

SUN PHARMA GLOBAL FZE

Financial Statements

31 March 2016

SUN PHARMA GLOBAL FZE

Financial Statements

31 March 2016

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

Report on the Financial Statements

We have audited the accompanying financial statements of **SUN PHARMA GLOBAL FZE**, which comprise the statement of financial position as at 31 March 2016, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the applicable implementing rules and regulations issued by the Sharjah Airport International Free Zone Authority and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the establishment's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the establishment's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **SUN PHARMA GLOBAL FZE** as at 31 March 2016 and its financial performance and its cash flows for the year then ended and comply with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the establishment has maintained proper books of account and the financial statements are in agreement with the books of account. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions during the year of the regulation issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995 or the Articles of Association of the establishment which might have materially affected the financial position of the establishment or its financial performance.

Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

21 May 2016

Dubai

SUN PHARMA GLOBAL FZE

Statement of Financial Position
31 March 2016

	<i>Notes</i>	<i>2016</i> <u>US\$</u>	<i>2015</i> <u>US\$</u>
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,802,653	7,126,996
Intangible assets	6	472,612,107	109,342,076
Investments	7	146,183,324	37,730,195
Long-term loans	8	<u>268,449,615</u>	<u>187,366,228</u>
		<u>896,047,699</u>	<u>341,565,495</u>
Current assets			
Inventories		-	345,065
Trade receivables	9	559,508,301	192,223,770
Accounts and other receivables	10	10,207,678	400,320,499
Prepayments		336,431	70,892
Cash and bank balances	11	<u>314,559,423</u>	<u>394,971,239</u>
		<u>884,611,833</u>	<u>987,931,465</u>
Total assets		<u>1,780,659,532</u>	<u>1,329,496,960</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholder's funds			
Share capital	12	4,124,694	4,124,694
General reserve	13	538,161,280	538,161,280
Retained earnings		1,131,313,246	767,369,986
Investment revaluation reserve		<u>67,287,039</u>	-
Equity funds		<u>1,740,886,259</u>	<u>1,309,655,960</u>
Current account	14	<u>(50,000)</u>	<u>(50,000)</u>
Total shareholder's funds		<u>1,740,836,259</u>	<u>1,309,605,960</u>
Non-current liability			
Staff end of service benefits		<u>154,376</u>	<u>51,737</u>
Current liability			
Trade and other payables	15	<u>39,668,897</u>	<u>19,839,263</u>
Total liabilities		<u>39,823,273</u>	<u>19,891,000</u>
Total equity and liabilities		<u>1,780,659,532</u>	<u>1,329,496,960</u>

The notes on pages 6 to 20 form an integral part of these financial statements.

Rajesh K. Shah
DIRECTOR

SUN PHARMA GLOBAL FZE

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2016

	<i>Notes</i>	<i>2016</i> <i>US\$</i>	<i>2015</i> <i>US\$</i>
Revenue	16	582,718,798	353,701,093
Other income	17	10,791,451	3,499,679
Cost of revenue		(59,033,953)	(66,937,656)
General, administrative and selling expenses	18	(158,594,694)	(96,806,270)
Depreciation		(728,373)	(538,859)
Amortization		<u>(11,209,969)</u>	<u>(11,708,489)</u>
Profit for the year		363,943,260	181,209,498
Other comprehensive income			
Gain in fair value for available for sale investments		<u>67,287,039</u>	<u>-</u>
Total comprehensive income for the year		<u>431,230,299</u>	<u>181,209,498</u>

The notes on pages 6 to 20 form an integral part of these financial statements.

Rajesh K. Shah
DIRECTOR

SUN PHARMA GLOBAL FZE

Statement of Changes in Equity
for the year ended 31 March 2016

	<i>Share capital US \$</i>	<i>General reserve US \$</i>	<i>Retained earnings US \$</i>	<i>Investment valuation reserve US \$</i>	<i>Total US \$</i>
As at 31 March 2014	4,124,694	538,161,280	589,038,013	-	1,131,323,987
Accumulated losses from its 100% subsidiary	-	-	(2,877,525)	-	(2,877,525)
Profit for the year	-	-	181,209,498	-	181,209,498
As at 31 March 2015	4,124,694	538,161,280	767,369,986	-	1,309,655,960
Profit for the year	-	-	363,943,260	-	363,943,260
Other comprehensive income for the year	-	-	-	67,287,039	67,287,039
As at 31 March 2016	<u>4,124,694</u>	<u>538,161,280</u>	<u>1,131,313,246</u>	<u>67,287,039</u>	<u>1,740,886,259</u>

The notes on pages 6 to 20 form an integral part of these financial statements.

Rajesh K. Shah
DIRECTOR

SUN PHARMA GLOBAL FZE

Statement of Cash Flows
for the year ended 31 March 2016

	<i>Note</i>	2016 <u>US \$</u>	2015 <u>US \$</u>
<u>Cash flows from operating activities</u>			
Profit for the year		363,943,260	181,209,498
Adjustments for:			
Depreciation		728,373	538,859
Amortization		11,209,969	11,708,489
Provision for staff end of service benefits		102,639	51,737
Interest income		<u>(9,928,580)</u>	<u>(3,499,679)</u>
Operating profit before working capital changes		366,055,661	190,008,904
(Increase)/decrease in inventories		345,065	226,738
(Increase)/decrease in trade, accounts and other receivables		23,281,847	(280,386,273)
Increase/ (decrease) in trade and other payables		<u>16,014,635</u>	<u>(14,329,588)</u>
Net cash from / (used) operating activities		<u>405,697,208</u>	<u>(104,480,219)</u>
<u>Cash flows from investing activities</u>			
Payment for purchase of property, plant and equipment		(2,404,030)	(3,465,823)
Payment for purchase of intangible assets		(370,665,000)	(87,735,237)
Proceeds from/(payment for) other investments (net)		(41,166,090)	267,180
Proceeds from/(payment for) fixed deposits		(100,000,000)	-
Interest income received		<u>5,084,396</u>	<u>1,954,048</u>
Net cash from/(used in) investing activities		<u>(509,150,724)</u>	<u>(88,979,832)</u>
<u>Cash flows from financing activities</u>			
Long term loans recovered/(advanced) (net)		(76,958,300)	97,096,203
Funds introduced /(withdrawn) by the shareholder (net)		-	(20,102,490)
Net cash from/(used) financing activities		<u>(76,958,300)</u>	<u>76,993,713</u>
Net increase in cash and cash equivalents		(180,411,816)	(116,466,338)
Cash and cash equivalents at the beginning of the year		<u>394,971,239</u>	<u>511,437,577</u>
Cash and cash equivalents at the end of the year	11	<u>214,559,423</u>	<u>394,971,239</u>

The notes on pages 6 to 20 form an integral part of these financial statements.

Rajesh K. Shah
DIRECTOR

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2016****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 has obtained a 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 also has a representative office in Kingdom of Jordan and representatives in various other countries.

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, products licensing, registration, employee 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 in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of U.A.E. laws.

Basis of measurement

The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies.

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2016**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.

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, revenues, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts.

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

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

Adoption of new and revised International Financial Reporting Standards (IFRS)

The company adopted all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 April 2015. The company 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, fixture 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 2016****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 provisions 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. Asset lives are reviewed annually, and where appropriate adjusted.

Intangible assets under development

Acquired in process 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 not that the fair value is less than the carrying amount, a quantitative test that compares the fair value of the IPR&D intangible asset with its carrying value is performed. If the fair value is less than the carrying amount, an impairment loss is recognized in operating results.

Investments*Investment in subsidiaries 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 and associates are accounted for at cost less provision for impairment, if any. Dividend income is recognized in the statement of profit or loss when paid out by the subsidiaries.

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2016****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 revaluation reserve'.

Inventories

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

Financial instruments

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

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

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

Financial assets

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

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 represent advances to suppliers and others and refundable deposits. These assets are initially recognized at fair value plus any directly attributable transaction costs.

Cash and cash equivalents

Cash and cash equivalents comprise bank current 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 include trade and other payables.

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2016****Summary of significant accounting policies (cont'd)****Financial instruments (cont'd)***Trade and other payables*

Trade and other payables 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.

Offsetting

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

Staff end-of-services benefits

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

Provisions

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

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

Contingencies

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

Revenue recognition

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

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements**
*for the year ended 31 March 2016***Summary of significant accounting policies (cont'd)**

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

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

Other income is recognised as per the contractual agreement.

Foreign currency transactions

Transactions in foreign currencies are converted into US Dollars at the rate of exchange ruling on the date of the transaction.

Assets and liabilities expressed in foreign currencies are translated into US Dollars at the rate of exchange ruling at the statement of financial position date.

Resulting gain/loss is taken to the statement of profit or loss and other comprehensive income.

4. Significant judgment employed in applying accounting policies and key sources of estimation and uncertainties**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 profit or loss 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 and uncertainty

Key assumptions made concerning the future and other key sources of estimation and 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 2016****Key sources of estimation and 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.

Inventory provision

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

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

Impairment of loans and receivables

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

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

Impairment

Based on the assessment assumptions are made as to the level of provisioning required. Assessment of net recoverable amount of property, plant and equipment, 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 benefits

The establishment computes provision for the liability to staff end-of-service benefits 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 2016

5. Property, plant and equipment (2016)	*Capital advance US \$	Equipment# US \$	Residential and commercial properties US \$	Furniture, fixtures and office equipment US \$	Vehicles US \$	Total US \$
Cost						
As at 01.04.2015	3,465,000	4,245,000	1,211,105	288,345	352,273	9,561,723
Additions during the year	2,384,857	-	-	19,173	-	2,404,030
Transferred during the year	(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>
Depreciation						
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>2,658,198</u>	<u>123,336</u>	<u>181,748</u>	<u>199,818</u>	<u>3,163,100</u>
Net book value						
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>

*Comprises of advance of US \$ 2,115,000 paid to an overseas manufacturer for single cavity tooling equipment and US \$ 2,234,857 towards purchase of commercial freehold office premises in United Arab Emirates.

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

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

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2016

6. Intangible assets	<i>*In-process research and development</i>	<i>Brands@</i>	<i>Technology know how / developed formulations</i>	<i>Software</i>	<i>Total</i>
	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>	<i>US \$</i>
Cost					
As at 01.04.2015	80,000,000	-	80,266,321	92,350	160,358,671
Additions during the year	66,650,000	294,815,000	\$13,015,000	-	374,480,000
As at 31.03.2016	<u>146,650,000</u>	<u>294,815,000</u>	<u>93,281,321</u>	<u>92,350</u>	<u>534,838,671</u>
Amortization					
As at 01.04.2015	-	-	50,988,123	28,472	51,016,595
Charge for the year	-	161,101	11,030,398	18,470	11,209,969
As at 31.03.2016	-	<u>161,101</u>	<u>62,018,521</u>	<u>46,942</u>	<u>62,226,564</u>
Net book value					
As at 31.03.2016	<u>146,650,000</u>	<u>294,653,899</u>	<u>31,262,800</u>	<u>45,408</u>	<u>472,612,107</u>
As at 31.03.2015	<u>80,000,000</u>	<u>-</u>	<u>29,278,198</u>	<u>63,878</u>	<u>109,342,076</u>

*Intangible asset under development comprises the following:

- i) US \$ 80 million upfront payment made to an overseas pharmaceutical company for acquiring license and other rights over the compound in process research and development.
- ii) US \$ 66.6 million payment made to a related party for acquiring license and other rights over the compound in process research and development.

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

\$Includes US \$ 2 million paid to a related party for providing technical and other support services for site transfer activity.

	<i>2016</i>	<i>2015</i>
	<i>US\$</i>	<i>US\$</i>
7. Investments		
Securities:		
<i>Quoted</i>		
Impax Laboratories Inc., United States of America (2,868,623 ordinary shares)	91,853,308	24,566,269
<i>Unquoted</i>		
Enceladus Pharmaceuticals BV, Netherlands (116,667 ordinary shares of € 0.10 each)	<u>4,480,000</u>	<u>4,480,000</u>
Total investments in equity shares	96,333,308	29,046,269
Investment in preference shares		
Sun Pharmaceutical Industries (Australia) PTY LTD, Australia (USD 40 million preference shares of USD 1 each)	40,000,000	-
Investment in an associate		
Artes Biotechnology GmbH, Germany. (15,853 ordinary shares of € 1 each with premium)	4,240,105	3,074,015
Investment in subsidiaries (as under)	<u>5,609,911</u>	<u>5,609,911</u>
Total investments	<u>146,183,324</u>	<u>37,730,195</u>

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2016

Investments (cont'd)

<i>Names of subsidiaries</i>	<i>Nature of business</i>	<i>%</i>	<i>2016 US\$</i>	<i>2015 US\$</i>
Sun Global Canada Pty Ltd 1,000 shares of CAD 1 par value each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	1,000	1,000
Sun Pharma Philippines Inc [^] 86,534 shares of Peso 100 each. [^] Six shares issued to the directors are held in trust by them on behalf of the company	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	200,882	200,882
Sun Pharmaceuticals Korea Ltd 1,000,000 shares of South-Korean Won 100 each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	89,685	89,685
Sun Pharma Japan Inc 3,160 share of JPY 50,000 each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	2,458,504	2,458,504
Sun Pharma Healthcare FZE 70 shares of AED 150,000 each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	2,858,700	2,858,700
Sun Pharma East Africa Ltd 999 shares of KES 100 each	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100	1,140	1,140
			<u>5,609,911</u>	<u>5,609,911</u>
			<i>2016 US\$</i>	<i>2015 US\$</i>
Net asset value as of 31 March[^]				
Sun Global Canada Pty Ltd			(17,503)	(14,577)
Sun Pharma Philippines Inc			(4,658,920)	(2,725,980)
Sun Pharmaceuticals Korea			67,962	73,098
Sun Pharma Japan Ltd			(5,133,670)	(3,328,430)
Sun Pharma Healthcare FZE			2,754,273	2,755,761
Sun Pharma East Africa Ltd			(624,435)	(13,496)
Artes Biotechnology GmbH			(267,217)	(64,929)
			<u>(7,879,510)</u>	<u>(3,318,553)</u>

[^]As per the management accounts.

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

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2016**8. Long-term loans**

This comprises unsecured loans provided to related parties of US \$ 259,729,423 (*previous year US \$ 166,586,375*) and non-related parties of US \$ 8,720,192 (*previous year US \$ 20,779,853*). These loans bear interest rates of 0 to 15% per annum and are considered long term by the management.

9. Trade receivables

Trade receivables include US \$ 558,151,318 (*previous year US \$ 222,090,780*) due from related parties. Credit terms granted to these related parties range from 0 to 270 days and at times extended credit period is granted. Although trade receivables of US \$ 34,158,368 from related parties are past due, they are considered good and fully recoverable by the management. Trade receivables are stated net of provision of US \$ Nil (*previous year US \$ 30,000,000*) for rebates, charge-backs and medicaid.

0-30 days US \$ 89,197,461, 31-90 days US \$ 176,541,474, 91-180 days US \$ 145,514,347, 181-270 days US \$ 114,096,651, 271-360 days US \$ 32,886,230 more than 360 days US \$ 1,272,138

	<u>2016</u>	<u>2015</u>
	<u>US\$</u>	<u>US \$</u>
10. Accounts and other receivables		
Short term advance	-	400,000,000
Advance to suppliers and others *	9,439,908	296,188
Deposits	48,672	24,311
Interest accrued but not due	719,098	-
	<u>10,207,678</u>	<u>400,320,499</u>

*Includes US \$ 4,990,727 advance given to related parties.

11. Cash and bank balances

Bank balances in:		
Current accounts	129,614,676	375,616,146
Call accounts	84,944,747	19,355,093
Cash and cash equivalents	214,559,423	394,971,239
Fixed deposits	100,000,000	-
	<u>314,559,423</u>	<u>394,971,239</u>

12. Share capital**Authorised, issued and paid up:**

101 shares of AED 150,000 (<i>converted @ 3.673</i>)	<u>4,124,694</u>	<u>4,124,694</u>
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13. General reserve

This represents net assets of US \$ 538,161,280 (*previous year US \$ 538,161,280*) 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.

14. Current account

This represents unsecured and non-interest bearing balance in current account of the parent shareholder company.

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2016

	<u>2016</u> <u>US \$</u>	<u>2015</u> <u>US \$</u>
15. Trade and other payables		
Trade payables #	33,805,665	18,061,568
Capital creditors for intangible assets *	3,815,000	-
Customer credit balance – <i>related party</i>	784,375	-
Due to an ultimate parent company	-	25,690
Accruals and provisions	<u>1,263,857</u>	<u>1,752,005</u>
	<u>39,668,897</u>	<u>19,839,263</u>
<i># Includes US \$ 11,843,331 (previous year US \$ 10,375,564) due to related parties.</i>		
<i>*Includes US \$ 2,000,000 due to a related party.</i>		
16. Revenue		
This represents sales of US\$ 581,457,695 (<i>previous year US\$ 353,701,093</i>) net of returns and provision for chargebacks, medicaid, rebates, shelf stock adjustments, cash discounts and other sales deductions received mainly from related parties and US \$ 1,261,103 share of profit from an overseas pharmaceutical company.		
	<u>2016</u> <u>US \$</u>	<u>2015</u> <u>US \$</u>
17. Other income		
Interest income from banks	5,723,941	1,954,049
Interest income from long term loans	4,204,639	1,545,630
Exchange gain (net)	847,137	-
Miscellaneous income	<u>15,734</u>	<u>-</u>
	<u>10,791,451</u>	<u>3,499,679</u>
18. General, administrative and selling expenses		
Rent	25,013	16,747
Salaries and benefits	5,003,660	4,242,481
Royalty on sales	12,674,254	17,328,283
Overseas office expenses	2,703,828	3,377,719
Legal and professional charges (net)	7,246,360	8,201,808
Outward freight and distribution expenses	2,961,527	4,249,824
Exchange rate fluctuation (net)	-	1,852,061
Research and development expenses	88,283,959	39,556,362
License and product registration	5,682,217	5,332,621
Fines and penalties	32,440,953	12,371,110
Sundry balance written off	1,050,000	-
Miscellaneous expenses	<u>522,923</u>	<u>277,254</u>
	<u>158,594,694</u>	<u>96,806,270</u>
19. 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.	

SUN PHARMA GLOBAL FZE**Notes to the Financial Statements
for the year ended 31 March 2016****Related party transactions and balances (cont'd)**

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 and step down subsidiaries of the establishment

- Sun Global Canada Pty Ltd - Canada

Subsidiaries and step down subsidiaries of the establishment

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

Associate

- Artes Biotechnology GMBH – Germany

Ultimate Parent Company

- Sun Pharmaceutical Industries Limited – India

Subsidiaries and Step Down Subsidiaries of Ultimate Parent Company

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

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

- Sun Pharmaceutical Advanced Research Company Ltd – India

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2016

Related party transactions and balances (cont'd)

- 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 step down subsidiaries US.\$	Ultimate parent company US.\$	Subsidiaries and step down subsidiaries of ultimate parent company US.\$	Enterprise under significant influence US.\$	Total 2016 US.\$	Total 2015 US.\$
Intangible assets	-	-	2,000	66,650	-	68,650	3,400
Interest income	-	17	-	3,043	-	3,060	358
Other expenses	-	-	2	48	4,299	4,349	90
Royalty on sales	-	-	-	-	12,367	12,367	16,788
Purchases	-	-	51,928	3,258	-	55,186	59,236
Sales	-	-	-	551,122	-	551,122	282,686

Balances:

Figures in ('000)

	Parent shareholder company US\$	Subsidiaries and step down subsidiaries US.\$	Ultimate parent company US.\$	Subsidiaries and step down subsidiaries of ultimate parent company US.\$	Enterprise under significant influence US.\$	Total 2016 US.\$	Total 2015 US.\$
	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)
Trade receivables	-	-	-	558,151	-	558,151	222,091
Advances	-	-	-	4,991	-	4,991	-
Long term loans	-	13,121	-	246,609	-	259,730	166,586
Trade payables	-	-	(5,462)	(4,291)	(1,090)	(10,843)	(10,376)
Capital creditor	-	-	(2,000)	-	-	(2,000)	-
Customer credit balance	-	-	-	(784)	-	(784)	-
Current account	50	-	-	-	-	50	50
Due to a related party	-	-	-	-	-	-	(26)

20. Financial instruments: Credit, liquidity and market rate risk exposures

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the establishment to concentrations of credit risk comprise principally of bank balances and trade and other receivables. The establishment's bank balances in current call and fixed deposit accounts are placed with high credit quality financial institutions. As at 31 March 2016, apart from related parties, there are no significant concentrations of credit risk from receivables outside the industry in which the establishment 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.

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2016**Financial instruments: Credit, liquidity and market rate risk exposures (cont'd)***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 Dollars is fixed:

	<i>2016</i> <i>Equivalent</i> <i>US \$</i>	<i>2015</i> <i>Equivalent</i> <i>US \$</i>
Foreign currency financial assets		
Trade receivables		
Euro (EUR)	7,652,629	13,922,576
Great Britain Pound (GBP)	2,407,320	4,679,150
Bank balances		
Euro (EUR)	3,841,312	4,404,015
Great Britain Pound (GBP)	3,481,678	1,844,211
Foreign currency financial liability		
Trade payables		
Euro (EUR)	780,132	874,414
Great Britain Pound (GBP)	180,287	695,995
21. Contingent liabilities		
There were no liabilities and or claims against the establishment, contingent in nature outstanding at the statement of financial position date.		
22. Commitments	<i>2016</i> <i>US \$</i>	<i>2015</i> <i>US \$</i>
Contracted but not provided	73,335,000	55,385,000
23. Comparative figures		
Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.		
24. Approval of the financial statements		
The financial statements were approved by the Board of Directors and authorised for issue on 21 May 2016.		