

**ZYDUS INTERNATIONAL PRIVATE LIMITED**  
**Balance Sheet as at December 31, 2016**

Particulars	Note No.	Euro- Thousands		INR- Thousands	
		As at December 31			
		2016	2015	2016	2015
<b>ASSETS:</b>					
<b>Non-Current Assets:</b>					
Financial Assets:					
Investments	1	1,26,613	1,09,755	90,50,298	79,71,506
Loans	2	22,595	26,688	16,15,089	19,38,348
		1,49,208	1,36,443	106,65,387	99,09,854
<b>Current Assets:</b>					
Financial Assets:					
Cash and Bank Balances	3	190	55	13,581	3,995
Loans	4	28,419	4,727	20,31,392	3,43,322
Other Current Assets	5	-	1	-	73
		28,609	4,783	20,44,973	3,47,390
<b>Total</b>		1,77,817	1,41,226	127,10,360	102,57,244
<b>EQUITY AND LIABILITIES:</b>					
<b>Equity:</b>					
Equity Share Capital	6	1,84,553	1,60,041	131,91,849	116,23,778
Other Equity	7	(25,806)	(26,886)	(18,44,613)	(19,52,730)
		1,58,747	1,33,155	113,47,236	96,71,048
<b>Current Liabilities:</b>					
Financial Liabilities:					
Borrowings	8	19,012	-	13,58,978	-
Other Financial Liabilities	9	54	8,061	3,860	5,85,470
Liabilities for Current Tax [Net]	10	4	10	286	726
		19,070	8,071	13,63,124	5,86,196
<b>Total</b>		1,77,817	1,41,226	127,10,360	102,57,244
<b>Significant Accounting Policies</b>	II				
<b>Notes to the Financial Statements</b>	1 to 20				

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

Particulars	Note No.	Euro- Thousands		INR- Thousands	
		Year ended December 31			
		2016	2015	2016	2015
<b>REVENUE:</b>					
Revenue from Operations	11	1,328	1,466	98,697	1,04,335
Other Income	12	37	-	2,750	-
Total Revenue		1,365	1,466	1,01,447	1,04,335
<b>EXPENSES:</b>					
Finance Costs	13	207	218	15,385	15,515
Other Expenses	14	29	17	2,155	1,210
Total Expenses		236	235	17,540	16,725
<b>Profit before Exceptional items and Tax</b>		1,129	1,231	83,907	87,610
Less : Exceptional Items		-	243	-	17,294
<b>Profit before Tax</b>		1,129	988	83,907	70,316
Less: Tax Expense:					
Current Tax		49	45	3,642	3,203
Prior year's tax adjustments		-	(1)	-	(71)
		49	44	3,642	3,132
<b>Profit for the year</b>		1,080	944	80,265	67,184
<b>OTHER COMPREHENSIVE INCOME:</b>					
Other Comprehensive Income for the year, net of tax		-	-	-	-
<b>Total Comprehensive Income for the year</b>		1,080	944	80,265	67,184
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in Euro / Rupees]</b>	15	0.02	0.02	1.48	1.55
<b>Significant Accounting Policies</b>	II				
<b>Notes to the Financial Statements</b>	1 to 20				

As per our report of even date

For Mukesh M. Shah & Co.

Chartered Accountants

Firm Registration Number: 106625W

Chandresh S. Shah

Partner

Membership Number: 042132

Ahmedabad, Dated: May 25, 2017

For and on behalf of the Board

Director



**ZYDUS INTERNATIONAL PRIVATE LIMITED****I-Company overview:**

Zydus International Private Limited [the Company] was incorporated on April 30, 1998. The Company's registered office is situated at FDW House, Coes Road, Dundalk, Ireland. The Company is an investment holding company for the global investments of Cadila Healthcare Limited, India [CHL].

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

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2014. The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain financial instruments at fair value.

**2 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 Other Equity.

**3 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.

**4 Fixed asset investments:**

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss. A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

**5 Financial Instruments:****A Basic financial assets:**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method.

**B Other financial assets:**

Other financial assets, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

**C Basic financial liabilities:**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**D Other financial liabilities:**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

**6 Impairment of financial assets:**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting period end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**7 Derecognition of financial assets:**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**8 Classification of financial liabilities:**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**9 Revenue Recognition:**

- A** Interest income is recognised on time proportionate method.
- B** Dividend income is recognised when the unconditional right to receive the income is established.
- C** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

**10 Taxation:**

The tax expense represents the sum of the tax currently payable and deferred tax.

- A** The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.
- B** Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

**ZYDUS INTERNATIONAL PRIVATE LIMITED**

**Notes to the Financial Statements**

	Nos. [*]	Face Value [**]	Euro- Thousands		INR- Thousands	
			As at December 31			
			2016	2015	2016	2015
<b>Note: 1-Investments:</b>						
<b>Long Term Investments :</b>						
Trade Investments:						
Investments in Equity Instruments			1,20,295	1,03,437	85,98,687	75,12,630
Investments in Preference Shares			6,318	6,318	4,51,611	4,58,876
			<b>1,26,613</b>	1,09,755	<b>90,50,298</b>	79,71,506
<b>Details of Trade Investments :</b>						
Investment in Equity Instruments:						
Subsidiary Companies:						
Unquoted:						
In fully paid-up equity shares of:						
Zydus Healthcare S.A. (Pty) Ltd	577,04,149	SA Rand 1	5,285	5,285	3,77,772	3,83,850
Zydus Healthcare (USA) LLC	2,00,000	USD 1	169	169	12,080	12,275
Zydus France, SAS	19,44,134	€ 8	9,114	9,114	6,51,469	6,61,950
Zydus Pharmaceuticals (USA) Inc	23,00,000	\$1	7,332	7,332	5,24,091	5,32,523
Zydus Pharma Japan Co. Ltd [Refer Note 17]	0 [19295]	JPY 26,976	-	11,799	-	8,56,961
Zydus Pharma Japan Co. Ltd [Refer Note 17]	0 [70,040]	JPY 50,000	-	21,745	-	15,79,339
Zydus Netherlands B.V. [***]	8,47,494 [659,443]	€ 100	84,749	68,894	60,57,859	50,03,771
Zydus Noveltch Inc.	850	Common Stock	2,930	2,930	2,09,436	2,12,806
Etna Biotech S.R.L.	900	€ 100	100	100	7,148	7,263
Zydus Pharmaceuticals Mexico SA De CV	1693,15,138 [149,815,138]	MXP 1	9,750	8,747	6,96,930	6,35,295
Zydus Pharmaceuticals Mexico Services Company SA De C.V.	56,00,991	MXP 1	314	314	22,445	22,806
ZAHL BV	180	€ 100	552	552	39,457	40,092
Aggregate amount of unquoted Investments			1,20,295	1,36,981	85,98,687	99,48,931
Less: Provision for diminution in value of investment in Zydus Pharma Japan Co. Ltd. [Refer Note 18]			-	(33,544)	-	(24,36,301)
			<b>1,20,295</b>	1,03,437	<b>85,98,687</b>	75,12,630
Investment in Preference Shares:						
Subsidiary Companies [Unquoted]:						
Redeemable Non Cumulative Convertible Preference share 'Zydus Healthcare S.A. (Pty) Ltd	58,77,000	No Par Value	6,318	6,318	4,51,611	4,58,876
			6,318	6,318	4,51,611	4,58,876
<b>Total</b>			<b>1,26,613</b>	1,09,755	<b>90,50,298</b>	79,71,506
Explanations:						
In "Nos. [*]" figures of previous year are same unless stated in [ ]. In "Face Value [**]" figures are in Respective currency.						
[***] Investment in equity shares of Zydus Netherlands BV includes Euro 2,950,000 towards share application money pending allotment as on 31st Dec'2015.						
<b>Note: 2-Loans:</b>						
[Unsecured, Considered Good unless otherwise stated]						
Loans and Advances to Related Parties [*]			22,595	26,688	16,15,089	19,38,348
<b>Total</b>			<b>22,595</b>	26,688	<b>16,15,089</b>	19,38,348
[*] Details of Loans and Advances to related parties are as under (#):						
Name of the party and relationship with the party to whom loan given:						
A Subsidiary Company:						
a Laboratorios Combix			1,600	5,400	1,14,368	3,92,202
b Zydus Netherlands B.V.			-	2,099	-	1,52,450
c Zydus Healthcare SA (PTY) Ltd.			3,043	3,043	2,17,514	2,21,013
d Zydus Pharmaceuticals Mexico S.A De. C.V			5,822	4,418	4,16,157	3,20,879
e Zydus Worldwide DMCC			3,137	3,018	2,24,232	2,19,197
f Zydus Discovery DMCC			8,175	7,864	5,84,349	5,71,162
g ZAHL B.V			-	121	-	8,788
			<b>21,777</b>	25,963	<b>15,56,620</b>	18,85,691
B Interest Receivable on Advances to Subsidiary companies:						
a Zydus Healthcare SA (PTY) Ltd.			558	527	39,885	38,276
b Zydus Pharmaceuticals Mexico S.A De. C.V			260	195	18,584	14,163
c ZAHL B.V			-	3	-	218
			<b>818</b>	725	<b>58,469</b>	52,657
<b>Total</b>			<b>22,595</b>	26,688	<b>16,15,089</b>	19,38,348
(#) Loans which are outstanding at the end of the respective period end.						
<b>Note: 3-Cash and Bank Balances:</b>						
Balances with Banks			190	55	13,581	3,995
<b>Total</b>			<b>190</b>	55	<b>13,581</b>	3,995

**ZYDUS INTERNATIONAL PRIVATE LIMITED**  
**Notes to the Financial Statements**

	Euro- Thousands		INR- Thousands	
	Year ended December 31			
	2016	2015	2016	2015
<b>Note: 4-Loans:</b>				
[Unsecured, Considered Good]				
Loans and advances to related parties [*]	28,419	4,727	20,31,392	3,43,322
<b>Total</b>	<b>28,419</b>	<b>4,727</b>	<b>20,31,392</b>	<b>3,43,322</b>
[*] Details of Loans and Advances to Related Parties are as under:				
<b>Short term Loans and Advances to Subsidiary companies:</b>				
a Laboratorios Combix	-	1,600	-	1,16,208
b Zydus Netherlands B.V.	2,099	2,465	1,50,037	1,79,033
c Bremer Pharma GMBH	550	250	39,314	18,158
d Zydus Worldwide DMCC	6,269	-	4,48,108	-
e Zydus Pharmaceuticals (USA) Inc	19,012	-	13,58,978	-
f ZAHL B.V	256	75	18,299	5,447
<b>Interest Receivable on Advances to Subsidiary companies:</b>				
a Laboratorios Combix	87	275	6,219	19,973
c Bremer Pharma GMBH	2	2	143	145
d ZAHL B.V	8	3	572	218
e Zydus Discovery DMCC	41	41	2,931	2,978
f Zydus Worldwide DMCC	46	16	3,288	1,162
g Zydus Pharmaceuticals (USA) Inc	49	-	3,503	-
	<b>28,419</b>	<b>4,727</b>	<b>20,31,392</b>	<b>3,43,322</b>
<b>Note: 5-Other Current Assets:</b>				
[Unsecured, Considered Good]				
Prepaid Expenses	-	1	-	73
<b>Total</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>73</b>
<b>Note: 6-Equity Share Capital:</b>				
<b>Authorised:</b>				
100,000,000 [as at December 31, 2015: 50,000,000] Ordinary Shares of € 1.462843 each	1,46,284	73,142	104,56,380	53,12,303
150,000,000 [as at December 31, 2015: 90,000,000] Preference Shares of € 1 each	1,50,000	90,000	107,22,000	65,36,700
	<b>2,96,284</b>	<b>1,63,142</b>	<b>211,78,380</b>	<b>118,49,003</b>
<b>Issued, Subscribed and Paid-up:</b>				
62,340,458 [as at December 31, 2015: 45,112,708 ] Ordinary Shares of € 1.462843 each, fully paid	91,194	65,993	65,18,547	47,93,072
87,134,982 [as at December 31, 2015: 62,623,494] Preference Shares of € 1 each, fully paid	87,135	62,623	62,28,410	45,48,308
Equity portion of convertible loan	6,224	31,425	4,44,892	22,82,398
	<b>1,84,553</b>	<b>1,60,041</b>	<b>131,91,849</b>	<b>116,23,778</b>
A The reconciliation of the number of Ordinary Shares outstanding is as under:				
Number of shares at the beginning	451,12,708	409,42,649		
Add: Shares issued during the year	172,27,750	41,70,059		
Number of shares at the end	<b>623,40,458</b>	<b>451,12,708</b>		
B The reconciliation of the number of Preference Shares outstanding is as under:				
Number of shares at the beginning	626,23,494	342,49,844		
Add: Issued During the year	245,11,488	283,73,650		
Number of shares at the end	<b>871,34,982</b>	<b>626,23,494</b>		
C The Company has ordinary shares and preference shares. All ordinary shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the ordinary shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.				
D Ordinary shares of € 1.462843 each fully paid held by Cadila Healthcare Limited, the holding company, a company incorporated in India.				
Number of Shares	623,40,458	451,12,708		
% to total share holding	100%	100%		
E Preference shares of € 1 each, fully paid held by Cadila Healthcare Limited, the holding company, a company incorporated in India.				
Number of Shares	871,34,982	626,23,494		
% to total share holding	100%	100%		

**ZYDUS INTERNATIONAL PRIVATE LIMITED**  
**Notes to the Financial Statements**

	Euro- Thousands		INR- Thousands	
	Year ended December 31			
	2016	2015	2016	2015
<b>Note: 7-Other Equity:</b>				
<b>Other Reserves:</b>				
<b>Foreign currency reserve</b>				
Balance as per last Balance Sheet	(103)	(103)	(7,362)	(7,481)
<b>Foreign Currency Translation Reserve:</b>				
Balance as per last Balance Sheet			2,70,096	1,66,973
Add: Exchange Rate differences on translation to INR			27,733	1,03,123
	-	-	2,97,829	2,70,096
<b>Retained Earnings:</b>				
Balance as per last Balance Sheet	(26,783)	(27,727)	(22,15,345)	(22,82,529)
Add: Profit for the year	1,080	944	80,265	67,184
Balance as at the end of the year	(25,703)	(26,783)	(21,35,080)	(22,15,345)
<b>Total</b>	(25,806)	(26,886)	(18,44,613)	(19,52,730)
<b>Note: 8-Borrowings:</b>				
Term Loans from Related Party [Unsecured] [Interest Bearing]	19,012		13,58,978	-
<b>Total</b>	19,012	-	13,58,978	-
Company has availed loan of USD 25 Million from Cadila Healthcare Limited [holding company] at interest rate of 1 month USD libor plus 30 bps as on October 12, 2016 which is repayable within one year. As on December 31, 2016 loan amount outstanding is USD 20 Million.				
<b>Note: 9-Other Financial Liabilities:</b>				
Current Maturities of Long Term Debt	-	8,000	-	5,81,040
Interest accrued but not due on borrowings	43	54	3,074	3,922
Provision for Expenses	11	7	786	508
<b>Total</b>	54	8,061	3,860	5,85,470
<b>Note: 10-Liabilities for Current Tax [Net]:</b>				
Provision for Taxation [Net of advance payment of tax]	4	10	286	726
<b>Total</b>	4	10	286	726
<b>Note: 11-Revenue from Operations:</b>				
Details of Revenue under broad heads:				
Interest Income [Gross] - From Others	485	749	36,045	53,306
Net Gain on foreign currency transactions and translation	843	717	62,652	51,029
<b>Total</b>	1,328	1,466	98,697	1,04,335
<b>Note: 12-Other Income:</b>				
Other Non-operating Income	37	-	2,750	-
<b>Total</b>	37	-	2,750	-
<b>Note: 13-Finance Cost:</b>				
Interest expense [*]	95	212	7,061	15,088
Other Borrowing Costs	108	-	8,027	-
Bank commission & charges	4	6	297	427
<b>Total</b>	207	218	15,385	15,515
[*] The break up of interest expense into major heads is given below:				
On term loans	52	212	3,865	15,088
Others	43		3,196	-
<b>Total</b>	95	212	7,061	15,088
<b>Note: 14-Other Expenses:</b>				
Rates and Taxes [excluding taxes on income]	1		74	-
Legal and Professional Fees	22	9	1,635	641
Miscellaneous Expenses	6	8	446	569
<b>Total</b>	29	17	2,155	1,210
[*] Miscellaneous Expenses include Payment to the auditors as "Auditor"				
<b>Note: 15-Calculation of Earnings per Equity Share [EPS]:</b>				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A Profit attributable to Shareholders	1,080	944	80,265	67,184
B Basic and weighted average number of Equity shares outstanding during the year	541,93,685	434,20,909	541,93,685	434,20,909
	<b>Euro</b>		<b>INR</b>	
C Nominal value of equity share	1.462843	1.462843		
D Basic & Diluted EPS	0.02	0.02	1.48	1.55

**ZYDUS INTERNATIONAL PRIVATE LIMITED**  
**Notes to the Financial Statements**

**Note: 16-Related Party Transactions:**

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

**a Holding Company:**

Cadila Healthcare Limited, a company incorporated in India

**b Subsidiary Companies:**

ZyduS Netherlands B.V. [the Netherlands]	ZyduS Noveltech Inc. [USA]
ZyduS France, SAS [France]	ZyduS Healthcare S.A. (Pty) Ltd [South Africa]
Etna Biotech S.R.L. [Italy]	ZyduS Pharma Japan Co. Ltd. [Japan]
ZyduS Pharmaceuticals (USA) Inc. [USA]	ZyduS Pharmaceuticals Mexico SA De CV [Mexico]
ZyduS Healthcare (USA) LLC [USA]	ZyduS Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
ZAHL B.V. [the Netherlands]	

**c Fellow Subsidiary Companies:**

Dialforhealth India Limited	M/s. ZyduS Wellness-Sikkim, a Partnership Firm
Dialforhealth Unity Limited	Alidac Pharmaceutical Ltd. [erstwhile ZyduS BSV Pharma Private Limited]
Dialforhealth Greencross Limited	ZyduS Lanka (Private) Limited [Sri Lanka]
ZyduS Healthcare Limited	ZyduS Healthcare Philippines Inc. [Philippines]
ZyduS Wellness Limited	ZyduS Worldwide DMCC [Dubai]
Liva Pharmaceuticals Limited	ZyduS Discovery DMCC [Dubai]
ZyduS Technologies Limited	Alidac Healthcare (Myanmar) Limited [Myanmar]

**d Step-down Subsidiary Companies:**

Laboratorios CombiX S.L. [Spain]	ZyduS Nikkho Farmaceutica Ltda. [Brazil]
Nesher Pharmaceuticals (USA) LLC [USA]	Hercon Pharmaceuticals LLC [USA]
Simayla Pharmaceuticals (Pty) Ltd [South Africa]	Script Management Services (Pty) Ltd [South Africa]
ZAHL Europe B.V. [the Netherlands]	Bremer Pharma GmbH [Germany]

**e Directors:**

Mr Upen H Shah (Appointed 14th March 2017)	Mr Pradip Solanki (Appointed 14th March 2017)	Mr. Kamlesh K Patel
Mr. David R Blanksby (Retired 14th March 2017)	Mr G Hirani (Appointed 14th March 2017)	

**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 16 A [a,b,c & d]

Nature of Transactions	Value of Transactions [Euro Thousands]				Value of Transactions [INR Thousands]			
	Holding Company		Subsidiary/ Fellow Subsidiary/ Step down Subsidiary Companies		Holding Company		Subsidiary/ Fellow Subsidiary/ Step down Subsidiary Companies	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>1 Finance:</b>								
<b>Inter Corporate Loans given:</b>								
Laboratorios CombiX S.L.			-	-	-	-	-	-
ZyduS Pharmaceuticals Mexico SA De CV			1,404	2,006	-	-	1,00,358	1,45,696
ZyduS Healthcare S.A. (Pty) Ltd			-	-	-	-	-	-
ZAHL B.V.			60	79	-	-	4,289	5,738
ZyduS Worldwide DMCC			6,317	3,018	-	-	4,51,539	2,19,197
ZyduS Discovery DMCC			-	7,864	-	-	-	5,71,162
Bremer Pharma GMBH			300	250	-	-	21,444	18,158
ZyduS Pharmaceuticals (USA) Inc.			22,746	-	-	-	16,25,884	-
Total	-	-	30,827	13,217	-	-	22,03,514	9,59,951
<b>Inter Corporate Loans recovered:</b>								
Laboratorios CombiX S.L.			5,400	550	-	-	3,85,992	39,947
ZyduS Pharmaceuticals (USA) Inc.			4,724	-	-	-	3,37,672	-
ZyduS Worldwide DMCC			363	-	-	-	25,947	-
ZyduS Healthcare S.A. (Pty) Ltd			-	4,425	-	-	-	3,21,388
ZyduS Netherlands B.V.			2,465	11,300	-	-	1,76,198	8,20,719
Total	-	-	12,952	16,275	-	-	9,25,809	11,82,054
<b>Inter Corporate Loans taken:</b>								
Cadila Healthcare Limited	22,746	-	-	-	16,25,884	-	-	-
<b>Inter Corporate Loans Converted:</b>								
Cadila Healthcare Limited	25,201	6,100	-	-	18,01,367	4,43,043	-	-
<b>Inter Corporate Loans repaid:</b>								
Cadila Healthcare Limited	4,721	-	-	-	3,37,457	-	-	-
<b>Interest/ Guarantee fees Paid:</b>								
Cadila Healthcare Limited	150	-	-	-	11,148	-	-	-
<b>Interest Received:</b>								
ZyduS Healthcare S.A. (Pty) Ltd	-	-	31	147	-	-	2,304	10,462
ZyduS Netherlands B.V.	-	-	-	-	-	-	-	-
Laboratorios CombiX S.L.	-	-	78	296	-	-	5,797	21,066
ZyduS Pharmaceuticals Mexico SA De CV	-	-	65	120	-	-	4,831	8,540
ZyduS Pharmaceuticals (USA) Inc.	-	-	50	-	-	-	3,716	-
ZAHL B.V.	-	-	2	4	-	-	149	285
ZyduS Worldwide DMCC	-	-	110	31	-	-	8,175	2,206
ZyduS Discovery DMCC	-	-	145	149	-	-	10,776	10,604
Bremer Pharma GMBH	-	-	4	2	-	-	297	142
Total	-	-	485	749	-	-	36,045	53,305

**ZYDUS INTERNATIONAL PRIVATE LIMITED**

**Notes to the Financial Statements**

**Note: 16-Related Party Transactions-Continued:**

Nature of Transactions	Value of Transactions [Euro Thousands]				Value of Transactions [INR Thousands]			
	Holding Company		Subsidiary Companies & Step down Subsidiary Companies		Holding Company		Subsidiary Companies & Step down Subsidiary Companies	
	Year ended December 31,				Year ended December 31,			
	2016	2015	2016	2015	2016	2015	2016	2015
<b>2 Investments:</b>								
<b>Subscription to Share Capital:</b>								
Zydus Pharma Japan Co. Ltd.			-	243	-	-	-	17,649
Zydus Pharmaceuticals Mexico SA De CV			1,003	1,173	-	-	71,694	85,195
Zydus Pharmaceuticals Mexico Services Company SA De C.V.			-	-	-	-	-	-
Zydus Healthcare S.A. (Pty) Ltd			-	-	-	-	-	-
ZAHL B.V.			-	552	-	-	-	40,092
Zydus Netherlands B.V.			15,855	4,290	-	-	11,33,315	3,11,583
Total	-	-	16,858	6,258	-	-	12,05,009	4,54,519
<b>Share Application Money:</b>								
Zydus Netherlands B.V.			-	2,950	-	-	-	2,14,259
Total	-	-	-	2,950	-	-	-	2,14,259
<b>3 Shares Issued:</b>								
Cadila Healthcare Limited	24,512	34,474			17,52,118	25,03,847	-	-
<b>4 Outstanding:</b>								
<b>Payable:</b>								
Cadila Healthcare Limited	25,279	31,425			18,06,943	22,82,398	-	-
<b>Receivable:</b>								
Zydus Netherlands B.V.			2,099	4,564	-	-	1,50,037	3,31,483
Zydus Pharmaceuticals (USA) Inc.			19,062					
Zydus Healthcare S.A. (Pty) Ltd			3,601	3,570			2,57,399	2,59,289
Laboratorios Combix S.L.			1,687	7,275			1,20,587	5,28,383
Zydus Pharmaceuticals Mexico SA De CV			6,082	4,613			4,34,741	3,35,042
Bremer Pharma GMBH			552	252			39,457	18,303
Zydus Worldwide DMCC			9,452	3,034			6,75,629	2,20,359
Zydus Discovery DMCC			8,217	7,905			5,87,351	5,74,140
ZAHL B.V.			264	202			18,871	14,671
Total	-	-	51,016	31,415	-	-	22,84,072	22,81,670

b There are no transactions with the parties referred to in item no. 16 A [e]

**Note: 17-Segment Information:**

**A Primary Business Segment – By Geographical market:**

	Value of Transactions [Euro Thousands]				Value of Transactions [INR Thousands]			
	Revenue by Geographical Market		Carrying amount of segment assets		Revenue by Geographical Market		Carrying amount of segment assets	
	Year ended December 31,				Year ended December 31,			
	2016	2015	2016	2015	2016	2015	2016	2015
a United States of America	1,040	-	29,492	10,431	77,293	-	21,08,088	7,57,603
b European Countries	174	989	99,307	91,009	12,932	70,387	70,98,466	66,09,985
c Rest of the world	151	477	49,018	39,786	11,222	33,948	35,03,806	28,89,656
d Total	1,365	1,466	1,77,817	1,41,226	1,01,447	1,04,335	127,10,360	102,57,244

**B Secondary Business Segment -** The Chief Operating Decision Maker [CODM] reviews the Company's business segment as "Investments Activities".

**C Notes:**

The segment revenue in the geographical segment considered for disclosure are as follows:

- Revenue within a particular geographical segment includes interest and dividend received from investments made within that segment.
- Revenue that can not be allocated to a particular segment has been disclosed as unallocated revenue under Rest of the world.

**Note: 18** Zydus Pharma Japan Co. Ltd. has been liquidated in December 2016, and amounts written off investments arise from a provision made in the financial statements in line with accounting policies for diminution in value of the investment in Zydus Pharma Japan Co. Ltd to reduce the carrying value of the investment to nil. □



**ZYDUS INTERNATIONAL PRIVATE LIMITED****Notes to the Financial Statements****Note: 19 Post reporting date events :**

- a** Pursuant to the Share Purchase Agreements [“SPAs”] entered into by the Company on March 23, 2017 with Cadila Healthcare Limited [CHL], the holding company, the Company had sold 100% of the common stock of Zydus Pharmaceuticals (USA) Inc., 85% of the common stock of Zydus Noveltch Inc and entire membership interest in Zydus Healthcare (USA) LLC for cash consideration.
- b** Pursuant to the Share Purchase Agreements entered into by the Company on March 24, 2017 with Zydus Worldwide DMCC [Dubai], wholly owned subsidiary company of Cadila Healthcare Limited, the Company had sold 100% of the holdings of the Zydus France S.A.S, Etna Biotech SRL, Zydus Healthcare SA Pty Ltd, and Zydus Neherlands BV to Zydus Worldwide DMCC [Dubai] for cash consideration.
- c** Pursuant to the Share Purchase Agreement entered into by Cadila Healthcare Limited [CHL], on March 28, 2017 with ZAHL Europe B.V., a 100% subsidiary of the ZAHL B.V. held through Zydus International Private Limited [ZIPL], CHL has acquired 100% of the shares of Bremer Pharma GmbH, from ZAHL Europe B.V. for cash consideration.

**Note: 20** 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 20 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

**ZYDUS INTERNATIONAL PRIVATE LIMITED**  
**Cash Flow Statement for the year ended December 31, 2016**

Particulars	Euro- Thousands		INR- Thousands	
	Year ended December 31			
	2016	2015	2016	2015
<b>A Cash flows from operating activities:</b>				
Profit before tax	1,129	988	83,907	70,316
Adjustments for:				
Interest expenses	95	212	7,061	15,088
Operating profit before working capital changes	1,224	1,200	90,968	85,404
Adjustments for:				
[Increase] in current assets	(23,692)	(3,653)	(17,60,789)	(2,59,984)
[Increase]/ Decrease in other non current assets	1,628	(7,412)	1,20,993	(5,27,512)
Decrease in other current assets	1	-	74	-
Increase/ [Decrease] in other current liabilities	4	(1)	297	(71)
Total	(22,059)	(11,066)	(16,39,425)	(7,87,567)
Cash generated from operations	(20,835)	(9,866)	(15,48,457)	(7,02,163)
Direct taxes paid [Net of refunds]	(55)	(53)	(4,088)	(3,772)
Net cash used in operating activities	(20,890)	(9,919)	(15,52,545)	(7,05,935)
<b>B Cash flows from investing activities:</b>				
Purchase of Non Current investments	(14,393)	(10,851)	(10,69,688)	(7,72,266)
Net cash used in investing activities	(14,393)	(10,851)	(10,69,688)	(7,72,266)
<b>C Cash flows from financing activities:</b>				
Proceeds from Issuance of Share Capital	24,512	28,374	18,21,731	20,19,378
Repayment of non current borrowings	(8,000)	(8,000)	(5,94,560)	(5,69,360)
Proceeds from current borrowings [Net]	19,012	-	14,12,972	-
Interest paid	(106)	(281)	(7,878)	(19,999)
Net cash from financing activities	35,418	20,093	26,32,265	14,30,019
<b>Net increase in cash and cash equivalents</b>	<b>135</b>	<b>(677)</b>	<b>10,032</b>	<b>(48,182)</b>
<b>Increase/ [Decrease] due to the translation to INR [Refer Note-3]</b>	<b>-</b>	<b>-</b>	<b>(446)</b>	<b>(3,675)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>55</b>	<b>732</b>	<b>3,995</b>	<b>55,852</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>190</b>	<b>55</b>	<b>13,581</b>	<b>3,995</b>

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

Chandresh S. Shah  
Partner

Membership Number: 042132  
Ahmedabad, Dated: May 25, 2017

Director