

VALIA & TIMBADIA
CHARTERED ACCOUNTANTS

ARVIND P. VALIA
B.COM. (Hons.), F.C.A.
HITEN C. TIMBADIA
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32, Trinity Chambers,
117, Bora Bazar Street, Fort,
Mumbai – 400 001.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMA SWITZERLAND LTD.

Report on the Financial Statements

We have audited the accompanying Financial Statements of **SUN PHARMA SWITZERLAND LTD.** (the "Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including other Comprehensive income), and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements")

Management's Responsibility for the Financial Statements

The Management of the Company is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards and Accounting Principles generally accepted in India including the Accounting Standards (Ind AS). The responsibility includes the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management of the Company, 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 these financial statements.

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Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements read with Notes to the financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31 March, 2018, and its financial performance including other comprehensive income, and the changes in equity for the year ended on that date.

FOR **VALIA AND TIMBADIA**
CHARTERED ACCOUNTANTS
(Firm Registration No. 112241W)

HITEN C. TIMBADIA
Partner
Membership No. 038429.

PLACE: Hoofddorp, The Netherlands
DATED: 24th of April, 2018.

SUN PHARMA SWITZERLAND LTD.
BALANCE SHEET AS AT MARCH 31, 2018

in CHF

	Notes	As at 31-mrt-18	As at 31-mrt-17	As at 1-apr-16
ASSETS				
Non-current assets				
Investments in subsidiaries	3	-	40.558.749	-
Total non-current assets		-	40.558.749	-
Current assets				
Financial assets				
Trade receivables	4	26.000	115.111	-
Cash and cash equivalents	5	140.341	38.733	81.006
Other current assets	6	38.727	100.166	1.315
Total current assets		205.068	254.010	82.321
TOTAL ASSETS		205.068	40.812.759	82.321
EQUITY AND LIABILITIES				
Equity				
Equity share capital	7	100.000	100.000	100.000
Other equity		(79.557)	(436.986)	(21.589)
Total equity		20.443	(336.986)	78.411
Current liabilities				
Financial liabilities				
Borrowings	8	153.138	41.097.146	-
Trade payables	9	2.334	34.332	3.910
Other current liabilities	10	29.153	18.266	-
Total current liabilities		184.625	41.149.745	3.910
TOTAL EQUITY AND LIABILITIES		205.068	40.812.759	82.321
		-	-	-

See accompanying notes to the financial statements

In terms of our report of even date attached

For Valia & Timbadia
Chartered Accountants
FRN:112241W

Hiten C Timbadia
Partner
Member No:038429
Date: 24th of April 2018

Place: Hoofddorp, The Netherlands

For and on behalf of the Board

Prashant Savla
Director

Date: 24th of April 2018

Place: Hoofddorp, The Netherlands

SUN PHARMA SWITZERLAND LTD.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

in CHF

	Notes	Year ended 31-mrt-18	Year ended 31-mrt-17
Other income	11	455.447	296.398
Total income		455.447	296.398
Expenses			
Employee Benefit Expense	12	429.191	280.100
Finance costs	13	2.302	836
Other expenses	14	54.086	418.204
Total expenses		485.579	699.140
Loss before exceptionals item and tax		(30.132)	(402.742)
Exceptional items			
Loss before tax		(30.132)	(402.742)
Tax expenses			
Current tax	15	-	12.653
Loss for the year		(30.132)	(415.395,00)
Total comprehensive loss for the year		(30.132)	(415.395,00)

Earnings per equity share (face value per equity shares CHF 100)	(301,32)	(4.153,95)
Basic (in CHF)		
Diluted (in `)		

See accompanying notes to the financial statements

In terms of our report of even date attached

For Valia & Timbadia
Chartered Accountants
 FRN:112241W

For and on behalf of the Board

Hiten C Timbadia
 Partner
 Member No:038429
 Date: 24th of April 2018

Prashant Savla
 Director
 Date: 24th of April 2018

Place: Hoofddorp, The Netherlands

Place: Hoofddorp, The Netherlands

SUN PHARMA SWITZERLAND LTD.
STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2018

	Share application money pending allotment	Share suspense account	Capital reserve	Securities premium reserve	Debenture redemption reserve	Share option outstanding account	Reserve and surplus				Other comprehensive income (OCI)		Total
							Amalgamation reserve	Capital redemption reserve	General reserve	Retained earnings (Surplus in profit and loss)	Equity instrument through OCI	Effective portion of cash flow hedge	
Balance as at April 1, 2016			-								(21,589)		(21,589)
Loss for the year											(415,397)		(415,397)
Other comprehensive income for the year, net of income tax													
Total comprehensive income for the year											(415,397)		(415,397)
Payment of dividend													
Corporate dividend tax													
Scheme of amalgamation													
Transfer of capital redemption reserve													
Transfer of debenture redemption reserve													
Issue of share capital													
Buy-back of equity shares													
Exercise of share option													
Transfer to General Reserve													
Share-based payments (amortisation)													
Balance as at March 31, 2017											(436,986)		(436,986)
Loss for the year			387,561								(30,132)		(30,132)
Other comprehensive income for the year, net of income tax													387,561
Total comprehensive income for the year			387,561								(30,132)		357,429
Payment of dividend													
Corporate dividend tax													
Transfer to revaluation													
Transfer of capital redemption reserve													
Issue of share capital													
Buy-back of equity shares													
Exercise of share option													
Transfer to General Reserve													
Share-based payments (amortisation)													
Balance as at March 31, 2018			387,561								(467,118)		(79,557)

In terms of our report of even date attached
For Valia & Timbadia
Chartered Accountants
FRN:112241W

For and on behalf of the Board

Hiten C Timbadia
Partner
Member No:038429
Date: 24th of April 2018

Prashant Savla
Director

Date: 24th of April 2018

Place: Hoofddorp, The Netherlands

Place: Hoofddorp, The Netherlands

SUN PHARMA SWITZERLAND LTD.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

PARTICULARS	FOR THE YEAR ENDED 31.03.2018 Amount in CHF		FOR THE YEAR ENDED 31.03.2017 Amount in CHF	
A) Cash flow From Operating Activities				
Net Profit Before Tax		(30.132)		(415.396)
<u>Adjustments for</u>				
Profit on sale of Investment	387.561			
Other Income (Interest and investment income)				
Interest Expenses		387.561		-
Depreciation/Amortization/Impairment of Fixed Assets				
Operating (Loss) / Profit before Working Capital change				
Changes in working capital				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Decrease / (Increase) in Inventory	-		-	
Decrease / (Increase) in Sundry Debtors	89.111		(115.111)	
Decrease / (Increase) in Loans and Advances	61.439			
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
(Decrease) / Increase - Trade & Other payables	(21.111)		(50.163)	
Income Tax paid				
Net Cash Flows from Operating Activities		129.439		(165.274)
B) Cash Flow from Investing Activities				
Decrease / (Increase) in Non-Current Investments	40.558.749		(40.558.749)	
Decrease / (Increase) in Current Investments	-			
Interest and investment income				
Decrease / (Increase) in Other Receivables				
Other Non-Operating Income				
Net Cash Flows from Investing Activities		40.558.749		(40.558.749)
C) Cash Flow from Financing Activities				
Decrease / (Increase) in Loans and Advances				
Proceeds from issue of Equity Shares				
Interest Income				
Increase / (Decrease) in Long Term Borrowings				
Interest Expenses				
Increase / (Decrease) in Short Term Borrowings	(40.944.008)		41.097.146	
Net Cash Flows from Financing Activities		(40.944.008)		41.097.146
Net Increase / (Decrease) in Cash & Cash equivalents		101.608		(42.273)
Cash & Cash Equivalents at Beginning of the year	38.733		81.006	
Cash & Cash Equivalents at the End of the Year	140.341		38.733	

(0)

Note : Cash & Cash Equivalents Consist of the cash /cheque in hand & bank balance in current Account.

In terms of our report of even date attached
For Valia & Timbadia
Chartered Accountants
FRN:112241W

For and on behalf of the Board

Hiten C Timbadia
Partner
Member No:038429
Date: 24th of April 2018

Prashant Savla
Director

Date: 24th of April 2018

Place: Hoofddorp, The Netherlands

Place: Hoofddorp, The Netherlands

SUN PHARMA SWITZERLAND LTD.
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE : 3
 INVESTMENTS IN SUBSIDIARIES

	As at 31-mrt-18		As at 31-mrt-17		As at 31-mrt-16		in CHF
	Qty.		Qty.		Qty.		
Un-quoted - equity shares (At cost) Ocular Technologies SARL Shares of 100 CHF each fully paid			200	40.558.749			
		-		40.558.749			-

SUN PHARMA SWITZERLAND LTD.
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE : 8
 SHORT TERM BORROWINGS

	in CHF		
	As at 31-mrt-18	As at 31-mrt-17	As at 1-apr-16
Unsecured Inter-corporate deposits From related parties	153.138	41.097.146	
	153.138	41.097.146	-

NOTE : 9
 TRADE PAYABLES

	in CHF		
	As at 31-mrt-18	As at 31-mrt-17	As at 1-apr-16
Others	2.334	34.332	3.910
	2.334	34.332	3.910

NOTE : 10
 OTHER CURRENT LIABILITIES

	in CHF		
	As at 31-mrt-18	As at 31-mrt-17	As at 1-apr-16
Statutory remittances	12.653	5.866	
Others	16.500	12.400	
	29.153	18.266	-

NOTE : 11
 OTHER INCOME

	in CHF	
	Year ended 31-mrt-18	Year ended 31-mrt-17
Other non-operating income (net of expenses directly attributable to such income) Miscellaneous income	455.447	296.398
	455.447	296.398

NOTE : 12
 EMPLOYEE BENEFITS EXPENSE

	in Euros	
	Period ended 31-mrt-18	Year ended 31-mrt-17
Salaries and wages	361.615	
Contribution to provident and other funds	42.333	183.835
Share based payments to employees		38.178
Staff welfare expenses	25.243	
Effective interest cost on loans to employee measured at amortised cost		58.087
	429.191	280.100

NOTE : 13
 FINANCE COSTS

	in CHF	
	Year ended 31-mrt-18	Year ended 31-mrt-17
Interest expense on borrowing and others	2.302	836
	2.302	836

SUN PHARMA SWITZERLAND LTD.
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE : 14

OTHER EXPENSES

	in CHF	
	Year ended 31-mrt-18	Year ended 31-mrt-17
Rent	1.633	1.643
Professional, legal and consultancy	37.228	17.753
Net (gain) / loss on foreign currency transactions and translation	5.462	395.878
Payments to auditors (net of input credit, where applicable)		
As auditors	1.149	1.031
Miscellaneous expenses	8.615	1.899
	54.086	418.204

NOTE : 15

TAX RECONCILIATION

	in CHF	
	Year ended 31-mrt-18	Year ended 31-mrt-17
Reconciliation of current tax expense		
Profit before tax	(30.132)	(402.742)
Enacted income tax rate (%)		
Tax expense	-	12.653
	-	12.653
Income tax expense recognised in profit and loss	-	12.653

SUN PHARMA SWITZERLAND LTD.
NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2018

NOTE : 16

(A) ACCOUNTING POLICIES :

1. Basis of Accounting

The Company has prepared financial statements for the year ended March 31, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at and for the year ended March 31, 2017, as amended. The previous year financials has been restated, where necessary, to be comparable to current year.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods, services, etc. 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, regardless of whether that price is directly observable or estimated using another valuation technique.

2. Financial Assets

i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

iii. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

iv. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss

v. Equity instruments

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss

3. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

a. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

b. Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

i. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii. Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative entered into by the group that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For non-held-for-trading financial liabilities designated as at FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. These gains/ loss are not subsequently transferred to profit or loss. All other changes in fair value of such liability are recognised in the statement of profit or loss. The group has not designated any financial liability as at fair value through profit and loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item

4. Recognition of Revenue

Revenue is measured at the fair value of the consideration received or receivable.

a. Rendering Services

Revenue from services rendered is recognized in the profit or loss as the underlying services are performed. Upfront non-refundable payments received are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

b. Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

c. Profit from Investments

Profit from Non Current Investments are calculated on the basis of FIFO method.
Profit from Current Investments are calculated on the basis of NAV.

5. Risk Management

The Company's activities are not exposed to any material financial risks including market risk, credit risk and liquidity risk.

6. Accounting Standard (AS-20) on Earnings Per Share

	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit for the year - used as Numerator for calculating Earnings Per Share	(30.132)	(415.395)
Weighted Average number of Shares used in computing Basic Earnings Per Share	100	100
Add: Dilution effect of Employee Stock Options	-	-
Weighted Average number of Shares used in computing Diluted Earnings Per Share	<u>100</u>	<u>100</u>
Nominal value per share (in CHF)	100	100
Basic Earnings Per Share (in CHF)	(301)	(4.154)
Diluted Earnings Per Share (in CHF)	(301)	(4.154)

7. Related Party Transactions

	Year ended 31st March, 2018	Year ended 31st March, 2017
Other Income		
Sun Pharma Global (FZE)	455.447	16.297
Interest Expense		
Alkaloida Chemical Company Zrt.	2.302	836
Trade Receivables		
Ocular Technologies Ltd.		272
Sun Pharma Global (FZE)	26.000	114.839
Loans Taken		
Alkaloida Chemical Company Zrt.	153.138	150.836
Ocular Technologies Ltd.	-	40.946.310
Investment		
Ocular Technologies Ltd.	-	40.558.749

Investment in ocular Technologies & Borrowings from Ocular Technologies have been accounted in the merger of Ocular Technologies into the company & accordingly both the balances have been adjusted in the accounting treatment of merger.

8. Significant Transactions during the year

As on 9th August 2017, with effective date of 1st April 2017, Ocular Technologies, which is a 100% Subsidiary, has merged into Sun Pharma Switzerland Ltd. Accordingly all the assets and liabilities of Ocular Technologies has been accounted as per pooling of interest method in the books of accounts.

The excess of Assets over liabilities and on cancelling Share Capital and Inter company transaction of CHF 387,561 has been treated as Capital Reserve in Other Equity.

9. Taxes on Income

Income tax expense consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and taxable temporary differences arising upon the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

10. Provisions, Contingent Liabilities and Contingent Assets

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

11. Accounting policies not specifically mentioned above will be as per generally accepted accounting principles in India.

In terms of our report of even date attached

For Valia & Timbadia
Chartered Accountants
FRN:112241W

For and on behalf of the Board

Hiten C Timbadia
Partner
Member No:038429
Date: 24th of April 2018
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