



Sun Pharmaceuticals Germany GMBH
Indian Format Financial Statements
FY 2016 – 2017
1 April 2016 – 31 March 2017

VALIA & TIMBADIA
CHARTERED ACCOUNTANTS

ARVIND P. VALIA
B.COM. (Hons.), F.C.A.
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMACEUTICALS GERMANY GMBH

Report on the Financial Statements

We have audited the accompanying Ind AS Financial Statements of **SUN PHARMACEUTICALS GERMANY GMBH** (the "Company"), which comprise the Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss (including other Comprehensive income), the statement of Cash Flows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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. 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.

VALIA & TIMBADIA
CHARTERED ACCOUNTANTS

ARVIND P. VALIA
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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 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, 2017, and its financial performance including other comprehensive income, its cash flows 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: MUMBAI
DATED: 10TH May, 2017

SUN PHARMACEUTICALS GERMANY GMBH
BALANCE SHEET AS AT MARCH 31, 2017

in Euro

	Notes	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
ASSETS				
Non-current assets				
Property, plant and equipment	1	108.028	99.862	84.666
Other Intangible assets	2	-	-	-
Total non-current assets		108.028	99.862	84.666
Current assets				
Inventories	3	4.030.677	2.966.770	1.409.826
Financial assets				
Other investments		-	-	-
Trade receivables	4	2.549.713	3.044.009	762.304
Cash and cash equivalents	5	4.243.684	2.568.610	570.739
Loans	6	8.200	7.200	12.273
Other current assets	7	33.398	11.358	16.377
Total current assets		10.865.672	8.597.948	2.771.519
TOTAL ASSETS		10.973.700	8.697.810	2.856.185
EQUITY AND LIABILITIES				
Equity				
Equity share capital	8	25.000	25.000	25.000
Other equity		(2.708.259)	(2.744.122)	(2.798.320)
Total equity		(2.683.259)	(2.719.122)	(2.773.320)
Non-current liabilities				
Financial liabilities				
Borrowings	9	3.000.000	3.615.973	2.382.700
Total non-current liabilities		3.000.000	3.615.973	2.382.700
Current liabilities				
Financial liabilities				
Trade payables	10	1.668.789	4.231.372	2.359.853
Provisions	11	8.841.514	3.226.608	806.679
Other current liabilities	12	146.656	342.978	80.273
Total current liabilities		10.656.959	7.800.958	3.246.805
TOTAL EQUITY AND LIABILITIES		10.973.700	8.697.809	2.856.185
		0	(1)	-
See accompanying notes to the financial statements				
In terms of our report of even date attached For Valia & Timbadia Chartered Accountants		For and on behalf of the Board		
Hiten C Timbadia Partner		Hellen de Kloet Director		
Date: 10th of may 2017 Place: Mumbai, India		Date: 8th of may 2017 Place: Hoofddorp, The Netherlands		

SUN PHARMACEUTICALS GERMANY GMBH
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

in Euro

	Notes	Year ended 31-mrt-17	Year ended 31-mrt-16
Revenue from operations	13	6.666.481	3.594.071
Total income		6.666.481	3.594.071
Expenses			
Purchases of stock-in-trade		5.413.354	3.258.005
Changes in inventories	14	(1.063.907)	(1.556.944)
Employee benefits expense	15	682.191	810.909
Finance costs	16	72.286	58.270
Depreciation and amortisation expense	3&4	36.507	38.693
Other expenses	17	1.373.132	930.939
Total expenses		6.513.563	3.539.872
Profit before exceptionals item and tax		152.917	54.198
Profit before tax		152.917	54.198
Tax expenses			
Current tax	18	117.054	-
Profit for the year		35.863	54.198
Total comprehensive loss for the year		35.863	54.198
Earnings per equity share (face value per equity shares - ` 1)		35.863	54.198
Basic (in `)			
Diluted (in `)			
See accompanying notes to the financial statements			
In terms of our report of even date attached		For and on behalf of the Board	
For Valia & Timbadia			
<i>Chartered Accountants</i>			
Hiten C Timbadia		Hellen de Kloet	
Partner		<i>Director</i>	
Date: 10th of may 2017		Date: 8th of may 2017	
Place: Mumbai, India		Place: Hoofddorp, The Netherlands	

SUN PHARMACEUTICALS GERMANY GMBH
STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2017

	Share application money pending allotment	Share suspense account	Capital reserve	Securities premium reserve	Debenture redemption reserve	Share option outstanding account	Reserve and surplus			Retained earnings (Surplus in profit and loss)	Other comprehensive income (OCI)		Total
							Amalgamation reserve	Capital redemption reserve	General reserve		Equity instrument through OCI	Effective portion of cash flow hedge	
Balance as at April 1, 2015	-	-	-	-	-	-	-	-	(2,798,320)	-	-	(2,798,320)	
Loss for the year													
Other comprehensive income for the year, net of income tax									54,198			54,198	
Total comprehensive income for the year									54,198			54,198	
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, 2016	-	-	-	-	-	-	-	-	(2,744,122)	-	-	(2,744,122)	
Loss for the year													
Other comprehensive income for the year, net of income tax									35,863			35,863	
Total comprehensive income for the year									35,863			35,863	
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, 2017	-	-	-	-	-	-	-	-	(2,708,259)	-	-	(2,708,259)	

In terms of our report of even date attached
For Valia & Timbadia
Chartered Accountants

For and on behalf of the Board

Hiten C Timbadia
Partner

Hellen de Kloet
Director

Date: 10th of may 2017

Date: 8th of may 2017

Place: Mumbai, India

Place: Hoofddorp, The Netherlands

in Euro

SUN PHARMACEUTICALS GERMANY GMBH
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

PARTICULARS	FOR THE YEAR ENDED 31.03.2017 Amount in EUR	FOR THE YEAR ENDED 31.03.2016 Amount in EUR
A) Cash flow From Operating Activities		
Net Profit Before Tax	143.168	50.095
<u>Adjustments for</u>		
Profit on sale of Investment	11.417	5.422
Other Income (Interest and investment income)		
Interest Expenses	72.286	58.270
Operating (Loss) / Profit before Working Capital change	226.871	113.787
Changes in working capital		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Decrease / (Increase) in Sundry Debtors	(571.238)	(3.954.211)
Decrease / (Increase) in Loans and Advances		
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
(Decrease) / Increase - Trade & Other payables	2.716.049	4.607.455
Income Tax paid		
Net Cash Flows from Operating Activities	2.371.682	767.031
B) Cash Flow from Investing Activities		
Decrease / (Increase) in Non-Current Investments		
Decrease / (Increase) in Current Investments	(53.621)	(4.621)
Interest and investment income		
Decrease / (Increase) in Other Receivables	(27.012)	2.190
Other Non-Operating Income		
Net Cash Flows from Investing Activities	(80.633)	(2.431)
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	(615.975)	1.233.271
Net Cash Flows from Financing Activities	(615.975)	1.233.271
Net Increase / (Decrease) in Cash & Cash equivalents	1.675.074	1.997.871
Cash & Cash Equivalents at Beginning of the year	2.568.610	570.739
Cash & Cash Equivalents at the End of the Year	4.243.684	2.568.610

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

For and on behalf of the Board

Hiten C Timbadia
Partner

Hellen de Kloet
Director

Date: 10th of may 2017

Date: 8th of may 2017

Place: Mumbai, India

Place: Hoofddorp, The Netherlands

SUN PHARMACEUTICALS GERMANY GMBH
NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2017

NOTE : 1
PROPERTY, PLANT AND EQUIPMENT

in Euro

	Vehicles	Office equipment	Furniture and fixtures	Total
At cost / deemed cost				
As at April 1, 2015	156.975	27.133	4.758	188.866
Additions	53.890			53.890
Disposals	(24.222)	(17.937)	(4.758)	(46.917)
Transfers				-
As at March 31, 2016	186.643	9.196	-	195.839
Additions	52.000	790		52.790
Disposals	(82.190)			(82.190)
Transfers				-
As at March 31, 2017	156.453	9.986	-	166.439
Accumulated depreciation and impairment				
As at April 1, 2015	77.849	21.593	4.758	104.200
Depreciation expense	36.758	1.935		38.693
Impairment loss				-
Disposals	(24.220)	(17.938)	(4.758)	(46.916)
As at March 31, 2016	90.387	5.590	-	95.977
Depreciation expense	34.520	1.987		36.507
Impairment loss				-
Disposals	(74.074)			(74.074)
As at March 31, 2017	50.833	7.577	-	58.410
Carrying value				
As at April 1, 2015	79.126	5.540	-	84.666
As at March 31, 2016	96.256	3.606	-	99.862
As at March 31, 2017	105.620	2.409	-	108.028

SUN PHARMACEUTICALS GERMANY GMBH
 NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2017

NOTE : 2
 OTHER INTANGIBLE ASSETS

	Softwares	Trademarks and Designs	Total
At cost / deemed cost			
As at April 1, 2015	1.158	135.000	136.158
Additions			-
Disposals			-
As at March 31, 2016	1.158	135.000	136.158
Additions			-
Disposals			-
As at March 31, 2017	1.158	135.000	136.158
Accumulated amortisation and impairment			
As at April 1, 2015	1.158	135.000	136.158
Amortisation expense			-
Disposals			-
As at March 31, 2016	1.158	135.000	136.158
Amortisation expense			-
Disposals			-
As at March 31, 2017	1.158	135.000	136.158
Carrying value			
As at April 1, 2015	-	-	-
As at March 31, 2016	-	-	-
As at March 31, 2017	-	-	-

SUN PHARMACEUTICALS GERMANY GMBH
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE : 3
 INVENTORIES

	in Euro		
	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Lower of cost and net realisable value			
Stock-in-trade	4.030.677	2.966.770	1.409.826
Goods in transit			-
	4.030.677	2.966.770	1.409.826
	4.030.677	2.966.770	1.409.826

NOTE : 4
 TRADE RECEIVABLES

	in Euro		
	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Current			
Unsecured considered good	2.427.219	2.870.181	675.328
Unsecured considered good - from related parties	122.493	173.828	86.976
	2.549.713	3.044.009	762.304

NOTE : 5
 CASH AND CASH EQUIVALENTS

	in Euro		
	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Balances with banks			
In current accounts	4.243.684	2.568.610	570.739
	4.243.684	2.568.610	570.739

NOTE : 6
 CURRENT LOANS AND ADVANCES

	in Euro		
	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Unsecured considered good unless stated otherwise			
Amortised cost			
Loans to employees	8.200	7.200	12.273
	8.200	7.200	12.273

NOTE : 7
 OTHER CURRENT ASSETS

	in Euro		
	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Unsecured considered good unless stated otherwise			
Prepaid expenses	10.036	6.809	15.898
Other assets	23.362	4.550	479
	33.398	11.358	16.377

SUN PHARMACEUTICALS GERMANY GMBH
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE : 8
EQUITY SHARE CAPITAL

	As at 31-mrt-17		As at 31-mrt-16		As at 1-apr-15	
	No. of shares	in Euro	No. of shares	in Euro	No. of shares	in Euro
Authorised						
Equity shares of ` 1 each	1	25.000	1	25.000		
Cumulative preference shares of ` 100 each						
	1	25.000	1	25.000	0	-
Issued, subscribed and fully paid up						
Equity Shares of ` 1 each	1	25.000	1	25.000		
	1	25.000	1	25.000	0	-
Reconciliation of fully paid equity shares						
Opening balance	1	25.000	1	25.000		
Add : shares allotted during the year pursuant to the scheme of amalgamation						
Add : shares allotted to employees on exercise of employee stock option (excluding shares held by ESOP trust)						
Less : buy back of shares						
Closing balance	1	25.000	1	25.000		
Details of shareholders holding more than 5% in the Company						
Equity shares						
Alkaloida Chemical Company ZRT	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
	1	100,00	1	100,00	1	100,00

NOTE : 9
NON CURRENT BORROWINGS

	in Euro		
	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Unsecured			
At amortised cost	3.000.000	3.615.973	2.382.700
	3.000.000	3.615.973	2.382.700

NOTE : 10
TRADE PAYABLES

	in Euro		
	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Trade payables to micro, small and medium enterprises	23.830	41	156.523
Trade payables to related parties	1.644.959	4.231.331	2.203.330
	1.668.789	4.231.372	2.359.853

NOTE : 11
SHORT TERM PROVISIONS

	in Euro		
	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Product returns	48.000	3.087.556	774.761
Others	8.676.460	139.052	31.918
Corporate Dividend Tax	117.054	-	-
	8.841.514	3.226.608	806.679

SUN PHARMACEUTICALS GERMANY GMBH
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE : 12

OTHER CURRENT LIABILITIES

	in Euro		
	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Statutory remittances	146.656	342.978	80.273,0
	146.656	342.978	80.273,0

NOTE : 13

REVENUE FROM OPERATIONS

	in Euro		
	Year ended 31-mrt-17	Year ended 31-mrt-16	
Sale of products (including excise duty)	6.580.804	3.588.649	
Other operating revenues	85.676	5.422	0,15%
	6.666.481	3.594.071	

NOTE : 14

CHANGES IN INVENTORIES

	in Euro	
	Year ended 31-mrt-17	Year ended 31-mrt-16
Inventories at the beginning of the year	2.966.770	1.409.826
Inventories at the end of the year	(4.030.677)	(2.966.770)
	(1.063.907)	(1.556.944)

NOTE : 15

EMPLOYEE BENEFITS EXPENSE

	in Euro	
	Year ended 31-mrt-17	Year ended 31-mrt-16
Salaries and wages	594.436	693.667
Contribution to provident and other funds	87.755	117.242
	682.191	810.909

NOTE : 16

FINANCE COSTS

	in Euro	
	Year ended 31-mrt-17	Year ended 31-mrt-16
Interest expense on borrowing and others	72.286	58.270
	72.286	58.270

SUN PHARMACEUTICALS GERMANY GMBH
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE : 17

OTHER EXPENSES

	in Euro		
	Year ended 31-mrt-17	Year ended 31-mrt-16	
Rent	3.191	16.800	0,47%
Insurance	27.926	50.335	1,40%
Selling and distribution	175.589	218.465	6,08%
Repairs and maintenance			0,00%
Others	889	959	0,03%
Printing and stationery	3.847	5.746	0,16%
Travelling and conveyance	86.901	94.278	2,62%
Overseas travel and export promotion	284.012	124.919	3,48%
Communication	4.486	9.588	0,27%
Professional, legal and consultancy	54.167	28.273	0,79%
As auditors	1.250	8.000	0,22%
Miscellaneous expenses	730.876	373.577	10,39%
	1.373.132	930.939	
Less : Receipts from Research Activities			
	1.373.132	930.939	

NOTE : 18

TAX RECONCILIATION

	in Euro	
	Year ended 31-mrt-17	Year ended 31-mrt-16
Reconciliation of current tax expense		
Profit before tax	152.917	54.198
Enacted income tax rate (%)	32%	-
Tax expense	48.592	-
Current tax related to prior periods	68.462	-
	117.054	-
Income tax expense recognised in profit and loss	117.054	-

SUN PHARMACEUTICALS GERMANY GMBH
NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2017

NOTE : 19

(A) ACCOUNTING POLICIES :

1. Basis of Accounting

The Company has prepared financial statements for the year ended March 31, 2017 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, 2016. Further, the Company has prepared the opening balance sheet as at April 1, 2015 (the transition date) in accordance with Ind AS.

Upto the year ended March 31, 2016, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

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.

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

	Year ended 31st March, 2017	Year ended 31st March, 2016
Profit for the year - used as Numerator for calculating Earnings Per Share	35.863	54.198
Weighted Average number of Shares used in computing Basic Earnings Per Share	1	1
Add: Dilution effect of Employee Stock Options	-	-
Weighted Average number of Shares used in computing Diluted Earnings Per Share	<u>1</u>	<u>1</u>
Nominal value per share (in Euro)	25.000	25.000
Basic Earnings Per Share (in Euro)	35.863	54.198
Diluted Earnings Per Share (in Euro)	35.863	54.198

5.b Related Party Transactions

	Year ended 31st March, 2017	Year ended 31st March, 2016
Sales of Goods		
Alkaloida Sweden	-	11.657
Sun Pharmaceutical Spain SLU	-	4.500
Basics GmbH	38.385	-
Purchase of Goods		
Sun Pharma Global (FZE)	2.145.532	2.557.058
Sun Pharmaceutical Industries Ltd	802.292	232.629
Basics GmbH	2.274.712	441.893
Interest Expense		
Alkaloida Chemical Company Zrt.	72.286	58.271
Other Expenses		
Alkaloida Chemical Company Zrt.	269.568	26.160
Sun Pharmaceutical Industries (Europe) B.V.	-	219.113
Basics GmbH	392.189	40.948
Trade Receivables		
Sun Pharmaceutical Industries Ltd	122.493	162.171
Alkaloida Sweden AB	-	11.657
Loans Taken		
Alkaloida Chemical Company Zrt.	3.000.000	3.615.974
Trade Payable		
Sun Pharmaceutical Industries (Europe) B.V.	43.836	117.008
Sun Pharma Global (FZE)	590.811	3.531.680
Sun Pharmaceutical Industries Ltd	-	99.803
Basics GmbH	1.010.313	482.841

6. 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.

7. 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.

8 Inventories

Inventories consisting of stock-in-trade are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw stock-in-trade comprises cost of purchases. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

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

(B) First-time adoption of Ind-AS

These financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note A have been applied in preparing the standalone financial statements for the year ended March 31, 2017 and the comparative information.

In terms of our report of even date attached

For Valia & Timbadia
Chartered Accountants

For and on behalf of the Board

Hiten C Timbadia
Partner

Hellen de Kloet
Director

Date: 10th of may 2017
Place: Mumbai, India

Date: 8th of may 2017
Place: Hoofddorp, The Netherlands