

**SUN GLOBAL DEVELOPMENT FZE**

**Financial Statements**

***31 March 2019***

**SUN GLOBAL DEVELOPMENT FZE**

**Financial Statements**  
**31 March 2019**

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**SUN GLOBAL DEVELOPMENT FZE**  
**Director's Report**

The director submits his report together with the audited financial statements for the year ended 31 March 2019.

**Results and appropriations**

The results of the establishment and the appropriations made for the year ended 31 March 2019 are set out on pages 5 and 6 of the financial statements.

In my opinion, the financial statements set out on pages 4 to 13 are drawn up so as to give a true and fair view of the financial position of the establishment as at 31 March 2019 and the financial performance, changes in equity and cash flows of the establishment for the year then ended in accordance with the provisions of the Sharjah Airport International Free Zone Authority and International Financial Reporting Standards.

At the date of the statement, there are reasonable grounds to believe that the establishment will be able to pay its debts as and when they fall due.

**Review of the business**

The establishment has not carried out its licensed activity of general trading during the year.

**Events since the end of the year**

There were no important events which have occurred since the year-end that materially affect the establishment.

**Shareholder and its interest**

The shareholder at 31 March 2019 and its interest as at that date in the share capital of the establishment was as under:

	<i>Country of incorporation</i>	<i>No. of shares</i>	<i>AED</i>	<i>USD</i>
Sun Pharma Holdings	Mauritius	<u>70</u>	<u>10,500,000</u>	<u>2,858,700</u>

**Auditors**

A resolution to re-appoint the auditors and fix their remuneration will be put to the board at the annual general meeting.

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Harin P. Mehta  
**DIRECTOR**

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF SUN GLOBAL DEVELOPMENT FZE

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of **SUN GLOBAL DEVELOPMENT FZE** (the "establishment"), which comprise the statement of financial position as at 31 March 2019, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **SUN GLOBAL DEVELOPMENT FZE** as at 31 March 2019, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the establishment's in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and in Sharjah Airport International Free Zone 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 audit opinion.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to the Note 2 to the financial statements concerning going concern assumption.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and implementing regulations of Sharjah Airport International Free Zone Authority, and for such internal control as management determines 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, management is responsible for assessing the establishment'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 management either intends to liquidate the establishment's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the establishment's financial reporting process.

#### *Auditors' 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 auditors' 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 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. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF  
SUN GLOBAL DEVELOPMENT FZE***Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the establishment's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the establishment to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Report on Other Legal and Regulatory Requirements**

Also, in our opinion, the establishment has maintained proper books of account and the financial statements are in agreement with the books of account. We obtained all the information which we considered necessary for our audit. According to the information available to us, read with the *Emphasis of Matter* paragraph, there were no contraventions during the year of the regulation issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995 or the Articles of Association of the establishment which might have materially affected the financial position of the establishment or its financial performance.

Signed by:

C. D. Shah

Partner

Registration No. 677

**Shah & Alshamali Associates Chartered Accountants**

30 April 2019

Dubai

## SUN GLOBAL DEVELOPMENT FZE

Statement of Financial Position  
31 March 2019

	<i>Notes</i>	<i>2019</i> <i>USD</i>	<i>2018</i> <i>USD</i>
<b>ASSETS</b>			
<b>Non-current asset</b>			
Loan to a related party	5	<u>-</u>	<u>2,998,154</u>
<b>Current assets</b>			
Deposits		2,322	953
Prepayments		9,027	9,040
Cash and cash equivalents	6	<u>65,773</u>	<u>77,948</u>
		<u>77,122</u>	<u>87,941</u>
<b>Total assets</b>		<u><u>77,122</u></u>	<u><u>3,086,095</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
<b>Equity</b>			
Share capital	7	2,858,700	2,858,700
Accumulated losses		<u>(3,082,435)</u>	<u>(73,285)</u>
<b>Total shareholder's funds / (deficit)</b>		<u><u>(223,735)</u></u>	<u><u>2,785,415</u></u>
<b>Non-current liability</b>			
Loan from a related party	8	<u>300,000</u>	<u>300,000</u>
<b>Current liability</b>			
Accrual		<u>857</u>	<u>680</u>
<b>Total liabilities</b>		<u><u>300,857</u></u>	<u><u>300,680</u></u>
<b>Total equity and liabilities</b>		<u><u>77,122</u></u>	<u><u>3,086,095</u></u>

*The notes on pages 8 to 13 form an integral part of these financial statements.*

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Harin P. Mehta  
**DIRECTOR**

## SUN GLOBAL DEVELOPMENT FZE

**Statement of Profit or Loss and Other Comprehensive Income**  
*for the year ended 31 March 2019*

	<i>Note</i>	<i>2019</i> <i>USD</i>	<i>2018</i> <i>USD</i>
<b>Revenue</b>		<u>-</u>	<u>-</u>
<b>Expenditure</b>			
Lease expense		(4,084)	(4,084)
License fees		(4,084)	(4,084)
Allowance for impairment	5	(2,998,154)	-
Other administrative expenses		<u>(2,828)</u>	<u>(2,282)</u>
<b>Loss for the year</b>		<b>(3,009,150)</b>	<b>(10,450)</b>
Other comprehensive income/(loss)		<u>-</u>	<u>-</u>
<b>Total comprehensive loss for the year</b>		<b><u>(3,009,150)</u></b>	<b><u>(10,450)</u></b>

*The notes on pages 8 to 13 form an integral part of these financial statements.*

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Harin P. Mehta  
**DIRECTOR**

## SUN GLOBAL DEVELOPMENT FZE

Statement of Changes in Equity  
for the year ended 31 March 2019

	<i>Share capital USD</i>	<i>Accumulated losses USD</i>	<i>Total USD</i>
As at 31 March 2017	2,858,700	(62,835)	2,795,865
Loss for the year	-	(10,450)	(10,450)
<b>As at 31 March 2018</b>	<b>2,858,700</b>	<b>(73,285)</b>	<b>2,785,415</b>
Loss for the year	-	(3,009,150)	(3,009,150)
<b>As at 31 March 2019</b>	<b><u>2,858,700</u></b>	<b><u>(3,082,435)</u></b>	<b><u>(223,735)</u></b>

*The notes on pages 8 to 13 form an integral part of these financial statements.*

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Harin P. Mehta  
**DIRECTOR**



## SUN GLOBAL DEVELOPMENT FZE

**Statement of Cash Flows**  
*for the year ended 31 March 2019*

	<i>Note</i>	<i>2019</i> <i>USD</i>	<i>2018</i> <i>USD</i>
<b><u>Cash flows from operating activities</u></b>			
Loss for the year		(3,009,150)	(10,450)
Adjustment for:			
Allowance for impairment		<u>2,998,154</u>	<u>-</u>
<b>Operating loss before working capital changes</b>		<b>(10,996)</b>	<b>(10,450)</b>
(Increase)/decrease in deposits and prepayments		(1,356)	(50)
Increase/(decrease) in accrual		<u>177</u>	<u>68</u>
<b>Net cash from/ (used in) operating activities</b>		<b><u>(12,175)</u></b>	<b><u>(10,432)</u></b>
<b><u>Cash flows from financing activity</u></b>			
(Payments)/proceeds from long term loan receivable (net)		<u>-</u>	<u>(11,200)</u>
<b>Net cash from/(used in) financing activity</b>		<b><u>-</u></b>	<b><u>(11,200)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(12,175)</b>	<b>(21,632)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b><u>77,948</u></b>	<b><u>99,580</u></b>
<b>Cash and cash equivalents at the end of the year</b>	6	<b><u><u>65,773</u></u></b>	<b><u><u>77,948</u></u></b>

*The notes on pages 8 to 13 form an integral part of these financial statements.*

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 Harin P. Mehta  
**DIRECTOR**

**SUN GLOBAL DEVELOPMENT FZE****Notes to the Financial Statements  
for the year ended 31 March 2019****1. Legal status and activity**

**SUN GLOBAL DEVELOPMENT FZE** (the “establishment”) is a limited liability establishment incorporated in Sharjah Airport International Free Zone, Sharjah, U. A. E. pursuant to Emiri Decree No. 2 of 1995 and in accordance with the implementation rules and regulations issued there under by the Sharjah Airport International Free Zone Authority. The registered address of the establishment is SAIF plus R5 – 30/C, P. O. Box 120460, Saif Zone, Sharjah, U.A.E.

The establishment is a wholly owned subsidiary of **SUN PHARMA HOLDINGS**, Mauritius. The ultimate parent company is **SUN PHARMACEUTICAL INDUSTRIES LIMITED**, India.

The establishment is operating under commercial license number 09255 with general trading as its licensed activity.

**2. Basis of preparation***Going concern*

During the year ended 31 March 2019, the company has incurred loss of USD 3,009,150 resulting in deficit of equity funds and has accumulated losses of USD 3,082,435 (*previous year USD 73,285*) as of that date. The parent shareholder company has resolved to provide financial support to the company enabling it to restore capital and honour liability as they fall due and to commence the licensed activity generating positive cash flow as and when opportunity arises. Accordingly, the accompanying financial statements have been prepared on basis that the establishment will continue as a going concern.

*Statement of compliance*

The financial statements have been prepared under accrual basis of accounting and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of Sharjah International Airport Free Zone Authority.

*Basis of measurement*

The financial statements have been prepared under the historical cost basis.

*Functional and presentation currency*

The financial statements have been presented in US Dollars (USD), being the functional and presentation currency of the establishment.

*Use of estimates and judgements*

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 4.

**SUN GLOBAL DEVELOPMENT FZE****Notes to the Financial Statements  
for the year ended 31 March 2019*****Application of new and revised International Financial Reporting Standards (IFRS)***

The establishment adopted IFRS 15 – *Revenue from Contracts with Customers* and IFRS 9 – *Financial Instruments* which are effective for annual periods beginning on or after 1 January 2018. The adoption of these new standards has no material impact on the establishment's financial statements.

Further, the establishment has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

**3. Summary of significant accounting policies**

The accounting policies, which are consistent with those used in the previous year, except for new standards effective on 1 April 2018, in dealing with items that are considered material in relation to the financial statements are as follows:

**Financial instruments**

Financial assets and financial liabilities are recognized when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

***Financial assets***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets include financial asset measured at amortized cost comprising long term loan to a related party, refundable deposits and bank balance.

***Cash and cash equivalents***

For the purpose of statement of cash flows, cash and cash equivalents represents bank balance in call accounts.

***Impairment of financial assets***

The establishment recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the establishment expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

## SUN GLOBAL DEVELOPMENT FZE

### Notes to the Financial Statements for the year ended 31 March 2019

#### Summary of significant accounting policies (cont'd)

##### *Impairment of financial assets (cont'd)*

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

##### **Financial liability**

The financial liability comprises accrual.

##### *Other payables*

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether invoiced by the supplier or not.

##### **Foreign currency transactions**

Transactions in currencies other than foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in currencies other than foreign currencies are translated into US Dollars at the rate of exchange ruling on the date of statement of financial position date.

Resulting exchange difference is taken to the statement of profit or loss and other comprehensive income.

#### 4. Significant judgment employed in applying accounting policies and key sources of estimation uncertainty

##### 4.1 Significant judgment employed

The significant judgement made in applying accounting policies that has the most significant effect on the amounts recognized in the financial statements is as under:

##### **Impairment of non-financial assets**

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any of such indication exists, the company estimates the asset's recoverable amount. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

##### 4.2 Key sources of estimation uncertainty

Key assumption made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is as follows:

##### **Calculation of loss allowance**

The loss allowance for financial assets are based on assumptions about risk of default and expected credit loss rates. The company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

## SUN GLOBAL DEVELOPMENT FZE

Notes to the Financial Statements  
for the year ended 31 March 2019

## 5. Loan to a related party

This represents long term unsecured, non-interest bearing loan to a related party without fixed repayment terms. During the year the establishment has made allowance for impairment due to loan advanced to a related party has not yielded any returns and the amount is considered to be irrecoverable in the ensuing years considering the currency volatility and economic condition prevailing in the country of related party.

Movement in the loan account was as under:

	<u>2019</u> <u>USD</u>	<u>2018</u> <u>USD</u>
Opening balance	2,998,154	2,986,954
Funds advanced/(recovered) - net	-	11,200
	<u>2,998,154</u>	<u>2,998,154</u>
Allowance for impairment	(2,998,154)	-
Closing balance	<u>-</u>	<u>2,998,154</u>

## 6. Cash and cash equivalents

This represents balance in call account with a bank.

<u>2019</u> <u>USD</u>	<u>2018</u> <u>USD</u>
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## 7. Share capital

**Authorised, issued and paid-up:**

70 shares of AED 150,000 each (converted @ 3.673)

<u>2,858,700</u>	<u>2,858,700</u>
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## 8. Loan from a related party

This represents long term, unsecured and non-interest bearing loan from a subsidiary company of the parent shareholder company.

## 9. Related parties transaction and balances

The establishment enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. Related parties are the entities which possesses the ability (directly or indirectly) to conduct or exercise significant influence over the operating and financial decision of the establishment or vice versa and it is subject to common control or common significant influence.

The related parties include the ultimate shareholder company, the parent shareholder company, the directors and the associated companies under common ownership and / or common management control as under:

**Ultimate shareholder company**

- Sun Pharmaceutical Industries Ltd., India

**Parent shareholder company**

- Sun Pharma Holdings, Mauritius

**SUN GLOBAL DEVELOPMENT FZE****Notes to the Financial Statements  
for the year ended 31 March 2019****Related parties transaction and balances (cont'd)****Company under common ownership**

- Sun Pharma de Venezuela, CA, Venezuela

**Fellow subsidiary company**

- Sun Pharma Global FZE, U.A.E

**Directors**

- Mr. Surendra Manishanker Joshi
- Mr. Rajesh K. Shah
- Mr. Vishwanath Vinayak Kenkare (resigned during the year) \*
- Mr. Harin Parmanand Mehta (appointed during the year) \*

\*Legal formalities will be completed before end of financial year 2019-20

The significant transactions during the year with related parties and the amounts involved are as under:

	<i>Company under common ownership</i>	<i>Total 2019</i>	<i>Total 2018</i>
	<i>USD</i>	<i>USD</i>	<i>USD</i>
Allowance for impairment	2,998,154	2,998,154	-
Long term loan advanced	-	-	11,200

The establishment receives interest free funds from and provide interest free funds to the related parties as and when required to meet with fund requirements. The year-end related party balances are as under:

	<i>2019 USD Dr./ (Cr.)</i>	<i>2018 USD Dr./ (Cr.)</i>
<b>Long-term loan receivable:</b>		
Company under common ownership	-	2,998,154
<b>Long-term loan payable:</b>		
Fellow subsidiary	(300,000)	(300,000)

**10. Financial instruments: Credit and liquidity risk exposures****Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the establishment to concentrations of credit risk comprise principally of bank balance in call account. The establishment's bank balance in call account is placed with a high credit quality financial institution.

**SUN GLOBAL DEVELOPMENT FZE**

**Notes to the Financial Statements**  
*for the year ended 31 March 2019*

**Financial instruments: Credit and liquidity risk exposures (cont'd)**

**Liquidity risk**

Liquidity risk is the risk that the establishment will not be able to meet its financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the parent shareholder company and the management who ensure that sufficient funds are made available to the establishment to meet any future commitments.

**11. Financial instruments: Fair values**

The fair values of the establishment's financial assets, comprising long term loan, deposits and bank balance and financial liabilities, comprising long term loan payable and accrual, approximate to their carrying values.

**12. Contingent liabilities and capital commitments**

There were no contingent liabilities and capital commitments outstanding at the date of statement of financial position.

**13. Comparative figures**

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassifications do not affect the previously reported profit, net assets or equity of the establishment.

**14. Approval of the financial statements**

The financial statements were approved by the board of directors on 30 April 2019 and authorized Mr. Harin P. Mehta to sign on behalf of the Board.

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Harin P. Mehta  
**DIRECTOR**