

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF ZYDUS HEALTHCARE [USA] LLC,**

We have audited the accompanying financial statements of **ZYDUS HEALTHCARE [USA] LLC**, ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> December, 2014 and the Statement of Profit and Loss for the year ended on that date and a summary of the significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles and the Accounting Standards generally accepted in the respective country i.e. United States of America [USA]. This responsibility includes the design, implementation and maintenance of internal control 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our broad review. We conducted the review of these financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We have not conducted any detailed audit procedures as these financial statements have been audited by the auditors of the Company as appointed under the Laws of the USA in accordance with the auditing standards prevalent in USA.

In accordance with the above, we have carried out broad review of the financial statements as submitted by the management and as audited by the auditors of the Company. We believe that our review provides a reasonable basis for our opinion. We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the 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 USA:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> December, 2014; and
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

Further to our comments in the annexure referred to above, we report that:

- (i) 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.
- (ii) The accounts and financial statements of the Company are duly audited and certified by the Company's Statutory Auditors viz Ram Associates, United States of America, in accordance with the accounting and auditing standards generally accepted and prevalent in USA. The audited accounts along with auditors' report have been submitted to us for our review and have been appropriately verified and reviewed by us in preparing and submitting our report thereon. Our opinion is solely based on the report of the said independent auditors of the Company.
- (iii) The Balance Sheet and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
- (iv) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements including Balance Sheet and statement of Profit and Loss dealt with by this report comply with the accounting standards generally accepted in USA.

- (v) 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:
- a. The Company does not have any pending litigations which would impact its financial position.
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - c. Since the Company is incorporated outside India, this clause regarding reporting on amounts which were required to be transferred to the Investor Education and Protection Fund by the Company is not applicable.

For Mukesh M. Shah & Co.  
Chartered Accountants  
Firm Registration No. 106625W

Ahmedabad

Date: 14<sup>th</sup> May, 2015

Partner  
[Chandresh S. Shah]  
Membership No.: 042132

**ZYDUS HEALTHCARE [USA] LLC**  
**Balance Sheet as at December 31, 2014**

Particulars	Note No.	USD Thousands		INR Thousands	
		As at December 31			
		2014	2013	2014	2013
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	1	200	200	12,612	11,988
Reserves and Surplus	2	180	174	11,349	10,429
		380	374	23,961	22,417
<b>Non-Current Liabilities:</b>					
Long Term Borrowings	3	2,500	2,500	157,650	149,850
<b>Current Liabilities:</b>					
Trade Payables	4	96	37	6,054	2,218
Other Current Liabilities	5	11	156	694	9,351
		107	193	6,748	11,569
<b>Total</b>		<b>2,987</b>	<b>3,067</b>	<b>188,359</b>	<b>183,836</b>
<b>ASSETS:</b>					
<b>Non-Current Assets:</b>					
Fixed Assets:					
Tangible Assets					
	6	2,239	2,285	141,191	136,963
<b>Current Assets:</b>					
Trade Receivables	7	200	213	12,612	12,767
Cash and Bank Balances	8	491	515	30,962	30,869
Short Term Loans and Advances	9	56	53	3,531	3,177
Other Current Assets	10	1	1	63	60
		748	782	47,168	46,873
<b>Total</b>		<b>2,987</b>	<b>3,067</b>	<b>188,359</b>	<b>183,836</b>
<b>Significant Accounting Policies</b>	II				
<b>Notes to the Financial Statements</b>	1 to 19				

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 14, 2015

Director

**ZYDUS HEALTHCARE [USA] LLC**  
**Statement of Profit and Loss for the year ended December 31, 2014**

Particulars	Note No.	USD Thousands		INR Thousands	
		Year ended December 31			
		2014	2013	2014	2013
<b>REVENUE:</b>					
Revenue from Operations:					
Sale of Products		528	1,136	32,224	68,092
Sale of Services		63	84	3,845	5,035
Net Revenue from Operations		591	1,220	36,069	73,127
Other Income	11	169	133	10,314	8,903
Total Revenue		760	1,353	46,383	82,030
<b>EXPENSES:</b>					
Purchases of Stock-in-Trade	12	549	1,137	33,505	68,152
Employee Benefits Expenses	13	-	-	-	-
Finance Costs	14	151	151	9,216	9,051
Depreciation expenses	6	46	47	2,807	2,817
Other Expenses	15	3	3	183	181
Total Expenses		749	1,338	45,711	80,201
<b>Profit before Tax</b>		11	15	672	1,829
Less: Tax Expense:					
Current Tax		5	7	305	420
<b>Profit for the year</b>		6	8	367	1,409
		<b>USD</b>		<b>INR</b>	
<b>Basic &amp; Diluted Earning per Common Stock</b>	16	0.03	0.04	1.84	7.05
<b>Significant Accounting Policies</b>	II				
<b>Notes to the Financial Statements</b>	1 to 19				

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 14, 2015

Director

## ZYDUS HEALTHCARE [USA] LLC

### I-Company overview:

ZyduS Healthcare USA LLC [ZHUL] was incorporated in Delaware on September 24, 2002. Corporate office of the Company is situated at Pennington, New Jersey. It is wholly owned subsidiary of ZyduS International Private Limited, Ireland [ZIPL]. ZHUL procures products from Third parties and sells goods and services to Cadila Healthcare Limited.

### II-Significant Accounting Policies:

#### 1 Basis of Accounting:

Theses financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America [GAAP]. Consequently, revenue is recognized when services are rendered and expenses reflected when costs are incurred.

#### 2 Reporting Currency Translations:

The Local accounts are maintained in local and functional currency which is "United States Dollar[USD]". 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 "USD" 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 Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. These estimates are often based on judgments, probabilities and assumptions that management believes are reasonable but that are inherently uncertain and unpredictable. As a result, actual result could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustment, if any, to the estimates used are made prospectively based on such periodic evaluations.

#### 4 Revenue Recognition:

The Company recognizes product sales revenues when the title and risk of loss have transferred to the customers, when estimated provisions for product returns, rebates and other sales allowances are reasonably determinable, and when collectibles are reasonably assured. Accruals for theses provisions are presented as reductions to revenues.

#### 5 Credit and Business Concentration:

The Company's financial instruments that are exposed to concentration of credit risks consist primarily of cash and cash equivalents and accounts receivables. The Company maintains its cash and cash equivalents in bank accounts, which, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to significant credit risk on cash and cash equivalents. Concentration of credit risks with respect to accounts receivable are limited because the credit worthiness of the Company's major customers. 100% of the sales for 2014 and 100% sales for 2013 [towards goods and service charges] were made to Cadila Healthcare Limited, its parent Company.

#### 6 Property and Equipments:

Property and Equipments are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives by the straight-line method. Depreciation of an asset commences when the asset is put into use. The estimated useful lives of the related assets range from 3 to 39.5 years.

#### 7 Pension Plan:

The company has implemented an Employer sponsored 401K Pension Plan effective October 1, 2003. Under the Plan, ZHUL will make qualified-matching contribution to a maximum of 5% of the basic pay of the eligible employees. All Qualified matching contributions are 100 % vested and are subject to certain withdrawal of restrictions.

#### 8 Income Taxes:

The Company records income taxes using the assets and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and the tax effect of net operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the period in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates are recognized in income in the period that includes the enactment date.

**II-Significant Accounting Policies-Continued:****9 New Accounting Pronouncements:**

- A** In August 2014, the Financial Accounting Standards Board("FASB") issued amended guidance related to disclosure of uncertainties about an entity's ability to continue as a going concern. The new guidance requires management to evaluate whether there is substantial doubt about the entity's ability to continue as going concern and, as necessary, to provide related footnote disclosures. The guidance has an effective date of December 31,2016. The company believes the adoption of this new standard will not have a material impact on its consolidated financial statements.
- B** In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standard Update, or ASU, 2014-09- Revenue from Contracts with Customers, which provides a single, comprehensive revenue recognition model for all contracts with customers. The core principal of this ASU is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This ASU is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2016. Early adoption is not permitted. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements.
- C** In January 2015, the Financial Accounting Standards Board, or FASB, issued Accounting Standard Update, or ASU, 2015-01- Income Statement-Extraordinary and Unusual Items, which seeks to simplify income statement presentation by eliminating the concept of Extraordinary Items. This Update eliminates from GAAP the concept of extraordinary items. Subtopic 225-20, Income Statement—Extraordinary and Unusual Items, required that an entity separately classify, present, and disclose extraordinary events and transactions. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption.

**ZYDUS HEALTHCARE [USA] LLC**  
**Notes to the Financial Statements**

	USD Thousands		INR Thousands	
	As at December 31			
	2014	2013	2014	2013
<b>Note: 1-Share Capital:</b>				
<b>Authorised:</b>				
200,000 [as at December 31, 2013: 200,000] Common Stock of \$ 1 each	200	200	12,612	11,988
	200	200	12,612	11,988
<b>Issued, Subscribed and Paid-up:</b>				
200,000 [as at December 31, 2013: 200,000] Common Stock of \$ 1 each, each fully paid-up	200	200	12,612	11,988
	200	200	12,612	11,988
A There is no change in the number of shares as at the beginning and end of the year. Number of shares at the beginning and end of year	200,000	200,000		
B Common Stock of USD 1 each, fully paid held by Holding Company, Zydus International Private Limited, a company incorporated in the Republic of Ireland, which is a subsidiary company of Cadila Healthcare Limited, the ultimate Holding Company, a company incorporated in India.				
Number of Shares	200,000	200,000		
% to total share holding	100%	100%		
<b>Note: 2-Reserves and Surplus:</b>				
<b>Foreign Currency Translation Reserve: [*]</b>				
Balance as per last Balance Sheet	-	-	-	-
Add: Exchange Rate differences on translation to INR	-	-	553	-
	-	-	553	-
<b>Surplus in statement of Profit and Loss:</b>				
Balance as per last Balance Sheet	174	166	10,429	9,020
Add: Profit for the year	6	8	367	1,409
Balance as at the end of the year	180	174	10,796	10,429
<b>Total</b>	180	174	11,349	10,429
[*] Hitherto, the gain/ loss arising on the translation of the Financial Statements to INR was given effect into Statement of Profit and Loss. However, from the year under report, it is now included in "Foreign Currency Translation Reserve" [FCTR] under Reserves and Surplus. Consequent to this change, profit for the year [in INR conversion only] is lower by INR 553 Thousands, with a corresponding effect in "Reserves and Surplus".				
<b>Note: 3-Long Term Borrowings:</b>				
Loan from related party [Unsecured] [*]	2,500	2,500	157,650	149,850
<b>Total</b>	2,500	2,500	157,650	149,850
[*] The Company borrowed a sum of USD 2,500 Thousands at the rate of 6% per annum from Zydus Pharmaceuticals USA Inc., a related Company. The terms of the loan is 30 years. The loan is payable in 359 monthly payments of interest only in the amount of USD 12.5 Thousands payable on the fifteenth day of each month, and a final payment of all principal plus accrued interest due, fees and other charges payable on January 5, 2040 [the "Maturity Date"].				
<b>Note: 4-Trade Payables:</b>				
Trade Payables	96	37	6,054	2,218
<b>Total</b>	96	37	6,054	2,218
<b>Note: 5-Other Current Liabilities:</b>				
Interest accrued but not due on borrowings	-	150	-	8,991
Provision for Expenses	11	6	694	360
<b>Total</b>	11	156	694	9,351



**ZYDUS HEALTHCARE [USA] LLC**  
**Notes to the Financial Statements**

**Note: 6-Fixed Assets:**

**Tangible Assets:**

	Freehold <u>Land</u>	<u>Buildings</u>	Plant and <u>Equipment</u>	Furniture <u>and Fixtures</u>	<u>Computers</u>	<u>Total</u>
	<b>USD Thousands</b>					
Gross Block:						
As at December 31, 2012	665	1,799	9	60	38	<b>2,571</b>
Additions						-
Disposals						-
As at December 31, 2013	665	1,799	9	60	38	<b>2,571</b>
Additions						-
Disposals						-
As at December 31, 2014	665	1,799	9	60	38	<b>2,571</b>
Depreciation and Impairment:						
As at December 31, 2012	-	133	9	60	37	<b>239</b>
Charge for the year		46			1	<b>47</b>
Disposals						-
As at December 31, 2013	-	179	9	60	38	<b>286</b>
Charge for the year		46				<b>46</b>
Disposals						-
As at December 31, 2014	-	225	9	60	38	<b>332</b>
Net Block:						
As at December 31, 2013	665	1,620	-	-	-	<b>2,285</b>
As at December 31, 2014	665	1,574	-	-	-	<b>2,239</b>
						<b>INR Thousands</b>
Gross Block:						
As at December 31, 2012	36,129	97,740	489	3,260	2,065	<b>139,683</b>
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other adjustments	3,731	10,092	50	336	213	<b>14,422</b>
As at December 31, 2013	39,860	107,832	539	3,596	2,278	<b>154,105</b>
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other adjustments	2,075	5,613	29	188	118	<b>8,023</b>
As at December 31, 2014	41,935	113,445	568	3,784	2,396	<b>162,128</b>
Depreciation and Impairment:						
As at December 31, 2012	-	7,226	489	3,260	2,010	<b>12,985</b>
Charge for the year	-	2,757	-	-	60	<b>2,817</b>
Disposals	-	-	-	-	-	-
Other adjustments	-	746	50	336	208	<b>1,340</b>
As at December 31, 2013	-	10,729	539	3,596	2,278	<b>17,142</b>
Charge for the year	-	2,807	-	-	-	<b>2,807</b>
Disposals	-	-	-	-	-	-
Other adjustments	-	653	29	188	118	<b>988</b>
As at December 31, 2014	-	14,189	568	3,784	2,396	<b>20,937</b>
Net Block:						
As at December 31, 2013	39,860	97,103	-	-	-	<b>136,963</b>
As at December 31, 2014	41,935	99,256	-	-	-	<b>141,191</b>

	<b>USD Thousands</b>		<b>INR Thousands</b>	
	<b>As at December 31</b>			
	<b>2014</b>	2013	<b>2014</b>	2013

**Note: 7-Trade Receivables:**

Others - Unsecured, Considered good	<b>200</b>	213	<b>12,612</b>	12,767
<b>Total</b>	<b>200</b>	213	<b>12,612</b>	12,767

**Note: 8-Cash and Bank Balances:**

Balances with Banks	<b>491</b>	515	<b>30,962</b>	30,869
<b>Total</b>	<b>491</b>	515	<b>30,962</b>	30,869

**ZYDUS HEALTHCARE [USA] LLC**  
**Notes to the Financial Statements**

	USD Thousands		INR Thousands	
	As at December 31			
	2014	2013	2014	2013
<b>Note: 9-Short Term Loans and Advances:</b>				
[Unsecured, Considered Good]				
Balances with Revenue Authorities	1	12	63	719
Advances recoverable in cash or in kind or for value to be received	55	41	3,468	2,458
<b>Total</b>	<b>56</b>	<b>53</b>	<b>3,531</b>	<b>3,177</b>
<b>Note: 10-Other Current Assets:</b>				
[Unsecured, Considered Good]				
Prepaid Expenses	1	1	63	60
<b>Total</b>	<b>1</b>	<b>1</b>	<b>63</b>	<b>60</b>
	USD Thousands		INR Thousands	
	Year ended December 31			
	2014	2013	2014	2013
<b>Note: 11-Other Income:</b>				
Other Non-operating Income [Rental Income]	169	133	10,314	7,972
Exchange Rate difference due to translation [Refer Note2 (*)]	-	-	-	931
<b>Total</b>	<b>169</b>	<b>133</b>	<b>10,314</b>	<b>8,903</b>
<b>Note: 12-Purchase of Stock-in-Trade:</b>				
Purchase of Stock-in-Trade	549	1,137	33,505	68,152
<b>Total</b>	<b>549</b>	<b>1,137</b>	<b>33,505</b>	<b>68,152</b>
<b>Note: 13-Employee Benefit Expense:</b>				
Salaries and wages	468	436	28,562	26,134
Contribution to provident and other funds	22	21	1,343	1,259
Staff welfare expenses	14	15	854	899
Reimbursement of expenses	(504)	(472)	(30,759)	(28,292)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note: 14-Finance Cost:</b>				
Interest expense - others	150	150	9,155	8,991
Bank commission & charges	1	1	61	60
<b>Total</b>	<b>151</b>	<b>151</b>	<b>9,216</b>	<b>9,051</b>
<b>Note: 15-Other Expenses:</b>				
Traveling Expenses	18	46	1,099	2,757
Legal and Professional Fees	2	4	122	240
Freight and forwarding and Custom duty on sales	(3)	5	(183)	300
Miscellaneous Expenses	9	7	549	420
Reimbursement of Expenses	(23)	(59)	(1,404)	(3,536)
<b>Total</b>	<b>3</b>	<b>3</b>	<b>183</b>	<b>181</b>
<b>Note: 16-Calculation of Earnings per Common Stock [EPS]:</b>				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A Profit attributable to Shareholders before Exceptional items	6	8	367	1,409
B Basic and weighted average number of Common Stock outstanding during the year	200,000	200,000	200,000	200,000
	USD		INR	
C Nominal value of Common Stock	1	1		
D Basic & Diluted EPS	0.03	0.04	1.84	7.05

**ZYDUS HEALTHCARE [USA] LLC**  
**Notes to the Financial Statements**

**Note: 17-Segment Information:**

There is only one segment, namely "Pharmaceuticals".

**Note: 18-Related Party Transactions:**

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

- |  |  |
|--|--|
| <b>a Holding Company:</b>  | Zydus International Private Limited                              |
| <b>b Ultimate Holding Company:</b>                                   | Cadila Healthcare Limited  |
| <b>c Fellow Subsidiaries:</b>  |  |
| Dialforhealth India Limited  | Zydus Pharmaceuticals (USA) Inc.                                 |
| Dialforhealth Unity Limited  | Nesher Pharmaceuticals (USA) LLC [USA]                           |
| Dialforhealth Greencross Limited                                     | Zydus Noveltech Inc. [USA]                                       |
| German Remedies Limited  | Hercon Pharmaceuticals LLC [USA]                                 |
| Zydus Wellness Limited   | Zydus Healthcare S.A. (Pty) Ltd [South Africa]                   |
| M/s. Zydus Wellness-Sikkim, a Partnership Firm                       | Simayla Pharmaceuticals (Pty) Ltd [South Africa]                 |
| Liva Pharmaceuticals Limited   | Script Management Services (Pty) Ltd [South Africa]              |
| Zydus Technologies Limited   | Zydus Nikkho Farmaceutica Ltda. [Brazil]                         |
| Biochem Pharmaceutical Industries Limited                            | Laboratorios Combix S.L. [Spain]                                 |
| Zydus BSV Pharma Private Limited                                     | Zydus Pharmaceuticals Mexico SA De CV [Mexico]                   |
| M/s. Zydus Healthcare, a Partnership Firm                            | Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico] |
| Zydus Lanka (Private) Limited [Sri Lanka]                            | ZAHL B.V. [the Netherlands]                                      |
| Zydus Netherlands B.V. [the Netherlands]                             | ZAHL Europe B.V. [the Netherlands]                               |
| Zydus France, SAS [France]   | Bremer Pharma GmbH [Germany]                                     |
| Zydus Healthcare Philippines Inc [Philippines]                       | Zydus Worldwide DMCC [Dubai]                                     |
| Etna Biotech S.R.L. [Italy]  | Zydus Discovery DMCC [Dubai]                                     |
| Zydus Pharma Japan Co. Ltd. [Japan]                                  |  |
| <b>d Directors :</b>   |  |
| Mr. Pankaj R. Patel [Ceased to be director w.e.f. February 20, 2015] |  |
| Mr. Sharvil P Patel [Ceased to be director w.e.f. February 20, 2015] |  |
| Mr. Prashant J. Desai  |  |

**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 18 - A [b & c]

<u>Nature of Transactions</u>	<u>Value of the Transactions [ USD Thousands]</u>			
	<u>Ultimate Holding company</u>		<u>Fellow subsidiaries</u>	
	<u>Year ended December 31</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Sales:</b>				
<b>Goods:</b>				
Cadila Healthcare Limited	528	1,136		
<b>Services:</b>				
Cadila Healthcare Limited	63	84		
Zydus Pharmaceuticals (USA) Inc.			169	133
<b>Finance:</b>				
<b>Interest Paid :</b>				
Zydus Pharmaceuticals (USA) Inc.			150	150
<b>Reimbursement of expenses</b>				
Cadila Healthcare Limited	527	531		
		<u>As at December 31</u>		
<b>Outstanding:</b>				
<b>Payable :</b>				
Zydus Pharmaceuticals (USA) Inc.			2,500	2,650
<b>Receivable:</b>				
Cadila Healthcare Limited	200	213		

**ZYDUS HEALTHCARE [USA] LLC**  
**Notes to the Financial Statements**

**Note: 18-Related Party Transactions-Continued::**

Nature of Transactions	Value of the Transactions [ INR Thousands]			
	Ultimate Holding company		Fellow subsidiaries	
	Year ended December 31		Year ended December 31	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Sales:</b>				
<b>Goods:</b>				
Cadila Healthcare Limited	32,224	68,092		
<b>Services:</b>				
Cadila Healthcare Limited	3,845	5,035		
Zydus Pharmaceuticals (USA) Inc.			10,314	7,972
<b>Finance:</b>				
<b>Interest Paid :</b>				
Zydus Pharmaceuticals (USA) Inc.			9,155	8,991
<b>Reimbursement of expenses</b>				
Cadila Healthcare Limited	32,163	31,828		
		As at December 31		
<b>Outstanding:</b>				
<b>Payable :</b>				
Zydus Pharmaceuticals (USA) Inc.			157,650	158,841
<b>Receivable:</b>				
Cadila Healthcare Limited	12,612	12,767		

**b** There are no transactions with the parties referred to in item no. 18 - A [ a & d ]

**Note: 19**

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 19 to the Financial Statements**

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 14, 2015

Director