

ZAHL B.V.
Balance Sheet as at March 31, 2016

Particulars	Note No.	Euro-Thousands		INR-Thousands	
		As at March 31			
		2016	2015	2016	2015
EQUITY AND LIABILITIES:					
Shareholders' Funds:					
Share Capital	1	18	18	1,358	1,208
Reserves and Surplus	2	5,512	5,546	415,825	372,136
		5,530	5,564	417,183	373,344
Non-Current Liabilities:					
Long Term Borrowings	3	121	160	9,128	10,736
Current Liabilities:					
Trade Payables	4	3	24	226	1,610
Other Current Liabilities	5	102	3	7,695	201
		226	187	17,049	12,547
Total		5,756	5,751	434,232	385,891
ASSETS:					
Non-Current Assets:					
Non-Current Investments	6	5,693	5,693	429,480	382,000
		5,693	5,693	429,480	382,000
Current Assets:					
Cash and Bank Balances	7	1	43	75	2,885
Other Current Assets	8	62	15	4,677	1,006
		63	58	4,752	3,891
Total		5,756	5,751	434,232	385,891
Significant Accounting Policies	I				
Notes to the Financial Statements	1 to 13				

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

Particulars	Note No.	Euro-Thousands		INR-Thousands	
		Year ended March 31			
		2016	2015	2016	2015
EXPENSES:					
Finance Costs	9	6	3	433	232
Other Expenses	10	28	30	2,023	2,324
Total Expenses		34	33	2,456	2,556
Loss for the year		(34)	(33)	(2,456)	(2,556)
Basic & Diluted Earning per Equity Share [EPS]	11	(189)	(183)	(13,644)	(14,200)
Significant Accounting Policies	I				
Notes to the Financial Statements	1 to 13				

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

ZAHL B.V.
Notes to the Financial Statements

I Company Overview

ZAHL B.V. [the Company] is a Dutch Private company with limited liability, incorporated in Amsterdam on June 24, 2008. The Company mainly acts as a holding company for ZAHL Europe BV and Bremer Pharma GmbH. The Company's registered office is situated at Hoogoorddreef 15, 1101 BA, Amsterdam, the Netherlands.

II-Significant Accounting Policies:

1 Principles of Valuation of Assets and Liabilities:

A General Principles:

The accompanying financial statements have been prepared in accordance with the provisions of the fourth and seventh Directive of the European Community as set forth in Title 9, Book 2 of the Dutch Civil Code. The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

B 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 date of transaction.
- 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 Euros at the rates of exchange ruling at the balance sheet date.

C Reporting Currency Translation:

The Local accounts are maintained in local and functional currency which is "EURO". 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 "EURO" 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.

D Financial Fixed Assets:

Shares in group companies are stated at acquisition cost or, in case of a permanent impairment of the value of the shares at lower equity value as determined on the basis of the financial statements of the group companies.

2 Principles of Determination of Result:

A General:

- a** Result is determined as the income generated by the supply of goods and services less the costs and other charges for the year.
- b** Income from transactions is recognised in the year in which it is realised.

B Financial Income and Expenses:

Interest income is recognised on a time-weighted basis. Dividend income is recognised as soon as the right to such income has been acquired.

C Taxation:

Domestic corporate income tax is determined by applying Dutch fiscal practice rules and taking into account allowable deductions, charges and exemptions.

3 Other reserves:

Subject to the provisions under Dutch law that no dividends can be declared until all losses have been cleared, the other reserves are at the disposal of the shareholder in accordance with the Company's Articles of Association. Furthermore, Dutch law prescribes that any profit distribution may only be made to the extent that the Shareholder's Equity exceeds the amount of the issued capital and the legal reserves.

4 Audit:

Since the Company qualifies as a "small size company", it is not legally required to have its accounts audited as provided for in Article 396, paragraph 1, of Book 2 of the Dutch Civil Code.

ZAHL B.V.					
Notes to the Financial Statements					
		Euro-Thousands		INR-Thousands	
		As at March 31			
		2016	2015	2016	2015
Note: 7-Cash and Bank Balances :					
Balances with Bank		1	43	75	2,885
Total		1	43	75	2,885
Note: 8-Other Current Assets:					
Prepaid Expenses		3	3	226	201
Receivable from Subsidiary - ZAHL Europe B.V.		59	12	4,451	805
Total		62	15	4,677	1,006
		Euro-Thousands		INR-Thousands	
		Year ended March 31			
		2016	2015	2016	2015
Note: 9-Finance Cost:					
Interest expense - on term loans		5	2	361	155
Bank commission & charges		1	1	72	77
Total		6	3	433	232
Note: 10-Other Expenses:					
Legal and Professional Fees		28	30	2,023	2,324
Total		28	30	2,023	2,324
Note: 11-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		(34)	(33)	(2,456)	(2,556)
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	180	180	180	180
		Euro		INR	
C Nominal value of equity share		100	100	(13,644)	(14,200)
D Basic & Diluted EPS		(189)	(183)	(13,644)	(14,200)
Note: 12 - Related Party Transactions:					
A Name of the Related Parties and Nature of the Related Party Relationship:					
a Holding Company:	Zydus International Private Limited [Ireland] [*]				
b Holding Company of Holding Company:	Cadila Healthcare Limited				
c Subsidiary Companies:					
ZAHL Europe B.V. [the Netherlands]	Bremer Pharma GmbH [Germany]				
d Fellow Subsidiaries/ Concerns:					
Dialforhealth India Limited	Nesher Pharmaceuticals (USA) LLC [USA]				
Dialforhealth Unity Limited	Zydus Healthcare (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 France, SAS [France]				
Biochem Pharmaceutical Industries Limited	Zydus Nikkho Farmaceutica Ltda. [Brazil]				
Alidac Pharmaceuticals Limited [Formerly known as Zydus BSV Pharma Private Limited]	Zydus Pharma Japan Co. Ltd. [Japan]				
M/s. Zydus Healthcare, a Partnership Firm	Laboratorios Combix S.L. [Spain]				
Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]				
Zydus Healthcare Philippines Inc. [Philippines]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]				
Zydus Netherlands B.V. [the Netherlands]	Etna Biotech S.R.L. [Italy]				
Zydus Pharmaceuticals (USA) Inc. [USA]	Zydus Worldwide DMCC [Dubai]				
	Zydus Discovery DMCC [Dubai]				
e Directors:					
Dr. Arun K. Atrey	SGG Management (Netherlands) B.V.				
[*] During the year, Cadila Healthcare Ltd. had sold its entire holding in the Company to its subsidiary Zydus International Private Limited.					

ZAHL B.V.
Notes to the Financial Statements

Note: 12 - Related Party Transactions-Continue:

B 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 12 - A [a & c]

Nature of Transactions

		<u>Value of the Transactions</u>		
		<u>Euro-Thousands</u>	<u>INR-Thousands</u>	
Year ended March 31				
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Finance:				
Loan Availed				
ZyduS International Private Limited	56	85	4,046	6,585
Outstanding:				
Payable				
ZAHL Europe B.V.	-	-	-	-
ZyduS International Private Limited	223	163	16,823	10,937
	223	163	16,823	10,937
Receivable				
ZAHL Europe B.V.	59	12	4,451	805
b Details relating to parties referred to in items 12 - A [e]				
Purchase:				
Services From SGG Management (Netherlands) B.V.	27	13	1,951	1,023
Services From Orangefield (Netherlands) B.V	-	15	-	1,154
Outstanding:				
Payable to SGG Management (Netherlands) B.V.	3	13	226	886
Payable to Orangefield (Netherlands) B.V	-	9	-	583

C There are no transactions with the related parties referred to in item no. 12 A [b,d]

Note: 13 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 13 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

ZAHL B.V.
Cash Flow Statement for the year ended March 31, 2016

Particulars	Euro-Thousands		INR-Thousands	
	Year ended March 31			
	2016	2015	2016	2015
A Cash flows from operating activities:				
Loss before tax	(34)	(33)	(2,456)	(2,556)
Adjustments for:				
Decrease/ [Increase] in other current assets	(47)	(12)	(3,396)	(930)
Increase/ [Decrease] in trade payables	(21)	9	(1,517)	697
Increase/ [Decrease] in other current liabilities	194	(13)	14,017	(1,007)
Total	126	(16)	9,104	(1,240)
Net cash from [used] operating activities	92	(49)	6,648	(3,796)
B Cash flows from investing activities:				
Net cash used [from] in investing activities	-	-	-	-
C Cash flows from financing activities:				
Proceeds from Long Term Borrowings	(134)	85	(9,682)	6,585
Net cash used [from] in financing activities	(134)	85	(9,682)	6,585
Net increase in cash and cash equivalents	(42)	36	(3,034)	2,789
Increase/ [Decrease] due to the translation to INR [Refer Note-3]	-	-	224	(481)
Cash and cash equivalents at the beginning of the year	43	7	2,885	577
Cash and cash equivalents at the end of the year	1	43	75	2,885

Notes to the Cash Flow Statement

- All figures in brackets are outflows.
- Previous year's figures have been regrouped wherever necessary.
- 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

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

Director