

VALIA & TIMBADIA CHARTERED ACCOUNTANTS	Tel: Off: 2269 2624 / 2269 9664 Resi: 2409 5981/ 2409 6420 Fax: 2264 1937
ARVIND P. VALIA B.COM. (Hons.), F.C.A. HITEN C. TIMBADIA B.COM. L.L.B. (GEN), F.C.A.	E-mail: valtim09@gmail.com 32, Trinity Chambers, 117, Bora Bazar Street, Fort, Mumbai – 400 001.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUN PHARMACEUTICALS SPAIN S.L.U.

Report on the Financial Statements

We have audited the attached Balance Sheet of **Sun Pharmaceuticals Spain S.L.U.** as at 31st March, 2015 and also the Statement of Profit And Loss for the year ended on that date annexed thereto.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards and Accounting Principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in

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order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015; and
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date.

For **Valia & Timbadia**
Chartered Accountants
(Firm Registration no. 112241W)

(Hiten C. Timbadia)

Partner
Membership No. 038429
Place: Mumbai.
Date: 8th May, 2015.

SUN PHARMACEUTICALS SPAIN, S.L.U.
BALANCE SHEET AS AT 31st March, 2015

Particulars	Note No	As At 31st March, 2015		As At 31st March, 2014	
		(€)	(€)	(€)	(€)
CAPITAL AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	3.100		3.100	
Reserves and Surplus	2	(3.834.218)		(3.431.385)	
Money received against Share Warrants			(3.831.118)		(3.428.285)
Share Application Money Pending Allotment					
Minority Interest					
Non-Current Liabilities					
Long-Term Borrowings	3	4.866.029		4.609.583	
Deferred Tax Liabilities (Net)	4	0		0	
Other Long-Term Liabilities	5	0		0	
Long-Term Provisions	6	0	4.866.029	0	4.609.583
Current Liabilities					
Short-Term Borrowings	7	0		0	
Trade Payables	8	860.364		1.225.383	
Other Current Liabilities	9	27.662		32.090	
Short-Term Provisions	10	0	888.026	0	1.257.473
TOTAL			1.922.937		2.438.771
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	11	40.505		65.964	
Intangible Assets		0		0	
Capital Work-In-Progress		0		0	
Intangible Assets Under Development		0		0	
Fixed Assets Held for Sale		0		0	
		40.505		65.964	
Goodwill on Consolidation					
Non-Current Investments	12	0		0	
Deferred Tax Assets (Net)	13	526.971		526.971	
Long-Term Loans and Advances	14	40.318		43.944	
Other Non-Current Assets	15	0	607.794	0	636.880
Current Assets					
Current Investments	16	0		0	
Inventories	17	417.521		890.918	
Trade Receivables	18	761.713		710.389	
Cash and Cash Equivalents	19	101.618		163.018	
Short-Term Loans and Advances	20	34.292		37.566	
Other current assets	21	0	1.315.143	0	1.801.891
TOTAL			1.922.937		2.438.771
See accompanying other notes forming part of the Financial Statements	30				

In terms of our report of even date attached

For Valia & Timbadia
Chartered Accountants

HITEN C. TIMBADIA
Partner

Date : 8th May, 2015

Place : Mumbai

For and on behalf of the Board

HARIN MEHTA
Sole Director

Date : 8th May, 2015

Place : Mumbai

SUN PHARMACEUTICALS SPAIN, S.L.U.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March, 2015

Particular	Note No	Period ended 31st March, 2015		Period ended 31st March, 2014	
		(€)	(€)	(€)	(€)
Income					
Revenue from Operations (Gross)	22	1.870.478		1.876.877	
Less: Excise Duty					
Revenue from Operations (Net)			1.870.478		1.876.877
Other Income	23		1		101
Total Revenue			1.870.479		1.876.979
Expenses					
Cost of Materials Consumed	24		0		0
Purchase of Stock-in-Trade			972.103		1.473.763
Changes in Inventories of Finished Goods	25		473.398		25.389
Employee Benefits Expense	26		417.173		369.564
Finance Costs	27		124.446		103.123
Depreciation/Amortisation/Impairment Expense			25.459		22.060
Other Expenses	28		260.732		257.176
Research and Development Expenditure	29		0		0
Total Expenses			2.273.312		2.251.075
Profit Before Exceptional Items and Tax			(402.833)		(374.096)
Exceptional Items			0		0
Profit Before Tax			(402.833)		(374.096)
Tax Expense:					
Current Tax			0		0
Deferred Tax			0		0
Profit / (Loss) from the Perid from Continuing Operations			(402.833)		(374.096)
Profit / (Loss) from Discontinuing Operations Before Tax			0		0
Tax Expense of Discontinuing Operations			0		0
Profit / (Loss) from Discontinuing Operations			0		0
Profit / (Loss) for the Year			(402.833)		(374.096)
Minority Interest			0		0
Profit / (Loss) for the Year After Minority Interest			(402.833)		(374.096)
Earning Per Share					
Basic and Diluted € Face Value per share of € 1			(130)		(121)
See accompanying other notes forming part of the Financial Statements	30				

In terms of our report of even date attached

For Valia & Timbadia
Chartered Accountants

HITEN C. TIMBADIA
Partner

Date : 8th May, 2015

Place : Mumbai

For and on behalf of the Board

HARIN MEHTA
Sole Director

Date : 8th May, 2015

Place : Mumbai

SUN PHARMACEUTICALS SPAIN, S.L.U.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	Note No	As At 31st March, 2015		As At 31st March, 2014	
		Number of Shares	(€)	Number of Shares	(€)
Share Capital	1				
Authorised Capital					
		-	-	-	-
Issued, Subscribed and Fully Paid					
3100 Shares of 1€ each		3.100	3.100	3.100	3.100
		<u>3.100</u>	<u>3.100</u>	<u>3.100</u>	<u>3.100</u>
Reconciliation of the Number of Shares Outstanding					
		Number of Equity Shares	(€)	Number of Equity Shares	(€)
Outstanding at the Beginning of the Year		3.100	3.100	3.100	3.100
Add: Shares Issued During the Year		-	-	-	-
Less: Shares Bought Back During the Year		-	-	-	-
Outstanding at the End of the Year		3.100	3.100	3.100	3.100
Sun Pharmaceuticals Spain S.L.U. is 100 % owned by Alkaloida Chemical Company Zrt . with its head office in Hungary					
Reserve and Surplus	2				
Surplus / Deficit in statment of Profit and Loss					
Opening Balance		(3.431.385)		(3.057.289)	
Add: Profit / (Loss) for the Year		(402.833)		(374.096)	
Transfer from General Reserve		0		0	
Proposed Dividend and Dividend Tax Written back		0		0	
Less: Proposed Dividend		0		0	
Corporate Dividend Tax		0		0	
Closing Balance		<u>(3.834.218)</u>		<u>(3.431.385)</u>	
		<u>(3.834.218)</u>		<u>(3.431.385)</u>	
Long-Term borrowings	3				
Unsecured Borrowings					
Loans and Advances:					
from Subsidiary Company					
from Related Parties		<u>4.866.029</u>	<u>4.866.029</u>	<u>4.609.583</u>	<u>4.609.583</u>
Other Loans and Advances (specify nature)		0	0	0	0
		<u>4.866.029</u>	<u>4.866.029</u>	<u>4.609.583</u>	<u>4.609.583</u>
		<u>4.866.029</u>		<u>4.609.583</u>	
Deferred Tax Liabilities (Net)	4		NIL		NIL
Other Long-Term Liabilities	5				
Trade Payables					
Acceptances		0		0	
Other than Acceptances		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Long-Term Provisions	6		NIL		NIL

SUN PHARMACEUTICALS SPAIN, S.L.U.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars		As At 31st March, 2015		As At 31st March, 2014	
		(€)	(€)	(€)	(€)
Current Investment	16		NIL		NIL
Inventories (Valued at Lower of Cost and Net Realisable Value)	17				
Stock-in-trade (acquired for Trading)		417.521		772.779	
Goods-in-Transit		<u>0</u>	417.521	<u>118.140</u>	890.918
			<u>417.521</u>		<u>890.918</u>
Trade Receivables	18				
(Unsecured – Considered Good unless stated otherwise)					
Over Six Months					
Considered Good		161.355		49.391	
Doubtful		1.363		1.363	
Less: Provision for Doubtful Trade Receivables		<u>(1.363)</u>	161.355	<u>(1.363)</u>	49.391
Other Trade Receivables					
Considered Good		600.358		660.997	
Doubtful		0		0	
Less: Provision for Doubtful Trade Receivables		<u>0</u>	600.358	<u>0</u>	660.997
			<u>761.713</u>		<u>710.389</u>
The above includes Debts due from Director and other officer of the company NIL					
Cash and Cash Equivalents	19				
Cash available in less than 3 month					
Cash on hand			128		270
Cheques, Drafts on hand					
Balance with Banks					
In Current Accounts		93.489		154.749	
In Deposit Accounts with Original Maturity less than 3 Months		0		0	
Cash available in more than 3 month					
Other Bank Balances					
In Deposit Accounts					
Balances held as Margin Money or Security against Borrowings, Guarantees and Other Commitments		8.000	101.489	8.000	162.749
			<u>101.618</u>		<u>163.018</u>
Short-Terms Loans and Advances	20				
(Unsecured – Considered Good unless stated otherwise)					
Loans and Advances to Subsidiary Company			-		-
Security Deposits					
Considered Good		30.314		35.476	
Doubtful		0		0	
Less: Provision for Doubtful Deposits		<u>0</u>	30.314	<u>0</u>	35.476
Prepaid Expenses			3.840		1.905
Balance with Government Authorities			0		0
Advances for Supply of Goods and Services			138		164
Advance Income-Tax [net of Provisions ` NIL Million (Previous Year ` NIL million)]			0		21
MAT Credit Entitlement			<u>34.292</u>		<u>37.566</u>
Other Current Assets	21				
Receivable from Group Co agst Reimbursable Expenses			-		-
Unamortised Expenses			-		-
			<u>-</u>		<u>-</u>

SUN PHARMACEUTICALS SPAIN, S.L.U.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particular		Year ended 31st March, 2015		Year ended 31st March, 2014	
		(€)	(€)	(€)	(€)
Revenue from Operations	22				
Sales of Products			<u>1.870.478</u>		<u>1.876.877</u>
			<u><u>1.870.478</u></u>		<u><u>1.876.877</u></u>
Other Income	23				
Interest on					
Deposits with Banks			1		101
Others			0		0
Other Non-Operating Income			<u>0</u>		<u>0</u>
			<u><u>1</u></u>		<u><u>101</u></u>
Cost of Material Consumed					
Raw Material & Packing Material	24		NIL		NIL
Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	25				
Inventories at the end of the year:			(417.521)		(890.918)
Inventories at the beginning of the year:			<u>890.918</u>		<u>916.307</u>
			<u><u>473.398</u></u>		<u><u>25.389</u></u>
Employee Benefits Expense	26				
Salaries and Wages			310.672		284.241
Contribution to Provident and Other Funds			78.149		71.036
Staff Welfare Expenses			<u>28.352</u>		<u>14.288</u>
			<u><u>417.173</u></u>		<u><u>369.564</u></u>
Finance Costs	27				
Interest Expense on:					
Loan From Subsidiary Company		124.446		103.123	
Others			<u>124.446</u>		<u>103.123</u>
			<u><u>124.446</u></u>		<u><u>103.123</u></u>
Other Expenses	28				
Rent			15.274		27.311
Rates and Taxes			3.610		870
Insurance			4.024		5.614
Selling and Distribution			57.634		47.144
Commission and Discount			3.105		1.142
Repairs					
Others		<u>4.905</u>	4.905	<u>4.030</u>	4.030
Printing and Stationery			3.380		3.652
Travelling and Conveyance			44.495		46.226
Communication			10.645		11.666
Provision for Doubtful Trade and Other Receivables / Loans and Advances			0		1.363
Less: Adjusted out of Provision for earlier years			<u>0</u>		<u>0</u>
Professional and Consultancy			72.552		67.906
Loss on Fixed Assets Sold / Written Off / Scrapped			0		5.113
Net loss on Foreign Currency Transactions and Translation (Other than considered as Finance Cost)			8		0
Audit Fees		600		600	
For Reimbursement Expenses			<u>600</u>		<u>600</u>
Miscellaneous Expenses			<u>40.502</u>		<u>34.539</u>
			<u><u>260.732</u></u>		<u><u>257.176</u></u>

Sun Pharmaceuticals Spain S.L.U.

30. Notes to the Balance Sheet as at 31 March 2015 and Statement of Profit and Loss for the financial year 2014 - 2015.

1.1 General

General information

Sun Pharmaceuticals Spain S.L.U. is 100,00% owned by Alkaloida Chemical Company Zrt . with its head office in Hungary. Alkaloida owns 3100 shares (at 1 euro per share).

Going concern

The company is dependent on the continuing financial support of its shareholders, which the directors believe will be available. The accounts do not reflect any adjustment, which would have to be made should continuing finance not be available. The directors consider it appropriate for the accounts to be prepared on a going concern basis. Assets and liabilities are stated at nominal value, unless indicated otherwise.

1.2 Accounting Policy

Basis of Accounting

The financial statements have been prepared under historical cost convention on an accrual basis.

Turnover

Turnover represents the total invoice value of sales made during the year and after deduction of trade discount.

Tangible fixed assets

Tangible fixed assets are valued at cost less straight-line depreciation, based on the estimated useful lives. The depreciation is a fixed percentage of the historical cost. * Items valuing lower than € 601 are depreciated @ 100% in the month of purchase.

Plant & Machinery (data process equipment/office equipment) – 25%/100%(*)

Vehicles – 16%/100% (*). 32% for 2nd hand cars

Furniture & Fixtures – 10%/100% (*)

Office Equipment – 100% (*)

Software cost – Expenses out during 2014-2015 as per Sun Policy.

Stock

Stock is valued at lower of cost and net realizable value.

Deferred Tax Assets

Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets can be realised in future.

Related parties

All transactions with following related parties are closed at arm's length

Particulars	31/03/2015 (€)	31/03/2014 (€)
Purchase of Goods		
Sun Pharmaceutical Industries Ltd	93,691	285,531
Sun Pharma Global (FZE)	839,962	1,104,028
Sun Pharmaceutical UK Ltd	0	15,450
Sun Pharmaceutical Industries (Europe) BV	0	60,723
Interest – Alkaloida Chemical Co. Zrt	124,446	103,123
Receiving of Services		
Alkaloida Chemical Co. Zrt	30,100	22,900
Sun Pharmaceutical Industries (Europe) BV	25,562	18,961
Loan Taken as on 31/03/2015		
Alkaloida Chemical Co. Zrt	4,866,029	4,609,583
Payable as on 31/03/2015		
Alkaloida Chemical Co. Zrt	7,770	9,090
Sun Pharmaceutical Industries (Europe) BV	11,603	50,405
Sun Pharma Global (FZE)	748,196	1,130,814
Sun Pharmaceutical Industries Ltd	39,867	0
Sun Pharmaceutical UK Ltd	0	152
Sun Pharmaceuticals Italia SRL	422	1,296
Sale of Goods		
Sun Pharmaceuticals France	0	16,080
Sun Pharmaceutical Industries (Europe) BV	0	11,200
Sun Pharmaceutical UK Ltd	0	1,700
Sun Pharmaceuticals Germany GmbH	0	16,875
Sun Pharmaceuticals Italia SRL	0	161,843
Receivables as on 31/03/2015		
Sun Pharmaceutical Industries Ltd	0	24,035
Sun Pharma Global (FZE)	46,954	0

Contingent Liabilities Not Provided For

	31/03/2015	31/03/2014
MCR Intl. lawsuit related to GM recruitment services	€ 0	€ 23,000
Guarantees given by Bank on behalf of Company	€ 4,000	€ 4,000

Comparison with previous year

Previous year's figures are regrouped wherever necessary to make them comparable with current year's figures.

For and on behalf of the Board

HARIN MEHTA

Sole Director

Date : 8th May, 2015

Place : Mumbai