

**SUN PHARMA GLOBAL FZE**

**Financial Statements**

*31 March 2017*

**SUN PHARMA GLOBAL FZE**

**Financial Statements**  
*31 March 2017*

<i><b>CONTENTS</b></i>	<i><b>PAGES</b></i>
Directors' Report	1
Independent Auditors' Report	2 – 3
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 24

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

The directors submit their report and accounts for the year ended 31 March 2017.

**Results and appropriations**

The results of the establishment and the appropriations made for the year ended 31 March 2017 are set out on pages 5 and 6 of the financial statements.

**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 2017 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	<b><u>101</u></b>	<b><u>15,150,000</u></b>	<b><u>4,124,694</u></b>

**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:

\_\_\_\_\_  
 Rajesh K. Shah  
**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 2017, 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 2017, 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 and Sharjah Airport International Free Zone Authority, 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 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 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the establishment 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 skepticism 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. 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.

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

- 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 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 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 2017

Dubai

## SUN PHARMA GLOBAL FZE

Statement of Financial Position  
31 March 2017

	<i>Notes</i>	<i>2017</i> <i>US\$</i>	<i>2016</i> <i>US\$</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	8,320,770	8,802,653
Intangible assets	6	682,827,570	472,612,107
Investments	7	90,154,145	146,183,324
Long-term loans	8	<u>300,801,682</u>	<u>268,499,615</u>
		<b><u>1,082,104,167</u></b>	<b><u>896,097,699</u></b>
<b>Current assets</b>			
Inventories	9	29,748,568	-
Trade receivables	10	350,419,505	559,508,301
Advances, deposits and other receivables	11	15,901,315	10,207,678
Prepayments		606,145	336,431
Cash and bank balances	12	<u>562,593,771</u>	<u>314,559,423</u>
		<b><u>959,269,304</u></b>	<b><u>884,611,833</u></b>
<b>Total assets</b>		<b><u>2,041,373,471</u></b>	<b><u>1,780,709,532</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
<b>Shareholder's funds</b>			
Share capital	13	4,124,694	4,124,694
General reserve	14	538,161,280	538,161,280
Retained earnings		1,349,215,443	1,131,313,246
Cumulative changes in fair value of available-for sale-investments		11,721,812	67,287,039
Hedging reserve		<u>1,034,608</u>	<u>-</u>
<b>Total shareholder's funds</b>		<b><u>1,904,257,837</u></b>	<b><u>1,740,886,259</u></b>
<b>Non-current liability</b>			
Staff end of service gratuity		<u>224,892</u>	<u>154,376</u>
<b>Current liability</b>			
Trade and other payables	15	<u>136,890,742</u>	<u>39,668,897</u>
<b>Total liabilities</b>		<b><u>137,115,634</u></b>	<b><u>39,823,273</u></b>
<b>Total equity and liabilities</b>		<b><u>2,041,373,471</u></b>	<b><u>1,780,709,532</u></b>

The notes on pages 8 to 24 form an integral part of these financial statements.

On behalf of the board:

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Rajesh K. Shah  
**DIRECTOR**



## SUN PHARMA GLOBAL FZE

**Statement of Profit or Loss and Other Comprehensive Income**  
*for the year ended 31 March 2017*

	<i>Notes</i>	<i>2017</i> <i>US\$</i>	<i>2016</i> <i>US \$</i>
<b>Revenue</b>	16	<b><u>548,741,902</u></b>	<b><u>593,510,249</u></b>
<b>Expenditure</b>			
Cost of sales		(95,720,222)	(59,033,953)
General expenses	17	(186,950,322)	(158,594,694)
Depreciation		(857,814)	(728,373)
Amortization		<u>(46,847,387)</u>	<u>(11,209,969)</u>
<b>Total expenditure</b>		<b><u>(330,375,745)</u></b>	<b><u>(229,566,989)</u></b>
<b>Profit from operations</b>		<b>218,366,157</b>	<b>363,943,260</b>
Share of loss in an associate		<u>(38,362)</u>	<u>-</u>
<b>Profit for the year</b>		<b><u>218,327,795</u></b>	<b><u>363,943,260</u></b>
<b>Other comprehensive income/(loss)</b>			
Changes in fair value of available-for-sale investments		(55,565,227)	67,287,039
Changes in fair value of cash flow hedges		<u>1,034,608</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>163,797,176</u></b>	<b><u>431,230,299</u></b>

*The notes on pages 8 to 24 form an integral part of these financial statements.*

On behalf of the board:

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Rajesh K. Shah  
**DIRECTOR**

## SUN PHARMA GLOBAL FZE

Statement of Changes in Equity  
for the year ended 31 March 2017

	<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>
<b>As at 31 March 2015</b>	<b>4,124,694</b>	<b>538,161,280</b>	<b>767,369,986</b>	-	-	<b>1,309,655,960</b>
Profit for the year	-	-	363,943,260	-	-	363,943,260
Other comprehensive income for the year	-	-	-	67,287,039	-	67,287,039
<b>As at 31 March 2016</b>	<b>4,124,694</b>	<b>538,161,280</b>	<b>1,131,313,246</b>	<b>67,287,039</b>	-	<b>1,740,886,259</b>
Adjustment*	-	-	(425,598)	-	-	(425,598)
Profit for the year	-	-	218,327,795	-	-	218,327,795
Other comprehensive income/(loss) for the year	-	-	-	(55,565,227)	1,034,608	(54,530,619)
<b>As at 31 March 2017</b>	<b><u>4,124,694</u></b>	<b><u>538,161,280</u></b>	<b><u>1,349,215,443</u></b>	<b><u>11,721,812</u></b>	<b><u>1,034,608</u></b>	<b><u>1,904,257,837</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 8 to 24 form an integral part of these financial statements.

On behalf of the board:

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Rajesh K. Shah  
DIRECTOR



## SUN PHARMA GLOBAL FZE

**Statement of Cash Flows**  
*for the year ended 31 March 2017*

	<i>Note</i>	<b>2017</b> <b>US.\$</b>	<b>2016</b> <b>US.\$</b>
<b><u>Cash flows from operating activities</u></b>			
Profit for the year		218,327,795	363,943,260
Adjustments for:			
Depreciation		857,814	728,373
Amortization		46,847,387	11,209,969
Provision for staff end of service gratuity (net)		70,516	102,639
Loss on disposal of property, plant and equipment		42,403	-
Interest income		<u>(11,510,807)</u>	<u>(9,928,580)</u>
<b>Operating profit before working capital changes</b>		<b>254,635,108</b>	<b>366,055,661</b>
(Increase)/decrease in inventories		(29,748,568)	345,065
(Increase)/decrease in trade, prepayment, accounts and other receivables		212,127,636	23,281,847
Increase/ (decrease) in trade and other payables		<u>98,256,453</u>	<u>16,014,635</u>
<b>Net cash from / (used) in operating activities</b>		<b><u>535,270,629</u></b>	<b><u>405,697,208</u></b>
<b><u>Cash flows from investing activities</u></b>			
Payment for purchase of property, plant and equipment		(468,334)	(2,404,030)
Payment for purchase of intangible assets		(257,062,850)	(370,665,000)
Proceeds from disposal of property, plant and equipment		50,000	-
Proceeds from/(payment for) other investments (net)		38,354	(41,166,090)
Proceeds from/(placement for) term deposits		(345,000,000)	(100,000,000)
Interest income received		<u>2,508,616</u>	<u>5,084,396</u>
<b>Net cash from/(used in) investing activities</b>		<b><u>(599,934,214)</u></b>	<b><u>(509,150,724)</u></b>
<b><u>Cash flows from financing activity</u></b>			
Long term loans recovered/(advanced) (net)		<u>(32,302,067)</u>	<u>(76,958,300)</u>
<b>Net cash from/(used) in financing activity</b>		<b><u>(32,302,067)</u></b>	<b><u>(76,958,300)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(96,965,652)</b>	<b>(180,411,816)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b><u>214,559,423</u></b>	<b><u>394,971,239</u></b>
<b>Cash and cash equivalents at the end of the year</b>	12	<b><u>117,593,771</u></b>	<b><u>214,559,423</u></b>

*The notes on pages 8 to 24 form an integral part of these financial statements.*

On behalf of the board:

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Rajesh K. Shah  
**DIRECTOR**

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2017****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 No. 704, 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 mainly from the ultimate parent company and its subsidiaries 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.

*Basis of measurement*

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

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2017****Basis of preparation (cont'd)***Functional and presentation currency*

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

*Use of estimates and judgements*

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in note 4.

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

The establishment adopted all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 April 2016. 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 cost of property, plant and equipment is depreciated on a straight line method over their estimated useful lives as follows:

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

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.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2017****Summary of significant accounting policies (cont'd)****Property, plant and equipment (cont'd)**

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 are stated at cost less provision for amortisation and any identified impairment loss. 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 10 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. Assets lives are reviewed annually, and where appropriate adjusted.

*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 exists by first assessing qualitative factors to determine whether it is more likely than not that the fair value of the IPR&D intangible assets is less than its carrying amount. If the establishment concludes it is more likely that the fair value is less than the carrying amount, a quantitative test that compares the fair value of the IPR&D intangible asset with its carrying value is performed. If the fair value is less than the carrying amount, an impairment loss is recognized in operating results.

**Investments***Investment in subsidiaries and associate*

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.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2017****Summary of significant accounting policies (cont'd)***Other investment*

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

**Inventories**

Inventories consisting of raw materials and finished goods are stated at lower of cost and net realisable value.

**Financial instruments**

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

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

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

*Financial assets*

The financial assets comprise trade, advances, deposits & other receivables and bank balances.

*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 advances to suppliers and others and refundable deposits.

*Cash and cash equivalents*

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

*Financial liabilities*

The financial liabilities comprise trade and other payables.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2017****Summary of significant accounting policies (cont'd)****Financial instruments (cont'd)***Trade and other payables*

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

*Impairment of financial assets*

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

*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 this benefit is based upon the employees' basic salary and length of service. The expected costs of these benefits are accrued over the period of employment.

**Provisions, 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 cost is 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.

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2017****Summary of significant accounting policies (cont'd)****Revenue recognition**

Sale of products is recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of products. Export sales are recognized on the basis of bill of lading / airway bill. Sales include delayed payment charges, and are stated net of returns, provision for chargebacks, medicaid, rebates, shelf stock adjustments, breakages and expiry and other sales deductions, made on the basis of management estimation taking into account past experience, customer experience, third-party prescription data, industry and regulatory changes and other relevant information which are revised as necessary.

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 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.

**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:



**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2017****Key sources of estimation uncertainty (cont'd)****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.

**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.

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2017

5. 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>-</u>	<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 01.04.2016	-	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 31.03.2017	<u>-</u>	<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>-</u>	<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.

Property, plant and equipment (2016)	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 01.04.2015	3,465,000	4,245,000	1,211,105	288,345	352,273	9,561,723
Additions	2,384,857	-	-	19,173	-	2,404,030
Transferred	(1,500,000)	1,500,000	-	-	-	-
As at 31.03.2016	<u>4,349,857</u>	<u>5,745,000</u>	<u>1,211,105</u>	<u>307,518</u>	<u>352,273</u>	<u>11,965,753</u>
<b>Depreciation</b>						
As at 01.04.2015	-	2,080,885	99,114	125,365	129,363	2,434,727
Charge for the year	-	577,313	24,222	56,383	70,455	728,373
As at 31.03.2016	<u>-</u>	<u>2,658,198</u>	<u>123,336</u>	<u>181,748</u>	<u>199,818</u>	<u>3,163,100</u>
<b>Net book value</b>						
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>
As at 31.03.2015	<u>3,465,000</u>	<u>2,164,115</u>	<u>1,111,991</u>	<u>162,980</u>	<u>222,910</u>	<u>7,126,996</u>

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2017

6. Intangible assets	<i>*In-process research and development</i> US.\$	@Brands US.\$	<i>Technology know-how / developed formulations</i> US.\$	<i>Software</i> US.\$	<i>Total</i> US.\$
<b>Cost</b>					
As at 01.04.2016	146,650,000	294,815,000	93,281,321	92,350	534,838,671
Additions during the year	81,855,000	-	175,150,000	57,850	257,062,850
Transfer during the year (net)	<u>(41,200,000)</u>	<u>-</u>	<u>41,200,000</u>	<u>-</u>	<u>-</u>
As at 31.03.2017	<u><b>187,305,000</b></u>	<u><b>294,815,000</b></u>	<u><b>309,631,321</b></u>	<u><b>150,200</b></u>	<u><b>791,901,521</b></u>
<b>Amortization</b>					
As at 01.04.2016	-	161,101	62,018,521	46,942	62,226,564
Charge for the year	<u>-</u>	<u>29,481,500</u>	<u>17,345,990</u>	<u>19,897</u>	<u>46,847,387</u>
As at 31.03.2017	<u>-</u>	<u><b>29,642,601</b></u>	<u><b>79,364,511</b></u>	<u><b>66,839</b></u>	<u><b>109,073,951</b></u>
<b>Net book value</b>					
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>
As at 31.03.2016	<u><b>146,650,000</b></u>	<u><b>294,653,899</b></u>	<u><b>31,262,800</b></u>	<u><b>45,408</b></u>	<u><b>472,612,107</b></u>

\*This represents payment made to overseas pharmaceutical companies including US \$ 77,950,000 to related parties and 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.

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

7. Investments	<b>2017</b> US\$	<b>2016</b> US \$
<b>Securities:</b>		
<i>Quoted shares available for sale</i>		
Impax Laboratories Inc., United States of America (2,868,623 ordinary shares)	36,288,080	91,853,308
<i>Unquoted</i>		
Enceladus Pharmaceuticals BV, Netherlands (116,667 ordinary shares of € 0.10 each)	4,480,000	4,480,000
<b>Investment in related parties:</b>		
Investment in preference shares		
Sun Pharmaceutical Industries (Australia) PTY LTD, Australia (USD 40 million preference shares of USD 1 each)	40,000,000	40,000,000
Investment in an associate		
Artes Biotechnology GmbH, Germany. (15,853 ordinary shares of € 1 each with premium)	3,776,144	4,240,105
Ranbaxy (Thailand) Co. Ltd, Thailand ( 3 ordinary shares of Baht 100 each)	10	-
Investment in subsidiaries (as under)	<u>5,609,911</u>	<u>5,609,911</u>
<b>Total investments</b>	<u><b>90,154,145</b></u>	<u><b>146,183,324</b></u>

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2017

## Investments (cont'd)

<i>Names of subsidiaries</i>	%	<i>2017 US\$</i>	<i>2016 US\$</i>
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^ <i>86,534 shares of Peso 100 each. ^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	1,140	1,140
		<u>5,609,911</u>	<u>5,609,911</u>

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

	<i>2017 US\$</i>	<i>2016 US\$</i>
<b>Net asset value as of 31 March^</b>		
Sun Global Canada Pty Ltd	(17,723)	(17,503)
Sun Pharma Philippines Inc	(6,529,440)	(4,658,920)
Sun Pharmaceuticals Korea Ltd	65,302	67,962
Sun Pharma Japan Ltd	(6,882,130)	(5,133,670)
Sun Pharma Healthcare FZE	2,791,233	2,754,273
Sun Pharma East Africa Ltd	(1,072,630)	(624,435)
	<u>(11,645,388)</u>	<u>(7,612,293)</u>

*^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 and hence no impairment is considered necessary.*

## 8. Long-term loans #

Long term loan to subsidiaries	18,565,670	13,120,814
Long-term loan to related parties	272,314,094	246,658,609
Long-term loan to non-related parties	9,921,918	8,720,192
	<u>300,801,683</u>	<u>268,499,616</u>

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

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2017

	<u>2017</u> <u>US \$</u>	<u>2016</u> <u>US \$</u>
<b>9. Inventories</b>		
Raw materials	16,109,837	-
Finished goods	13,638,731	-
	<u><b>29,748,568</b></u>	<u><b>-</b></u>

*This represents inventories lying with contract manufacturers overseas. These are stated as per the confirmations received from those parties certifying quantity and its valuation. These items will be transferred/sold to an overseas related party during the financial year to end 31 March 2018.*

<b>10. Trade receivables</b>		
Merchandise *	315,833,662	558,247,198
Marketing authorization rights	30,000,000	-
Share of profit	4,585,843	1,261,103
	<u><b>350,419,505</b></u>	<u><b>559,508,301</b></u>

*\*Includes US \$ 315,833,662 (previous year US \$ 558,151,318) 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:*

	<i>Total</i> <i>US \$</i>	<i>&lt;30</i> <i>Days</i> <i>US \$</i>	<i>31-90</i> <i>Days</i> <i>US \$</i>	<i>91-180</i> <i>Days</i> <i>US \$</i>	<i>181-270</i> <i>Days</i> <i>US \$</i>	<i>271-360</i> <i>Days</i> <i>US \$</i>	<i>More than</i> <i>360 days</i> <i>US \$</i>
<b>2017</b>	<b>315,833,662</b>	97,689,833	90,640,757	80,926,160	46,576,912	-	-
<b>2016</b>	<b>558,247,198</b>	87,936,358	176,541,474	145,514,347	114,096,651	32,886,230	1,272,138

	<u>2017</u> <u>US \$</u>	<u>2016</u> <u>US \$</u>
<b>11. Advances, deposits and other receivables</b>		
Advance to suppliers - R&D *	8,396,681	7,825,885
Advance to suppliers - merchandise	3,000,750	1,501,050
Advance to suppliers – others	94,447	80,793
Deposits	48,087	80,852
Accrued income #	4,361,350	719,098
	<u><b>15,901,315</b></u>	<u><b>10,207,678</b></u>

*\*Includes US \$ 928,995 (previous year US \$ 4,990,727) advance given to a related party.*

*#Comprises accrued interest income of US \$ 2,474,479 (previous year US \$ 719,098), share of profit of US \$ 810,426 (previous year US \$ Nil) and unrealized forex gain of US \$ 1,076,445 (previous year US \$ Nil).*

	<u>2017</u> <u>US \$</u>	<u>2016</u> <u>US \$</u>
<b>12. Cash and bank balances</b>		
Bank balances in current and call accounts	117,593,771	214,559,423
<b>Cash and cash equivalents</b>	<b>117,593,771</b>	<b>214,559,423</b>
Term deposits	445,000,000	100,000,000
	<u><b>562,593,771</b></u>	<u><b>314,559,423</b></u>

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2017

	<i>2017</i>	<i>2016</i>
	<u>US\$</u>	<u>US \$</u>
<b>13. Share capital</b>		
<b>Authorised, issued and paid up:</b>		
101 shares of AED 150,000 ( <i>converted @ 3.673</i> )	<u>4,124,694</u>	<u>4,124,694</u>
<b>14. 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 year 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>2017</i>	<i>2016</i>
	<u>US \$</u>	<u>US \$</u>
<b>15. Trade and other payables</b>		
Merchandise #	42,309,314	9,752,977
Research and development \$	29,129,255	22,675,568
Royalty @	1,798,836	1,116,958
Others payables !	<u>804,456</u>	<u>260,162</u>
	<b>74,041,861</b>	<b>33,805,665</b>
Capital creditors for intangible assets *	3,200,000	3,815,000
Customer credit balance – <i>related party</i>	135,978	784,375
Provision for rebate, charge back etc.	58,283,143	-
Accruals and provisions	<u>1,229,760</u>	<u>1,263,857</u>
	<u><b>136,890,742</b></u>	<u><b>39,668,897</b></u>
# Includes US \$ 30,737,565 ( <i>previous year US \$ 9,752,977</i> ) due to related parties.		
\$Includes US \$ 14,267 ( <i>previous year US \$ Nil</i> ) due to an enterprise under significant influence.		
@ Includes US \$ 1,786,241 ( <i>previous year US \$ 1,090,354</i> ) due to an enterprise under significant influence.		
*Includes US \$ 3,200,000 ( <i>previous year US \$ 2,000,000</i> ) due to an enterprise under significant influence.		
!Includes US \$ 46,954 ( <i>previous year US \$ Nil</i> ) due to a related party.		
	<i>2017</i>	<i>2016</i>
	<u>US \$</u>	<u>US \$</u>
<b>16. Revenue</b>		
Sales of merchandise *	388,590,491	581,457,695
Share of profit	68,607,237	1,261,103
Marketing authorization rights income	80,033,026	-
Interest income from banks	4,983,095	5,723,941
Interest income from long term loans	6,527,712	4,204,639
Exchange gain (net)	-	847,137
Miscellaneous income	<u>341</u>	<u>15,734</u>
	<u><b>548,741,902</b></u>	<u><b>593,510,249</b></u>

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

**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2017**

	<i>2017</i>	<i>2016</i>
	<u>US \$</u>	<u>US \$</u>
<b>17. General expenses</b>		
Rent	45,988	25,013
Salaries and benefits	2,744,692	5,003,660
Royalty on sales	8,313,677	12,674,254
Brand development expenses	39,731,094	-
Overseas office expenses	6,979,573	2,703,828
Legal and professional charges (net)	6,971,517	7,246,360
Outward freight and distribution expenses	2,478,763	2,961,527
Exchange rate fluctuation (net)	1,383	-
Research and development expenses	76,725,243	88,283,959
License and product registration	4,248,227	5,682,217
Fines and penalties	37,862,163	32,440,953
Sundry balance written off	-	1,050,000
Miscellaneous expenses	848,002	522,923
	<u>186,950,322</u>	<u>158,594,694</u>

**18. Related party transactions and balances**

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

The related parties with whom the establishment had significant transactions during the year and have year-end balances are as under:

**Parent Shareholder Company**

- Sun Pharma Holdings - Mauritius

**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 – UAE
- Sun Pharma East Africa Ltd – Kenya

**Associate**

- Artes Biotechnology GMBH – Germany

**Ultimate Parent Company**

- Sun Pharmaceutical Industries Limited – India



**SUN PHARMA GLOBAL FZE****Notes to the Financial Statements  
for the year ended 31 March 2017****Related party transactions and balances (cont'd)****Subsidiaries of Ultimate Parent Company**

- Sun Pharmaceutical Industries Inc - USA
- Sun Pharmaceutical Industries Europe B.V - Netherlands
- Sun Pharmaceutical UK Limited – UK
- Sun Pharmaceuticals Italia S.R.L – Italy
- Sun Pharmaceutical France – France
- Sun Global Development FZE – UAE
- Sun Laboratories FZE - UAE
- 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
- Ranbaxy Australia Pty Ltd – Australia
- 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

**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)

	<i>Parent shareholder company</i> US\$	<i>Subsidiaries and Associate</i> US.\$	<i>Ultimate parent company</i> US.\$	<i>Subsidiaries of ultimate parent company</i> US.\$	<i>Enterprise under significant influence</i> US.\$	<i>Total 2017</i> US.\$	<i>Total 2016</i> US.\$
Intangible assets	-	-	-	-	13,200	13,200	68,650
Interest income	110	26	-	5,190	-	5,326	3,060
Other expenses	-	4,094	11	11,859	49	16,013	4,349
Royalty on sales	-	-	-	-	7,998	7,998	12,367
Purchases	-	-	49,791	5,985	-	55,776	55,186
Sales	-	77,780	-	335,810	-	413,590	551,122

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2017

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

## 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 2017 US\$ Dr/(Cr)	Total 2016 US\$ Dr/(Cr)
Trade receivables	-	38,380	-	277,453	-	315,833	558,151
Advances	-	-	-	929	-	929	4,991
Long term loans	11,210	18,566	-	261,104	-	290,880	259,730
Trade payables	-	(13,818)	(6,574)	(10,345)	-	(30,737)	(9,753)
R&D payable	-	-	-	-	(14)	(14)	-
Royalty payable	-	-	-	-	(1,786)	(1,786)	(1,090)
Legal and professional payable	-	-	-	(47)	-	(47)	-
Capital creditor	-	-	-	-	(3,200)	(3,200)	(2,000)
Customer credit balance	-	-	-	(136)	-	(136)	(784)

## 19. 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 balances and trade and other receivables. The establishment's bank balances in current, call and fixed deposit 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.

**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 UAE Dirhams to which the US Dollar rate is fixed:

## SUN PHARMA GLOBAL FZE

Notes to the Financial Statements  
for the year ended 31 March 2017

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

	<i>2017</i> <i>Equivalent</i> <i>US.\$</i>	<i>2016</i> <i>Equivalent</i> <i>US.\$</i>
<b>Foreign currency financial assets</b>		
<b>Trade receivables</b>		
Japanese Yen (JPY)	38,380,402	-
Euro (EUR)	3,175,805	7,652,629
Great Britain Pound (GBP)	17,946	2,407,320
<b>Bank balances</b>		
Japanese Yen (JPY)	6,925,958	-
Great Britain Pound (GBP)	625,070	3,481,678
Euro (EUR)	134,057	3,841,312
<b>Foreign currency financial liability</b>		
<b>Trade payables</b>		
Euro (EUR)	932,318	780,132
Great Britain Pound (GBP)	231,791	180,287
Japanese Yen (JPY)	18,393,558	-

**20. Contingent liabilities**

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

**21. 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.

	<i>2017</i> <i>US.\$</i>	<i>2016</i> <i>US.\$</i>
<b>22. Commitments</b>		
Contracted but not provided	14,200,000	73,335,000

**23. Comparative figures**

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

**SUN PHARMA GLOBAL FZE**

**Notes to the Financial Statements**  
*for the year ended 31 March 2017*

**24. Approval of the financial statements**

The financial statements were approved by the Board of Directors and authorised for issue on 20 May 2017.

On behalf of the board:

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Rajesh K. Shah  
**DIRECTOR**