

**SUN PHARMACEUTICAL
INDUSTRIES S.A.C.**

FINANCIAL STATEMENTS

2020 - 2021

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REPORT OF INDEPENDENT AUDITORS

May 14, 2021

**To the Shareholders and Directors of
SUN PHARMACEUTICAL INDUSTRIES S.A.C.**

We have audited the attached financial statements of SUN PHARMACEUTICAL INDUSTRIES S.A.C., which comprise of the Balance Sheet as at March 31, 2021, the statement of profit and loss, statement of changes in equity and statement of cash flows for the periods then ended, the preparation of the Financial Statements being the Company's Management responsibility. Our responsibility is to express an opinion on these Financial Statements based on our audit.

Our audit was made in accordance with generally accepted Auditing Standards in Peru. Those standards require that we plan and perform our work in order to obtain reasonable guarantee that the Financial Statements are free of material misstatement. An audit includes an assessment based on selective evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles applied, and the significant estimates made by the Management; as well as evaluating an overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached Financial Statements present fairly, in all material respects, the financial position of the company SUN PHARMACEUTICAL INDUSTRIES S.A.C., for the year ended March 31, 2021, the results of its operations and cash flows for the year then ended in accordance with the generally accepted Accounting Principles.

Endorsed by:

GAMARRA MEDRANO ANTONIO N.

Independent Auditor

Certified Public Accountant

Registration CPA No. 28787

SUN PHARMACEUTICAL INDUSTRIES S.A.C.
BALANCE SHEET AS AT MARCH 31, 2021

	Notes	As at March 31, 2021		As at March 31, 2020	
		Soles	Soles	Soles	Soles
EQUITY AND LIABILITIES					
Shareholders' Funds					
	3				
Capital Stock		4,342,017		4,342,017	
Reserves and Surplus		<u>(11,054,173)</u>	<u>(6,712,156)</u>	<u>(11,738,545)</u>	(7,396,528)
Non-Current Liabilities					
Loans and Advances	4		6,735,829		6,084,375
Current Liabilities					
Sundry Creditors	5	20,778,193		24,620,096	
Other Current Liabilities	6	<u>1,286,380</u>	<u>22,064,573</u>	<u>564,537</u>	25,184,633
Total Liabilities			<u><u>22,088,246</u></u>		<u><u>23,872,480</u></u>
ASSETS					
Non-Current Assets					
Fixed Assets	7	206,191		71,258	
Long Term Loans and Advances	8	<u>237,388</u>	<u>443,578</u>	<u>224,033</u>	295,291
Current Assets					
Inventories	9	8,509,971		8,192,342	
Trade Receivables	10	8,810,539		8,318,790	
Cash and Cash Equivalents	11	4,229,731		5,282,197	
Loans and advances	12	<u>94,427</u>	<u>21,644,668</u>	<u>1,783,860</u>	23,577,189
Total Assets			<u><u>22,088,246</u></u>		<u><u>23,872,480</u></u>

The accompanying notes are an integral part of the Financial Statements

SUN PHARMACEUTICAL INDUSTRIES S.A.C.
INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Notes	Year Ended March 31, 2021		Year Ended March 31, 2020	
		Soles	Soles	Soles	Soles
Total Income	13				
Revenue From Operations		32,150,936		27,158,748	
Other Income		<u>11,118</u>	<u>32,162,054</u>	<u>91,144</u>	27,249,891
Cost of Consumption					
Cost of Material Consumption	14		(19,439,663)		(17,857,046)
Operational Expenses					
Personnel Expenses	15	(5,518,792)		(4,903,393)	
Marketing Sales and Distribution Expenses	16	(2,868,445)		(1,700,023)	
Other Expenses	17	(1,442,253)		(1,112,679)	
Depreciation	18	<u>(402,261)</u>	<u>(10,231,751)</u>	<u>(29,151)</u>	(7,745,246)
Operating Profit			2,490,640		1,647,599
Exchange Gain / (Loss) - Net			(1,517,354)		(849,537)
Profit before Tax			973,286		798,062
Income-tax			(288,914)		
Profit after Tax			684,372		798,062

The accompanying notes are part of the Financial Statements

SUN PHARMACEUTICAL INDUSTRIES S.A.C.
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Soles	Soles	Soles	Soles
CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		684,372		798,062
Adjustment for:				
Depreciation Expenses	402,260		29,151	
Provision for Doubtful Trade Receivables and Advances	288,914		-	
Profit on Sales of Fixed Assets	-	691,174		29,151
		1,375,547		827,213
Operating Profit Before Working Capital Changes				
Changes in Working Capital:				
Increase / (Decrease) Trade Payables	721,844		1,394,646	
Increase / (Decrease) Other Current Liabilities	(3,841,903)		5,206,525	
Increase / (Decrease) Other Current Liabilities-Non Current	651,454		-	
(Increase) / Decrease Inventories	(317,629)		(507,978)	
(Increase) / Decrease Trade Receivables	(491,749)		833,508	
(Increase) / Decrease Short Term Loans and Advances	1,689,433		(482,660)	
(Increase) / Decrease Assets leased under ROU - Building	(518,001)		-	
(Increase) / Decrease Other Non Current Assets	(13,355)	(2,119,906)	-	6,444,041
		(744,360)		7,271,254
Cash Generated from Operations		(744,360)		7,271,254
Income Tax Paid		288,914		-
		(1,033,274)		7,271,254
NET CASH FLOW FROM OPERATING ACTIVITIES				
CASH FLOW FROM INVESTING ACTIVITIES				
Capital Expenditure on Fixed Assts (Net)		(19,192)		(41,352)
Proceed from Sales of Fixed Assets		-		16,966
		(19,192)		(24,387)
Net Cash Generated from / (Used in) Investing Activities				
NET INCREASE IN CASH AND EQUIVALENTS				
		(1,052,466)		7,246,867
CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR		5,282,197		(1,964,670)
CASH AND EQUIVALENTS AT END OF THE YEAR		4,229,731		5,282,197

The accompanying notes are part of the Financial Statements

SUN PHARMACEUTICAL INDUSTRIES S.A.C.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE YEARS ENDED MARCH 31, 2021

Shareholders' Name	Opening Balance		Addition / (Deletion)		Closing Balance	
	No. of Shares	Soles	No. of Shares	Soles	No. of Shares	Soles
SUN PHARMA NETHERLANDS B.V.	4,342,016	4,342,016	0	0	4,342,016	4,342,016
RANBAXY HOLDING (U.K.) LTD	1	1	0	0	1	1
Total Capital Stock	4,342,017	4,342,017	0	0	4,342,017	4,342,017
Previous Year	4,342,017	4,342,017	0	0	4,342,017	4,342,017

The accompanying notes are part of the Financial Statements



SUN PHARMACEUTICAL INDUSTRIES S.A.C.
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021 and 2020

1. OBJECTIVE, ACTIVITIES AND LEGAL ASPECT

The main activity of the company is the commercialization of pharmaceutical products.

Within the corporate purpose acts related to the activities described in the preceding paragraphs that contribute to its goals achievement are included. To comply with the corporate purpose, the company may perform all legal acts and contracts without restriction or limitation.

The activity of SUN PHARMACEUTICAL INDUSTRIES S.A.C., is governed by the New General Law of Commercial Companies and as provided in the articles and rules of incorporation and amendments.

2. SIGNIFICANT ACCOUNTING POLICIES

The principles and significant accounting policies applied for registration of operations and arrangement of Financial Statements are as follows:

- a) The preparation and presentation of Financial Statements in accordance with generally accepted accounting principles in Peru, requires Management to make estimates and assumptions to determine the amounts of assets and liabilities and the amounts of revenues and expenses, and of contingent assets and liabilities at the date of the financial statements. If these estimates and assumptions vary in the future as a result of changes in circumstances and conditions under which they were based, the effect of such changes is recognized in Statement of Income at the time such changes are identified. The main estimates related to financial statements correspond: i) estimate of allowance for doubtful accounts; ii) allowances for impairment of inventories; iii) estimate of useful life assigned to fixed assets; iv) the recoverability of income tax.
- b) Fixed assets are stated at historical cost, net of accumulated depreciation and accumulated impairment, if any. The initial cost comprises its purchase price, and any other cost directly attributable to locating and rendering the assets fit to use. Disbursements incurred after assets have been put to use, such as repairs and the cost of maintenance and refurbishment are charged to results of period

in which the costs are incurred. If it can be demonstrated clearly that such disbursement will result in future benefits deriving from use assets beyond their original performance standard, these are capitalized as an additional cost to assets. Repairs and maintenance costs are recognized in the results of period as incurred. An item of fixed assets and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on 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 Income.

- c) Foreign currency transactions: Functional currency and presentation currency, Company prepares and presents its financial statements in Soles, which corresponds to its functional currency. The functional currency corresponds to primary economic environment in which the Company operates.

Transactions and balances: transactions in different currency were translated into the functional currency, at the exchange rate as on the date of the transactions. Differences due to adjustment of balances of assets and liabilities in foreign currencies, recorded at the exchange rate when the operations occurred and the exchange rate at the date of balance sheet are recognized in the results of the period.

3. SHAREHOLDERS' FUNDS:

	As at 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Equity Capital	4,342,017	4,342,017
Legal Reserves	103,698	103,698
Retained Earnings the last year	(11,842,243)	(12,640,305)
Net Income for the Year	<u>684,372</u>	<u>798,062</u>
	<u>(6,712,156)</u>	<u>(7,396,528)</u>

4. LOANS AND ADVANCES (Non-Current Liabilities):

	As at 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Long term Maturities of Lease Obligations	55,141	0
Long term Loan from Related Party	<u>6,680,688</u>	<u>6,084,375</u>
	<u>6,735,829</u>	<u>6,084,375</u>

5. SUNDRY CREDITORS:

	As at 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Trade payables- Acceptances	6,293,078	5,873,082
Trade Payables- Related Party	<u>14,485,115</u>	<u>18,747,014</u>
	<u>20,778,193</u>	<u>24,620,096</u>

6. OTHER CURRENT LIABILITIES:

	As at 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Other Provisions	347,578	188,934
Tax payable	288,914	0
Current maturities of Lease Obligations	105,465	0
Employee Benefits- Severance / Pension pay	<u>544,424</u>	<u>375,603</u>
	<u>1,286,380</u>	<u>564,537</u>

7. FIXED ASSETS:

	As at 31 March			
	Soles			
			<u>2021</u>	<u>2020</u>
TYPE OF ASSETS	HISTORICAL COST	ACCUMULATED DEPRECIATION	NET VALUE	NET VALUE
Data Processing equipment	96,104	(76,240)	19,864	12,896
Office Equipment	36,972	(23,516)	13,456	14,902
Vehicles	60,845	(60,845)	0	5,070
Furniture and Fixtures	72,447	(40,850)	31,597	38,390
Assets leased under ROU	<u>518,001</u>	<u>(376,728)</u>	<u>141,273</u>	<u>0</u>
	<u>784,369</u>	<u>(578,179)</u>	<u>206,190</u>	<u>71,258</u>

8. LONG TERM LOANS AND ADVANCES:

	As at 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Loans and Advances - Related Party	164,082	156,809
Advances: Deposits given	<u>73,306</u>	<u>67,224</u>
	<u>237,388</u>	<u>224,033</u>

9. INVENTORIES:

	As at 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Finished goods	7,541,680	8,192,342
Finished goods in transit	<u>968,291</u>	<u>0</u>
	<u>8,509,971</u>	<u>8,192,342</u>

10. TRADE RECEIVABLES:

	As at 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Considered Good	8,810,539	8,318,790
Considered Doubtful	2,000,299	2,000,299
Provision for Doubtful Debts	<u>(2,000,299)</u>	<u>(2,000,299)</u>
	<u>8,810,539</u>	<u>8,318,790</u>

11. CASH AND CASH EQUIVALENT:

	As at 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Cash in hand	2,328	2,000
Balances at bank	<u>4,227,403</u>	<u>5,280,197</u>
	<u>4,229,731</u>	<u>5,282,197</u>

12. LOANS AND ADVANCES:

	As at 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Advances to Suppliers	72,897	164,582
Balances with Government Authorities	0	1,379,420
Prepaid Expenses	<u>21,530</u>	<u>239,858</u>
	<u>94,427</u>	<u>1,783,860</u>

13. TOTAL INCOME:

	Year Ended 31 March Soles	
	<u>2021</u>	<u>2020</u>
Sale of Products	32,150,936	27,158,748
Other Income	<u>11,118</u>	<u>91,144</u>
	<u>32,162,054</u>	<u>27,249,891</u>

14. COST OF MATERIAL CONSUMPTION:

	Year Ended 31 March Soles	
	<u>2021</u>	<u>2020</u>
Inventories at the beginning of the year	8,192,342	7,684,364
Purchases during the year	19,757,293	18,365,024
Inventories at the end of the year	<u>(8,509,971)</u>	<u>(8,192,342)</u>
	<u>19,439,663</u>	<u>17,857,046</u>

15. PERSONNEL EXPENSES:

	Year Ended 31 March Soles	
	<u>2021</u>	<u>2020</u>
Salaries, Wages, Bonus and Benefits	3,486,143	3,281,504
Contribution to Provident and other funds	347,491	268,826
Staff Welfare Expenses	<u>1,685,158</u>	<u>1,353,063</u>
	<u>5,518,792</u>	<u>4,903,393</u>

16. MARKETING, SELLING AND DISTRIBUTION EXPENSES:

	Year Ended 31 March Soles	
	<u>2021</u>	<u>2020</u>
Selling and Distribution Expenses	2,467,199	1,411,571
Special Discounts	<u>401,246</u>	<u>288,452</u>
	<u>2,868,445</u>	<u>1,700,023</u>

17. OTHER EXPENSES:

	Year Ended 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
Bank charges	32,043	53,390
Rent - Car	350,007	0
Rates and Taxes	0	79,709
Insurance	61,137	43,211
Printing and Stationery	21,662	23,748
Traveling, Lodging and Boarding	41,946	128,434
Communications	58,601	69,510
Consulting Fees	168,155	108,279
Audit Fees	8,382	6,660
Regulatory Filing Fees	213,533	150,021
Other Misc. Expenses	<u>486,788</u>	<u>449,717</u>
	<u>1,442,253</u>	<u>1,112,679</u>

18. DEPRECIATION:

	Year Ended 31 March	
	Soles	
	<u>2021</u>	<u>2020</u>
ROU - Building	376,728	0
IT equipment	12,224	9,160
Office equipment	1,445	1,029
Vehicles	5,070	12,169
Furniture and Fixtures	<u>6,793</u>	<u>6,793</u>
	<u>402,261</u>	<u>29,151</u>

20. In the Balance Sheet, the Equity as at March 31, 2021 is comprised of Soles 4,342,017 (Previous year Soles 4,342,017), representing 4,342,017 (Previous year 4,342,017) units of common shares with a nominal value of one Soles 1.00 each (Previous year Soles 1.00 each).

21. INCOME TAX

Superintendence Resolution No. 000229-2020/SUNAT, Resolution No. 271-2019/SUNAT is amended that approves provisions and forms for the affidavit annual

income tax and transaction tax financial and the schedule for the year is approved taxable 2020.

Through the Consolidated Text of Income Tax Law, Supreme Decree No. 179-2004-EF and amendments, rules are established as approved by Supreme Decree No. 054-99-EF, hereinafter TUO (for its acronym in Spanish) and related standards regulating the Income Tax, as amended by Law No. 27356, 27386 and 27394 and Law No. 27513 and 27615. This standard has been regulated by Supreme Decree No. 122-94-EF, modified by SD 194-99-EF and S.D. 045-2001-EF and Superintendence Resolution No. 011-2018/SUNAT and Superintendence Resolution No. 069-2018/SUNAT and Superintendence Resolution No. 015-2019/SUNAT approving the provisions and forms for the annual tax return for income tax and taxes on the financial transactions of the taxable year 2020 basis that is taken for the closing of the financial statements to March 2021.

22. Previous year's figures have been rearranged / regrouped wherever necessary.

23. APPROVAL OF THE FINANCIAL STATEMENTS AND EXPLANATORY NOTES

These financial statements were approved by the Management of Sun Pharmaceutical Industries S.A.C. and were authorized for issue on May 14, 2021.