

Company Registration No. 285240 (Ireland)

ZYDUS INTERNATIONAL PRIVATE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

ZYDUS INTERNATIONAL PRIVATE LIMITED

COMPANY INFORMATION

Directors

K K Patel	
G Hirani	(Appointed 14 March 2017)
P Solanki	(Appointed 14 March 2017)
U Shah	(Appointed 14 March 2017)

Secretary SK Company Secretarial Service Limited

Company number 285240

Registered office

FDW House
Blackthorn Business Park
Coes Road
Dundalk
Co. Louth

Auditor

UHY Farrelly Dawe White Limited
FDW House
Blackthorn Business Park
Coes Road
Dundalk
Co. Louth
Ireland

Bankers

Barclays Bank plc
Knightsbridge International Banking Centre
PO Box 391
38 Hans Crescent
Knightsbridge
UK
SW1X 0LZ

BNP Paribas
Centre d'Affaires
Paris Ag-Centrale Enterprises
1, Boulevard Haussmann
75009 Paris
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ZYDUS INTERNATIONAL PRIVATE LIMITED

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ZYDUS INTERNATIONAL PRIVATE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of an investment holding company for the global investments of Cadila Healthcare Limited (CHL), India.

Fair review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Principal risks and uncertainties

The principal risks and uncertainties faced by the company are that the subsidiaries maintain their underlying value and loans to subsidiaries are fully recoverable.

Directors and secretary

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K K Patel	
G Hirani	(Appointed 14 March 2017)
P Solanki	(Appointed 14 March 2017)
U Shah	(Appointed 14 March 2017)
D R Blanksby	(Resigned 14 March 2017)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Accounting records

The company's directors are aware of their responsibilities, under sections 281 to 285 of the Companies Act 2014 as to whether in their opinion, the accounting records of the company are sufficient to permit the financial statements to be readily and properly audited and are discharging their responsibility by ensuring that sufficient resources are available for the task and coordinating with the companies.

The accounting records are held at the company's registered office, FDW House, Blackthorn Business Park, Coes Road, Dundalk, Co. Louth.

Future developments

The company plans to continue its business of an investment holding company for investments of Cadila Healthcare Limited.

Auditor

In accordance with the Companies Act 2014, section 383(2), UHY Farrelly Dawe White Limited continue in office as auditors of the company.

ZYDUS INTERNATIONAL PRIVATE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of disclosure to auditor

Each of the directors in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 330 of the Companies Act 2014.

On behalf of the board

K K Patel
Director
23 March 2018

G Hirani
Director

ZYDUS INTERNATIONAL PRIVATE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Annual Report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

K K Patel
Director
23 March 2018

G Hirani
Director

ZYDUS INTERNATIONAL PRIVATE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ZYDUS INTERNATIONAL PRIVATE LIMITED

Opinion

We have audited the financial statements of Zydus International Private Limited (the 'company') for the year ended 31 December 2017 set out on pages 7 to 20. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ZYDUS INTERNATIONAL PRIVATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ZYDUS INTERNATIONAL PRIVATE LIMITED

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that in our opinion:

- the information given in the Directors' Report is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

We have nothing to report in respect of our obligation under the Companies Act 2014 to report to you if, in our opinion, the disclosures of director's remuneration and transactions specified by sections 305 to 312 of the Act are not made.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: [http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/International-Standards-on-Auditing-\(Ireland\)/ISA-700-\(Ireland\)](http://www.iaasa.ie/Publications/Auditing-standards/International-Standards-on-Auditing-for-use-in-Ire/International-Standards-on-Auditing-(Ireland)/ISA-700-(Ireland)). This description forms part of our auditor's report.

ZYDUS INTERNATIONAL PRIVATE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ZYDUS INTERNATIONAL PRIVATE LIMITED

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Bellew
for and on behalf of UHY Farrelly Dawe White Limited

Chartered Certified Accountants
Statutory Auditor

FDW House
Blackthorn Business Park
Coes Road
Dundalk
Co. Louth
Ireland

23 March 2018

ZYDUS INTERNATIONAL PRIVATE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	€	€
Turnover	3	1,043,886	485,267
Administrative expenses		(48,368)	(33,796)
Other operating (expenses)/income		(4,644,893)	843,785
		<hr/>	<hr/>
Operating (loss)/profit	4	(3,649,375)	1,295,256
Interest payable and similar expenses	5	(938,854)	(202,929)
Amounts written off investments	6	(71,850)	37,153
		<hr/>	<hr/>
(Loss)/profit before taxation		(4,660,079)	1,129,480
Tax on loss	7	(5,414)	(48,955)
		<hr/>	<hr/>
(Loss)/profit for the financial year	15	(4,665,493)	1,080,525
		<hr/> <hr/>	<hr/> <hr/>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

ZYDUS INTERNATIONAL PRIVATE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 €	€	2016 €	€
Fixed assets					
Financial assets	8	10,544,125		126,612,122	
Current assets					
Debtors	11	50,424,617		51,015,695	
Cash at bank and in hand		245,324		189,567	
		<u>50,669,941</u>		<u>51,205,262</u>	
Creditors: amounts falling due within one year	12	<u>(490,658)</u>		<u>(25,293,501)</u>	
Net current assets		50,179,283		25,911,761	
Total assets less current liabilities		<u>60,723,408</u>		<u>152,523,883</u>	
Capital and reserves					
Called up share capital presented as equity	13	91,194,303		178,329,285	
Other reserves	14	(103,107)		(103,107)	
Profit and loss reserves	15	<u>(30,367,788)</u>		<u>(25,702,295)</u>	
Total equity		<u>60,723,408</u>		<u>152,523,883</u>	

The financial statements were approved by the board of directors and authorised for issue on 23 March 2018 and are signed on its behalf by:

K K Patel
Director

G Hirani
Director

ZYDUS INTERNATIONAL PRIVATE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Share capital €	Other reserves €	Profit and loss reserves €	Total €
Balance at 1 January 2016		128,616,310	(103,111)	(26,782,820)	101,730,379
Year ended 31 December 2016:					
Profit and total comprehensive income for the year		-	-	1,080,525	1,080,525
Issue of share capital	13	49,712,975	-	-	49,712,975
Transfers		-	4	-	4
Balance at 31 December 2016		178,329,285	(103,107)	(25,702,295)	152,523,883
Year ended 31 December 2017:					
Loss and total comprehensive income for the year		-	-	(4,665,493)	(4,665,493)
Issue of share capital	13	1,200,000	-	-	1,200,000
Redemption of optionally convertible Preference Shares	13	(88,334,982)	-	-	(88,334,982)
Balance at 31 December 2017		91,194,303	(103,107)	(30,367,788)	60,723,408

ZYDUS INTERNATIONAL PRIVATE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 €	€	2016 €	€
Cash flows from operating activities					
Cash absorbed by operations	18	(28,282,286)		(1,800,104)	
Interest paid		(938,854)		(202,929)	
Income taxes paid		(9,138)		(54,906)	
Net cash outflow from operating activities		(29,230,278)		(2,057,939)	
Investing activities					
Purchase of subsidiaries		(600,000)	(14,393,061)		
Proceeds on disposal of subsidiaries		116,827,217	-		
Proceeds on disposal of financial assets		-	37,153		
Net cash generated from/(used in) investing activities		116,227,217		(14,355,908)	
Financing activities					
Proceeds from issue of shares		1,200,000	24,511,487		
Redemption of shares		(88,334,982)	-		
Amounts received on account from group company		480,150	-		
Repayment of bank loans		-	(8,053,820)		
Net cash (used in)/generated from financing activities		(86,654,832)		16,457,667	
Net increase in cash and cash equivalents		342,107		43,820	
Cash and cash equivalents at beginning of year		189,567		55,300	
Effect of foreign exchange rates		(286,350)		90,447	
Cash and cash equivalents at end of year		245,324		189,567	

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Zydus International Private Limited is a limited company domiciled and incorporated in Ireland. The registered office is FDW House, Blackthorn Business Park, Coes Road, Dundalk, Co. Louth and its company registration number is 285240.

1.1 Accounting convention

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 are prepared in euro, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 300 of the Companies Act 2014 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Zydus International Private Limited is a wholly owned subsidiary of Cadila Healthcare Limited, a company incorporated in India. The results of Zydus International Private Limited are included in the consolidated financial statements of Cadila Healthcare Limited.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

As the company is an investment holding company, its income is comprised of investment income.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities 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.

1.5 Cash at bank and in hand

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company’s statement of financial position when the company becomes party to the contractual provisions of the instrument.

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

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.

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.

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.

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.

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.9 Taxation

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

Current tax

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.

Deferred tax

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.

1.10 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All realised differences are taken to profit and loss account.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Provisions and accruals

Provisions and accruals by their nature are liabilities with an uncertain timing or amount. These provisions and accruals require management's best estimate in relation to the future cash outflows likely to arise in connection with obligations existing at the reporting date.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	€	€
Turnover analysed by class of business		
Interest Income	1,043,886	485,267
	<u>1,043,886</u>	<u>485,267</u>

	2017	2016
	€	€
Turnover analysed by geographical market		
Europe	347,888	84,935
Africa	14,968	30,811
South America	30,597	65,119
Middle East	609,447	254,885
North America	40,986	49,517
	<u>1,043,886</u>	<u>485,267</u>

4 Operating (loss)/profit

	2017	2016
	€	€
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	4,644,893	(843,785)
	<u>4,644,893</u>	<u>(843,785)</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to €4,644,893 (2016 - €843,785).

5 Interest payable and similar expenses

	2017	2016
	€	€
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	938,854	202,929
	<u>938,854</u>	<u>202,929</u>

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Amounts written off investments financial assets

	2017 €	2016 €
Provision for diminution in value of investment	(71,850)	-
Gain on disposal of financial assets	-	37,153
	<u>(71,850)</u>	<u>37,153</u>

Provision for diminution in value of investment represents the diminution in the value of investment made by the company in was ZAHL BV.

The gain on disposal represents the final proceeds of the liquidation of Zydus Pharma Japan Co Ltd. The carrying value of this investment had previously been written down to nil.

7 Taxation

	2017 €	2016 €
Current tax		
Corporation tax on profits for the current period	-	48,955
Adjustments in respect of prior periods	5,414	-
Total current tax	<u>5,414</u>	<u>48,955</u>

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 €	2016 €
(Loss)/profit before taxation	<u>(4,660,079)</u>	<u>1,129,480</u>
Expected tax (credit)/charge based on the standard rate of corporation tax of 12.50% (2016: 12.50%)	(582,510)	141,185
Tax effect of expenses that are not deductible in determining taxable profit	123,403	(76,618)
Under/(over) provided in prior years	5,414	-
Tax at marginal rate	(130,486)	(15,612)
Foreign exchange differences	580,612	-
Provisional loss on disposal of investments	8,981	-
Taxation charge for the year	<u>5,414</u>	<u>48,955</u>

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

8 Financial assets

	Notes	2017 €	2016 €
Investments in subsidiaries	9	10,544,125	126,612,122

Movements in fixed asset investments

	Shares in group undertakings €
Cost or valuation	
At 1 January 2017	126,612,122
Additions	831,070
Disposals	(116,827,217)
At 31 December 2017	10,615,975
Impairment	
At 1 January 2017	-
Impairment losses	71,850
At 31 December 2017	71,850
Carrying amount	
At 31 December 2017	10,544,125
At 31 December 2016	126,612,122

On 26 May 2017, ZIPL received €770,000 from ZAHL BV. There was an outstanding loan of €289,850 (including interest accrued thereon) and ZIPL held an investment carried at €552,000 in ZAHL BV. Of the €770,000 received, €289,850 cleared the balance due from ZAHL BV. The remaining €480,150 has been held on account as a partial settlement of investment made by company. We have impaired our investment in ZAHL BV to reflect the amount received on account.

9 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
* Zydus Pharmaceuticals Mexico SA de CV	Mexico	Developing, Manufacturing and Marketing a wide range of pharmaceutical products	Ordinary Shares	100.00	
* Zydus Pharmaceuticals Mexico Service co. SA de CV	Mexico	Render administrative and personnel services to its affiliated company	Ordinary Shares	100.00	
ZAHL B.V.	Netherlands	Holding and finance company	Ordinary Shares	100.00	

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

9 Subsidiaries

(Continued)

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) €	Capital and Reserves €
* Zydus Pharmaceuticals Mexico SA de CV	14,629,063	(9,890,922)
* Zydus Pharmaceuticals Mexico Service co. SA de CV	(67,582)	(879,976)
ZAHL B.V.	(91,000)	(21,000)

* Including one share each held by a director as a nominee of the company. The beneficial interest lies with the company.

10 Financial instruments

	2017 €	2016 €
Carrying amount of financial assets		
Debt instruments measured at amortised cost	50,424,617	51,015,695
Carrying amount of financial liabilities		
Measured at amortised cost	490,371	25,289,475

11 Debtors

Amounts falling due within one year:	2017 €	2016 €
Amounts due from group undertakings	50,424,617	51,015,695

12 Creditors: amounts falling due within one year

	2017 €	2016 €
Amount received from ZAHL BV towards partial settlement of investment	480,150	-
Amounts due to group undertakings	-	25,279,201
Corporation tax	-	3,724
VAT	287	302
Accruals	10,221	10,274
	490,658	25,293,501

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

13 Share capital

	2017 €	2016 €
Ordinary share capital		
Authorised equity		
100,000,000 Ordinary shares of €1.462843 each	146,284,300	146,284,300
Issued and fully paid equity		
62,340,458 Ordinary shares of €1.462843 each	91,194,303	91,194,303
Preference share capital		
Authorised equity		
150,000,000 Optionally convertible preference shares of €1 each	150,000,000	150,000,000
Issued and fully paid equity		
- Optionally convertible preference shares of €1 each	-	87,134,982
	-	87,134,982

On 5 April 2017, the company passed an Ordinary Resolution converting 88,334,982 optionally convertible redeemable preference shares held by its parent company to a loan to €88,334,983 and on the same day the loan was fully repaid.

14 Other reserves

	Foreign exchange reserve €
At 1 January 2016	(103,111)
Additions	4
At 31 December 2016	(103,107)
At 31 December 2017	(103,107)

15 Profit and loss reserves

	2017 €	2016 €
At the beginning of the year	(25,702,295)	(26,782,820)
(Loss)/profit for the year	(4,665,493)	1,080,525
At the end of the year	(30,367,788)	(25,702,295)

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

16 Related party transactions

Transactions with related parties

The company is availing of the exemption from disclosing transactions with wholly owned group members granted by Section 33 Related Party Disclosures of FRS 102.

The company extended loans and charged interest to subsidiaries and fellow group companies. The company also received loans from its parent company. These loans have been fully repaid by year end.

	2017	2016
	€	€
Amounts owed to related parties		
Entities with control, joint control or significant influence over the company	-	19,055,567

	2017
	Balance
	€
Amounts owed by related parties	
Entities over which the entity has control, joint control or significant influence	6,591,882
Other related parties	43,832,735

	2016
	Balance
	€
Amounts owed in previous period	
Entities over which the entity has control, joint control or significant influence	33,347,044
Other related parties	17,668,651

17 Controlling party

The ultimate parent company is Cadila Healthcare Limited, a company incorporated and registered in India.

ZYDUS INTERNATIONAL PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

18 Cash generated from operations

	2017 €	2016 €
(Loss)/profit for the year after tax	(4,665,493)	1,080,525
Adjustments for:		
Taxation charged	5,414	48,955
Finance costs	938,854	202,929
Foreign exchange gains on cash equivalents	4,644,893	(843,785)
Gain on sale of investments	-	(37,153)
Amounts written off investments	71,850	-
Movements in working capital:		
(Increase) in debtors	(3,504,764)	(21,313,031)
(Decrease)/increase in creditors	(25,773,040)	19,061,456
Cash absorbed by operations	<u>(28,282,286)</u>	<u>(1,800,104)</u>

19 Approval of financial statements

The directors approved the financial statements on the 23 March 2018

ZYDUS INTERNATIONAL PRIVATE LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

ZYDUS INTERNATIONAL PRIVATE LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017		2016
	€	€	€
Turnover			
Interest Income	1,043,886		485,267
Other operating income			
Exchange differences arising on trading transactions	(4,644,893)		843,785
Administrative expenses	(48,368)		(33,796)
Operating (loss)/profit	(3,649,375)		1,295,256
Interest payable and similar expenses			
Bank interest on loans and overdrafts	(938,854)		(202,929)
Other gains and losses			
Gains on sale of fixed asset investments	-	37,153	
Profit or Loss on disposal of investments measured at fair value	(71,850)	-	
	(71,850)		37,153
(Loss)/profit before taxation	(4,660,079)		1,129,480

ZYDUS INTERNATIONAL PRIVATE LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	€	€
Administrative expenses		
Travelling expenses	6,636	-
Legal and professional fees	27,619	22,957
Consultancy fees	3,080	-
Audit fees	6,919	5,780
VAT	606	619
Bank charges	3,508	4,440
	<hr/>	<hr/>
	48,368	33,796
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