inc. [USA] Nesher Pharmaceuticals (USA) LLC [USA] Zydus Healthcare (USA) LLC [USA] Zydus Noveltech Inc. [USA] Hercon Pharmaceuticals LLC [USA] Zydus Nikkho Farmaceutica Ltda. [Brazil] Zydus Pharma Japan Co. Ltd. [Japan] Laboratorios Combix S.L. [Spain] Zydus Pharmaceuticals Mexico SA De CV [Mexico] Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico] ZAHL B.V. [the Netherlands] ZAHL Europe B.V. [the Netherlands] Bremer Pharma GmbH [Germany] Zydus Worldwide DMCC [Dubai] Zydus Discovery DMCC [Dubai]				
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<b>e Directors:</b>	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">Mrs. I. F. Oliver</td> <td style="width: 50%;">Mr. P. R. Patel [Resigned w.e.f. June 10, 2015]</td> </tr> <tr> <td>Mr. G Jain</td> <td>Mr. S. R. Gadhia [Appointed w.e.f. June 10, 2015]</td> </tr> <tr> <td>Mr. Ashok Bhatia [Resigned w.e.f. June 10, 2015]</td> <td></td> </tr> </table>				Mrs. I. F. Oliver	Mr. P. R. Patel [Resigned w.e.f. June 10, 2015]	Mr. G Jain	Mr. S. R. Gadhia [Appointed w.e.f. June 10, 2015]	Mr. Ashok Bhatia [Resigned w.e.f. June 10, 2015]	
Mrs. I. F. Oliver	Mr. P. R. Patel [Resigned w.e.f. June 10, 2015]									
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Mr. Ashok Bhatia [Resigned w.e.f. June 10, 2015]										

**Zydus Healthcare SA (Pty) Ltd**  
**Notes to the Financial Statements**

**Note: 24-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 24 - A [a , b & c]

	<u>Holding company</u>		<u>Value of the Transactions</u> <u>ZAR-Thousands</u>		<u>Subsidiary company/ Fellow subsidiaries</u>	
	<u>2015</u>	<u>2014</u>	<u>Ultimate Holding company</u> <u>Year ended December 31</u>		<u>2015</u>	<u>2014</u>
			<u>2015</u>	<u>2014</u>		
<b>Purchases:</b>						
<b>Goods:</b>						
Cadila Healthcare Limited			42,438	17,241		
<b>Services:</b>						
Cadila Healthcare Limited			837	905		
Script Management Services (Pty) Ltd.					13,982	9,039
<b>Finance:</b>						
<b>Issue of Share Capital:</b>						
Zydus International Private Limited	77,000	5,800				
<b>Interest Paid:</b>						
Zydus International Private Limited	2,950	4,947				
			<u>As at December 31</u>			
<b>Outstanding:</b>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Payables:</b>						
Zydus International Private Limited	60,442	130,336				
Cadila Healthcare Limited			7,182	4,048	1,091	1,893
Script Management Services (Pty) Ltd.						
<b>Receivables:</b>					101,072	101,072
Simayla Pharmaceuticals (Pty) Ltd.						
			<u>INR-Thousands</u> <u>Year ended December 31</u>			
<b>Purchases:</b>						
<b>Goods:</b>						
Cadila Healthcare Limited			213,888	96,894		
Simayla Pharmaceuticals (Pty) Ltd.						
<b>Services:</b>						
Cadila Healthcare Limited			4,218	5,086		
Script Management Services (Pty) Ltd.					70,469	50,799
<b>Finance:</b>						
<b>Receipt towards Share Capital:</b>						
Zydus International Private Limited	330,330	31,726				
<b>Interest Paid:</b>						
Zydus International Private Limited	14,868	27,802				
			<u>As at December 31</u>			
<b>Outstanding:</b>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Payables:</b>						
Zydus International Private Limited	259,296	712,938				
Cadila Healthcare Limited			30,811	22,143	4,680	10,355
Script Management Services (Pty) Ltd.						
<b>Receivable:</b>					433,599	552,864
Simayla Pharmaceuticals (Pty) Ltd.						

**b** There are no transactions with the parties referred to in item no. 24 A [d & e].

**Zydus Healthcare SA (Pty) Ltd**  
**Notes to the Financial Statements**

**Note: 25-Segment Information:**

There is only one segment, namely "Pharmaceuticals".

**Note: 26**

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 26 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



**Zydu Healthcare SA (Pty) Ltd**  
**Cash Flow Statement for the year ended December 31, 2015**

Particulars	ZAR-Thousands		INR-Thousands	
	Year ended December 31			
	2015	2014	2015	2014
<b>A Cash flows from operating activities:</b>				
Profit/ [Loss] before tax	30,422	13,862	139,467	76,511
Adjustments for:				
Depreciation, Amortisation and Impairment expenses	204	272	1,028	1,529
Interest income	-	-	-	-
Interest expenses	5,650	8,838	28,476	49,670
Provisions for employee benefits	145	(319)	731	(1,793)
Total	5,999	8,791	30,235	49,406
Operating profit before working capital changes	36,421	22,653	169,702	125,917
Adjustments for:				
Decrease/ [Increase] in trade receivables	(8,254)	(3,732)	(41,600)	(20,974)
Decrease/ [Increase] in inventories	(8,069)	(878)	(40,668)	(4,934)
Decrease/ [Increase] in short term advances	256	359	1,290	2,018
Decrease/ [Increase] in long term advances	-	86	-	483
Decrease/ [Increase] in other current assets	-	119	-	669
Increase/ [Decrease] in trade payables	2,431	(449)	12,252	(2,523)
Increase/ [Decrease] in other current liabilities	2,660	1,475	13,406	8,290
Total	(10,976)	(3,020)	(55,320)	(16,971)
Cash generated from operations	25,445	19,633	114,382	108,946
Direct taxes paid [Net of refunds]	-	-	-	-
Foreign Currency Monetary Items Translation Difference Account	(4,649)	2,855	(23,431)	16,045
Net cash from [used] operating activities	20,796	22,488	90,951	124,991
<b>B Cash flows from investing activities:</b>				
Purchase of fixed assets	(351)	(125)	(1,769)	(703)
Proceeds from sale of fixed assets	102	-	514	-
Net cash used [from] in investing activities	(249)	(125)	(1,255)	(703)
<b>C Cash flows from financing activities:</b>				
Proceeds from Issuance of Share Capital	-	5,800	-	32,596
Proceeds from Long Term Borrowings	23,116	(14,749)	116,505	(82,889)
Short Term Borrowings [Net]	(22,000)	(13,039)	(110,880)	(73,279)
Interest paid	(21,660)	(6,532)	(109,166)	(36,710)
Net cash used [from] in financing activities	(20,544)	(28,520)	(103,541)	(160,282)
<b>Net increase in cash and cash equivalents</b>	3	(6,157)	(13,845)	(35,994)
<b>Increase/ [Decrease] due to the translation to INR [Refer Note-3]</b>	-	-	13,858	961
<b>Cash and cash equivalents at the beginning of the year</b>	-	6,157	-	35,033
<b>Cash and cash equivalents at the end of the year</b>	3	-	13	-

**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

Director