



# SUN PHARMA

Sun Pharmaceuticals Korea Ltd.  
Financial Statements  
FY 2018-2019  
1 April 2018 - 31 March 2019

## Report on Special Purpose Indian Accounting Standards (Ind AS) Financial Statements

### Opinion

We have audited the accompanying special purpose financial statements of Sun Pharmaceuticals Korea Ltd. (the "Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year ended March 31, 2019 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Ind AS Financial Statements"). These Special Purpose Ind AS Financial Statements have been prepared for the limited purpose of consolidation into the financial statements of the holding company, Sun Pharmaceutical Industries Limited, as at and for the year ended March 31, 2019.

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Ind AS Financial Statements as at and for the year ended March 31, 2019 are prepared, in all material respects, in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

### Basis for Opinion

We conducted our audit of the Special Purpose Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Ind AS Financial Statements.

### Management's Responsibility for the Special Purpose Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Special Purpose Ind AS Financial Statements in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS Financial Statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### Auditors' Responsibility for the Special Purpose Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs 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 Special Purpose Ind AS Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

Sun Pharmaceuticals Korea Ltd.  
Page 3 of 3

Other matters

This report on the Special Purpose Ind AS Financial Statements has been issued solely for the limited purpose of consolidation into the financial statements of the holding company, Sun Pharmaceutical Industries Limited and is intended solely for the information and use by the managements of the Company and the Holding Company. It should not be used for any other purpose or provided to other parties.

The Special Purpose Ind AS financial statements of the Company for the year ended March 31, 2018, included in these Special Purpose Ind AS financial statements, have been audited by the predecessor auditor who had expressed an unmodified opinion on those statements on May 18, 2018.

For S R B C & CO LLP  
ICAI Firm registration number: 324982E/E300003  
Chartered Accountants

per Paul Alvares  
Partner  
Membership No.: 105754

Place: Mumbai  
Date: May 28, 2019

Amount in KRW

Particulars	Note	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
Non - current assets		-	-
Current assets			
Financial assets			
Cash and cash equivalent	1	100,000,000	100,000,000
Other current assets	2	1,138,325	1,073,532
<b>TOTAL ASSETS</b>		<b>101,138,325</b>	<b>101,073,532</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	3	100,000,000	100,000,000
Other equity		(30,762,469)	(26,920,454)
<b>Total equity</b>		<b>69,237,531</b>	<b>73,079,546</b>
Liabilities			
Non - current liability			
Financial liability			
Borrowings	4	29,683,566	27,725,906
Current liability			
Financial liability			
Trade payables		2,217,228	268,080
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>101,138,325</b>	<b>101,073,532</b>

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No : 324982E/E300003

For and on behalf of the Board of directors of  
**Sun Pharmaceuticals Korea Ltd.**

per **Paul Alvares**  
Partner  
Membership No.: 105754  
Place:  
Date:

**Rajesh Shah**  
Director  
Place:  
Date: 23.05.2019

**Surendra Joshi**  
Director  
Place:  
Date: 23.05.2019

Amount in KRW

Particulars	Note	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from operations			
Revenue from contracts with customers		-	-
Expenses			
Other expense	5	3,842,015	(116,479)
Profit/ (Loss) before tax		(3,842,015)	116,479
Tax expenses		-	-
Profit/ (Loss) for the year		(3,842,015)	116,479
Other comprehensive income		-	-
Total comprehensive income for the year		(3,842,015)	116,479
Earnings per equity share (face value per equity share KWR 100)			
In KWR (Basic and Diluted)		(3.84)	0.12

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No : 324982E/E300003

For and on behalf of the Board of directors of  
**Sun Pharmaceuticals Korea Ltd.**

per **Paul Alvares**  
Partner  
Membership No.: 105754  
Place:  
Date:

**Rajesh Shah**  
Director  
Place:  
Date: 23.05.2019

**Surendra Joshi**  
Director  
Place:  
Date:23.05.2019

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

Particulars	Amount in KRW		
	Equity share capital	Retained earnings	Total
Balance as at March 31, 2017	100,000,000	(27,036,933)	72,963,067
Profit/ (Loss) for the year	-	116,479	116,479
Other comprehensive income for the year, net of income tax	-	-	-
Total comprehensive income for the year	-	116,479	116,479
<b>Balance as at March 31, 2018</b>	100,000,000	(26,920,454)	73,079,546
Profit/ (Loss) for the year	-	(3,842,015)	(3,842,015)
Other comprehensive income for the year, net of income tax	-	-	-
Total comprehensive income for the year	-	(3,842,015)	(3,842,015)
<b>Balance as at March 31, 2019</b>	100,000,000	(30,762,469)	69,237,531

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No : 324982E/E300003

For and on behalf of the Board of directors of  
Sun Pharmaceuticals Korea Ltd.

per Paul Alvares  
Partner  
Membership No.: 105754  
Place:  
Date:

Rajesh Shah  
Director  
Place:  
Date: 23.05.2019

Surendra Joshi  
Director  
Place:  
Date: 23.05.2019

SUN PHARMACEUTICALS KOREA LTD.

Notes to the financial statements for the year ended March 31, 2019

**Note 1: Cash and cash equivalent**

Amount in KRW

	As at March 31, 2019	As at March 31, 2018
Balances with bank - Current account	100,000,000	100,000,000

**Note 2: Other current assets**

Amount in KRW

	As at March 31, 2019	As at March 31, 2018
Other receivables	1,138,325	1,073,532

**Note 3: Equity share capital**

Equity shares of KRW 100 each issued, subscribed and fully paid

	No. of shares	Amount in KRW
At March 31, 2017	1,000,000	100,000,000
Changes during the period	-	-
At March 31, 2018	1,000,000	100,000,000
Changes during the period	-	-
At March 31, 2019	1,000,000	100,000,000

## Shares held by holding company

Amount in KRW

	As at March 31, 2019	As at March 31, 2018
Sun Pharma Global FZE, holding company		
1,000,000 (March 31, 2018: 1,000,000) equity shares	100,000,000	100,000,000

**Terms/ rights attached to equity shares**

The company has only one class of equity shares having par value of KRW 100 per share. Each holder of equity shares is entitled to one vote per share and entitlement to dividend.

**Note 4: Borrowings**

Amount in KRW

	As at March 31, 2019	As at March 31, 2018
Loans from related party [Loans repayable on demand (Unsecured)]		
- from Sun Pharma Global FZE	29,683,566	29,683,566

Interest free loan taken from the Holding company is not discounted at Fair value and shown as per historical cost as decided by the management

**Note 5: Other expense**

Amount in KRW

	Year ended March 31, 2019	Year ended March 31, 2018
Payments to auditor - Audit fees	1,648,708	268,080
Net (gain) / loss on foreign currency transactions	1,624,787	(1,170,905)
Professional, legal and consultancy	568,520	786,347
	3,842,015	(116,479)

**Note 6: Categories of financial instruments**

Amount in KRW

	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Cash and cash equivalent	-	-	100,000,000
Financial liabilities			
Borrowings	-	-	29,683,566
Trade payables	-	-	2,217,228
	-	-	31,900,794

Amount in KRW

	As at March 31, 2018		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Cash and cash equivalent	-	-	100,000,000
Financial liabilities			
Borrowings	-	-	27,725,906
Trade payables	-	-	268,080
	-	-	27,993,986



BALANCE SHEET AS AT MARCH 31, 2019

Note 7: Related party transactions

Names of related parties where control exists and description of relationships

Holding company Sun Pharma Global FZE

Key Managerial Personnel (KMP) :

Name of the Director	Nationality	Position
Rajesh Shah	Indian	Director
Surendra Joshi	Indian	Director

Particulars	Relationship	Amount in KRW	
		March 31, 2019	March 31, 2018
Transactions during the year			
Loan taken / (repaid) during the year *	Holding company	1,957,660	(185,208)
Balance outstanding at the end of the year			
Borrowings	Holding company	29,683,566	27,725,906

\* It includes the impact of Exchange Fluctuation

Note 8: Capital management

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

Debt equity ratio	Amount in KRW	
	As at March 31, 2019	As at March 31, 2018
Debt	29,683,566	27,725,906
Less: cash and cash equivalents	100,000,000	100,000,000
Net debt	(70,316,434)	(72,274,094)
Total equity, including reserves	69,237,531	73,079,546
Net debt to total equity ratio	N/A	N/A

Note 9: Financial risk management

The Company's activities expose it to a variety of financial risks like liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The table below provides details regarding the contractual maturities of significant financial liabilities:

	Amount in KRW			
	Less than 1 year	1 - 3 years	More than 3 years	Total As at March 31, 2019
Non derivative				
Borrowings	-	-	29,683,566	29,683,566
Trade payables	2,217,228	-	-	2,217,228

	Amount in KRW			
	Less than 1 year	1 - 3 years	More than 3 years	Total As at March 31, 2018
Non derivative				
Borrowings	-	-	27,725,906	27,725,906
Trade payables	268,080	-	-	268,080

**Note 10: Corporate Information**

Sun Pharmaceuticals Korea Ltd ("the Company") was incorporated on September 20, 2011 in Korea and the company number is 110111-4690487. The Company has not commenced any commercial activity till date. The financial statement were authorised for issue in accordance with a resolution of the directors on May 23, 2019.

**Note 11: Significant Accounting policies**

**Statement of compliance**

The Company has prepared financial statements for the year ended March 31, 2019 in accordance with Indian Accounting Standards (Ind AS) under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2018.

**Basis of preparation and presentation**

These Special Purpose Ind AS Financial statements have been prepared for the limited purpose of consolidation into the Financial statements of the holding company, Sun Pharmaceutical Industries Limited, as at and for the year ended March 31, 2019. These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is expected to be realised within twelve months after the reporting period and all other assets are classified as non-current. A liability is current when there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period and all other liabilities are classified as non-current.

The financial statements are presented in South Korean won, which is the Company's functional currency.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

**a. Financial Instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are measured at amortised cost using the effective interest method

**b. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value.

**c. Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

**d. Recent accounting pronouncements**

Standards issued but not yet effective and not early adopted by the Company.

On March 30, 2019, the MCA, issued certain amendments to Ind AS. The amendments relate to the following standards:

- Ind AS 116 Leases
- Ind AS 23 Borrowing Costs
- Ind AS 109 Financial Instruments

The amendments are effective April 1, 2019. The Company believes that the aforementioned amendments will not materially impact the financial position, performance of the Company.

**For S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No : 324982E/E300003

For and on behalf of the Board of Directors of  
**Sun Pharmaceuticals Korea Ltd.**

**per Paul Alvares**  
Partner  
Membership No.: 105754  
Place:  
Date:

**Rajesh Shah**  
Director  
Place:  
Date: 23.05.2019

**Surendra Joshi**  
Director  
Place:  
Date: 23.05.2019