

**Zydus Pharma Japan Co. Ltd**  
**Balance Sheet as at December 31, 2015**

Particulars	Note No.	Japanese Yen Thousands		INR Thousands	
		As at December 31			
		2015	2014	2015	2014
<b>EQUITY AND LIABILITIES:</b>					
<b>Shareholders' Funds:</b>					
Share Capital	1	3,842,500	3,810,500	2,113,375	2,007,752
Reserves and Surplus	2	(3,829,117)	(3,949,109)	(2,106,014)	(2,080,784)
		13,383	(138,609)	7,361	(73,032)
<b>Current Liabilities:</b>					
Other Current Liabilities	3	24,522	230,604	13,487	121,505
Short Term Provisions	4	-	29,260	-	15,417
		24,522	259,864	13,487	136,922
<b>Total</b>		<b>37,905</b>	<b>121,255</b>	<b>20,848</b>	<b>63,890</b>
<b>ASSETS:</b>					
<b>Non-Current Assets:</b>					
Fixed Assets:					
Tangible Assets	5	-	28,007	-	14,757
Intangible Assets		-	95	-	50
		-	28,102	-	14,807
<b>Current Assets:</b>					
Trade Receivables	6	-	1,392	-	733
Cash and Bank Balances	7	27,667	89,927	15,217	47,383
Short Term Loans and Advances	8	10,221	1,470	5,622	775
Other Current Assets	9	17	364	9	192
		37,905	93,153	20,848	49,083
<b>Total</b>		<b>37,905</b>	<b>121,255</b>	<b>20,848</b>	<b>63,890</b>
<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, 2015**

Particulars	Note No.	Japanese Yen Thousands		INR Thousands	
		Year ended December 31			
		2015	2014	2015	2014
<b>REVENUE:</b>					
Revenue from Operations:					
Sale of Products	10	-	229,222	-	132,949
Other Income		845	0	448	0
Total Revenue		845	229,222	448	132,949
<b>EXPENSES:</b>					
Cost of Materials Consumed	11	-	4,025	-	2,618
Changes in Inventories Finished goods and Work-in-progress	12	-	191,862	-	111,875
Employee Benefits Expense	13	8,177	114,221	4,334	66,249
Finance Costs	14	4,071	17,323	2,157	10,048
Depreciation Amortisation and impairment expenses	5	-	11,783	-	6,834
Other Expenses	15	47,766	137,988	25,316	80,034
Total Expenses		60,014	477,202	31,807	277,658
<b>Loss before Exceptional Items and tax</b>		<b>(59,169)</b>	<b>(247,980)</b>	<b>(31,359)</b>	<b>(144,709)</b>
Less: Exceptional Items	16	(179,161)	(163,783)	(94,955)	(94,994)
<b>Profit/(Loss) before Tax</b>		<b>119,992</b>	<b>(84,197)</b>	<b>63,596</b>	<b>(49,715)</b>
		<b>Japanese Yen</b>		<b>INR</b>	
<b>Basic &amp; Diluted Earning per Equity Share [EPS]</b>	17	<b>1,343.17</b>	(949.29)	<b>711.88</b>	(560.52)
<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

For Zydus Pharma Japan Co. Ltd

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

Liquidator [\*]

**Zydus Pharma Japan Co. Ltd**  
**Significant Accounting Policies**

**I-Company overview:**

Zydus Pharma Japan Co. Ltd [the Company] was incorporated on August 25, 2006. The Company's registered office is situated at Hirakawacho Fushimi Building 2F, 1-3 Hirakawacho Chiyoda-ku, Tokyo 102-0093 JAPAN. The Company was engaged in manufacture and sales of prescription based pharmaceutical products.

**II-Significant Accounting Policies:**

**1 Basis of Accounting:**

The financial statements have not been prepared with an assumption of going concern but have been prepared on liquidation basis.

**2 Reporting Currency Translations:**

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

**3 Use of Estimates:**

The preparation of the financial statements in conformity with Japanese generally accepted principles requires management to make estimate and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year.

**4 Fixed Assets and Depreciation:**

All the remaining fixed assets have been written down to their estimated net realizable values.

**5 Inventories:**

Inventories are stated at the lower of cost or net realisable value. Cost is determined principally by the average method. Net realisable value is the estimated selling price as per the prevailing market condition.

**6 Revenue Recognition:**

- A** Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates and VAT.
- B** Revenue in respect of sales is recognised when goods are dispatched to the customers.
- C** Interest income is recognised on time proportionate method.
- D** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

**7 Closure of operation:**

- A** The Company has been incurring operating losses since the Company purchased Nippon Universal Pharmaceuticals Ltd. and started manufacturing and selling of the ethical pharmaceutical products in Japan.
- B** During the year 2013, Cadila Healthcare Limited, the ultimate parent company, has carried out a portfolio and strategy review of its business in Japan operated through the Company and has decided to discontinue its existing business in Japan. Consequently, the management of the Company stopped manufacturing and selling of the ethical pharmaceutical products from end of March 2014.
- C** Pursuant to this, the Company has started scaling down its manufacturing, selling and other operations in 2013. The Company has also initiated the process of disposing off its fixed assets, other assets and liabilities. An employee retrenchment plan has been prepared by the Company, pursuant to which the Company had carried out the process of relieving its employees including medical representatives in phased manner during the year 2014 by providing them separation package as agreed by the Company with them.
- D** In view of the above, the financial statements of the Company for the year ended December 31, 2015 and December 31, 2014 have not been prepared with an assumption of going concern but have been prepared on liquidation basis. All the remaining fixed assets and other assets have been written down to their estimated net realizable values. Provision has been made for all the accrued liabilities and future costs estimated to be incurred in the process of discontinuing the business operations. Difference between the carrying values and realizable values of fixed and other assets and provision for liabilities arising on account of discontinuance of operations have been charged to Income Statement and their net amount has been separately disclosed under the head "Exceptional Items" [Refer Note 23].
- E** In consultation of the relevant Japanese regulatory authorities, the Company had applied for drug price deletion of all products, which was published in the Official Gazette in November 2014. Pursuant to this, the Company had carried out cancellation of marketing approvals and manufacturing & sales permits. The said cancellation has been accepted by the Pharmaceuticals and Medical Devices Agency.
- F** During current year, Zydus International Private Limited, holding company of the Company, passed a resolution, in accordance with Article 319, Paragraph 1 of the Companies Act, that the Company should be dissolved with effect from 31st December 2015 and an official liquidator shall be appointed with effect from that date. On 13th January, 2016, the Company applied for registration of the dissolution and appointment of liquidator with the Legal Affairs Bureau. On 15th January, 2016, the Liquidator made an announcement in the Official Gazette about the dissolution. The Liquidator sent notification to each known creditor informing about the dissolution of the Company and asking them to submit their claims, if any, before 31st March 2016. Upto 31st March, 2016, the Company has not received any claim from any of the creditors.

**Zydus Pharma Japan Co. Ltd**  
**Notes to the Financial Statements**

	Japanese Yen Thousands		INR Thousands	
	As at December 31			
	2015	2014	2015	2014
<b>Note: 1-Share Capital:</b>				
<b>Authorised:</b>				
400,000 [as at December 31, 2014: 400,000] Ordinary Shares of JPY 50,000/- each [Stated value]	20,000,000	20,000,000	11,000,000	10,538,000
	20,000,000	20,000,000	11,000,000	10,538,000
<b>Issued, Subscribed and Paid-up:</b>				
92,035 [as at December 31, 2014: 91,395] Ordinary Shares	4,157,500	4,125,500	2,286,625	2,173,726
Less : 2,700 [as at December 31, 2014: 2,700] Treasury Stock	(315,000)	(315,000)	(173,250)	(165,974)
<b>Total</b>	<b>3,842,500</b>	<b>3,810,500</b>	<b>2,113,375</b>	<b>2,007,752</b>
A Number of shares at the beginning of the year	88,695	80,695		
Add: Shares issued during the year	640	8,000		
Number of shares at the end of the year	89,335	88,695		
Shares held by itself as Treasury Stock	2,700	2,700		
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 ordinary shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.				
C Ordinary shares (other than treasury stock) of JPY 26,976/- each, fully paid held by Holding Company, Zydus International Private Limited, a company incorporated in the Republic of Ireland which is a subsidiary company of Cadila Healthcare Limited, the ultimate holding company, a company incorporated in India.				
Number of Shares	19,295	19,295		
% to total share holding	22%	22%		
Ordinary shares (other than treasury stock) of JPY 50,000/- each, fully paid held by Holding Company, Zydus International Private Limited, a company incorporated in the Republic of Ireland which is a subsidiary company of Cadila Healthcare Limited, the ultimate holding company, a company incorporated in India.				
Number of Shares	70,040	69,400		
% to total share holding	78%	78%		
D Treasury Stock are held by Zydus Pharma Japan Co. Limited itself				
Number of Shares	2,700	2,700		
% to total share holding	100%	100%		
<b>Note: 2-Reserves and Surplus:</b>				
<b>Capital Reserve:</b>				
Balance as per last Balance Sheet	20,000	20,000	11,000	10,538
<b>Other Reserves:</b>				
<b>General Reserve:</b>				
Balance as per last Balance Sheet	364,500	364,500	200,475	192,055
<b>Foreign Currency Translation Reserve:</b>				
Balance as per last Balance Sheet	-	0	244,168	0
Add/ [Less]: Exchange differences on translation to Indian Rupee	-	0	(97,708)	244,168
	-	0	146,460	244,168
<b>Surplus in statement of Profit and Loss:</b>				
Balance as per last Balance Sheet	(4,333,609)	(4,249,412)	(2,527,545)	(2,477,830)
Add: Loss for the year	119,992	(84,197)	63,596	(49,715)
Balance as at the end of year	(4,213,617)	(4,333,609)	(2,463,949)	(2,527,545)
<b>Total</b>	<b>(3,829,117)</b>	<b>(3,949,109)</b>	<b>(2,106,014)</b>	<b>(2,080,784)</b>
<b>Note: 3-Other Current Liabilities:</b>				
Advances from Customers	-	172,800	-	91,048
Others:				
Provision for Expenses	13,807	21,110	7,594	11,123
Payable to Statutory Authorities	10,715	36,694	5,893	19,334
<b>Total</b>	<b>24,522</b>	<b>230,604</b>	<b>13,487</b>	<b>121,505</b>
<b>Note: 4-Short Term Provisions::</b>				
Provision for Employee Benefits	-	29,260	-	15,417
<b>Total</b>	<b>-</b>	<b>29,260</b>	<b>-</b>	<b>15,417</b>

**Zydus Pharma Japan Co. Ltd**  
**Notes to the Financial Statements**

**Note: 5-Fixed Assets:**

<b>A Tangible Assets:</b>	Freehold <u>Land</u>	<u>Buildings</u>	Plant and <u>Equipment</u>	Furniture and <u>Fixtures</u>	<u>Total</u>
	<b>Japanese Yen Thousands</b>				
Gross Block:					
As at December 31, 2013	5,471	154,516	189,809	54,238	<b>404,034</b>
Additions					-
Disposals			(189,809)	(54,200)	<b>(244,009)</b>
Other adjustments					-
As at December 31, 2014	5,471	154,516	0	38	<b>160,025</b>
Additions					-
Disposals	(5,471)	(154,516)		(38)	<b>(160,025)</b>
Other adjustments					-
As at December 31, 2015	0	0	0	0	<b>0</b>
Depreciation and Impairment:					
As at December 31, 2013	0	121,705	145,950	51,014	<b>318,669</b>
Depreciation for the year	0	1,011	5,639	405	<b>7,055</b>
Disposals	0	9,302	(151,589)	(51,419)	<b>(193,706)</b>
As at December 31, 2014	0	132,018	0	0	<b>132,018</b>
Charge for the year					0
Disposals		(132,018)			<b>(132,018)</b>
As at December 31, 2015	0	0	0	0	<b>0</b>
Net Block:					
As at December 31, 2014	5,471	22,498	0	38	<b>28,007</b>
As at December 31, 2015	0	0	0	0	<b>0</b>
<b>Tangible Assets:</b>	<b>INR Thousands</b>				
Gross Block:					
As at December 31, 2013	3,190	90,098	110,678	31,626	<b>235,592</b>
Additions	0	0	0	0	-
Disposals	0	0	(110,089)	(31,436)	<b>(141,525)</b>
Other adjustments	(307)	(8,684)	(589)	(170)	<b>(9,750)</b>
As at December 31, 2014	2,883	81,414	0	20	<b>84,317</b>
Additions	0	0	0	0	-
Disposals	(2,900)	(81,893)	0	(20)	<b>(84,813)</b>
Other adjustments	17	479	0	0	<b>496</b>
As at December 31, 2015	0	0	0	0	<b>84,813</b>
Depreciation and Impairment:					
As at December 31, 2013	0	70,966	85,103	29,746	<b>185,815</b>
Depreciation for the year	0	586	3,271	235	<b>4,092</b>
Disposals	0	5,395	(87,922)	(29,823)	<b>(112,350)</b>
Other adjustments	0	(7,387)	(452)	(158)	<b>(7,997)</b>
As at December 31, 2014	0	69,560	0	0	<b>69,560</b>
Depreciation for the year	0	0	0	0	-
Disposals	0	(69,970)	0	0	<b>(69,970)</b>
Other adjustments	0	410	0	0	<b>410</b>
As at December 31, 2015	0	0	0	0	<b>0</b>
Net Block:					
As at December 31, 2014	2,883	11,854	0	20	<b>14,757</b>
As at December 31, 2015	0	0	0	0	<b>0</b>

**Zyduz Pharma Japan Co. Ltd**  
**Notes to the Financial Statements**

**Note: 5-Fixed Assets-Continue:**

**B Intangible Assets:**

	Brands/ Trademarks	Computer Software	Marketing Autho. Rights	<b>Total</b>
<b>Japanese Yen Thousands</b>				
Gross Block:				
As at December 31, 2013	238,892	6,646	21,153	<b>266,691</b>
Additions	0		0	<b>0</b>
Disposals	(238,892)	(6,551)	0	<b>(245,443)</b>
Other adjustments	0	0	(21,153)	<b>(21,153)</b>
As at December 31, 2014	0	95	0	<b>95</b>
Additions				<b>0</b>
Disposals		(95)		<b>(95)</b>
Other adjustments				<b>0</b>
As at December 31, 2015	0	0	0	<b>0</b>
Amortisation and Impairment:				
As at December 31, 2013	77,503	6,646	20,420	<b>104,569</b>
Amortisation for the year	4,085	643		<b>4,728</b>
Disposals	(81,588)	(7,289)	(20,420)	<b>(109,297)</b>
As at December 31, 2014	0	0	0	<b>0</b>
Amortisation for the year				<b>0</b>
Disposals				<b>0</b>
As at December 31, 2015	0	0	0	<b>0</b>
Net Block:				
As at December 31, 2014	0	95	0	<b>95</b>
As at December 31, 2015	0	0	0	<b>0</b>

**Intangible Assets:**

	<b>INR Thousands</b>			
Gross Block:				
As at December 31, 2013	139,298	3,875	12,334	<b>155,507</b>
Additions	0	0	0	<b>0</b>
Disposals	(138,557)	(3,800)	0	<b>(142,357)</b>
Other adjustments	(741)	(25)	(12,334)	<b>(13,100)</b>
As at December 31, 2014	0	50	0	<b>50</b>
Additions	0	0	0	<b>0</b>
Disposals	0	(50)	0	<b>(50)</b>
Other adjustments	0	0	0	<b>0</b>
As at December 31, 2015	0	0	0	<b>0</b>
Amortisation and Impairment:				
As at December 31, 2013	45,192	3,875	11,907	<b>60,975</b>
Amortisation for the year	2,369	373	0	<b>2,742</b>
Disposals	(47,321)	(4,228)	(11,844)	<b>(63,393)</b>
Other adjustments	(240)	(20)	(63)	<b>(322)</b>
As at December 31, 2014	0	0	0	<b>0</b>
Amortisation for the year	0	0	0	<b>0</b>
Disposals	0	0	0	<b>0</b>
Other adjustments	0	0	0	<b>0</b>
As at December 31, 2015	0	0	0	<b>0</b>
Net Block:				
As at December 31, 2014	0	50	0	<b>50</b>
As at December 31, 2015	0	0	0	<b>0</b>

**Zydus Pharma Japan Co. Ltd**

**Notes to the Financial Statements**

	Japanese Yen Thousands		INR Thousands	
	As at December 31			
	2015	2014	2015	2014
<b>Note: 6-Trade Receivables:</b>				
Others - Considered good	-	0	-	0
Outstanding for a period exceeding six months	-	1,392	-	733
Others	-	1,392	-	733
Due from Holding/ Subsidiaries/ Fellow Subsidiaries	-	0	-	0
<b>Total</b>	-	1,392	-	733
<b>Note: 7-Cash and Bank Balances:</b>				
Balances with Banks	27,667	89,927	15,217	47,383
<b>Total</b>	27,667	89,927	15,217	47,383
<b>Note: 8-Short Term Loans and Advances:</b>				
Others:				
Balances with Custom/Central Excise/Sales Tax Authorities	10,161	0	5,589	0
Advances recoverable in cash or in kind or for value to be received				
Considered good	60	1,470	33	775
Considered doubtful	-	0	-	0
<b>Total</b>	60	1,470	33	775
	10,221	1,470	5,622	775
<b>Note: 9-Other Current Assets:</b>				
Prepaid Expenses	17	364	9	192
<b>Total</b>	17	364	9	192
	Japanese Yen Thousands		INR Thousands	
	Year ended December 31			
	2015	2014	2015	2014
<b>Note: 10-Revenue from Operations:</b>				
Sale of Pharmaceutical Products	-	229,222	-	132,949
<b>Total</b>	-	229,222	-	132,949
<b>Note: 11-Cost of Materials Consumed:</b>				
Raw Materials:				
Stock at commencement	-	91,572	-	53,396
Add : Purchases	-	0	-	0
Less : Inventory destroyed	-	950	-	551
Less : Cost adjusted against sale of API [Refer Note No. 16]	-	90,215	-	52,325
	-	407	-	520
Less : Stock at close	-	0	-	0
	-	407	-	520
Packing Materials consumed	-	3,618	-	2,098
<b>Total</b>	-	4,025	-	2,618
<b>Note: 12-Changes in Inventories:</b>				
Stock at commencement:				
Work-in-progress	-	30,375	-	17,712
Stock-in-Trade	-	247,871	-	144,534
	-	278,246	-	162,246
Less : Destruction of Inventory	-	86,384	-	50,371
<b>Total</b>	-	191,862	-	111,875

**Zydus Pharma Japan Co. Ltd**

**Notes to the Financial Statements**

	Japanese Yen Thousands		INR Thousands	
	Year ended December 31			
	2015	2014	2015	2014
<b>Note: 13-Employee Benefit Expense:</b>				
Salaries and wages	7,850	104,633	4,161	60,687
Contribution to provident and other funds	0	8,213	0	4,764
Staff welfare expenses	327	1,375	173	798
<b>Total</b>	<b>8,177</b>	<b>114,221</b>	<b>4,334</b>	<b>66,249</b>
<b>Note: 14-Finance Cost:</b>				
Interest on working capital loan	395	8,827	209	5,120
Bank commission & charges	3,676	8,496	1,948	4,928
<b>Total</b>	<b>4,071</b>	<b>17,323</b>	<b>2,157</b>	<b>10,048</b>
<b>Note: 15-Other Expenses:</b>				
Consumption of Stores and spare parts	-	1	-	1
Power & fuel	290	2,379	154	1,380
Rent	2,116	17,426	1,121	10,107
Repairs to Plant and Machinery	0	537	-	311
Insurance	988	4,756	524	2,758
Rates and Taxes [excluding taxes on income]	18,010	12,020	9,545	6,972
Managing Directors' Remuneration	3,476	3,515	1,842	2,039
Traveling Expenses	1,315	7,888	697	4,575
Legal and Professional Fees	18,155	33,577	9,622	19,475
Repairs to Others	920	0	488	0
Net Loss on foreign currency transactions and translation	0	(648)	0	(376)
Advertisement Expenses	-	-	0	0
Commission on sales	0	11,990	0	6,954
Freight and forwarding on sales	382	8,648	202	5,016
Representative Allowance and Incentives	0	4,143	0	2,403
Other marketing expenses	241	15,158	128	8,792
Bad Debts:				
Provision for Doubtful Debts	-	(3,340)	-	(1,937)
	-	(3,340)	-	(1,937)
Miscellaneous Expenses [*]	1,873	19,938	993	11,564
<b>Total</b>	<b>47,766</b>	<b>137,988</b>	<b>25,316</b>	<b>80,034</b>
<b>Note: 16-Exceptional Items:</b>				
Provision made for bringing value of fixed assets to their realizable value	-	23,391	-	13,567
Sale of API [Previous Year 2014: Net of COGS of JPY 90,215 thousands]	(162,034)	(31,347)	(85,878)	(18,181)
Goods Disposal Charges	139	0	74	0
Provision for other liabilities	-	40,666	-	23,586
Provision for diminution in value of Inventory	-	(3,896)	-	(2,260)
Gain on Sales of Asset [Brand]	(17,266)	(192,597)	(9,151)	(111,706)
<b>Total</b>	<b>(179,161)</b>	<b>(163,783)</b>	<b>(94,955)</b>	<b>(94,994)</b>
<b>Note: 17-Calculation of Earnings per Share [EPS]:</b>				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A Loss attributable to Shareholders	119,992	(84,197)	63,596	(49,715)
B Basic and weighted average number of Ordinary shares outstanding during the year				
Number	89,335	88,695	89,335	88,695
C Equivalent nominal value of ordinary share				
Japanese Yen	50,000	50,000	50,000	50,000
	<b>Japanese Yen</b>		<b>INR</b>	
D Basic & Diluted EPS	1,343.17	(949.29)	711.88	(560.52)

**Zydus Pharma Japan Co. Ltd**  
**Notes to the Financial Statements**

**Note: 18-Related Party Transactions:**

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

- a Holding Company:** Zydus International Private Limited
- b Ultimate Holding Company:** Cadila Healthcare Limited, a company incorporated in India
- c Fellow Subsidiaries:**
- |   |  |
|---|--|
| 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]                                 |
| Liva Pharmaceuticals Limited  | Script Management Services (Pty) Ltd [South Africa]              |
| Zydus Wellness Limited  | Simayla Pharmaceuticals (Pty) Ltd [South Africa]                 |
| M/s. Zydus Wellness-Sikkim, a Partnership Firm                                      | Zydus Healthcare S.A. (Pty) Ltd [South Africa]                   |
| Zydus Technologies Limited  | Zydus Nikkho Farmaceutica Ltda. [Brazil]                         |
| Biochem Pharmaceutical Industries Limited   | Laboratorios Combix S.L. [Spain]                                 |
| Alidac Pharmaceuticals Limited [Formerly known as Zydus BSV Pharma Private Limited] | Zydus Pharmaceuticals Mexico SA De CV [Mexico]                   |
| M/s. Zydus Healthcare, a Partnership Firm   | Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico] |
| Zydus Lanka (Private) Limited [Sri Lanka]   | ZAHL B.V. [the Netherlands]                                      |
| Etna Biotech S.R.L. [Italy]   | ZAHL Europe B.V. [the Netherlands]                               |
| Zydus Netherlands B.V. [the Netherlands]  | Bremer Pharma GmbH [Germany]                                     |
| Zydus France, SAS [France]  | Zydus Worldwide DMCC [Dubai]                                     |
| Zydus Healthcare Philippines Inc [Philippines]                                      | Zydus Discovery DMCC [Dubai]                                     |
| Zydus Pharmaceuticals (USA) Inc. [USA]  |  |
- d Directors:**
- Mr. Ganesh Nayak  
Mr. Jignesh Bhatt

**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 18 - A [a]

Nature of Transactions	Value of the Transactions [Yen Thousands]			
	Holding company		Ultimate Holding company	
	Year ended December 31,			
	2015	2014	2015	2014
<b>Share Capital:</b>				
<b>Shares Issued:</b>				
Zydus International Private Limited	32,000	400,000	-	

  

Nature of Transactions	Value of the Transactions [INR Thousands]			
	Holding company		Ultimate Holding company	
	Year ended December 31,			
	2015	2014	2015	2014
<b>Share Capital:</b>				
<b>Shares Issued:</b>				
Zydus International Private Limited	16,960	232,000	-	

- b** There are no transactions with the parties referred to in items 18 - A [b, c & d ]

**Note: 19-Segment Information:**

Company had stopped manufacturing and selling of the ethical pharmaceutical products from end of March 2014, so segment information is not applicable.

**Note: 20** Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current reporting 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 Zydus Pharma Japan Co. Ltd

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

Liquidator



**Zydus Pharma Japan Co. Ltd**  
**Cash Flow Statement for the year ended December 31, 2015**

Particulars	Japanese Yen Thousands		INR Thousands	
	Year ended December 31			
	2015	2014	2015	2014
<b>A Cash flows from operating activities:</b>				
Loss before tax	119,992	(84,197)	63,596	(49,715)
Adjustments for:				
Depreciation, Amortisation and Impairment expenses	-	11,783	-	6,834
Loss [Profit] on sale of assets [Net]	(17,266)	(169,206)	(9,151)	(98,139)
Interest expenses	395	8,827	209	5,120
Provisions for employee benefits	(29,260)	(202,859)	(15,508)	(117,658)
Provisions for probable product expiry claims and return of goods	-	(111,417)	-	(64,622)
Total	(46,131)	(462,872)	(24,450)	(268,465)
Operating profit before working capital changes	73,861	(547,069)	39,146	(318,180)
Adjustments for:				
Decrease/ [Increase] in trade receivables	(171,408)	297,356	(90,846)	172,466
Decrease/ [Increase] in inventories	-	393,623	-	228,301
Decrease/ [Increase] in short term advances	(8,751)	22,415	(4,638)	13,001
Decrease/ [Increase] in other current assets	347	2,889	184	1,676
Increase/ [Decrease] in trade payables	-	(35,697)	-	(20,704)
Increase/ [Decrease] in other current liabilities	(33,282)	(21,966)	(17,639)	(12,740)
Increase/ [Decrease] in other long term liabilities	-	(15,000)	-	(8,700)
Total	(213,094)	643,620	(112,939)	373,300
Net cash from [used] operating activities	(139,233)	96,551	(73,793)	55,120
<b>B Cash flows from investing activities:</b>				
Proceeds from sale of fixed assets	45,368	376,808	24,045	218,549
Net cash used [from] in investing activities	45,368	376,808	24,045	218,549
<b>C Cash flows from financing activities:</b>				
Proceeds from Issuance of Share Capital	32,000	400,000	16,960	232,000
Short Term Borrowings [Net]	-	(1,000,000)	-	(580,000)
Interest paid	(395)	(9,680)	(209)	(5,614)
Net cash used [from] in financing activities	31,605	(609,680)	16,751	(353,614)
<b>Net increase in cash and cash equivalents</b>	(62,260)	(136,321)	(32,997)	(79,945)
<b>Increase/ [Decrease] due to the translation to INR [Refer Note-3]</b>	-	-	831	(4,597)
<b>Cash and cash equivalents at the beginning of the year</b>	89,927	226,248	47,383	131,925
<b>Cash and cash equivalents at the end of the year</b>	27,667	89,927	15,217	47,383

**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 Zydus Pharma Japan Co. Ltd

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

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

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