

Financial statements 2019

Zydus Netherlands B.V.
Hoogoorddreef 15
1101 BA Amsterdam

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General information

General

Zydus Netherlands B.V. (the Company) is a private company with limited liability (a wholly-owned subsidiary of Zydus Worldwide DMCC Ltd.), incorporated under the laws of The Netherlands on 18 January 2007, having its corporate seat in Amsterdam, with offices at Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

Results

As presented in the profit and loss account, the net result for 2019 amounts to a loss of EUR 128,980 (2018: a loss of EUR 91,030).

Summary of activities

The principal activities of the Company are to act as a holding and finance company.

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Financial statements 2019

Balance sheet as at 31 December 2019

(Before appropriation of result)

	<u>31 Dec 2019</u>		<u>31 Dec 2018</u>	
	EUR	EUR	EUR	EUR
ASSETS				
Fixed assets				
Financial fixed assets	79,020,122		79,020,122	
		<u>79,020,122</u>		<u>79,020,122</u>
Current assets				
Cash and cash equivalents	20,401		23,135	
		<u>20,401</u>		<u>23,135</u>
		<u><u>79,040,523</u></u>		<u><u>79,043,257</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital	85,580,400		85,580,400	
Share premium	74		74	
Other reserves	(8,875,610)		(8,784,580)	
Result for the year	(128,980)		(91,030)	
		<u>76,575,884</u>		<u>76,704,864</u>
Current liabilities				
	2,464,639		2,338,393	
		<u>2,464,639</u>		<u>2,338,393</u>
		<u><u>79,040,523</u></u>		<u><u>79,043,257</u></u>

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Profit and loss account for the year 2019

	2019		2018	
	EUR	EUR	EUR	EUR
Gross margin		(63,007)		(59,845)
General expenses	65,973		31,185	
Total general expenses		65,973		31,185
		(128,980)		(91,030)
Result before taxation		(128,980)		(91,030)
Taxation result		-		-
Result after taxation		(128,980)		(91,030)



General notes

1. General

General

Zydus Netherlands B.V. (the Company) is a private company with limited liability (a wholly-owned subsidiary of Zydus Worldwide DMCC Ltd.), incorporated under the laws of The Netherlands on 18 January 2007, having its corporate seat in Amsterdam, with offices at Hoogoorddreef 15, 1101 BA Amsterdam, The Netherlands.

The Company is registered at the Chamber of Commerce under number 34265024.

Activities

The principal activities of the Company are to act as a holding and finance company.

Group structure

The Company is part of the Zydus group. The head of this group is Cadila Healthcare Ltd. in Ahmedabad, India. The financial statements of the Company are included in the consolidated financial statements of Cadila Healthcare Ltd.

Consolidation exemption

Consolidated accounts are not presented as the Company has availed itself of the exemption provisions of Article 408 section 1, Title 9 Book 2 of the Dutch Civil Code. Accordingly, the consolidated annual report of Cadila Healthcare Ltd for the year ending 31 March 2019 which include the financial statements of the Company and its subsidiaries, will be filed with the Chamber of Commerce.

Directors' report

The Company has taken advantage of Article 395a section 6, Title 9, Book 2 of the Dutch Civil Code and has not presented a directors' report.

Estimates

The preparation of the financial statements requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

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Comparison with previous year

The principles of valuation and determination of the result remained unchanged in comparison to previous year.

Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

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2. General accounting principles

Accounting policies

The financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards applicable for micro legal entities, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Based on Title 9, Book 2 of the Dutch Civil Code, the Company can be qualified as a so-called 'micro-sized company', but voluntarily discloses more information to meet the legal requirement to provide a true and fair view.

Valuation of assets and liabilities and determination of the result take place under the historical cost convention, unless presented otherwise.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on balance sheet date. Liabilities and any losses originating before the end of the financial year are taken into account, if they have become known before preparation of the financial statements.

Financial instruments

Financial instruments include both primary financial instruments, such as receivables and liabilities, and financial derivatives. Reference is made to the recognition per balance sheet item for the principles of primary financial instruments.

Foreign currency

Items included in the financial statements of the Company are valued with due regard for the currency in the economic environment in which the Company carries out most of its activities (the functional currency). The financial statements are denominated in EUR, this is both the functional currency and presentation currency of the Company.

Transactions, receivables and liabilities

Transactions in foreign currency during the financial year are recognized in the financial statements at the exchange rates prevailing at transaction date. The exchange differences resulting from the translation as at balance sheet date, are recorded in the profit and loss account.

3. Principles of valuation of assets and liabilities

FIXED ASSETS

Financial fixed assets

Participations

Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.



If the valuation of a participation based on the net asset value is negative, it will be stated at EUR 1. If and insofar the Company can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognized in the profit and loss account.

In the light of the aforementioned application of Article 408 section 1, Title 9 Book 2 of the Dutch Civil code and in management's opinion disclosure of net asset value would not enhance the insight into the Company's financial position and results, the participations are valued at historical cost.

In the event of an impairment loss, valuation takes place at the realizable value (see also section "Impairment of non-current assets"); an impairment is recognized and charged to the profit and loss account.

Impairment of non-current assets

On each balance sheet date, the Company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realizable value of the asset is determined. If it is not possible to determine the realizable value of the individual asset, the realizable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realizable value; the realizable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognized in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

CURRENT ASSETS

Cash at banks and in hand

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Cash at banks and in hand is carried at nominal value.

LIABILITIES

Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.



4. Principles for the determination of the result

General

The result is the difference between the gross margin and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Costs

Costs are determined on a historical basis and allocated to the financial year to which they relate.

Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. When accounting for interest expenses, the recognized transaction expenses for loans received are taken into consideration.

Income tax

Tax on the result is calculated based on the result before tax in the profit and loss account, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Also changes are taken into account which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.



Notes to the balance sheet as at 31 December 2019

ASSETS

Financial fixed assets

31 Dec 2019
EUR

A summary of the financial fixed assets is included below:

Subsidiaries

Zydus Healthcare Brazil Ltda.	48,614,050
Laboratories Combix S.L.	30,406,072
	79,020,122

	<u>Place, Country</u>	<u>Valuation method</u>	<u>Share in issued capital</u> %
Zydus Healthcare Brazil Ltda.	Rio de Janeiro, Brazil	cost price	99.9999
Laboratories Combix S.L.	Madrid, Spain	cost price	100.00

Zydus Healthcare Brazil Ltda.

Estr. Governador Chagas Freitas 340, Rio de Janeiro (Office address)

The net equity value of Zydus Healthcare Brazil Ltda. per 31 December 2019 amounts to BRL 68,655,532 (EUR 15,203,741).

Laboratories Combix S.L.

Calle Badajoz 2, Madrid (Office address)

The net equity value of Laboratories Combix S.L. per 31 December 2019 amounts to EUR 3,321,506.

Management has decided to not impair the subsidiaries, because the fair value of the subsidiaries is higher than the cost price. Additionally, it is expected that the profit of the subsidiaries will rise in the coming years.

Notes to the balance sheet as at 31 December 2019

EQUITY AND LIABILITIES

Equity

Share capital

The issued and fully paid up share capital of the Company amounts to EUR 85,580,400, divided into 855,804 ordinary shares of EUR 100.

Proposed appropriation of result for the financial year 2019

The board of directors proposes that the result for the financial year 2019 amounting to a loss of EUR 128,980 should be transferred to the other reserves.

Current liabilities

	<u>31 Dec 2019</u>	<u>31 Dec 2018</u>
	EUR	EUR
Short term loans	2,313,350	2,258,236
Amounts owed to equity holders	118,957	61,064
Trade payables and trade credit	32,332	19,093
	<u>2,464,639</u>	<u>2,338,393</u>

All payables will be resolved within one year.

Contingent assets and liabilities

The Company has no contingent assets and liabilities that are not already included in the annual report.

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Notes to the profit and loss account for the year 2019

	<u>2019</u>	<u>2018</u>
	EUR	EUR
Gross margin		
Finance expenses	(63,007)	(59,845)
	<u>(63,007)</u>	<u>(59,845)</u>
The Finance expenses consists of:		
<u>Interest expenses and similar expenses</u>		
Interest on short term loans	58,473	57,197
Currency exchange loss	4,534	2,648
	<u>63,007</u>	<u>59,845</u>
General expenses		
Management fees	3,703	3,630
Tax advisory fees	-	1,815
Administrative fees	59,986	23,661
Legal fees	844	369
Bank charges	1,440	1,710
	<u>65,973</u>	<u>31,185</u>

Average number of employees

The Company had no employees during the year under review (2018: none).

Notes to the profit and loss account for the year 2019

Events after balance sheet date

Zydus Netherlands B.V. is a part of Zydus Group. The head of group is Cadila Healthcare Limited (Zydus Cadila) which is a fully integrated, global healthcare provider, with strengths all along the pharmaceutical value chain. With a core competence in the field of healthcare, Zydus Cadila provides total healthcare solutions ranging from formulations, active pharmaceutical ingredients and animal healthcare products.

The World Health Organization [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into lock down situation all throughout April 2020 and major part of May 2020, impacting business operations across various sectors with severe restrictions on movement of people and goods.

Group has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. Zydus Group believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets (including loans). The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial results and the Group will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

Amsterdam, 18 June 2020

W.F. Kraus
Managing director A



P. Solanki
Managing director B