

ZYDUS LANKA (PRIVATE) LIMITED
Balance Sheet as at March 31, 2016

Particulars	Note No.	LKR-Thousands		INR-Thousands	
		As at March 31,			
		2016	2015	2016	2015
EQUITY AND LIABILITIES:					
Shareholders' Funds:					
Share Capital	1	1,990	1,000	955	490
Reserves and Surplus	2	(1,173)	(783)	(563)	(384)
		817	217	392	106
Current Liabilities:					
Other Current Liabilities	3	88	43	42	21
Total		905	260	434	127
ASSETS:					
Non-Current Assets:					
Long Term Loans and Advances	4	15	15	7	7
Current Assets:					
Cash and Bank Balances	5	862	216	414	106
Other Current Assets	6	28	29	13	14
		890	245	427	120
Total		905	260	434	127
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 16				

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

Particulars	Note No.	LKR-Thousands		INR-Thousands	
		Year ended March 31,			
		2016	2015	2016	2015
EXPENSES:					
Finance Costs	9	1	1	-	-
Other Expenses	10	389	237	183	111
Total Expenses		390	238	183	111
Loss for the year		(390)	(238)	(183)	(111)
Basic & Diluted Earning per Share [EPS]	13	(3.90)	(2.38)	(1.83)	(1.11)
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 16				

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

For and on behalf of the Board

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

Director

ZYDUS LANKA (PRIVATE) LIMITED**I-Company overview:**

Zydus Lanka (Private) Limited [the Company] was incorporated on April 11, 2011. The Company's registered office is situated at Level 26 and 34, East Tower, World Trade Centre, Echelon Square, Colombo - 01, Sri Lanka. The Company is formed with an object of distribution and selling of pharmaceutical products in Sri Lanka. The company has not started its commercial operations during the year.

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

The Financial Statements have been prepared in accordance with the Sri Lanka Financial Reporting Standards for Small & Medium sized Entities[SLFRS for SMEs]. Where appropriate, the policies and any changes thereto are explained in the succeeding notes.

2 Statement of Compliance:

The Financial Statements have been prepared in accordance with the SLFRS for SMEs issued by the Institute of Chartered Accountants of Sri Lanka and the requirements of the Companies Act No. 07 of 2007.

3 Reporting Currency Translation:

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

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

A The transactions in foreign currencies are stated at the rates of exchange prevailing on the dates of transactions.

B The net gain or loss on account of exchange differences either on settlement or on translation are recognised in the Statement of Profit and Loss.

C Monetary assets and liabilities denominated in foreign currencies are translated into Sri Lankan Rupee at the rates of exchange ruling at the balance sheet date

5 Post Balance Sheet Events

All material events occurring after the Balance Sheet date have been considered and where necessary adjustments to or disclosure have been made in the Financial Statements.

6 Income Tax

Income Tax has been computed in accordance with the Provisions of Inland Revenue Act No. 10 of 2006 and amendments thereto.

7 Liabilities and Provisions

All known liabilities have been provided in preparing the Financial Statements.

8 Provision for Retiring Gratuity

No provision has been made for Retiring Gratuity since there are no permanent employees.

9 Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the Balance Sheet date when it is probable that such an obligation will result in an outflow of resources and a reliable estimate can be made of the quantum of the outflow.

10 Expenditure

A All expenditure incurred on running of the business and for maintaining the capital assets in a state of efficiency has been charged to revenue in arriving at the profit or loss for the year.

ZYDUS LANKA (PRIVATE) LIMITED

Notes to the Financial Statements

	LKR-Thousands		INR-Thousands	
	As at March 31,			
	2016	2015	2016	2015
Note: 1-Share Capital:				
Authorised:				
199,000 Ordinary shares [as at March 31, 2015: 100,000] of LKR 10/- each	1,990	1,000	955	490
	1,990	1,000	955	490
Issued, Subscribed and Paid-up:				
199,000 Ordinary shares [as at March 31, 2015: 100,000] of LKR 10/- each, fully paid up	1,990	1,000	955	490
	1,990	1,000	955	490
A The reconciliation of the number of Shares outstanding is as under:				
<u>Particulars</u>				
Number of Shares at the beginning of the year	100,000	100,000		
Add: Shares issued during the year	99,000	0		
Number of Shares at the end of the year	199,000	100,000		
B The Company has only ordinary shares. All ordinary shares rank parri passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.				
C Ordinary shares of LKR 10/- each, fully paid held by Holding Company, Cadila Healthcare Limited, a company incorporated in India:				
Number of Shares	199,000	100,000		
% to total share holding	100%	100%		
Note: 2-Reserves and Surplus:				
Foreign Currency Translation Reserve: [*]				
Balance as per last Balance Sheet			(11)	-
Add/ [Less]: Exchange differences on translation to Indian Rupee			4	(11)
			(7)	(11)
Surplus in statement of Profit and Loss:				
Balance as per last Balance Sheet	(783)	(545)	(373)	(262)
Add: [Loss] for the year	(390)	(238)	(183)	(111)
Balance as at the end of year	(1,173)	(783)	(556)	(373)
Total	(1,173)	(783)	(563)	(384)
Note: 3-Other Current Liabilities:				
Provision for Expenses	88	43	42	21
Total	88	43	42	21
Note: 4-Long Term Loans and Advances:				
Others :				
Security Deposits - Rent	15	15	7	7
Total	15	15	7	7
Note: 5-Cash and Bank Balances:				
Balance with Bank	862	216	414	106
Total	862	216	414	106
Note : 6 - Other Current Assets :				
Prepaid Expenses	28	29	13	14
Total	28	29	13	14
Note: 7-Contingent Liabilities:				
There were no material contingent liabilities outstanding as at the date of the Balance Sheet.				
Note: 8-Capital Commitments:				
There were no capital expenditure commitments approved as at 31st March, 2016 in respect of the Company.				
	LKR-Thousands		INR-Thousands	
	Year ended March 31,			
	2016	2015	2016	2015
Note: 9-Finance Cost:				
Bank Commission & charges	1	1	-	-
Total	1	1	-	-
Note: 10-Other Expenses:				
Legal and Professional Fees	214	126	101	59
Rent	68	68	32	32
Miscellaneous Expenses [*]	107	43	50	20
Total	389	237	183	111
[*] Miscellaneous Expenses include Payment to the auditors				
i As Auditor	34	34	16	16
ii For taxation matters	9	9	4	4

ZYDUS LANKA (PRIVATE) LIMITED
Notes to the Financial Statements

Note: 11-Taxation:

- A** The Company is liable to income tax at 28% on the taxable Income.
B However no provision for income tax has been made for the year since there is no taxable income.
C There exists a temporary difference between the book income and tax income because of carried forward losses as per income tax. However the related deferred tax asset has not been recognised since commercial operations have not commenced and recoverability of same is uncertain at this stage.

Note: 12-Events after the Balance Sheet date:

There has been no material event occurring after the Balance Sheet date that requires adjustment to or disclosure in the Financial Statements.

	LKR-Thousands		INR-Thousands	
	As at March 31,			
	2016	2015	2016	2015
Note: 13-Calculation of Earnings per Share [EPS]:				
The numerators and denominators used to calculate the basic and diluted EPS are:				
A Loss attributable to Shareholders	(390)	(238)	(183)	(111)
B Basic and Weighted average number of shares outstanding during period	100,000	100,000	100,000	100,000
	LKR		INR	
C Nominal value of share	10	10		
D Basic & Diluted EPS	(3.90)	(2.38)	(1.83)	(1.11)

Note: 14-Related Party Transactions:

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

a Holding Company:

Cadila Healthcare Limited

b Fellow Subsidiaries/ Concerns:

Dialforhealth India Limited	Zydu Pharmaceuticals (USA) Inc. [USA]
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Dialforhealth Greencross Limited	Zydu Healthcare (USA) LLC [USA]
German Remedies Limited	Zydu Noveltech Inc. [USA]
Zydu Wellness Limited	Hercon Pharmaceuticals LLC [USA]
M/s. Zydu Wellness-Sikkim, a Partnership Firm	Zydu Healthcare S.A. (Pty) Ltd [South Africa]
Liva Pharmaceuticals Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Zydu Technologies Limited	Script Management Services (Pty) Ltd [South Africa]
Biochem Pharmaceutical Industries Limited	Zydu France, SAS [France]
Alidac Pharmaceuticals Limited [Formerly known as Zydu BSV Pharma Private Limited]	Zydu Nikkho Farmaceutica Ltda. [Brazil]
M/s. Zydu Healthcare, a Partnership Firm	Zydu Pharma Japan Co. Ltd. [Japan]
Zydu Healthcare Philippines Inc. [Philippines]	Laboratorios Combix S.L. [Spain]
Zydu International Private Limited [Ireland]	Zydu Pharmaceuticals Mexico SA De CV [Mexico]
Zydu Netherlands B.V. [the Netherlands]	Zydu Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
ZAHL B.V. [the Netherlands]	Etna Biotech S.R.L. [Italy]
ZAHL Europe B.V. [the Netherlands]	Zydu Worldwide DMCC [Dubai]
Bremer Pharma GmbH [Germany]	Zydu Discovery DMCC [Dubai]

c Directors:

Mr. Ashok Bhatia

Mr. Tushar Shroff

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 Note 14-A [a]

Nature of Transactions

Shares Issued:

Cadila Healthcare Limited

	LKR-Thousands		INR-Thousands	
	Year ended March 31			
	2016	2015	2016	2015
Shares Issued:	990	-	465	-

b There were no transactions with parties referred to in Note 14-A [b & c]

Note: 15-Segment Information:

The information on segment is not applicable as there are no revenue from operations.

Note: 16-Previous Year figures:

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

Signatures to Significant Accounting Policies and Notes 1 to 16 to the Financial Statements

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

For and on behalf of the Board

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

Director

ZYDUS LANKA (PRIVATE) LIMITED
Cash Flow Statement for the year ended March 31, 2016

Particulars	LKR-Thousands		INR-Thousands	
	Year ended March 31,			
	2016	2015	2016	2015
A Cash flows from operating activities:				
Loss before tax	(390)	(238)	(183)	(111)
Adjustments for:				
Decrease/ [Increase] in long term advances	-	-	-	-
Decrease/ [Increase] in other current assets	1	-	-	-
Increase/ [Decrease] in other current liabilities	45	-	21	-
Total	46	-	21	-
Net cash from [used] operating activities	(344)	(238)	(162)	(111)
B Cash flows from investing activities:				
Net cash used [from] in investing activities	-	-	-	-
C Cash flows from financing activities:				
Net cash used [from] in financing activities	990	-	465	-
Net increase in cash and cash equivalents	646	(238)	303	(111)
Increase/ [Decrease] due to the translation to INR [Refer Note-3]	-	-	5	(1)
Cash and cash equivalents at the beginning of the year	216	454	106	218
Cash and cash equivalents at the end of the year	862	216	414	106

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 and on behalf of the Board

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

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

Director