

Zydus Worldwide DMCC
Balance Sheet as at March 31, 2016

Particulars	Note No.	USD Thousands		INR Thousands	
		As at March 31			
		2016	2015	2016	2015
EQUITY AND LIABILITIES:					
Shareholders' Funds:					
Share Capital	1	12,513	10,014	829,362	626,175
Reserves and Surplus	2	(973)	(235)	(64,491)	(14,693)
		11,540	9,779	764,871	611,482
Non-Current Liabilities:					
Long Term Borrowings	3	3,300	3,291	218,724	205,786
Long Term Provisions	4	12	5	795	313
		3,312	3,296	219,519	206,099
Current Liabilities:					
Trade Payables	5	258	25	17,100	1,563
Other Current Liabilities	6	85	65	5,633	4,064
		343	90	22,733	5,627
Total		15,195	13,165	1,007,123	823,208
ASSETS:					
Non-Current Assets:					
Fixed Assets:					
Tangible Assets	7	2,509	1,246	166,295	77,912
Intangible Assets		3	3	199	188
Capital Work in Progress		1,512	355	100,215	22,198
		4,024	1,604	266,709	100,298
Non-Current Investments	8	8,014	8,014	531,168	501,115
Long Term Loans and Advances	9	1,140	634	75,559	39,644
		13,178	10,252	873,436	641,057
Current Assets:					
Cash and Bank Balances	10	1,954	2,880	129,511	180,087
Short Term Loans and Advances	11	56	21	3,712	1,314
Other Current Assets	12	7	12	464	750
		2,017	2,913	133,687	182,151
Total		15,195	13,165	1,007,123	823,208
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 22				

Statement of Profit and Loss for the period ended March 31, 2016

Particulars	Note No.	USD Thousands		INR Thousands	
		As at March 31			
		2016	2015	2016	2015
REVENUE:					
Revenue from Operations:					
Sale of Products		2	-	131	-
Net Revenue from Operations		2	-	131	-
Non Operating Revenue	14	53	5	3,469	306
Total Revenue		55	5	3,600	306
EXPENSES:					
Purchases of Stock-in-Trade	15	1	-	65	-
Employee Benefits Expense	16	262	74	17,148	4,528
Finance Costs	17	77	69	5,039	4,222
Depreciation, Impairment and Amortisation expenses	7	31	15	2,028	918
Other Expenses	18	422	82	27,620	5,018
Total Expenses		793	240	51,900	14,686
Loss before Tax		(738)	(235)	(48,300)	(14,380)
Less : Tax Expenses		-	-	-	-
Loss for the year		(738)	(235)	(48,300)	(14,380)
Basic & Diluted Earning per Share [EPS]	19	(19.51)	(26.32)	(1,276.72)	(1,610.80)
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 22				

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 Worldwide DMCC**I-Company overview:**

Zydus Worldwide DMCC is formed as a company with Limited Liability and under the provisions of law no. (4) Of 2001 in respect of establishing Dubai Multi Commodities Center [DMCC], Dubai (U.A.E.) vide Registration no. DMCC5173, with Limited Liability. The company is licensed to perform activities such as - Pharmaceutical researches and studies, Marketing Management, Trading in pharmaceutical products (outside UAE), Investment in commercial enterprise and management, as per the licenses granted by DMCC vide License No. DMCC – 34079, 34080, 34081, 34082.

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

The financial statements of the Company are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India.

The financial statements have been prepared and presented for the period starting from 1st April 2015 and ending on 31st March 2016, with comparative information of previous year starting from 15th June 2014 and ending 31st March 2015 as that year was being the first year of operations of the company.

2 Reporting Currency Translation:

Reporting currency of the Company is "USD". These accounts have been translated in Indian Rupees [INR] considering the operation of the Company as "Non-integral operations" for holding company. The translation of Financial Statements to INR from "USD" is performed for assets and liabilities using the exchange rate prevailing on the Balance sheet date and for revenue and expenses using the average exchange rate for the respective period. The gain or loss resulting from such translation is included in "Foreign Currency Translation Reserve" under Reserves and Surplus.

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

Foreign currency transactions are recorded in USD at rate of exchange prevailing on the date of transactions. Foreign currency balances of monetary assets and liabilities are translated to USD at the rate of exchange prevailing at the date of the reporting date. Gains or losses on exchange are recognised in statement of profit and loss.

4 Fixed Assets and Depreciation:

- a Fixed Assets are stated at historical cost less accumulated depreciation and impairment loss.
- b Cost of each asset is depreciated over the estimated useful lives on straight line method, based on useful lives as below:

Assets	Useful life
Office Premises	60 Years
Furniture and Fixtures	10 Years
Office Equipment	5 Years
Permanent Fixtures	30 Years
Computer and Laptop	3 Years
Software	5 Years
Servers and Networks	6 Years

- c Tangible fixed assets are depreciated over the estimated useful life which is periodically reviewed to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefit. Residual value of tangible assets is estimated to be 5% of acquisition cost by the management.
- d Repairs and renewals are recognised in profit or loss when the expenditure is incurred.

5 Impairment:

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. Impairment loss is recognised in statement of profit and loss.

6 Product Development:

Product development costs are recorded as capital work in progress till marketing authorisations for the linked product are received.

7 Revenue recognition:

- a Revenue from Sale of goods is recognized when significant risks and rewards of ownership of the goods have been passed on to the buyer.
- b Interest income is recognised on time proportionate method.
- c Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

8 Employee benefits:

Provision is made for end of service benefits (gratuity) payable to employees in accordance with company regulations and are in line with UAE Laws. Provision is made for the estimated liability for annual leave and passage entitlement as a result of services rendered by employees up to the reporting date.

9 Borrowing Cost:

- a Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use.
- b Other borrowing costs are recognised as an expense in the year in which they are incurred.

10 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.

11 Investments:

Long term and strategic investments are stated at cost, less any diminution in the value other than temporary.

12 Going Concern:

The Financial Statements have been prepared on a going concern basis. The management made a review of the going concern assessment and considered the same. The management believes that, on the date of report, establishment has sufficient financial resources to meet the committed financial liabilities and therefore the financial statements for the current reporting period are prepared on a going concern basis.

Zydus Worldwide DMCC				
Notes to the Financial Statements				
	USD Thousands		INR Thousands	
	As at March 31			
	2016	2015	2016	2015
Note: 1-Share Capital:				
Authorised:				
45,930 [as at March 31, 2015: 36,750] Common Stock of AED 1000/- each	12,513	10,014	829,362	626,175
	12,513	10,014	829,362	626,175
Issued, Subscribed and Paid-up:				
45,930 [as at March 31, 2015: 36,750] Common Stock of AED 1000/- each fully paid-up	12,513	10,014	829,362	626,175
	12,513	10,014	829,362	626,175
A The reconciliation of the number of Shares outstanding is as under:				
Number of shares at the beginning	36,750			
Add: Shares issued during the period	9,180	36,750		
Number of shares at the end	45,930	36,750	0	0
B The Company has only Ordinary shares. All ordinary shares rank parri passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the Ordinary shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.				
C Ordinary shares of AED 1000/- each, fully paid held by Holding Company, Cadila Healthcare Limited, a company incorporated in India:				
Number of Shares	45,930	36,750		
% to total share holding	100%	100%		
Note: 2-Reserves and Surplus:				
Foreign Currency Translation Reserve:				
Balance as per last Balance Sheet	-		(313)	-
Add/ [Less]: Exchange differences on translation to Indian Rupee	-		(1,498)	(313)
	-		(1,811)	(313)
Surplus in statement of Profit and Loss:				
Balance as per last Balance Sheet	(235)	-	(14,380)	-
Less: (Loss) for the period	(738)	(235)	(48,300)	(14,380)
Balance as at the end of year	(973)	(235)	(62,680)	(14,380)
Total	(973)	(235)	(64,491)	(14,693)
Note: 3-Long Term Borrowings:				
Unsecured Loan [From Related Party]	3,300	3,291	218,724	205,786
Total	3,300	3,291	218,724	205,786
Zydus International Private Limited	3,300		218,724	-
The Loan is bearing interest of 6 month USD libor plus 150 bps. The tenure of the loan shall be 3 years from the disbursement date, which can be further renewed on yearly basis however the total tenure of the loan shall not exceed 5 years from the date of first disbursement.				
Cadila Healthcare Limited	-	3,291	-	205,786
The Loan was bearing interest of 6 month USD libor plus 250 bps. During the year, the Company had repaid the loan in full.				
Note: 4-Long Term Provisions:				
Provision for Employee Benefits	12	5	795	313
Total	12	5	795	313
Note: 5-Trade Payables:				
Trade Payables	258	25	17,100	1,563
Total	258	25	17,100	1,563
Note: 6-Other Current Liabilities:				
Interest accrued but not due on borrowings	80	46	5,302	2,876
Advance received from customers	1	-	66	-
Other:				
Provision for Expenses	4	19	265	1,188
Total	85	65	5,633	4,064

Zydus Worldwide DMCC

Notes to the Financial Statements

Note: 7-Fixed Assets:

	Tangible Assets				Intangible Assets	
	Office Premises	Furnitures, Fixtures	Office Equipment	Computers and Networks	Total	Software
	USD Thousands					
Gross Block:						
As at March 31, 2014	-	-	-	-	-	-
Additions	1,205	30	12	14	1,261	3
Disposals	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
As at March 31, 2015	1,205	30	12	14	1,261	3
Additions	1,289	-	3	1	1,293	1
Disposals	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
As at March 31, 2016	2,494	30	15	15	2,554	4
Depreciation and Impairment:						
As at March 31, 2014	-	-	-	-	-	-
Additions	13	1	1	1	15	-
Disposals	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
As at March 31, 2015	13	1	1	1	15	-
Additions	25	-	3	2	30	1
Disposals	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-
As at March 31, 2016	38	1	4	3	45	1
Net Block:						
As at March 31, 2015	1,192	30	11	14	1,246	3
As at March 31, 2016	2,456	30	11	13	2,509	3
	INR Thousands					
Gross Block:						
As at March 31, 2014	-	-	-	-	-	-
Additions	73,734	1,836	734	857	77,161	184
Disposals	-	-	-	-	-	-
Other adjustments	1,615	40	16	18	1,689	4
As at March 31, 2015	75,349	1,876	750	875	78,850	188
Additions	84,365	-	196	65	84,626	65.00
Disposals	-	-	-	-	-	-
Other adjustments	5,588	112	48	54	5,802	12
As at March 31, 2016	165,302	1,988	994	994	169,278	265
Depreciation and Impairment:						
As at March 31, 2014	-	-	-	-	-	-
Additions	795	31	61	31	918	-
Disposals	-	-	-	-	-	-
Other adjustments	18	0	2	-	20	-
As at March 31, 2015	813	31	63	31	938	-
Additions	1,636	0	196	131	1,963	65
Disposals	0	0	0	0	-	-
Other adjustments	70	2	6	4	82	1
As at March 31, 2016	2,519	33	265	166	2,983	66
Net Block:						
As at March 31, 2015	74,536	1845	687	844	77,912	188
As at March 31, 2016	162,783	1,955	729	828	166,295	199

Zydus Worldwide DMCC				
Notes to the Financial Statements				
	USD Thousands		INR Thousands	
	As at March 31			
Note : 8 - Non Current Investments:	2016	2015	2016	2015
Non-Current Investments - [Investment in 100% Subsidiary Zydus Discovery DMCC, 29410 Common Stock of AED 1000 each)	8,014	8,014	531,168	501,115
Total	8,014	8,014	531,168	501,115
Note : 9 - Long Term Loans and Advances:				
[Unsecured, Considered Good]				
Security Deposits	7	3	464	188
Loans and Advances to related party [to 100% subsidiary Zydus Discovery DMCCC]	1,132	629	75,029	39,331
Other Long term advances	1	2	66	125
Total	1,140	634	75,559	39,644
Note: 10 - Cash and Bank Balances:				
Balance with Bank	1,953	2,877	129,445	179,899
Cash on Hand	1	3	66	188
Total	1,954	2,880	129,511	180,087
Note : 11 - Short Term Loans and Advances :				
[Unsecured, Considered Good]				
Balances with Statutory authorities	-	18	-	1,126
Rent Receivable	42	3	2,784	188
Interest Receivable	14	-	928	-
Total	56	21	3,712	1,314
Note: 12-Other Current Assets:				
Prepaid Expenses	7	12	464	750
Total	7	12	464	750
Note: 13-Contingent Liabilities and commitments [to the extent not provided for]:				
Contingent Liabilities	NIL	NIL	NIL	NIL
Commitments:				
a Estimated amount of contracts remaining to be executed on capital account and not provided for	2,440	1,440	161,723	90,043

Zydus Worldwide DMCC					
Notes to the Financial Statements					
	USD Thousands		INR Thousands		
	Year ended March 31				
	2016	2015	2016	2015	
Note: 14-Other Income:					
Rental income	39	4	2553	245	
Interest Income	14	1	916	61	
Total	53	5	3469	306	
Note: 15-Purchase of Stock-in-Trade:					
Purchase of Stock-in-Trade [Pharma Products]	1	-	65	-	
Total	1	-	65	-	
Note: 16-Employees Benefit Expense :					
Salaries and Wages	257	72	16,821	4,406	
Provision for Employee Benefits	5	2	327	122	
Total	262	74	17,148	4,528	
Note: 17- Finance Cost:					
Interest on term loan- From Related Party	76	67	4,974	4,100	
Bank Commission & Charges	1	2	65	122	
Total	77	69	5,039	4,222	
Note: 18-Other Expenses:					
Travelling expenses	2	8	131	490	
Electricity Exps.	7	1	458	61	
Insurance Exps	5	1	327	61	
Repairs and Maintainance	7	1	458	61	
Visa Expenses	2	7	131	428	
Communication Exps	5	3	327	184	
Registration expenses	16	6	1,047	367	
Legal and Professional Fees	339	8	22,188	490	
Fees for Incorporation	-	24	-	1,469	
Net Loss on foreign currency transactions and translation	(1)	2	(65)	122	
Service charges - Maintenance charges	21	10	1,374	612	
Miscellaneous Expenses [*]	19	11	1,244	673	
Total	422	82	27,620	5,018	
[*] Miscellaneous Expenses include Payment to the auditors as audit fees	2	2	131	122	
Note: 19 -Calculation of Earnings per Share [EPS]:					
The numerators and denominators used to calculate the basic and diluted EPS are:					
A Loss attributable to Shareholders	Thousands	(738)	(235)	(48,300)	(14,380)
B Basic and weighted average number of shares outstanding during period	Numbers	37,831	8,927	37,831	8,927
C Nominal value of share	AED	1,000	1,000	1,000	1,000
		USD		INR	
D Basic & Diluted EPS		(19.51)	(26.32)	(1,276.72)	(1,610.80)
Note: 20 -Related Party Transactions:					
A Name of the Related Parties and Nature of the Related Party Relationship:					
a Holding Company:					
Cadila Healthcare Limited					
b Subsidiary Company:					
Zydus Discovery DMCC					
c 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 Noveltch 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]				
Alidac Pharmaceuticals Limited [Formerly known as Zydus BSV Pharma Private Limited]	Zydus Nikkho Farmaceutica Ltda. [Brazil]				
M/s. Zydus Healthcare, a Partnership Firm	Zydus Pharma Japan Co. Ltd. [Japan]				
Zydus Lanka (Private) Limited [Sri Lanka]	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 C.V.[Mexico]				
ZAHL B.V. [the Netherlands]	Etna Biotech S.R.L. [Italy]				
ZAHL Europe B.V. [the Netherlands]	Zydus Healthcare Philippines Inc. [Philippines]				
	Bremer Pharma GmbH [Germany]				
d Directors:					
Mr. Vimal Sanghavi	Mr. Pradeep Agnihotri				
Mr. Jignesh Bhatt					

Zydus Worldwide DMCC

Notes to the Financial Statements

Note: 20 -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:

Details relating to parties referred to in Note 20-A [a,b,c & d]

<u>Nature of Transactions</u>	USD Thousands		INR Thousands	
	Year ended March 31			
	2016	2015	2016	2015
Purchase of Goods				
Cadila Healthcare Limited	1	-	65	-
Purchase of Services				
Alidac Phrmaceuticals Limited	135		8,836	-
Fixed Assets:				
Cadila Healthcare Limited	-	0	-	14
Reimbursement of Expenses Recovered:				
Zydus Discovery DMCC	3	488	196	29,861
Rent Income:				
Zydus Discovery DMCC	39	4	2,553	245
Directors sitting fees				
Mr. Pradeep Agnihotri	4	-	262	-
Investments:				
Subscription to Share Capital :				
Zydus Discovery DMCC	-	8,014	-	490,377
Finance:				
Share Capital Subscription:				
Cadila Healthcare Limited	2,499	10,014	163,560	612,757
Inter Corporate Loans given:				
Zydus Discovery DMCC	503	629	32,921	38,489
Inter Corporate Loans received/(repaid):				
Zydus International Pvt. Ltd.	3,300	-	215,985	-
Cadila Healthcare Limited	(3,291)	3,291	(215,396)	201,376
Interest on Loan received:				
Zydus International Pvt. Ltd.	52	-	3,403	-
Cadila Healthcare Limited	24	67	1,571	4,100
Interest on loan given:				
Zydus Discovery DMCC	14	1	916	61
	2016	2015	2016	2015
Outstanding:				
Loan Outstanding:				
Zydus International Pvt. Ltd.	3,300		218,724	-
Cadila Healthcare Limited	-	3,291	-	205,786
Payable:				
Zydus International Pvt. Ltd.	34	-	2,254	-
Cadila Healthcare Limited	46	46	3,049	2,876
Receivable:				
Zydus Discovery DMCC	1,188	629	78,741	39,331

Note: 21-Segment Information:

There is only one segment namely, "Pharmaceutical products".

Note: 22-Previous Year figures:

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classifications/ disclosure.

Signatures to Significant Accounting Policies and Notes 1 to 22 to the Financial Statements

As per our report of even date
For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number: 106625W

For and on behalf of the Board

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

Director

Zydus Worldwide DMCC

Cash Flow Statement for the period ended March 31, 2016

Particulars	USD Thousands		INR Thousands	
	As at March 31			
	2016	2015	2016	2015
A Cash flows from operating activities:				
Loss before tax	(738)	(235)	(48,300)	(14,380)
Adjustments for:				
Depreciation, Amortisation and Impairment expenses	31	15	2,029	918
Interest income	(14)	(1)	(916)	(61)
Interest expenses	76	67	4,974	4,100
Provisions for employee benefits	7	5	458	306
Total	100	86	6,545	5,263
Operating profit before working capital changes	(638)	(149)	(41,755)	(9,117)
Adjustments for:				
Decrease/ [Increase] in short term advances	(21)	(21)	(1,374)	(1,285)
Decrease/ [Increase] in long term advances	(3)	(5)	(196)	(306)
Decrease/ [Increase] in other current assets	5	(12)	327	(734)
Increase/ [Decrease] in trade payables	233	25	15,250	1,530
Increase/ [Decrease] in other current liabilities	(14)	19	(916)	1,163
Total	200	6	13,091	368
Net cash from [used] operating activities	(438)	(143)	(28,664)	(8,749)
B Cash flows from investing activities:				
Purchase of fixed assets	(2,451)	(1,619)	(160,418)	(99,067)
Purchase of Non Current investments	-	(8,014)	-	(490,377)
Advances to subsidiaries	(503)	(629)	(32,921)	(38,489)
Interest received	-	1	-	61
Net cash used [from] in investing activities	(2,954)	(10,261)	(193,339)	(627,872)
C Cash flows from financing activities:				
Proceeds from Issuance of Share Capital	2,499	10,014	163,560	612,757
Proceeds from Long Term Borrowings	9	3,291	589	201,376
Interest paid	(42)	(21)	(2,749)	(1,285)
Net cash used [from] in financing activities	2,466	13,284	161,400	812,848
Net increase in cash and cash equivalents	(926)	2,880	(60,603)	176,227
Increase/ [Decrease] due to the translation to INR [Refer Note-3]	-	-	10,028	3,860
Cash and cash equivalents at the beginning of the year	2,880	-	180,086	-
Cash and cash equivalents at the end of the year	1,954	2,880	129,511	180,087

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 and on behalf of the Board

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

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

Director