# Lupin Middle East FZ-LLC
Dubai, UAE

Financial statements
Year ended 31 March 2017

# Lupin Middle East FZ-LLC

**Financial statements**
**Year ended 31 March 2017**

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**Independent Auditor's report**
**To the Shareholder of Lupin Middle East FZ-LLC**
**on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of **Lupin Middle East FZ-LLC** (the **Company**), **Dubai, UAE**, which comprise the statement of financial position as at **31 March 2017**, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out on pages 4 to 16.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Lupin Middle East FZ-LLC** as of **31 March 2017** and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**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* (IESBA code) and have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw attention to Note 2 (c) to the financial statements, which explains the reasons for prepartion of the financial statements on a going concern basis.

Our opinion is not modified in respect of this matter.

**Key Audit Matters**

We have determined that there are no key audit matters other than those emphasised above.

**Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and its preparation in compliance with the applicable provisions of Law No. (15) of 2014 of the Dubai Creative Clusters Authority read with the UAE Federal Law No. (2) of 2015, the Memorandum and Articles of Association of the Company 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 relating 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.

Management and those charged with governance are responsible for overseeing the Company's financial reporting process.





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**Auditor's Responsibilities for the Audit of the Financial Statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonable be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Report on Other Legal and Regulatory Requirements**

As required by the requirements of Law No. (15) of 2014 of the Dubai Creative Clusters Authority, read with the UAE Federal Law No. (2) of 2015 on Commercial Companies, we further report that:

i) we have obtained all the information and explanations as we considered necessary for the purpose of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of Law No. (15) of 2014, read with the UAE Federal Law No. (2) of 2015;

iii) proper books of account have been kept by the Company;

iv) the financial information contained in the Directors' report, in so far as it relates to these financial statements is consistent with the books of account of the Company;

v) Note 17 to the financial statements discloses material related party transactions and the terms under which they were transacted.

vi) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened during the financial year under audit any of the applicable provisions of the Law No. (15) of 2014 of the Dubai Creative Clusters Authority read with the UAE Federal Law No. (2) of 2015 and its Memorandum and Articles of Association, which would have had a material effect on the business of the Company or on its financial position as at 31 March 2017.

**Behl, Lad & Al Sayegh**
**Vasant Lad**
**Partner**
**Registration No. 299**

Dubai, United Arab Emirates
27 April 2017

باهل، لاد و الصايغ
محاسبون قانونيون
P.O. Box:25709
Dubai - U.A.E.
CHARTERED ACCOUNTANTS
BEHL, LAD & AL SAYEGH

## Lupin Middle East FZ-LLC

### Statement of profit or loss and other comprehensive income
### Year ended 31 March 2017

| | Notes | 31 March 2017 USD | 31 March 2016 USD |
|---|---|---|---|
| Sales | | 1,736,762 | 799,943 |
| Cost of sales | 5 | (1,137,221) | (596,369) |
| **Gross profit** | | 599,541 | 203,574 |
| Other income | | - | 905 |
| Selling expenses | 6 | (382,207) | (51,174) |
| Administrative expenses | 7 | (463,896) | (224,065) |
| Foreign exchange losses (net) | | (2,504) | (197) |
| Finance costs | 8 | (1,886) | (632) |
| **Loss for the year** | | (250,952) | (71,589) |
| Other comprehensive income for the year | | - | - |
| **Total comprehensive loss for the year** | | (250,952) | (71,589) |

The accompanying notes on pages 8 to 16 form an integral part of these financial statements.
The Independent Auditor's report is set forth on pages 2 & 3.

Approved by the Directors of the Company and authorised for issue on 27 April 2017.

For **Lupin Middle East FZ-LLC**

**Sunil Makharia**
**Director**

**Yogesh Thombare**
**Director**



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## Lupin Middle East FZ-LLC

### Statement of financial position
### As at 31 March 2017

| | Notes | 31 March 2017 USD | 31 March 2016 USD | 1 April 2015 USD (Note 21) |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property and equipment | 9 | **15,879** | 18,416 | 16,874 |
| Margin deposits with a bank | 10 | **2,041** | 2,041 | - |
| | | **17,920** | 20,457 | 16,874 |
| **Current assets** | | | | |
| Trade and other receivables | 11 | **406,219** | 286,925 | 9,253 |
| Prepayments | | **6,507** | 7,011 | 7,237 |
| Cash and cash equivalents | 12 | **623,474** | 457,561 | 105,319 |
| | | **1,036,200** | 751,497 | 121,809 |
| **Total assets** | | **1,054,120** | 771,954 | 138,683 |
| **Shareholder's equity** | | | | |
| Share capital | 13 | **544,218** | 544,218 | 544,218 |
| Accumulated losses | | **(741,474)** | (490,522) | (418,933) |
| (Deficit)/equity | | **(197,256)** | 53,696 | 125,285 |
| **Non-current liabilities** | | | | |
| Borrowings | 14 | **60,000** | 60,000 | - |
| Provision for staff end-of-service gratuity | 15 | **20,977** | - | - |
| | | **80,977** | 60,000 | - |
| **Current liabilities** | | | | |
| Trade and other payables | 16 | **1,170,399** | 658,258 | 13,398 |
| **Total liabilities** | | **1,251,376** | 718,258 | 13,398 |
| **Total Shareholder's equity amd liabilities** | | **1,054,120** | 771,954 | 138,683 |

The accompanying notes on pages 8 to 16 form an integral part of these financial statements.
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Approved by the Directors of the Company and authorised for issue on 27 April 2017.

For **Lupin Middle East FZ-LLC**

**Sunil Makharia**
**Director**

**Yogesh Thombare**
**Director**



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# Lupin Middle East FZ-LLC

## Statement of changes in equity
## Year ended 31 March 2017

| | Share capital | Share application money | Accumulated losses | Total |
|---|---|---|---|---|
| | USD | USD | USD | USD |
| As at 31 March 2014 | 136,055 | 235,374 | (225,259) | 146,170 |
| Shares issued during the year | 530,612 | - | - | 530,612 |
| Refunded during the year | - | (235,374) | | (235,374) |
| Shares cancelled during the year | (122,449) | - | - | (122,449) |
| Loss for the year | - | - | (193,674) | (193,674) |
| As at 31 March 2015 | 544,218 | - | (418,933) | 125,285 |
| Loss for the year | - | - | (71,589) | (71,589) |
| As at 31 March 2016 | 544,218 | - | (490,522) | 53,696 |
| Loss for the year | - | - | (250,952) | (250,952) |
| As at 31 March 2017 | **544,218** | - | **(741,474)** | (197,256) |

The accompanying notes on pages 8 to 16 form an integral part of these financial statements.
The Independent Auditor's report is set forth on pages 2 & 3.

# Lupin Middle East FZ-LLC

## Statement of cash flows
## Year ended 31 March 2017

| | Note | 31 March 2017 USD | 31 March 2016 USD |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | **(250,952)** | (71,589) |
| **Adjustments for:** | | | |
| Depreciation of property and equipment | 7 | **2,666** | 2,754 |
| Interest expense | 8 | **1,886** | 632 |
| **Operating loss before changes in operating assets and liabilities** | | **(246,400)** | (68,203) |
| Increase in trade and other receivables | 11 | **(119,294)** | (279,714) |
| Decrease in prepayments | | **504** | 227 |
| Increase in trade and other payables | 16 | **511,322** | 646,364 |
| Increase in staff end-of-service gratuity provision | 15 | **20,977** | - |
| **Cash generated from operations** | | **167,109** | 298,674 |
| Interest paid | | **(1,067)** | (367) |
| **Net cash from operating activities (A)** | | **166,042** | 298,307 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property and equipment | 9 | **(129)** | (6,065) |
| **Net cash used in investing activities (B)** | | **(129)** | (6,065) |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from long-term loan | 14 | - | 60,000 |
| **Net cash from financing activities (C)** | | - | 60,000 |
| | | | |
| **Net increase in cash and cash equivalents (A+B+C)** | | **165,913** | 352,242 |
| Cash and cash equivalents at beginning of the year | | **457,561** | 105,319 |
| **Cash and cash equivalents at end of the year** | 12 | **623,474** | 457,561 |

The accompanying notes on pages 8 to 16 form an integral part of these financial statements.
The Independent Auditor's report is set forth on pages 2 & 3.



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## Lupin Middle East FZ-LLC

### Notes to the financial statements
### Year ended 31 March 2017

1 **Legal status and business activities**

a) **Lupin Middle East FZ-LLC** (the **Company**) is registered on 13 June 2012 in Dubai under a Commercial License No. 91072 as a free zone limited liability company under Dubai Creative Clusters Authority. The address of the registered office of the Company is Executive office No. 109, Floor No. 1, Block 3, Dubai International Academic City, Dubai, UAE.

b) The licensed activity of the Company are imports and re-exports, marketing and sales promotion and support services. During the year, the Company traded in pharmaceuticals products.

c) The Company is a wholly-owned subsidiary of M/s. Lupin Atlantis Holdings S.A. (the Parent company), a limited liability Company registered in the Switzerland. The address of the registered office of the Parent company is at Landis + Gyr-Strasse 1, 6300 Zug, Switzerland.

d) The Ultimate Holding company is Lupin Limited, India and its registered office is at Kalpataru Inspire, 3rd Floor, Off Western Express Highway, Santacruz (East), Mumbai 400055, India.

2 **Basis of preparation**

a) **Statement of compliance**

These financial statements are prepared under the historical cost convention and in conformity with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and the requirements of Law No. (15) of 2014 of the Dubai Creative Clusters Authority read with the UAE Federal Law No. (2) of 2015.

The following standards and amendments are effective for the first time from the current year, however they do not apply to the Company or do not have any material impact on the Company's financial statements as they merely clarify the existing requirements and do not affect the Company's accounting policies or any other dislcosures.

- IFRSs in Regulatory Deferred Accounts.
- Accounting for Acquisition of Interests in Joint Operations - Amendments to IFRS 11.
- Classification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 & 38.
- Equity method in separate financial statements - Amendments to IAS 27.
- Agriculture: Bearer Plants - Amendments to IAS 16 and IAS 41.
- Annual Improvements to IFRSs 2012-2014 cycle.
- Disclosure Initiative - Amendment to IAS 1.
- Investment entities: Applying the consolidation exception - Amendments to IFRS 10, IFRS 12 & IAS 28.

b) **Functional and presentation currency**

Though the functional currency of the Company is US Dollar (USD), these financial statements are presented in US Dollar (USD). The amounts in UAE Dirham (AED) have been translated into USD at the fixed parity are of 1 USD = 3.675 AED, as prescribed. In the previous year, these financial statements were presented in AED.

The figures have been rounded off to the nearest US Dollar.



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2 **Basis of preparation (Continued)**

c) **Going concern basis of accounting**

At the end of the reporting period, the Company had accumulated losses of USD 741,474 which have eroded the entire share capital of the Company. In addition, its current liabilities exceeded current assets by USD 134,199. Article 301 of the UAE Federal Law No. (2) of 2015 stipulates that the Directors shall propose before the General Assembly of the Ultimate Holding company to dissolve the Company. However, the Ultimate Holding company has agreed to continue with the business operations of the Company because the Company has plans to launch many new products in the UAE including products from India which will enhance profitability of the Company and it has agreed to provide their continuing financial support to the Company to enable it to meet its payment obligations as and when they fall due for payment. Accordingly, these financial statements have been prepared on a going concern basis.

d) **Accrual basis of accounting**

The Company prepares the financial statements, except for cash flows information, using the accrual basis of accounting i.e. all items of assets, liabilities, equity, income and expenses are recognised as they arise.

e) **Use of significant estimates, assumptions and judgements**

In preparing the financial statements, based on the historical experience and reasonable expectations of future events, the management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses and disclosure of contingencies and commitments.

*Impairment of assets*

Financial assets are assessed at each reporting date to determine whether there is any evidence of impairment which is judged by default or delinquency by a debtor, the age of the debts, management experience and assessed creditworthiness of the debtor.

In the case of non-financial assets a review is made to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. An impairment loss is recognised in the statement of profit or loss, if the carrying amount of the asset exceeds its recoverable amount.

f) **New and amended standards**

The Company intends to adopt the following new standards, if applicable when they become effective.

- IFRS 15 - Revenue from contracts with customers and associated amendments to various other standards. This establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 - Revenue, IAS 11 - Construction Contracts and IFRIC 13 - Customer Loyalty Programmes - Effective 1 January 2018.
- IFRS 16 - Leases - Effective date 1 January 2019.
- Recognition of Deferred Tax Assets for Unrealized losses - Amendments to IAS 12 - Effective 1 January 2017.
- Disclosure Initiative - Amendments to IAS 1 - Effective 1 January 2017.
- IFRS 9 Financial Instruments and associated amendments to various other standards - This standard published in July 2014 replaces the existing guidance in IAS 39 - Financial Instruments, Recognition and Measurements. This includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39 - Effective 1 January 2018.



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3 **Summary of significant accounting policies**

The significant accounting policies adopted and which have been consistently applied are as follows:

a) **Sale of goods**

Revenue comprises the invoiced value of goods delivered as significant risks and rewards relating to the ownership of goods concerned are transferred to the customer, net of discounts and returns, recovery of the consideration is probable regardless of when the amount is settled, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of the revenue and the costs incurred and to be incurred can be measured reliably.

b) **Cost of sales**

Cost of sales includes costs of goods purchased, customs duty and freight and handling charges, which are directly identifiable with the costs of products sold.

c) **Borrowing costs**

Interest expense incurred on funds obtained from a fellow subsidiary is accrued and expensed out on period basis.

d) **Leases**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to the statement of profit or loss on a straight line basis over the period of the lease.

e) **Foreign currency transactions and balances**

Transactions in foreign currencies are translated into US Dollar at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into US Dollar at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured at historical cost in a foreign currency are not translated. These items that are measured at a fair value in a foreign currency are translated into functional currency at the exchange rate when the fair value was determined.

Gains or losses resulting from settlement of foreign currency transactions and from the translation at the year-end exchange rates of monetory assets and liabilities are recognised in the statement of profit or loss on net basis as either foreign exchange gains or foreign exchange losses and included in other income or other expenses respectively.

f) **Property and equipment**

Item of property and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Gains/losses on disposal are determined by reference to their carrying amount and are included in the statement of profit or loss.

An assessment of residual value is undertaken at each end of the reporting period and if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

***Depreciation***

The cost less estimated residual value, where material, is depreciated using the straight-line method from the date of acquisition to the estimated useful lives of the assets as follows:

| | | |
|---|---|---|
| Furniture & fixtures | 10 | years |
| Office equipment | 3 - 5 | years |
| Computer software | 5 | years |



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3 **Summary of significant accounting policies (Continued)**

f) **Property and equipment (Continued)**

*Impairment*

At each end of the reporting period, management assesses the property and equipment to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made.

g) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and balance in bank current accounts and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

h) **Trade and other payables**

Liabilities are recognized for amounts to be paid in future for goods and services rendered, whether or not billed to the Company.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

i) **Staff end-of-service gratuity**

Provision is made for end-of-service gratuity payable to the staff at the end of the reporting period in accordance with the local labour laws assuming that all employees were to leave as at the end of the reporting period (Note 15).

j) **Statement of cash flows**

Cash flows are reported using the indirect method, whereby profit/(loss) is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future of cash receipts and payments and for items of income and expenses which are reflected in investing or financial activities. The cash flows from operating, investing and financing activities are segregated based on the nature of items.

k) **Non-derivative financial assets and liabilities**

*Receivables*

Receivables are those financial assets that have fixed or determinable payments and for which there is no active market are initially recognised at fair value plus any directly attributable transactions costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. These comprise trade and other receivables and bank balances.

Trade receivables represent amounts due from customers for goods delivered in the ordinary course of business. If collection is expected in one year or less they are classified as current assets otherwise as non-current assets. These are carried at the invoiced amounts less an estimate of provision for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off when identified.

*Non-derivative financial liabilities*

The non-derivative financial liabilities comprise borrowings and trade and other payables.

*Derecognition of financial assets and liabilities*

The Company derecognizes a financial asset when the contractual rights to the cash flow from the assets cease and any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.



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# Lupin Middle East FZ-LLC

## Notes to the financial statements
## Year ended 31 March 2017

3 **Summary of significant accounting policies (Continued)**

k) **Non-derivative financial assets and liabilities (Continued)**

*Offsetting of financial assets and liabilities*

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.

4 **Risk management**

The Company's activities are exposed to a variety of financial risks such as credit, market and liquidity risks as follows:

a) **Credit risk**

This is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's customers and the bank. The credit risk, where relevant is explained in the notes on the related account balance, namely trade receivables (Note 11) and bank balances (Note 12).

b) **Market risk**

These are the risks arising from changes in market prices which would affect the Company's income or the value of its holdings of financial instruments. The management strives to manage market risk exposures within acceptable parameters, while optimizing the return.

- *Currency risk*

The Company is not exposed to any currency risk as its transactions are made in UAE Dirham or in US Dollar to which the Dirham is fixed.

- *Interest rate risk*

Loan from a fellow subsidery is subject to fixed rates of interest at levels generally obtained in the UAE and are therefore exposed to fair value interest rate risk.

c) **Liquidity risk**

This is the risk where the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management monitors its cash flows to determine its cash requirements to meet its payment obligations on time. If necessary, funds are made available by Shareholder to ensure that payment obligations are met on time.

| | | 31 March 2017 | 31 March 2016 |
|---|---|---|---|
| | | USD | USD |
| 5 | **Cost of sales** | | |
| | Purchases (including direct expenses) - (Note 17) | **1,137,221** | 596,369 |
| 6 | **Selling expenses** | | |
| | Sales commission | **132,106** | 45,680 |
| | Business promotion expenses | **250,101** | 5,494 |
| | | **382,207** | 51,174 |



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## Lupin Middle East FZ-LLC

### Notes to the financial statements
### Year ended 31 March 2017

| | | 31 March 2017 | 31 March 2016 |
|---|---|---|---|
| | | **USD** | USD |
| 7 | **Administrative expenses** | | |
| | Staff salaries and benefits | **316,774** | 147,351 |
| | Staff end-of-service gratuity (Note 15) | **20,977** | - |
| | Rent | **28,723** | 42,722 |
| | Depreciation (Note 9) | **2,666** | 2,754 |
| | Other administrative expenses | **94,756** | 31,238 |
| | | **463,896** | 224,065 |
| 8 | **Finance costs** | | |
| | Interest on long-term loan from a fellow subsidiary (Notes 14 & 17) | **1,886** | 632 |

9 **Property and equipment**

| | Furniture & fixtures | Office equipment | Computer software | Total |
|---|---|---|---|---|
| **Net book values** | **USD** | **USD** | **USD** | **USD** |
| **As at 31 March 2017** | | | | |
| Cost | 21,245 | 1,656 | 639 | 23,540 |
| Accumulated depreciation | (6,766) | (749) | (146) | (7,661) |
| **Net book value** | **14,479** | **907** | **493** | **15,879** |
| As at 31 March 2016 | | | | |
| Cost | 21,116 | 1,656 | 639 | 23,411 |
| Accumulated depreciation | (4,626) | (355) | (14) | (4,995) |
| Net book value | 16,490 | 1,301 | 625 | 18,416 |
| As at 31 March 2015 | | | | |
| Cost | 18,395 | 720 | - | 19,115 |
| Accumulated depreciation | (2,156) | (85) | - | (2,241) |
| Net book value | 16,239 | 635 | - | 16,874 |
| **Reconciliation of net book values** | | | | |
| As at 31 March 2014 | 18,096 | 306 | - | 18,402 |
| Additions during the year | - | 407 | - | 407 |
| Depreciation for the year | (1,857) | (78) | - | (1,935) |
| As at 31 March 2015 | 16,239 | 635 | - | 16,874 |
| Additions during the year | 2,720 | 937 | 639 | 4,296 |
| Depreciation for the year | (2,469) | (271) | (14) | (2,754) |
| As at 31 March 2016 | 16,490 | 1,301 | 625 | 18,416 |
| Additions during the year | 129 | - | - | 129 |
| Depreciation for the year | (2,140) | (394) | (132) | (2,666) |
| As at 31 March 2017 | **14,479** | **907** | **493** | **15,879** |

10 **Margin deposits with a bank**

These are kept with a reputed bank as security against letters of guarantee for staff employment visas issued to the Dubai Creative Clusters Authority and are intended to be held for a period longer than one year from the end of the reporting period (Note 20).



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| | 31 March 2017 USD | 31 March 2016 USD | 1 April 2015 USD |
|---|---|---|---|
| **11 Trade and other receivables** | | | |
| Trade receivables | **377,613** | 267,036 | - |
| Advance for capital expenditure (c) | **2,830** | - | - |
| Advances to staff | **23,055** | 19,209 | 6,532 |
| Deposits | **2,721** | 680 | 2,721 |
| | **406,219** | 286,925 | 9,253 |

a) As per the credit policy of the Company, customers are extended credit period of up to 3 months on the basis of assessment of their creditworthiness judged by their conduct in the past, management's trade experience, their reputation of financial standing, market information and the market in which they operate. The management regularly monitors the outstanding amounts and follows up for recovery with periodic calls and visits to the customers.

b) The entire trade receivables were outstanding for less than three months as at the end of the reporting period and they were due from from 2 customers out of that 40% were from a customer situated in Yemen (previous year: entire balances due from 2 customers situated in the UAE).

c) The advance for capital expenditure represents amounts paid for furniture fixtures (Note 19 for capital commitments).

**12 Cash and cash equivalents**

| | 31 March 2017 USD | 31 March 2016 USD | 1 April 2015 USD |
|---|---|---|---|
| Balances in current accounts with banks | **623,474** | 457,561 | 105,319 |
| | **623,474** | 457,561 | 105,319 |

The Company places its bank accounts with reputed banks.

**13 Share capital**

| | 31 March 2017 USD | 31 March 2016 USD | 1 April 2015 USD |
|---|---|---|---|
| 2,000 shares of AED 1,000 each (converted at USD 1 = AED 3.675) | **544,218** | 544,218 | 544,218 |

During the year, Lupin Limited, India (Ultimate Holding Company) transferred its entire shareholding in the Company to its wholly-owned subsidiary, Lupin Atlantis Holdings S.A., Switzerland.

**14 Borrowings**

| | 31 March 2017 USD | 31 March 2016 USD | 1 April 2015 USD |
|---|---|---|---|
| Long-term loan from a fellow subsidiary (Note 17) | **60,000** | 60,000 | - |

This loan has no fixed repayment schedule, however it is regarded as long-term since it is not repayable in the near future. It carries an interest of 1.75% p.a. For interest expense, refer Note 8.

**15 Provision for staff end-of-service gratuity**

| | 31 March 2017 USD | 31 March 2016 USD | 1 April 2015 USD |
|---|---|---|---|
| Provision for the year (Note 7) | **20,977** | - | - |
| Closing balance | **20,977** | - | - |

| | 31 March 2017 USD | 31 March 2016 USD | 1 April 2015 USD |
|---|---|---|---|
| **16 Trade and other payables** | | | |
| Trade payables (Note 17) | **972,167** | 657,993 | - |
| Interest payable (Note 17) | **1,084** | 265 | - |
| Accruals | **197,148** | - | 13,398 |
| | **1,170,399** | 658,258 | 13,398 |

## 17 Related parties

Related parties which fall within the definition of a related party as contained in International Accounting Standard 24 comprise companies under common ownership and common management control, the Parent company, the Ultimate Holding company, fellow subsidiaries and Directors of the Company.

At the end of the reporting period, significant balances with related parties were as follows:

| | | | |
|---|---|---|---|
| Included in trade payables (Note 16): | | | |
| Lupin Ltd., India (Ultimate Holding company) | **972,167** | 295,554 | - |
| Disclosed as interest payable (Note 16): | | | |
| Lupin Holdings B.V., Netherlands (fellow subsidiary) | **1,084** | 265 | - |
| Disclosed as borrowings (Note 14): | | | |
| Lupin Holdings B.V., Netherlands (fellow subsidiary) | **60,000** | 60,000 | - |

Significant transactions with related parties during the year, which the management considers to be in the normal course of business and at terms which correspond with the terms with third parties, were as follows:

| | | | |
|---|---|---|---|
| Purchases (Ultimate Holding company) - (Note 5) | **1,137,221** | 295,554 | - |
| Interest expense (fellow subsidiary) - (Note 8) | **1,886** | 632 | 1,749 |

## 18 Fair values of financial instruments

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of the financial assets and financial liabilities which are required to be carried at cost or at amortised cost approximates to their carrying amounts, except for the long-term loan from a fellow subsidiary for which due to its inherent nature the fair value is below its carrying value.

## 19 Capital commitments

As at the end of the reporting period, the Company had entered into capital commitments of USD 4,245 net of advances paid of USD 2,830 {Note 11 (c)}.

## 20 Contingent liabilities

| | | | |
|---|---|---|---|
| Banker's letters of guarantee (Note 10) | 2,041 | 2,041 | - |



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## Lupin Middle East FZ-LLC

### Notes to the financial statements
### Year ended 31 March 2017

21 **Comparative figures**

The management has decided to adopt International Financial Reporting Standards for the first time in the current year. Accordingly, as stiupualated by Paragraph 21 of International Financial Reporting Standards 1- 'First-time Adoption of International Financial Reporting Standards', these financial statements contain three statements of the financial positions as at 31 March 2017, 31 March 2016 and 1 April 2015 together with the related notes on the balance sheet figures including the comparative information.

22 **Approval of financial statements**

These financial statements were approved by the Directors of the Company and authorised for issue on 27 April 2017.

**For Lupin Middle East FZ-LLC**

**Sunil Makharia**
**Director**

**Yogesh Thombare**
**Director**



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