SUN PHARMA GLOBAL FZE

Financial Statements

31 March 2021

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Financial Statements
31 March 2021

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SUN PHARMA GLOBAL FZE
Directors' Report

The directors submit their report, together with the audited financial statements of **SUN PHARMA GLOBAL FZE**, for the year ended 31 March 2021.

Results and appropriations
The results of the establishment and the appropriations made for the year ended 31 March 2021 are set out on pages 5 and 6 of the financial statements.

In our opinion, the financial statements set out on pages 4 to 32 are drawn up so as to give a true and fair view of the financial position of the establishment as at 31 March 2021 and the financial performance, changes in equity and cash flows of the establishment for the year then ended in accordance with International Financial Reporting Standards, the applicable requirements of the Sharjah Airport International Free Zone Authority and Dubai Multi Commodities Centre Authority.

At the date of the statement, there are reasonable grounds to believe that the establishment will be able to pay its debts as and when they fall due.

Review of the business
The establishment registered with general trading license carried out the activity of selling of owned proprietary pharmaceutical products manufactured mainly by third-party contract manufacturers during the year. The establishment has also incurred significant amount for the development of branded products during the year.

The Board of Directors at its meeting held on 22 July 2020 has considered and approved the Scheme of Amalgamation and Merger of Sun Pharma Global FZE ("Transferor Company") with Sun Pharmaceutical Industries Limited ("Transferee Company" or "Company") and their respective members and creditors ("Scheme").

Events since the end of the year
There were no important events which have occurred since the year-end that materially affect the establishment.

Directors
The directors of the establishment who served during the year were as follows:

Mr. Surendra Joshi
Mr. Kirti Ganorkar
Mr. Rajesh Khushalchand Shah
Mr. Harin Parmanand Mehta
Mr. Gautam Bhailal Doshi

Shareholder and its interest
The shareholder at 31 March 2021 and its interest as at that date in the share capital of the establishment was as under:

	Country of incorporation	*No. of shares*	*AED*	*USD*
Sun Pharma Holdings	Mauritius	**101**	**15,150,000**	**4,124,694**

Auditor
A resolution to re-appoint the auditor and fix the remuneration will be put to the board at the annual general meeting.

On behalf of the board:

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Harin P. Mehta
DIRECTOR

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF SUN PHARMA GLOBAL FZE

Report on the Audit of the Financial Statements

Opinion
We have audited the standalone financial statements of **SUN PHARMA GLOBAL FZE** (the "establishment"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **SUN PHARMA GLOBAL FZE** as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 establishment in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA code") together with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and applicable requirements of Sharjah Airport International Free Zone Authority and 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.

In preparing the financial statements, management is responsible for assessing the establishment'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 management either intends to liquidate the establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the establishment's financial reporting process.

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 judgment and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF SUN PHARMA GLOBAL FZE

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

- 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 establishment's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management'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 establishment'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 establishment to cease to continue as a going concern.

- 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 those charged with governance 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.

Report on Other Legal and Regulatory Requirements

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

Signed by:
C. D. Shah
Partner
Registration No: 677
Shah & Alshamali Associates Chartered Accountants
13 May 2021
Dubai, United Arab Emirates

SUN PHARMA GLOBAL FZE

Statement of Financial Position
as at 31 March 2021

	Notes	2021 US $	2020 US $
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,685,403	4,972,952
Intangible assets	6	644,976,378	724,298,930
Financial assets at fair value through OCI	7	245,258,998	231,203,273
Investments in subsidiaries	8	8,628,860	8,718,545
Investments in an associate	9	3,805,733	3,655,144
Long-term loans	10	107,989,965	389,974,328
		1,015,345,337	**1,362,823,172**
Current assets			
Inventories	11	35,231,592	39,070,739
Trade receivables	12	30,915,550	9,563,017
Advances, deposits and other receivables	13	37,222,816	31,752,452
Prepayments		5,548,649	865,647
Cash and bank balances	14	17,596,715	12,514,530
		126,515,322	**93,766,385**
Total assets		**1,141,860,659**	**1,456,589,557**
EQUITY AND LIABILITIES			
Equity			
Share capital	15	4,124,694	4,124,694
General reserve	16	269,087,099	269,087,099
Retained earnings		447,641,854	620,946,841
Cumulative changes in fair value through OCI		(4,171,085)	(18,226,810)
Hedging reserve		380,648	(120,522)
Total equity		**717,063,210**	**875,811,302**
Liabilities			
Non-current liabilities			
Deferred income	17	76,261,419	81,362,869
Long-term loan	18	93,454,022	75,637,296
Staff end of service gratuity		374,123	326,910
		170,089,564	**157,327,075**
Current liabilities			
Deferred income	17	21,400,000	21,400,000
Trade and other payables	19	233,307,885	402,051,180
		254,707,885	**423,451,180**
Total liabilities		**424,797,449**	**580,778,255**
Total equity and liabilities		**1,141,860,659**	**1,456,589,557**

The notes on pages 8 to 32 form an integral part of these financial statements.

On behalf of the board:

Harin P. Mehta
DIRECTOR

SUN PHARMA GLOBAL FZE

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2021

	Notes	*2021 US $*	*2020 US $*
Revenue	20	**185,966,313**	**169,957,510**
Expenditure			
Cost of sales	21	(48,771,776)	(43,848,636)
Administrative expenses	22	(1,208,496)	(1,276,947)
Selling and marketing expenses	23	(24,988,676)	(16,506,128)
Brand and related product expenses	24	(192,699,970)	(464,739,006)
Impairment of financial asset	7	-	(195,765)
Impairment of intangible assets	6	-	(200,000)
Allowance for doubtful advances	13	(1,037,829)	-
Sundry balance written off	26	(1,710,109)	(248,149)
Depreciation	5	(287,549)	(279,805)
Amortization	6	(87,268,906)	(109,465,962)
Total expenditure		**(357,973,311)**	**(636,760,398)**
Loss for the year		**(172,006,998)**	**(466,802,888)**
Finance cost	25	(1,419,394)	(1,675,796)
Share of profit/(loss) from an associate	9	150,589	(136,934)
Net loss for the year		**(173,275,803)**	**(468,615,618)**
Other comprehensive income/(loss)			
Changes in fair value through OCI	7	14,055,725	(33,452,880)
Changes in fair value of cash flow hedges		501,170	(265,525)
Total comprehensive loss for the year		**(158,718,908)**	**(502,334,023)**

The notes on pages 8 to 32 form an integral part of these financial statements.

On behalf of the board:

Harin P. Mehta
DIRECTOR

SUN PHARMA GLOBAL FZE

Statement of Changes in Equity
for the year ended 31 March 2021

	Share capital US $	*General reserve US $*	*Retained earnings US $*	*Cumulative changes in fair through OCI US $*	*Hedging reserve US $*	*Total US $*
As at 31 March 2019	**4,124,694**	**269,087,099**	**1,089,532,899**	**15,226,070**	**145,003**	**1,378,115,765**
Transfer during the year @	-	-	29,560	-	-	29,560
Loss for the year	-	-	(468,615,618)	-	-	(468,615,618)
Other comprehensive income/(loss) for the year	-	-	-	(33,452,880)	(265,525)	(33,718,405)
As at 31 March 2020	**4,124,694**	**269,087,099**	**620,946,841**	**(18,226,810)**	**(120,522)**	**875,811,302**
Transfer during the year *	-	-	(29,184)	-	-	(29,184)
Loss for the year	-	-	(173,275,803)	-	-	(173,275,803)
Other comprehensive income/(loss) for the year	-	-	-	14,055,725	501,170	14,556,895
As at 31 March 2021	**4,124,694**	**269,087,099**	**447,641,854**	**(4,171,085)**	**380,648**	**717,063,210**

*@ During the previous year, Sun Pharma Healthcare FZE and Sun Canada Pty Ltd were liquidated and retained earnings / (accumulated losses) balances of USD 51,472 and negative USD 21,912 respectively were transferred to parent company. * During the year, Sun Pharmaceuticals Korea Ltd was liquidated and accumulated losses balance of USD 29,184 was transferred to parent company.*

The notes on pages 8 to 32 form an integral part of these financial statements.

On behalf of the board:

Harin P. Mehta
DIRECTOR

SUN PHARMA GLOBAL FZE

Statement of Cash Flows
for the year ended 31 March 2021

	Note	*2021* *US $*	*2020* *US $*
Cash flows from operating activities			
Loss for the year		(173,275,803)	(468,615,618)
Adjustments for:			
Depreciation		287,549	279,805
Amortization		87,268,906	109,465,962
Impairment of financial asset at fair value through OCI		-	195,765
Impairment of intangible assets		-	200,000
Provision for staff end of service gratuity		47,213	92,103
Allowance for doubtful debts		1,037,829	-
Sundry balance written off		1,710,109	248,149
Sundry balance written back		-	(603,996)
Transfer of retained earnings from subsidiaries (net)		-	29,560
Profit on disposal of property, plant and equipment		-	(3,899)
Profit on sale of investment in bonds		(1,099,531)	-
Share of (profit) / loss from an associate		(150,589)	136,934
Finance costs		1,419,394	1,675,796
Interest income		(3,136,850)	(14,674,815)
Operating loss before working capital changes		**(85,891,773)**	**(371,574,254)**
(Increase)/decrease in inventories		3,839,147	760,408
(Increase)/decrease in trade, prepayment and other receivables		(32,071,742)	29,207,060
Increase/ (decrease) in trade and other payables		(173,844,745)	319,780,647
Net cash from / (used) in operating activities		**(287,969,113)**	**(21,826,139)**
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		-	(373,437)
Payment for purchase of intangible assets(net)		(7,946,354)	(9,117,681)
Payment for purchase of bonds		(9,011,590)	-
Proceeds for sale of bonds		10,111,121	-
Proceeds from disposal of property, plant and equipment		-	18,051
Long term loans recovered/(advanced) (net)		280,293,184	28,940,105
Proceeds from/ (payment for) investments (net)		89,685	2,623,323
Proceeds from/ (placement for) term deposits		-	15,000
Proceeds from/ (placement for) margin deposit		8,891	(8,891)
Interest income received		3,117,920	13,774,035
Net cash from/ (used in) investing activities		**276,662,857**	**35,870,505**
Cash flows from financing activities			
Proceeds from / (payment of) bank borrowing		-	(125,000,000)
Long term loans obtained/(repaid) (net)		16,500,000	75,000,000
Finance costs paid		(102,668)	(1,038,500)
Net cash from/ (used in) financing activities		**16,397,332**	**(51,038,500)**
Net increase/(decrease) in cash and cash equivalents		**5,091,076**	**(36,994,134)**
Cash and cash equivalents at the beginning of the year		**12,505,639**	**49,499,773**
Cash and cash equivalents at the end of the year	14	**17,596,715**	**12,505,639**

The notes on pages 8 to 32 form an integral part of these financial statements.

On behalf of the board:

Harin P. Mehta
DIRECTOR

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2021

1. Legal status and activity

SUN PHARMA GLOBAL FZE (the "establishment") is a free zone limited liability establishment incorporated on 25 November 2008 in Sharjah Airport International Free Zone, Sharjah, United Arab Emirates (U.A.E.) pursuant to Emiri Decree # 2 of 1995 and in accordance with the implementation procedures of the free zone establishment. The establishment's registered office address is Executive Suite Y-43, P. O. Box 122304, Sharjah, U.A.E.

The establishment is operating under license No. 06840 with general trading as its licensed activity.

The parent company is **SUN PHARMA HOLDINGS**, Mauritius. The ultimate parent company is **SUN PHARMACEUTICAL INDUSTRIES LIMITED**, India.

The establishment has a branch in Dubai Multi Commodities Centre (DMCC), Dubai, United Arab Emirates under the name Sun Pharma Global FZE (DMCC Branch). The branch is operating under trading license no. 109445 with general trading as its licensed activity. The branch facilitates operating, administrative and marketing activities of the head office.

The registered address of the branch is Unit Nos. 703 and 704, JBC 1, Plot No. JLT-PH1-G2A, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

The establishment sources pharmaceutical products, formulations, active pharmaceutical ingredients and processes from third-party contract manufacturers, the ultimate parent company and its subsidiaries, and supplies mainly to the overseas related parties. These products are registered with and approved by the relevant authorities/agencies overseas. These financial statements include expenditure/disbursements pertaining to research and developments, product licensing, registration, brand development and marketing, employee/representatives' costs and other related expenditures pertaining to these sourced products.

2. Basis of preparation

These financial statements contain information about the establishment as an individual establishment and do not contain consolidated financial information as the parent of subsidiaries. The establishment did not present consolidated financial statements having met all the criteria set out in IFRS 10 "Consolidated Financial Statements".

Statement of compliance
The financial statements have been prepared under accrual basis of accounting and on the basis that the establishment will continue as a going concern in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the applicable requirements of Sharjah Airport International Free Zone Authority and DMCC Authority.

Basis of measurement
The financial statements have been prepared on historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Functional and presentation currency
These financial statements are presented in United States Dollars (US $), being the functional and presentation currency of the establishment.

Basis of preparation (cont'd)

Use of estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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

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

New and revised IFRSs applied on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 April 2020, have been adopted in these financial statements. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior years.

- *Amendments to IFRS 3* - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- *Amendments to IAS 1 and IAS 8* – These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies changes in accounting estimates and errors and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

- *Amendments to IFRS 9, IAS 39 and IFRS 7* - Interest rate benchmark reform - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

- *Amendments to Conceptual framework* – The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

  - increasing the prominence of stewardship in the objective of financial reporting
  - reinstating prudence as a component of neutrality
  - defining a reporting entity, which may be a legal entity, or a portion of an entity
  - revising the definitions of an asset and a liability
  - removing the probability threshold for recognition and adding guidance on derecognition
  - adding guidance on different measurement basis, and

Application of new and revised International Financial Reporting Standards (IFRSs) (cont'd)

- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

- *Amendments to IFRS 16, 'Leases' – Covid-19 related rent concessions* **–** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

New and revised IFRS in issue but not yet effective and not early adopted

- *Amendments to IAS 1, Presentation of financial statements on classification of liabilities (Effective date 1 January 2022)* **–** These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the establishment or events after the reporting period (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

The above stated new standards and amendments are not expected to have any significant impact on financial statements of the establishment.

3. Summary of significant accounting policies

The accounting policies applied, which are consistent with those used in the previous year, except for new standard effective on or after 1 April 2020, in dealing with items that are considered material in relation to the financial statements are as follows:

Property, plant and equipment
Capital advances are stated at cost, less any recognized impairment loss. Depreciation on these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Other property, plant and equipment are recorded at cost less accumulated depreciation and any identified impairment loss. The establishment reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. The cost of property, plant and equipment is depreciated on a straight-line method over their estimated useful lives as follows:

Equipment	9 years
Residential and commercial properties	30 years
Furniture, fixtures and office equipment	5 - 6 years
Vehicles	5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Summary of significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Intangible assets

Intangible assets that are acquired by the establishment and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. Licences, patents, technical know-how, marketing rights, trademarks and software separately acquired or acquired as part of a business combination are amortised over their estimated useful lives of 3 to 12 years, using the straight-line basis, from the time they are available for use. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Acquired in process research and development ("IPR&D"), that the establishment acquires through business combination or separately, represents fair value assigned to in process research and development projects which at the time of acquisition have not reached commercial feasibility. The amounts are capitalized and are disclosed as intangible assets under development. Upon successful completion of each project, the same are capitalized as intangible assets and are subject to amortization as stated herein above. The establishment assesses the IPR&D for impairment annually, whether there is any indication that an asset may be impaired. If any such indications exist by first assessing qualitative factors to determine whether it is more likely than not that the fair value of the IPR&D intangible assets is less than its carrying amount.

If the establishment concludes it is more likely that the fair value is less than the carrying amount, a quantitative test that compares the fair value of the IPR&D intangible asset with its carrying value is performed. If the fair value is less than the carrying amount, an impairment loss is recognized in operating results. Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalized since the probability of expected future economic benefits criterion is generally considered to be satisfied for separately acquired intangible assets.

Research and development
The research and development costs are accounted in accordance with International Accounting Standard (IAS) – 38 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognised as research expenses and charged off to the statement of profit or loss and other comprehensive income, as incurred.

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2021

Summary of significant accounting policies (cont'd)

Research and development (cont'd)

All subsequent expenditure incurred for product development on the application of research findings or other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure under intangible assets under development, to be capitalised as an intangible asset on completion of the project. In case a project does not proceed as per expectations / plans, the same is abandoned and the amount classified as development expenditure under intangible assets under development is charged off to the statement of profit or loss and other comprehensive income.

Investment in subsidiaries
A subsidiary is an entity that is controlled by the establishment. The establishment 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. Investments in subsidiaries are measured initially at cost and subsequently carried in the establishment's separate financial statements at cost less any accumulated impairment losses. Dividend income is recognized in the statement of profit or loss when the rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the establishment and the amount of income can be measured reliably.

Investment in associates
An associate is an entity over which the establishment has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The establishment's investments in associate are accounted for using the equity method.

After application of the equity method, the establishment determines whether it is necessary to recognize an impairment loss on its investments in associates. At each reporting date, the establishment determines whether there is objective evidence that the investment in associates are impaired. If there is such evidence, the establishment calculates the amount of impairment as the difference between the recoverable amount of the associate and the carrying value, and then recognizes the loss within 'Share of profit/(loss) from an associate' in the statement of profit or loss.

Inventories
Inventories consisting of raw materials, work-in-progress and finished goods are stated at lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials comprises cost of purchases. Cost of work-in-progress and finished goods comprise direct material and variable overhead expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

The factors that the establishment considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the establishment's business and markets. The establishment considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

SUN PHARMA GLOBAL FZE

Notes to the Financial Statements
for the year ended 31 March 2021

Summary of significant accounting policies (cont'd)

Financial instruments
Financial assets and financial liabilities are recognized when the establishment becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are derecognized when they are extinguished, cancelled or expired.

Financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the establishment's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

a. Financial assets at amortized cost

Financial assets at amortized cost are those financial assets for which:

- the establishment's business model is to hold them in order to collect contractual cash flows and;
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

The establishment's financial assets at amortized cost comprise long-term loans, trade and other receivables and cash and bank balances.

Loans receivable
Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans receivable is subsequently measured at amortized cost using the effective interest method, less any impairment.

Trade receivables
Trade receivables are stated at original invoice amount less a provision for any uncollectible amount or loss allowance. Bad debts are written off when there is no possibility of recovery.

Other receivables
Other receivables represent advances, refundable deposits, and accrued income.

Cash and cash equivalents
Cash and cash equivalents for the purpose of the statement of cash flows comprise bank balances in current and call accounts that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

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Notes to the Financial Statements
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Summary of significant accounting policies (cont'd)

b. Financial assets at fair value through OCI

Debt instruments
The establishment measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to the profit or loss. The establishment classified its investment in bonds as financial assets at fair value through OCI.

Equity instruments
Upon initial recognition, the establishment can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IFRS 9 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the establishment benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Impairment losses and any reversal of impairment losses on equity investments measured at fair value through OCI are not reported separately from other changes in fair value. The establishment designated all its equity instruments under financial assets at fair value through OCI classification.

Impairment of financial assets
The establishment recognizes an allowance for expected credit losses (ECLs) on its financial assets. ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, which represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

- Lifetime ECL, which represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

For trade receivables, the establishment applies a simplified approach in calculating ECLs. Therefore, the establishment doesn't track changes in credit risk, but instead recognizes a loss allowance based on Lifetime ECLs at each reporting date. Loss allowance is based on the establishment's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For quoted debt investment, the establishment applies the low credit risk simplification. At every reporting date, the establishment evaluates whether the debt investment is considered to have low credit risk using all reasonable and supportable information that is available. In making that evaluation, the establishment reassesses the internal credit rating of the debt investment.

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Notes to the Financial Statements
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Summary of significant accounting policies (cont'd)

Fair value measurement
For investments traded in organized financial markets, fair value is determined by reference to stock exchange quoted prices at the close of business on the statement of financial position date. Equity instruments that are not traded in an active market and whose fair value cannot be reliably measured are accounted for at cost less any identified impairment losses at the end of each reporting period.

For all other financial assets, the establishment recognizes Lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial assets has not increased significantly since initial recognition, the establishment measures the loss allowance for that financial asset at an amount equal to 12 months ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the end of the reporting period or an actual default occurring. Impairment loss has been recognized in the statement of profit or loss and other comprehensive income for equity investments during the year.

Financial liabilities
The financial liabilities comprise trade and other payables.

Trade and 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.

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

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement
The establishment uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment.

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Notes to the Financial Statements
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Summary of significant accounting policies (cont'd)

Derivative financial instruments and hedge accounting (cont'd)

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

Cash flow hedges
The effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit or loss. The establishment uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. Amounts recognized as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when a forecast sale occurs.

When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

Value added tax (VAT)
Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

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 establishment; 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.

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Notes to the Financial Statements
for the year ended 31 March 2021

Summary of significant accounting policies (cont'd)

Revenue recognition
The establishment has applied IFRS 15 with effect from 1 April 2018 in the preparation of the financial statements. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires judgement.

Sale of goods
Revenue from sale of goods is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the establishment expects to be entitled in exchange for those goods or services. The establishment has generally concluded that it is the principal in its revenue arrangements, since it is the primary obligor in all of its revenue arrangement, as it has pricing latitude and is exposed to inventory and credit risks. Revenue is stated net of returns, chargebacks, price variation, stock adjustments, rebates and other similar allowances. These are calculated on the basis of historical experience and the specific terms in the individual contracts.

In determining the transaction price, the establishment considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any). The establishment estimates variable consideration at contract inception until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Out-licensing arrangements
Revenues include amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognised over the period in which the establishment has continuing performance obligations.

Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period the establishment has continuing performance obligations, if the milestones are not considered substantive. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be received.

Sales returns
The establishment accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the establishment's estimate of expected sales returns. With respect to established products, the establishment considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the establishment's business and markets. With respect to new products introduced by the establishment, such products have historically been either extensions of an existing line of product where the establishment has historical experience or in therapeutic categories where established products exist and are sold either by the establishment or the establishment's competitors.

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Notes to the Financial Statements
for the year ended 31 March 2021

Summary of significant accounting policies (cont'd)

Royalties
Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that economic benefits will flow to the establishment and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangement.

Interest and other income
Revenue from interest income is recognised when it is probable that economic benefits will flow to the establishment and the amount of revenue can be measured reliably on a time-proportion basis using the effective interest method.

Other income is recognised as per the contractual agreement.

Foreign currency transactions
Transactions in foreign currencies other than US Dollars are converted into US Dollars at the rate of exchange ruling on the date of the transaction. Assets and liabilities expressed in foreign currencies other than US Dollars are translated into US Dollars at the rate of exchange ruling at the interim statement of financial position date. Resulting gain/loss is taken to the interim statement of profit or loss and other comprehensive income.

4. Significant judgement employed in applying accounting policies and key sources of estimation uncertainty

4.1 Significant judgement employed

The significant judgement made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements were as follows:

Impairment of non-financial assets
The establishment assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. If any of such indication exists, the establishment estimates the asset's recoverable amount which is the higher of fair value less costs to sell and value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

Significant increase in credit risk
ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the establishment takes into account qualitative and quantitative reasonable and supportable forward-looking information. As at date of statement of financial position, management believes that the recoverability of its long-term loans are certain, accordingly, no expected credit losses are recognized.

4.2 Key sources of estimation 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:

Key sources of estimation uncertainty (cont'd)

Useful lives of assets
The useful lives of the establishment's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of establishment's property, plant and equipment and intangible assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the establishment's assets.

In addition, the estimation of the useful lives is based on the establishment's collective assessment of industry practice, internal technical evaluation and experience with similar assets.

Impairment of investment in subsidiaries
Determining whether investment in subsidiaries are impaired requires an estimation of the value in use of the investments and the cash-generating units to which the investments have been allocated. The value in use calculation requires the establishment to estimate the future cash flows expected to arise from the assets or cash generating unit and a suitable discount rate in order to calculate present value. Management has determined that no impairment is required in respect of the investment in subsidiaries.

Impairment of loans and receivables
Management regularly undertakes a review of the amounts of loans and other receivables owed to the establishment and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debt, historic recovery rates and assessed credit worthiness of the receivable.

Impairment of trade and other receivables
The loss allowance for trade and other receivables are based on assumptions about risk of default and expected credit loss rates. The establishment uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the establishment's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

Any difference between the amounts actually collected in the future period and the amounts expected, will be recognized in the establishment's statement of profit or loss in that period. As at date of statement of financial position, management believes that the recoverability of its trade receivables are certain, accordingly, no provision is created.

Staff end of service gratuity
The establishment computes provision for the liability to staff end of service gratuity assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

Provisions for legal disputes
Provisions for legal disputes consist of various types of provisions linked to ongoing legal disputes. The management makes judgement about provisions and contingencies, including the probability of pending and potential future litigation outcomes, which, by their very nature, are dependent on inherently uncertain future events. When determining likely outcomes of litigations, etc, the management considers the input of external counsels on each case, as well as known outcomes in case law.

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Notes to the Financial Statements
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Key sources of estimation uncertainty (cont'd)

Provisions for sales deductions
Management's estimate of sales discounts and rebates are based on a calculation which includes a combination of historical utilisation data, combined with expectations in relation to the development in sales and utilisation. The obligations for discounts and rebates are incurred at the time the sale is recorded.

5. Property, plant and equipment *(2021)*

	Capital advance ^ US $	*Equipment#* US $	*Residential and commercial properties** US $	*Furniture, fixtures and office equipment* US $	*Vehicles* US $	*Total* US $
Cost						
As at 01.04.2020	199,950	2,030,313	3,445,962	342,240	136,804	6,155,269
Transfer during the year	(186,694)	186,694	-	-	-	-
As at 31.03.2021	13,256	2,217,007	3,445,962	342,240	136,804	6,155,269
Accumulated depreciation						
As at 01.04.2020	-	339,026	393,163	327,149	122,979	1,182,317
Charge for the year	-	234,740	40,370	6,209	6,230	287,549
As at 31.03.2021	-	573,766	433,533	333,358	129,209	1,469,866
Net book value						
As at 31.03.2021	13,256	1,643,241	3,012,429	8,882	7,595	4,685,403
As at 31.03.2020	199,950	1,691,287	3,052,799	15,091	13,825	4,972,952

** Includes cost of commercial office premises amounting to USD 2,234,857 which is not furnished and put to use. For this reason, no depreciation is provided since the purchase in the financial year 2014-15.*

 # Housed in the premises of overseas manufacturers for their use on behalf of the establishment.

^ Represents advance paid to overseas suppliers for the purchase and assembling of equipment.

Property, plant and equipment *(2020)*

	Capital advance US $	*Equipment* US $	*Residential and commercial properties* US $	*Furniture, fixtures and office equipment* US $	*Vehicles* US $	*Total* US $
Cost						
As at 01.04.2019	1,401,267	1,780,559	3,445,962	342,240	170,091	7,140,119
Additions during the year	259,608	113,829	-	-	-	373,437
Transfer during the year	(135,925)	135,925	-	-	-	-
Reclassification	(1,325,000)	-	-	-	-	(1,325,000)
Disposal during the year	-	-	-	-	(33,287)	(33,287)
As at 31.03.2020	199,950	2,030,313	3,445,962	342,240	136,804	6,155,269
Accumulated depreciation						
As at 01.04.2019	-	114,466	352,793	319,286	135,102	921,647
Charge for the year	-	224,560	40,370	7,863	7,012	279,805
Relating to disposal	-	-	-	-	(19,135)	(19,135)
As at 31.03.2020	-	339,026	393,163	327,149	122,979	1,182,317
Net book value						
As at 31.03.2020	199,950	1,691,287	3,052,799	15,091	13,825	4,972,952
As at 31.03.2019	1,401,267	1,666,093	3,093,169	22,954	34,989	6,218,472

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Notes to the Financial Statements
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6. Intangible assets

	*In-process research and development** *US $*	*Brands@* *US $*	*Technology know-how / developed formulations* *US $*	*Software* *US $*	*Total* *US $*
Cost					
As at 01.04.2020	42,550,000	300,563,044	649,072,900	87,319	992,273,263
Additions during the year	-	-	7,946,354	-	7,946,354
As at 31.03.2021	**42,550,000**	**300,563,044**	**657,019,254**	**87,319**	**1,000,219,617**
Accumulated amortization					
As at 01.04.2020	-	119,398,914	148,521,811	53,608	267,974,333
Charge for the year	-	30,056,304	57,195,138	17,464	87,268,906
As at 31.03.2021	**-**	**149,455,218**	**205,716,949**	**71,072**	**355,243,239**
Net book value					
As at 31.03.2021	**42,550,000**	**151,107,826**	**451,302,305**	**16,247**	**644,976,378**
As at 31.03.2020	**42,550,000**	**181,164,130**	**500,551,089**	**33,711**	**724,298,930**

**This represents payment made in the earlier years to overseas pharmaceutical companies including US $ 22,450,000 (previous year US $ 22,450,000) to a related party for acquiring IP rights, licenses and other rights over the compound in process research and development for which no marketing approval has been obtained.*

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

	2021 *US $*	***2020*** *US $*
7. Financial assets at fair value through OCI		
Equity instruments		
Quoted shares		
Amneal Pharmaceuticals Inc., United States of America # *(2,868,623 ordinary shares)*	19,305,833	9,982,808
Unquoted shares		
Enceladus Pharmaceuticals BV, Netherlands @ *(116,667 ordinary shares of € 0.10 each)*	-	-
Ranbaxy (Thailand) Co. Ltd, Thailand *(3 ordinary shares of Baht 100 each)*	10	10
Preference shares:		
Sun Pharmaceutical Industries (Australia) PTY LTD, Australia		
(54,644,566 redeemable preference shares of AUD 1 each) (Converted @ 0.7320)	40,000,000	40,000,000
(15 million redeemable preference shares of AUD 1 each) (Converted @ 0.7684)	11,526,000	11,526,000
Sun Pharma Holdings, Mauritius *(100 million 5% convertible preference shares of US $ 1 each with premium)*	118,000,000	118,000,000
Ranbaxy Pharmaceuticals Proprietary Limited, South Africa *(280 million non-cumulative, redeemable preference shares of ZAR 1 each) (Converted @ 0.072)*	20,187,455	20,187,455

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Notes to the Financial Statements
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Financial assets at fair value through OCI (cont'd)

	2021 US $	2020 US $
Debt instruments		
*Investment in bonds: **		
ONGC Videsh – 4.625% Regd. Notes maturing 15 Jul 2024	17,555,200	14,707,200
NTPC - 4.375% Regd. Euro Medium- Term Notes maturing 26 Nov 2024	10,949,500	9,755,000
State Bank of India – 4.875% Regd. Notes maturing 17 Apr 2024	7,735,000	7,044,800
	245,258,998	**231,203,273**

 # A reconciliation of the carrying amount of investment in Amneal Pharmaceuticals Inc is set out below:

	2021 US $	2020 US $
As at 1 April	9,982,808	40,648,388
Changes in fair value ^	9,323,025	(30,665,580)
As at 31 March	**19,305,833**	**9,982,808**

** A reconciliation of the carrying amount of investment in bonds is set out below:*

	2021 US $	2020 US $
As at 1 April	31,507,000	34,294,300
Purchased during the year	9,011,590	-
Sold during the year	(9,011,590)	-
Changes in fair value ^	4,732,700	(2,787,300)
As at 31 March	**36,239,700**	**31,507,000**

^ Changes in fair value amounting to US $ 14,055,725 (previous year negative US $ 33,452,880).

@ A reconciliation of the carrying amount of investment in Enceladus Pharmaceuticals BV is set out below:

	2021 US $	2020 US $
As at 1 April	-	195,765
Impairment	-	(195,765)
As at 31 March	-	-

	%	2021 US $	2020 US $
8. Investments in subsidiaries			
Sun Pharma Philippines Inc *86,534 shares of Peso 100 each.* *Six shares issued to the directors are held in trust by them on behalf of the establishment*	100	200,882	200,882
Sun Pharmaceuticals Korea Ltd *$* *1,000,000 shares of South-Korean Won 100 each*	100	-	89,685

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Investment in subsidiaries (cont'd)

	%	2021 US $	2020 US $
Sun Pharma Japan Ltd *3,160 shares of JPY 50,000 each with premium (previous year 3160 shares of JPY 50,000 each)*	100	8,426,838	8,426,838
Sun Pharma East Africa Ltd *999 shares of KES 100 each*	100	1,140	1,140
		8,628,860	**8,718,545**

The above entities are engaged in pharmaceutical business of trading, purchase, sale, manufacturing through others of drugs, medicines, pharmaceutical products and formulations.

$ Liquidated on 31 December 2020.

Net asset value as of 31 March^	2021 US $	2020 US $
Sun Pharma Philippines Inc	(6,641,290)	(7,103,150)
Sun Pharmaceuticals Korea Ltd	-	51,345
Sun Pharma Japan Ltd	38,036,800	36,404,300
Sun Pharma East Africa Ltd	(1,502,270)	(1,852,970)
	29,893,240	**27,499,525**

^As per the management accounts as at 31 March.

In the opinion of the management, negative net asset value and impairment, if any, will be considered at group consolidation.

9. Investment in an associate	2021 US $	2020 US $
Artes Biotechnology Gmbh, Germany *(15,853 ordinary shares of € 1 each with premium)*	**3,805,733**	**3,655,144**

The associate is a private company and there is no quoted market price for its shares/units.

At the end of each reporting period, the establishment determines whether there is objective evidence the investment in associate is impaired. If such indicators exist, the entire carrying value of the investment in associate will be tested for impairment by comparing the carrying value of the investment to its recoverable amount. Management determined that no indicators of impairment exist at the reporting date and accordingly concluded that impairment assessment is not required for its investment in an associate.

A reconciliation of the carrying amount of the associate is set out below:

	2021 US $	2020 US $
As at 1 April	3,655,144	3,792,078
Share of profit / (loss)	150,589	(136,934)
As at 31 March	**3,805,733**	**3,655,144**

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10. Long-term loans

	2021 US $	2020 US $
Subsidiaries	6,772,993	7,421,338
Related parties	100,049,837	380,197,311
Non-related parties	1,167,135	2,355,679
	107,989,965	**389,974,328**

 # This represents unsecured loans bearing interest rates of 0 to 15% per annum and are considered long term by the management.

11. Inventories

	2021 US $	2020 US $
Raw materials	22,042,390	21,204,690
Work in progress	11,524,887	12,693,945
Finished goods	1,664,315	5,172,104
	35,231,592	**39,070,739**

This represents inventories lying with contract manufacturers and third-party logistics company overseas for which quantitative confirmations are received from the respective parties.

12. Trade receivables

	2021 US $	2020 US $
Merchandise - related parties	29,470,903	7,418,577
Merchandise – non-related parties	1,444,647	2,144,440
	30,915,550	**9,563,017**

Credit terms granted to the related parties range from 0 to 270 days.

As at 31 March, the aging of trade receivables on merchandise was as follows:

	Total US $	<30 Days US $	31-90 Days US $	91-180 Days US $	181-270 Days US $	271-365 Days US $	More than 365 days US $
2021	*30,915,551*	*3,431,709*	*10,773,381*	*16,710,461*	-	-	-

13. Advances, deposits and other receivables

	2021 US $	2020 US $
Advance to suppliers – merchandise #	5,269,253	6,668,000
Less: allowance for doubtful debts $	4,038,579	3,000,750
	1,230,674	**3,667,250**
Advance to suppliers - R&D @	31,988,149	19,649,261
Advance to staff and others	96,674	823,193
Deposits	26,777	18,863
VAT recoverable	64,751	2,688,872
Accrued income ^	3,815,791	4,905,013
	37,222,816	**31,752,452**

#Includes US $ 3,000,750 (previous year US $ 3,000,750) balance under litigation. @Includes US $ 13,558,070 (previous year US $ 13,556,435) advance given to a related party.

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Notes to the Financial Statements
for the year ended 31 March 2021

Advances, deposits and other receivables (cont'd)

$ The movements in the allowance for doubtful debts accounts were as follows:

	2021 US $	2020 US $
As at 1 April	3,000,750	3,000,750
Provided during the year	1,037,829	-
As at 31 March	**4,038,579**	**3,000,750**

^Comprises accrued interest income of US $ 459,372 (previous year US $ 459,372), accrued royalty income of US $ 2,975,771 (previous year US $ 1,740,368), accrued merchandise income of US $ Nil (previous year US $ 2,011,087) and unrealized forex gain of US $ 380,648 (previous year US $ 694,186).

14. Cash and bank balances

	2021 US $	2020 US $
Bank balances in current and call accounts	17,596,715	12,505,639
Cash and cash equivalents	**17,596,715**	**12,505,639**
Margin deposit	-	8,891
	17,596,715	**12,514,530**

15. Share capital

	2021 US $	2020 US $
Authorized, issued and paid up:		
101 shares of AED 150,000 *(converted @ 3.673)*	**4,124,694**	**4,124,694**

16. General reserve

This represents net assets taken over during the earlier years from the erstwhile parent shareholder company on demerger of Non-strategic Investment Undertaking Division of erstwhile parent shareholder company in terms of scheme of arrangement and reconstruction, as approved and classified by the management.

17. Deferred income

	2021 US $	2020 US $
As at 1 April	102,762,869	98,083,333
Received during the year (net)	16,298,550	26,079,536
Recognized to statement of profit or loss	(21,400,000)	(21,400,000)
As at 31 March #	**97,661,419**	**102,762,869**

This represents upfront and milestone payments received from overseas pharmaceutical companies for the purchase of rights to sell pharmaceutical products.

	2021 US $	2020 US $
#Current and non-current portion		
Total	97,661,419	102,762,869
Less: due within 12 months	21,400,000	21,400,000
Non-current portion	**76,261,419**	**81,362,869**

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Notes to the Financial Statements
for the year ended 31 March 2021

18. Long term loan

This represents unsecured and LIBOR+100 bps p.a. interest bearing loan from a related party repayable on or before 2 September 2022.

19. Trade and other payables

	2021 US$	***2020 US $***
Merchandise #	47,085,054	39,321,348
Research and development *	2,821,212	18,537,556
Other payables!	3,634,269	4,692,387
	53,540,535	**62,551,291**
Customer credit balance – *related parties $*	165,007,549	322,956,853
VAT payable	3,962	153,063
Accruals	14,755,839	16,389,973
	233,307,885	**402,051,180**

 # Includes US $ 45,911,192 (previous year US $ 38,084,175) due to related parties.

**Includes US $ 488,935 (previous year US $ 175,951) due to an enterprise under significant influence and US $ Nil (previous year US $ 17,105,131) to a related party.*

!Includes US $ 3,501,106 (previous year US $ 4,020,739) due to related parties.

$ This represents amount payable to a related party on account of debit/credit notes regarding brand development and marketing expenditure.

20. Revenue

	2021 US $	***2020 US $***
Trading:		
Sales of goods *	149,993,497	126,290,825
Deferred income recognized	21,400,000	21,400,000
Interest income:		
Banks – term deposits	7,114	372,804
Long term loans – related parties	1,383,317	12,732,566
Long term loans – non-related parties	18,930	50,695
Debt instruments (bonds)	1,727,489	1,518,750
	3,136,850	14,674,815
Exchange gain (net)	-	1,979,953
Royalty income	10,254,745	4,912,487
Profit on sale of investment	1,099,531	-
Sundry balance written back	-	603,996
Other income	81,690	95,434
	185,966,313	**169,957,510**

**Stated net of returns and provision for chargebacks, price variation, stock adjustments and other sales deductions.*

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Notes to the Financial Statements
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	2021 US $	2020 US $
21. Cost of sales		
Opening inventories	39,070,739	39,831,147
Purchases	18,882,473	18,861,718
Job work charges	22,889,793	22,503,817
Other direct expenses	3,160,363	5,609,555
Freight and clearing charges	-	*(3,886,862)
Closing inventories	(35,231,592)	(39,070,739)
	48,771,776	**43,848,636**

**Negative due to refund of consumption tax from earlier years.*

	2021 US $	2020 US $
22. Administrative expenses		
Rent	12,401	13,217
Staff salaries and benefits	1,016,542	1,083,646
Other administrative expenses	110,798	180,084
Exchange rate fluctuation (net)	68,755	-
	1,208,496	**1,276,947**
23. Selling and marketing expenses		
Royalty on sales	17,921,909	8,106,854
Overseas promotional and office expenses	6,230,136	7,704,764
Outward freight and distribution expenses	836,631	694,510
	24,988,676	**16,506,128**
24. Brand and related product expenses		
Brand development expenses	119,168,963	389,635,975
Service fees	4,094,212	2,198,338
Legal and professional charges (net)	2,628,149	10,559,774
Research and development expenses	61,027,033	56,090,806
License and product registration	5,095,623	5,350,324
Miscellaneous expenses	685,990	903,789
	192,699,970	**464,739,006**
25. Finance costs		
Interest on loan – bank	-	874,130
Interest on loan – related party	1,316,726	637,296
Interest on bank overdraft	102,668	164,370
	1,419,394	**1,675,796**

26. Related party transactions and balances

a) The establishment enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: *Related Party Disclosures*. The related parties with whom the establishment had significant transactions during the year and have year-end balances are as under:

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Notes to the Financial Statements
for the year ended 31 March 2021

Related party transactions and balances (cont'd)

Parent Company

- Sun Pharma Holdings – Mauritius

Subsidiaries of the establishment

- Sun Pharma Japan Ltd - Japan
- Sun Pharma Philippines Inc - Philippines
- Sun Pharmaceuticals Korea Ltd – Korea *(Liquidated on 5 January 2021)*
- Sun Pharma East Africa Ltd – Kenya

Associate

- Artes Biotechnology GMBH – Germany

Ultimate Parent Company

- Sun Pharmaceutical Industries Limited – India

Subsidiaries and associate of Ultimate Parent Company

- Sun Pharmaceutical Holdings USA, Inc. - USA
- Sun Pharmaceutical Industries Europe B.V – Netherlands
- Sun Laboratories FZE - U.A.E
- Sun Pharmaceuticals Germany GmbH – Germany
- Ooo Sun Pharmaceuticals Industries Ltd.- Russia
- Sun Pharma (Netherlands) B.V – Netherlands
- Sun Pharmaceutical Industries (Australia) Pty Ltd - Australia
- Sun Pharma Switzerland Ltd – Switzerland
- Sun Pharma ANZ Pty Ltd - Australia
- Sun Pharma Holdings USA Inc. - USA
- Ranbaxy (Thailand) Co. Ltd – Thailand
- Sun Pharma Italia SRL (formerly Ranbaxy Italia S.P.A) – Italy
- Sun Pharma Laboratorios S.L.U – Spain
- Taro Pharmaceuticals Industries Ltd – USA
- Sun Pharma Canada Inc. - Canada
- Basics GMBH – Germany
- Sun Pharma France SAS – France
- Sun Pharma Industries S.A.C - Peru
- Sun Pharmaceutical Peru S.A.C – Peru
- Insite Vision Incorporated – USA
- OHM Laboratories Inc. – USA
- Medinstill Development LLC – USA
- Dr. PY Institute LLC - USA

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

- Sun Pharmaceutical Advanced Research Company Ltd – India

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Notes to the Financial Statements
for the year ended 31 March 2021

Related party transactions and balances (cont'd)

b) Significant transactions with related parties during the year and the year-end balances were as follows:

Transactions:

Figures in ('000)

	Parent shareholder company US$	*Subsidiaries and Associate US $*	*Ultimate parent company US $*	*Subsidiaries and associate of ultimate parent company US $*	*Enterprise under significant influence US $*	*Total 2021 US $*	*Total 2020 US $*
Purchases	-	-	3,364	-	-	3,364	1,863
Sales	-	(40,333)	-	(102,555)	-	(142,888)	(122,349)
Service charges	-	5,810	-	82	-	5,892	7,330
Professional fees	-	-	-	373	-	373	753
R&D Services	-	300	-	2,630	939	3,869	9,282
Selling & distribution expenses	-	1,377	-	78,540	-	79,917	157,112
Interest expenses	-	-	-	1,317	-	1,317	637
Interest income	(365)	-	-	(1,019)	-	(1,384)	(12,732)
Other expenses	-	-	-	30,810	-	30,810	230,139
Re-imbursement of expenses	-	-	-	-	118	118	381
Royalty on sales	-	-	-	-	366	366	152
Loan written off	-			1,710	-	1,710	-

The establishment provides funds to overseas related parties to meet with their working capital requirements. The establishment also reimburse selling, brand and product development & registration expenses to the group entities.

Balances:

Figures in ('000)

	Parent shareholder company US$ Dr/(Cr)	*Subsidiaries and Associate US $ Dr/(Cr)*	*Ultimate parent company US $ Dr/(Cr)*	*Subsidiaries and associate of ultimate parent company US $ Dr/(Cr)*	*Enterprise under significant influence US $ Dr/(Cr)*	*Total 2021 US $ Dr/(Cr)*	*Total 2020 US $ Dr/(Cr)*
Trade receivables	-	15,819	-	13,652	-	29,471	7,418
Advances	-	-	-	13,558	-	13,558	13,556
Long term loans	-	6,773	-	100,050	-	106,823	387,618
Trade payables	-	(9,008)	(36,904)	-	-	(45,912)	(38,084)
R&D payable	-	-	-	-	(489)	(489)	(17,281)
Long term loan	-	-	-	(93,454)	-	(93,454)	(75,637)
Other payable	-	-	-	(3,501)	-	(3,501)	(4,020)
Customer credit balance	-	-	-	(165,008)	-	(165,777)	(322,957)

27. 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 establishment to concentrations of credit risk comprise principally of bank balance and trade and other receivables.

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Notes to the Financial Statements
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Financial instruments: Credit, liquidity and market risk exposures (cont'd)
Credit risk (cont'd)

The establishment's bank balance in current and call accounts are placed with high credit quality financial institutions. Due from related parties on trade accounts are arising in the normal course of business and are not perceived as credit risk. In the opinion of the management, the outstanding balances of investments and long-term loans to related parties are good and fully realisable and hence no impairment is considered necessary. There are no significant concentrations of credit risk from receivables outside the industry in which the establishment operates.

Liquidity risk
Liquidity risk is the risk that the establishment will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the management who ensure that sufficient funds are made available to the establishment to meet any future commitments. The following are the contractual maturities of the establishment's financial liabilities as of 31 March 2021.

	Carrying amounts *US $*	*Payable within next 12 months* *US $*	*Payable after 12 months* *US $*
Long term loan	93,454,022	-	93,454,022
Staff end of service gratuity	374,123	-	374,123
Trade and other payables	233,307,885	233,307,885	-
	327,136,030	**233,307,885**	**93,828,145**

Market risk
Market risk is the risk that changes in market prices, such as interest rate risk and currency risk, will affect the establishment's income or the value of its holdings of financial instruments.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Long term loans bear interest rates from 0 to 15% per annum.

Currency risk
Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. Except for the following, there are no significant currency rate risks as substantially all financial assets and financial liabilities are denominated in the US Dollars or U.A.E Dirhams to which the US Dollar rate is fixed:

	2021 Equivalent US $	*2020 Equivalent US $*
Foreign currency financial assets:		
Trade receivables		
Japanese Yen (JPY)	15,818,573	1,504,093
Euro (EUR)	9,587,193	3,973,409
Australian Dollar (AUD)	5,366,940	3,671,330

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Notes to the Financial Statements
for the year ended 31 March 2021

Financial instruments: Credit, liquidity and market risk exposures (cont'd)

Market risk (cont'd)

	2021 Equivalent US $	***2020 Equivalent US $***
Foreign currency financial assets (cont'd):		
Bank balances		
Japanese Yen (JPY)	5,820,490	858,050
Great Britain Pound (GBP)	637,709	122,249
Euro (EUR)	4,692,527	3,239,181
Australian Dollar (AUD)	1,602,423	102,968
Foreign currency financial liabilities:		
Trade payables		
Euro (EUR)	2,109,955	2,662,755
Japanese Yen (JPY)	9,007,569	272,641
Australian Dollar (AUD)	328,603	398,053

28. Contingent liabilities

There were no contingent liabilities outstanding at the date of statement of financial position.

29. Legal proceedings

The establishment is involved in various legal proceedings including product liability, contracts, and other regulatory matters relating to conduct of its business. The establishment records a provision in the financial statements to the extent that it concludes that a liability is probable and quantifiable based on the status of these cases, advice of the counsel, management assessment of the likely damages etc. In respect of other claims, the establishment believes, these claims do not constitute material litigation matters and with its meritorious defences the ultimate disposition of these matters will not have material adverse effect on its financial statements.

30. Commitments

	2021 US $	***2020 US $***
Contracted but not provided	275,000,000	254,000,000
Derivative related commitments	8,024,409	7,600,072

31. Comparative figures

Previous year's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year. Such reclassifications do not affect the previously reported profit / (loss), net assets or equity of the establishment.

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Notes to the Financial Statements
for the year ended 31 March 2021

32. Other matters

The Board of Directors at its meeting held on 22 July 2020 approved the Scheme of Amalgamation and Merger of the establishment with Sun Pharmaceutical Industries Limited and their respective members and creditors (herein after referred to as "Scheme of Amalgamation") subject to the terms and conditions as embodied in the Scheme of Amalgamation with effect from 1 January 2020 or as mentioned in the Scheme of Amalgamation.

On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. As a result, businesses have subsequently seen reduced customer traffic and, where governments mandated, temporary suspension of travel and closure of recreation and public facilities. In addition, oil prices significantly dropped in January to March 2020 due to a number of political and economic factors, which has also contributed towards lower spending capacity.

We, Sun Pharma are fortunate to be a part of the pharmaceutical industry, which has been least impacted by the ongoing COVID-19 pandemic. The management actively monitors the situation of COVID-19 breakout as it evolves, on its financial condition, liquidity, operations, suppliers, industry and workforce and will take necessary measures to safeguard interest of stakeholder of the establishment. Considering the nature of operations of the establishment, besides some temporary disruption in Supply Chain, there is no other impact on the Group/Establishment.

These conditions are considered subsequent and non-adjusting events in the environment in which the establishment operates.

The situation, including the government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorisation of these financial statements.

33. Approval of the financial statements

The financial statements were approved by the board of directors on 13 May 2021 and authorized Mr. Harin P. Mehta to sign on behalf of the Board.

On behalf of the board:

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Harin P. Mehta
DIRECTOR