

ZAHL Europe BV
Balance Sheet as at March 31, 2016

Particulars	Note No.	Euro-Thousands		INR-Thousands	
		As at March 31			
		2016	2015	2016	2015
EQUITY AND LIABILITIES:					
Shareholders' Funds:					
Share Capital	1	18	18	1,358	1,208
Reserves and Surplus	2	4,823	4,847	363,846	325,234
		4,841	4,865	365,204	326,442
Current Liabilities:					
Trade Payables	3	1	22	75	1,476
Other Current Liabilities	4	59	14	4,451	939
		60	36	4,526	2,415
Total		4,901	4,901	369,730	328,857
ASSETS:					
Non-Current Assets:					
Non-Current Investments	5	4,885	4,885	368,524	327,784
Current Assets:					
Cash and Bank Balances	6	1	1	75	67
Other Current Assets	7	15	15	1,131	1,006
		16	16	1,206	1,073
Total		4,901	4,901	369,730	328,857
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 13				

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

	Note No.	Euro-Thousands		INR-Thousands	
		Year ended March 31			
		2016	2015	2016	2015
REVENUE:					
Other Income	8	2	1	145	77
EXPENSES:					
Finance Costs	9	1	-	72	12
Other Expenses	10	25	41	1,806	3,202
Total Expenses		26	41	1,878	3,214
Loss for the year		(24)	(40)	(1,733)	(3,137)
Basic & Diluted Earning per Equity Share [EPS]	11	(133)	(222)	(9,628)	(17,428)
Significant Accounting Policies	II				
Notes to the Financial Statements	1 to 13				

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

For and on behalf of the Board

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

Director

ZAHL Europe BV
Notes to the Financial Statements

I-Company Overview:

ZAHL Europe B.V. is a Dutch Private company with limited liability, incorporated in Amsterdam on June 24, 2008 ("the company"). The Company mainly acts as a Holding company and currently its office address at Hoogoorddreef 15, 1101 BA Amsterdam The Netherlands.

II-Significant Accounting Policies:

1 Principles of Valuation of Assets and Liabilities:

A General Principles:

The accompanying financial statements have been prepared in accordance with the provisions of the fourth and seventh Directive of the European Community as set forth in Title 9, Book 2 of the Dutch Civil Code.

B Going Concern:

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

C 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.

D Reporting Currency Translation:

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

E Financial Fixed Assets:

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

2 Principles of Determination of Result:

A General:

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

B Financial Income and Expenses:

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

C Taxation:

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

3 Other reserves:

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

4 Audit:

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

ZAHL Europe BV
Notes to the Financial Statements

	Euro-Thousands		INR-Thousands	
	As at March 31			
	2016	2015	2016	2015
Note: 1-Share Capital:				
Authorised:				
900 [As at March 31, 2015: 900] Equity Shares of Euro 100/- each	90	90	6,790	6,039
	90	90	6,790	6,039
Issued, Subscribed and Paid-up:				
180 [As at March 31, 2015: 180] Equity Shares of Euro 100/- each fully paid up	18	18	1,358	1,208
	18	18	1,358	1,208
A There is no change in the number of shares as at the beginning and end of the year. Number of shares at the beginning and end of year	180	180		
B The Company has only equity shares. All equity shares carry equal rights with respect to voting dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.				
C Equity shares of Euro 100/- each, fully paid held by Holding Company, ZAHL BV, a company incorporated in the Netherlands which is a subsidiary company of Cadila Healthcare Limited, the ultimate holding company, a company incorporated in India. Number of Shares % to total share holding	180 100%	180 100%		
Note: 2-Reserves and Surplus:				
Securities Premium Reserve:				
Balance as per last Balance Sheet	5,675	5,675	428,122	380,793
Foreign Currency Translation Reserve: [*]				
Balance as per last Balance Sheet	-	-	12,534	-
Add: Exchange Rate differences on translation to INR	-	-	(6,984)	12,534
	-	-	5,550	12,534
Surplus in statement of Profit and Loss:				
Balance as per last Balance Sheet	(828)	(788)	(68,093)	(64,956)
Less: Loss for the year	(24)	(40)	(1,733)	(3,137)
Balance as at the end of year	(852)	(828)	(69,826)	(68,093)
Total	4,823	4,847	363,846	325,234
Note: 3-Trade Payables:				
Trade Payables	1	22	75	1,476
Total	1	22	75	1,476
Note: 4-Other Current Liabilities:				
Payable to Holding Company	59	12	4,451	805
Provision for Expenses	-	2	-	134
Total	59	14	4,451	939
Note: 5-Non-Current Investments:				
Long Term Investments [Unquoted] [Valued at Cost]:				
Trade Investment in Equity Instruments of a subsidiary:				
In fully paid-up Equity Shares of Bremer Pharma GmbH				
4,800 Share of Euro 100 each	4,885	4,885	368,524	327,784
Total	4,885	4,885	368,524	327,784

ZAHL Europe BV
Notes to the Financial Statements

	Euro-Thousands		INR-Thousands	
	As at March 31			
	2016	2015	2016	2015
Note: 6-Cash and Bank Balances :				
Balances with Banks	1	1	75	67
Total	1	1	75	67
Note: 7-Other Current Assets:				
Vat Receivables	12	12	905	805
Prepaid Expenses	3	3	226	201
Total	15	15	1,131	1,006
	Euro-Thousands		INR-Thousands	
	Year ended March 31			
	2016	2015	2016	2015
Note: 8-Other Income:				
Other Non-operating Income	2	1	145	77
Total	2	1	145	77
Note: 9-Finance Cost:				
Bank commission & charges [Previous Year: € 158.76]	1	-	72	12
Total	1	-	72	12
Note: 10-Other Expenses:				
Legal and Professional Fees	25	41	1,806	3,176
Other Expenses [Previous Year: € 335.19]	-	-	-	26
Total	25	41	1,806	3,202
Note: 11-Calculation of Earnings per Equity Share [EPS]:				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A Loss attributable to Shareholders	(24)	(40)	(1,733)	(3,137)
B Basic and weighted average number of Equity shares outstanding during the year	180	180	180	180
	Euro		INR	
C Nominal value of equity share	100	100	(9,628)	(17,428)
D Basic & Diluted EPS	(133)	(222)	(9,628)	(17,428)

ZAHL Europe BV
Notes to the Financial Statements

Note: 12 - Related Party Transactions:

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

a Holding Company:	ZAHL B.V.
b Holding Company of Holding Company:	Zydus International Private Limited [Ireland]
c Ultimate Holding Company:	Cadila Healthcare Limited [India]
d Subsidiary Company:	Bremer Pharma GmbH [Germany]
e Fellow Subsidiaries/ Concerns:	
Dialforhealth India Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]
German Remedies Limited	Zydus Noveltech Inc. [USA]
Zydus Wellness Limited	Hercon Pharmaceuticals LLC [USA]
M/s. Zydus Wellness-Sikkim, a Partnership Firm	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Liva Pharmaceuticals Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Zydus Technologies Limited	Script Management Services (Pty) Ltd [South Africa]
Biochem Pharmaceutical Industries Limited	Zydus France, SAS [France]
Alidac Pharmaceuticals Limited [Formerly known as Zydus BSV Pharma Private Limited]	Zydus Nikkho Farmaceutica Ltda. [Brazil]
M/s. Zydus Healthcare, a Partnership Firm	Zydus Pharma Japan Co. Ltd. [Japan]
Zydus Lanka (Private) Limited [Sri Lanka]	Laboratorios Combix S.L. [Spain]
Zydus Netherlands B.V. [the Netherlands]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Etna Biotech S.R.L. [Italy]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydus Healthcare Philippines Inc. [Philippines]	Zydus Worldwide DMCC [Dubai]
Zydus Discovery DMCC [Dubai]	
e Directors:	
Dr. Arun K. Atrey	
SGG Management (Netherlands) B.V.	
Orangefield (Netherlands) B.V. [Ceased to be director w.e.f. January 2, 2015]	

B The following transactions were carried out with the related parties in the ordinary course of business:

a Details relating to parties referred to in items 12 - A [a]

Nature of Transactions

Outstanding:

Payable

b Details relating to parties referred to in items 12 - A [e]

Purchase:

Services:

Orangefield (Netherlands) B.V.

SGG Management (Netherlands) B.V.

Outstanding:

Payable:

Orangefield (Netherlands) B.V.

SGG Management (Netherlands) B.V.

		<u>Value of the Transactions</u>		
		<u>Euro-Thousands</u>	<u>INR-Thousands</u>	
		<u>As at March 31</u>		
		<u>2016</u>	<u>2015</u>	<u>2016</u>
		59	12	4,451
				805
		<u>Year ended March 31</u>		
		-	19	-
		18	11	1,301
				1,472
				852
		<u>As at March 31</u>		
		-	12	-
		1	11	75
				805
				738

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

Note: 13

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

Signatures to Significant Accounting Policies and Notes 1 to 13 to the Financial Statements

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

For and on behalf of the Board

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

Director

ZAHL Europe BV
Cash Flow Statement for the year ended March 31, 2016

Particulars	Euro-Thousands		INR-Thousands	
	Year ended March 31			
	2016	2015	2016	2015
A Cash flows from operating activities:				
Profit/ [Loss] Loss before tax	(24)	(40)	(1,733)	(3,137)
Adjustments for:				
Decrease/ [Increase] in Other Non-Current Assets	-	15	-	1,162
Decrease/ [Increase] in other current assets	-	9	-	697
Increase/ [Decrease] in trade payables	(21)	2	(1,517)	155
Increase/ [Decrease] in other current liabilities	45	14	3,251	1,085
Total	24	40	1,734	3,099
Net cash from [used] operating activities	-	-	1	(38)
B Cash flows from investing activities:				
Net cash used [from] in investing activities	-	-	-	-
C Cash flows from financing activities:				
Net cash used [from] in financing activities	-	-	-	-
Net increase in cash and cash equivalents	-	-	1	(38)
Increase/ [Decrease] due to the translation to INR [Refer Note-3]	-	-	7	23
Cash and cash equivalents at the beginning of the year	1	1	67	82
Cash and cash equivalents at the end of the year	1	1	75	67

Notes to the Cash Flow Statement

- 1 All figures in brackets are outflows.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 Cash Flow Statement is translated into Indian Rupee [INR] at the average exchange rates for the year. The increase/ decrease resulting from such translation is shown separately as "Increase/ [Decrease] due to the translation to INR"

As per our report of even date

For and on behalf of the Board

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

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

Director