

AUDIT OPINION

Our ref. no. 145 dated April 14, 2020

*to Members of Sun Pharmaceutical Industries**LLC**Executive body of the Company****Opinion***

We audited the attached annual accounting (financial) statements of the Limited Liability Company "Sun Pharmaceutical Industries" (OGRN 1077762356770, 107023, Moscow, Elektrozavodskaya Street, 27, building 8, suite 14/1A), consisting of the Balance Sheet as of December 31, 2019, Profit and Loss Statement for 2019, annexes to the Balance Sheet and Profit and Loss Statement, namely: Statement of Changes in Equity for 2019 and Cash Flow Statement for 2019, notes to the Balance Sheet and Profit and Loss Statement for 2019, including the brief review of main provisions of the accounting policy.

In our opinion, the attached annual accounting (financial) statements show reliably in all material aspects the financial status of the Limited Liability Company "Sun Pharmaceutical Industries" (hereinafter referred to as "the Company"), as of December 31, 2019, financial results of operation and cash flows during 2019 in compliance with the rules of accounting (financial) statements preparation, applicable in the Russian Federation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibility in compliance with such standards is described in section "Responsibility of auditor for the audit of annual accounting (financial) statements" of this opinion. We are independent from the audited entity according to the Rules of independence of auditors and audit firms and Professional Code of Conduct of Auditors, corresponding to the Professional Code of Conduct of Chartered Accountants, developed by the Accounting Professional and Ethical Standards Board, and we did any other duties in compliance with such requirements of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty with respect to continuity of business

Please note Section 9 of Notes to the Balance Sheet and Profit and Loss Statement, stating that the figure of net assets of the Company as of December 31, 2019 is negative. The main reason is a loss incurred of the financial and business operations, arising mostly due to executive and any other expenses, and absence of income from the main activity during 2019. We confirm that the information on such event was adequately stated in the attached accounting (financial) statements. We do not express a modified opinion in connection to such matter.

Responsibility of the management of the auditee for the annual accounting (financial) statements

The management of the Company is responsible for preparation and reliable presentation of the above annual accounting (financial) statements in compliance with Rules of preparation of accounting (financial) statements, applicable in the Russian Federation, and for the system of internal control, which the management deems necessary for preparation of annual accounting (financial) statements, without material misstatements due to improper actions or errors.

When preparing the annual accounting (financial) statements, the management of the Company bears the responsibility for assessment of ability of the audited entity to continue without interruptions its business, for disclosure in respective cases of data, referred to continuity of business, and for preparation of statements on the basis of assumption on continuity of business, except for the cases, when the management intends to wind up the audited entity, terminate its operations or when they do not have any real alternative, except for liquidation or termination of business.

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

Our purpose is to obtain reasonable assurance about whether the annual accounting (financial) statements are free of material misstatements due to improper actions or errors, and preparation of audit report containing our opinion. The reasonable assurance is a high level assurance, but it is not a guarantee that the audit, conducted in compliance with IAS, always detects the material misstatements, if any. 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 these annual accounting (financial) statements.

As part of an audit in accordance with International Standards of Audit, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- a) reveal and assess risks of material misstatements of annual accounting (financial) statements due to improper actions or errors; develop and implement audit procedures in response to such risks; obtain audit evidences, being sufficient and proper, in order to serve as basis for our opinion. The risk of non-revealing of a material misstatement as a result of improper actions is higher than the risk of non-revealing of a material misstatement as a result of error, as improper actions may comprise concert, forgery, willful omission, misrepresentation of information or actions in circumvention of internal control system;
- b) 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 auditee's internal control.
- c) assess proper nature of the applied accounting policy, validity of accounting judgments and respective information disclosure, prepared by the management of the audited entity;
- d) conclude on lawfulness of application by the management of the audited entity of assumption on continuity of business, and on the basis of obtained audit evidences – conclusion on whether there is a material uncertainty in connection with events or conditions, probably resulting in material doubts in ability of the audited entity to continue its business without interruptions. If we arrive at a conclusion on availability of material uncertainty, we should draw attention in our audit report to a respective information disclosure in the annual accounting (financial) statements or, if such information disclosure is not due, we should 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 auditee to cease to continue as a going concern.
- e) assess the representation of the annual (financial) statements in general, its structure and contents, including disclosure of information, and whether the annual accounting (financial) statements represents the underlying operations and events as to ensure their reliable presentation.

We communicate with the management of the auditee, bringing to their notice, 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.

Audit company:

Audit firm: Joint Stock Company "Audit Company "Best-Audit",
OGRN 1027700591027,
117420, Moscow, Profsoyuznaya Street, 57, 7th floor, suite II, office 56
Member of Self-regulated Organization of Auditors "Sodruzhestvo",
ORNZ (Principal Number of Registration Entry) 12006025637

General Director /signed/ M.E. Egorov
(Qualification Certificate No. 03-000007, ORNZ (Principal Number of Registration Entry –
22006110238)

April 14, 2020

Seal: Joint Stock Company "Audit Company "Best-Audit"

True Copy

Director /signed/ /O.V. Syrkasheva/

14.04.2020

Seal: Sun Pharmaceutical Industries Limited, Limited Liability Company, Moscow

Balance Sheet
as of December 31 20 19

Form according to OKUD

Date (day, month, year)

According to

Company Limited Liability Company "Sun Pharmaceutical Industries"

Taxpayer identification number

Authorized business Wholesale trade in pharmaceuticals and medical goods

Incorporation form/ownership

Limited Liability Company/Joint private and foreign property

Unit of measurement: thousand rubles

Location (address): 107023, Moscow, Elektrozavodskaya Street, No. 27, bldg. 8, office 14/1A

OKPO

INN

Acc. to

OKVED

Acc. to

OKOPF/OKFS

Acc. to OKEI

Codes

0710001

31 12 2019

83236036

7728638440

46.46.1

12300

34

384

The accounts are subject to mandatory audit

Yes

V.

NONE

Name of audit firm/surname, name, patronymic (if any) of individual auditor

Taxpayer identification number of audit firm/individual auditor

TIN

Principal state registration number of audit firm/individual auditor

OGRN/ OGRNIP

Notes	Indicator	Code	As of december 31, 2019	As of December 31, 2018	As of December 31, 2017
	ASSETS				
	I. NON-CURRENT ASSETS				
	Intangibles assets	1110	-	-	-
	Results of research and development	1120	-	-	-
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
1.1	Fixed assets	1150	-	-	50
	including:	1151			
	Machines and equipment (except for office machinery)			-	50
	Income-bearing investments in tangible assets	1160	0	0	0
	Financial investments	1170	0	0	0
	Deferred tax assets	1180	13 597	14 881	10 823
	Other non-current assets	1190	0	0	0
	Total for section I	1100	13 597	14 881	10 873
	II. CURRENT ASSETS				
2.1	Inventory	1210	23	23	33
	including:				
	Deferred income	12101	23	23	33
	Value added tax on purchased assets	1220	-	-	-
3.1	Accounts receivable	1230	640	413	1 269
	including:				
	Settlements with suppliers and contractors	12301	224	261	441
	Taxes and levies payment	12302	329	111	685
	Settlements for social security	12303	4	41	83
	Settlements with the staff for other transactions	12304	83	-	60
	Financial investments (except for cash equivalents)	1240	-	-	-
	Cash and cash equivalents	1250	6 681	12 535	16 928
	including:				
	Cash desk of the entity	12501	-	-	-
	Current accounts	12502	6 661	12 504	16 900
	Currency accounts	12503	20	31	28
	Other non-current assets	1260	-	-	-
	Total for section II	1200	7 344	12 971	18 230
	BALANCE	1600	20 941	27 852	29 103

Profit and Loss Statement
For January - December 2019

Entity Limited Liability Company "Sun Pharmaceutical Industries"
Taxpayer Identification Number _____
Types of economic activity Wholesale trade in pharmaceuticals and medical goods
Incorporation form/property form _____

Limited Liability Company / Joined private and foreign property
Unit of measurement: in thousand rubles

Codes		
0710002		
31	12	2019
83236036		
7728638440		
46.46.1		
12300	16	
384		

Notes	Indicator	Code	For January - December 2019	For January - December 2018
	Earnings	2110	-	-
4	Cost of sales	2120	-	-
	Gross profit (loss)	2100	-	-
4	Business expenses	2210	-	-
4	Management expenses	2220	(3 855)	(4 775)
	including:			
	Depreciation of fixed assets	2221	-	(50)
	Rent of office and warehouse premises	2222	(1 870)	(2501)
	Audit	2223	(100)	(114)
	Salaries	2224	(1 196)	(1 352)
	Insurance contributions	2225	(470)	(402)
	Other	2226	(219)	(356)
	Profit (loss) of sales	2200	(3 855)	(4 775)
	Profit from participation in other entities	2310	-	-
	Interest receivable	2320	-	-
	Interest payable	2330	(55)	(53)
	including:			
	Interest accrued in compliance with Art 269 of Tax Code of the Russian Federation	23301	(55)	(53)
	Other income	2340	19 752	8 280
	including:			
	Profit in the form of restored valuation provisions	23401	-	668
	Other operating income	23402	9	-
	Exchange differences	23403	19 742	7 555
	Income in form of written-off accounts payable	23404	-	16
	Other unrealized income	23405	1	41
	Other expenses	2350	(7 387)	(28 991)
	including:			
	Expenses in form of created valuation provisions	23501	(75)	(471)
	Expenses for bank services	23502	(78)	(77)
	Other operating costs	23503	(9)	-
	Exchange differences	23504	(6 820)	(27 822)
	Taxes and levies	23505	(7)	(4)
	Other loss referred to the non-sale expenses	23506	(398)	(617)
	Profit (loss) before taxation	2300	8 455	(25 539)
	Current income tax	2410	(1 284)	-
	Including ongoing tax liabilities (assets)	2421	(877)	(1050)
	including:			
	Including ongoing tax liabilities (assets)		(877)	(1050)
	Changes in deferred tax assets	2430	-	-
	Changes in deferred tax assets	2450	(1284)	4058
	including:			
	deferred tax assets		(1284)	4058
	Other	2460	-	-
	Net profit (loss)	2400	5 887	(21 481)

Notes	Indicator	Code	For January - December 2019	For January - December 2018
FOR REFERENCE ONLY				
	Result of revaluation of fixed assets, which are not included into net profit (loss) of the period	2510	-	-
	Result of other transactions, not included into the net profit (loss) of the period	2520	-	-
	Aggregate financial result for the period	2500	5 887	(21 481)
	Basic earnings (loss) per share	2900	-	-
	Diluted profit (loss) per share	2910	-	-

Manager Syrkasheva Olga
 /signature/ Vladimirovna
 (signature) (surname and initials)

“ 10th ” of March 20 20

Round seal:
“Sun Pharmaceutical Industries” Limited
Moscow

Statement of changes in equity

For January - December 2019

Entity Limited Liability Company "Sun Pharmaceutical Industries"
 Taxpayer Identification Number _____
 Types of economic activity Wholesale trade in pharmaceuticals and medical goods
 Incorporation form/property form _____
Limited Liability Company /
Joint private and foreign property
 Unit of measurement: in thousand rubles

	Codes		
Form acc to OKUD	0710003		
Date (day, month, year)	31	12	2019
acc to OKPO	83236036		
TIN	7728638440		
acc to OKVED	46.46.1		
acc to OKOPF/OKFS	12300	16	
acc to OKEI	384		

1. Capital flows

Indicator	Code	Authorized capital	Treasury shares redeemed from shareholders	Additional capital	Surplus fund	Undistributed profit (uncovered loss)	Total
Amount of capital as of December 31, 2017	3100	50	-	5200	-	(155 246)	(149 996)
<u>For 2018</u>							
Increase of capital - total:	3210	-	-	-	-	-	-
including:							
net profit	3211	X	X	X	X	-	-
revaluation of property	3212	X	X	-	X	-	-
profit directly referred to the capital increase	3213	X	X	-	X	-	-
additional issue of shares	3214	-	-	-	X	X	-
increase of nominal value of shares	3215	-	-	-	X	-	X
corporate restructuring of the legal entity	3216	-	-	-	-	-	-

Indicator	Code	Authorized capital	Treasury shares redeemed from shareholders	Additional capital	Surplus fund	Undistributed profit (uncovered loss)	Total
Reduction of capital - total:	3220	-	-	-	-	(21 481)	(21 481)
including:							
loss	3221	X	X	X	X	(21 481)	(21 481)
revaluation of property	3222	X	X	-	X	-	-
profit directly referred to the capital reduction	3223	X	X	-	X	-	-
reduction of nominal value of shares	3224	-	-	-	X	-	-
reduction in number of shares	3225	-	-	-	X	-	-
corporate restructuring of the legal entity	3226	-	-	-	-	-	-
dividends	3227	X	X	X	X	-	-
Changes in reserve capital	3230	X	X	-	-	-	X
Changes in surplus fund	3240	X	X	X	-	-	X
Amount of capital as of December 31, 2018	3200	50	-	5200	-	(176 727)	(171 477)
<u>For 2019</u>							
Increase of capital - total:	3310	-	-	-	-	-	-
including:							
net profit	3311	X	X	X	X	5887	5887
revaluation of property	3312	X	X	-	X	-	-
profit directly referred to the capital increase	3313	X	X	-	X	-	-
additional issue of shares	3314	-	-	-	X	X	-
increase of nominal value of shares	3315	-	-	-	X	-	X
corporate restructuring of the legal entity	3316	-	-	-	-	-	-
Reduction of capital - total:	3320	-	-	-	-	-	-
including:							
loss	3321	X	X	X	X	-	-
revaluation of property	3322	X	X	-	X	-	-
profit directly referred to the capital reduction	3323	X	X	-	X	-	-
reduction of nominal value of shares	3324	-	-	-	X	-	-
reduction in number of shares	3325	-	-	-	X	-	-
corporate restructuring of the legal entity	3326	-	-	-	-	-	-
dividends	3327	X	X	X	X	-	-
Changes in reserve capital	3330	X	X	-	-	-	X
Changes in surplus fund	3340	X	X	X	-	-	X
Amount of capital as of December 31, 2019	3300	50	-	5 200	-	(170 840)	(165 590)

2. Correction due to changes in accounting policy and correction of errors

Indicator	Code	As of December 31, 2017	Changes in capital for 2018		As of December 31, 2018
			due to net profit (loss)	due to other factors	
Total capital					
before corrections	3400	(149 996)	(21 481)	-	(171 477)
correction for:					
change of accounting policy	3410	-	-	-	-
correction of errors	3420	-	-	-	-
after corrections	3500	(149 996)	(21 481)	-	(171 477)
including:					
undistributed profit (uncovered loss)					
before corrections	3401	(155 246)	(21 481)	-	(176 727)
correction for:					
change of accounting policy	3411	-	-	-	-
correction of errors	3421	-	-	-	-
after corrections	3501	(155 246)	(21 481)	-	(176 727)
before corrections	3402	-	-	-	-
correction for:					
change of accounting policy	3412	-	-	-	-
correction of errors	3422	-	-	-	-
after corrections	3502	-	-	-	-

3. Net assets

Indicator	Code	As of december 31, 2019	As of December 31, 2018	As of December 31, 2017
Net assets	3600	(165 590)	(171 477)	(149 996)

Manager Syrkasheva Olga
 /signature/ Vladimirovna
 (signature) (surname and initials)

“ 10th ” of March 20 20

Round seal:

“Sun Pharmaceutical Industries” Limited
Moscow

Cash Flow Statement
For January - December 2019

Entity **Limited Liability Company "Sun Pharmaceutical Industries"**
 Taxpayer Identification Number _____
 Types of economic activity **Wholesale trade in pharmaceuticals and medical goods**
 Incorporation form/property form _____

Limited Liability Company /
Joint private and foreign property

Unit of measurement: in thousand rubles

Codes		
Form acc to OKUD		
0710004		
Date (day, month, year)	31	12 2019
acc to OKPO		
83236036		
TIN		
7728638440		
acc to OKVED		
46.46.1		
acc to OKOPF/OKFS		
12300	16	
acc to OKEI		
384		

Indicator	Code	For January - December 2019	For January - December 2018
Cash flows from current operations			
Total earnings	4110	129	618
including:			
from sale of products, goods and services	4111	-	-
Rent payments, license payments, royalties, commission and other similar payments	4112		
from resale of financial investments	4113	-	-
Tax refund from the budget and others	4114	129	618
other earnings	4119	-	-
Total payments	4120	(5 974)	(5 014)
including:			
to suppliers (contractors) for raw stuff, materials, works and services	4121	(2 023)	(2 707)
due to wages payable to the staff	4122	(1 666)	(1 643)
interest on loans	4123	-	-
corporate income tax	4124	(1 613)	-
	4125	-	-
other payments	4129	(672)	(664)
Balance of cash flows from current operations	4100	(5 845)	(4 396)
Cash flows from investment operations			
Total earnings	4210	-	-
including:			
from sale of non-current assets (except for financial investments)	4211	-	-
from sale of shares of other entities (participatory interests)	4212	-	-
repayment of issued loans, sale of debt securities (rights to claim monetary funds to the other persons)	4213	-	-
dividends, interest on debt financial investments and equivalent earnings from share participation in other entities	4214	-	-
	4215	-	-
other earnings	4219	-	-
Total payments	4220	-	-
including:			
due to take-over, creation, improvement, reconstruction and preparation for use of non-current assets	4221	-	-
due to acquisition of shares in other entities (participatory interests)	4222	-	-
due to acquisition of debt securities (rights to claim monetary funds to other persons), issue of loans to other people	4223	-	-
interest on debt liabilities, included into the cost of investment asset	4224	-	-
	4225	-	-
other payments	4229	-	-
Balance of cash flows from investment operations	4200	-	-

SUN PHARMACEUTICAL INDUSTRIES

Moscow, 107023, Elektrozavodskaya Street 27, bldg. 8, premise 14/1A. Tel.: (495) 234-56-11

NOTES to the Balance Sheet and Profit and Loss Statement of Sun Pharmaceutical Industries LLC for 2019.

1. Information on the Company.

Name and details of the Chief Executive Officer and Chief Accountant.

Limited Liability Company "Sun Pharmaceutical Industries", hereinafter referred to as the "Company", was incorporated in compliance with the Civil Code of the Russian Federation and Federal Law dated 08.02.1998 No. 14-FZ "On Limited Liability Companies".

Full name of the Company in Russian: Общество с ограниченной ответственностью "Сан Фармасьютикл Индастриз", short firm name in Russian: ООО "Сан Фармасьютикл Индастриз". Full firm name of the Company in English: Sun Pharmaceutical Industries Limited, short name in English: Sun Pharmaceutical Industries LTD.

Chief Executive Officer of the Company is its Director.

In virtue of Resolution No. 17 of the Founding Member of the Company dated 16.01.2018, Olga Vladimirovna Syrkasheva was elected Director. In virtue of Order No. 2-18 dated 16.01.2018, the responsibilities of keeping accounts were entrusted to the Director beginning from 16.01.2018.

Information on address (location).

Address of the Company's location: 107023, Moscow, Elektrozavodskaya Street, 27, suite 8, office 14/1A.

Address of permanent executive body: 107023, Moscow, Elektrozavodskaya Street, 27, suite 8, office 14/1 A. Contact telephone/fax: (495) 234- 56-11

Information on the authorized capital.

The authorized capital of the Company is established by the constituent documents and formed by the monetary funds in the amount of 50 000 rubles. The authorized capital is fully formed.

Information on incorporation of the legal entity and registration authority.

Main State Registration Number 1077762356770 was assigned in the Uniform State Register of the Legal Entities. Certificate of Registration series 77 No. 008605714 was issued by Interdistrict Inspectorate of the Federal Tax Service No. 46 for the city of Moscow on 12.11.2007.

Information on filing at tax authority.

The company has been filed since at tax authority at place of its location - Inspectorate of the Federal Tax Service of the Russian Federation No. 18 for the city of Moscow, with assignment of TIN 7728638440, CRF 771801001 (Certificate of filing was recorded in the Register under No. 77/785-н/77-2018-12-34 13.09.2018).

Information on members.

Sun Pharmaceutical Industries Limited, a company incorporated under the laws of the Republic of India is the sole member of the Company. Address: SPARK, Tandalia, Baroda-390 020, Gujarat, INDIA. Registration date: 01.03.1993. Registration number: 04-19050. Registration authority: Department of registration of business companies of Gujarat

As of 31.12.2019 the member owns a 100% share in the authorized capital with the nominal value of 50 000 (fifty thousand) rubles.

Information on businesses and licenses.

Main business – wholesale trade in pharmaceuticals and medical goods (OKVED code - 46.46.1).

License for pharmaceutical business No. FS-99-02-007026 dated 11.02.2019, issued by the Federal Service for supervision in the field of healthcare, without limitation in time, to exercise at the address: 107023, Moscow, Elektrozavodskaya Street, 27, building 8, suite 14/1A and at the address: 143581, Moscow region, Istrinsky district, village Leshkovo, 248, bldg. 4.

License for pharmaceutical business No. FS-99-02-007103 dated 02.04.2019, issued by the Federal Service for supervision in the field of healthcare, without limitation in time, to exercise at the address: 107023, Moscow, Elektrozavodskaya Street, 27, building 8, suite 14/1A and at the address: 143581, Moscow region, Istrinsky district, village Leshkovo, 248, bldg. 4; 143521, Moscow region, Istrinsky district, village Davydkovskoe, Dachnaya Street, building 2 (letter B, floor 3, premise XVI № 28-33).

License for pharmaceutical business No. FS-99-02-007197 от 02.04.2019 dated 11.02.2019, issued by the Federal Service for supervision in the field of healthcare, without limitation in time, to exercise at the address: 107023, Moscow, Elektrozavodskaya Street, 27, building 8, suite 14/1A and at the address: Moscow region, Istrinsky district, village Davydkovskoe, Dachnaya Street, building 2 (letter B, floor 3, premise XVI № 28-33).

Number of employees of the Company as at the reported date - 2 persons.

Information on the detached divisions

The Company opened a detached division. Location of detached division: 143581, Moscow region, Istrinsky district, village Leshkovo, bldg. 248, 2-4. Detached division was filed on March 09, 2016 by the Inspectorate of the Federal Tax Service for town Istra of Moscow region (Notification No. 28224960 dated 09.03.2016).

Location of the detached division: 143521 Moscow region, Istrinsky district, village Davydkovskoe, Dachnaya Street, building 2 (letter B, floor 3, premise XVI № 28-33) (Notice dated 29.03.2019 No. 504751486).

The detached division does not have a separate balance, and current accounts opened in the banks.

2. Information on business.

The company does not refer to a small business entity, it applies a standard taxation scheme and practices PBU 18/02 “Profit tax accounting”. In compliance with the Articles of Association of the Company, its main business is a wholesale trade in pharmaceuticals and medical goods. The Company did not trade during 2018. The Company did not carried out investment business during the reported year.

Accounting statements of the Company were prepared in compliance with the requirements of Russian laws with respect to preparation and presentation of the accounting statements. In compliance with paragraph 4 of Order of the Ministry of Finance of the Russian Federation No. 66н, the notes to the Balance Sheet and Profit and Loss Statement have been prepared, inter alia, in the form of a table, taking into consideration Appendix No. 3 to such Order.

3. Main elements of accounting policy of the Company.

For accounting and tax accounting purposes the Company applied in 2019 the accounting policy approved by the Orders of Director Nos. 21, 22 dated 31.12.2018 respectively.

Organizational and technical aspects of accounting policy.

Accounting and tax accounting are carried out by accounting department under the management of the Chief Accountant. In virtue of Order No. 2-18 dated 16.01.2018, the responsibilities of keeping accounts were entrusted to the Director beginning from 16.01.2018.

The accounting is carried out with the help of special accounting software 1C: Enterprise UPP 8.2. As working chart of accounts, the Company uses the chart of accounts from 1C software, which is created on the basis of model Chart of accounts approved by the Order of the Ministry of Finance of the Russian Federation dated 31.10.2000 No. 94н. The Company uses the ledgers for accounts and tax records generated by 1C software.

Main elements of accounting policy for the purposes of accounting.

Accounting of property, liabilities and business transactions is carried out in Russian rubles and kopecks. The figure of 10 per cent is a materiality guideline (from data according to respective group of accounts in the Balance Sheet).

The unified forms approved by the State Statistics Committee of Russia are used as the forms of primary accounting documents. In addition, the Company uses the forms generated by 1C software. The forms indicated in appendix to the Order of the Ministry of Finance of Russia dated 02.07.2010 No. 66н are used as accounting records forms.

Document flow Schedule is subject to approval by a separate order of the Director.

Inventory taking of assets and liabilities is carried out in compliance with the procedure approved by the Order of the Ministry of Finance of Russia dated 13.06.95 No. 49. The terms of inventory taking for the selected types of assets and liabilities are subject to separate orders of Director.

Limit cost of assets recognized within the fixed assets is 40 000 rubles. A single method of depreciation accrual, i.e. linear method, is used for all fixed assets. Useful life of fixed assets is determined proceeding from the Classification of fixed assets, included into depreciation groups, approved by the Order of the Government of the Russian Federation dated 01.01.2002 No. 1. Provision for repair of fixed assets is not formed. Expenses for the repair are recorded in the accounts of the reported period, during which such repairs were done.

A single method of depreciation accrual, i.e. linear method, is used for all intangible assets.

Stock number is a unit of account of materials. The materials are recognized by actual prices. For materials valuation, when they are transferred for sale or other purposes, the Company uses a single method, i.e. average primary cost method. Transport and procurement expenses during the purchase of goods are included into the primary cost of the purchased goods.

The primary cost of the purchased goods is formed in account 15 "Procurement and purchase of tangible assets" without using account 16 "Deviation in cost of tangible assets". In order to evaluate all goods, when they are transferred to sale or other purposes, the Company uses a single method – cost of goods is transferred to expenses at their average primary value.

Special tooling and overalls are recognized in manner prescribed for the accounting of materials and supplies inventories.

Expenses for obtaining of loans are recognized for a total amount in the same reported period, when such expenses were incurred.

The Company creates the Provisions for doubtful debts, for decrease in value of inventories, incurred costs without documentary support, bonuses for customers are created.

Permanent and temporary differences are recorded in the accounts on the basis of primary accounting documents and affect tax accounts immediately, which names and intended purposes are similar.

The amounts of deferred tax asset and deferred tax liability are recorded separately in accounts.

Main principles of accounting policy for the purposes of taxation.

Profit tax.

The facilities complying with the requirements of Articles 256 and 257 of Tax Code of the Russian Federation, which useful life is more than 12 months and primary cost is more than 100 thousand rubles, are recognized within the depreciated assets. Increasing and decreasing factors of depreciation value are not used.

When selling the bought-in goods, their acquisition cost is determined according to average cost.

Provisions (for repairs of fixed assets, for doubtful debts, for warranty repairs and maintenance) are not formed.

Three, six and nine months of the calendar year are regarded as reported periods for the purposes of profit tax. Settlements for profit tax are made by payment of monthly advance payments.

Profit and loss are recognized by accrual method.

The acquisition cost of goods for sale comprises the purchase price of the goods, customs fees and levies, costs for delivery of the goods to the company's warehouse, other costs related to acquisition of the goods.

The taxes accrued to the detached division are paid by the head company at place of its location. Taxable profit falling to the detached division located in other place than the head company, is determined pro rata to the average number of staff.

Value Added Tax (VAT).

The transactions imposed at the rates of 10 and 18 per cent, and exempt transaction are recorded separately in accounting and tax accounting ledgers.

For goods (works, services, proprietary interests), used both in transactions subject to VAT and exempt transactions, the deduction amount is determined pro rata to the value of goods (works, services, proprietary interests), shipped during the reported quarter and subject to VAT, within the total value of goods (works, services, proprietary interests), shipped during the reported quarter.

The detached divisions do not issue pro forma invoices and do not keep purchase ledgers and sales ledgers.

Tax accounting data are collected in tax accounting ledgers on the basis of the primary documents, including the accounting notes.

4. Main exponents of Company's business and information on financial standing.

During 2019 the Company have been carrying out business of wholesale trade in medicines.

As of 31.12.2019 the foreign exchange of the Balance Sheet amounted to 20 941 thousand rubles and decreased by 6 911 thousand rubles as compared to the foreign exchange of the balance sheet as of 31.12.2018. Such decrease in the foreign exchange of the Balance Sheet was mostly caused by the decrease of amount in line "Cash and cash equivalents", "Deferred tax assets" in the Assets section of the Balance Sheet and decrease in the uncovered loss and current loans payable in the Liabilities section of the Balance Sheet.

According to information of Profit and Loss Statement, the main indicators of the Company for 2019 are the following:

- management expenses amounted to 3 885 thousand rubles, which is by 890 thousand rubles lower than in 2018;
- other income amounted to 19 752 thousand rubles, which is by 11 472 more than in 2018;
- other expenses amounted to 7 987 thousand rubles, which is by 21 604 thousand rubles lower than in 2018;
- accounting profit before taxation amounted to 8 455 thousand rubles, which is by 17 084 thousand rubles lower than in 2018;
- net loss amounted to 5 887 thousand rubles, which is by 15 594 thousand rubles lower than in 2018.

Within other revenues and expenses, the main part falls to exchange rate differences. Income of exchange rate differences amounted to 19 742 thousand rubles, loss of exchange rate differences amounted to 6 820 thousand rubles. Profit of the exchange rate differences amounted to 12 922 thousand rubles.

The Company accounted profit of 12 837 thousand rubles in tax accounting due to non-recognition of management costs and decrease of amount of negative exchange differences.

Information on transactions in foreign exchange.

In 2019 the Company carried out transactions in foreign exchange (USD): accrual of interest on loan, revaluation of assets and liabilities in foreign exchange as at the transaction date and accounts preparation date.

The exchange rate differences in 2019 were caused by revaluation of assets and liabilities in foreign exchange (loan liabilities, cash on currency accounts). The profit of 12 922 thousand rubles was received due to exchange rate differences upon the results of 2019.

Exchange rate of the Central Bank of the Russian Federation applied as at the reported date of accounting statements (as at 31.12.2019): 1 USD = 61,9057 rubles.

Settlements for profit tax (application of rules of PBU 18/02).

The substantial discrepancies between the accounting and tax records are caused by the fact that the following expenses were not accepted for the purposes of taxation in the reported year (permanent differences occurred):

- amounts of management expenses – 3 885 thousand rubles.
- amounts of written-off VAT (amounts of VAT not accepted for refund from the budget) - 398 thousand rubles.

Provisions and estimated liabilities.

As at 31.12.2019, the provision for vacations amounts to 45 thousand rubles, provision for annual bonus – 103 thousand rubles, provision for audit expenses - 75 thousand rubles.

No provisions were created within the tax accounting.

Loan liabilities and maturity periods

The line 15101 of the Balance Sheet records the loan liabilities in rubles – 105 240 thousand rubles (in foreign exchange in total amount of USD 1 700 000). Maturity of loans falls to April 2020.

5. Explanation of information set out in the accounting statements.

1. Fixed assets

1.1. Availability of cash and cash flows

Indicator	Code	Period	As of beginning of the year		Changes for the period						By the end of the period	
			Primary cost	accumulated depreciation	Received	Retired items		Accrued depreciation	Revaluation		Primary cost	accumulated depreciation
						Primary cost	accumulated depreciation		Primary cost	Accumulated depreciation		
Fixed assets (without consideration of income-bearing investments into tangible assets)	5200	for 2019	729	(729)	-	-	-	-	-	-	729	(729)
	5210	for 2018	729	(679)	-	-	-	(50)	-	-	729	(729)
including: Vehicles	5201	for 2019	-	-	-	-	-	-	-	-	-	-
	5211	for 2018	-	-	-	-	-	-	-	-	-	-
Machines and equipment (except for office machinery)	5202	for 2019	729	(729)	-	-	-	-	-	-	729	(729)
	5212	for 2018	729	(679)	-	-	-	(50)	-	-	729	(729)
Office equipment	5203	for 2019	-	-	-	-	-	-	-	-	-	-
	5213	for 2018	-	-	-	-	-	-	-	-	-	-
Other fixed assets	5204	for 2019	-	-	-	-	-	-	-	-	-	-
	5214	for 2018	-	-	-	-	-	-	-	-	-	-
Total: recognized within income-bearing investments into material valuables	5220	for 2019	-	-	-	-	-	-	-	-	-	-
	5230	for 2018	-	-	-	-	-	-	-	-	-	-
including:	5221	for 2019	-	-	-	-	-	-	-	-	-	-
	5231	for 2018	-	-	-	-	-	-	-	-	-	-

1.2. Capital investments in progress

Indicator	Code	Period	As of beginning of the year	Changes for the period			By the end of the period
				costs for the period	written-off	Accepted for recognition as fixed assets or cost is increased	
Total construction in progress and transactions in progress for acquisition, upgrading etc. of fixed assets	5240	for 2019	-	-	-	-	-
	5250	for 2018	-	-	-	-	-
including:	5241	for 2019	-	-	-	-	-
	5251	for 2018	-	-	-	-	-

1.3. Change in cost of fixed assets as a result of further construction, further equipping, reconstruction and partial liquidation

Indicator	Code	for 2019	for 2018
Total increase in costs of fixed assets as a result of further construction, further equipping, reconstruction	5260	-	-
including:			
	5261	-	-
Total decrease of cost of fixed assets as a result of partial liquidation	5270	-	-
including:			
	5271	-	-

1.4. Other use of fixed assets

Indicator	Code	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017
Fixed assets transferred into rent, accounted in balance	5280	-	-	-
Fixed assets transferred into rent, accounted out of balance	5281	-	-	-
Fixed assets received into rent, accounted in balance	5282	-	-	-
Fixed assets received into rent, accounted out of balance	5283	324	324	-324
Real estate facilities accepted for operation and actually used, in the course of state registration	5284	-	-	-
Laid up fixed assets	5285	-	-	-
Other use of fixed assets (pledge etc.)	5286	-	-	-

2. Inventories

2.1. Availability and flow of inventories

Indicator	Code	Period	As of beginning of the year		Changes for the period					By the end of the period	
			Primary cost	Inventory provision amount	Receipts and costs	Retired		Loss of decrease in cost	Turnover of inventory between their groups (types)	Primary cost	Inventory provision amount
						Primary cost	Inventory provision				
Total inventory	5400	for 2019	23	-	3901	(3 901)	-	-	X	23	-
	5420	for 2018	33	-	4 808	(4 818)	-	-	X	23	-
including:											

Raw stuff, materials and other similar inventories	5401	for 2019	-	-	-	-	-	-	-	-	-
	5421	for 2018	-	-	1	(1)	-	-	-	-	-
Finished Products	5402	for 2019	-	-	-	-	-	-	-	-	-
	5422	for 2018	-	-	-	-	-	-	-	-	-
Goods for resale	5403	for 2019	-	9	9	-	-	-	-	-	-
	5423	for 2018	-	-	-	-	-	-	-	-	-
Shipped goods and finished products	5404	for 2019	-	-	-	-	-	-	-	-	-
	5424	for 2018	-	-	-	-	-	-	-	-	-
Expenses in production in progress	5405	for 2019	-	-	-	-	-	-	-	-	-
	5425	for 2018	-	-	-	-	-	-	-	-	-
Other inventories and costs	5406	for 2019	-	-	3855	(3855)	-	-	-	-	-
	5426	for 2018	-	-	4775	(4775)	-	-	-	-	-
Prepaid expenses (for analytic accounts, which are set out in balance within "Inventories")	5407	for 2019	23	-	37	(37)	-	-	X	23	-
	5427	for 2018	33	-	32	(42)	-	-	X	23	-

3. Accounts receivable and Accounts payable

3.1. Availability and flow of accounts receivable

Indicator	Code	Period	As of beginning of the year		Changes for the period						By the end of the period	
			Recognized under the terms of agreement	Amount of provision for doubtful debt	received		Retired			Transfer from accounts payable to accounts receivable	Recognized under the terms of agreement	Amount of provision for doubtful debt
					As a result of business transactions (debt amount under the transaction)	Outstanding interest, fines and other accruals	Repayment	Writing-off to finance result	Provision recovery			
Total non-current accounts receivable	5501	for 2019	-	-	-	-	-	-	-	-	-	-
	5521	for 2018	-	-	-	-	-	-	-	-	-	-
including: Settlements with buyers and customers	5502	for 2019	-	-	-	-	-	-	-	-	-	-
	5522	for 2018	-	-	-	-	-	-	-	-	-	-
Issued advances	5503	for 2019	-	-	-	-	-	-	-	-	-	-
	5523	for 2018	-	-	-	-	-	-	-	-	-	-
Other	5504	for 2019	-	-	-	-	-	-	-	-	-	-
	5524	for 2018	-	-	-	-	-	-	-	-	-	-
	5505	for 2019	-	-	-	-	-	-	-	-	-	-
	5525	for 2018	-	-	-	-	-	-	-	-	-	-
Total current accounts	5510	for 2019	413	-	465		(238)		-		640	-

receivable	5530	for 2018	1557	(288)			(1144)		288		413	-
including:												
Settlements with buyers and customers	5511	for 2019	-	-	-	-	-	-	-	-	-	-
	5531	for 2018	219	(219)	-	-	(219)	-	219	-	-	-
Issued advances	5512	for 2019	261	-	164	-	(201)	-	-	-	224	-
	5532	for 2018	441	-	-	-	(180)	-	-	-	261	-
Other												
	5513	for 2019	152	-	301		(37)		-		416	-
	5533	for 2018	897	(69)			(745)	-	69		152	-
	5514	for 2019	-	-	-	-	-	-	-	-	-	-
	5534	for 2018	-	-	-	-	-	-	-	-	-	-
Total	5500	for 2019	413	-	465	-	(238)	-	-	-	640	-
	5520	for 2018	1557	(288)	-		(1144)		288	X	413	-

3.2. Availability and flow of accounts payable

Indicator	Code	Period	Balance at the beginning of the year	Changes for the period				Balance as at the end of the period
				received		Retired	Transfer from accounts payable to accounts receivable	
				As a result of business transactions (debt amount under the transaction)	Outstanding interest, fines and other accruals	repayment		
Total non-current accounts payable	5551	for 2019	80 307	-	-	-	-	80 307
	5571	for 2018	-	80 307	-	-	-	80 307
including: credits								
	5552	for 2019	-	-	-	-	-	-
	5572	for 2018	-	-	-	-	-	-
loans								
	5553	for 2019	-	-	-	-	-	-
	5573	for 2018	-	-	-	-	-	-
other								
	5554	for 2019	80 307	-	-	-	-	80307
	5574	for 2018	-	80 307	-	-	-	80 307
Total current accounts payable								
	5560	for 2019	118 725	6 957	90	(19 771)	-	106 001
	5580	for 2018	178 683	20219	149	(80326)	-	118 725
including: settlements with suppliers and contractors								
	5561	for 2019	41	174		(30)		185
	5581	for 2018	16	41	-	(16)	-	41
Received advances								
	5562	for 2019	-	-	-	-	-	-
	5582	for 2018	-	-	-	-	-	-
Taxes and levies payment								
	5563	for 2019	14	2	1	(1)	-	16
	5583	for 2018	16	(2)	3	(3)	-	14
credits								
	5564	for 2019	118,100	6 781	-	(19641)	-	105,240
	5584	for 2018	97 920	20180	-	-	-	118,100
Interest on credits								
	5565	for 2019	570		89	(99)		560

	5585	for 2018	424		146		-	570
other	5566	for 2019	-			-	-	-
	5586	for 2018	80 307			(80 307)	-	-
	5567	for 2019	-	-	-	-	-	-
	5587	for 2018	-	-	-	-	-	-
Total	5550	for 2019	199 032	6 957	90	(19771)	-	186 308
	5570	for 2018	178 683	100 526	149	(80326)	-	199 032

4. Costs of production

Indicator	Code	for 2019	for 2018
Tangible costs	5610	-	1
Salaries	5620	1 196	1 352
Social security withholdings	5630	470	402
Depreciation	5640	-	50
Other costs	5650	2 189	2970
Total by items	5660	3 855	4 775
Change of balances (increase [-]): in production in progress, finished products etc.	5670	-	-
Change of balances (decrease [+]): in production in progress, finished products etc.	5680	-	-
Total costs for ordinary business	5600	3 855	4 775

5. Estimated liabilities

Indicator	Code	Balance at the beginning of the year	Recognized	Repaid	Written-off as excessive amount	Balance as of the end of period
Total estimated liabilities	5700	297	113	(187)	-	223
including:						
Estimated liabilities for payment of vacations	5701	141	34	(130)	-	45
Estimated liabilities for payment of annual bonus	5702	156	4	(57)	-	103
Estimated liabilities for payment of bonus to buyers	5703	-	-	-	-	-
Estimated liabilities for actual costs	570	-	75	-	-	75

6. Information on the related parties

Information on the related parties and transactions with such parties as of 31.12.2019 is set out below.

1. O.V. Syrkasheva, person exercising the powers of the Executive Officer. The Company entered into the following transactions with the related party:

- payments of salary for 2019 in compliance with the Employment Contract;
- personal income tax;
- mandatory payments to off-budget funds accrued on the salaries.

2. The sole member of the Company - Sun Pharmaceutical Industries Limited, a company incorporated under the laws of the Republic of India. As of 31.12.2019 the member owns a 100% share in the authorized capital with the nominal value of 50 000 (fifty thousand) rubles.

The Company did not entered in any transactions with such related party.

7. Events after reporting date.

In accordance with the point 3 PBU 7/98 «Events after reporting date», the event after the reporting date is understood as the fact of economic activity which exerted or can exert the impact on the financial condition, cash flow or results of the company's business and which takes place between the reported date and signature date of accounting records for the financial year.

The company has no such relevant facts of economic activity to be recognized as events after reporting date in the financial statements for 2019.

8. Contingencies of business.

The Company did not have any contingencies of business during economic activity in 2019.

9. Results and prospects

The Company did not carry out trade business, i.e. wholesale trade in pharmaceuticals manufactured by the Indian company Sun Pharmaceuticals Industries Limited (India) in 2019.

Loss of non-sale transactions amounted to 12 922 thousand rubles.

Loss before taxation in accounting records amounted to – 8 455 thousand rubles.

At the reported year-end, the Company gained a net profit of 5 887 thousand rubles.

In 2019 the Company did not extend the markets of sales of the drugs, decreased considerably the number of the buyers and sales volume in comparison with 2018.

However negative net assets still remain in the Company. They amounted in 2017 - (149 996) thousand rubles, in 2018 – (171 477) thousand rubles and in 2019 - (165 590) thousand rubles at the background of the invariable amount of the authorized capital of 50 thousand rubles.

The main reason is a loss incurred of the financial and business operations, arising mostly due to executive and any other expenses, and absence of trade business during 2019.

Furthermore the Company does not have any intentions to terminate or further reduce substantially its business. Responsible persons of the company management explore various options of business expansion, development of new business trends and markets.

Manager /signed/ O.V. Syrkasheva

March 10, 2020

Seal: Sun Pharmaceutical Industries Limited, Limited Liability Company, Moscow

Перевела с русского языка на английский язык переводчик Маматкулова Бермет Молдобековна