

SUN PHARMA GLOBAL FZE

Financial Statements

31 March 2015

SUN PHARMA GLOBAL FZE

Financial Statements
31 March 2015

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF SUN PHARMA GLOBAL FZE

Report on the Financial Statements

We have audited the accompanying financial statements of SUN PHARMA GLOBAL FZE, which comprises the statement of financial position as at 31 March 2015, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable implementing rules and regulations issued by the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the establishment's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements, read with note 18 and 19 and its effect thereof, present fairly in all material respects, the financial position of SUN PHARMA GLOBAL FZE as at 31 March 2015 and its financial performance and its cash flows for the year then ended and comply with International Financial Reporting Standards.

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, 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

24 May 2015

Dubai

SUN PHARMA GLOBAL FZE

Statement of Financial Position
31 March 2015

	<i>Notes</i>	<i>2015</i> <i>US\$</i>	<i>2014</i> <i>US\$</i> <i>Restated</i>
ASSETS			
Non-current assets			
Property, plant and equipment	4	7,126,996	3,439,140
Intangible assets	5	109,342,076	33,315,328
Investments	6	37,730,195	37,592,925
Long-term loans	7	<u>187,366,228</u>	<u>284,462,431</u>
		<u>341,565,495</u>	<u>358,809,824</u>
Current assets			
Inventories		345,065	571,803
Trade receivables	8	192,223,770	218,183,359
Accounts and other receivables	9	400,320,499	96,480,224
Prepayments		70,892	54,802
Cash and cash equivalents	10	<u>394,971,239</u>	<u>511,437,577</u>
		<u>987,931,465</u>	<u>826,727,765</u>
Total assets		<u>1,329,496,960</u>	<u>1,185,537,589</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholder's funds			
Share capital	11	4,124,694	4,124,694
General reserve	12	538,161,280	538,161,280
Retained earnings		<u>767,369,986</u>	<u>589,038,013</u>
Total equity funds		<u>1,309,655,960</u>	<u>1,131,323,987</u>
Shareholder's current account	13	<u>(50,000)</u>	<u>20,080,845</u>
Total shareholder's funds		<u>1,309,605,960</u>	<u>1,151,404,832</u>
Non-current liability			
Provision for staff end of service gratuity		<u>51,737</u>	<u>-</u>
Current liability			
Trade and other payables	14	<u>19,839,263</u>	<u>34,132,757</u>
Total liabilities		<u>19,891,000</u>	<u>34,132,757</u>
Total equity and liabilities		<u>1,329,496,960</u>	<u>1,185,537,589</u>

The notes on pages 6 to 21 form an integral part of these financial statements.

Vishwanath Kenkare
Manager

SUN PHARMA GLOBAL FZE

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2015

	<i>Notes</i>	<i>2015 US\$</i>	<i>2014 US\$ Restated</i>
Revenue	15	353,701,093	526,965,344
Other income	16	3,499,679	41,703,444
Cost of revenue		(66,937,656)	(83,375,218)
Administrative and selling expenses	17	(96,806,270)	(52,329,298)
Depreciation		(538,859)	(494,199)
Amortization		(11,708,489)	(11,708,245)
Exceptional item		-	<u>107,000,000</u>
Profit for the year		181,209,498	527,761,828
Other comprehensive income		-	-
Total comprehensive income for the year		<u>181,209,498</u>	<u>527,761,828</u>

The notes on pages 6 to 21 form an integral part of these financial statements.

Vishwanath Kenkare
Manager

SUN PHARMA GLOBAL FZE

Statement of Changes in Equity
for the year ended 31 March 2015

	<i>Share capital US \$</i>	<i>Capital reserve US \$</i>	<i>General reserve US \$</i>	<i>Retained earnings US \$</i>	<i>Total US \$</i>
As at 31 March 2013	4,124,694	91,786,650	-	493,145,357	589,056,701
Net asset from business taken over	-	-	538,161,280	-	538,161,280
Profit for the year	-	-	-	527,761,828	527,761,828
Restatement	-	(91,786,650)	-	(431,869,172)	(523,655,822)
As at 31 March 2014	4,124,694	-	538,161,280	589,038,013	1,131,323,987
Accumulated losses from its 100% subsidiary (refer note 18 c)	-	-	-	(2,877,525)	(2,877,525)
Profit for the year	-	-	-	181,209,498	181,209,498
As at 31 March 2015	<u>4,124,694</u>	<u>-</u>	<u>538,161,280</u>	<u>767,369,986</u>	<u>1,309,655,960</u>

The notes on pages 6 to 21 form an integral part of these financial statements.

Vishwanath Kenkare
Manager

SUN PHARMA GLOBAL FZE

Statement of Cash Flows
for the year ended 31 March 2015

	Note	2015 US \$	2014 US \$ <i>Restated</i>
<u>Cash flows from operating activities</u>			
Profit for the year		181,209,498	527,761,828
Adjustments for:			
Profit on sale of investment		-	(26,870,885)
Dividend income		-	(614,337)
Depreciation		538,859	494,199
Amortisation		11,708,489	11,708,245
Excess provision written back		-	(4,582,427)
Provision for staff end of service gratuity		51,737	-
Interest income		<u>(3,499,679)</u>	<u>(9,635,795)</u>
Operating profit before working capital changes		190,008,904	498,260,828
(Increase)/decrease in inventories		226,738	(468,465)
(Increase)/decrease in trade, accounts & other receivables		(280,386,273)	4,987,792
Increase/ (decrease) in trade and other payables		<u>(14,329,588)</u>	<u>(155,740,498)</u>
Net cash from / (used) operating activities		<u>(104,480,219)</u>	<u>347,039,657</u>
<u>Cash flows from investing activities</u>			
Payment for purchase of property, plant and equipment		(3,465,823)	(200,729)
Payment for purchase of intangible assets		(87,735,237)	(8,519,870)
Profit on sale of investment		-	26,870,885
Proceeds from / (Payment for) other investments (net)		267,180	(28,616,758)
Dividend received		-	614,337
Interest income received		<u>1,954,048</u>	<u>3,636,532</u>
Net cash from / (used in) investing activities		<u>(89,979,832)</u>	<u>(6,215,603)</u>
<u>Cash flows from financing activities</u>			
General reserve		-	538,161,280
Long term loans recovered / (advanced) (net)		97,096,203	(284,462,431)
Net funds introduced /(withdrawn) by the shareholder (net)		<u>(20,102,490)</u>	<u>(100,327,914)</u>
Net cash from / (used) financing activities		<u>76,993,713</u>	<u>153,370,935</u>
Net increase in cash and cash equivalents		(116,466,338)	494,194,989
Cash and cash equivalents at the beginning of the year		<u>511,437,577</u>	<u>17,242,588</u>
Cash and cash equivalents at the end of the year		<u>394,971,239</u>	<u>511,437,577</u>

The notes on pages 6 to 21 form an integral part of these financial statements.

Vishwanath Kenkare
Manager

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2015****1. Corporate information****a) Legal Status and licensed activity**

SUN PHARMA GLOBAL FZE is a free zone limited liability establishment incorporated in Sharjah Airport International Free Zone, Sharjah, U. A. E. pursuant to Emiri Decree # 2 of 1995 and in accordance with the implementation procedures of the free zone establishment.

The establishment is operating under License No. 06840 with general trading as its licensed activity.

The registered address of the establishment is Executive Suite Y-43, P. O. Box 122304, Sharjah, United Arab Emirates.

The parent company is Sun Pharma Holdings, Mauritius which is a wholly owned subsidiary of Sun Pharma Global Inc, British Virgin Islands. The ultimate parent company is Sun Pharmaceutical Industries Limited – India.

b) Other information

During the year the establishment has established a branch in Dubai Multi Commodities Centre (DMCC), Dubai, United Arab Emirates under the name Sun Pharma Global FZE (DMCC Branch). The branch has obtained a trading license no. 109445 with general trading as its licensed activity. The branch has not carried out any activity during the year.

The registered address of the branch is Unit No. 30-01-457 Jewellery & Gemplex 3, Plot No. DMCC-PH2-J&GPlexs, Jewellery & Gemplex, Dubai, United Arab Emirates.

The establishment also has a representative office in Kingdom of Jordan.

The establishment is engaged in sourcing pharmaceutical formulations and active pharmaceutical ingredients mainly manufactured by ultimate parent company and supplying to the overseas related parties. In order to augment the activities hitherto carried out by the establishment, the establishment has entered into agreements and registrations with the various overseas entities and has incurred expenditure for the same.

2. Basis of preparation and significant accounting policies

The financial statements, have been prepared 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 U.A.E. laws. These financial statements have been prepared under the historical cost convention and have been presented in United States Dollars.

The financial statements have been prepared under the historical cost basis. Historical cost is based on the fair value of the consideration given to acquire the asset of cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

These financial statements contains information about the establishment as an individual establishment and do not contain consolidated financial information as the parent of a subsidiary. The establishment is exempted under IFRS 10 "Consolidated Financial Statements" from the requirement to prepare consolidated financial statements as it, and its subsidiaries are included by consolidation in the consolidated financial statements of the ultimate parent company.

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements for the year ended 31 March 2015

2.1 First time adoption of IFRS

These financial statements, for the year ended 31 March 2015, are the first the establishment has prepared in accordance with IFRS. For years up to and including the year ended 31 March 2014, the establishment prepared its financial statements in accordance with accounting principles generally accepted in United Arab Emirates.

However, there is no significant change in accounting principles/policies followed by the establishment. Accordingly, the establishment has prepared financial statements which comply with IFRS applicable for years ending on or after 31 March 2015.

2.2 Significant accounting estimates, judgments and assumptions

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenues, 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 3.

2.3 Summary of significant accounting policies

The accounting policies, which are consistent with those used in the previous years in dealing with items that are considered material in relation to the financial statements are as follows:

Property, plant and equipment

The capital work in progress is stated at cost, less any recognized impairment loss. Depreciation of this asset, on the same basis as other property assets, commences when the assets are ready for their intended use.

Other property, plant and equipment are recorded at cost less accumulated depreciation and any identified impairment loss. The cost of property, plant and equipment is depreciated on a straight line method over their estimated useful lives as follows:

Equipment	9 years
Residential and commercial properties	50 years
Furniture, fixture and office equipment	5 - 6 years
Vehicles	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2015****Summary of significant accounting policies (cont'd)****Property, plant and equipment (cont'd)**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss and other comprehensive income statement when the asset is derecognized.

Depreciation on additions and disposals during the year is charged on a proportionate basis for the period of use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets*Acquired intangibles*

Intangible assets are stated at cost less provisions for amortisation and impairments. Licences, patents, know-how, marketing rights and software separately acquired or acquired as part of a business combination are amortised over their estimated useful lives of 5 years, using the straight-line basis, from the time they are available for use. The estimated useful lives for determining the amortisation charge take into account patent lives, where applicable, as well as the value obtained from periods of non-exclusivity. Asset lives are reviewed, and where appropriate adjusted annually.

Intangible assets under development

Acquired in process research and development ("IPR&D") that the establishment acquires through business combination or separately, represents fairly value assigned to in process research and development projects which at the time of acquisition have not reached commercial feasibility. The amounts are capitalized and are disclosed as intangible assets under development. Upon successful completion of each project, the same are capitalized as intangible assets and are subject to amortization as stated herein above. The establishment assesses the IPR&D for impairment annually, whether there is any indication that an asset may be impaired. If any such indications exists by first assessing qualitative factors to determine whether it is more likely than not that the fair value of the IPR&D intangible assets is less than its carrying amount. If the establishment concludes it is more likely that not that the fair value is less than the carrying amount, a quantitative test that compares the fair value of the IPR&D intangible asset with its carrying value is performed. If the fair value is less than the carrying amount, an impairment loss is recognized in operating results.

Investments*Investment in subsidiaries*

Subsidiaries are entities over which the establishment has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the establishment controls another entity. Investment in subsidiaries are accounted for at cost less provision for impairment, if any.

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2015****Summary of significant accounting policies (cont'd)****Investments (cont'd)***Other investment*

Investments in quoted shares are recognised on settlement date basis and are initially measured at cost. Investment in unquoted shares are initially stated at cost. Subsequent to initial recognition investments are accounted for depending upon their classification as either amortised cost or fair value through profit and loss.

Inventories

Inventories are stated at the lower of cost and net realisable value using weighted average cost method. Cost comprises invoice value plus applicable landing charges. Net realisable value is based on estimated selling price less any estimated cost of disposal.

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

The financial assets include bank balances, deposits and trade and other receivables.

*Loans and receivables**Trade and other receivables*

Trade receivables are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable and provided for in the accounts. Bad debts are written off when there is no possibility of recovery.

Other current financial assets

Other current financial assets which comprise deposits under encumbrance and deposits with a maturity date of more than three months from the date of deposit are classified as loans and receivables and stated at amortized cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank current accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2015****Summary of significant accounting policies (cont'd)****Financial instruments (cont'd)*****Financial liabilities***

The financial liabilities include trade and other payables.

Trade and 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.

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognized in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Staff end-of-services benefits

The establishment provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' basic salary and length of service. The expected costs of these benefits are accrued over the period of employment.

Provisions

Provisions are recognized, except for quality claims which are accounted on cash basis, when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Revenue recognition

Sale of products is recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of products.

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2015****Summary of significant accounting policies (cont'd)****Revenue recognition (cont'd)**

Export sales are recognized depending on the terms of customer arrangements, which is recognized either when the product is received by the customer at the destination point or at the time of shipment. Sales include delayed payment charges, and are stated net of returns, provision for chargebacks, Medicaid, rebates, shelf stock adjustments, breakages and expiry and other sales deductions, made on the basis of management expectation taking into account past experience, customer experience, third-party prescription data, industry and regulatory changes and other relevant information which are revised as necessary.

Dividend income is recognized when the shareholder's right to receive the payment is established.

Revenue from sale of shares and securities are recognised on settlement date basis. Revenue from interest income is recognised on a time-proportion basis using the effective interest method.

Other income is recognised as per the contractual agreement.

Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

Foreign currency transactions

Transactions in foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the statement of financial position date. Resulting exchange difference is taken to the statement of profit or loss and other comprehensive income.

3. Significant accounting judgments employed in applying accounting policies and key sources of estimation uncertainties**3.1 Significant judgements employed in applying accounting policies**

The significant judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment and all financial assets to determine whether there are any indications that they may be impaired.

In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

In the case of trade and other receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision.

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2015****Significant judgements employed in applying accounting policies (cont'd)****Impairment (cont'd)**

Reversals of provisions against trade and other receivables are made to the extent of the related amounts being recovered.

3.2 Key sources of estimation and uncertainty

Key assumptions 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, are as follows:

Carrying values of property, plant and equipment

Residual values are assumed to be zero at the end of the assets estimated useful lives unless a reliable estimate of the value can be obtained for similar assets of ages and conditions that are reasonably expected to exist.

Estimated useful life of property, plant and equipment

Management determines the estimated useful life and depreciation charges for its property, plant and equipment at the time of addition of the assets and is reviewed on annual basis.

Inventory provision

Management regularly undertakes a review of the establishment's inventory in order to assess the likely realization proceeds, taking into account purchase and replacement prices, are, likely obsolesce, the rate at which goods are being sold and the physical damage.

Based on the assessment assumptions are made as to the level of provisioning required.

Impairment of loans and receivables

Management regularly undertakes a review of the amounts of loans and other receivables owed to the establishment and assess the likelihood of non-recovery.

Such assessment is based upon the age of the debt, historic recovery rates and assessed credit worthiness of the receivable.

Impairment

Based on the assessment assumptions are made as to the level of provisioning required. Assessment of net recoverable amount of property, plant and equipment and all financial assets other than trade and receivables, per above, are based on assumptions regarding future cash flows expected to be received from related assets.

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2015

Key sources of estimation and uncertainty (cont'd)

Impairment of trade receivables

An estimation of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis.

Amounts which are not individually significant, but which are past due, are assessed collectively and a provision is applied according to the length of past time due, based on anticipated recovery rates.

Staff end of service gratuity

The establishment computes provision for the liability to staff end-of-service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

4. Property, plant and equipment (2015)	*Capital advance US.\$	#Equipment US.\$	Residential and commercial properties US.\$	Furniture, fixtures and office equipment US.\$	Vehicle US.\$	Total US.\$
Cost						
As at 01.04.2014	-	4,245,000	650,690	12,363	189,266	5,097,319
Additions during the year	3,465,000	-	-	823	-	3,465,823
Acquired during the year	-	-	560,415	275,159	163,007	998,581
As at 31.03.2015	<u>3,465,000</u>	<u>4,245,000</u>	<u>1,211,105</u>	<u>288,345</u>	<u>352,273</u>	<u>9,561,723</u>
Depreciation						
Up to 01.04.2014	-	1,600,775	53,873	1,353	2,178	1,658,179
Charge for the year	-	480,110	11,558	6,569	40,622	538,859
Acquired during the year	-	-	33,683	117,443	86,563	237,689
Up to 31.03.2015	<u>-</u>	<u>2,080,885</u>	<u>99,114</u>	<u>125,365</u>	<u>129,363</u>	<u>2,434,727</u>
Net book value						
As at 31.03.2015	<u>3,465,000</u>	<u>2,164,115</u>	<u>1,111,991</u>	<u>162,980</u>	<u>222,910</u>	<u>7,126,996</u>
As at 31.03.2014	<u>-</u>	<u>2,644,225</u>	<u>596,817</u>	<u>11,010</u>	<u>187,088</u>	<u>3,439,140</u>

*Represents advance paid to overseas manufacturer for single cavity tooling equipment.

#Housed in the premises of an overseas manufacturer for its use on behalf of the establishment.

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2015

Property, plant and equipment (2014)	Capital advance US \$	Equipment US \$	Residential property US \$	Furniture, fixtures and office equipment US \$	Vehicle US \$	Total US \$
Cost						
As at 01.04.2013	-	4,245,900	650,690	-	-	4,896,590
Additions during the year	-	5,929	-	5,534	189,266	200,729
As at 31.03.2014	-	4,251,829	650,690	5,534	189,266	5,097,319
Depreciation						
Up to 01.04.2013	-	1,120,713	43,267	-	-	1,163,980
Charge for the year	-	481,142	10,606	273	2,178	494,199
Up to 31.03.2014	-	1,601,855	53,873	273	2,178	1,658,179
Net book value						
As at 31.03.2014	-	2,649,974	596,817	5,261	187,088	3,439,140
As at 31.03.2013	-	3,125,187	607,423	-	-	3,732,610
5. Intangible assets						
		<i>*In-process research and development</i> US \$	<i>Technology know how / formulations developed</i> US \$	<i>Software</i> US \$		<i>Total</i> US \$
Cost						
As at 01.04.2014 (restated)		-	72,572,321	51,113		72,623,434
Additions during the year		80,000,000	7,694,000	41,237		87,735,237
As at 31.03.2015		80,000,000	80,266,321	92,350		160,358,671
Amortization						
Up to 01.04.2014 (restated)		-	39,297,843	10,263		39,308,106
Charge for the year		-	11,690,280	18,209		11,708,489
Up to 31.03.2015		-	50,988,123	28,472		51,016,595
Net book value						
As at 31.03.2015		80,000,000	29,278,198	63,878		109,342,076
As at 31.03.2014 (restated)		-	33,274,478	40,850		33,315,328

*Intangible asset under development represents US \$ 80 million paid during the year to Merck Sharp and Dohme Corp for acquiring worldwide rights with respect to investigational therapeutic antibody candidate for application in multiple human indications.

The indications is currently in phase III of the clinical study.

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Notes to the Financial Statements
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	2015 <u>US\$</u>	2014 <u>US\$</u> <i>Restated</i>
6. Investments		
Securities:		
Quoted		
2,868,623 ordinary shares in Impax Laboratories Inc.	24,566,269	24,566,269
Unquoted		
15,853 ordinary shares of € 1 each in Artes Biotechnology GmbH	3,074,015	3,074,015
116,667 ordinary shares of € 0.10 each in Enceladus Pharmaceuticals BV	<u>4,480,000</u>	<u>4,480,000</u>
Total investments in equity shares	32,120,284	32,120,284
Investment in subsidiaries [@]	<u>5,609,911</u>	<u>5,472,641</u>
Total investments	<u>37,730,195</u>	<u>37,592,925</u>

<i>@Name</i>	<i>Nature of business</i>	<i>%</i>	2015 <u>US\$</u>	2014 <u>US\$</u>
Sun Global Canada Pty Ltd 1000 shares of CAD 1 par value each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	1,000	1,000
Sun Pharma Philippines Inc [^] 86,534 shares of Peso 100 each. [^] Six shares issued to the directors are held in trust by them on behalf of the company	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	200,882	200,882
Sun Pharma MEA JLT 200 shares of AED 50,000 each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	-	2,722,570
Sun Pharmaceuticals Korea Ltd 1,000,000 shares of South-Korean Won 100 each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	89,685	89,685
Sun Pharma Japan Inc 3,160 share of JPY 50,000 each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	2,458,504	2,458,504
Sun Pharma Healthcare FZE 70 shares of AED 150,000 each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	2,858,700	-
Sun Pharma East Africa Ltd 999 shares of KES 100 each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	1,140	-
			<u>5,609,911</u>	<u>5,472,641</u>

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Investments (cont'd)

	2015 US\$	2014 US\$
Net asset value as of 31 March^		
Sun Global Canada Pty Ltd	(14,577)	(14,337)
Sun Pharma Philippines Inc	(2,725,980)	(1,311,190)
Sun Pharma MEA JLT	-	243,363
Sun Pharmaceuticals Korea	73,098	76,552
Sun Pharma Japan Ltd	(3,328,430)	(2,236,617)
Sun Pharma Healthcare FZE	2,755,761	-
Sun Pharma East Africa Ltd	(13,496)	-
	<u>(3,253,624)</u>	<u>(3,242,229)</u>

^As per the management accounts.

In the opinion of the management, the diminution in the value of the investments is not of permanent nature and hence no impairment is considered necessary.

7. Long-term loans

This comprise unsecured and classified by the management as long term loans to related parties of US \$ 166,586,375 (previous year US \$ 269,869,746) and non-related parties of US \$ 20,779,853 (previous year US \$ 14,592,685). These loans bears interest rates of 0 to 15% per annum.

8. Trade receivables

Trade receivables includes US \$ 222,090,780 (previous year US \$ 322,784,578) due from the related parties. The establishment's average credit period ranges from 0 to 180 days beyond which they are considered as past due. Although trade receivables of US \$ 110,178,264 from related parties are past due, they are considered good and fully recoverable by the management. Trade receivables are stated net of provision of US \$ 30,000,000 (previous year US \$ 105,000,000) for rebates, charge-backs and medicaid.

0-30 days US \$ 11,481,876, 31-90 days US \$ 69,062,817, 91-180 days US \$ 31,500,813, 180-360 days US \$ 101,144,678, more than 360 days US \$ 9,033,586

	2015 US\$	2014 US\$ Restated
9. Accounts and other receivables		
Short term advance *	400,000,000	-
Due from an ultimate parent company	-	85,911,189
Advance to suppliers and others	296,188	4,556,661
Deposits	24,311	13,110
Interest accrued but not due	-	5,999,264
	<u>400,320,499</u>	<u>96,480,224</u>

*The establishment has advanced short term interest free funds to a third party for business needs which are recoverable within next twelve months.

10. Cash and cash equivalents

Bank balance in:		
Current accounts	375,588,565	271,925,942
Call accounts	19,382,674	239,511,635
	<u>394,971,239</u>	<u>511,437,577</u>

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	<i>2015</i> <i>US\$</i>	<i>2014</i> <i>US\$</i> <i>Restated</i>
11. Share capital		
Authorised, Issued and paid up:		
101 shares of AED 150,000 (<i>converted @ 3.673</i>)	<u>4,124,694</u>	<u>4,124,694</u>
12. General reserve		
This represents net assets of US \$ 538,161,280 (<i>previous year US \$ 538,161,280</i>) taken over during the previous year from the parent shareholder company on demerger of Non-strategic Investment Undertaking Division of parent shareholder company in terms of scheme of arrangement and reconstruction, as approved and classified by the management.		
13. Shareholder's current account		
This represents unsecured and interest free balance in current account of the parent shareholder company.		
	<i>2015</i> <i>US\$</i>	<i>2014</i> <i>US\$</i> <i>Restated</i>
14. Trade and other payables		
Trade payables #	18,061,568	31,341,363
Due to an ultimate parent company	25,690	-
Accruals and provisions	<u>1,752,005</u>	<u>2,791,394</u>
	<u>19,839,263</u>	<u>34,132,757</u>
# Includes US\$ 10,375,564 (<i>Previous year US \$ 24,532,329</i>) due to related parties for supplies of merchandise.		
15. Revenue		
This represents sales of US\$ 353,701,093 (<i>previous year US\$ 526,965,344</i>) net of returns and provision for chargebacks, medicaid, rebates, shelf stock adjustments, cash discounts and other sales deductions.		
	<i>2015</i> <i>US\$</i>	<i>2014</i> <i>US\$</i> <i>Restated</i>
16. Other income		
Profit on sale of investment	-	26,870,885
Interest income from banks	1,954,049	8,796,717
Interest income from long term loans	1,545,630	839,078
Dividend income	-	614,337
Excess provision written back	-	<u>4,582,427</u>
	<u>3,499,679</u>	<u>41,703,444</u>

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Notes to the Financial Statements
for the year ended 31 March 2015

	<i>2015</i> <u>US \$</u>	<i>2014</i> <u>US \$</u> <i>Restated</i>
17. Administrative and selling expenses		
Rent	16,747	36,206
Salaries and benefits	4,242,481	2,517,215
Business promotion and development expenses	2,371,546	1,786,541
Royalty on sales	17,328,283	16,960,477
Overseas office expenses	3,377,719	3,850,089
Legal & professional charges (net)	8,201,808	2,950,367
Outward freight and distribution expenses	4,249,824	4,400,883
Exchange rate fluctuation (net)	1,852,061	2,615,446
Research and development expenses	37,184,816	4,000,000
License & product registration	5,332,621	5,214,364
Fines and penalties	12,371,110	778,988
Miscellaneous expenses	<u>277,254</u>	<u>7,218,722</u>
	<u>96,806,270</u>	<u>52,329,298</u>

18. Related party transactions and balances

- a) 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 possess 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 with whom the establishment has significant transactions during the year and have year-end balances are as under:

Parent Shareholder Company

- Sun Pharma Holdings - Mauritius

Subsidiaries and step down subsidiaries of the establishment

- Sun Global Canada Pty Ltd - Canada
- Sun Pharma Japan Inc - Japan
- Sun Pharma Philippines Inc - Philippines
- Sun Pharmaceuticals Korea Ltd – Korea
- Sun Pharma Healthcare FZE – UAE
- Sun Pharma East Africa Ltd – Kenya
- Sun Global Development FZE – UAE

Ultimate Parent Company

- Sun Pharmaceutical Industries Limited – India

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Related party transactions and balances (cont'd)

Subsidiaries and Step Down Subsidiaries of Ultimate Parent Company

- Sun Pharmaceutical Industries Inc - USA
- Sun Pharmaceutical Industries Europe B.V - Netherlands
- Sun Pharmaceutical UK Limited – UK
- Sun Pharmaceuticals Italia S.R.L – Italy
- Sun Pharmaceutical France - France
- Sun Pharmaceuticals Germany GmbH – Germany
- Ooo Sun Pharmaceuticals Industries - Russia
- Sun Pharmaceuticals Spain, S.L.U - Spain
- Sun Pharmaceutical Industries (Pty Ltd) Australia - Australia
- Sun Pharma De Mexico Sociedad Anonima CV – Mexico
- Sun Pharmaceutical Peru SA - Peru
- Alkalodia Chemical Company Zrt - Hungary
- Taro Pharmaceuticals Inc. – Canada
- Sun Pharmaceuticals (SA) (PTY) Ltd – South Africa
- TKS Farmaceutica Ltda - Brazil

Enterprise under significant influence of the ultimate parent company's key management personnel & their relatives

- Sun Pharmaceutical Advanced Research Company Ltd – India

b) Significant transactions with the related parties during the year and the year-end balances were as follows:

Transactions:

Figures in ('000)

	<i>Parent shareholder company US\$</i>	<i>Subsidiaries and step down subsidiaries US.\$</i>	<i>Ultimate parent company US.\$</i>	<i>Subsidiaries and step down subsidiaries of ultimate parent company US.\$</i>	<i>Enterprise under significant influence US.\$</i>	<i>Total 2015 US.\$</i>	<i>Total 2014 US.\$</i>
Technology know-how	-	-	-	-	3,400	3,400	4,020
Interest income	-	3	-	355	-	358	2
Other expenses	-	-	-	90	-	90	80
Royalty on sales	-	-	-	-	16,788	16,788	16,599
Purchases	-	-	58,593	643	-	59,236	80,873
Sales	-	-	-	282,686	-	282,686	590,182

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Notes to the Financial Statements
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Related party transactions and balances (cont'd)

Balances:

Figures in ('000)

	<i>Parent shareholder company US\$ Dr/(Cr)</i>	<i>Subsidiaries and step down subsidiaries US\$ Dr/(Cr)</i>	<i>Ultimate parent company US\$ Dr/(Cr)</i>	<i>Subsidiaries and step down subsidiaries of ultimate parent company US\$ Dr/(Cr)</i>	<i>Enterprise under significant influence US\$ Dr/(Cr)</i>	<i>Total 2015 US\$ Dr/(Cr)</i>	<i>Total 2014 US\$ Dr/(Cr)</i>
Trade receivables	-	-	-	222,091	-	222,091	322,785
Accounts receivables	-	-	-	-	-	-	85,911
Long term loans	-	8,557	-	158,029	-	166,586	271,937
Trade payables	-	-	(6,446)	(1,276)	(2,654)	(10,376)	(24,532)
Current account	50	-	-	-	-	50	(20,080)

- c) The board of directors of the establishment have in their meeting held on 4th February 2015 approved the scheme for transfer of all assets and liabilities of its 100 % subsidiary Sun Pharma MEA DMCC to the establishment as on 28 February 2015. Pursuant to this scheme assets of US \$ 3,908,510 and liabilities of US \$ 4,063,465 were transferred to establishment. Accumulated losses of US \$ 2,877,525 were included in the retained earnings of the establishment and the investment of the establishment in to its 100% above mentioned subsidiary is set off against share capital of its 100% subsidiary.

19. Financial instruments: Credit, liquidity, interest and exchange rate 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 balances and trade and other receivables. The establishment's bank current and call accounts are placed with high credit quality financial institutions. As at 31 March 2015, apart from related parties, there are no significant concentrations of credit risk from trade receivables outside the industry in which the establishment operates. The establishment is exposed to short term unsecured and non-interest bearing funds advanced to a third party. The management is confident of recoverability of the same advance. Also, the counter party is in process of availing finance to repay the said advance shortly

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Long term loans bear interest rates from 0 to 15% per annum.

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Notes to the Financial Statements
for the year ended 31 March 2015**Exchange rate risk**

Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Except for the following, there are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in the US Dollars or UAE Dirhams to which the US Dollars is fixed:

	<i>2015</i> <i>Equivalent</i> <i>US \$</i>	<i>2014</i> <i>Equivalent</i> <i>US \$</i>
Foreign currency financial assets		
Trade receivables		
Euro (EUR)	13,922,576	28,069,195
Great Britain Pound (GBP)	4,679,150	5,644,310
Bank balances		
Euro (EUR)	4,404,015	7,312,583
Great Britain Pound (GBP)	1,844,211	2,420,992
Canadian Dollar (CAD)	-	29,543
Foreign currency financial liability		
Trade payables		
Euro (EUR)	874,414	1,464,986
Great Britain Pound (GBP)	695,995	637,820

20. Contingent liabilities

There were no liabilities and or claims against the establishment, contingent in nature outstanding at the statement of financial position date.

21. Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advance)

	<i>2015</i> <i>US \$</i>	<i>2014</i> <i>US \$</i>
	55,385,000	-

22. Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.

23. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2015.

Vishwanath Kenkare
Manager