

**SUN PHARMA GLOBAL FZE**

**Financial Statements**

*31 March 2018*

**SUN PHARMA GLOBAL FZE**

**Financial Statements**  
**31 March 2018**

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**SUN PHARMA GLOBAL FZE**  
**Directors' Report**

The directors submit their report and accounts for the year ended 31 March 2018.

**Results and appropriations**

The results of the establishment and the appropriations made for the year ended 31 March 2018 are set out on pages 5 and 6 of the financial statements.

The financial statements set out in page 4 to 27 are drawn up so as to give a true and fair view of the financial position of the establishment as at 31 March 2018 and the financial performance, changes in equity and cash flows of the establishment for the year then ended on that date in accordance with the provisions of the Sharjah Airport International Free Zone Authority, Dubai Multi Commodities Centre 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 registered with general trading license carried out the activity of selling of owned proprietary pharmaceutical products manufactured by the overseas related party and third-party contract manufacturers during the year. The establishment has also incurred significant amount for the development of branded products 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.

**Directors**

The directors of the establishment during the year were as under:

Mr. Dilip Shanghvi  
 Mr. Surendra Joshi  
 Mr. Kirti Ganorkar  
 Mr. Rajesh Khushalchand Shah  
 Mr. Harin Parmanand Mehta

**Shareholder and its interest**

The shareholder at 31 March 2018 and its interest as at that date in the share capital of the establishment was under:

	<i>Country of incorporation</i>	<i>No. of shares</i>	<i>AED</i>	<i>USD</i>
Sun Pharma Holdings	Mauritius	<u>101</u>	<u>15,150,000</u>	<u>4,124,694</u>

**Auditors**

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

On behalf of the board:

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Harin P. Mehta  
**DIRECTOR**

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of **SUN PHARMA GLOBAL FZE** (the “establishment”), which comprise the statement of financial position as at 31 March 2018, statement of profit or loss and other comprehensive income, statement of changes in equity, 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 PHARMA GLOBAL FZE** as at 31 March 2018, 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates, Sharjah Airport International Free Zone and Dubai Multi Commodities Centre, 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.

#### *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 Dubai Multi Commodities Centre 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:

- 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.

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

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, there were no contraventions during the year of the regulations 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**

20 May 2018

Dubai



## SUN PHARMA GLOBAL FZE

Statement of Financial Position  
31 March 2018

	<i>Notes</i>	<b>2018</b> <i>US\$</i>	<b>2017</b> <i>US\$</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	8,352,027	8,320,770
Intangible assets	6	710,862,019	682,827,570
Available for sale investments	7	141,475,143	81,168,090
Investments in subsidiaries	8	5,609,911	5,609,911
Investments in associates	9	3,893,313	3,776,144
Long-term loans	10	<u>584,651,604</u>	<u>300,801,682</u>
		<b><u>1,454,844,017</u></b>	<b><u>1,082,104,167</u></b>
<b>Current assets</b>			
Inventories	11	41,090,386	29,748,568
Trade receivables	12	389,645,420	350,419,505
Advances, deposits and other receivables	13	11,387,484	15,901,315
Prepayments		245,796	606,145
Cash and bank balances	14	<u>216,255,613</u>	<u>562,593,771</u>
		<b><u>658,624,699</u></b>	<b><u>959,269,304</u></b>
<b>Total assets</b>		<b><u>2,113,468,716</u></b>	<b><u>2,041,373,471</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	15	4,124,694	4,124,694
General reserve	16	538,161,280	538,161,280
Retained earnings		1,384,675,618	1,349,215,443
Cumulative changes in fair value of available-for sale-investments		30,036,749	11,721,812
Hedging reserve		<u>(551,945)</u>	<u>1,034,608</u>
<b>Total equity</b>		<b><u>1,956,446,396</u></b>	<b><u>1,904,257,837</u></b>
<b>Non-current liability</b>			
Staff end of service gratuity		<u>277,335</u>	<u>224,892</u>
<b>Current liability</b>			
Trade and other payables	17	<u>156,744,985</u>	<u>136,890,742</u>
<b>Total liabilities</b>		<b><u>157,022,320</u></b>	<b><u>137,115,634</u></b>
<b>Total equity and liabilities</b>		<b><u>2,113,468,716</u></b>	<b><u>2,041,373,471</u></b>

The notes on pages 9 to 27 form an integral part of these financial statements.

On behalf of the board:

Harin P. Mehta  
DIRECTOR

## SUN PHARMA GLOBAL FZE

**Statement of Profit or Loss and Other Comprehensive Income**  
*for the year ended 31 March 2018*

	<i>Notes</i>	<i>2018</i> <u>US\$</u>	<i>2017</i> <u>US\$</u>
<b>Revenue</b>	18	<u><b>370,240,750</b></u>	<u><b>548,741,902</b></u>
<b>Expenditure</b>			
Cost of sales		(93,873,831)	(95,720,222)
General expenses	19	(179,721,600)	(186,950,322)
Impairment of available for sale investment		(4,284,234)	-
Depreciation		(1,167,265)	(857,814)
Amortization		<u>(55,850,814)</u>	<u>(46,847,387)</u>
<b>Total expenditure</b>		<u><b>(334,897,744)</b></u>	<u><b>(330,375,745)</b></u>
<b>Profit from operations</b>		<b>35,343,006</b>	<b>218,366,157</b>
Share of profit/(loss) from an associate		<u>117,169</u>	<u>(38,362)</u>
<b>Profit for the year</b>		<u><b>35,460,175</b></u>	<u><b>218,327,795</b></u>
<b>Other comprehensive income/(loss)</b>			
Changes in fair value of available-for-sale investments		18,314,937	(55,565,227)
Changes in fair value of cash flow hedges		<u>(1,586,553)</u>	<u>1,034,608</u>
<b>Total comprehensive income for the year</b>		<u><b>52,188,557</b></u>	<u><b>163,797,176</b></u>

*The notes on pages 9 to 27 form an integral part of these financial statements.*

On behalf of the board:

\_\_\_\_\_  
 Harin P. Mehta  
**DIRECTOR**

## SUN PHARMA GLOBAL FZE

Statement of Changes in Equity  
for the year ended 31 March 2018

	<i>Share capital US \$</i>	<i>General reserve US \$</i>	<i>Retained earnings US \$</i>	<i>Cumulative changes in fair value of available- for sale- investments US \$</i>	<i>Hedging reserve US \$</i>	<i>Total US \$</i>
As at 31 March 2016	4,124,694	538,161,280	1,131,313,246	67,287,039	-	1,740,886,259
Adjustment*			(425,598)	-	-	(425,598)
Profit for the year	-	-	218,327,795	-	-	218,327,795
Other comprehensive income/(loss) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,565,227)</u>	<u>1,034,608</u>	<u>(54,530,619)</u>
<b>As at 31 March 2017</b>	<b>4,124,694</b>	<b>538,161,280</b>	<b>1,349,215,443</b>	<b>11,721,812</b>	<b>1,034,608</b>	<b>1,904,257,837</b>
Profit for the year	-	-	35,460,175	-	-	35,460,175
Other comprehensive income/(loss) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,314,937</u>	<u>(1,586,553)</u>	<u>16,728,384</u>
<b>As at 31 March 2018</b>	<b><u>4,124,694</u></b>	<b><u>538,161,280</u></b>	<b><u>1,384,675,618</u></b>	<b><u>30,036,749</u></b>	<b><u>(551,945)</u></b>	<b><u>1,956,446,396</u></b>

\* This represents change in fair value of investment in an associate due to change in accounting policy adopted by the parent company.

The notes on pages 9 to 27 form an integral part of these financial statements.

On behalf of the board:

\_\_\_\_\_  
Harin P. Mehta  
DIRECTOR



## SUN PHARMA GLOBAL FZE

**Statement of Cash Flows**  
**for the year ended 31 March 2018**

	<i>Note</i>	<b>2018</b> <b>US \$</b>	<b>2017</b> <b>US \$</b>
<b><u>Cash flows from operating activities</u></b>			
Profit for the year		35,460,175	218,327,795
Adjustments for:			
Depreciation		1,167,265	857,814
Amortization		55,850,814	46,847,387
Allowance for doubtful advances		3,000,750	-
Impairment of available for sale investment		4,284,234	
Provision for staff end of service gratuity		52,443	70,516
Loss on disposal of property, plant and equipment		-	42,403
Interest income		<u>(15,941,286)</u>	<u>(11,510,807)</u>
<b>Operating profit before working capital changes</b>		<b>83,874,395</b>	<b>254,635,108</b>
(Increase)/decrease in inventories		(11,341,818)	(29,748,568)
(Increase)/decrease in trade, prepayment, accounts and other receivables		(36,404,213)	212,127,636
Increase/ (decrease) in trade and other payables		<u>(16,714,167)</u>	<u>98,256,453</u>
<b>Cash generated from operations</b>		<b>19,414,197</b>	<b>535,270,629</b>
Staff end of service gratuity paid		<u>(18,143)</u>	<u>-</u>
<b>Net cash from / (used) in operating activities</b>		<b><u>19,396,054</u></b>	<b><u>535,270,629</u></b>
<b><u>Cash flows from investing activities</u></b>			
Payment for purchase of property, plant and equipment		(1,198,522)	(468,334)
Payment for purchase of intangible assets		(48,885,263)	(257,062,850)
Proceeds from disposal of property, plant and equipment		-	50,000
Long term loans recovered/(advanced) (net)		(295,375,922)	(32,302,067)
Proceeds from/ (payment for) other investments (net)		(35,267,517)	38,354
Proceeds from/ (placement for) term deposits		314,914,594	(345,000,000)
Interest income received		<u>14,993,012</u>	<u>2,508,616</u>
<b>Net cash from/ (used in) investing activities</b>		<b><u>(50,819,618)</u></b>	<b><u>(632,236,281)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(31,423,564)</b>	<b>(96,965,652)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b><u>117,593,771</u></b>	<b><u>214,559,423</u></b>
<b>Cash and cash equivalents at the end of the year</b>	14	<b><u>86,170,207</u></b>	<b><u>117,593,771</u></b>

*The notes on pages 9 to 27 form an integral part of these financial statements.*

On behalf of the board:

\_\_\_\_\_  
 Harin P. Mehta  
**DIRECTOR**

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****1. Corporate information****Legal status and 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. The ultimate parent company is Sun Pharmaceutical Industries Limited, India.

The establishment has a branch in Dubai Multi Commodities Centre (DMCC), Dubai, United Arab Emirates under the name Sun Pharma Global FZE (DMCC Branch). The branch is operating under trading license no. 109445 with general trading as its licensed activity. The branch facilitates operating, administrative and marketing activities of the head office.

The registered address of the branch is Unit Nos. 703, 704 and 705, JBC 1, Plot No. JLT-PH1-G2A, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

The establishment sources pharmaceutical products, formulations, active pharmaceutical ingredients and processes from the ultimate parent company, its subsidiaries and third party contract manufacturers and supplies mainly to the overseas related parties. These products are registered with and approved by the relevant authorities/agencies overseas. These financial statements include expenditure/disbursements pertaining to research & developments, product licensing, registration, employee/representatives' costs and other related expenditures pertaining to these sourced products.

**2. Basis of preparation**

These financial statements contain information about the establishment as an individual establishment and do not contain consolidated financial information as the parent of subsidiaries. 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.

*Statement of compliance*

The financial statements have been prepared under accrual basis of accounting and on the basis that the establishment is a going concern 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 Airport International Free Zone and Dubai Multi Commodities Centre.

*Basis of measurement*

The financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****Basis of preparation (cont'd)***Functional and presentation currency*

These financial statements have been presented in United States Dollars (US\$), 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.

*Application of new and revised International Financial Reporting Standards (IFRS)*

The establishment has applied all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 April 2017. The establishment has not early adopted any other standard, interpretation or amendment that has been issued but are not yet effective.

**3. Summary of significant accounting policies**

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

**Property, plant and equipment**

Capital advance are stated at cost, less any recognized impairment loss. Depreciation on 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 establishment reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

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	30 years
Furniture, fixtures and office equipment	5 - 6 years
Vehicles	5 years

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****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 statement of profit or loss and other comprehensive income when the asset is derecognized.

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 that are acquired by the establishment and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. Licences, patents, know-how, marketing rights, trademarks and software separately acquired or acquired as part of a business combination are amortised over their estimated useful lives of 5 to 12 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. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*Intangible assets under development*

Acquired in process of research and development ("IPR&D"), that the establishment acquires through business combination or separately, represents fair 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 exist 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 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.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalized since the probability of expected future economic benefits criterion is generally considered to be satisfied for separately acquired intangible assets.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****Summary of significant accounting policies (cont'd)****Investments***Investment in subsidiaries and associates*

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. An associate is an entity in which the establishment has significant influence, and which is neither a subsidiary nor a joint venture. Investment in subsidiaries are accounted for at cost less provision for impairment, if any. Investment in associate is accounted for at equity method. Dividend income is recognized in the statement of profit or loss and other comprehensive income when paid out by the subsidiaries.

*Available for sale investments*

Investments in quoted shares are recognised on settlement date basis and are initially measured at cost. Subsequent to initial recognition, investments are accounted for depending upon their classification as either amortised cost or fair value through other comprehensive income. For investments actively traded in organized financial markets, fair value is generally determined by reference to stock exchange quoted price at the close of business on the reporting date, adjusted for illiquidity constraints and other costs necessary to realize the asset's value. Gains and losses arising from a change in fair value of investments available for sale are recognized in the other comprehensive income under the heading of 'investment valuation reserve'.

Available for sale investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

**Inventories**

Inventories consisting of raw materials, work-in-progress and finished goods are stated at lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials comprises cost of purchases. Cost of work-in-progress and finished goods comprise direct material and variable overhead expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

**Financial instruments**

Financial assets are recognized when, and only when, the establishment becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Group's financial assets, except for investments classified at fair value through profit or loss (FVTPL). Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments (HTM), available-for-sale (AFS) financial assets and loans and receivables. Financial assets comprise investment in debt and equity instruments, loans, trade receivables, accrued interest, refund deposits and cash and cash equivalents.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****Summary of significant accounting policies (cont'd)*****Financial assets****Available for sale investments*

AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified as loans and receivables, HTM investments or financial assets at FVTPL.

Listed redeemable notes held by the company that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Dividends on AFS equity instruments are recognized in profit or loss when the company's right to receive the dividends is established.

AFS assets are included in non-current assets unless the investment matures or management intends to dispose it within 12 months after the end of the reporting period.

*De-recognition of financial assets*

The establishment derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the establishment neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the establishment recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the establishment retains substantially all the risks and rewards of ownership of transferred financial asset, the establishment continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****Summary of significant accounting policies (cont'd)***Loans and receivables*

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment and are included in non-current assets.

*Trade 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 comprise accrued interest and refundable deposits.

*Cash and cash equivalents*

Cash and cash equivalents in the statement of financial position comprise cash at banks with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

***Impairment of financial assets***

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

***Financial liabilities***

The financial liabilities comprise 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.

**Derivative financial instruments and hedge accounting***Initial recognition and subsequent measurement*

The establishment uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.



**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****Summary of significant accounting policies (cont'd)**

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

*Cash flow hedges*

The effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in profit or loss. The establishment uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. Amounts recognized as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met. When a forecast transaction is no longer expected.

*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 gratuity**

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

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****Summary of significant accounting policies (cont'd)****Provisions, contingent liabilities and contingent assets**

Provisions are recognised only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the establishment or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.

**Research and development**

The research and development costs are accounted in accordance with International Accounting Standard (IAS) – 38 ‘Intangible Assets’. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognised as research expenses and charged off to the statement of profit or loss and other comprehensive income, as incurred. All subsequent expenditure incurred for product development on the application of research findings or other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure under intangible assets under development, to be capitalised as an intangible asset on completion of the project. In case a project does not proceed as per expectations / plans, the same is abandoned and the amount classified as development expenditure under intangible assets under development is charged off to the statement of profit or loss.

**Revenue recognition**

Revenue from sale of products is recognized when the significant risk and rewards of ownership have been transferred to the customer, usually on delivery of goods, it is probable that the economic benefit will flow to the establishment, the associated costs and possible return of goods can be estimated reliably, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold and the amount of revenue can be measured reliably.

Provisions for chargebacks, medicaid, rebates, shelf stock adjustments, breakages and expiry and other sales deductions are estimated and provided for in the year of sales and recorded as reduction of revenue.

Sale of technology / know-how (rights, licenses and other intangibles) are recognized when performance obligations are completed or where risk and rewards of ownership of the products are passed on to the customers, which is generally as per agreement.

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

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.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****Summary of significant accounting policies (cont'd)****Foreign currency transactions**

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

**4. Significant judgement employed in applying accounting policies and key sources of estimation uncertainty****4.1 Significant judgement 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 follows:

**Impairment**

At each reporting date, management conducts an assessment of property, plant and equipment, intangible assets, investments 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 the statement of profit or loss and other comprehensive income or, if previously a provision was made, it is written off against the provision. Reversals of provisions against trade and other receivables are made to the extent of the related amounts being recovered.

**4.2 Key sources of estimation 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:

**Property, plant and equipment**

The cost of property, plant and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, the repair and maintenance and technological obsolescence arising from changes and the residual value. Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

**Impairment of investment in subsidiaries**

Determining whether investment in subsidiaries are impaired requires an estimation of the value in use of the investments and the cash-generating units to which the investments have been allocated. The value in use calculation requires the establishment to estimate the future cash flows expected to arise from the assets or cash generating unit and a suitable discount rate in order to calculate present value. Management has determined that no impairment is required in respect of the investment in subsidiaries.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****Key sources of estimation uncertainty (cont'd)****Intangible assets**

The establishment assesses, at each financial position date, whether there is any indication that an asset may be impaired. An intangible asset that is amortised over a period of exceeding ten years from the date when the asset is available for use is tested for impairment each financial year even if there is no indication that the asset is impaired. If any such indication exists, the establishment estimates the recoverable amount of the asset.

**Impairment of loans and receivables**

Management regularly undertakes a review of the amounts of loans and other receivables owed to the establishment and assesses 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, intangible assets, investments 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.

**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.

**Provisions for legal disputes**

Provisions for legal disputes consist of various types of provisions linked to ongoing legal disputes. The management makes judgement about provisions and contingencies, including the probability of pending and potential future litigation outcomes, which, by their very nature, are dependent on inherently uncertain future events. When determining likely outcomes of litigations, etc, the management considers the input of external counsels on each case, as well as known outcomes in case law.

**Provisions for sales deductions**

Management's estimate of sales discounts and rebates are based on a calculation which includes a combination of historical utilisation data, combined with expectations in relation to the development in sales and utilisation. The obligations for discounts and rebates are incurred at the time the sale is recorded.

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2018

5. Property, plant and equipment (2018)	Capital advance ^	Equipment#	Residential and commercial properties*	Furniture, fixtures and office equipment	Vehicles	Total
	US.\$	US.\$	US.\$	US.\$	US.\$	US.\$
<b>Cost</b>						
As at 01.04.2017	-	8,267,305	3,445,962	335,260	196,295	12,244,822
Additions	975,000	185,391	-	6,980	31,151	1,198,522
As at 31.03.2018	<u>975,000</u>	<u>8,452,696</u>	<u>3,445,962</u>	<u>342,240</u>	<u>227,446</u>	<u>13,443,344</u>
<b>Depreciation</b>						
As at 01.04.2017	-	3,371,787	147,558	245,132	159,575	3,924,052
Charge for the year	-	931,919	164,865	50,487	19,994	1,167,265
As at 31.03.2018	-	<u>4,303,706</u>	<u>312,423</u>	<u>295,619</u>	<u>179,569</u>	<u>5,091,317</u>
<b>Net book value</b>						
As at 31.03.2018	<u>975,000</u>	<u>4,148,990</u>	<u>3,133,539</u>	<u>46,621</u>	<u>47,877</u>	<u>8,352,027</u>
As at 31.03.2017	-	<u>4,895,518</u>	<u>3,298,404</u>	<u>90,128</u>	<u>36,720</u>	<u>8,320,770</u>

\* Includes cost of commercial office premises amounting to USD 2,234,857 which is not furnished and put to use. For this reason, no depreciation is provided since the purchase in the financial year 2014-15.

#Housed in the premises of overseas manufacturers for their use on behalf of the establishment.

^ Represents advance paid to overseas suppliers towards the purchase and assembling of equipment.

Property, plant and equipment (2017)	Capital advance	Equipment#	Residential and commercial properties	Furniture, fixtures and office equipment	Vehicles	Total
	US.\$	US.\$	US.\$	US.\$	US.\$	US.\$
<b>Cost</b>						
As at 01.04.2016	4,349,857	5,745,000	1,211,105	307,518	352,273	11,965,753
Additions	-	407,305	-	27,742	33,287	468,334
Disposal	-	-	-	-	(189,265)	(189,265)
Transferred	(4,349,857)	2,115,000	*2,234,857	-	-	-
As at 31.03.2017	-	<u>8,267,305</u>	<u>3,445,962</u>	<u>335,260</u>	<u>196,295</u>	<u>12,244,822</u>
<b>Depreciation</b>						
As at 01.04.2017	-	2,658,198	123,336	181,748	199,818	3,163,100
Charge for the year	-	713,589	24,222	63,384	56,619	857,814
Relating to disposal	-	-	-	-	(96,862)	(96,862)
As at 31.03.2018	-	<u>3,371,787</u>	<u>147,558</u>	<u>245,132</u>	<u>159,575</u>	<u>3,924,052</u>
<b>Net book value</b>						
As at 31.03.2017	-	<u>4,895,518</u>	<u>3,298,404</u>	<u>90,128</u>	<u>36,720</u>	<u>8,320,770</u>
As at 31.03.2016	<u>4,349,857</u>	<u>3,086,802</u>	<u>1,087,769</u>	<u>125,770</u>	<u>152,455</u>	<u>8,802,653</u>

\* Represents cost of commercial office premises which is not furnished and put to use. For this reason, no depreciation is provided since the purchase in the financial year 2014-15.

#Housed in the premises of overseas manufacturers for their use on behalf of the establishment.

**SUN PHARMA GLOBAL FZE**  
**Notes to the Financial Statements**  
**for the year ended 31 March 2018**

6. Intangible assets	<i>*In-process research and development</i> US \$	<i>@Brands</i> US \$	<i>Technology know-how / developed formulations</i> US \$	<i>Software</i> US \$	<i>Total</i> US \$
<b>Cost</b>					
As at 01.04.2017	187,305,000	294,815,000	309,631,321	150,200	791,901,521
Additions during the year	43,722,750	5,748,044	35,800,000	29,469	85,300,263
Transfer during the year	(80,000,000)	-	80,000,000	-	-
Disposal during the year #	<u>(1,415,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,415,000)</u>
As at 31.03.2018	<u><b>149,612,750</b></u>	<u><b>300,563,044</b></u>	<u><b>425,431,321</b></u>	<u><b>179,669</b></u>	<u><b>875,786,784</b></u>
<b>Amortization</b>					
As at 01.04.2017	-	29,642,601	79,364,511	66,839	109,073,951
Charge for the year	-	29,643,705	26,162,918	44,191	55,850,814
As at 31.03.2018	<u>-</u>	<u><b>59,286,306</b></u>	<u><b>105,527,429</b></u>	<u><b>111,030</b></u>	<u><b>164,924,765</b></u>
<b>Net book value</b>					
As at 31.03.2018	<u><b>149,612,750</b></u>	<u><b>241,276,738</b></u>	<u><b>319,903,892</b></u>	<u><b>68,639</b></u>	<u><b>710,862,019</b></u>
As at 31.03.2017	<u><b>187,305,000</b></u>	<u><b>265,172,399</b></u>	<u><b>230,266,810</b></u>	<u><b>83,361</b></u>	<u><b>682,827,570</b></u>

\*This represents payment made to overseas pharmaceutical companies including US \$ 77,950,000 (previous year US \$ 77,950,000) to related parties and US \$ 17,250,000 (previous year US \$ 16,200,000) to an enterprise under significant influence for acquiring IP rights, licenses and other rights over the compound in process research and development for which no marketing approval has been obtained.

#During the year, the establishment has discontinued further development work of the products amounting to US \$ 1,415,000 due to non-viability of the products..

@This represents amount paid to an overseas pharmaceutical establishment for acquiring established brands and related costs overseas.

	<b>2018</b> US\$	<b>2017</b> US\$
<b>7. Available for sale investments</b>		
<b>Securities:</b>		
<i>Quoted shares available for sale</i>		
Impax Laboratories Inc., United States of America (2,868,623 ordinary shares)	55,794,717	36,288,080
<i>Unquoted shares available for sale</i>		
Enceladus Pharmaceuticals BV, Netherlands (116,667 ordinary shares of € 0.10 each)	195,766	4,480,000
<b>Investment in bonds:</b>		
ONGC Videsh – 4.625% Regd. Notes	16,440,000	-
NTPC - 4.375% Regd. Euro Medium- Term Notes	10,186,500	-
State Bank of India – 4.875% Regd. Notes	7,332,150	-
<b>Investment in quoted shares:</b>		
Ranbaxy (Thailand) Co. Ltd, Thailand (3 ordinary shares of Baht 100 each)	10	10
<b>Investment in preference shares:</b>		
Sun Pharmaceutical Industries (Australia) PTY LTD, Australia (USD 40 million preference shares of USD 1 each) (AUD 15 million preference shares of AUD 1 each) (Converted @ 0.7684)	51,526,000	40,000,000
<b>Total available for sale investments</b>	<u><b>141,475,143</b></u>	<u><b>81,168,090</b></u>

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2018

	%	<u>2018</u> <u>US\$</u>	<u>2017</u> <u>US\$</u>
<b>8. Investment in subsidiaries</b>			
Sun Global Canada Pty Ltd <i>1,000 shares of CAD 1 par value each</i>	100	1,000	1,000
Sun Pharma Philippines Inc <sup>^</sup> <i>86,534 shares of Peso 100 each.</i> <i><sup>^</sup>Six shares issued to the directors are held in trust by them on behalf of the company</i>	100	200,882	200,882
Sun Pharmaceuticals Korea Ltd <i>1,000,000 shares of South-Korean Won 100 each</i>	100	89,685	89,685
Sun Pharma Japan Ltd <i>3,160 share of JPY 50,000 each</i>	100	2,458,504	2,458,504
Sun Pharma Healthcare FZE <i>70 shares of AED 150,000 each</i>	100	2,858,700	2,858,700
Sun Pharma East Africa Ltd <i>999 shares of KES 100 each</i>	100	<u>1,140</u>	<u>1,140</u>
		<b><u>5,609,911</u></b>	<b><u>5,609,911</u></b>

*The above entities are engaged in pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical products and formulations.*

	<u>2018</u> <u>US\$</u>	<u>2017</u> <u>US\$</u>
<b>Net asset value as of 31 March<sup>^</sup></b>		
Sun Global Canada Pty Ltd	(20,872)	(17,723)
Sun Pharma Philippines Inc	(6,607,670)	(6,529,440)
Sun Pharmaceuticals Korea Ltd	68,023	65,302
Sun Pharma Japan Ltd	(22,765,400)	(6,882,130)
Sun Pharma Healthcare FZE	2,824,918	2,791,233
Sun Pharma East Africa Ltd	<u>(2,286,870)</u>	<u>(1,072,630)</u>
	<b><u>(28,787,871)</u></b>	<b><u>(11,645,388)</u></b>

*<sup>^</sup>As per the management accounts as at 31 March.*

*In the opinion of the management, negative net asset value is not of a permanent nature, hence no impairment is considered necessary.*

	<u>2018</u> <u>US\$</u>	<u>2017</u> <u>US\$</u>
<b>9. Investment in an associate</b>		
Artes Biotechnology GmbH, Germany <i>(15,853 ordinary shares of € 1 each with premium)</i>	<b><u>3,893,313</u></b>	<b><u>3,776,144</u></b>



## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2018

	2018 US \$	2017 US \$
<b>10. Long-term loans #</b>		
Long term loan to subsidiaries	19,547,517	18,565,670
Long-term loan to related parties	259,398,304	272,314,094
Long-term loan to non-related parties	305,705,783	9,921,918
	<u>584,651,604</u>	<u>300,801,682</u>

# This represents unsecured loans bearing interest rates of 0 to 15% per annum and are considered long term by the management.

<b>11. Inventories</b>		
Raw materials	6,222,061	16,109,837
Work in progress	462,927	-
Finished goods	34,405,398	13,638,731
	<u>41,090,386</u>	<u>29,748,568</u>

This represents inventories lying with contract manufacturers overseas. These are stated as per the confirmations received from those parties certifying quantity.

<b>12. Trade receivables</b>		
Merchandise *	389,489,550	315,833,662
Marketing authorization rights	-	30,000,000
Share of profit	155,870	4,585,843
	<u>389,645,420</u>	<u>350,419,505</u>

\* Due from related parties.

Credit terms granted to the related parties range from 0 to 270 days.

As at 31 March, the aging of trade receivables on merchandise was as follows:

	Total US \$	<30 Days US \$	31-90 Days US \$	91-180 Days US \$	181-270 Days US \$	271-360 Days US \$	More than 360 days US \$
<b>2018</b>	<b>389,489,550</b>	57,121,940	62,896,518	203,419,230	65,900,955	-	150,907

Although trade receivables of USD 150,907/- are overdue, they are considered good and fully recoverable by the management.

	2018 US \$	2017 US \$
<b>13. Advances, deposits and other receivables</b>		
Advance to suppliers - R&D *	10,127,095	8,396,681
Advance to suppliers – merchandise #	3,180,979	3,000,750
Advance to suppliers – others	90,301	94,447
Deposits	40,718	48,087
Vat receivable	864	-
Accrued income ^	948,274	4,361,350
Allowance for doubtful advances	(3,000,750)	-
	<u>11,387,484</u>	<u>15,901,315</u>

\*Includes US \$ Nil (previous year US \$ 928,995) advance given to a related party.

#Includes US \$ 3,000,750 (previous year US \$ 3,000,750) balance under litigation.

^Comprises accrued interest income of US \$ 932,682 (previous year US \$ 2,474,479), share of profit of US \$ Nil (previous year US \$ 810,426) and unrealized forex gain of US \$ 15,592 (previous year US \$ 1,076,445).

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2018

	<i>2018</i>	<i>2017</i>
	<u>US \$</u>	<u>US \$</u>
<b>14. Cash and bank balances</b>		
Bank balances in current and call accounts	86,170,207	117,593,771
<b>Cash and cash equivalents</b>	<b>86,170,207</b>	<b>117,593,771</b>
Term deposits	130,085,406	445,000,000
	<u><b>216,255,613</b></u>	<u><b>562,593,771</b></u>
<b>15. Share capital</b>		
<b>Authorised, issued and paid up:</b>		
101 shares of AED 150,000 ( <i>converted @ 3.673</i> )	<u><b>4,124,694</b></u>	<u><b>4,124,694</b></u>
<b>16. General reserve</b>		
This represents net assets of US \$ 538,161,280 ( <i>previous year US \$ 538,161,280</i> ) taken over during the earlier years from the erstwhile parent shareholder company on demerger of Non-strategic Investment Undertaking Division of erstwhile parent shareholder company in terms of scheme of arrangement and reconstruction, as approved and classified by the management.		
	<i>2018</i>	<i>2017</i>
	<u>US \$</u>	<u>US \$</u>
<b>17. Trade and other payables</b>		
Merchandise #	58,528,129	42,309,314
Research and development \$	15,829,562	29,129,255
Royalty @	644,752	1,798,836
Other payables!	1,583,267	804,456
	<u><b>76,585,710</b></u>	<u><b>74,041,861</b></u>
Capital creditors for intangible assets *	37,874,022	3,200,000
Customer credit balance – <i>related party</i>	1,955,412	135,978
Provision for rebate, charge back etc.	35,000,000	45,000,000
Provision for fines and penalties	2,568,853	13,283,143
Vat payable	1,021	-
Accruals and provisions	2,759,967	1,229,760
	<u><b>156,744,985</b></u>	<u><b>136,890,742</b></u>

# Includes US \$ 20,451,105 (*previous year US \$ 30,737,565*) due to related parties.

\$Includes US \$ Nil (*previous year US \$ 14,267*) due to an enterprise under significant influence and US \$ 4,299,410 (*previous year Nil*) to related parties.

@ Includes US \$ 623,863 (*previous year US \$ 1,786,241*) due to an enterprise under significant influence.

\*Includes US \$ Nil (*previous year US \$ 3,200,000*) due to an enterprise under significant influence.

!Includes US \$ 742,316 (*previous year US \$ 46,954*) due to a related party.

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2018

	<b>2018</b>	<b>2017</b>
	<u>US \$</u>	<u>US \$</u>
<b>18. Revenue</b>		
Sales of merchandise *	347,765,787	388,590,491
Share of profit	1,459,865	68,607,237
Marketing authorization rights income	74,166	80,033,026
Interest income from banks	4,663,063	4,983,095
Interest income from long term loans	10,284,594	6,527,712
Interest income from debentures (bonds)	993,629	-
Exchange gain (net)	4,989,022	-
Miscellaneous income	10,624	341
	<b><u>370,240,750</u></b>	<b><u>548,741,902</u></b>

\*Stated net of returns and provision for chargebacks, medicaid, rebates, stock adjustments, cash discounts, other sales deductions.

	<b>2018</b>	<b>2017</b>
	<u>US \$</u>	<u>US \$</u>
<b>19. General expenses</b>		
Rent	29,953	45,988
Salaries and benefits	2,156,396	2,744,692
Royalty on sales	3,868,751	8,313,677
Brand development expenses	58,160,464	39,731,094
Overseas promotional and office expenses	7,293,614	6,979,573
Legal and professional charges (net)	8,590,160	6,971,517
Outward freight and distribution expenses	2,269,447	2,478,763
Exchange rate fluctuation (net)	-	1,383
Research and development expenses	89,298,777	76,725,243
License and product registration	5,359,244	4,248,227
Fines and penalties	(3,036,762)	37,862,163
Loss on disposal of intangible assets	1,415,000	-
Allowance for doubtful advances	3,000,750	-
Miscellaneous expenses	1,315,806	848,002
	<b><u>179,721,600</u></b>	<b><u>186,950,322</u></b>

**20. 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 had significant transactions during the year and have year-end balances are as under:

**Parent Shareholder Company**

- Sun Pharma Holdings - Mauritius

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2018****Related party transactions and balances (cont'd)****Subsidiaries of the establishment**

- Sun Global Canada Pty Ltd - Canada
- Sun Pharma Japan Ltd - Japan
- Sun Pharma Philippines Inc - Philippines
- Sun Pharmaceuticals Korea Ltd – Korea
- Sun Pharma Healthcare FZE – U.A.E
- Sun Pharma East Africa Ltd – Kenya

**Associate**

- Artes Biotechnology GMBH – Germany

**Ultimate Parent Company**

- Sun Pharmaceutical Industries Limited – India

**Subsidiaries of Ultimate Parent Company**

- Sun Pharmaceutical Industries Inc - USA
- Sun Pharmaceutical Industries Europe B.V - Netherlands

**Subsidiaries of Ultimate Parent Company**

- Sun Pharmaceutical UK Limited – UK
- Sun Pharmaceuticals Italia S.R.L – Italy
- Sun Pharmaceutical France – France
- Sun Global Development FZE – U.A.E
- Sun Laboratories FZE - U.A.E
- 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
- Sun Pharmaceutical Industries S.A.C Peru - Peru
- Sun Pharma Switzerland Limited – Switzerland
- Sun Pharma ANZ Pty Ltd (Ranbaxy Australia Pty Ltd – Australia) - Australia
- Sun Pharma Medicare Ltd - India
- Sun Pharma Holdings USA Inc. - USA
- Ranbaxy (Thailand) Co. Ltd – Thailand
- Ranbaxy UK Limited – UK
- Ranbaxy Italia S.P.A - Italy
- Laboratories Ranbaxy, S.L.U - Spain
- Alkalodia Chemical Company Zrt – Hungary
- Alkalodia Sweden AB - Sweden
- Taro Pharmaceuticals Inc. – Canada
- Sun Pharmaceuticals (SA) (PTY) Ltd – South Africa
- TKS Farmaceutica Ltda – Brazil
- OHM Laboratories Inc – USA
- Insite Vision Incorporated – USA
- Terapia S.A – Romania

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2018

## Related party transactions and balances (cont'd)

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

- Sun Pharmaceutical Advanced Research Company Ltd – India

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

## Transactions:

Figures in ('000)

	Parent shareholder company US\$	Subsidiaries and Associate US\$	Ultimate parent company US\$	Subsidiaries of ultimate parent company US\$	Enterprise under significant influence US\$	Total 2018 US\$	Total 2017 US\$
Intangible assets	-	-	-	-	105	105	13,200
Interest income	432	30	-	3,958	-	4,421	5,326
Other expenses	-	7,227	3,168	72,188	-	82,582	16,013
Royalty on sales	-	-	-	-	3,358	3,358	7,998
Purchases	-	-	40,222	6,585	-	46,807	55,776
Sales	-	105,002	-	223,604	-	328,606	413,590
Other operating income	-	-	-	74	-	74	-
Service charges	-	-	-	20	-	20	-
Professional fees	-	-	-	48	-	468	-
R&D Services	-	-	-	-	1,194	1,194	-

## Balances:

Figures in ('000)

	Parent shareholder company US\$ Dr/(Cr)	Subsidiaries and Associate US\$ Dr/(Cr)	Ultimate parent company US\$ Dr/(Cr)	Subsidiaries of ultimate parent company US\$ Dr/(Cr)	Enterprise under significant influence US\$ Dr/(Cr)	Total 2018 US\$ Dr/(Cr)	Total 2017 US\$ Dr/(Cr)
Trade receivables	-	31,698	-	357,791	-	389,489	315,833
Advances	-	-	-	-	-	-	929
Long term loans	11,642	19,548	-	247,756	-	278,946	290,880
Trade payables	-	(6,421)	(7,307)	(6,723)	-	(20,451)	(30,737)
R&D payable	-	-	(640)	(3,659)	-	(4,299)	(14)
Royalty payable	-	-	-	-	(624)	(624)	(1,786)
Other payable	-	-	-	(742)	-	(742)	(47)
Capital creditor	-	-	-	-	-	-	(3,200)
Customer credit balance	-	-	-	(1,955)	-	(1,955)	(136)

- c) The Board of Director of the establishment at their meeting held on 13th November 2017, approved the scheme of arrangement among Sun Pharma Global FZE ("Transferor Company") and the company and their respective members and creditors ("Scheme of Arrangement") for demerger of specified undertaking ( as defined in Scheme of Arrangement) of the establishment into Sun Pharmaceutical Industries Limited, the ultimate holding company, with effect from 1st April 2017 without any consideration on a going concern basis consisting of all the assets and liabilities pertaining to the aforesaid specified undertaking.

The scheme has been approved by the board of directors of both the companies. Pending approval of the scheme by the relevant applicable regulatory authorities, no effect of the scheme has been given in these financial statements.

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2018

## 21. Financial instruments: Credit, liquidity and market 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 current and call accounts and trade and other receivables. The establishment's bank balance in current and call accounts are placed with high credit quality financial institutions.

Due from related parties on trade accounts are arising in the normal course of business and are not perceived as credit risk. In the opinion of the management, the outstanding balances of investments and long-term loans to related parties are good and fully realisable and hence no impairment is considered necessary. There are no significant concentrations of credit risk from receivables outside the industry in which the company operates.

**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.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rate risk and currency risk, will affect the establishment's income or the value of its holdings of financial instruments.

*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.

*Currency risk*

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

	<i>2018</i> <i>Equivalent</i> <i>US \$</i>	<i>2017</i> <i>Equivalent</i> <i>US \$</i>
<b>Foreign currency financial assets</b>		
<b>Trade receivables</b>		
Japanese Yen (JPY)	31,698,336	38,380,402
Euro (EUR)	11,453,107	3,175,805
Great Britain Pound (GBP)	-	17,946
<b>Bank balances</b>		
Japanese Yen (JPY)	48,567	6,925,958
Great Britain Pound (GBP)	6,726,883	625,070
Euro (EUR)	303,773	134,057

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2018

## Financial instruments: Credit, liquidity and market risk exposures (cont'd)

## Currency risk (cont'd)

	<b>2018</b> <i>Equivalent</i> <i>US \$</i>	<b>2017</b> <i>Equivalent</i> <i>US \$</i>
<b>Foreign currency financial liabilities</b>		
<b>Trade payables</b>		
Euro (EUR)	3,119,126	932,318
Great Britain Pound (GBP)	444,055	231,791
Japanese Yen (JPY)	6,421,107	18,393,558
Australian Dollar (AUD)	695,359	-
<b>Advance from customers</b>		
Euro (EUR)	1,511,756	-
Great Britain Pound (GBP)	517,822	-

**22. Contingent liabilities**

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

**23. Legal proceedings**

The establishment is involved in various legal proceedings including product liability, contracts, and other regulatory matters relating to conduct of its business. The establishment records a provision in the financial statements to the extent that it concludes that a liability is probable and estimable based on the status of these cases, advice of the counsel, management assessment of the likely damages etc. In respect of other claims, the establishment believes, these claims do not constitute material litigation matters and with its meritorious defences the ultimate disposition of these matters will not have material adverse effect on its financial statements.

	<b>2018</b> <i>US \$</i>	<b>2017</b> <i>US \$</i>
<b>24. Commitments</b>		
Contracted but not provided	240,052,250	14,200,000

**25. Comparative figures**

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

**26. Approval of the financial statements**

The financial statements were approved by the board of directors on 20 May 2018 and authorized Mr. Harin P. Mehta to sign on behalf of the Board.

On behalf of the board:

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Harin P. Mehta  
**DIRECTOR**