

Sun Pharma (Netherlands) B.V.
Amsterdam

Annual Report
For the year
ended 31 March 2019

Entry number in the trade register of the Dutch Chamber of Commerce : 33254757

Sun Pharma (Netherlands) B.V.

| Table of Contents | Page |
|---|-------------|
| Financial Statements | |
| Statement of financial position as at 31 March 2019 | 3 |
| Statement of profit and loss for the year ended 31 March 2019 | 4 |
| Notes to the financial statements | 5-14 |
| Other information | 15 |
| Independent auditor's report | 16 |

Sun Pharma (Netherlands) B.V.

Statement of financial position as at 31 March 2019
(After appropriation of the results)

(Amounts in US Dollars)

| | Notes | As at 31 March 2019 | As at 31 March 2018 |
|--|-------|---------------------------|---------------------------|
| Fixed assets | | | |
| Financial fixed assets | | | |
| Investments | 1 | 633,815,700 | 635,201,118 |
| Amount owed by group entities | 2 | <u>91,626,814</u> | <u>146,452,618</u> |
| Total fixed assets | | <u>725,442,514</u> | <u>781,653,736</u> |
| Current assets (due within one year) | | | |
| Amount owed by group entities | 2 | 49,753,710 | 5,438,477 |
| Other receivables | 3 | 4,019,395 | 2,076,805 |
| Cash and cash equivalents | 4 | <u>128,957,221</u> | <u>31,993,756</u> |
| Total current assets | | <u>182,730,326</u> | <u>39,509,038</u> |
| | | <u>908,172,840</u> | <u>821,162,774</u> |
| Shareholder's equity | | | |
| | 5 | | |
| Share capital | | 613,837,113 | 678,258,176 |
| Share premium reserve | | 155,000,000 | 155,000,000 |
| Retained earnings | | (18,140,812) | (44,013,576) |
| Foreign currency translation reserve | | <u>86,165,862</u> | <u>21,744,799</u> |
| Total shareholder's equity | | <u>836,862,163</u> | <u>810,989,399</u> |
| Current liabilities (due within one year) | | | |
| Accrued liabilities and other payables | 6 | <u>71,310,677</u> | <u>10,173,375</u> |
| Total current liabilities | | <u>71,310,677</u> | <u>10,173,375</u> |
| | | <u>908,172,840</u> | <u>821,162,774</u> |

The accompanying notes form an integral part of these financial statements.

Sun Pharma (Netherlands) B.V.

Statement of profit and loss for the year ended 31 March 2019

(Amounts in US Dollars)

| | Notes | As at 31 March 2019 | As at 31 March 2018 |
|--|-------|------------------------|------------------------|
| Operating income | | | |
| Dividend from investments | 7 | 112,353,715 | 2,364,220 |
| Impairment in value of investments | 1 | (37,725,267) | - |
| Total operating income | | 74,628,448 | 2,364,220 |
| Other operating income | | | |
| Interest income on amount owed by group entities | 8 | 7,666,810 | 7,779,109 |
| Interest income from banks and others | | 840,458 | 625,985 |
| Impairment of receivable from group entities | | (521,859) | (21,587,800) |
| Total other operating income | | 7,985,409 | (13,182,706) |
| Other financial income / (expense) | | | |
| | 9 | (14,049,372) | 3,604,827 |
| | | (14,049,372) | 3,604,827 |
| Other expenses | | | |
| General and administration expenses | 10 | (286,279) | (265,067) |
| Total other expenses | | (286,279) | (265,067) |
| Result before tax | | | |
| | | 68,278,206 | (7,478,726) |
| Corporate income tax | 11 | 100,922 | (1,471,033) |
| Result after tax | | 68,379,128 | (8,949,759) |
| Other comprehensive income | | | |
| Revaluation securities | | 17,493,636 | 1,651,879 |
| Net results | | 85,872,764 | (7,297,880) |

The accompanying notes form an integral part of these financial statements.

Sun Pharma (Netherlands) B.V.

Notes to the financial statements for the year ended 31 March 2019

General information:

Sun Pharma (Netherlands) B.V. ("the Company") was incorporated as a limited liability company under the laws of the Netherlands on 14 December 1993 and has its statutory seat in Hoofddorp, the Registered Office address is Polarisavenue 87, 2132 JH Hoofddorp, The Netherlands. The Company is a wholly-owned subsidiary of Sun Pharmaceutical Industries Limited ('Parent Company'). The Company name has been changed from Ranbaxy (Netherlands) B.V. to Sun Pharma (Netherlands) B.V. effective from 21st July 2017.

The functional and reporting currency of Sun Pharma (Netherlands) B.V. is US Dollar, mainly based on the nature of the Company and in accordance with the primary economic environment in which the company operates as a holding company within the sun Group.

Financial reporting period

The current financial reporting period is for the 12 months ending 31 March 2019.

Basis of preparation and presentation :

The financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code.

The financial statements are presented in U.S. Dollars, the company's functional currency. All financial information in U.S. Dollars has been rounded to the nearest Dollar.

Going concern

These financial statements have been prepared on the basis of the going concern assumption.

Accounting policies for the measurement of assets and liabilities and the determination of the result

a. General

The principles applied for the valuation of assets and liabilities and result determination are based on the historical cost convention.

Unless stated otherwise, assets and liabilities are shown at nominal value.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognized in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

Income and expenses are allocated to the period to which they relate. Income is recognized when the right to receive the income is established.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is expected to be realized within twelve months after the reporting period and all other assets are classified as non-current. A liability is current when there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period and all other liabilities are classified as non-current.

b. Using estimates and judgements

The preparation of the financial statements requires that management make judgements and use estimates and assumptions that affect the application of the accounting principles and the reported value of the assets and liabilities and the income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are continually reviewed. Revised estimates are stated in the period in which the estimate is revised and in future periods for which the revision has consequences.

The accounting policies regarding financial fixed asset valuation and valuation of financial instruments are in the opinion of management the most critical for the purpose of presenting the financial position and require estimates and assumption.

c. Financial fixed assets

Financial fixed assets mainly consists of participations in group entities. For accounting policies relating to amounts held with group entities, refer to financial instruments policy. The participations in group entities are accounted for by the cost method and are stated at cost, less any provision for other than temporary decline in value.

Financial fixed assets are tested for impairment in the case of changes, or circumstances arising, that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate. If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to statement of profit and loss as the difference between the carrying amount and the recoverable amount.

d. Impairment of financial fixed assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, with negative impact on the estimated future cash flows of that asset, which can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, indications that a debtor or issuer is approaching bankruptcy, or the disappearance of an active market for a security.

The entity considers evidence of impairment for financial assets measured at amortised cost (loan and receivables and financial assets that are held to maturity) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those individually significant assets found not to be specifically impaired and assets that are not individually significant are then collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset stated at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate for Investments carried at cost the cash flows are discounted at the Investments weighted average cost of capital taking into account specific entity, industry and country risks.

Losses are recognised in the statement of profit and loss and reflected in an allowance account against loans and receivables or investment securities held to maturity. Interest on the impaired asset continues to be recognised by using the asset's original effective interest rate.

When, in a subsequent period, the amount of an impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the decrease in impairment loss is reversed through profit or loss (up to the amount of the original cost).

e. Financial instruments

Financial instruments include amounts owed by group entities, other receivables, accrued liabilities and other payables, and amounts owed by group entities. Financial instruments are initially recognised at fair value. After initial recognition, financial instruments are valued at amortized cost on the basis of the effective interest method, less impairment losses. The effective interest and impairment losses, if any, are directly recognised in the statement of profit and loss.

f. Shareholders equity

Financial instruments taking the legal form of shareholders' equity instruments are presented under shareholders' equity. Distributions to the holders of these instruments are deducted from shareholder's equity after deduction of any related benefit related to tax on profit.

Financial instruments taking the legal form of a financial obligation are presented under loan capital. Interest, dividends, income and expenses related to these financial instruments are recognised in the statement of profit and loss.

g. Principles for the translation of foreign currency

Transactions in foreign currencies

Transactions denominated in foreign currency are translated into the relevant functional currency of the group companies at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into the functional currency at the exchange rate applying on that date. Translation gains and losses are taken to the statement of profit and loss as expenditure. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into U.S. Dollars at the applicable exchange rates applying on the transaction date. Non-monetary assets and liabilities in foreign currency that are stated at present value are translated into U.S. Dollars at the applicable exchange rates at the moment the present value is determined. Translation gains and losses are taken directly to equity as part of the revaluation reserve.

h. Consolidation

In accordance with article 408, Book 2 of the Dutch Civil Code, the Company is not required to prepare consolidated annual accounts in conformity with accounting principles generally accepted in the Netherlands. The annual accounts of the Company and its subsidiaries are included in the consolidated accounts of the holding company, which are available at the Company's registered office and will be filed at Dutch Chamber of Commerce.

i. Recognition of income

Dividend from investments are recorded as income (net of taxes) when the right to receive the income is established. Other income and expenses are recognised and reported on an accrual basis. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

j. Corporate income tax

Provisions for taxation have been made in accordance with standard ruling practice for holding companies in The Netherlands. Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the statement of profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Current tax comprises the expected tax payable of receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

k. Leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases. Operating lease payments are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term

I. Cash and cash equivalents

Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement.

Cash and cash equivalents denominated in foreign currencies are translated at the balance sheet date in the functional currency

at the exchange rate ruling at that date. Reference is made to the accounting policies for foreign currencies

Cash and cash equivalents that are not readily available to the Company within 12 months are presented under financial fixed assets

m. Provisions

A provision is recognised if the following applies:

- the Company has a legal or constructive obligation, arising from a past event; and
- the amount can be estimated reliably;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at the nominal value of the best estimate of the expenditures that are expected to be required to settle the liabilities and losses.

n. Cash flow statement

In accordance with the provisions of Dutch Accounting Standard RJ 360.103 the Company does not prepare a cash flow statement as a cash flow statement is included in the consolidated financial statements of the ultimate Parent Company, which can be obtained at the website of the Parent Company.

o. Related parties

Transactions with related parties (refer to note 16 for the identified related parties) are disclosed if they have not been entered into at arm's length. Disclosed are the nature and amounts involved with such transactions, and other information that is deemed necessary for an insight into the transactions.

p. Standards issued but not yet effective

Standards issued but not yet effective and not early adopted by the Company.

- IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*
- IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*
- Amendments to IAS 28: *Long-term interests in associates and joint ventures*

The Company believes that the aforementioned amendments will not materially impact the financial position or performance of the Company.

| | | | As at 31 March 2019 | As at 31 March 2018 |
|---|-----------------|--|------------------------|------------------------|
| | | | USD | USD |
| Balance sheet | | | | |
| 1 Investments | | | | |
| <i>Interests in group entities</i> | | | | |
| <u>Name</u> | <u>Domicile</u> | <u>Effective shareholding (%)</u> <u>Current year (Previous year)</u> | | |
| Sun Pharma AZN Pty Ltd (formerly known as Ranbaxy Australia Pty. Ltd) | Australia | 100 (100) | 13,866,307 | 13,866,307 |
| Ranbaxy Farmaceutica Ltda, Brazil | Brazil | 100 (100) | 12,491,730 | 12,491,730 |
| Sun Pharma Canada Inc | Canada | 100 (100) | 1,855,487 | 1,855,487 |
| Sun Pharma Egypt Limited (L.L.C.) (formerly known as Ranbaxy Egypt (L.L.C)) \$ | Egypt | 100 (100) | 13,321,255 | 13,321,255 |
| Ranbaxy Pharmacia Generiques SAS | France | 3.33 (3.33) | 3,252,483 | 3,252,483 |
| Basics GmbH | Germany | 100 (100) | 6,984,012 | 6,984,012 |
| Ranbaxy Ireland Ltd | Ireland | 100 (100) | 13,429,581 | 13,429,581 |
| Ranbaxy Italia S.p.A. | Italy | 100 (100) | 29,051,792 | 29,051,792 |
| Ranbaxy Malaysia Sdn. Bhd. | Malaysia | 55.8 (50.87) | 3,105,425 | 2,664,438 |
| Ranbaxy Pharmaceuticals Ukraine \$\$\$ | Ukraine | 100 (100) | 4,950,000 | 4,950,000 |
| Ranbaxy Nigeria Ltd | Nigeria | 53.48 (52.63) | 584,219 | 561,927 |
| Sun Pharmaceutical Industries S.A.C. | Peru | 100 (100) | 1,512,500 | 1,512,500 |
| Ranbaxy (Poland) Sp. Zoo \$\$\$ | Poland | 100 (100) | 1,324,634 | 1,324,634 |
| S.C. Terapia S.A. | Romania | 96.81 (96.7) | 326,716,541 | 326,716,541 |
| AO Ranbaxy | Russia | 99 (99) | 4,229,061 | 4,229,061 |
| Ranbaxy (S.A) (Proprietary) Ltd | South Africa | 100 (100) | 3,272,000 | 3,272,000 |
| Ranbaxy Pharmaceuticals (Pty) Ltd. | South Africa | 100 (100) | 91,672,094 | 91,672,094 |
| Laboratories Ranbaxy S.L. | Spain | 100 (100) | 10,889,738 | 10,889,738 |
| Ranbaxy Thailand Co. Limited | Thailand | 100 (100) | 3,328,661 | 3,328,661 |
| Ranbaxy Holdings(UK) Ltd | United Kingdom | 100 (100) | 54,178,491 | 54,178,491 |
| JSC Biosintez | Russia | 96.96(85.1) | 25,238,727 | 22,006,056 |
| Ranbaxy (UK) Ltd | United Kingdom | 100 (100) | 39,475,267 | 39,475,267 |
| Sun Pharmaceuticals Morocco LLC | Morocco | 100 (100) | 1,496,923 | 1,496,923 |
| | | | 666,226,928 | 662,530,978 |
| <u>Less: Provision for diminution in value of investments</u> | | | | |
| Ranbaxy (UK) Ltd | | | 39,475,267 | 1,750,000 |
| Sun Pharmaceutical Industries S.A.C. | | | 1,512,500 | 1,512,500 |
| Ranbaxy Pharmacia Generiques SAS | | | 3,252,483 | 3,252,483 |
| Ranbaxy Ireland Ltd | | | 5,415,000 | 5,415,000 |
| Ranbaxy Italia S.p.A. | | | 29,051,790 | 29,051,790 |
| | | | 78,707,040 | 40,981,773 |
| Total investments in group entities | | | 587,519,888 | 621,549,205 |
| Other investments | | | | |
| Krystel Biotech Inc. @ | USA | 6.3(8.9) | 30,074,120 | 9,223,340 |
| SC Pharmaceuticals Inc. # | USA | 1.92(1.93) | 1,071,429 | 4,428,573 |
| | | | 31,145,549 | 13,651,913 |
| Investment in debts instruments | | | | |
| Ranbaxy Pharmaceuticals (Pty) Ltd. * | South Africa | | 15,150,263 | - |
| Total investments | | | 633,815,700 | 635,201,118 |

\$ Sun Pharma (Netherlands) B.V. holding 99.90% in Sun Pharma Egypt Ltd. (L.L.C.) and 0.10% through it's holding company Ranbaxy (UK) Ltd.

\$\$ Sun Pharma (Netherlands) B.V. holding 99% in Ranbaxy Pharmaceuticals Ukraine and 1% through it's holding company Ranbaxy Holdings(UK) Ltd.

\$\$\$ Sun Pharma (Netherlands) B.V. holding 99.98 in Ranbaxy (Poland)Sp. Zoo and 0.02% through it's holding company Ranbaxy Holdings(UK) Ltd.

@ On 7 August 2017 the Company has made investment in Krystel Biotech Inc. of 914,107 shares at a cost of USD 7,000,032. At year end the fair value of Krystel Biotech Inc. amounted USD 30,074,120

On 21 November 2017 the Company has made investment in SC Pharmaceuticals Inc. of 357,143 shares at a cost of USD 5,000,002. At year end the fair value of SC Pharmaceuticals Inc. amounted USD 1,071,429.

* Ranbaxy Pharmaceuticals (Pty) Ltd has issued 220,000,000 non-cumulative redeemable preference shares for a period of 12 years @ ZAR 1 per preference shares.

The Company has made use of article 408, Book 2 of the Dutch Civil Code, which enables departure from consolidation of subsidiaries.

Sun Pharma (Netherlands) B.V.

Notes to the financial statements for the year ended 31 March 2019 (Continued)

| | Interest Rate | As at 31 March 2019 | | As at 31 March 2018 | |
|--|------------------------|------------------------|-------------------|------------------------|--------------------|
| | | USD | | USD | |
| | | Current | Non-current | Current | Non-current |
| 2 Amount owed by group entities | | | | | |
| Sun Pharma AZN Pty Ltd (formerly known as Ranbaxy Australia Pty. Ltd) | 2.60% | - | 10,367,569 | - | 11,228,744 |
| Ranbaxy Pharmaceuticals (Pty) Ltd. | 8.50% | - | - | 1,755,556 | 17,766,256 |
| AO Ranbaxy | 6 M USD LIBOR + 250bp | 79,196 | 5,873,173 | 63,502 | 5,873,173 |
| Ranbaxy (S.A) (Proprietary) Ltd | 8.50% | - | - | 1,109,617 | 11,895,539 |
| Ranbaxy UK Ltd | * | - | 11,574,168 | - | 12,817,586 |
| Ranbaxy Farmaceuticals Ltda | 6 M USD LIBOR + 250 bp | 15,687,275 | 5,000,000 | 809,999 | 20,124,763 |
| Ranbaxy Nigeria Limited | 6 M USD LIBOR + 300bp | 441,224 | 9,338,333 | 364,100 | 8,974,233 |
| Sun Pharmaceuticals Industries INC | 3 M USD LIBOR + 50bp | 25,010,729 | - | - | - |
| Sun Pharmaceuticals Morocco LLC | 3 M USD LIBOR + 250bp | 4,702,114 | 588,283 | 158,152 | 4,930,131 |
| JSC Biosintez | 7.50% | 3,833,172 | 48,885,288 | 1,177,551 | 52,842,193 |
| | | 49,753,710 | 91,626,814 | 5,438,477 | 146,452,618 |

* Interest free loans

| | As at 31 March 2019 | | As at 31 March 2018 | |
|--|------------------------|--------------------|------------------------|-------------------|
| | USD | | USD | |
| | | | | |
| 3 Other receivables | | | | |
| Withholding taxes | | 863,654 | | 549,886 |
| VAT | | 6,208 | | 7,082 |
| Other loans | | 128,739 | | 80,000 |
| Bank interest receivable | | 63,086 | | 52,705 |
| Other assets | | 2,957,708 | | 1,387,132 |
| | | 4,019,395 | | 2,076,805 |
| Other assets | | | | |
| Balance in Escrow account * | | 1,851,656 | | 308,525 |
| Insurance premium - receivable from entities | | 1,414 | | 8,345 |
| Bank fee and charges receivable from JSC Biosintez | | 435,839 | | 435,839 |
| Interest outstanding to SBER bank receivable from JSC Biosintez | | 168,969 | | 189,850 |
| Share application money pending allotment - Rexcel Egypt Limited | | 54,902 | | - |
| Interest receivable from Sun Pharma Egypt Limited(L.L.C.) | | 227,767 | | 227,767 |
| Dividend receivable from Ranbaxy Nigeria Limited | | 15,835 | | 15,480 |
| Third party payment receivable from Ranbaxy Nigeria Limited | | 201,326 | | 201,326 |
| | | 2,957,708 | | 1,387,132 |
| * Pivable to Biotech Inc. | | | | |
| 4 Cash and cash equivalent | | | | |
| Current account with Canara Bank (USD) | | 2,455,953 | | 1,570,136 |
| Current account with Canara Bank (EUR) | | 701,949 | | 18,065 |
| Current account with Canara Bank (GBP) | | 207,863 | | 2,367,309 |
| Current account with SBER Bank SA (USD) | | 39,922 | | 39,922 |
| Current account with SBER Bank SA (RUB) | | 1,051,534 | | 2,524,593 |
| On deposit accounts : | | | | |
| - Fixed deposit with SBER Bank (RUB) with original maturity of three or less than 3 months | | - | | 3,473,731 |
| - Fixed deposit with Canara Bank (USD) with original maturity of three or less than 3 months | | 124,500,000 | | 22,000,000 |
| | | 128,957,221 | | 31,993,756 |

Cash at banks and deposits is not restricted and is freely distributable.

Sun Pharma (Netherlands) B.V.

Notes to the financial statements for the year ended 31 March 2019 (Continued)

5 Shareholder's equity

The authorized share capital of the Company amounts to EUR 1,750,000,000 divided into 17,500,000 shares of EUR 100 each. Issued and paid up shares are 5,473,340 (31 March 2018, 5,473,340) shares of EUR 100 each.

| | Share capital | Share premium reserve | Retained earnings | Foreign currency translation reserve | In USD Total |
|---------------------------------------|--------------------|-----------------------|---------------------|--------------------------------------|--------------------|
| Balance as on 01 April 2017 | 584,883,522 | 155,000,000 | (36,715,696) | 115,119,453 | 818,287,279 |
| Additions made during the period | - | - | - | - | - |
| Other comprehensive income | - | - | 1,651,879 | - | 1,651,879 |
| Dividend paid during the period | - | - | - | - | - |
| Translation adjustment for the period | 93,374,654 | - | - | (93,374,654) | - |
| Result for the period | - | - | (8,949,759) | - | (8,949,759) |
| Balance as on 31 March 2018 | 678,258,176 | 155,000,000 | (44,013,576) | 21,744,799 | 810,989,399 |
| Balance as on 01 April 2018 | 678,258,176 | 155,000,000 | (44,013,576) | 21,744,799 | 810,989,399 |
| Additions made during the period | - | - | - | - | - |
| Other comprehensive income | - | - | 17,493,636 | - | 17,493,636 |
| Dividend paid during the period | - | - | (60,000,000) | - | (60,000,000) |
| Translation adjustment for the period | (64,421,063) | - | - | 64,421,063 | - |
| Result for the period | - | - | 68,379,128 | - | 68,379,128 |
| Balance as on 31 March 2019 | 613,837,113 | 155,000,000 | (18,140,812) | 86,165,862 | 836,862,163 |

Note:

- 1] Translation reserve includes translation of share capital translated from EURO to USD at closing exchange rate. The EURO to USD exchange rate used as per 31 March 2019 is 1.12150 (31 March 2018: 1.2392)
- 2] The dividend has been declared to Sun Pharmaceutical Industries Limited (SPIL) being a sole shareholder.

Appropriation of result

In anticipation of a resolution being passed to that effect at the general meeting to be held to consider and adopt the financial statements for the year ended 31 March 2019, profit for the year of US Dollars 68,379,128 has been added to retained earnings brought forward from previous years.

| | As at 31 March 2019 USD | As at 31 March 2018 USD |
|---|-------------------------------|-------------------------------|
| 6 Accrued liabilities and other payables | | |
| Accruals | 24,112 | 31,891 |
| Other liabilities | 69,815,532 | 8,670,451 |
| Provision for tax | 1,471,033 | 1,471,033 |
| | 71,310,677 | 10,173,375 |
| Accruals | | |
| Audit fee | 24,112 | 31,891 |
| | 24,112 | 31,891 |
| Other liabilities | | |
| Advance from Ranbaxy Ireland Ltd | 7,915,573 | 8,054,822 |
| Dividend payable to Sun Pharmaceutical Industries Limited | 60,000,000 | - |
| Insurance amount payable to entities | 17,925 | 50,579 |
| Consultancy fee payable | 30,378 | - |
| Balance in Escrow account payable to Biotech Inc. | 1,851,656 | 308,525 |
| Law firm fee | - | 256,525 |
| | 69,815,532 | 8,670,451 |

Sun Pharma (Netherlands) B.V.

Notes to the financial statements for the year ended 31 March 2019 (Continued)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|--|-------------------------------------|-------------------------------------|
| | USD | USD |
| 7 Dividend from investments | | |
| Ranbaxy Holding UK Ltd | - | 2,364,220 |
| S.C. Terapia S.A. | 112,353,715 | - |
| | <u>112,353,715</u> | <u>2,364,220</u> |
| 8 Interest income on amount owed by group entities | | |
| Ranbaxy Nigeria Limited, Nigeria | 441,223 | 364,100 |
| Ranbaxy S.A. (Proprietary) Limited, South Africa | 609,292 | 807,685 |
| Ranbaxy Farmaceutica Ltda., Brazil | 993,091 | 809,999 |
| Ranbaxy Pharmaceuticals (Pty) Ltd., South Africa | 725,770 | 1,076,916 |
| AO Ranbaxy, Russia | 295,005 | 270,685 |
| Sun Pharmaceuticals Morocco LLC, Morocco | 224,572 | 175,724 |
| Sun Pharma AZN Pty Ltd (formerly known as Ranbaxy Australia Pty. Ltd), Australia | 277,317 | 299,100 |
| Sun Pharmaceutical Industries INC, USA | 10,729 | 191,239 |
| Ranbaxy Pharmacia Generiques SAS, France | 442,747 | - |
| Ranbaxy Italia S.p.A. , Italy | 79,112 | - |
| JSC Biosintez, Russia | 3,567,952 | 3,783,661 |
| | <u>7,666,810</u> | <u>7,779,109</u> |
| 9 Other financial income / (expense) | | |
| Currency exchange rate differences | (14,049,372) | 3,604,827 |
| Total other financial income / (expense) | <u>(14,049,372)</u> | <u>3,604,827</u> |

Sun Pharma (Netherlands) B.V.

Notes to the financial statements for the year ended 31 March 2019 (Continued)

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| | USD | USD |
| 10 General and administrative expenses | | |
| Audit fee | 37,040 | 40,417 |
| Legal fee | 50,330 | 105,004 |
| Consultancy charges | 167,441 | 112,491 |
| Bank charges | 31,468 | 7,155 |
| | <u>286,279</u> | <u>265,067</u> |
| 11 Corporate income tax | | |
| Current tax | - | (1,471,033) |
| Correction prior years | 100,922 | - |
| | <u>100,922</u> | <u>(1,471,033)</u> |

On the basis of the profit/(loss) results before taxation of USD 68,278,206 (31 March 2018: USD (7,478,726)), the effective corporate income tax rate would be nil (31 March 2018: 25%).

The corporate income tax rates in 2018-19 is 19% for profit up to and including EUR 200,000 and 24% for profit exceeding EUR 200,000 and in 2017-18 were 20% for profit up to and including EUR 200,000 and 25% for profit exceeding EUR 200,000.

| | For the year ended 31 March 2019 | For the year ended 31 March 2018 |
|---|-------------------------------------|-------------------------------------|
| Results before taxation | 68,278,206 | (7,478,726) |
| Tax adjustments | 74,106,589 | 17,620,328 |
| Taxable profit | (5,828,383) | 10,141,602 |
| Compensation | - | (4,217,470) |
| Taxation thereon, based on corporate income tax rates | <u>-</u> | <u>(1,471,033)</u> |

Effective tax rate is lower than the prevailing tax rates in the Netherlands due to some of the income being non-taxable in nature e.g. dividend received, gain/loss on account of disposals of participations, unrealized gains/losses on foreign currency loans and advances to subsidiaries etc.

12 Staff member and employment cost

The Company has no employees and hence incurred no wages, salaries or related social security charges for the year ended 31 March 2019 (31 March 2018: Nil).

13 Managing directors

The Company has three managing directors. During the year, none of the directors has received any remuneration in their capacity as a director. (31 March 2018: Three managing directors, no remuneration)

Sun Pharma (Netherlands) B.V.

Notes to the financial statements for the year ended 31 March 2019 (Continued)

14 Leases

The Company does not have any lease arrangements.

15 Subsequent events

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.

16 Related parties

Material transactions with related parties primarily involve investments (including related dividend income) and loans receivable (including related interest).

The remuneration of the managing directors is included in note 13.

Dated

Amsterdam

Board of Managing Directors

Hellen De Kloet

Prashant Lakhamshi Savla

Harin Parmanand Mehta

Sun Pharma (Netherlands) B.V.

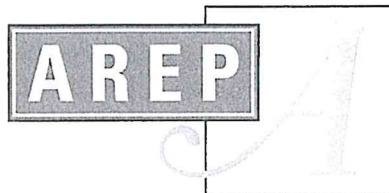
Other Information

Appropriation of results

The management proposes to the shareholder to add the result for the year to the retained earnings.

Independent auditor's opinion

The independent auditor's opinion is set forth on the next page.



Accountants

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To the management board of
Sun Pharma (Netherlands) B.V.
Polarisavenue 87
2132 JH HOOFDORP

July 1st, 2019

INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements for the year ended March 31, 2019 included in the annual report

Our opinion

We have audited the financial statements for the year ended March 31, 2019 of Sun Pharma (Netherlands) B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Sun Pharma (Netherlands) B.V. as at March 31, 2019, and of its result for the year ended March 31, 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- 1 the balance sheet as at March 31, 2019;
- 2 the profit and loss account for the year ended at March 31, 2019; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

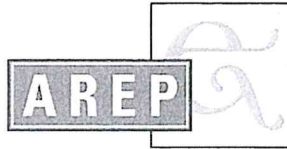
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Sun Pharma (Netherlands) B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information as required by Part 9 of Book 2 of the Dutch Civil Code.



Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Our responsibilities for the audit of the financial statements

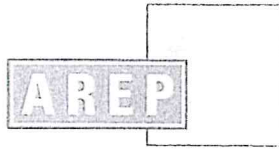
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- Obtaining 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;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;



- Concluding 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 a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Barendrecht, July 1st, 2019

AREP Rotterdam B.V.

Drs. G. van de Werken RA

RAV2019-055