

SUN PHARMA MEA DMCC

Financial Statements

28 February 2015

SUN PHARMA MEA DMCC

Financial Statements
28 February 2015

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SUN PHARMA MEA DMCC
Manager's Report

The manager submits his report and accounts for the period ended 28 February 2015.

Results

The results of the company and the appropriations made for the period ended 28 February 2015 are set out on pages 4 & 5 of the financial statements.

Review of the business

The company has not carried out its licensed activity during the period.

Events since the end of the period

The board of directors of the company have in their meeting held on 4th February 2015 approved the scheme for transfer of all assets and liabilities of the company as on 28 February 2015 to Sun Pharma Global, FZE, the Holding Company, at book value, subject to the applicable laws and such approvals as may be required under such applicable law. Pursuant to the scheme, the entire assets and liabilities pertaining to the company stands transferred to and / or vested in Sun Pharma Global, FZE with effect from 1st March 2015.

Consequent to transfer of assets and liabilities as on 28 February 2015 to its holding company and after complying with applicable laws of free zone authority, shareholder has decided to deregister the company.

Shareholder and its interest

The shareholder as at 28 February 2015 and its interests as at that date in the share capital of the company were as follows:

	<i>No. of shares</i>	<i>AED</i>
Sun Pharma Global FZE, U.A.E	200	10,000,000

Mr. Vishwanath Vinayak Kenkare
MANAGER

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF SUN PHARMA MEA DMCC

Report on the Financial Statements

We have audited the accompanying financial statements of **SUN PHARMA MEA DMCC**, which comprise the statement of financial position as at 28 February 2015 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period 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 Law No. 4 of 2001 issued by Dubai Multi Commodities Centre Authority and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 company'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 company'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 read with note 15, present fairly, in all material respects the statements of financial position of **SUN PHARMA MEA DMCC** as at 28 February 2015 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the Articles of Association adopted by the company in accordance with Regulation No. 1/2003 issued by the Dubai Multi Commodities Centre Authority, we further confirm that we have obtained all the information and explanations necessary for our audit and proper books of account have been kept by the company.

Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

7 May 2015

Dubai

SUN PHARMA MEA DMCC

Statement of Financial Position
28 February 2015

	<i>Notes</i>	<i>2015</i> <u>USD</u>	<i>2014</i> <u>USD</u>
ASSETS			
Non-current assets			
Property and equipment	4	760,891	848,578
Investment in a subsidiary	5	2,858,700	2,858,700
		<u>3,619,591</u>	<u>3,707,278</u>
Current assets			
Other receivables	6	20,569	14,411
Prepayments		-	11,348
Cash and cash equivalents	7	268,350	28,468
		<u>288,919</u>	<u>54,227</u>
Total assets		<u>3,908,510</u>	<u>3,761,505</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholder's funds			
Share capital	8	2,722,570	2,722,570
Accumulated losses		(2,877,525)	(2,479,207)
Equity funds		(154,955)	243,363
Current account	9	4,055,725	2,996,558
Total shareholder's funds		<u>3,900,770</u>	<u>3,239,921</u>
Current liabilities			
Advance from a subsidiary		-	500,000
Accruals		7,740	21,584
		<u>7,740</u>	<u>521,584</u>
Total liabilities		<u>7,740</u>	<u>521,584</u>
Total equity and liabilities		<u>3,908,510</u>	<u>3,761,505</u>

The notes on pages 7 to 14 form an integral part of these financial statements.

Mr. Rajesh Shah
DIRECTOR

SUN PHARMA MEA DMCC

Statement of comprehensive Income
for the period ended 28 February 2015

	<i>11 months period ended 28 February 2015 USD</i>	<i>Year ended 31 March 2014 USD</i>
Salaries and expenses	(257,702)	(247,186)
License and professional fees	(19,082)	(8,033)
Travelling and conveyance	(3,486)	(14,989)
Other administrative expenses	(30,361)	(33,662)
Depreciation	<u>(87,687)</u>	<u>(95,820)</u>
Net loss for the period/ year	(398,318)	(399,690)
Other comprehensive income/(loss)	<u>-</u>	<u>-</u>
Total comprehensive loss for the period/ year	<u>(398,318)</u>	<u>(399,690)</u>

The notes on pages 7 to 14 form an integral part of these financial statements.

SUN PHARMA MEA DMCC

Statement of Changes in Equity
for the period ended 28 February 2015

	<i>Share capital USD</i>	<i>Accumulated losses USD</i>	<i>Total USD</i>
As at 31 March 2013	2,722,570	(2,079,517)	643,053
Net loss for the year	-	(399,690)	(399,690)
As at 31 March 2014	2,722,570	(2,479,207)	243,363
Net loss for the period	-	(398,318)	(398,318)
As at 28 February 2015	<u>2,722,570</u>	<u>(2,877,525)</u>	<u>(154,955)</u>

The notes on pages 7 to 14 form an integral part of these financial statements.

SUN PHARMA MEA DMCC

Statement of Cash Flows
for the period ended 28 February 2015

	<i>Note</i>	<i>11 months period ended 28 February 2015 USD</i>	<i>Year ended 31 March 2014 USD</i>
<u>Cash flows from operating activities</u>			
Net loss for the period/year		(398,318)	(399,690)
Adjustments for:			
Depreciation		<u>87,687</u>	<u>95,820</u>
Operating loss before working capital changes		(310,631)	(303,870)
(Increase)/decrease in other receivables & prepayments		5,190	(5,023)
Increase/ (decrease) in accruals & other payables		<u>(13,844)</u>	<u>(52,797)</u>
Net cash from / (used) operating activities		<u>(319,285)</u>	<u>(361,690)</u>
<u>Cash flows from investing activity</u>			
Payment for purchase of property, plant and equipment		-	<u>(2,121)</u>
Net cash from/ (used in) investing activity		-	<u>(2,121)</u>
<u>Cash flows from financing activities</u>			
Proceeds from/(payment of) advance from a subsidiary (net)		(500,000)	2,171,331
Net funds introduced/(withdrawn) by the shareholder		<u>1,059,167</u>	<u>(1,825,943)</u>
Net cash introduced from/ (used in) financing activities		<u>559,167</u>	<u>345,388</u>
Net increase in cash and cash equivalents		239,882	(18,423)
Cash and cash equivalents at beginning of period/year		<u>28,468</u>	<u>46,891</u>
Cash and cash equivalents at end of period/year	7	<u>268,350</u>	<u>28,468</u>

The notes on pages 7 to 14 form an integral part of these financial statements.

SUN PHARMA MEA DMCC**Notes to the Financial Statements
for the period ended 28 February 2015****1. Legal status and business activity**

SUN PHARMA MEA DMCC is a limited liability company incorporated under the Dubai Multi Commodities Centre Authority ("DMCC" Authority) as per the provisions of law No. 4 of 2001 & order dated 1 May 2002 and is operating under the Trade License No. JLT 66751. The registered address of the company is Unit Nos. 703 & 704, Jumeirah Business Center 1, Plot No. G2, Jumeriah Lakes Towers, Dubai, UAE.

The parent company is Sun Pharma Global FZE, Sharjah Airport Free Zone, Sharjah, UAE which is a wholly owned subsidiary of Sun Pharma Holdings, Mauritius.

During the year, there was a change in the activity of the company from general trading activities to trading in medicines outside UAE.

The company registered to carry out general trading activities, has not carried out any trading activity during the period.

The shareholder has decided to deregister the company.

2. Basis of preparation and significant accounting policies**2.1 Basis of preparation**

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 and the applicable requirements of U.A.E. laws. The financial statements have been presented in US Dollars (USD), being the functional currency of the company.

The financial statements have been prepared under the historical cost basis. Historical cost is based on the fair value of the consideration given to acquire the asset of cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.2 First time adoption of IFRS

These financial statements, for the year ended 28 February 2015, are the first-time the company has prepared in accordance with IFRS. For years up to and including the year ended 31 March 2014, the company prepared its financial statements in accordance with accounting principles generally accepted in United Arab Emirates. However, there is no change in accounting principles/policies followed by the company. Accordingly, the company has prepared financial statements which comply with IFRS applicable for years ending on or after 28 February 2015.

2.3 Significant accounting estimates, judgments and assumptions

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.

SUN PHARMA MEA DMCC**Notes to the Financial Statements
for the period ended 28 February 2015**

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 3.

2.4 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 and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost is depreciated using straight-line method over the estimated useful lives of 5 to 50 years. Minor assets are fully depreciated in the year of purchase.

Investments

Subsidiaries are entities over which the company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Investment in subsidiaries are accounted for at cost less provision for impairment in value of the investments, if any. Dividend income is recognized in the statement of income when dividend is paid by the subsidiaries out of the profits made subsequent to the date of acquisition.

Financial assets and financial liabilities

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Liabilities are recognized for amounts to be paid in future for goods or services received, whether invoiced by the supplier or not.

A financial asset and a financial liability is offset and the net amount reported in the statement of financial position, if the company has a legal enforceable right to set-off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, trade and other receivables, held to maturity investments or available for sale financial assets. The company determines the classification of its financial assets at initial recognition. The particular recognition methods adopted by the company are disclosed in the individual policy statements associated with each item of financial instruments.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The company's financial liability consists of other payables. The financial assets include bank balance and other receivables.

Other receivables

Other receivables are stated at their cost less impairment losses, if any.

SUN PHARMA MEA DMCC**Notes to the Financial Statements
for the period ended 28 February 2015****Summary of significant accounting policies (cont'd)****Financial assets and financial liabilities (cont'd)***Cash and cash equivalents*

Cash and cash equivalents for the purpose of the statement of cash flows comprise cash, bank current account, and deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment.

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.

Staff end of service benefits

The company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' basic salary and length of service. Staff end of service benefits are accounted on a cash basis.

Foreign currency transactions

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

3. Significant accounting judgments employed in applying accounting policies and key sources of estimation uncertainties**3.1 Significant judgments employed**

The significant judgments made in applying accounting policies that have most significant effect on the amounts recognized in the financial statements pertains to impairment. At each reporting date, management conducts an assessment of property and equipment, 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 loans and receivables, if an amount is deemed irrecoverable, it is written off to 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 loans and receivables are made to the extent of the related amounts being recovered.

3.2 Sources of estimation and 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 MEA DMCC

Notes to the Financial Statements
for the period ended 28 February 2015

Sources of estimation and uncertainty (cont'd)

Carrying values of property and equipment

Residual values are assumed to be zero at the end of the assets' estimated useful lives unless a reliable estimate of the value can be obtained for similar assets of ages and conditions that are reasonably expected to exist.

Estimated useful life of property and equipment

Management determines the estimated useful life and depreciation charges for its property and equipment at the time of addition of the assets and is reviewed on annual basis.

Impairment of other receivables

Management regularly undertakes a review of the amounts of other receivables 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. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessment of net recoverable amount of property and equipment and all financial assets are based on assumptions regarding future cash flows expected to be received from related assets.

4. Property and equipment
(current period)

	<i>Commercial property</i> <i>USD</i>	<i>Furniture & fixtures</i> <i>USD</i>	<i>Office equipment</i> <i>USD</i>	<i>Vehicles</i> <i>USD</i>	<i>Total</i> <i>USD</i>
Cost					
As at 01.04.2014	<u>560,415</u>	<u>199,693</u>	<u>75,466</u>	<u>163,007</u>	<u>998,581</u>
As at 28.02.2015	<u>560,415</u>	<u>199,693</u>	<u>75,466</u>	<u>163,007</u>	<u>998,581</u>
Depreciation					
As at 01.04.2014	<u>23,427</u>	<u>53,038</u>	<u>16,807</u>	<u>56,731</u>	<u>150,003</u>
Charge for the period	<u>10,256</u>	<u>36,546</u>	<u>11,052</u>	<u>29,833</u>	<u>87,687</u>
As at 28.02.2015	<u>33,683</u>	<u>89,584</u>	<u>27,859</u>	<u>86,564</u>	<u>237,690</u>
Net book value					
As at 28.02.2015	<u>526,732</u>	<u>110,109</u>	<u>47,607</u>	<u>76,443</u>	<u>760,891</u>
As at 31.03.2014	<u>536,988</u>	<u>146,655</u>	<u>58,659</u>	<u>106,276</u>	<u>848,578</u>

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Notes to the Financial Statements
for the period ended 28 February 2015

Property and equipment (previous year)	<i>Commercial property</i>	<i>Furniture & fixtures</i>	<i>Office equipment</i>	<i>Vehicles</i>	<i>Total</i>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
Cost					
As at 01.04.2013	560,415	197,572	75,466	163,007	996,460
Additions during the year	-	2,121	-	-	2,121
As at 31.03.2014	<u>560,415</u>	<u>199,693</u>	<u>75,466</u>	<u>163,007</u>	<u>998,581</u>
Depreciation					
Up to 01.04.2013	12,219	13,099	4,735	24,130	54,183
Charge for the year	11,208	39,939	12,072	32,601	95,820
Up to 31.03.2014	<u>23,427</u>	<u>53,038</u>	<u>16,807</u>	<u>56,731</u>	<u>150,003</u>
Net book value					
As at 31.03.2014	<u>536,988</u>	<u>146,655</u>	<u>58,659</u>	<u>106,276</u>	<u>848,578</u>
As at 31.03.2013	<u>548,196</u>	<u>184,473</u>	<u>70,731</u>	<u>138,877</u>	<u>942,277</u>
5. Investment in a subsidiary				<i>2015</i>	<i>2014</i>
<i>Name</i>	<i>Nature of business</i>	<i>%</i>		<i>USD</i>	<i>USD</i>
Sun Pharma Healthcare FZE 70 shares of AED 150,000 each (converted @ 3.673)	Pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical and formulations.	100%		<u>2,858,700</u>	<u>2,858,700</u>
Share of net book value					
Sun Pharma Healthcare FZE				2,755,761	2,439,639
<i>Although the investment has been transferred on 1 March 2015, however the legal formalities for the transfer of shares has been completed before the said date.</i>					
<i>In the opinion of the management, the depletion in carrying value of the investments is not of a permanent nature and hence no impairment is considered necessary.</i>					
				<i>2015</i>	<i>2014</i>
6. Other receivables				<i>USD</i>	<i>USD</i>
Staff advances				15,794	8,714
Deposits				4,775	5,697
				<u>20,569</u>	<u>14,411</u>
7. Cash and cash equivalents					
Represents bank balance in current accounts with a bank.					

SUN PHARMA MEA DMCC

Notes to the Financial Statements
for the period ended 28 February 2015

	<u>2015</u> <u>USD</u>	<u>2014</u> <u>USD</u>
8. Share capital		
Issued and paid up:		
200 shares of AED 50,000 each (<i>converted @ 3.673</i>)	<u>2,722,570</u>	<u>2,722,570</u>

9. Current account

This represents unsecured and non-interest bearing current account balance of the parent shareholder company. The parent shareholder company has agreed to retain the balance until such time as its equity funds are adequately maintained as per the regulations.

10. Related parties transactions and balances

The company 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 possesses the ability (directly or indirectly) to conduct or exercise significant influence over the operating and financial decision of the company or vice versa and it is subject to common control or common significant influence. The related parties include the parent shareholder company, subsidiary and the directors of the company as under:

- Sun Pharma Global FZE – Shareholder company
- Sun Pharma Healthcare FZE – Subsidiary company
- Mr. Rajesh K Shah - Director
- Mr. Surendra Manishanker Joshi – Director

The related party transaction during the period represents receipt and or advance of unsecured and non-interest bearing funds to a subsidiary company to meet with funds requirements. The period-end related parties' balances are as follows:

	<u>2015</u> <u>USD</u> <u>Dr./.(Cr)</u>	<u>2014</u> <u>USD</u> <u>Dr./.(Cr)</u>
Investment:		
Sun Pharma Healthcare FZE	2,858,700	2,858,700
Advance to / (from) a subsidiary:		
Sun Pharma Healthcare FZE	-	(500,000)
Current account		
Sun Pharma Global FZE	4,055,725	2,996,558

11. 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 company to concentrations of credit risk comprise principally of bank current accounts and other receivables.

SUN PHARMA MEA DMCC**Notes to the Financial Statements
for the period ended 28 February 2015****Financial instruments: Credit, liquidity and market risk exposures (cont'd)**

The company's bank current accounts are placed with high credit quality financial institutions. Except for related party, there are no significant concentration of credit risk from receivables.

Liquidity risk

Liquidity risk is the risk that the company will be able to meet financial obligations as they fall due. The company limits their liquidity risk by ensuring adequate reserves, sufficient cash and cash equivalents to ensure funds are available to meet its commitments for liabilities as they fall due.

Market risk

Market risk is a risk that changes in market prices, such as interest rate risk and exchange rate risk, will affect the company'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. In the absence of bank borrowings, there are no interest rate risks.

Exchange rate risk

Exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams to which the US Dollar rate is fixed.

12. Financial instruments: Fair values

The fair values of the company's financial assets, comprising of bank balance, other receivables and financial liabilities, comprising of other payables approximate to their carrying values.

13. Contingent liabilities and capital commitments

There were no liabilities contingent in nature and capital commitments outstanding at the statement of financial position date.

14. Comparative figures

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

Current period's figures are for 11 months and hence not comparable with that of previous year.

15. Event after the reporting period

The board of directors of the company have in their meeting held on 4th February 2015 approved the scheme for transfer of all assets and liabilities of the company as on 28 February 2015 to Sun Pharma Global, FZE, the Holding Company, at book value, subject to the applicable laws and such approvals as may be required under such applicable law.

SUN PHARMA MEA DMCC

Notes to the Financial Statements
for the period ended 28 February 2015

Event after the reporting period (cont'd)

Pursuant to the scheme, the entire assets and liabilities pertaining to the company stands transferred to and / or vested in Sun Pharma Global, FZE with effect from 1st March 2015.

16. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 7 May 2015.