

SUN PHARMA MIDDLE EAST FZ - LLC

Financial Statements

31 March 2024

SUN PHARMA MIDDLE EAST FZ - LLC

Financial Statements
31 March 2024

<u>CONTENTS</u>	<u>PAGES</u>
Directors' Report	1
Independent Auditor's Report	2 – 3
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 12

SUN PHARMA MIDDLE EAST FZ - LLC
Directors' Report

The Directors submit their report, together with the audited financial statements of **SUN PHARMA MIDDLE EAST FZ - LLC** (the “company”), for the period ended 31 March 2024.

Results and appropriations

The results of the company and the appropriations made for the period ended 31 March 2024 are set out on pages 5 and 6 of the financial statements.

In our opinion, the financial statements set out on pages 4 to 12 are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2024, and the financial performance, changes in equity and cash flows of the company for the period then ended in accordance with the International Financial Reporting Standards and in compliance with the applicable provisions of Dubai Development Authority.

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

Review of the business

The company is currently in the start-up phase and has not commenced its licensed activities as described in note 1 during the period.

Events since end of the period

There were no important events which have occurred since the period-end that materially affect the company.

Directors

The directors of the company who served during the year, appointed by the parent company, were as follows:

Mr. Soumya Sinha Roy
 Mr. Kavan Bhaskarkumar Modi

Shareholder and its interest

The shareholder at 31 March 2024 and its interest as at that date in the share capital of the company are as follows:

	<i>Nationality</i>	<i>No. of shares</i>	<i>AED</i>
Sun Pharma (Netherlands) B.V.	Netherlands	<u>250</u> <u>250</u>	<u>250,000</u> <u>250,000</u>

Independent auditor

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

Soumya Sinha Roy
DIRECTOR

Kavan Bhaskarkumar Modi
DIRECTOR

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF SUN PHARMA MIDDLE EAST FZ - LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **SUN PHARMA MIDDLE EAST FZ - LLC** (the "company"), which comprise the statement of financial position as at 31 March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 March 2024, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Purpose of Audit

As stated in note 2 to the financial statements, these financial statements which are not statutory are prepared for management purpose and may not be suitable for other purpose.

Responsibilities of Management and Those Charged with Governance 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 implementing regulations of Dubai Development Authority and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
SUN PHARMA MIDDLE EAST FZ – LLC**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further confirm that the financial statements have been properly prepared in accordance with Dubai Development Authority Companies Regulations.

Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

17 May 2024

Dubai, United Arab Emirates

SUN PHARMA MIDDLE EAST FZ - LLC

Statement of Financial Position
as at 31 March 2024

	<i>Notes</i>	<i>2024 AED</i>
ASSETS		
Non-current assets		
Capital work in progress	4	<u>205,862</u>
Current assets		
Due from a related party	5	250,000
Prepayments		<u>15,405</u>
		<u>265,405</u>
Total assets		<u>471,267</u>
EQUITY AND LIABILITIES		
Shareholder's funds		
Equity		
Share capital	6	250,000
Accumulated loss		<u>(36,535)</u>
Equity funds		<u>213,465</u>
Liabilities		
Current liabilities		
Advance from a related party	1 & 7	254,302
Accrual		<u>3,500</u>
		<u>257,802</u>
Total liabilities		<u>471,267</u>
Total equity and liabilities		<u>471,267</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

Soumya Sinha Roy
DIRECTOR

Kavan Bhaskarkumar Modi
DIRECTOR

SUN PHARMA MIDDLE EAST FZ - LLC

**Statement of Profit or Loss and Other Comprehensive Income
for the period ended 31 March 2024**

	<i>2 months period ended 31 March 2024 AED</i>
Revenue from contracts with customers	<u>-</u>
Expenditure	
Rent	(27,900)
License fees	(5,135)
Professional fees	<u>(3,500)</u>
Total expenditure	<u>(36,535)</u>
Loss for the period	(36,535)
Other comprehensive income/(loss)	<u>-</u>
Total comprehensive loss for the period	<u>(36,535)</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

SUN PHARMA MIDDLE EAST FZ - LLC

Statement of Changes in Equity
for the period ended 31 March 2024

	<i>Share capital <u>AED</u></i>	<i>Accumulated loss <u>AED</u></i>	<i>Total <u>AED</u></i>
Issued but not contributed	250,000	-	250,000
Loss during the period	<u>-</u>	<u>(36,535)</u>	<u>(36,535)</u>
As at 31 March 2024	<u>250,000</u>	<u>(36,535)</u>	<u>213,465</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

SUN PHARMA MIDDLE EAST FZ - LLC

Statement of Cash Flows
for the period ended 31 March 2024

2 months
period ended
31 March
2024
AED

Cash flows from operating activities

Loss for the period

(36,535)**Operating loss before working capital****(36,535)**

Prepayments

(15,405)

Accrual

3,500**Net cash from/ (used in) operating activities****(48,440)****Cash flows from financing activity**

Proceeds from / (payment to) related parties (net)

48,440**Net cash from/ (used in) financing activity****48,440****Cash and cash equivalents at the end of period****-**

The notes on pages 8 to 12 form an integral part of these financial statements.

SUN PHARMA MIDDLE EAST FZ - LLC**Notes to the Financial Statements
for the period ended 31 March 2024****1. Legal status and activities**

SUN PHARMA MIDDLE EAST FZ - LLC (the “company”) is a limited liability free zone company incorporated in Dubai Science Park, in the Emirate of Dubai under the provisions of Dubai Development Authority. The address of the company’s registered office is Premises No. 907S, Ninth Floor, Dubai Science Park (DSP) Towers – South, Dubai Science Park, Dubai, United Arab Emirates (U.A.E.).

The company is a wholly owned subsidiary of **SUN PHARMA (NETHERLANDS) B.V.**, Netherlands. The ultimate parent company is **SUN PHARMACEUTICAL INDUSTRIES LIMITED**, India.

The company is operating under commercial license number 104322 issued by the Dubai Development Authority, with therapeutics import and re-export, marketing and sales promotion, storage and support service as its licensed activities.

The company has not opened bank accounts and hence no capital contribution received from the parent shareholder company and expenditures are incurred receiving interest free funds from a related party.

2. Basis of preparation

These financial statements are prepared, which are not statutory, for the period covering from 2 February 2024, being date of issuance of license, to 31 March 2024 to comply with the Ultimate Parent Shareholder Company requirements.

Statement of compliance

The financial statements have been prepared under accrual basis of accounting and on the basis that the company will continue as a going concern in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of Dubai Development Authority.

Basis of measurement

The financial statements have been prepared on historical cost basis.

Functional and presentation currency

The financial statements are presented in U.A.E. Dirhams (AED), being the functional and presentation currency of the company.

Use of estimates and judgments

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

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

SUN PHARMA MIDDLE EAST FZ - LLC**Notes to the Financial Statements**
*for the period ended 31 March 2024***Basis of preparation (cont'd)*****Adoption of new and revised International Financial Reporting Standards (IFRSs)***

The company has adopted all applicable accounting standards and amendments which are effective for annual periods beginning on or after 2 February 2024. The company has not early adopted any other standard, interpretation or amendment that has been issued but are not yet effective.

3. Material accounting policy information

The accounting policies adopted in dealing with items that are considered material in relation to the financial statements are as follows:

Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The company classifies all other liabilities as non-current.

Capital work in progress

Capital work in progress is measured at cost together with any related expenses less any impairment losses. No depreciation is charged on capital work-in-progress. Capital work in progress shall be depreciated from the date relevant assets are put to use.

Financial instruments

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

SUN PHARMA MIDDLE EAST FZ - LLC**Notes to the Financial Statements**
*for the period ended 31 March 2024***Material accounting policy information (cont'd)****Financial instruments (cont'd)*****Financial asset***

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss on the basis of the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The company's financial assets include financial asset measured at amortized cost, comprising due from a related party.

Financial liabilities

The company's financial liabilities comprises of advance from a related party and accruals.

Corporate Income Tax

On 9 December 2022, the U.A.E. Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal Corporate Tax (CT) regime in the U.A.E. The same law refers to a set of Cabinet/Ministerial decisions that will be released subsequently to clarify various aspects. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, U.A.E. business will be subject to a 9% CT rate, however a rate 0% will be applied to taxable income not exceeding AED 375,000 or to certain types of entities, as prescribed by the way of a Cabinet Decision.

As the company's accounting year ends on 31 March, accordingly the effective implementation date for the company will start from 1 April 2024 to 31 March 2025, with the first return to be filed on or before 31 December 2025. The company is currently assessing the impact of these laws and regulations and will apply the requirements as they come into effect.

Foreign currency transactions

Transactions in foreign currencies are converted into U.A.E. Dirhams and recorded at rates of exchange at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the date of statement of financial position.

Gains or losses resulting from foreign currency transactions are taken to the statement of profit or loss and other comprehensive income.

4. Capital work in progress

This comprise payments made to contractors towards leasehold improvement of the office.

5. Due from a related party

This represents share capital amount receivable from the parent shareholder company. The share certificate will be issued upon contribution of the capital amount.

SUN PHARMA MIDDLE EAST FZ - LLC

Notes to the Financial Statements
for the period ended 31 March 20242024
AED**6. Share capital****Authorized and issued:**

250 shares of AED 1,000 each

250,000**7. Advance from a related party**

This represents payments made by a related party on behalf of the company. The funds advanced are non-interest bearing.

8. Related party transactions and balances

The company enters into transactions with other parties that fall within the definition of a related party as contained in International Accounting Standard 24: *Related Party Disclosures*. Related parties with which the company has transactions and balances during the year are as follows:

Parent shareholder company

- Sun Pharma (Netherlands) B.V., Netherlands

Fellow subsidiaries

- Sun Laboratories F.Z.E., U.A.E.

The company has also received funds from a related party towards payment of expenditures during the period.

The period-end related parties' balances are disclosed in notes 5 and 7.

9. Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximizing the return to the parent shareholder company through optimization of the debt and equity balance. The capital structure of the company comprises of equity funds of the company, comprising share capital and accumulated loss.

10. Financial instruments: Credit, liquidity and market risk exposures**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss. Due from a related party is not perceived as a credit risk.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet financial obligations as they fall due. The liquidity requirements are monitored on a regular basis by the parent shareholder company who ensures that sufficient funds are made available to the company to meet the commitments as they fall due.

Market risk

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

SUN PHARMA MIDDLE EAST FZ - LLC

Notes to the Financial Statements
for the period ended 31 March 2024

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

Market risk (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In absence of any interest-bearing loan, there is no interest rate risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in U.A.E dirhams or US Dollars to which U.A.E. Dirham rate is fixed.

11. Financial instruments: Fair values

The fair values of the company's financial asset, comprising due from a related party and financial liability comprising advance from a related party are approximate to their carrying values.

2024
AED

12. Capital commitment

Contracted but not provided for towards leasehold improvements

95,768

13. Contingent liabilities

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

14. Comparative figures

This being the first period of the company's operations, there are no comparative figures.

15. Approval of the financial statements

To the best of the knowledge of the management and those charge with governance, the financial statements fairly present, in all material respects, the financial position, financial performance and cash flows of the company as of, and for the period ended 31 March 2024.

The financial statements were approved by the board of directors on 17 May 2024 and authorized Mr. Soumya Sinha Roy to sign on behalf of the Board.