

# **Sun Pharmaceutical Industries (Australia) Pty Ltd**

**ABN 64 130 119 603**

## **Financial Statements**

**For the Year Ended 31 March 2022**

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

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For the Year Ended 31 March 2022

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# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Directors' Report

31 March 2022

The directors present their report on Sun Pharmaceutical Industries (Australia) Pty Ltd for the financial year ended 31 March 2022.

### 1. General information

#### Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Akshay Sethi (Appointed 01/12/2021)

Sunil Ajmera (Appointed 01/12/2021)

Harin Parmanand Mehta (Resigned 01/12/2021)

Urvish Nareshkumar Bhavsar (Resigned 01/12/2021)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

#### Principal activities

The principal activity of Sun Pharmaceutical Industries (Australia) Pty Ltd during the financial year was growing and harvesting poppy crops (straw and seeds) in La trobe, Tasmania using farmers' agricultural land and manufacturing of opiate products which are used in the manufacturing of opiate products from Port Fairy plant in Victoria.

Sun Pharmaceutical Industries (Australia) Pty Ltd is a wholly owned subsidiary of Sun Pharma Holdings, Mauritius and is integrated in the consolidated financial statements of Sun Pharmaceutical Industries Limited, Mumbai, India.

No significant changes in the nature of the Company's activity occurred during the financial year.

### 2. Operating results and review of operations for the year

#### Operating results

The profit of the Company after providing for income tax amounted to \$20,481,500 (2021;\$212,833 Profit)

#### Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

### 3. Other items

#### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year except the below :

- During the year, Sun Pharma Global FZE sold 69,644,566 of the company's Preference shares to Sun Pharma (Netherlands) B.V. for a consideration of USD 51,250,000 (approx \$69,644,566 AUD), refer Note 17.

- During the year two new directors have been appointed in the company, followed by the resignation of two directors. Refer information on the directors above for more details.

# Sun Pharmaceutical Industries (Australia) Pty Ltd

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## Directors' Report

31 March 2022

### 3. Other items

#### Events after the reporting date

The continued impact of Corona Virus (COVID-19) continues to disrupt many businesses both domestically and globally. As a result of this outbreak, there are further potential accounting, financial reporting and commercial implications that management continue to monitor and manage. The directors believe the company remains financially resilient, but are aware of the likelihood of further potential detrimental impacts and continue to manage these challenges, facts and circumstances as known.

The company is currently a party to arbitration proceedings with a Belgium based company in relation to the termination of the manufacturing contract. This matter is subject to continued arbitration and counter claim as the company refuses alleged damages by the aggrieved party and also seeks to reclaim owned material held at the aggrieved party's premises. Further details are not disclosed on the basis of confidentiality and legal privilege so not to impact the company's prospects in this matter. Directors of the company are unable to accurately quantify the contingent receipt/payments as this matter will not resolve for some months.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

#### Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

#### Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

#### Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Sun Pharmaceutical Industries (Australia) Pty Ltd.

#### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 March 2022 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: Akshay Sethi

Dated this ..... day of ..... 2022

**Sun Pharmaceutical Industries (Australia) Pty Ltd**

ABN 64 130 119 603

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Sun Pharmaceutical Industries (Australia) Pty Ltd**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

[Enter place of signing]

# Sun Pharmaceutical Industries (Australia) Pty Ltd

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## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 March 2022

		2022	2021
	Note	\$	\$
Revenue	5	46,503,759	62,186,954
Other income	5	30,418	856,705
Changes in inventory		(24,482,375)	(29,564,183)
Employee benefits expense		(17,568,857)	(19,289,914)
Depreciation and amortisation expense		(4,720,681)	(5,703,315)
Freight charges		(2,318,179)	(2,826,182)
Utilities		(2,154,482)	(2,549,803)
Consumption expenses		(1,381,200)	(1,988,092)
Other operating expenses		(12,384,508)	(15,934,567)
Finance expenses		(1,736,005)	(2,150,411)
		<u>(20,212,110)</u>	<u>(16,962,808)</u>
Foreign Exchange gain/(loss)		(269,390)	17,175,691
<b>Profit/(loss) before income tax</b>		<b>(20,481,500)</b>	<b>212,883</b>
Income tax expense		-	-
<b>Profit/(loss) for the year</b>		<b>(20,481,500)</b>	<b>212,883</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>(20,481,500)</b>	<b>212,883</b>

The accompanying notes form part of these financial statements.

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Statement of Financial Position

As At 31 March 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	-	42,024
Trade and other receivables	7	10,217,517	11,085,666
Inventories	8	65,049,676	74,986,515
Other assets	11	309,705	218,625
TOTAL CURRENT ASSETS		<u>75,576,898</u>	<u>86,332,830</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	29,652,022	32,610,580
Intangible assets	10	2,606,816	3,377,732
Right-of-use assets	12	510,463	399,096
TOTAL NON-CURRENT ASSETS		<u>32,769,301</u>	<u>36,387,408</u>
TOTAL ASSETS		<u>108,346,199</u>	<u>122,720,238</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	13	5,346,243	4,598,879
Borrowings	14	45,994,901	105,715,671
Lease liabilities	12	309,489	237,512
Employee Benefits	15	3,421,308	3,705,415
Other liabilities	16	775,875	2,353
TOTAL CURRENT LIABILITIES		<u>55,847,816</u>	<u>114,259,830</u>
NON-CURRENT LIABILITIES			
Borrowings	14	68,150,513	3,675,980
Lease liabilities	12	209,336	173,891
Employee Benefits	15	86,213	76,716
TOTAL NON-CURRENT LIABILITIES		<u>68,446,062</u>	<u>3,926,587</u>
TOTAL LIABILITIES		<u>124,293,878</u>	<u>118,186,417</u>
NET ASSETS		<u>(15,947,679)</u>	<u>4,533,821</u>
<b>EQUITY</b>			
Issued capital	17	69,644,666	69,644,666
Accumulated Losses		<u>(85,592,345)</u>	<u>(65,110,845)</u>
TOTAL EQUITY		<u>(15,947,679)</u>	<u>4,533,821</u>

The accompanying notes form part of these financial statements.

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Statement of Changes in Equity

For the Year Ended 31 March 2022

2022

	Ordinary Shares	Redeemable Preference Shares	Accumulated Losses	Total
Note	\$	\$	\$	\$
<b>Balance at 1 April 2021</b>	100	69,644,566	(65,110,845)	4,533,821
Profit attributable to members of the parent entity	-	-	(20,481,500)	(20,481,500)
<b>Transactions with owners in their capacity as owners</b>				
<b>Balance at 31 March 2022</b>	<b>100</b>	<b>69,644,566</b>	<b>(85,592,345)</b>	<b>(15,947,679)</b>

2021

	Ordinary Shares	Redeemable Preference Shares	Retained Earnings	Total
Note	\$	\$	\$	\$
<b>Balance at 1 April 2020</b>	100	69,644,566	(65,323,728)	4,320,938
Profit attributable to members of the parent entity	-	-	212,883	212,883
<b>Transactions with owners in their capacity as owners</b>				
<b>Balance at 31 March 2021</b>	<b>100</b>	<b>69,644,566</b>	<b>(65,110,845)</b>	<b>4,533,821</b>

The accompanying notes form part of these financial statements.

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Statement of Cash Flows For the Year Ended 31 March 2022

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers (inclusive of GST)	47,535,269	79,138,587
Payments to suppliers and employees (inclusive of GST)	(50,458,965)	(60,370,454)
Interest and other finance costs paid	(888,303)	(5,117,790)
Net cash provided by/(used in) operating activities	<u>(3,811,999)</u>	<u>13,650,343</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of property, plant and equipment	11,364	37,449
Payments for property, plant and equipment	(681,615)	(1,707,000)
Net cash provided by/(used in) investing activities	<u>(670,251)</u>	<u>(1,669,551)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Drawdown/(Repayments) of borrowings - related parties	64,474,533	(82,006,692)
Payment of lease liabilities	(313,537)	(378,102)
Drawdown/(Repayments) of borrowings - bank loans	(54,325,830)	73,103,461
Net cash provided by/(used in) financing activities	<u>9,835,166</u>	<u>(9,281,333)</u>
Net increase/(decrease) in cash and cash equivalents held	5,352,916	2,699,459
Cash and cash equivalents at beginning of year	<u>(7,327,272)</u>	<u>(10,026,731)</u>
Cash and cash equivalents at end of financial year	6 <u><u>(1,974,356)</u></u>	<u><u>(7,327,272)</u></u>

The accompanying notes form part of these financial statements.

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements For the Year Ended 31 March 2022

The financial report covers Sun Pharmaceutical Industries (Australia) Pty Ltd as an individual entity. Sun Pharmaceutical Industries (Australia) Pty Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

The principal activities of the Company for the year ended 31 March 2022 was growing and harvesting poppy crops (straw and seeds) in La trobe, Tasmania using farmers' agricultural land and manufacturing of opiate products which are used in the manufacturing of opiate products from Port Fairy plant in Victoria.

The functional and presentation currency of Sun Pharmaceutical Industries (Australia) Pty Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 12 May 2022.

Comparatives are consistent with prior years, unless otherwise stated.

### 1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

### 2 Change in Accounting Policy

#### (a) Transition to General Purpose - Simplified Disclosure Standard (SDS) reporting

In the previous year, the Company prepared special purpose financial statements which complied with all recognition and measurement requirements.

In early adopting this standard, the Company has applied AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

There are no significant impact of the transition and description of the change in accounting policies to Australian Accounting Standards - Simplified Disclosures. There was no impact on the recognition and measurement as a result of the change in basis of preparation, however some additional disclosures have been provided in the current year, with the prior period comparatives also provided where required.

### 3 Summary of Significant Accounting Policies

#### (a) Revenue and other income

##### Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2022**

#### **3 Summary of Significant Accounting Policies**

##### **(a) Revenue and other income**

###### **Revenue from contracts with customers**

2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

###### **Specific revenue streams**

The revenue recognition policies for the principal revenue streams of the Company are:

###### **Sale of goods**

Revenue from the sale of goods is recognised upon transfer of control of the goods to the customer, usually upon delivery. This is deemed to be the point in time when risk and reward is transferred, performance obligations are met and there is no longer any ownership or effective control over the goods.

###### **Interest**

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

###### **Other income**

Other income is recognised on an accruals basis when the Company is entitled to it.

*Statement of financial position balances relating to revenue recognition*

###### **Contract assets and liabilities**

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable.

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2022**

#### **3 Summary of Significant Accounting Policies**

##### **(a) Revenue and other income**

###### **Statement of financial position balances relating to revenue recognition**

When an amount of consideration is received from a customer prior to the entity transferring a good or service to the customer, the Company presents the contract as a contract liability.

###### **Other income**

Other income is recognised on an accruals basis when the Company is entitled to it.

##### **(b) Income Tax**

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. During the current year and previous year, the company did not recognise deferred tax assets in the financials due to the accumulating losses over the years, and management assessed that future taxable profits are not available to recover the asset.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2022**

#### **3 Summary of Significant Accounting Policies**

##### **(c) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

##### **(d) Goods and services tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

##### **(e) Inventories**

Inventories consisting stock-in-trade are measured at the lower of cost and net realisable value. The cost of all categories of inventories is determined based on the weighted average method. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- Finished goods and work in progress: cost includes the cost of direct materials, direct labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Since, the Company is engaged in growing and harvesting poppy crops (straws and seeds) from which several alkaloids (opiate products) are extracted and sold to the customers, the inventory is valued based on the eventual net alkaloid content which will be extracted from the poppy crops or straws. This calculation involves a certain degree of estimate and judgement on management's part for calculation of the net weights of alkaloids to be gained from the gross weights of the crops/straws, which is subject to change in the future periods.

##### **(f) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

###### **Land and buildings**

Land and buildings are measured using the cost model.

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 3 Summary of Significant Accounting Policies

#### (f) Property, plant and equipment

##### Plant and equipment

Plant and equipment are measured using the cost model.

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	No. of years
Buildings	15-30 years
Plant and Equipment	6-30 years
Furniture, Fixtures and Fittings	1-20 years
Motor Vehicles	1-15 years

The company, based on technical assessment made by management estimates, depreciates certain items of property plant and equipment over different useful lives that the general class of that particular property, plant and equipment. This is based on future life estimates, condition and location factors.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Property plant and equipment is derecognised upon disposal or impaired when no future economic benefits are expected to arise from continued use. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

#### (g) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

##### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

##### Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 3 Summary of Significant Accounting Policies

#### (g) Financial instruments

##### Financial assets

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

##### *Amortised cost*

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 3 Summary of Significant Accounting Policies

#### (g) Financial instruments

##### Financial assets

###### *Trade receivables and contract assets*

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectible then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

###### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

##### Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

#### (h) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 3 Summary of Significant Accounting Policies

(h) **Impairment of non-financial assets**  
loss.

(i) **Intangible assets**

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, is capitalized. Subsequent costs are recognised in the statement of profit and loss as incurred. The capitalized costs are amortised over the residual useful life of the software.

#### ***Amortisation***

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated useful lives are as follows:

<b><u>Asset Category</u></b>	<b><u>No. of years</u></b>
Computer Software	5-6
Technical KnowHow	10

(j) **Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(k) **Leases**

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether :

The control involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. if the supplier has a substantive substitution right then there is no identified asset.

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 3 Summary of Significant Accounting Policies

#### (k) Leases

The company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.

The company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purposes the asset is used.

#### Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (l) Employee benefits

Provision is made for the Company's liability for employee benefits, those benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2022**

#### **3 Summary of Significant Accounting Policies**

**(l) Employee benefits**

employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

**(m) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(n) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable or redeemable only at the company's option, and any dividends are discretionary.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary.

**(o) Foreign currency transactions and balances**

**Transaction and balances**

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

#### **Key estimates - Estimation of useful lives of assets**

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down

#### **Key estimates - fair value of financial instruments**

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

#### **Key estimates - Employee Benefit provisions**

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

#### **Key estimates - Receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

#### **Key estimates - Provision for impairment of inventories**

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

#### **Key judgments - Recovery of deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### **Key judgements - Impairment of definite life intangible assets**

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates assumptions.

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 4 Critical Accounting Estimates and Judgments

#### Key judgements - Going concern

For the year ended 31 March 2022, the Company reported a loss of \$20,481,500 (2021: \$212,883 profit), operating cash outflows of \$3,811,999, and also reported a net asset deficiency of \$15,947,679. Net cash held was negative \$1,974,356 (2021: \$7,327,272 overdraft) and the entity was also subject to a potentially material legal dispute (refer note 21: Contingent liabilities).

Despite the above circumstances, The financial report has been prepared on the basis that the entity can continue to meet its commitments as and when they fall due. In arriving at this position the Directors has given regard to the following;

- Loss contributed to by \$4,720,681 (non-cash) depreciation and amortisation charges along with \$4,863,723 (Note 8) provisioning and impairment charges relation to inventory. In management's view, these expenses do not impeded the settlement of company financial obligations;
- Careful cash flow management through and intended return to profitability from 2023 through the implementation of a board approved 3 year business plan which will entail incremented market share, cost reductions and development of new products;
- Research and development which has seen new product development to manufacture from Thebaine and Oripavine controlled substances;
- Settlement of \$ 65,502,783 of the \$98,346,375 external finance on 15 June 2021 and refinanced on more commercial and palatable terms to the company with related party (Sun Pharma Netherlands) B.V. This has resulted in related party finance terms now extending to financial year 2024, and \$68,150,513 of related party borrowing now being deferred as Non-current (refer Note 14). this results in working capital of \$19,729,082 as at 31/03/2022 to meet short term financial obligations.
- Belief that the company retains ongoing support of the wider related party company group as evidenced through negotiation and execution of loan agreement with related party entity Sun Pharma (Netherlands) B.V on 4 January 2021 over a three year term, unsecured to a maximum drawdown of \$50,000,000 AUD. An additional loan agreement was executed on 7 June 2021 with the same entity over a 12 month term ( extended by further 24 months by mutual agreement ), unsecured to a maximum drawdown of \$100,000,000 AUD. As at date of this report only \$ \$68,150,513 these facilities is drawn down, providing \$ 81,849,487 of undrawn facility available to the company.
- Receipt of letter of support from ultimate parent entity of the Group (Sun Pharmaceutical Industries Limited) on 12 May 2022 confirming intention to provide appropriate financial support for a period of not less than twelve months from the date signing this financial report to ensure all financial commitments of the company can be met as and when due.
- In addition, the company has an overdraft facility of \$ 5,000,000 from Citi Bank, Australia out of which \$ 3,025,644 remains undrawn and available to the company.

The Directors believes that at the date of the signing of the financial statements there are reasonable grounds to believe that, having regard to the matters set out above, the Group will be able to raise sufficient funds to meet its obligations as and when they fall due and continue to proceed with objectives for the coming twelve month period.

Should the Director not maintain ongoing support from Related party Financiers and achieve the matters set out above, there may be a uncertainty on whether the company will be able to continue as a going concern.

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 5 Revenue and Other Income

#### Revenue from continuing operations

	2022	2021
	\$	\$
Revenue from contracts with customers		
- Domestic Sales	2,746,670	5,247,926
- Export Sales	43,757,089	56,939,028
<b>Total Revenue</b>	<b>46,503,759</b>	<b>62,186,954</b>

	2022	2021
	\$	\$
Other Income		
- Jobkeeper Payments	-	413,000
- Other income	30,418	443,705
	<b>30,418</b>	<b>856,705</b>

### 6 Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank and in hand	-	42,024
	<b>-</b>	<b>42,024</b>

#### Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2022	2021
	\$	\$
Cash and cash equivalents	-	42,024
Bank overdrafts	14 (1,974,356)	(7,369,296)
<b>Balance as per statement of cash flows</b>	<b>(1,974,356)</b>	<b>(7,327,272)</b>

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements

For the Year Ended 31 March 2022

### 7 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	9,245,788	9,210,556
GST Receivables	971,729	1,875,110
<b>Total current trade and other receivables</b>	<b>10,217,517</b>	<b>11,085,666</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. Trade receivables are generally due for settlement within 30-120 days.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

### 8 Inventories

	2022	2021
	\$	\$
CURRENT		
At cost:		
Raw materials and consumables	38,301,081	49,073,471
Work in progress	11,703,341	9,603,004
Finished goods	19,908,977	16,310,040
Provision for obsolescence	(4,863,723)	-
	<b>65,049,676</b>	<b>74,986,515</b>
	<b>65,049,676</b>	<b>74,986,515</b>

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements

For the Year Ended 31 March 2022

### 9 Property, plant and equipment

	2022	2021
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At cost	<u>1,886,212</u>	1,886,212
	<u>1,886,212</u>	<u>1,886,212</u>
Buildings		
At cost	11,983,235	11,880,861
Accumulated depreciation	<u>(3,879,677)</u>	<u>(3,277,085)</u>
Total buildings	<u>8,103,558</u>	<u>8,603,776</u>
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	<u>622,066</u>	815,971
	<u>622,066</u>	<u>815,971</u>
Plant and equipment		
At cost	46,035,614	45,338,384
Accumulated depreciation	<u>(27,131,735)</u>	<u>(24,163,925)</u>
	<u>18,903,879</u>	<u>21,174,459</u>
Furniture, fixtures and fittings		
At cost	500,170	478,599
Accumulated depreciation	<u>(435,393)</u>	<u>(414,752)</u>
	<u>64,777</u>	<u>63,847</u>
Motor vehicles		
At cost	121,284	111,493
Accumulated depreciation	<u>(49,754)</u>	<u>(45,178)</u>
	<u>71,530</u>	<u>66,315</u>
<b>Total property, plant and equipment</b>	<u><u>29,652,022</u></u>	<u><u>32,610,580</u></u>

## Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

### Notes to the Financial Statements

For the Year Ended 31 March 2022

#### 9 Property, plant and equipment

##### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended 31 March 2022</b>							
Balance at the beginning of year	815,971	1,886,212	8,603,776	21,174,459	63,847	66,315	32,610,580
Additions	827,484	-	-	-	-	-	827,484
Transfers	(1,021,389)	-	102,372	887,657	21,570	9,790	-
Depreciation expense	-	-	(602,590)	(3,012,367)	(20,640)	(4,575)	(3,640,172)
Government capital grant - Net asset approach	-	-	-	(145,870)	-	-	(145,870)
<b>Balance at the end of the year</b>	<b>622,066</b>	<b>1,886,212</b>	<b>8,103,558</b>	<b>18,903,879</b>	<b>64,777</b>	<b>71,530</b>	<b>29,652,022</b>

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 10 Intangible Assets

	2022	2021
	\$	\$
Computer Software		
At Cost	539,864	539,863
Accumulated amortisation and impairment	(495,509)	(474,631)
<b>Net carrying value</b>	<b>44,355</b>	<b>65,232</b>
Technology and KnowHow		
At Cost	7,500,000	7,500,000
Accumulated amortisation and impairment	(4,937,539)	(4,187,500)
<b>Net carrying value</b>	<b>2,562,461</b>	<b>3,312,500</b>
<b>Total Intangible assets</b>	<b>2,606,816</b>	<b>3,377,732</b>

#### (a) Movements in carrying amounts of intangible assets

	Technology and KnowHow	Computer Software	Total
	\$	\$	\$
<b>Year ended 31 March 2022</b>			
Balance at the beginning of the year	3,312,500	65,232	3,377,732
Amortisation	(750,039)	(20,877)	(770,916)
<b>Closing value at 31 March 2022</b>	<b>2,562,461</b>	<b>44,355</b>	<b>2,606,816</b>

### 11 Other non-financial assets

	2022	2021
	\$	\$
CURRENT		
Prepayments	309,705	218,625

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 12 Leases

#### Company as a lessee

The Company has leases over a range of assets including land and buildings, and vehicles.

The Company has chosen not to apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

#### *Terms and conditions of leases*

#### Buildings

The Company leases land and buildings for their corporate offices and warehouse. Leases are for 3 years and include renewal options.

#### Vehicles

The Company leases vehicles and equipment with lease terms for 36 months, the lease payments are fixed during the lease term.

#### Right-of-use assets

	Buildings \$	Motor Vehicles \$	Total \$
<b>Year ended 31 March 2022</b>			
Balance at beginning of year	345,871	53,225	399,096
Depreciation charge	(188,657)	(120,935)	(309,592)
Additions to right-of-use assets	-	420,959	420,959
<b>Balance at end of year</b>	<b>157,214</b>	<b>353,249</b>	<b>510,463</b>

#### Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Lease liabilities included in this Statement Of Financial Position \$
<b>2022</b>				
Lease liabilities	309,489	209,336	-	518,825
<b>2021</b>				
Lease liabilities	237,513	173,890	-	411,403

# Sun Pharmaceutical Industries (Australia) Pty Ltd

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## Notes to the Financial Statements For the Year Ended 31 March 2022

### 13 Trade and Other Payables

	Note	2022 \$	2021 \$
CURRENT			
Trade payables		4,873,656	4,298,619
Other payables		472,587	300,260
		<u>5,346,243</u>	<u>4,598,879</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

### 14 Borrowings

		2022 \$	2021 \$
CURRENT			
Bank overdraft	6	1,974,356	7,369,296
Bank loans	(a)	44,020,545	98,346,375
		<u>45,994,901</u>	<u>105,715,671</u>
NON-CURRENT			
Related party Loans	(b)	68,150,513	3,675,980
		<u>68,150,513</u>	<u>3,675,980</u>
<b>Total borrowings</b>		<u>114,145,414</u>	<u>109,391,651</u>

#### Summary of borrowings

a) Unsecured Borrowing from bank includes advance facilities taken to support the business operations of the company, interest rate of these borrowing range from 1.50% to 2.50% p.a. The debt matures within a period of 3-6 months from the year-end date.

b) Unsecured Borrowing from related parties are taken to support the business operations of the company: loan taken from Sun Pharma(Netherlands) BV carries an interest rate of 1.60% p.a., facilities are capped at \$150 million, and are repayable in June 2024.

During the current and prior year, there were no defaults or breaches on any of the loans.

### 15 Provisions

	2022 \$	2021 \$
CURRENT		
Provision for leaves	3,421,308	3,705,415
NON-CURRENT		
Provision for leaves	86,213	76,716
	<u>3,593,734</u>	<u>3,782,131</u>

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 16 Other Liabilities

	2022	2021
	\$	\$
CURRENT		
Interest payable -Related party loan	775,875	2,353
	<u>775,875</u>	<u>2,353</u>

### 17 Issued Capital

	2022	2021
	\$	\$
100 (2021: 100) Ordinary shares	100	100
69,644,566 (2021: 69,644,549) Preference shares	69,644,566	69,644,566
<b>Total</b>	<u>69,644,666</u>	<u>69,644,666</u>

#### (a) Ordinary shares

During the year, Sun Pharma Global FZE sold 69,644,566 of the company's Preference shares to Sun Pharma (Netherlands) B.V. for a consideration of USD 51,250,000 (approx \$69,644,566 AUD).

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

### 18 Financial Risk Management

	2022	2021
	\$	\$
<b>Financial assets</b>		
Held at amortised cost		
Cash and cash equivalents	-	42,024
Trade and other receivables	9,245,788	9,210,556
<b>Total financial assets</b>	<u>9,245,788</u>	<u>9,252,580</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	120,267,532	113,992,883
<b>Total financial liabilities</b>	<u>120,267,532</u>	<u>113,992,883</u>

### 19 Key Management Personnel Disclosures

The remuneration paid to key management personnel of the Company is \$ 403,146 (2021:\$ 291,698)

# Sun Pharmaceutical Industries (Australia) Pty Ltd

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## Notes to the Financial Statements For the Year Ended 31 March 2022

### 20 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of auditors for :		
- auditing the financial statements	44,500	47,500
<b>Total</b>	<b>44,500</b>	<b>47,500</b>

### 21 Contingencies

#### (a) Contingent Liabilities

Sun Pharmaceutical Industries (Australia) Pty Ltd had the following contingent liabilities at the end of the reporting period:

The company is currently a party to arbitration proceedings with a Belgium based company in relation to the termination of the manufacturing contract held between the two entities. This matter is subject to continued arbitration and counter claim as the company refuses alleged damages by the aggrieved party and also seeks to reclaim owned material held at the aggrieved party's premises amounting to \$3,590,194. Further details are not disclosed on the basis of confidentiality and legal privilege so not to impact the company's prospects in this matter. Directors of the company are unable to accurately quantify the contingent receipt/payments as this matter will not be resolve for some months.

### 22 Related Parties

#### (a) The Company's main related parties are as follows:

The ultimate parent entity, which exercises control over the Company, is Sun Pharmaceutical Industries Ltd which is incorporated in India and owns 100% of Sun Pharmaceutical Industries (Australia) Pty Ltd.

Key management personnel - refer to Note 19.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

#### (b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Notes to the Financial Statements For the Year Ended 31 March 2022

### 22 Related Parties

#### (b) Transactions with related parties

The following transactions occurred with related parties:

	Sales	Interest and others	Balance outstanding Owed to the company	Owed by the company
	\$	\$	\$	\$
<b>Ultimate Parent</b>				
Sales of goods	446	-	446	-
<b>Other related entities</b>				
Sales of goods	8,293,488	-	2,313,131	-
Expenses	-	1,010,809	-	775,878

#### (c) Loans to/from related parties

Unsecured loans are made to the ultimate parent entity, subsidiaries, key management personnel and other related parties on an arm's length basis. Repayment terms are set for each loan, which range from 0 to 3 years. Interest payable at 1.60% (2021: 1.60) and monthly principal and interest repayments are made over the terms of the loans. Loans are unsecured and repayable in cash.

	Opening balance	Closing balance	Interest payable
	\$	\$	\$
<b>Loans from related parties</b>			
2022	3,675,980	68,150,513	775,878
2021	85,682,672	3,675,980	2,353

### 23 Events Occurring After the Reporting Date

The financial report was authorised for issue on \_\_\_\_\_ by the board of directors.

The continued impact of Corona Virus (COVID-19) continues to disrupt many businesses both domestically and globally. As a result of this outbreak, there are further potential accounting, financial reporting and commercial implications that management continue to monitor and manage. The directors believe the company remains financially resilient, but are aware of the likelihood of further potential detrimental impacts and continue to manage these challenges, facts and circumstances as known.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

# **Sun Pharmaceutical Industries (Australia) Pty Ltd**

ABN 64 130 119 603

## **Notes to the Financial Statements For the Year Ended 31 March 2022**

### **24 Statutory Information**

The registered office and principal place of business of the company is:

Sun Pharmaceutical Industries (Australia) Pty Ltd  
195 Princess Highway  
Port Fairy VIC 3284

# Sun Pharmaceutical Industries (Australia) Pty Ltd

ABN 64 130 119 603

## Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 30, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Simplified Disclosure Standard; and
  - b. give a true and fair view of the financial position as at 31 March 2022 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....

Dated 12 May 2022

## Sun Pharmaceutical Industries (Australia) Pty Ltd

# Independent Audit Report to the members of Sun Pharmaceutical Industries (Australia) Pty Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Sun Pharmaceutical Industries (Australia) Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 March 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## **Sun Pharmaceutical Industries (Australia) Pty Ltd**

# **Independent Audit Report to the members of Sun Pharmaceutical Industries (Australia) Pty Ltd**

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 the financial report.

Location