

Sun Pharma Holdings

Financial statements

31 March 2018

Sun Pharma Holdings

Financial statements
for the year ended 31 March 2018

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Sun Pharma Holdings

Corporate data

Directors: Rajesh Khushalchand Shah
Harin Mehta

Registered agent: Rogers Capital Corporate Services Limited
St Louis Business Centre
Cnr Desroches & St Louis Streets
Port Louis
Republic of Mauritius

Auditors: Lancasters
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Banker: Credit Agricole
13th Floor Maze Tower
Sh. Zayed Road
Next To Emirates Tower Metro Station
Dubai
United Arab Emirates

Auditors' report to member of Sun Pharma Holdings

Opinion

We have audited the financial statements of Sun Pharma Holdings (the "Company") set out on pages 5 to 27 which comprise the statement of financial position as at 31 March 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements nor our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Auditors' report to member of Sun Pharma Holdings (continued)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine 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, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditors' report to member of Sun Pharma Holdings (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 the directors 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.

Other matter

This report is made solely for the Company's member. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, ACA, MBA (UK)
Licensed by FRC

Date:

Sun Pharma Holdings

Statement of profit or loss and other comprehensive income for the year ended to 31 March 2018

	Note	2018 USD	2017 USD
Revenue		-	-
Expenses			
Audit fees		8,415	6,500
Accounting fees		7,400	8,100
Administration charges		3,737	4,520
Telephone, fax and courier charges		3,480	1,910
Professional fees		2,595	12,000
Licence fees		124	584
Sundries		-	1,245
		<u>25,751</u>	<u>34,859</u>
Loss from operating activities		(25,751)	(34,859)
Finance costs	6	<u>(432,088)</u>	<u>(109,687)</u>
Loss before taxation		(457,839)	(144,546)
Taxation	7	-	-
Loss for the year		(457,839)	(144,546)
Other comprehensive income		<u>(999,765)</u>	<u>(1,602,315)</u>
Total comprehensive income for the year		<u>(1,457,604)</u>	<u>(1,746,861)</u>

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

Sun Pharma Holdings

Statement of financial position at 31 March 2018

	Note	2018 USD	2017 USD
Assets			
Non-current assets			
Available-for-sale financial assets	8	7,858,690	8,858,455
Investment in subsidiaries	9	3,146,062,033	3,146,062,033
Total non-current assets		3,153,920,723	3,154,920,488
Current assets			
Other receivables	10	-	1,596
Cash and cash equivalents		12,616	40,661
Total current assets		12,616	42,257
Total assets		3,153,933,339	3,154,962,745
Equity and liabilities			
Stated capital	11	855,249,716	855,249,716
Preference share capital	12	2,565,593,148	2,565,593,148
Reserves	13	(278,570,195)	(277,112,591)
Total equity		3,142,272,669	3,143,730,273
Liabilities			
Current liabilities			
Loan from subsidiary	14	11,100,000	11,100,000
Other payables	15	560,670	132,472
Total liabilities		11,660,670	11,232,472
Total equity and liabilities		3,153,933,339	3,154,962,745

Approved by the Board of Directors on and signed on its behalf by:

.....
Director

.....
Director

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

Sun Pharma Holdings

Statement of changes in equity for the year ended to 31 March 2018

	Stated capital USD	Preference share capital USD	Reserves USD	Total USD
At 01 April 2016	855,249,716	2,565,593,148	5,634,270	3,426,477,134
Total comprehensive income for the year				
Loss for the year	-	-	(144,546)	(144,546)
Other comprehensive income	-	-	(1,602,315)	(1,602,315)
Other reserves	-	-	(281,000,000)	(281,000,000)
	-----	-----	-----	-----
Balance at 31 March 2017	855,249,716	2,565,593,148	(277,112,591)	3,143,730,273
Total comprehensive income for the year				
Loss for the year	-	-	(457,839)	(457,839)
Other comprehensive income	-	-	(999,765)	(999,765)
	-----	-----	-----	-----
Balance at 31 March 2018	855,249,716	2,565,593,148	(278,570,195)	3,142,272,669
	=====	=====	=====	=====

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

Sun Pharma Holdings

Statement of cash flows

for the year ended to 31 March 2018

	2018 USD	2017 USD
Cash flows from operating activities		
Loss for the year	(457,839)	(144,546)
Change in other receivables	1,596	134
Change in other payables	428,198	120,092
Net cash used in operating activities	<u>(28,045)</u>	<u>(24,320)</u>
Cash flows from financing activities		
Loan from subsidiary	-	11,050,000
Amount to third party advanced	-	(11,000,000)
Net cash used from financing activities	<u>-</u>	<u>50,000</u>
Net (decrease) / increase in cash and cash equivalents	(28,045)	25,680
Cash and cash equivalents at 01 April	40,661	14,981
Cash and cash equivalents at 31 March	<u><u>12,616</u></u>	<u><u>40,661</u></u>

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

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

1. General information

The Company was incorporated on 29 January 2013 and was granted a Category 2 Global Business Licence on 30 January 2013. The principal activity of the Company is that of investment holding.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except where stated otherwise.

(c) Functional and presentation currency

The financial statements are presented in United States Dollar (USD) which is the Company’s functional currency and presentation currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 is included in the relevant notes as follows:

- Impairment test: key assumptions underlying recoverable amounts;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

2. Basis of preparation (continued)

(d) Use of judgements and estimates (continued)

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. Application of new and revised International Financial Reporting Standards (IFRSs)

3.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has reviewed and applied certain amendments to IFRSs issued by the IASB that are mandatorily effective for an accounting period that begins on or after 01 January 2017.

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The adoption of the above amendments did not have significant impact on the Company's financial statements since the notes and policies included in the financial statements already provide good understandability and comparability to the users.

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Notes to and forming part of the financial statements *for the year ended to 31 March 2018*

3. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

3.2 New and revised IFRSs in issue but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018, and have not been applied in preparing these financial statements. The Company is in the process of assessing the impact of these amendments, new standards and the new interpretations in the initial application. These will be adopted in the period that they become mandatory unless otherwise indicated period. Those which may be relevant to the Company are set out below:

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through OCI or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application and early adoption is permitted.

Sun Pharma Holdings

Notes to and forming part of the financial statements

for the year ended to 31 March 2018

3. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

3.2 New and revised IFRSs in issue but not yet effective (continued)

IFRS 15 Revenue from contracts with customers

This new standard may have a significant impact on the Company, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Company is currently in the process of performing a more detailed assessment of the impact of this standard on the Company and will provide more information in the year 31 March 2018 financial statements. The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

4. Significant accounting policies

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income (OCI):

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Revenue recognition

Revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

- Dividend income - when the shareholder's right to receive payment is established
- Interest on loan - recognised in the year in which it is receivable.

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Notes to and forming part of the financial statements for the year ended to 31 March 2018

4. Significant accounting policies (continued)

Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investment in subsidiaries are shown at cost and provision for impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

Financial instruments

The Company classifies non-derivative financial assets into loans and receivables and available for sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - Measurement

Loans and receivables - These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

4. Significant accounting policies (continued)

(iii) Non-derivative financial assets – Measurement (continued)

Available-for-sale financial assets - These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Cash and cash equivalents - Cash and cash equivalents consist of bank balances held with bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(iv) Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The company's non derivative financial liabilities are loan from subsidiary and other payables.

Stated capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Impairment

(i) Non-derivative financial assets

Financial assets not classified as fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

4. Significant accounting policies (continued)

Impairment (continued)

(i) Non-derivative financial assets (continued)

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

Available-for-sale financial assets – Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

4. Significant accounting policies (continued)

(iii) Non-financial assets (continued)

Expenses

All expenses are recognized in the statement of profit or loss and other comprehensive income on an accrual basis.

Offsetting financial instruments

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

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

5. Financial instruments – Fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
	Available- for-sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD	USD	USD	USD
31 March 2018	7,858,690	-	-	5,778,045	-	2,080,645	7,858,690
Financial assets measured at fair value							
Available-for-sale financial assets	7,858,690	-	-	5,778,045	-	2,080,645	7,858,690
Financial assets not measured at fair value							
Cash and cash equivalents	-	12,616	-	-	-	-	-
Financial liabilities not measured at fair value							
Loan from subsidiary	-	-	11,100,000	-	-	-	-
Other payables	-	-	560,670	-	-	-	-
	-	-	11,660,670	-	-	-	-

Sun Pharma Holdings

**Notes to and forming part of the financial statements
for the year ended to 31 March 2018**

5. Financial instruments – Fair values and risk management (continued)

(a) Accounting classifications and fair values (continued)

	Carrying amount			Fair value			
	Available- for-sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD	USD	USD	USD
31 March 2017							
Financial assets measured at fair value							
Available-for-sale financial assets	8,858,455	-	-	6,777,810	-	2,080,645	8,858,455
Financial assets not measured at fair value							
Cash and cash equivalents	-	40,661	-	-	-	-	-
Financial liabilities not measured at fair value							
Loan from subsidiary	-	-	11,100,000	-	-	-	-
Other payables	-	-	132,472	-	-	-	-
	-	-	11,232,472	-	-	-	-

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

5. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include available-for-sale financial assets, cash and cash equivalents, loan from subsidiary and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly review their risk management policies and systems to reflect changes in markets and emerging best practice.

Overview

The company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market Risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors including interest rates, foreign exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate because of changes in market interest rate. The Company has no significant exposure to interest rate risk.

(ii) Currency risk

All of the Company's financial assets and liabilities are denominated in United States Dollar. Consequently, the Company is not exposed to the risk of foreign currency exchange rates.

(iii) Price risk

The Company is not exposed to commodity price risk.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

5. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

Credit risk

Credit risk represents the potential loss that the company would incur if counter parties fail to perform pursuant to the terms of their obligations to the company.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2018 USD	2017 USD
Available-for-sale financial assets	7,858,690	8,858,455
Cash and cash equivalents	12,616	40,661
	<u>7,858,690</u>	<u>8,858,455</u>

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the Company's contractual maturities of financial liabilities:

Year ended 31 March 2018

	Due on demand USD	Due for less than 1 year USD	Due for more than 1 years USD	Total USD
Financial liabilities				
Loan from subsidiary	11,100,000	-	-	11,100,000
Other payables	-	560,670	-	560,670
	<u>11,100,000</u>	<u>560,670</u>	<u>-</u>	<u>11,660,670</u>
Total financial liabilities	<u>11,100,000</u>	<u>560,670</u>	<u>-</u>	<u>11,660,670</u>

Sun Pharma Holdings

Notes to and forming part of the financial statements
for the year ended to 31 March 2018

5. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

Liquidity risk (continued)

Year ended 31 March 2017

	Due on demand USD	Due for less than 1 year USD	Due for more than 1 years USD	Total USD
Financial liabilities				
Loan from subsidiary	11,100,000	-	-	11,100,000
Other payables	-	132,472	-	132,472
	-----	-----	-----	-----
Total financial liabilities	11,100,000	132,472	-	11,232,472
	=====	=====	=====	=====

6. Finance cost

	2018 USD	2017 USD
Interest accrued	432,088	109,687
	=====	=====

7. Taxation

The company holds a Category 2 Global Business Licence and is not subject to income tax.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

8. Available-for-sale financial assets

Investments consist of quoted shares and unquoted shares. Quoted shares are listed on the New York Stock Exchange.

	Quoted USD	Unquoted USD	Total USD
At 01 April 2017	5,479,748	2,080,645	7,560,393
Addition/disposal during the year	-	-	-
	<u>5,479,748</u>	<u>2,080,645</u>	<u>7,560,393</u>
At 31 March 2018	<u>5,479,748</u>	<u>2,080,645</u>	<u>7,560,393</u>
<i>Fair value reserves</i>			
At 01 April 2017	1,298,062	-	1,298,062
Movement during the year	(999,765)	-	(999,765)
	<u>298,297</u>	<u>-</u>	<u>298,297</u>
At 31 March 2018	<u>298,297</u>	<u>-</u>	<u>298,297</u>
<i>Valuation</i>			
At 31 March 2018	<u>5,778,045</u>	<u>2,080,645</u>	<u>7,858,690</u>
At 31 March 2017	<u>6,777,810</u>	<u>2,080,645</u>	<u>8,858,455</u>

Quoted investment

<i>Name of company</i>	<i>Number of units</i>	<i>Stock exchange</i>
-----	-----	-----
	-	
Taro Pharmaceutical Industries Ltd	58,500	New York Stock Exchange

Unquoted investment

<i>Name of companies</i>	<i>Number and types of shares</i>	<i>% held</i>	<i>Country of incorporation</i>
-----	-----	-----	-----
Sun Pharmaceutical (Bangladesh) Ltd	531 equity shares	0.09	Bangladesh
TKS Farmaceutica Ltda	19,463 equity shares	0.35	Brazil

Sun Pharma Holdings

Notes to and forming part of the financial statements
for the year ended to 31 March 2018

9. Investments in subsidiaries

Investments consist of unquoted shares

	2018 USD	2017 USD
<i>Cost</i>		
At 1 April	3,146,062,033	3,416,062,033
Disposal during the year	-	(270,000,000)
At 31 March	<u>3,146,062,033</u>	<u>3,146,062,033</u>

<i>Name of companies</i>	Number and types of shares	%	<i>Country of incorporation</i>
-----	-----	-----	-----
	--		-
Alkaloida Chemical Company Zrt	14,869,667 equity shares	100	Hungary
Sun Global Development FZE	70 equity shares	100	UAE
Sun Laboratories FZE	300 equity shares	100	UAE
Sun Pharmaceutical Industries (Australia) Pty Ltd	100 equity shares	100	Australia
Sun Pharmaceutical (SA) (PTY) Ltd	1,000 equity shares	100	South Africa
Sun Pharma Global FZE	101 equity shares	100	UAE

10. Other receivables

	2018 USD	2017 USD
Prepayments	-	1,596
	<u>-----</u>	<u>-----</u>

Sun Pharma Holdings

Notes to and forming part of the financial statements
for the year ended to 31 March 2018

11. Stated capital

	2018 USD	2017 USD
Balance at 01 April	<u>855,249,716</u>	<u>855,249,716</u>

All shares rank equally with regard to the Company's residual assets. The holders of the ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

12. Preference share capital

	2018 USD	2017 USD
2,565,593,148 5% optionally convertible preference share capital of USD 1 each	<u>2,565,593,148</u>	<u>2,565,593,148</u>

The term of the 5% OCPS is for a period of 10 years from the date of its allotment and the term may be further extended to a period of 10 years with the prior approval of the OCPS Holder. The OCPS Holder also has the option to convert the 5% OCPS into equity shares after 2 years from the date of allotment as per the agreed terms.

Notes to and forming part of the financial statements
for the year ended to 31 March 2018

13. Reserves

	Fair Value reserve USD	Other reserves USD	Retained earnings USD	Total USD
At 01 April 2016	2,900,377	-	2,733,893	5,634,270
Total comprehensive income for the year				
Loss for the year	-	-	(144,546)	(144,546)
Other comprehensive income	(1,602,315)	-	-	(1,602,315)
Other reserves	-	(281,000,000)	-	(281,000,000)
Balance at 31 March 2017	<u>1,298,062</u>	<u>(281,000,000)</u>	<u>2,589,347</u>	<u>(277,112,591)</u>
Total comprehensive Income for the year				
Loss for the year	-	-	(457,839)	(457,839)
Other comprehensive income	(999,765)	-	-	(999,765)
Balance at 31 March 2018	<u><u>298,297</u></u>	<u><u>(281,000,000)</u></u>	<u><u>2,131,508</u></u>	<u><u>(278,570,195)</u></u>

The Company has transferred certain group company Equity Investments (USD 270 million) along with cash (USD 11 million) to another group company without any consideration. Since this transaction is considered as Business Combinations Under Common Control without any change in ownership at the ultimate parent level, it is treated as a transaction that has taken place with the equity shareholders / ultimate parent company and hence same is accounted under other reserves.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2018

14. Loan from subsidiary

	2018 USD	2017 USD
Unsecured, interest loan with Libor + 2% with repayment terms	<u>11,100,000</u>	<u>11,100,000</u>

15. Other payables

	2018 USD	2017 USD
Accrued expenses	15,900	12,450
Non-trade payable	2,995	10,335
Interest on loan	541,775	109,687
	<u>560,670</u>	<u>132,472</u>

16. Related party transactions

During the year under review, the Company entered into the following related party transactions:

		2018 USD	2017 USD
<i>Transaction during the year:</i>	<i>Nature</i>		
Loan from subsidiary	Amount received	-	11,050,000
Interest from subsidiary	Interest accrued	<u>432,088</u>	<u>109,687</u>
<i>Balance outstanding at 31 March</i>			
Loan from subsidiary	Amount payable	<u>11,100,000</u>	11,100,000
Interest from subsidiary	Interest payable	<u>541,775</u>	<u>109,687</u>

Compensation to key management personnel

The Company did not pay any compensation to its key management personnel during the year under review (2017: USD Nil).

17. Capital Management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity.

Sun Pharma Holdings

Notes to and forming part of the financial statements *for the year ended to 31 March 2018*

17. Capital Management (continued)

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

18. Contingencies

As per written resolution of directors dated 18 August 2015, the Board approved the Company to act as Guarantor under the Facility agreement of USD 400,000,000 with Standard Chartered Bank (England) with respect to the Multi Party Agreement between Sun Pharmaceutical Industries Limited and Sun Pharmaceutical Industries Inc.

19. Exemption from preparing consolidated financial statements

The Company is a wholly owned subsidiary of Sun Pharmaceutical Industries Limited and has taken advantage of paragraph 4(a) of International Financial Reporting Standards (IFRS) 10 – 'Consolidated Financial Statements' which dispenses it from the need to present consolidated financial statements. The registered office of Sun Pharmaceutical Industries Limited where the consolidated financial statements are available at Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon (East), Mumbai, Maharashtra (India) – 400 063.

20. Holding company

The Company is a wholly owned subsidiary of Sun Pharmaceutical Industries Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange.

21. Events after the reporting date

There has been no significant event after the reporting date which requires disclosure or amendment to these financial statement