

Sun Pharma Holdings

Financial statements

31 March 2016

Sun Pharma Holdings

Financial statements
for the year ended 31 March 2016

<i>Contents</i>	<i>Pages</i>
Corporate data	1
Auditors' report	2 - 3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6 - 7
Statement of cash flows	8
Notes to and forming part of the financial statements	9 - 26

Sun Pharma Holdings

Corporate data

Directors: Rajesh Khushalchand Shah
Harin Mehta

Registered agent: Kross Border Corporate Services Limited
St Louis Business Centre
Cnr Desroches & St Louis Streets
Port Louis
Republic of Mauritius

Auditors: Lancasters
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

Banker: Credit Agricole
13th Floor Maze Tower
Sh. Zayed Road
Next To Emirates Tower Metro Station
Dubai
United Arab Emirates

Auditors' report to the shareholder of Sun Pharma Holdings

Report on the Financial Statements

We have audited the financial statements of Sun Pharma Holdings, which comprise of the statement of financial position at 31 March 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's shareholder and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider the internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditors' report to the shareholder of Sun Pharma Holdings (continued)

Basis of Qualified Opinion

The Company has several subsidiaries and has not prepared consolidated financial statements. However, the ultimate holding Company will prepare consolidated financial statements under Indian GAAP. This is not in compliance with IFRS 10, "Consolidated Financial Statements" which requires consolidated financial statements to be prepared under IFRS.

Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the separate financial statements on pages 4 to 26 give a true and fair view of the financial position of the Company at 31 March 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius

Pasram Bissessur FCCA, XCA, MBA (UK)
Licensed by FRC

Date:

Sun Pharma Holdings

Statement of profit or loss and other comprehensive income for the year ended to 31 March 2016

	Note	2016 USD	2015 USD
Revenue	6	-	2,770,805
Expenses		(46,042)	(46,676)
(Loss)/profit from operating activities		(46,042)	2,724,129
Investment written-off		(2,394)	-
(Loss)/profit before taxation		(48,436)	2,724,129
Taxation	7	-	-
(Loss)/profit for the year		(48,436)	2,724,129
Other comprehensive income		129,870	2,770,507
Total comprehensive income for the year		81,434	5,494,636

The notes on pages 9 to 26 form part of these financial statements

Sun Pharma Holdings

Statement of financial position
at 31 March 2016

	Note	2016 USD	2015 USD
Assets			
Non-current assets			
Available-for-sale financial assets	8	10,460,770	10,330,900
Investment in subsidiaries	9	3,416,062,033	3,416,064,533
Total non-current assets		3,426,522,803	3,426,395,433
Current assets			
Other receivables	10	1,730	1,792
Cash and cash equivalents		14,981	55,975
Total current assets		16,711	57,767
Total assets		3,426,539,514	3,426,453,200
Equity and liabilities			
Stated capital	11	855,249,716	855,199,716
Preference share capital	12	2,565,593,148	2,565,593,148
Fair value reserve		2,900,377	2,770,507
Retained earnings		2,733,893	2,782,329
Share application monies		-	50,000
Total equity		3,426,477,134	3,426,395,700
Liabilities			
Current liabilities			
Loan from subsidiary	13	50,000	50,000
Other payables	14	12,380	7,500
Total liabilities		62,380	57,500
Total equity and liabilities		3,426,539,514	3,426,453,200

Approved by the Board of Directors on

and signed on its behalf by:

Director

Director

The notes on pages 9 to 26 form part of these financial statements

Sun Pharma Holdings

Statement of changes in equity for the year ended to 31 March 2016

	Stated capital USD	Preference share capital USD	Loan from holding company USD	Fair value reserve USD	Share application monies USD	Retained earnings USD	Total USD
At 01 April 2014	2,000	-	3,420,790,864	-	-	58,200	3,420,851,064
Transaction with owners of the Company recognised directly in equity							
<i>Contribution by and distributions to owners of the Company</i>							
Movement during the year	855,197,716	2,565,593,148	(3,420,790,864)	-	50,000	-	50,000
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	2,724,129	2,724,129
Other comprehensive income	-	-	-	2,770,507	-	-	2,770,507
Balance at 31 March 2015	855,199,716	2,565,593,148	-	2,770,507	50,000	2,782,329	3,426,395,700

The notes on pages 9 to 26 form part of these financial statements

Sun Pharma Holdings

Statement of changes in equity (continued) for the year ended to 31 March 2016

	Stated capital USD	Preference share capital USD	Loan from holding company USD	Fair value reserve USD	Share application monies USD	Retained earnings USD	Total USD
At 01 April 2015	855,199,716	2,565,593,148	-	2,770,507	50,000	2,782,329	3,426,395,700
<i>Transaction with owners of the Company recognised directly in equity</i>							
<i>Contribution by and distributions to owners of the Company</i>							
Movement during the year	50,000	-	-	-	(50,000)	-	-
Total comprehensive income for the year						(48,436)	(48,436)
Loss for the year	-	-	-	-	-	(48,436)	(48,436)
Other comprehensive income	-	-	-	129,870	-	-	129,870
Balance at 31 March 2016	855,249,716	2,565,593,148	-	2,900,377	-	2,733,893	3,426,477,134

The notes on pages 9 to 26 form part of these financial statements

Sun Pharma Holdings

Statement of cash flows for the year ended to 31 March 2016

	2016 USD	2015 USD
Cash flows from operating activities		
(Loss)/profit for the year	(48,436)	2,724,129
<i>Adjustment for:</i>		
Investment written-off	2,394	-
Interest received	-	(2,770,805)
	-----	-----
Operating loss before changes in working capital	(46,042)	(46,676)
Change in other receivables	62	(424)
Change in other payables	4,880	5,500
	-----	-----
Net cash used in operating activities	(41,100)	(41,600)
	-----	-----
Cash flows from investing activities		
Proceeds from sale of investment	106	-
	-----	-----
Net cash from investing activities	106	-
	-----	-----
Cash flows from financing activities		
Share application monies	-	50,000
Loan from subsidiary	-	50,000
Repayment of loan from holding company	-	(38,750)
Proceeds from loan from holding company	-	36,325
	-----	-----
Net cash from financing activities	-	97,575
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(40,994)	55,975
Cash and cash equivalents at 01 April	55,975	-
	-----	-----
Cash and cash equivalents at 31 March	14,981	55,975
	=====	=====

The notes on pages 9 to 26 form part of these financial statements

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

1. General information

The Company was incorporated on 29 January 2013 and was granted a Category 2 Global Business Licence on 30 January 2013. The principal activity of the Company is that of investment holding.

2. Basis of preparation

(a) *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) *Basis of measurement*

The financial statements have been prepared under the historical cost basis except where stated otherwise.

(c) *Functional and presentation currency*

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency.

(d) *Use of judgements and estimates*

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Assumption and estimation uncertainties

Information about assumptions and estimation uncertainties (if any) that have a significant risk of resulting in a material adjustment in the year ended 31 March 2016 is included in the relevant notes as follows:

- Impairment test: key assumptions underlying recoverable amounts;
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

2. Basis of preparation (continued)

(d) Use of judgements and estimates (continued)

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

3.1 Amendments to IFRSs and the new interpretation that are mandatorily effective for the current year

During the current year, the Company has applied a number of amendments to IFRSs and new interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods beginning on or after 01 April 2015.

Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle

The Company has applied the amendments to IFRSs included in the Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle for the first time in the current year. One of the annual improvements requires entities to disclose judgements made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8 Operating Segments. The application of the other amendments has had no impact on the disclosures or amounts recognised in the Company's financial statements.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

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

3.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

New or amended standards	Effective date - annual period beginning on or after:
IFRS 9 – Financial Instruments	01 January 2018
IFRS 15 – Revenue from contracts with customers	01 January 2018
Disclosure initiative (Amendments to IAS 1)	01 January 2016
Annual Improvements to IFRSs 2012 – 2014 cycle (Amendments to IFRSs)	01 January 2016

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Company is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Company's financial statements.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

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

3.2 New and revised IFRSs in issue but not yet effective (continued)

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the Company's financial statements.

4. Significant accounting policies

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income (OCI):

- available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognized in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Revenue recognition

Revenue is recognised in the statement of profit or loss and other comprehensive income as follows:

- Dividend income - when the shareholder's right to receive payment is established
- Interest on loan - recognised in the year in which it is receivable.

Sun Pharma Holdings

Notes to and forming part of the financial statements

for the year ended to 31 March 2016

4. Significant accounting policies (continued)

Financial instruments

The Company classifies non-derivative financial assets into loans and receivables and available for sale assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – Recognition and derecognition

The Company initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets - Measurement

Loans and receivables - These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets - These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

4. Significant accounting policies (continued)

Investment in subsidiary

Subsidiaries are entities controlled by the Group. The Group 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investment in subsidiary is shown at cost and provision for impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

Stated capital

Ordinary shares

Ordinary shares are classified in equity. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

Impairment

(i) Non-derivative financial assets

Financial assets not classified as fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

4. Significant accounting policies (continued)

Impairment (continued)

(i) Non-derivative financial assets (continued)

Available-for-sale financial assets – Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

(ii) Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

4. Significant accounting policies (continued)

Expenses

All expenses are recognized in the statement of profit or loss and other comprehensive income on an accrual basis.

Offsetting financial instruments

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

Related parties

Related parties may be individuals or other entities where the individual or other entities has the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in governing the financial and operating policies, or vice versa, or where the Company are subject to common control or common significant influence.

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

5. Financial instruments – Fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2016	Carrying amount			Fair value			
	Available- for-sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD	USD	USD	USD
Financial assets measured at fair value							
Available-for-sale financial assets	10,460,770	-	-	8,380,125	-	2,080,645	10,460,770
Financial assets not measured at fair value							
Cash and cash equivalents	-	14,981	-				14,981
Financial liabilities not measured at fair value							
Loan from holding company	-	-	50,000				50,000
Other payables	-	-	12,380				12,380
	-	-	62,380				62,380

Sun Pharma Holdings

**Notes to and forming part of the financial statements
for the year ended to 31 March 2016**

5. Financial instruments – Fair values and risk management (continued)

(a) Accounting classifications and fair values (continued)

2015	Carrying amount			Fair value				
	Available- for-sale USD	Loans and receivables USD	Other financial liabilities USD	Total USD	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets measured at fair value								
Available-for-sale financial assets	10,330,900	-	-	10,330,900	8,250,255	-	2,080,645	10,330,900
Financial assets not measured at fair value								
Cash and cash equivalents	-	55,975	-	55,975				
Financial liabilities not measured at fair value								
Loan from holding company	-	-	50,000	50,000				
Other payables	-	-	7,500	7,500				
	-	-	57,500	57,500				

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

5. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management

Introduction and preview

Financial instruments carried on the statement of financial position include available-for-sale financial assets, cash and cash equivalents, loan from subsidiary and other payables. The recognition method adopted is disclosed in the individual policy statement associated with each item.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aims are therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly review their risk management policies and systems to reflect changes in markets and emerging best practice.

Overview

The company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market Risk

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Company's exposure to market risk is determined by a number of factors including interest rates, foreign exchange rates and market volatility. The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

(i) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate because of changes in market interest rate. The Company has no significant exposure to interest rate risk.

(ii) Currency risk

All of the Company's financial assets and liabilities are denominated in United States Dollar. Consequently, the Company is not exposed to the risk of foreign currency exchange rates.

(iii) Price risk

The Company is not exposed to commodity price risk.

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

5. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

Credit risk

Credit risk represents the potential loss that the company would incur if counter parties fail to perform pursuant to the terms of their obligations to the company.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016 USD	2015 USD
Available-for-sale financial assets	10,460,770	10,330,900
Cash and cash equivalents	14,981	55,975
	=====	=====

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Company's reputation.

The following are the Company's contractual maturities of financial liabilities:

Year ended 31 March 2016

	Due on demand USD	Due for less than 1 year USD	Due for more than 1 years USD	Total USD
Financial liabilities				
Loan from subsidiary	50,000	-	-	50,000
Other payables	-	12,380	-	12,380
	-----	-----	-----	-----
Total financial liabilities	50,000	12,380	-	62,380
	=====	=====	=====	=====

Sun Pharma Holdings

Notes to and forming part of the financial statements
for the year ended to 31 March 2016

5. Financial instruments – Fair values and risk management (continued)

(b) Financial risk management (continued)

Liquidity risk (continued)

Year ended 31 March 2015

	Due on demand USD	Due for less than 1 year USD	Due for more than 1 years USD	Total USD
Financial liabilities				
Loan from subsidiary	50,000	-	-	50,000
Other payables	-	7,500	-	7,500
	=====	=====	=====	=====
Total financial liabilities	50,000	7,500	-	57,500
	=====	=====	=====	=====

6. Revenue

	2016 USD	2015 USD
Interest on loan	-	2,770,805
	=====	=====

7. Taxation

The company holds a Category 2 Global Business Licence and is not subject to income tax.

Sun Pharma Holdings

Notes to and forming part of the financial statements
for the year ended to 31 March 2016

8. Available-for-sale financial assets

Investments consist of quoted shares and unquoted shares. Quoted shares are listed on the New York Stock Exchange.

	Quoted USD	Unquoted USD	Total USD
At 01 April 2015	5,479,748	2,080,645	7,560,393
Addition/disposal during the year	-	-	-
At 31 March 2016	<u>5,479,748</u>	<u>2,080,645</u>	<u>7,560,393</u>
<i>Fair value reserves</i>			
At 01 April 2015	2,770,507	-	2,770,507
Movement during the year	129,870	-	129,870
At 31 March 2016	<u>2,900,377</u>	-	<u>2,900,377</u>
Valuation			
At 31 March 2016	<u>8,380,125</u>	<u>2,080,645</u>	<u>10,460,770</u>
At 31 March 2015	<u>8,250,255</u>	<u>2,080,645</u>	<u>10,330,900</u>

Quoted investment

<i>Name of company</i>	<i>Number of units</i>	<i>Stock exchange</i>
Taro Pharmaceutical Industries Ltd	58,500	New York Stock Exchange

Unquoted investment

<i>Name of companies</i>	<i>Number and types of shares</i>	<i>% held</i>	<i>Country of incorporation</i>
Sun Pharmaceutical (Bangladesh) Ltd	531 equity shares	0.09	Bangladesh
TKS Famaceutica Ltda	19,463 equity shares	0.35	Brazil

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

9. Investments in subsidiaries

Investments consist of unquoted shares

	2016	2015
	USD	USD
<i>Cost</i>		
At 1 April	3,416,064,533	-
Investment written-off	(2,500)	-
Addition during the year	-	3,416,064,533
	3,416,062,033	3,416,064,533

<i>Name of companies</i>	Number and types of shares	<i>% held</i>	<i>Country of incorporation</i>
Alkaloida Chemical Company Zrt	12,522,754 equity shares		
Sun Global Development FZE	380,500 preference shares	66.20	Hungary
Sun Laboratories FZE	70 equity shares	100	UAE
Sun Pharmaceutical Industries (Australia) Pty Ltd	300 equity shares	100	UAE
Sun Pharmaceutical (SA) (PTY) Ltd	100 equity shares	100	Australia
Sun Pharmaceutical Industries Inc	1,000 equity shares	100	South Africa
Sun Pharma Global FZE	33,796,638 equity shares	80.12	USA
	101 equity shares	100	UAE

10. Other receivables

	2016	2015
	USD	USD
Prepayments	1,730	1,792

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

11. Stated capital

	2016 USD	2015 USD
Balance at 01 April	855,199,716	2,000
Conversion of share application monies	50,000	-
Allotment of shares	-	855,197,716
Balance at 31 March	855,249,716	855,199,716

855,249,716 (2015: 855,199,716) ordinary shares of USD 1 each were issued at 31 March 2016.

All shares rank equally with regard to the Company's residual assets. The holders of the ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

12. Preference share capital

	2016 USD	2015 USD
2,565,593,148 5% optionally convertible preference share capital of USD 1 each	2,565,593,148	2,565,593,148

The term of the optionally convertible preference shares is for a period of 10 years from the date of its allotment. The OCPS holder also has the option to convert the OCPS into equity shares after 2 years from the date of allotment as per the terms laid down in the Clause no 4 of these terms.

13. Loan from subsidiary

	2016 USD	2015 USD
Unsecured, interest free loan with no fixed repayment terms	50,000	50,000

14. Other payables

	2016 USD	2015 USD
Accrued expenses	12,350	7,500
Non-trade payable	30	-
	12,380	7,500

Sun Pharma Holdings

Notes to and forming part of the financial statements for the year ended to 31 March 2016

15. Related party transactions

During the year under review, the Company entered into the following related party transactions:

		2016 USD	2015 USD
<i>Transaction during the year:</i>			
	<i>Nature</i>		
Investee company	Converted into investment	-	428,117,506
Loan from holding company – Equity	Advance		
	Converted into ordinary and preference shares		
Loan from holding company – Equity	shares	-	3,420,790,864
Loan from holding company – Liability	Advance	-	36,325
Loan from holding company – Liability	Amount settled	-	38,750
Loan from subsidiary	Amount received	-	50,000
		=====	=====
<i>Balance outstanding at 31 March</i>			
Loan from subsidiary	Amount payable	50,000	50,000
		=====	=====

Compensation to key management personnel

The Company did not pay any compensation to its key management personnel during the year under review (2015: USD Nil).

16. Capital Management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

Sun Pharma Holdings

Notes to and forming part of the financial statements
for the year ended to 31 March 2016

17. Contingencies

As per written resolution of directors dated 18 August 2015, the Board approved the Company to act as Guarantor under the Facility agreement of USD 400,000,000 with Standard Chartered Bank (England) with respect to the Multi Party Agreement between Sun Pharmaceutical Industries Limited and Sun Pharmaceutical Industries Inc.

18. Holding company

The Company is a wholly owned subsidiary of Sun Pharmaceutical Industries Limited, a company incorporated in India and listed on the Bombay Stock Exchange and National Stock Exchange.

19. Events after the reporting date

There has been no significant event after the reporting date which requires disclosure or amendment to these financial statements.

Sun Pharma Holdings

Statement of profit or loss and other comprehensive income for the year ended to 31 March 2016

	2016 USD	2015 USD
Revenue		
Interest received	-	2,770,805
	-----	-----
Expenses		
Professional fees	24,125	27,300
Accounting fees	10,750	5,750
Audit fees	8,075	10,000
Administration charges	2,032	1,636
Telephone, fax and courier charges	640	940
Licence fees	365	300
Bank charges	55	-
Sundries	-	750
	-----	-----
	46,042	46,676
	-----	-----
(Loss)/profit from operating activities	(46,042)	2,724,129
Investment written off	(2,394)	-
	-----	-----
(Loss)/profit before taxation	(48,436)	2,724,129
	=====	=====