

ZYDUS BSV PHARMA PRIVATE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZYDUS BSV PHARMA PRIVATE LIMITED

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **ZYDUS BSV PHARMA PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements.

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, its loss and its cash flows for the year ended on that date.

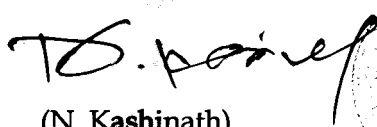
Report on Other Legal and Regulatory Requirements

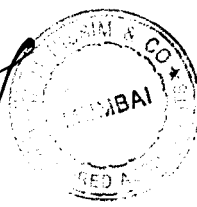
9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act we give in the annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which may impact its financial position as at the end of the year;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

For **M. M. NISSIM & CO.**
Chartered Accountants
(Firm Regn. No. 107122W)


(N. Kashinath)
Partner
Mem. No.036490
Place: Mumbai
Date: May 07, 2015



Annexure to the Independent Auditors' Report

(Referred to in our report of even date to the members of Zydus BSV Pharma Private Limited as at and for the year ended 31st March, 2015).

- i) In respect of its Fixed Assets:
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets;
 - b) As explained to us, the Assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification;
- ii) In respect of its inventories:
 - a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As regards materials lying with third parties, confirmations have been obtained;
 - b) The procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the company and nature of its business;
 - c) The company is maintaining proper records of inventory. As informed, no material discrepancies were noticed on such physical verification.
- iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly the clauses 3(iii) (a) & (b) of the Order are not applicable;
- iv) In our opinion there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in internal control system, in respect of these areas.
- v) The Company has not accepted any deposit from public.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.



- .vii) a) The company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales-Tax, Wealth Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with appropriate authorities, where applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable.
- b) According to the records of the company, there are no dues outstanding in respect of income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute.
- c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the provisions of the Companies Act, 1956.
- viii) The accumulated losses of the Company at the end of the financial year do not exceed fifty percent of its net worth. The Company has not incurred cash losses in the current financial year. However, the Company has incurred cash losses in the immediately preceding financial year.
- ix) The company has not defaulted in repayment of its dues to banks. The company does not have any borrowings from Financial Institutions or by way of debentures.
- x) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- xi) The Company has not obtained any term loans. Accordingly, clause 3 (xi) of the Order is not applicable.
- xii) On the basis of our examination and according to the information and explanations given to us, no fraud on or by the company, has been noticed or reported during the year.

For **M. M. NISSIM & CO.**
Chartered Accountants
(Firm Regn. No. 107122W)




(N. Kashinath)
Partner
Mem. No. 036490
Place: Mumbai
Date: May 07, 2015

Zydus BSV Pharma Private Limited
Balance Sheet as at March 31, 2015

Particulars	Note No.	₹-Thousands	
		As at March 31	
		2015	2014
EQUITY AND LIABILITIES:			
Shareholders' Funds:			
Share Capital	1	8,03,300	7,93,300
Reserves and Surplus	2	(2,77,428)	(2,33,342)
		5,25,872	5,59,958
Share application money pending for allotment		15,000	-
Non-Current Liabilities:			
Long Term Provisions	3	8,040	5,816
		8,040	5,816
Current Liabilities:			
Short Term Borrowings	4	-	3,920
Trade Payables	5	1,67,714	21,874
Other Current Liabilities	6	55,261	34,402
Short Term Provisions	7	186	198
		2,23,161	60,394
Total		7,72,073	6,26,168
ASSETS:			
Non-Current Assets:			
Fixed Assets:			
Tangible Assets	8	4,96,044	5,31,329
Intangible Assets	8	1,270	5,981
Capital Work In Progress		8,719	-
		5,06,033	5,37,310
Long Term Loans and Advances	9	6,607	3,233
Other Non Current Assets	10	517	496
		7,124	3,729
Current Assets:			
Inventories	11	1,94,061	52,840
Trade Receivables	12	8,719	7,652
Cash and Bank Balances	13	26,728	6,694
Short Term Loans and Advances	14	18,425	1,975
Other Current Assets	15	10,983	15,968
		2,58,916	85,129
Total		7,72,073	6,26,168
Significant Accounting Policies	II		
Notes to the financial statements	1 to 33		

As per our report of even date
For M. M. NISSIM & CO.
Chartered Accountants
Firm Registration Number:107122W

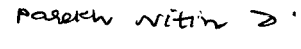
For and on behalf of the Board


N. Kashinath
Partner

Membership No.: 36490
Mumbai, Dated: May 7, 2015


Jagdish Mehta
Company Secretary


Ganesh Nayak
Chairman


Nitin Parekh
Director

Zydus BSV Pharma Private Limited

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

Particulars	Note No.	₹-Thousands	
		Year ended March 31	
		2015	2014
REVENUE:			
Revenue from Operations	17		
Sale of Products [Gross]		62,629	1,07,608
Less: Custom Duty		1,629	2,561
Sale of Products [Net]		61,000	1,05,047
Other Operating Revenues		2,02,060	82,028
Net Revenue from Operations		2,63,060	1,87,075
Other Income	18	9,362	2,444
Total Revenue		2,72,422	1,89,519
EXPENSES:			
Cost of Materials Consumed	19	1,16,716	57,385
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	20	(11,698)	(20)
Employee Benefits Expense	21	73,178	64,348
Finance costs	22	844	5,691
Depreciation, Impairment and Amortisation Expense	8	46,469	30,404
Other Expenses	23	90,264	90,581
Total Expenses		3,15,773	2,48,389
Loss before Tax		(43,351)	(58,870)
Less: Tax Expense:			
Deferred Tax	24	-	-
Loss for the period		(43,351)	(58,870)
Basic & Diluted Earning per Equity Share [EPS] [in ₹]	25	(4.51)	(4.64)
Significant Accounting Policies	II		
Notes to the financial statements	1 to 33		

As per our report of even date

For M. M. NISSIM & CO.

Chartered Accountants

Firm Registration Number:107122W

For and on behalf of the Board


N. Kashinath
Partner

Membership No.: 36490
Mumbai, Dated: May 7, 2015




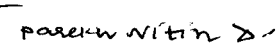



Jagdish Mehta
Company Secretary


Ganesh Nayak
Chairman


Nitin Parekh

Director

Zydus BSV Pharma Private Limited			
Cash Flow Statement for the year ended on March 31, 2015			
Particulars	₹-Thousands		
	Year ended March 31		
	2015	2014	
A. Cash flows from operating activities :			
Loss before tax	(43,351)	(58,870)	
Adjustments for :			
Depreciation, Amortisation and impairment	46,469	30,404	
Interest Expenses	844	5,691	
Loss on sale of fixed assets (Net)	57	9,008	
Provision for liability against batch rejection claim	(5,832)	5,832	
Interest Income	(702)	(437)	
Total	40,836	50,498	
Operating profit before working capital changes	(2,515)	(8,372)	
Adjustments for :			
(Increase)/decrease in trade receivables	(4,270)	5,082	
(Increase)/decrease in short term loans and advances	(16,451)	17,944	
(Increase)/decrease in long term loans and advances	2,516	(1,292)	
(Increase)/decrease in other non current assets	(21)	170	
(Increase)/decrease in other current assets	8,942	(14,285)	
(Increase)/decrease in inventory	(1,41,221)	(15,576)	
Increase/(decrease) in trade payables	1,46,054	(14,081)	
Increase/(decrease) in long term provisions	2,224	2,482	
Increase/(decrease) in other current liabilities	20,633	18,406	23,359
Cash generated from operations	15,891	(4,569)	
Direct taxes refund/(Paid)	(857)	69	
Net cash flow from operating activities	15,034	(4,500)	
B. Cash flow from investing activities:			
Purchase of Fixed Assets	(16,123)	(10,109)	
Proceeds from sale of fixed assets	139	-	
Interest Received	748	316	
Net cash flow from investing activities	(15,236)	(9,793)	
C. Cash flow from financing activities:			
Repayments from Long Term Borrowing	-	(1,16,664)	
Short Term Borrowings / (Repayments) (Net)	(3,920)	3,920	
Interest paid	(844)	(6,139)	
Issue of Share Capital (Including application money)	25,000	1,35,000	
Net cash flow from financing activities	20,236	16,117	
Nat increase/(decrease) in cash and cash equivalents	20,034	1,824	
Cash and cash equivalents at the beginning of the year	6,694	4,870	
Cash and cash equivalents at the end of the year	26,728	6,694	
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 and cash equivalents comprise of :			
		As at March 31	
		2015	2014
a	Cash on hand	30	46
b	Balance with banks	26,698	6,648
	Total	26,728	4,870
As per our report of even date For M. M. NISSIM & CO. Chartered Accountants Firm Registration Number:107122W		For and on behalf of the Board  Ganesh Nayak Chairman	
 N. Kashinath Partner Membership No.: 36490 Mumbai, Dated :May 7, 2015		 Jagdish Mehta Company Secretary	
		 Nitin Parekh Director	

Zydus BSV Pharma Private Limited

Notes to financial statements

I-Company Overview

Zydus BSV Pharma Private Limited is a wholly owned subsidiary company of Cadila Healthcare Limited effective from March 26, 2015. Earlier, it was a 50:50 Joint Venture of Cadila Healthcare Limited and Bharat Serums and Vaccines Limited. Company started the commercial production in August 2011. Company manufactures oncology injectables and provides contract manufacturing services.

II-Significant Accounting Policies

1 Basis of Accounting:

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and they comply with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies [Accounts] Rules, 2014 and other pronouncement issued by the Institute of Chartered Accountants of India [ICAI], to the extent applicable, and with the applicable provisions of the Companies Act, 2013.

2 Use of Estimates:

The preparation of Financial Statements in conformity with the Accounting Standards generally accepted in India requires the management to make estimates and assumptions in respect of certain items like provisions for doubtful debts, impairment of fixed assets, provision for product warranty claims etc. that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3 Fixed Assets and Depreciation:

A Fixed Assets are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss.

Cost [Net of Input tax credit received/ receivable, where applicable] includes related expenditure and project expenses for the period upto completion of construction/ assets are put to use.

B Intangible Assets represent cost relating to acquisition/ registration/ stamp duty etc. relating to Patents and Know How and Softwares.

C Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013.

D Leasehold land is amortized over the period of the lease.

E Patent costs are amortised over the remaining life of the Patent or over ten years whichever is less.

Technical Know How is amortised over a period of ten years.

F Depreciation on additions/ disposals of the fixed assets during the period is provided on pro-rata basis according to the period during which assets are put to use.

G Where the actual cost of purchase of an asset is below Rs. 10,000/-, the depreciation is provided @ 100 %.

4 Preoperative and project expenses pending allocation:

Preoperative expenses, net of income earned from pre commercial operations, incurred during construction and implementation of the project upto the date of commencement of commercial production, are allocated to Plant & Machinery and Building under construction.

5 Impairment:

The Company, at each balance sheet date, assesses whether there is any indication of impairment of any asset and/ or cash generating unit. If such indication exists, assets are impaired by comparing carrying amount of each asset and/ or cash generating unit to the recoverable amount being higher of the net selling price or value in use. Value in use is determined from the present value of the estimated future cash flows from the continuing use of the assets.

6 Inventories:

A Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.

B Cost [Net of Input tax credit availed] of Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods & Stock-in-Trade is determined on FIFO Method.

C Costs of Finished Goods and Works-in-Progress are determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads.

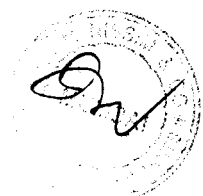
7 Revenue Recognition:

A Revenue from Sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed on to the buyer.

B Service income is recognised as per the terms of contracts with the customers when the related services are performed or the agreed milestones are achieved and are net of service tax, wherever applicable.

C Interest income is recognised on time proportionate method.

D Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.



8 Foreign Currency Transactions:**A Initial Recognition**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions.

B Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of accounting period. Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

9 Employee Benefits:**A Defined Contribution Plans:**

The Company contributes on a defined contribution basis to Employee's Provident Fund towards post employment benefits, all of which are administered by the respective Government authorities and has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.

B Defined Benefit Plans:

The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the period end, which is calculated using projected unit credit method. Actuarial gains and losses which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the statement of Profit and Loss.

C Leave Liability:

The employees of the Company are entitled to leave as per the leave policy of the Company. The liability in respect of unutilised leave balances is provided based on an actuarial valuation carried out by an independent actuary as at the period end, which is calculated using projected unit credit method and charged to the statement of Profit and Loss.

10 Taxes on Income:

A Tax expenses comprise current and deferred tax.

B Current tax is measured at the amount expected to be paid in accordance with the provisions of the Income Tax Act, 1961.

C Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed at each balance sheet date.

11 Provisions, Contingent Liabilities and Contingent Assets:

Provision is recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. Contingent assets are not recognised in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.



Zydus BSV Pharma Private Limited

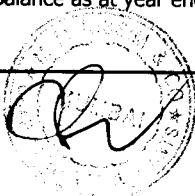
Notes to the Financial Statements

Note: 1-Share Capital:

	₹-Thousands	
	As at March 31	
	2015	2014
Authorised:		
22,500,000 [as at March 31, 2014: 23,000,000] Equity Shares of Rs.10/- each	2,25,000	2,30,000
5,950,000 [as at March 31, 2014: 5,900,000] Preference Shares of Rs.100/- each	5,95,000	5,90,000
	8,20,000	8,20,000
Issued, Subscribed and Fully Paid-up Equity Shares:		
22,330,000 [as at March 31, 2014: 22,330,000] Equity Shares of Rs.10/- each	2,23,300	2,23,300
5,800,000 [as at March 31, 2014: 5,700,000] 10 % Cumulative Redeemable Preference Shares of Rs.100/- each	5,80,000	5,70,000
Total	8,03,300	7,93,300
A The reconciliation of the number of Shares outstanding is as under:		
(i) <u>Equity Shares:</u>		
Number of shares at the end of current & previous reporting period	2,23,30,000	2,23,30,000
(ii) <u>Preference Shares:</u>		
Number of shares at the beginning of reporting period	57,00,000	43,50,000
Add: Allotment during the reporting period	1,00,000	13,50,000
Number of shares at the end of reporting period	58,00,000	57,00,000
B Details of shareholders holding more than 5% of Shares:		
(i) <u>Equity Shares:</u>		
Cadila Healthcare Limited (Holding Company)		
Number of Shares	2,23,30,000	1,11,65,000
% to total share holding	100%	50%
Bharat Serums & Vaccines Limited		
Number of Shares	-	1,11,65,000
% to total share holding	-	50%
(ii) <u>Preference Shares:</u>		
Cadila Healthcare Limited (Holding Company)		
Number of Shares	58,00,000	28,50,000
% to total share holding	100%	50%
Bharat Serums & Vaccines Limited		
Number of Shares	-	28,50,000
% to total share holding	-	50%
C The equity share holders of the Company are entitled to receive interim and/ or final dividend as declared by the Board of Directors and approved by the shareholders of the Company. The dividend so declared will be in proportion to the number of equity shares held by the shareholders. In the event of the liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.		
D The preference shares of the Company carry dividend of 10% and the preference shares are redeemable at the end of ten years from the date of allotment. In the event of the liquidation of the Company, preference share holders will be entitled to receive the assets of the company in preference to equity share holders. As per the terms of the issue, at the option of the Company, the preference shares shall be redeemable at par after March 31, 2014.		
E Share application money pending for allotment represents preference share application money received from Cadila Healthcare Limited, Holding Company towards subscription for 150000 , 10% Cumulative Redeemable Preference Share of Rs. 100/- each on March 27 , 2015 and shares will be allotted within statutory time period.		

Note: 2-Reserve and Surplus:

Securities Premium Reserve:		
Balance as per last Balance Sheet	30,300	30,300
Surplus in statement of Profit and Loss :		
Balance as per last Balance Sheet	(2,63,642)	(2,04,772)
Add: Loss for the period	(43,351)	(58,870)
Additional depreciation upon revision in useful lives of tangible assets [Refer Note - 8(A)]	(735)	-
Balance as at year end	(3,07,728)	(2,63,642)
Total	(2,77,428)	(2,33,342)



Zydus BSV Pharma Private Limited

Notes to the Financial Statements

Note: 3-Long Term Provisions:

Provision for employee benefits

Total

₹-Thousands	
As at March 31	
2015	2014
8,040	5,816
8,040	5,816

Disclosure pursuant to Accounting Standard-15 [Revised] 'Employee Benefits':

A Defined Contribution Plans:

During the reporting period, the company has recognised the following in the Statement of Profit & Loss:

Employer's contribution to Provident Fund

2,924	2,566
--------------	-------

B Defined benefit plan and long term employment benefit:

a General description:

Gratuity [Defined benefit plan]:

The Company has a defined benefit gratuity plan. Every employee who has completed continuous services of five years or more gets a gratuity on death or resignation or retirement at 15 days' salary [last drawn salary] for each completed year of service.

Leave wages [Long term employment benefit]:

The employees of the company are entitled to leave as per the leave policy of the company.

The liability on account of accumulated leave as on last day of the accounting year is recognised

[net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation

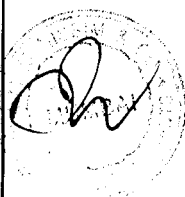
at the balance sheet date based on the actuarial valuation carried out by an independent actuary using

projected unit credit method.

₹-Thousands

As at March 31

	2015			2014		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
b Change in the present value of the defined benefit obligation:						
Opening defined benefit obligation	56	3,390	2,568	40	2,037	1,359
Interest cost	5	302	231	3	166	111
Current service cost	15	679	791	14	623	725
Actuarial gains/(losses) on obligation	74	663	438	(1)	588	373
Less: Benefits Paid	-	(692)	(295)	-	(24)	-
Closing defined benefit obligation	150	4,342	3,733	56	3,390	2,568
c Change in the fair value of plan assets						
Opening fair value of plan assets	-	-	-	-	-	-
Expected return on plan assets	-	-	-	-	-	-
Contributions by employer	-	-	-	-	-	-
Benefits paid	-	-	-	-	-	-
Actuarial gains/(losses)	-	-	-	-	-	-
Closing fair value of plan assets	-	-	-	-	-	-
Total actuarial gains/(losses) to be recognized	-	-	-	-	-	-
d Actual return on plan assets						
Expected return on plan assets	-	-	-	-	-	-
Actuarial gains/(losses) on plan assets	-	-	-	-	-	-
Actual return on plan assets	-	-	-	-	-	-
e Amount recognised in the balance sheet:						
Liability at the end of the period	150	4,342	3,733	56	3,390	2,568
Fair value of plan Assets at the end of the period	-	-	-	-	-	-
Difference	150	4,342	3,733	56	3,390	2,568
Unrecognised past Service cost	-	-	-	-	-	-
Liability recognized in the Balance Sheet	150	4,342	3,733	56	3,390	2,568
f [Income]/ Expenses recognised in statement of Profit and Loss:						
Current service cost	15	679	791	14	623	725
Interest cost on benefit obligation	5	302	231	3	166	111
Expected return on plan assets	-	-	-	-	-	-
Net actuarial [gain]/ loss in the period	74	663	438	(1)	588	373
Net [benefit]/ expense	94	1,644	1,460	16	1,377	1,209



Zydus BSV Pharma Private Limited

Notes to the Financial Statements

Note: 3-Long Term Provisions - Continued:

₹-Thousands						
As at March 31						
g Movement in net liability recognised	2015			2014		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
Balance Sheet:						
Opening net liability	56	3,390	2,568	40	2,037	1,359
Expenses as above [P & L Charge]	94	1,644	1,460	16	1,377	1,209
Employer's contribution	-	(692)	(295)	-	(24)	-
Amount recognised in the Balance sheet	150	4,342	3,733	56	3,390	2,568
h Principal actuarial assumptions as at Balance sheet date:						
Discount rate	7.80%	7.80%	7.80%	9.10%	9.10%	9.10%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms consistence with the currency and terms of the post employment benefit obligations]						
Expected rate of return on plan Assets						
Annual increase in salary cost	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
[The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.]						
i Amount for the current and previous periods are as follow:						
Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	
Defined benefit obligation	1282	1283	1359	2568	3733	
Plan Assets	NIL	NIL	NIL	NIL	NIL	
Surplus/ [Deficit]	(1282)	(1283)	(1359)	(2568)	(3733)	
The management has relied on the overall actuarial valuation conducted by the actuary. However, experience adjustments on plan assets and liabilities are not readily available and hence not disclosed.						
j The major categories of plan assets as a % of total plan assets are:					NIL	NIL
Government of India Securities					-	-
High Quality Corporate Bonds					-	-
Equity Shares of listed Companies					-	-
Property					-	-
Insurance Company					-	-

Note: 4-Short term borrowings:

₹-Thousands		
As at March 31		
	2015	2014
Unsecured :		
Working Capital facility from bank [*]	-	3,920
	-	3,920
[*] Working Capital loans which are repayable on demand and sanctioned on the basis of comfort letter provided by Promoters. Rate of interest is 12.00%.		

Note: 5-Trade Payables:

Micro, Small and Medium Enterprises [*]	-	-
Trade Payables	1,67,714	21,874
Total	1,67,714	21,874
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at the period end	-	-
B Interest due thereon	-	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of payment made to the supplier beyond the appointed day during the period	-	-
D Amount of interest due and payable for the period of delay in making payment [which have been paid but beyond the appointed day during the period] but without adding the interest specified under the MSMED	-	-
E Amount of interest accrued and remaining unpaid at the end of the accounting period	-	-
F Amount of further interest remaining due and payable in succeeding years.	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		

Note: 6-Other Current Liabilities:

Income received in advance	40,394	24,743
Others:		
Provision for Expenses	7,595	6,655
Payable to statutory authorities	1,045	1,261
Payable to suppliers of capital items	5,870	1,386
Deposits from Employees	357	357
Total	55,261	34,402



Zydus BSV Pharma Private Limited

Notes to the Financial Statements

Note: 7-Short Term Provisions:

	₹-Thousands	
	As at March 31,	
	2015	2014
Provision for Employee Benefits	186	198
Total	186	198

Note: 8-Fixed Assets:

								₹-Thousands
A Tangible Assets:								
	Leasehold Land	Office Building	Factory Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Total
Gross Block:								
As at March 31, 2013	29,065	4,986	1,15,999	4,41,809	8,211	2,873	1,311	6,04,254
Additions			1,666	5,639	1,404	915	78	9,702
Disposals				(12,849)				(12,849)
As at March 31, 2014	29,065	4,986	1,17,665	4,34,599	9,615	3,788	1,389	6,01,107
Additions				5,921	442			6,363
Disposals						(504)		(504)
Other adjustments								
As at March 31, 2015	29,065	4,986	1,17,665	4,40,520	10,057	3,284	1,389	6,06,966
Depreciation and Impairment:								
As at March 31, 2013	1,688	322	3,144	39,665	2,745	907	389	48,860
Depreciation for the year	294	81	1,895	21,413	667	336	73	24,759
Impairment for the year								
Disposals				(3,841)				(3,841)
As at March 31, 2014	1,982	403	5,039	57,237	3,412	1,243	462	69,778
Adjusted to Retained Earnings [*]				43			692	735
Depreciation for the year [*]	294	173	3,900	34,774	1,012	498	66	40,717
Impairment for the year								
Disposals						(308)		(308)
As at March 31, 2015	2,276	576	8,939	92,054	4,424	1,433	1,220	1,10,922
Net Block:								
As at March 31, 2014	27,083	4,583	1,12,626	3,77,362	6,203	2,545	927	5,31,329
As at March 31, 2015	26,789	4,410	1,08,726	3,48,466	5,633	1,851	169	4,96,044
B Intangible Assets:								
				Computer Software	Patents	Technical Know-how		Total
Gross Block:								
As at March 31, 2013					11,013	56,175		67,188
Additions				406				406
Disposals								
Other adjustments								
As at March 31, 2014				406	11,013	56,175		67,594
Additions				1,041				1,041
Disposals								
Other adjustments								
As at March 31, 2015				1,447	11,013	56,175		68,635
Depreciation and Impairment:								
As at March 31, 2013					11,013	44,955		55,968
Amortisation for the year				27		5,618		5,645
Impairment for the year								
Disposals								
Other adjustments								
As at March 31, 2014				27	11,013	50,573		61,613
Amortisation for the year				150		5,602		5,752
Impairment for the year								
Disposals								
Other adjustments								
As at March 31, 2015				177	11,013	56,175		67,365
Net Block:								
As at March 31, 2014				379	-	5,602		5,981
As at March 31, 2015				1,270	-	-		1,270

[*] Effective from April 1, 2014, the Company has started providing depreciation on tangible assets on "straight line method" over the revised remaining useful lives of the tangible assets in alignment with useful lives prescribed in Schedule II to the Companies Act, 2013. Consequently, the depreciation charge for the year ended March 31, 2015 is higher by Rs. 16184 thousands. Further, an amount of Rs. 735 thousands has been recognised in the opening balance of retained earnings which relate to the carrying amount of tangible assets whose revised remaining useful life was Nil as at April 1, 2014.

Zyduz BSV Pharma Private Limited

Notes to the Financial Statements

Note: 9-Long Term Loans and Advances:

[Unsecured, Considered Good unless otherwise stated]

	₹-Thousands	
	As at March 31	
	2015	2014
Capital Advances	3,057	-
Security Deposits	2,201	1,996
Other Loans and Advances:		
Receivable from Service Tax/ Sales Tax Authorities	139	884
Advance payment of Tax	1,210	353
Total	6,607	3,233

Note: 10-Other Non Current Assets:

a Margin money deposits against guarantees with the Scheduled/ Nationalised banks with maturity of more than 12 months	471	461
b Other bank deposits with maturity of more than 12 months	46	35
Total	517	496

Note: 11-Inventories:

[The Inventory is valued at lower of cost and net realisable value]

A Classification of Inventories:

a Raw Materials	1,63,490	20,510
b Work-in-progress	24,703	7,462
c Finished Goods	-	5,543
c Stores and Consumables	683	14,107
d Others: Packing Materials	5,185	5,218
Total	1,94,061	52,840
The above includes goods in transit as under:		
Raw material	58,716	-

Note: 12-Trade Receivables:

[Unsecured, Considered Good unless otherwise stated]

Trade Receivables-[less than six months from the date they are due for payment]	8,719	13,484
Less : Provision for liability against batch rejection claim	-	(5,832)
Total	8,719	7,652

Note: 13-Cash and Bank Balances:

Cash and Cash Equivalents:		
Balances with Banks	26,698	6,648
Cash on Hand	30	46
Total	26,728	6,694

Note: 14-Short Term Loans and Advances:

[Unsecured, Considered Good unless otherwise stated]

Advances recoverable in cash or kind	16,736	302
Receivable from Service Tax/ Sales Tax Authorities	1,689	1,673
Total	18,425	1,975

Note: 15-Other Current Assets:

[Unsecured, Considered Good unless otherwise stated]

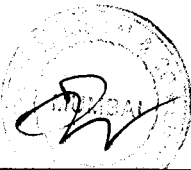
Interest accrued on Deposits	180	226
Income Receivables	5,286	9,610
Prepaid Expenses	5,517	6,132
Total	10,983	15,968

Note: 16-Contingent Liabilities and commitment to the extent not provided for:

A Contingent Liabilities:		
Arrears of Dividend on Cumulative Preference Shares [Excluding dividend distribution tax]	1,46,650	89,401
B Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for. (Net of advances of Rs. 19,755 (Previous Year: Nil) thousands)	25,774	340

Note: 17-Revenue from Operations:

	₹-Thousands	
	Year ended March 31,	
	2015	2014
Details of Gross Sales under broads heads:		
Oncology Injectibles	62,629	1,07,608
Total	62,629	1,07,608
Other Operating Revenues:		
Contract Manufacturing and other related services	2,01,896	82,005
Miscellaneous Income	164	23
Total	2,02,060	82,028



Zydus BSV Pharma Private Limited

Notes to the Financial Statements

Note: 18-Other Income:

	₹-Thousands	
	Year ended March 31	
	2015	2014
Interest Income [Gross]:		
Interest on Deposits & Others	702	437
Net Gain on Foreign Currency Transactions & Translation	849	2,004
Provision for batch rejection claim written back	2,798	-
Net Gain on sale of current investment	184	-
Other non operating income	4,829	3
Total	9,362	2,444

Note: 19-Cost of Materials Consumed:

Raw Materials [Pharmaceutical Ingredients]: [*]		
Stock at commencement	20,510	8,360
Add: Purchases	2,49,422	60,666
	2,69,932	69,026
Less: Stock at close	(1,63,490)	(20,510)
	1,06,442	48,516
Packing Materials consumed	10,274	8,869
Total	1,16,716	57,385
[*] Details of Raw Material consumptions under broad heads :		
Following materials account for more than 10% of the total raw material consumption:		
a. Bendamustin HCL	51,830	-
b. Doxorubicin Hydrochloride	33,679	28,910
c. Clofarabine	18,913	-
d. Vinorelbine	-	14,063
e. Others	2,020	5,543
Total	1,06,442	48,516

Note: 20-Changes in Inventories:

Stock at commencement :		
Work-in-progress	7,462	11,106
Finished Goods	5,543	1,879
	13,005	12,985
Less: Stock at close : [*]		
Work-in-progress	24,703	7,462
Finished Goods	-	5,543
	24,703	13,005
Total	(11,698)	(20)
[*] Details of Work-in-progress & Finished Goods under broad heads :		
a Oncology Injectibles	24,703	13,005

Note: 21-Employee Benefit Expense:

Salaries and Wages	64,648	57,266
Company's contribution to provident & other funds	3,301	2,799
Staff welfare expenses	5,229	4,283
Total	73,178	64,348

Note: 22-Finance Cost:

Interest on term loans	-	5,333
Interest on working capital loans	131	151
Interest on inter corporate loan from holding company	571	-
Bank commission and charges	142	207
Total	844	5,691

Zydus BSV Pharma Private Limited
Notes to the Financial Statements

	₹-Thousands	
	Year ended March 31	
	2015	2014
Note: 23-Other Expenses:		
Consumption of Stores and spare parts	26,063	18,220
Power and fuel	21,468	22,217
Processing Charges	-	
Rent Expenses	49	74
Maintenance Charges	5,604	3,703
Printing and Stationery	856	1,024
Communication Expenses	456	384
Repairs:		
Buildings	309	80
Plant and Machinery	11,634	3,857
Others	463	680
Recruitment Expenses	552	442
Stamp duty and ROC filing fees	58	731
Insurance	1,071	1,791
Traveling and Conveyance Expenses	1,364	1,039
Legal and Professional Fees	2,186	2,861
Regulatory Expenses	13,075	9,347
Loss on Fixed Assets sold/ discarded [Net]	57	9,008
Seminar, Conference and Exhibition Expenses	198	33
Sales and Distribution Expenses	1,768	4,678
Batch rejection claim	3,034	-
Less: Provision for batch rejection claim written back	(3,034)	-
	-	-
Provision for batch rejection claim	-	5,832
Miscellaneous Expenses [*]	3,033	4,580
Total	90,264	90,581
[*] Miscellaneous Expenses include:		
Auditors' Remuneration:		
i Audit Fees	83	83
ii Tax Audit Fees	28	28
iii Certification fees	10	-
iv Reibursement of expenses	53	42
Total	174	153

Note: 24-Deferred Tax:

The company has carried forward losses under Tax Laws. In absence of virtual certainty of sufficient future taxable income, deferred tax assets have not been recognised by way of prudence in accordance with Accounting Standard [AS-22] - "Accounting for taxes on Income" notified by Ministry Of Corporate Affairs.

Note: 25-Calculation of Earnings per Equity Share [EPS]:

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

A Net Loss After Tax	₹-Thousands	(43,351)	(58,870)
B Add: Dividend on 10% Cumulative Redeemable Preference shares	₹-Thousands	(57,249)	(44,678)
C Net Loss after tax attributable to Equity Shareholders	₹-Thousands		
a Before Exceptional Items		(1,00,600)	(1,03,548)
b After Exceptional Items		(1,00,600)	(1,03,548)
D Basic and Diluted weighted average number of Equity shares outstanding during the period	Numbers	2,23,30,000	2,23,30,000
E Nominal value of equity share	₹	10	10
F Basic & Diluted EPS:			
Before Exceptional Items	₹	(4.51)	(4.64)
After Exceptional Items	₹	(4.51)	(4.64)



Zydus BSV Pharma Private Limited

Notes to the Financial Statements

Note: 26-Segment Information:

A Primary Business Segment: There is only one Segment namely Pharmaceutical Products.

B Secondary Business Segment- By Geographical market:

a. Revenue:

- i India
- ii US
- iii Others

Total

b. Carrying amount of segment assets:

- i India
- ii US
- iii Others

Total

c. Additions to Fixed Assets

India

₹-Thousands	
Year ended March 31	
2015	2014
40,745	62,178
2,12,424	79,616
9,891	45,281
2,63,060	1,87,075
7,58,068	6,03,230
13,102	9,610
902	13,328
7,72,072	6,26,168
7,404	9,702

Note: 27-Related Party Transactions:

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

a Promoter/ Investing Companies:

(1) Cadila Healthcare Limited (Holding Company)

(2) Bharat Serums Vaccines Limited

b Fellow Subsidiaries / Concerns:

Dialforhealth India Limited

Zydus Pharmaceuticals (USA) Inc. [USA]

Dialforhealth Unity Limited

Nesher Pharmaceuticals (USA) LLC [USA]

Dialforhealth Greencross Limited

Zydus Healthcare (USA) LLC [USA]

German Remedies Limited

Zydus Noveltech Inc. [USA]

Zydus Wellness Limited

Hercon Pharmaceuticals LLC [USA]

M/s. Zydus Wellness-Sikkim, a Partnership Firm

Zydus Healthcare S.A. (Pty) Ltd [South Africa]

Liva Pharmaceuticals Limited

Simayla Pharmaceuticals (Pty) Ltd [South Africa]

Zydus Technologies Limited

Script Management Services (Pty) Ltd [South Africa]

Biochem Pharmaceutical Industries Limited

Zydus France, SAS [France]

M/s. Zydus Healthcare, a Partnership Firm

Zydus Nikkho Farmaceutica Ltda. [Brazil]

Zydus Lanka (Private) Limited [Sri Lanka]

Zydus Pharma Japan Co. Ltd. [Japan]

Zydus Healthcare Philippines Inc. [Philippines]

Laboratorios Combix S.L. [Spain]

Zydus International Private Limited [Ireland]

Zydus Pharmaceuticals Mexico SA De CV [Mexico]

Zydus Netherlands B.V. [the Netherlands]

Zydus Pharmaceuticals Mexico Services Company/SA De

ZAHL B.V. [the Netherlands]

C.V. [Mexico]

ZAHL Europe B.V. [the Netherlands]

Etna Biotech S.R.L. [Italy]

c Key Managerial Personnel :

Shri Rashmin Shah, Chief Executive Officer

B Transactions with Related Parties mentioned in 27-A above:

a Details relating to parties referred to in items 27- A [a]:

Nature of Transactions:

Sales:

Cadila Healthcare Limited

Bharat Serums Vaccines Limited

Total

Reimbursement of Expenses received:

Bharat Serums Vaccines Limited

Services:

Contract Manufacturing Charges received:

Cadila Healthcare Limited

Reimbursement of Professional Fees & Expenses paid:

Bharat Serums Vaccines Limited

Purchase of goods:

Cadila Healthcare Limited

₹-Thousands	
Year ended March 31	
2015	2014
46,056	61,058
2,020	1,868
48,075	62,926
-	33
32,959	2,887
1,532	733
-	2,217



Zydus BSV Pharma Private Limited

Notes to the Financial Statements

Note: 27-Related Party Transactions-Continued:

Capital:			
Share Capital subscribed by promoters [including share application money]:			
Cadila Healthcare Limited	20,000		67,500
Bharat Serums Vaccines Limited	5,000		67,500
Total	25,000		1,35,000
Finance:			
Inter corporate loans received:			
Cadila Healthcare Limited	5,000		-
Interest paid on inter corporate loans:			
Cadila Healthcare Limited	570		-
Outstanding:			
Income received in advance:			
Cadila Healthcare Limited	24,619		-
b Details relating to parties referred to in items 27 - A [c]:			
Nature of Transactions:			
Remuneration:			
Shri Rashmin Shah, Chief Executive Officer	7,779		6,797
Outstanding remuneration payable:			
Shri Rashmin Shah, Chief Executive Officer	1,033		784

Note: 28-Foreign Currency Exposures:

A The Company does not have any outstanding position in respect of forward exchange contracts as at the end of the period.			
		₹-Thousands	
		As at March 31	
		2015	2014
B Un-hedged foreign currency exposure:	Currency		
Foreign currency receivable	USD	13,102	9,610
	€	902	13,328
Foreign currency payable	USD	84,715	10,866
	€	3,452	-

Note: 29-Value of Imports calculated on CIF basis:

		₹-Thousands	
		Year ended March 31	
		2015	2014
Raw materials		1,43,457	46,615
Packing Materials		10,292	5,678
Stores and consumables		1,112	2,875
Spare Parts		71	2,302
Capital Goods		2,658	-

Note: 30-Expenditure in Foreign Currency:

		₹-Thousands	
		Year ended March 31,	
		2015	2014
Professional Fees		164	-
Travelling Expenses		13	-
Regulatory Fees		10,284	5,468
Others (Patent renewal and attorney fees)		1,352	776

Note: 31-Raw Materials and Spare parts Consumed:

		Year ended March 31			
		2015		2014	
		₹	% to	₹	% to
		Thousands	Total	Thousands	Total
Value of Raw Materials Consumed:					
Imported		79,242	74%	47,505	98%
Indigenous		27,200	26%	1,011	2%
Total		1,06,442	100%	48,516	100%
Value of Stores & Spares Consumed:					
Imported		2,771	11%	1,679	9%
Indigenous		23,292	89%	16,541	91%
Total		26,063	100%	18,220	100%



Zydus BSV Pharma Private Limited

Notes to the Financial Statements

Note: 32-Earnings in Foreign Exchange:

	₹-Thousands	
	Year ended March 31	
	2015	2014
Export of goods calculated on F.O.B. basis	24,153	81,544
Contract Manufacturing & other related services	1,75,271	82,005
Reimbursements	7,026	56,160

Note: 33 Previous reporting period's figures have been regrouped/reclassified wherever necessary to correspond with the current reporting period's classifications/ disclosure.

Signatures to Significant Accounting Policies and Notes 1 to 33 to the Financial Statements



As per our report of even date

For M. M. NISSIM & CO.

Chartered Accountants


Firm Registration Number:107122W

For and on behalf of the Board



 N. Kashinath
 Partner
 Membership No.: 36490
 Mumbai, Dated: May 7, 2015


 Jagdish Mehta
 Company Secretary


 Ganesh Nayak
 Chairman


 Nitin Parekh
 Director