

## **INDEPENDENT AUDITORS' REPORT**

**TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.,**

We have audited the accompanying financial statements of **ZYDUS PHARMACEUTICALS MEXICO S.A. DE C.V.**, ("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. Mexico. 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 Mexico in accordance with the auditing standards prevalent in Mexico.

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 Mexico:

- (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 loss 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 Salles, Sainz - Grant Thornton, S.C., Mexico, in accordance with the accounting and auditing standards generally accepted and prevalent in Mexico. 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 dealt with by this report comply with the accounting standards generally accepted in Mexico.

- (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 Pharmaceuticals Mexico S.A. De C.V.**  
**Balance Sheet as at December 31, 2014**

Particulars	Note No.	MXN-Thousands		INR-Thousands	
		As at December 31			
		2014	2013	2014	2013
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	1	129,315	82,315	556,055	379,472
Reserves and Surplus	2	(141,020)	(71,109)	(606,385)	(327,810)
		(11,705)	11,206	(50,330)	51,662
<b>Non-Current Liabilities:</b>					
Long Term Borrowings	3	43,003	13,382	184,913	61,691
<b>Current Liabilities:</b>					
Trade Payables	4	17,998	13,075	77,391	60,276
Other Current Liabilities	5	3,992	3,206	17,166	14,779
		21,990	16,281	94,557	75,055
<b>Total</b>		<b>53,288</b>	<b>40,869</b>	<b>229,140</b>	<b>188,408</b>
<b>ASSETS:</b>					
<b>Non-Current Assets:</b>					
Fixed Assets:					
Tangible Assets					
Tangible Assets	6	1,975	2,096	8,492	9,663
Intangible Assets	6	96	107	413	493
		2,071	2,203	8,905	10,156
Long Term Loans and Advances	7	1,233	1,429	5,302	6,589
		3,304	3,632	14,207	16,745
<b>Current Assets:</b>					
Inventories	8	7,609	4,268	32,719	19,675
Trade Receivables	9	22,104	17,485	95,048	80,606
Cash and Bank Balances	10	12,180	8,044	52,374	37,083
Short Term Loans and Advances	11	7,486	7,044	32,190	32,473
Other Current Assets	12	605	396	2,602	1,826
		49,984	37,237	214,933	171,663
<b>Total</b>		<b>53,288</b>	<b>40,869</b>	<b>229,140</b>	<b>188,408</b>
<b>Significant Accounting Policies</b>	II				
<b>Notes to the Financial Statements</b>	1 to 21				

**Statement of Profit and Loss for the year ended December 31, 2014**

Particulars	Note No.	MXN-Thousands		INR-Thousands	
		Year ended December 31			
		2014	2013	2014	2013
<b>REVENUE:</b>					
Revenue from Operations:					
Sale of Pharmaceutical Products		21,164	17,762	96,931	81,883
Other Income	13	301	27	1,379	124
Total Revenue		21,465	17,789	98,310	82,007
<b>EXPENSES:</b>					
Purchases of Stock-in-Trade	15	14,440	8,417	66,135	38,802
Changes in Inventories of Stock-in-Trade	16	(3,341)	(4,268)	(13,044)	(19,675)
Finance Costs	17	1,619	204	7,415	940
Depreciation, Amortisation and Impairment expenses	6	636	457	2,913	2,107
Other Expenses	18	78,022	42,708	357,343	204,741
Total Expenses		91,376	47,518	420,762	226,915
<b>Loss for the year</b>		<b>(69,911)</b>	<b>(29,729)</b>	<b>(322,452)</b>	<b>(144,908)</b>
		<b>MXN</b>		<b>INR</b>	
<b>Basic &amp; Diluted Earning per Equity Share [EPS]</b>	19	<b>(0.69)</b>	(0.40)	<b>(3.20)</b>	(1.97)
<b>Significant Accounting Policies</b>	II				
<b>Notes to the Financial Statements</b>	1 to 21				

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

Sole Administrator

**Zydus Pharmaceuticals Mexico S.A. De C.V.**

**I-Company overview:**

**Description of Business:**

- A** Zydus Pharmaceuticals Mexico S.A. De C.V., was incorporated on July 21, 2010. The Company's main activity is to import and market a wide range of health products. The Company is subsidiary of Zydus International Private Limited, a company incorporated in the Republic of Ireland which is a subsidiary of Cadila Healthcare Limited, India.
- B** The Company does not have employees, hence, its operations are carried out by personnel of an affiliated company, through a service rendering contract.
- C** The company started its commercial operations in June 2013.

**II-Significant Accounting Policies:**

**1 Financial Reporting Standards:**

- A** The accompanying financial statements have been prepared in accordance with the Financial Reporting Standards [NIF for its Acronym in Spanish] as issued by the Mexican Board of Financial Reporting Standards [CINIF for its Acronym in Spanish].
- B** The NIFS are structured as follows: a) Financial Reporting Standards and interpretations (INIF), b) Accounting Principles Bulletins; issued by the Mexican Institute of Public accounts that have not been modified, replaced or repealed by the NIF, and c) International Financial Reporting Standards (IFRS); issued by the International Accounting Standards Board (IASB) which are applicable suppletorily.
- C** The accompanying financial statements and their notes were authorized to be issued on March 25, 2015, by Gyanesh Kumar, Finance Head, consequently, do not reflect the events beyond that date.
- D** The General Corporate Law and the by-laws of the Company, grant to stockholders the possibility to amend the financial statements after issuing them. The accompanying financial statements will be submitted for approval at the General Stockholders' Annual Meeting.

**2 Changes in accounting policies from adoption of new NIF:**

The company has adopted the new NIF and "NIF improvements" to NIF which were effective from January 1, 2014.

- a NIF C-11 "Stockholders' equity"
- b Improvements to NIF 2014

There are no significant effects arising from the application of this new pronouncement in 2014, with respect to the valuation, presentation and disclosure.

**3 Reporting Currency Translation :**

The Local accounts are maintained in local and functional currency which is "Mexican Pesos [MXN]". 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 "MXN" 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.

**4 Cash:**

Cash comprises cash on hand and bank deposits in checking accounts.

**5 Inventories**

Inventories are valued at the lower of cost or net realization value. The cost of inventories includes all expenses directly attributable to the commercialization process. The allocation method to assign the unit cost of inventories is FIFO.

**6 Revenue Recognition**

Sales are recorded upon delivery, depending on when risks and title of the goods are transferred to customers, which generally occurs when goods are shipped or delivered fulfilling purchase order requirements. Sales discounts, quantity and price rebates and allowances are estimated based on experience and recorded in the period in which sales is recognized.

**7 Use of Estimates**

In preparing the financial statements, various estimates and assumptions have been used for presentation of assets and liabilities, and disclosure of contingent assets and liabilities, future cash flows, discount rates and other allowances, in order to present its financial information in conformity with Mexican financial reporting standards. Actual results can differ from these estimates and assumption.

**8 Leasehold Improvements, Furniture and Equipment:**

- A** Leasehold improvements, furniture and equipment are recorded at acquisition cost.
- B** Depreciation is calculated on the carrying value of fixed assets less residual value, using the straight line method based on the estimated useful life thereof at the following rates:

<u>Nature of Asset</u>	<u>Annual rate</u>
Leasehold improvements	20.00%
Furniture and equipment	10.00%
Computer equipment	30.00%

**9 Long-lived assets value assessment:**

Values of long-lived assets, tangible or intangible, are reviewed at least once a year or where certain events or changes in the circumstances indicate that such values may not be recovered. In order to compute the impairment loss, the recoverable value is determined which is defined as the greater of the net selling price of a cash generating unit and its value in use, that is determined by the sum of discounted cash flows such unit can generate in future, at an adequate rate of discount.

**10 Foreign Currency Transactions:**

Foreign currency transactions are accounted for at the prevailing exchange rate at the time they are carried out. Foreign currency denominated assets and liabilities are valued at the applicable end of the period exchange rates. Exchange gains or losses form part of the result of financing, affecting net income.

**11 Income Tax, Prepaid or Deferred:**

Provisions for income tax (ISR for its Spanish acronym) are recorded in income for the year they become payable. Also, a deferred tax effect related to this item is included, arising from temporary differences resulting from comparing book and tax values of assets and liabilities, including the benefit of tax loss carry forward and tax credits. A deferred tax asset is recorded only when there is a high likelihood that it can be recovered. Deferred taxes are determined using enacted tax rates that are estimated to be effective on the dates temporary items shall be reversed or realized.

**II-Significant Accounting Policies-Continued:****12 Provisions, Contingent assets and contingent liabilities:**

Provisions represent present obligations resulted from past events, and are recognised when there is probability of cash outflows, and amounts can be reliably estimated; but they can still be uncertain. A present obligation arises from legal or contractual commitments resulted from past events such as warranties, legal disputes, or onerous contracts. Restructuring provisions are recognised only if detailed formal plan for the restructuring has been developed and implemented, or management has announced to those affected, at least the plan's main characteristics. Provision are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the obligation, based on the most reliable evidence available at the reporting date, including the risk & uncertainties associated with the present obligation. Where there are number of similar obligations, the probability of cash outflows will be measured considering the class of obligations.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Company's probable economic benefit inflows, that do not yet meet the asset recognition criteria, are considered contingent asset.

**13 Impact of Inflation:**

Effective 2008, recognition of the impact of inflation is suspended based on the fact the Mexican economy is now operating in a non - inflationary environment, as the accumulated inflation is less than 26% in the three years prior to the date of financial statements. Since the Company was incorporated on July 21, 2010, the accompanying financial statements do not recognise the effect of inflation on the financial information, as such, they are prepared under historical cost basis. There has been a non inflationary environment since January 1, 2008.

**Zydus Pharmaceuticals Mexico S.A. De C.V.**

**Notes to the Financial Statements**

	MXN-Thousands		INR-Thousands	
	As at December 31			
	2014	2013	2014	2013
<b>Note: 1-Share Capital:</b>				
<b>Authorised:</b>				
129,315,138 [as at December 31, 2013: 82,315,138] Equity Shares of MXN 1/- each	82,315	71,968	353,955	331,772
	82,315	71,968	353,955	331,772
<b>Issued, Subscribed and Paid-up:</b>				
129,315,138 [as at December 31, 2013: 82,315,138] Equity Shares of MXN 1/- each	129,315	82,315	556,055	379,472
<b>Total</b>	<b>129,315</b>	<b>82,315</b>	<b>556,055</b>	<b>379,472</b>
A The reconciliation of the number of Shares outstanding is as under:				
<u>Particulars</u>				
Number of shares at the beginning of the year	82,315,138	71,968,102		
Add: Shares issued during the year	47,000,000	10,347,036		
Number of shares at the end of the year	129,315,138	82,315,138		
B The Company has only equity shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.				
C Equity shares of MXN 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	129,315,138	82,315,138		
% 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	-	-	43,877	-
	-	-	43,877	-
<b>Surplus in statement of Profit and Loss:</b>				
Balance as per last Balance Sheet	(71,109)	(41,380)	(327,810)	(182,902)
Add: Loss for the year	(69,911)	(29,729)	(322,452)	(144,908)
Balance as at end of the year	(141,020)	(71,109)	(650,262)	(327,810)
<b>Total</b>	<b>(141,020)</b>	<b>(71,109)</b>	<b>(606,385)</b>	<b>(327,810)</b>
[*] 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, loss for the year [in INR conversion only] is higher by INR 43,877 Thousands, with a corresponding effect in "Reserves and Surplus".				
<b>Note: 3-Long Term Borrowings:</b>				
Loan from a related party - Zydus International Private Limited, Holding Company [Unsecured]	43,003	13,382	184,913	61,691
<b>Total</b>	<b>43,003</b>	<b>13,382</b>	<b>184,913</b>	<b>61,691</b>
<b>Note: 4-Trade Payables:</b>				
Trade Payables	17,998	13,075	77,391	60,276
<b>Total</b>	<b>17,998</b>	<b>13,075</b>	<b>77,391</b>	<b>60,276</b>
<b>Note: 5-Other Current Liabilities:</b>				
Interest accrued but not due on borrowings	1,183	125	5,087	576
Others:				
Provision for Expenses	2,592	2,994	11,146	13,802
Payable to Statutory Authorities	217	87	933	401
	2,809	3,081	12,079	14,203
<b>Total</b>	<b>3,992</b>	<b>3,206</b>	<b>17,166</b>	<b>14,779</b>

**Zydus Pharmaceuticals Mexico S.A. De C.V.**

**Notes to the Financial Statements**

**Note: 6-Fixed Assets:**

	MXN-Thousands				INR-Thousands			
	Buildings	Furniture & Fixtures	Office Equipment	Total	Buildings	Furniture & Fixtures	Office Equipment	Total
<b>A Tangible Assets:</b>								
Gross Block:								
As at December 31, 2012	1,355	421	105	1,881	5,989	1,861	464	8,314
Additions	43	275	780	1,098	198	1,268	3,596	5,062
Disposals	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	258	80	20	358
As at December 31, 2013	1,398	696	885	2,979	6,445	3,209	4,080	13,734
Additions	-	18	428	446	-	82	1,960	2,042
Disposals	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	(434)	(221)	(394)	(1,049)
As at December 31, 2014	1,398	714	1,313	3,425	6,011	3,070	5,646	14,727
Depreciation and Impairment:								
As at December 31, 2012	380	37	50	467	1,680	164	221	2,065
Charge for the year	180	59	177	416	830	272	816	1,918
Disposals	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	72	7	9	88
As at December 31, 2013	560	96	227	883	2,582	443	1,046	4,071
Charge for the year	180	70	317	567	824	321	1,452	2,597
Disposals	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	(224)	(50)	(159)	(433)
As at December 31, 2014	740	166	544	1,450	3,182	714	2,339	6,235
Net Block:								
As at December 31, 2013	838	600	658	2,096	3,863	2,766	3,034	9,663
As at December 31, 2014	658	548	769	1,975	2,829	2,356	3,307	8,492

	MXN-Thousands		INR-Thousands	
	As at December 31			
	2014	2013	2014	2013
<b>B Intangible Assets [Computer Software]:</b>				
Gross Block:				
Opening Balance	169	51	779	225
Additions	58	118	266	544
Disposals	-	-	-	-
Other adjustments	-	-	(69)	10
Closing Balance	227	169	976	779
Amortisation and Impairment:				
Opening Balance	62	21	286	93
Charge for the year	69	41	316	189
Disposals	-	-	-	-
Other adjustments	-	-	(39)	4
Closing Balance	131	62	563	286
Net Block	96	107	413	493
Note: Other adjustments include adjustments on account of exchange rate translation differences.				

**Note: 7-Long Term Loans and Advances:**

[Unsecured, Considered Good]				
Capital Advances	1,096	673	4,713	3,103
Security Deposit	100	100	430	461
Loans and Advances to a Related Party [*] [Refer note no. 20 for relationship]	-	619	-	2,854
Other Loans and Advances:				
Balances with Revenue Authorities	37	37	159	171
<b>Total</b>	<b>1,233</b>	<b>1,429</b>	<b>5,302</b>	<b>6,589</b>
[*] Loan to Zydus Pharmaceuticals Mexico Service Co. S.A. De C.V. with no fixed repayment terms. Interest rate is TIIE + 1%. TIIE is the Mexican government published interest rate	-	619	-	2,854
	-	619	-	2,854

**Note: 8-Inventories:**

[The Inventory is valued at lower of cost and net realisable value]				
Stock-in-Trade	7,609	4,268	32,719	19,675
<b>Total</b>	<b>7,609</b>	<b>4,268</b>	<b>32,719</b>	<b>19,675</b>



**Zydus Pharmaceuticals Mexico S.A. De C.V.**

**Notes to the Financial Statements**

	MXN-Thousands		INR-Thousands	
	As at December 31			
	2014	2013	2014	2013
<b>Note: 9-Trade Receivables:</b>				
[Unsecured]				
Outstanding for a period exceeding six months from the due date:				
Considered good	4,299	-	18,486	-
Considered doubtful	1,718	-	7,387	-
	6,017	-	25,873	-
Less : Provision for doubtful debts	1,718	-	7,387	-
	4,299	-	18,486	-
Other debts-Considered good	17,805	17,485	76,562	80,606
<b>Total</b>	<b>22,104</b>	<b>17,485</b>	<b>95,048</b>	<b>80,606</b>
<b>Note: 10 -Cash and Bank Balances :</b>				
Balances with Banks	12,179	8,039	52,370	37,060
Cash on Hand	1	5	4	23
<b>Total</b>	<b>12,180</b>	<b>8,044</b>	<b>52,374</b>	<b>37,083</b>
<b>Note: 11-Short Term Loans and Advances:</b>				
[Unsecured, Considered Good]				
Balances with Revenue Authorities	7,486	7,044	32,190	32,473
<b>Total</b>	<b>7,486</b>	<b>7,044</b>	<b>32,190</b>	<b>32,473</b>
<b>Note: 12-Other Current Assets:</b>				
[Unsecured, Considered Good]				
Prepaid Expenses	605	396	2,602	1,826
<b>Total</b>	<b>605</b>	<b>396</b>	<b>2,602</b>	<b>1,826</b>
	MXN-Thousands		INR-Thousands	
	Year ended December 31			
	2014	2013	2014	2013
<b>Note: 13 -Other Income:</b>				
Interest Income [Gross]:				
From Others [Other than long term/ current investments]	248	27	1,136	124
Other Non-operating Income	53	-	243	-
<b>Total</b>	<b>301</b>	<b>27</b>	<b>1,379</b>	<b>124</b>
<b>Note: 14-Purchase of Stock-in-Trade:</b>				
Purchase of Stock-in-Trade [Pharmaceutical Products]	14,440	8,417	66,135	38,802
<b>Total</b>	<b>14,440</b>	<b>8,417</b>	<b>66,135</b>	<b>38,802</b>
<b>Note: 15 -Changes in Inventories:</b>				
Stock-in-Trade:				
Stock at commencement	4,268	-	19,675	-
Less: Stock at close	7,609	4,268	32,719	19,675
<b>Total</b>	<b>(3,341)</b>	<b>(4,268)</b>	<b>(13,044)</b>	<b>(19,675)</b>
<b>Note: 16-Finance Cost:</b>				
Interest on others	1,191	204	5,455	940
Net Loss on foreign currency transactions	371	-	1,699	-
Bank commission & charges	57	-	261	-
<b>Total</b>	<b>1,619</b>	<b>204</b>	<b>7,415</b>	<b>940</b>

**Zydus Pharmaceuticals Mexico S.A. De C.V.**

**Notes to the Financial Statements**

	MXN-Thousands		INR-Thousands	
	Year ended December 31			
	2014	2013	2014	2013
<b>Note: 17 -Other Expenses:</b>				
Research Materials	2,360	235	10,809	1,083
Analytical Expenses	4,767	3,758	21,833	17,324
Power & fuel	89	90	408	415
Rent	720	609	3,298	2,807
Insurance	31	12	142	55
Traveling Expenses	203	243	930	1,120
Legal and Professional Fees	51,967	26,675	238,009	122,972
Net Loss on foreign currency transactions	232	133	1,063	613
Exchange Rate difference due to translation [Refer Note2 (*)]	-	-	-	7,859
Administrative Expenses	1,724	766	7,896	3,531
Other marketing expenses	18,564	9,113	85,023	42,011
Provision for Doubtful Debts	1,543	175	7,067	807
Miscellaneous Expenses [*]	2,684	2,243	12,293	10,340
	<b>84,884</b>	<b>44,052</b>	<b>388,771</b>	<b>210,937</b>
Less : Recovery of Expenses	6,862	1,344	31,428	6,196
<b>Total</b>	<b>78,022</b>	<b>42,708</b>	<b>357,343</b>	<b>204,741</b>
Above expenses includes Research related expenses as follows:				
Research Materials	2,360	235	10,809	1,083
Analytical expenses	4,767	3,758	21,833	17,324
Total	7,127	3,993	32,642	18,407
[*] Miscellaneous Expenses include Payment to the auditors:				
i As Auditor	118	118	540	544
ii For taxation matters	166	420	760	1,936
iii For Other Services	15	121	69	558
iv Total	299	659	1,369	3,038
<b>Note: 18 -Calculation of Earnings per Equity Share [EPS]:</b>				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A Loss attributable to Shareholders:	(69,911)	(29,729)	(322,452)	(144,908)
B Basic and weighted average number of Equity shares outstanding during the year	100,815,138	73,692,608	100,815,138	73,692,608
	<b>MXN</b>		<b>INR</b>	
C Nominal value of equity share	1	1		
D Basic & Diluted EPS	(0.69)	(0.40)	(3.20)	(1.97)
<b>Note: 19 -Segment Information:</b>				
There is only one segment namely, "Pharmaceutical products".				
<b>Note: 20 -Related Party Transactions:</b>				
<b>A Name of the Related Parties and Nature of the Related Party Relationship:</b>				
<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. [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 Nikkho Farmaceutica Ltda. [Brazil]			
Zydus BSV Pharma Private Limited	Laboratorios Combix S.L. [Spain]			
M/s. Zydus Healthcare, a Partnership Firm	Zydus Pharmaceuticals Mexico Service Co. 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]			
Etna Biotech S.R.L. [Italy]	Zydus Worldwide DMCC [Dubai]			
Zydus Healthcare Philippines Inc [Philippines]	Zydus Discovery DMCC [Dubai]			
Zydus Pharma Japan Co. Ltd. [Japan]				
<b>d Administrator:</b>	Mr. Prashant Jayantbhai Desai			

Zydus Pharmaceuticals Mexico S.A. De C.V.

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 :

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

Nature of Transactions	Holding company		Value of the Transactions MXN-Thousands		Fellow subsidiaries	
	2014	2013	Ultimate Holding company		2014	2013
			Year ended December 31			
	2014	2013	2014	2013	2014	2013
<b>Purchases:</b>						
<b>Goods:</b>						
Cadila Healthcare Limited			8,825	6,121		
<b>Services:</b>						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					51,844	32,307
<b>Sales:</b>						
<b>Reimbursement of expenses received:</b>						
Cadila Healthcare Limited			6,862	1,344		
<b>Investments:</b>						
<b>Receipt towards Share Capital:</b>						
Zydus International Private Limited	47,000	10,347				
<b>Finance:</b>						
<b>Inter Company Loan Accepted:</b>						
Zydus International Private Limited	29,621	6,484				
<b>Inter Company Loan (Repaid)/ Given:</b>						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					(619)	31
<b>Interest Paid:</b>						
Zydus International Private Limited	1,191	204				
<b>Interest Received:</b>						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					8	27
<b>Guarantee Fees Paid:</b>						
Cadila Healthcare Limited			51			
			As at December 31			
	2014	2013	2014	2013	2014	2013
<b>Outstanding:</b>						
<b>Payable:</b>						
Zydus International Private Limited	44,186	13,507				
Cadila Healthcare Limited			6,105	6,121		
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					9,339	3,101
<b>Receivable:</b>						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.						619
Cadila Healthcare Limited			5,641	814		
			INR-Thousands			
			Year ended December 31			
<b>Purchases:</b>						
<b>Goods:</b>						
Cadila Healthcare Limited			40,419	28,218		
<b>Services:</b>						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					237,446	148,935
<b>Sales:</b>						
<b>Reimbursement of expenses received:</b>						
Cadila Healthcare Limited			31,428	6,196		
<b>Investments:</b>						
<b>Receipt towards Share Capital:</b>						
Zydus International Private Limited	202,100	47,700				
<b>Finance:</b>						
<b>Inter Company Loan Accepted:</b>						
Zydus International Private Limited	127,370	29,891				
<b>Inter Company Loan (Repaid)/ Given:</b>						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					(2,662)	143
<b>Interest Paid:</b>						
Zydus International Private Limited	5,455	940				
<b>Interest Received:</b>						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					37	124
<b>Guarantee Fees Paid:</b>						
Cadila Healthcare Limited			234	-		

**Zydus Pharmaceuticals Mexico S.A. De C.V.**

**Notes to the Financial Statements**

**Note: 20 -Related Party Transactions-Continued:**

<u>Nature of Transactions</u>	<u>Value of the Transactions</u>					
	<u>Holding company</u>		<u>INR-Thousands</u>		<u>Fellow subsidiaries</u>	
	<u>2014</u>	<u>2013</u>	<u>Ultimate Holding company</u>		<u>2014</u>	<u>2013</u>
			<u>As at December 31</u>			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Outstanding:</b>						
<b>Payable:</b>						
Zydus International Private Limited	190,000	62,267				
Cadila Healthcare Limited			26,252	28,218		
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					40,158	14,296
<b>Receivable:</b>						
Zydus Pharmaceuticals Mexico Services Company SA De C.V.					-	2,854
Cadila Healthcare Limited			24,256	3,753		

**b** There are no transactions with the parties referred to in item no. 20 A [d].

**Note: 21**

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 21 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 14, 2015

Sole Administrator