

**SUN PHARMACEUTICAL
INDUSTRIES S.A.C.**

FINANCIAL STATEMENTS

2022 - 2023

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REPORT OF INDEPENDENT AUDITORS

May 24, 2023

**To the Shareholders and Directors of
SUN PHARMACEUTICAL INDUSTRIES S.A.C.**

We have audited the attached financial statements of SUN PHARMACEUTICAL INDUSTRIES S.A.C., which comprise of the Balance Sheet as at March 31, 2023, the statement of profit and loss, statement of changes in equity and statement of cash flows for the periods then ended, the preparation of the Financial Statements being the Company's Management responsibility. Our responsibility is to express an opinion on these Financial Statements based on our audit.

Our audit was made in accordance with generally accepted Auditing Standards in Peru. Those standards require that we plan and perform our work in order to obtain reasonable guarantee that the Financial Statements are free of material misstatement. An audit includes an assessment based on selective evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles applied, and the significant estimates made by the Management; as well as evaluating an overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached Financial Statements present fairly, in all material respects, the financial position of the company SUN PHARMACEUTICAL INDUSTRIES S.A.C., for the year ended March 31, 2023, the results of its operations and cash flows for the year then ended in accordance with the generally accepted Accounting Principles.

SUN PHARMACEUTICAL INDUSTRIES S.A.C.
BALANCE SHEET AS AT MARCH 31, 2023

	Notes	As at March 31, 2023		As at March 31, 2022	
		Soles	Soles	Soles	Soles
EQUITY AND LIABILITIES					
Shareholders' Funds					
Capital Stock		4,342,017	3,090,889	4,342,017	
Reserves and Surplus	3	<u>(1,251,128)</u>		<u>(12,897,057)</u>	(8,555,040)
Current Liabilities					
Sundry Creditors	4	26,995,685		27,822,326	
Other Current Liabilities	5	<u>4,109,562</u>	31,105,248	<u>4,920,275</u>	32,742,601
Non-Current Liabilities					
Loans and Advances	6		7,481,106		6,593,250
Total Liabilities			<u>41,677,243</u>		<u>30,780,811</u>
ASSETS					
Non Current Assets					
Fixed Assets	7	1,205,504		226,959	
Long Term Loans and Advances	8	<u>241,334</u>	1,446,839	<u>240,117</u>	467,075
Current Assets					
Inventories	9	20,848,914		13,746,073	
Trade Receivables	10	15,732,149		9,454,680	
Cash and Cash Equivalents	11	2,711,171		5,717,159	
Loans and advances	12	<u>938,171</u>	40,230,404	<u>1,395,823</u>	30,313,735
Total Assets			<u>41,677,243</u>		<u>30,780,811</u>

The accompanying notes are an integral part of the Financial Statements

SUN PHARMACEUTICAL INDUSTRIES S.A.C.
INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

	Notes	Year Ended March 31, 2023		Year Ended March 31, 2022	
		Soles	Soles	Soles	Soles
Total Income	13				
Revenue From Operations		41,458,584		40,278,853	
Other Income		100,400	41,558,985	121,533	40,400,386
Cost of Consumption					
Cost of Material Consumption	14		(13,127,627)		(26,809,999)
Operational Expenses					
Personnel Expenses	15	(7,597,834)		(7,380,024)	
Marketing Sales and Distribution Expenses	16	(3,301,719)		(2,777,272)	
Other Expenses	17	(2,274,447)		(5,163,321)	
Depreciation	18	(790,971)	(13,964,971)	(211,468)	(15,532,085)
Operating Profit			14,466,387		(1,941,698)
Exchange Gain / (Loss) - Net			(972,835)		98,814
Profit before Tax			13,493,551		(1,842,885)
Income-tax			(1,847,621)		
Profit after Tax			11,645,930		(1,842,885)

The accompanying notes are part of the Financial Statements

SUN PHARMACEUTICAL INDUSTRIES S.A.C.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

	Year Ended March 31, 2023		Year Ended March 31, 2022	
	Soles	Soles	Soles	Soles
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (Loss) Before Tax		13,493,551		(1,842,885)
Adjustment for:				
Depreciation Expenses	790,971		211,468	
Provision (Excess Provision) for Doubtful Trade Receivables	-		(79,684)	
Excess Depreciation Provided written back	-	790,971	(29,365)	102,418
		<u>14,284,522</u>		<u>(1,740,466)</u>
Operating Profit (Loss) Before Working Capital Changes				
Changes in Working Capital:				
Increase / (Decrease) Trade Payables	(537,727)		7,044,133	
Increase / (Decrease) Other Current Liabilities	(810,713)		3,633,895	
Increase / (Decrease) Loans and Advances-Non Current Liabilities	887,856		(142,579)	
(Increase) / Long Term Loans and Advances-Non Current Assets	(1,218)		(2,729)	
(Increase) / Decrease Inventories	(7,102,841)		(5,236,102)	
(Increase) / Decrease Trade Receivables	(7,479,496)		(564,457)	
(Increase) / Decrease Loans and Advances-Current Assets	457,652		(1,301,396)	
Assets Leased under ROU - Vehicle	(1,748,817)			
Assets Leased under ROU - Building	-		(196,425)	
		<u>(16,335,303)</u>		<u>3,234,341</u>
Cash Generated from / (Used in) Operations		<u>(2,050,781)</u>		<u>1,493,874</u>
Income Tax Paid		934,507.00		
Net Cash Flow from Operating Activities		<u>(2,985,288)</u>		<u>1,493,874</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Capital Expenditure on Fixed Assts (Net)		(20,700)		(6,446)
Net Cash Generated from / (Used in) Investing Activities		<u>(20,700)</u>		<u>(6,446)</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS		<u>(3,005,988)</u>		<u>1,487,428</u>
CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR		5,717,159		4,229,731
CASH AND EQUIVALENTS AT END OF THE YEAR		<u>2,711,171</u>		<u>5,717,159</u>

The accompanying notes are part of the Financial Statements

SUN PHARMACEUTICAL INDUSTRIES S.A.C.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2023

Shareholders' Name	Opening Balance		Addition / (Deletion)		Closing Balance	
	No. of Shares	Soles	No. of Shares	Soles	No. of Shares	Soles
SUN PHARMA NETHERLANDS B.V.	4,342,016	4,342,016	0	-	4,342,016	4,342,016
RANBAXY HOLDING (U.K.) LTD	1	1	0	-	1	1
Total Capital Stock	4,342,017	4,342,017	0	0	4,342,017	4,342,017
Previous Year	4,342,017	4,342,017	0	0	4,342,017	4,342,017

The accompanying notes are part of the Financial Statements

SUN PHARMACEUTICAL INDUSTRIES S.A.C.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022 - 2023

1. OBJECTIVE, ACTIVITIES AND LEGAL ASPECT

The main activity of the company is the commercialization of pharmaceutical products.

Within the corporate purpose acts related to the activities described in the preceding paragraphs that contribute to its goals achievement are included. To comply with the corporate purpose, the company may perform all legal acts and contracts without restriction or limitation.

The activity of SUN PHARMACEUTICAL INDUSTRIES S.A.C., is governed by the New General Law of Commercial Companies and as provided in the articles and rules of incorporation and amendments.

2. SIGNIFICANT ACCOUNTING POLICIES

The principles and significant accounting policies applied for registration of operations and arrangement of Financial Statements are as follows:

- a) The preparation and presentation of Financial Statements in accordance with generally accepted accounting principles in Peru, requires Management to make estimates and assumptions to determine the amounts of assets and liabilities and the amounts of revenues and expenses, and of contingent assets and liabilities at the date of the financial statements. If these estimates and assumptions vary in the future as a result of changes in circumstances and conditions under which they were based, the effect of such changes is recognized in profit or loss at the time such changes are identified. The main estimates related to financial statements correspond: i) estimate of allowance for doubtful accounts; ii)

allowances for impairment of inventories; iii) estimate of useful life assigned to fixed assets; iv) the recoverability of income tax.

- b) Fixed assets are stated at historical cost, net of accumulated depreciation and accumulated impairment, if any. The initial cost comprises its purchase price, and any other cost directly attributable to locating and rendering the assets fit to use. Disbursements incurred after assets have been put to use, such as repairs and the cost of maintenance and refurbishment are charged to results of period in which the costs are incurred. If it can be demonstrated clearly that such disbursement will result in future benefits deriving from use assets beyond their original performance standard, these are capitalized as an additional cost to assets. Repairs and maintenance costs are recognized in the results of period as incurred. An item of fixed assets 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss.
- c) Foreign currency transactions: Functional currency and presentation currency, Company prepares and presents its financial statements in Soles, which corresponds to its functional currency. The functional currency corresponds to primary economic environment in which the Company operates.

Transactions and balances: transactions in different currency were translated into the functional currency, at the exchange rate as on the date of the transactions. Differences due to adjustment of balances of assets and liabilities in foreign currencies, recorded at the exchange rate when the operations occurred and the exchange rate at the date of balance sheet are recognized in the results of the period.

3. SHAREHOLDERS' FUNDS

	As at 31 March, Soles	
	2023	2022
Equity Capital	4,342,017	4,342,017
Legal Reserves	103,698	103,698
Retained Earnings of Previous years	-13,000,755	-11,157,871
Net Income (Loss) for the Year	11,645,930	-1,842,885
	<u>3,090,890</u>	<u>-8,555,041</u>

In the Balance Sheet the Equity Capital as at March 31, 2023 is comprised of 4'342,017 Soles (Previous year 4'342,017 Soles), representing 4'342,017 (Previous year 4'342,017) units of common shares with a nominal value of 1.00 Soles (Previous year 1.00 Soles) each.

4. SUNDRY CREDITORS

	As at 31 March, Soles	
	2023	2022
Trade Payables Other than Acceptances	497,537	506,301
Trade Payables Acceptances	6,090,537	6,384,539
Other Trade Payables	20,407,611	20,931,486
	<u>26,995,685</u>	<u>27,822,326</u>

5. OTHER CURRENT LIABILITIES

	As at 31 March, Soles	
	2023	2022
Other Provisions	934,039	3,042,152
Current Maturities of Lease Obligations	599,437	52,356
Taxes Payable	1,847,621	665,513
Employee Benefits Severance Pension Pay	728,466	1,160,254
	<u>4,109,562</u>	<u>4,920,275</u>

6. LOANS AND ADVANCES (NON-CURRENT LIABILITIES)

	As at 31 March,	
	Soles	
	2023	2022
Long term Maturities of Lease Obligations	788,913	
Unsecured Inter-company non-current borrow	6,692,193	6,593,250
	<u>7,481,106</u>	<u>6,593,250</u>

7. FIXED ASSETS

Particulars	Gross Block (At Cost)	Depreciation / Amortisation / Impairment	Net Block	
	As at 31.03.2023	As at 31.03.2023	As at 31.03.2023	As at 31.03.2022
Tangible Assets				
Data Processing Equipments	99,698.52	60,296.86	39,401.66	33,123.25
Office Equipments	14,452.11	5,588.13	8,863.98	10,309.24
Vehicles	60,845.00	60,845.00	-	-
Furniture and Fixtures	67,932.25	40,695.52	27,236.73	34,029.97
Assets leased under ROU - Vehicle	1,748,817.00	582,939.00	1,165,878.00	-
Assets leased under ROU - Building	714,426.00	750,302.00	(35,876.00)	149,496.00
Total	2,706,170.88	1,500,666.51	1,205,504.37	226,958.46

8. LONG TERM LOANS AND ADVANCES (NON CURRENT ASSETS)

(Considered good)

	As at 31 March,	
	Soles	
	2023	2022
Long Term un-secured Inter-company Loans	164,221	163,004
Deposits Given	77,113	77,113
	<u>241,334</u>	<u>240,117</u>

9. INVENTORIES (Considered good)

	As at 31 March, Soles	
	2023	2022
Finished goods	13,311,743	13,428,616
Finished goods in transit	7,537,171	317,457
	<u>20,848,914</u>	<u>13,746,073</u>

10. TRADE RECEIVABLES

	As at 31 March, Soles	
	2023	2022
Considered Good	17,923,509	11,374,587
Considered Doubtful	-2,191,360	-1,919,907
Provision for Doubtful Trade Receivables		
	<u>15,732,149</u>	<u>9,454,680</u>

11. CASH AND CASH EQUIVALENTS

	As at 31 March, Soles	
	2023	2022
Cash on hand	2,374	1,838
Cash at Bank:		
On Current Soles Account	2,443,080	4,385,521
On Current U.S. Dollar Account	14,418	1,248,002
On Soles Deposit Account	251,298	81,798
	<u>2,711,171</u>	<u>5,717,159</u>

12. LOANS AND ADVANCES (CURRENT ASSETS - Considered good)

	As at 31 March, Soles	
	2023	2022
Advances to Suppliers	119,859	121,240
Balances with Government Authorities	735,235	1,247,683
Prepaid Expenses	83,077	26,900
	<u>938,171</u>	<u>1,395,823</u>

13. TOTAL INCOME

	Year ended 31 March,	
	Soles	
	2023	2022
Sales of Products	41,458,584	40,278,853
Provision for Doubtful Trade Receivable		79,684
Written back		-
Excess Depreciation Provided written back		29,365
Other Interest income		
Other Miscellaneous Income	100,400	12,484
	<u>100,400</u>	<u>40,400,386</u>

14. COST OF CONSUMPTION

	Year ended 31 March,	
	Soles	
	2023	2022
Cost of Material Consumption	13,127,627	26,809,999
	<u>13,127,627</u>	<u>26,809,999</u>

15. PERSONNEL EXPENSES

	Year ended 31 March,	
	Soles	
	2023	2022
Salaries, Wages, Bonus and Benefits	4,922,884	4,769,579
Contribution to Provident and other funds	402,804	314,918
Staff Welfare Expenses	2,272,146	2,295,527
	<u>7,597,834</u>	<u>7,380,024</u>

16. MARKETING, SELLING AND DISTRIBUTION EXPENSES

	Year ended 31 March,	
	Soles	
	2023	2022
Selling and Distribution	3,301,719	2,399,359
Special Discounts		377,913
	<u>3,301,719</u>	<u>2,777,272</u>

17. OTHER EXPENSES

Year ended 31 March,

	Soles	
	2023	2022
Bank charges	7,543	5,427
Rent - Car	974,413	758,738
Rates and Taxes	41,485	39,332
Insurance	72,493	70,783
Printing and Stationery	26,424	16,282
Traveling, Lodging and Boarding	215,941	114,181
Communications	50,351	80,436
Consulting Fees	102,205	270,984
Audit Fees	12,657	7,908
Regulatory Filing Fees	346,341	293,830
Interest charge on Lease Liability	153,141	
Other Misc. Expenses	271,453	3,505,419
	<u>2,274,447</u>	<u>5,163,320</u>

18. DEPRECIATION

Year ended 31 March,

	Soles	
	2023	2022
Dep - assets leased under ROU - Building	185,372	188,202
Dep - assets leased under ROU - Vehicles	582,939	
IT equipment	14,422	14,907
Office equipment	1,445	1,566
Vehicles		-
Furniture and Fixtures	6,793	6,793
	<u>790,971</u>	<u>211,468</u>

19. INCOME TAX

Superintendence Resolution No. 000195-2021/SUNAT, Resolution No. 271-2019/SUNAT is amended that approves provisions and forms for the affidavit annual income tax and transaction tax financial and the schedule for the year is approved taxable 2020.

Through the Consolidated Text of Income Tax Law, Supreme Decree No. 179-2004-EF and amendments, rules are established as approved by Supreme Decree No. 054-99-EF, hereinafter TUO (for its acronym in Spanish) and related standards regulating the Income Tax, as amended by Law No. 27356, 27386 and 27394 and Law No. 27513 and 27615. This standard has been regulated by Supreme Decree No. 122-94-EF, modified by SD 194-99-EF and S.D. 045-2001-EF and Superintendence Resolution No. 011-2018/SUNAT and Superintendence Resolution No. 069-2018/SUNAT and Superintendence Resolution No. 015-2019/SUNAT approving the provisions and forms for the annual tax return for income tax and taxes on the financial transactions of the taxable year 2020 basis that is taken for the closing of the financial statements to March 2021.

20. APPROVAL OF THE FINANCIAL STATEMENTS AND EXPLANATORY NOTES

These financial statements were approved by the Management of Sun Pharmaceutical Industries S.A.C., and authorized for issue on 30th Apr, 2023.