

Simayla Pharmaceuticals (Pty) Ltd.
Balance Sheet as at December 31, 2016

Particulars	Note No.	ZAR- Thousands		INR- Thousands	
		As at December 31			
		2016	2015	2016	2015
ASSETS:					
Non-Current Assets:					
Property, Plant and Equipment	1	-	-	-	-
Current Assets:					
Financial Assets:					
Cash and Cash Equivalents	2	6	12	29	51
		6	12	29	51
Total		6	12	29	51
EQUITY AND LIABILITIES:					
Equity:					
Equity Share Capital	3	0	0	1	1
Other Equity	4	(1,01,066)	(1,01,060)	(5,02,299)	(4,33,549)
		(1,01,066)	(1,01,060)	(5,02,298)	(4,33,548)
Non-Current Liabilities:					
Financial Liabilities:					
Borrowings	5	90,118	90,118	4,47,886	3,86,606
Current Liabilities:					
Financial Liabilities:					
Other Financial Liabilities	6	10,954	10,954	54,441	46,993
Total		6	12	29	51
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 14				

Statement of Profit and Loss for the year ended December 31, 2016

Particulars	Note No.	ZAR- Thousands		INR- Thousands	
		Year ended December 31			
		2016	2015	2016	2015
EXPENSES:					
Finance Costs	7	5	4	23	20
Depreciation, Amortisation and Impairment expenses	1	-	-	-	-
Other Expenses	8	1	2	5	10
Total Expenses		6	6	28	30
Loss for the year		(6)	(6)	(28)	(30)
OTHER COMPREHENSIVE INCOME:					
Other Comprehensive Income for the year, net of tax		-	-	-	-
Total Comprehensive Income for the year		(6)	(6)	(28)	(30)
Basic & Diluted Earning per Equity Share [EPS] [in ZAR / Rupees]	9	(30)	(30)	(140)	(150)
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 14				

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

For and on behalf of the Board

Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 25, 2017

Director

Simayla Pharmaceuticals (Pty) Ltd.
Statement of Change in Equity for the year ended December 31, 2016

a Equity Share Capital:	No. of Shares	ZAR- Thousands	INR- Thousands
Ordinary Shares of ZAR 1/- each, Issued, Subscribed and Fully Paid-up:			
As at December 31, 2014	200	0	1
As at December 31, 2015	200	0	1
As at December 31, 2016	200	0	1
		ZAR- Thousands	
b Other Equity:		Securities Premium Reserve	Retained Earnings
		Total	
As at December 31, 2014		5,500	(1,06,554)
Add: Loss for the year			(6)
As at December 31, 2015		5,500	(1,06,560)
Add: Loss for the year			(6)
As at December 31, 2016		5,500	(1,06,566)
		INR- Thousands	
b Other Equity:	Foreign Currency Translation Reserve	Securities Premium Reserve	Retained Earnings
			Total
As at December 31, 2014	23,441	23,595	(6,06,292)
Add: Loss for the year	-	-	(30)
Add: Addition during the year #	1,25,737	-	-
As at December 31, 2015	1,49,178	23,595	(6,06,322)
Add: Loss for the year	-	-	(28)
Less: Deduction during the year #	(72,462)	-	-
As at December 31, 2016	76,716	23,595	(6,06,350)
# Includes adjustments on account of exchange rate translation differences.			
<u>As per our report of even date</u> For Mukesh M. Shah & Co. Chartered Accountants Firm Registration Number: 106625W			For and on behalf of the Board
Chandresh S. Shah Partner Membership Number: 042132 Ahmedabad, Dated: May 25, 2017			Director

Simayla Pharmaceuticals (Pty) Ltd.

I-Company overview:

The company is engaged in pharmaceutical and operates principally in South Africa. It is wholly owned subsidiary of Zydus Healthcare SA (Pty) Ltd which is wholly owned subsidiary of Zydus International Private Limited [Refer Note 13] and ultimate holding company is Cadila Healthcare Limited, based in India.

II-Significant Accounting Policies:

1 Basis of Accounting:

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

2 Reporting Currency Translation:

The Local accounts are maintained in local and functional currency which is "South African Rand [ZAR]". These accounts have been translated in Indian Rupees considering the operation of the Company as "Non-integral operations" for holding company. The translation of Financial Statements to Indian Rupee [INR] from "ZAR" is performed for assets and liabilities using the exchange rates prevailing on the Balance sheet dates and for revenues and expenses using the average exchange rates for the respective periods. The gain or loss resulting from such translation is included in "Foreign Currency Translation Reserve" under Other Equity.

3 Property, plant and equipment:

Property plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment.

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful. Land is not depreciated. The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

4 Impairment of assets:

The company assess at each balance sheet date whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs, is determined. If an impairment loss subsequently reverses, the carrying amount of the asset [or group of related assets] is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset [or group of assets] in prior years. A reversal of impairment is recognised immediately in profit or loss.

5 Financial instruments:

Financial instruments at amortised cost:

These includes loans, trade receivables and trade payables. Those debt instruments which meet criteria in section 11.8 (b) of the standard, are subsequently measured at amortized cost using the effective interest rate method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of cash expected to be received or paid unless the arrangement effectively constitutes a financing transaction.

At each reporting date carrying amount of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with carrying amount. If recoverable amount is lower than carrying amount then the carrying amount is reduced to recoverable amount and impairment loss is immediately recognised in profit or loss.

Financial instruments at fair value:

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured fair value through profit and loss.

6 Revenue Recognition:

- A** Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and VAT.
- B** Revenue in respect of sales is recognised when goods are dispatched to the customers.
- 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.

7 Provisions and contingencies:

- A** Provisions are recognised when:
 - i The company has an obligation at the reporting period date as a result of a past event;
 - ii It is probable that the company will be required to transfer economic benefits in settlement; and
 - iii The amount of the obligation can be estimated reliably.
- B** Contingent assets and liabilities are not recognised.

8 Borrowing Costs:

Borrowing costs are recognised as an expense in the year in which they are incurred.

9 Deferred tax assets and liabilities:

- A** A deferred tax liability is recognised for all taxable temporary differences.
- B** A deferred tax asset is recognized for all deductible temporary differences and unused tax losses and unused tax credits.
- C** Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting period date.

10 Inventories:

Inventories are measured at the lower of cost and selling price less costs to complete and sell, on the first-in, first-out [FIFO] basis.

Simayla Pharmaceuticals (Pty) Ltd.
Notes to the Financial Statements

Note: 1: Property, Plant and Equipment:

	Vehicles	IT Equipment	Total	Vehicles	IT Equipment	Total
	ZAR- Thousands			INR- Thousands		
Gross Block:						
As at December 31, 2014	180	158	338	985	864	1,849
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other adjustments	-	-	-	(213)	(186)	(399)
As at December 31, 2015	180	158	338	772	678	1,450
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other adjustments	-	-	-	123	107	230
As at December 31, 2016	180	158	338	895	785	1,680
Depreciation and Impairment:						
As at December 31, 2014	180	158	338	985	864	1,849
Charge for the year	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other adjustments	-	-	-	(213)	(186)	(399)
As at December 31, 2015	180	158	338	772	678	1,450
Charge for the year	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Other adjustments	-	-	-	123	107	230
As at December 31, 2016	180	158	338	895	785	1,680
Net Block:						
As at December 31, 2015	-	-	-	-	-	-
As at December 31, 2016	-	-	-	-	-	-

ZAR- Thousands **INR- Thousands**

As at December 31

2016 2015 **2016** 2015

Note: 2-Cash and Cash Equivalents:

Balances with Banks	6	12	29	51
Total	6	12	29	51

Note: 3-Equity Share Capital:

Authorised:				
1,000 [as at December 31, 2015: 1,000] Ordinary shares of ZAR 1/- each	1	1	5	4
	1	1	5	4
Issued, Subscribed and Fully Paid-up Equity Shares:				
200 [as at December 31, 2015: 200] Ordinary shares of ZAR 1/- each fully paid [ZAR 200 (as at December 31, 2015: ZAR 200)]	0	0	1	1
	0	0	1	1
A There is no change in number of shares as at the beginning and end of year. Number of shares at the beginning and end of year	200	200		
B The Company has only ordinary shares. All shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.				
C Ordinary shares of ZAR 1/- each, fully paid held by holding company, Zydus Healthcare SA (Pty) Limited, a company incorporated in South Africa which is a subsidiary company of Zydus International Private Limited [Refer Note 13], a company incorporated in the Republic of Ireland which is a subsidiary company of Cadila Healthcare Limited, the ultimate Holding Company, a company incorporated in India. Number of shares % to total share holding	200 100%	200 100%		

Note: 4-Other Equity:

Other Reserves:				
Securities Premium Reserve:				
Balance as per last Balance Sheet	5,500	5,500	27,335	23,595
Foreign Currency Translation Reserve:				
Balance as per last Balance Sheet			1,49,178	23,441
[Less] Add: Exchange Rate differences on translation to INR			(72,462)	1,25,737
	-	-	76,716	1,49,178
Retained Earnings:				
Balance as per last Balance Sheet	(1,06,560)	(1,06,554)	(6,06,322)	(6,06,292)
Add: Loss for the year	(6)	(6)	(28)	(30)
Balance as at the end of the year	(1,06,566)	(1,06,560)	(6,06,350)	(6,06,322)
Total	(1,01,066)	(1,01,060)	(5,02,299)	(4,33,549)

Simayla Pharmaceuticals (Pty) Ltd.
Notes to the Financial Statements

Note: 5-Borrowings:

	ZAR- Thousands		INR- Thousands	
	As at December 31			
Loan from a Related Party [Unsecured] [*]	90,118	90,118	4,47,886	3,86,606
Total	90,118	90,118	4,47,886	3,86,606
[*] This loan carries interest from time to time and no fixed terms of repayment at year end.				

Note: 6-Other Financial Liabilities:

Interest accrued but not due on borrowings	10,954	10,954	54,441	46,993
Total	10,954	10,954	54,441	46,993

Note: 7-Finance Cost:

Bank commission & charges	5	4	23	20
Total	5	4	23	20

Note: 8-Other Expenses:

Miscellaneous Expenses - Payment to the auditors as "Auditor"	1	2	5	10
Total	1	2	5	10

Note: 9-Calculation of Earnings per Equity Share [EPS]:

The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A Loss attributable to Shareholders	(6)	(6)	(28)	(30)
B Basic and weighted average number of Equity shares outstanding during the year	200	200	200	200
	ZAR		INR	
C Nominal value of equity share	1	1		
D Basic & Diluted EPS	(30)	(30)	(140)	(150)

Note: 10-Segment Information:

The Chief Operating Decision Maker [CODM] reviews the Company as a single segment, namely, "Pharmaceutical Segment".

Note: 11-Related Party Transactions:

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

- | | |
|---|--|
| a Holding Company: | ZyduS Healthcare SA (Pty) Ltd [South Africa] |
| b Holding Company of Holding Company: | ZyduS International Private Limited [Ireland] [Refer Note 13] |
| c Ultimate Holding Company: | Cadila Healthcare Limited [India] |
| d Fellow Subsidiaries/ Concerns: | |
| Dialforhealth India Limited | ZyduS France, SAS [France] |
| Dialforhealth Unity Limited | Laboratorios Combix S.L. [Spain] |
| Dialforhealth Greencross Limited | ZyduS Nikkho Farmaceutica Ltda. [Brazil] |
| ZyduS Wellness Limited | ZyduS Novelttech Inc. [USA] |
| M/s. ZyduS Wellness-Sikkim, a Partnership Firm | Hercon Pharmaceuticals LLC [USA] |
| ZyduS Healthcare Limited | Alidac Healthcare (Myanmar) Limited [Myanmar] |
| ZyduS Technologies Limited | ZyduS Pharmaceuticals Mexico SA De CV [Mexico] |
| Liva Pharmaceuticals Limited | ZYHL Pharmaceuticals Mexico Services Company SA De C.V.[Mexico] |
| Alidac Pharmaceuticals Limited | ZAHL B.V. [the Netherlands] |
| ZyduS Netherlands B.V. [the Netherlands] | ZAHL Europe B.V. [the Netherlands] |
| ZyduS Pharmaceuticals (USA) Inc.[USA] | Bremer Pharma GmbH [Germany] |
| ZyduS Healthcare (USA) LLC [USA] | ZyduS Worldwide DMCC [Dubai] [Refer Note 13] |
| ZyduS Healthcare Philippines Inc [Philippines] | ZyduS Discovery DMCC [Dubai] |
| Nesher Pharmaceuticals (USA) LLC [USA] | Script Management Services (Pty) Ltd.[South Africa] |
| ZyduS Lanka (Private) Limited [Sri Lanka] | ZyduS Pharma Japan Co. Ltd. [Japan] [Liquidated during the year] |
| Etna Biotech S.R.L. [Italy] | |
| e Directors: | |
| Mrs. I.F.Oliver | Mr. V Shiva [Appointed w.e.f. February 24, 2016] |
| Mr. S.R.Gadhia [Appointed w.e.f. February 24, 2016] | Mr. G Jain [Resigned w.e.f. February 24, 2016] |

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 11 - A [a]

Nature of Transactions

Outstanding:

Payable

ZyduS Healthcare SA (Pty) Ltd

- b** There are no transactions with parties referred to in items 11 - A [b, c, d & e].

Value of the Transactions			
ZAR- Thousands		INR- Thousands	
Year ended December 31			
2016	2015	2016	2015
1,01,072	1,01,072	5,02,328	4,33,599

Simayla Pharmaceuticals (Pty) Ltd.
Notes to the Financial Statements

Note: 12-Going Concern:

The company has accumulated losses of ZAR 106,566 Thousands [as at December 31, 2015: ZAR 106,560 Thousand] and company's total liabilities exceed its assets by ZAR 101,066 Thousands. The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The company has ceased all trading activities since the 2013 financial year.

Note: 13 Post reporting date events :

Pursuant to the Share Purchase Agreement ["SPA"] entered into by Zydus International Private Limited [ZIPL], Ireland [wholly owned subsidiary of Cadila Healthcare Limited [CHL], India] on March 24, 2017 with Zydus Worldwide DMCC [ZWD], Dubai [wholly owned subsidiary of CHL], ZWD had acquired 100% of the share capital of Zydus Healthcare SA (Pty) Ltd [ZHSA], South Africa, for Cash Consideration. Pursuant to this, ZHSA has become direct overseas subsidiary of ZWD and the Company has become step down subsidiary of ZWD. CHL continues to be the ultimate holding company of the Company.

Note: 14

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 14 to the Financial Statements

As per our report of even date

For Mukesh M. Shah & Co.

Chartered Accountants

Firm Registration Number: 106625W

For and on behalf of the Board

Chandresh S. Shah

Partner

Membership Number: 042132

Ahmedabad, Dated: May 25, 2017

Director

Simayla Pharmaceuticals (Pty) Ltd.
Cash Flow Statement for the year ended December 31, 2016

Particulars	ZAR- Thousands		INR- Thousands	
	Year ended December 31			
	2016	2015	2016	2015
A Cash flows from operating activities:				
Loss before tax	(6)	(6)	(28)	(30)
Net cash from [used] operating activities	(6)	(6)	(28)	(30)
B Cash flows from investing activities:				
Net cash [used] from investing activities	-	-	-	-
C Cash flows from financing activities:				
Net cash [used] from financing activities	-	-	-	-
Net increase in cash and cash equivalents	(6)	(6)	(28)	(30)
Increase/ [Decrease] due to the translation to INR [Refer Note-3]	-	-	6	(17)
Cash and cash equivalents at the beginning of the year	12	18	51	98
Cash and cash equivalents at the end of the year	6	12	29	51

Notes to the Cash Flow Statement

- 1 All figures in brackets are outflows.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 Cash Flow Statement is translated into Indian Rupee [INR] at the average exchange rates for the year. The increase/ decrease resulting from such translation is shown separately as "Increase/ [Decrease] due to the translation to INR"

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

For and on behalf of the Board

Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 25, 2017

Director