

VALIA & TIMBADIA
CHARTERED ACCOUNTANTS

ARVIND P. VALIA
B.COM. (Hons.), F.C.A.
HITEN C. TIMBADIA
B.COM. L.L.B. (GEN), F.C.A.

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117, Bora Bazar Street, Fort,
Mumbai – 400 001.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMACEUTICALS GERMANY GmbH

Report on the Financial Statements

We have audited the accompanying Financial Statements of **SUN PHARMACEUTICALS GERMANY GmbH** (the "Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including other Comprehensive income), and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management of the Company 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 and German Commercial Code in the version of the Accounting Directive Implementation Act as are applicable for small sized corporations with the provisions of German Limited Companies Act (GmbHG). The responsibility includes the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, 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 financial control relevant to the Company's preparation and fair presentation of the financial statements, in 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 the Management of the Company, 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 these financial statements.

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Emphasis of Matters

The Net Worth of the Company has been fully eroded; however in the opinion of the management, the going concern of the company will not be affected since the sole Shareholder Alkoloida Chemical Company ZRT has signed a subordination letter regarding their claims of Euro 3000000 and the considering future prospects of the company and accordingly the accounts have been prepared on a going concern basis.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements read with Notes to the financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31 March, 2018, and its financial performance including other comprehensive income, and the changes in equity for the year ended on that date.

FOR **VALIA AND TIMBADIA**
CHARTERED ACCOUNTANTS
(Firm Registration No. 112241W)

HITEN C. TIMBADIA
Partner
Membership No. 038429.

PLACE: Hoofddorp, The Netherlands
DATED: 24th of April, 2018.

SUN PHARMACEUTICALS GERMANY GMBH
BALANCE SHEET AS AT MARCH 31, 2018

	Notes	As at 31.03.18	As at 31.03.17
ASSETS			
Non-current assets			
Property, plant and equipment		93.448	108.029
Total non-current assets		93.448	108.029
Current assets			
Inventories	3	8.191.512	4.030.677
Financial assets			
Trade receivables	4	5.722.912	2.549.713
Cash and cash equivalents	5	2.810.649	4.243.684
Loans	6	4.100	8.200
Other current assets	7	32.688	33.398
Total current assets		16.761.861	10.865.672
TOTAL ASSETS		16.855.308	10.973.701
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	25.000	25.000
Share application money pending allotment			-
Other equity		(2.599.327)	(2.708.259)
Total equity		(2.574.327)	(2.683.259)
Current liabilities			
Trade payables	9	7.157.605	4.668.790
Provisions	10	11.967.277	8.841.514
Other current liabilities	11	304.754	146.656
Total current liabilities		19.429.635	13.656.959
TOTAL EQUITY AND LIABILITIES		16.855.308	10.973.701

See accompanying notes to the financial statements

For Valia & Timbadia
Chartered Accountants
FRN:112241W

Hiten C Timbadia
Partner
Member No:038429
Date: 24th of April 2018
Place: Hoofddorp, The Netherlands

For and on behalf of the Board

Hellen de Kloet
Director
Date: 24th of April 2018
Place: Hoofddorp, The Netherlands

SUN PHARMACEUTICALS GERMANY GMBH
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Notes	Year ended 31.03.18	Year ended 31.03.17
Revenue from operations	12	9.269.774	6.666.481
Other income	12	56.094	-
Total income		9.325.868	6.666.481
Expenses			
Purchases of stock-in-trade		11.126.286	5.413.354
Changes in inventories	14	(4.160.836)	(1.063.907)
Employee benefits expense	15	585.828	682.191
Finance costs	16	58.169	72.286
Depreciation and amortisation expense	3 (a) & 4	31.947	36.507
Other expenses	17	1.511.193	1.373.132
Total expenses		9.152.587	6.513.563
Profit before exceptional item and tax		173.281	152.917
Exceptional items			
Profit before tax		173.281	152.917
Tax expenses			
Current tax	18	64.349	117.054
Deferred tax		-	-
Profit for the year		108.931	35.863
Total comprehensive loss for the year		108.931	35.863

Earnings per equity share (face value per equity shares - ` 1)

Basic (in `)
Diluted (in `)

See accompanying notes to the financial statements

For Valia & Timbadia
Chartered Accountants
FRN:112241W

FOR AND ON BEHALF OF THE BOARD

Hiten C Timbadia
Partner
Member No:038429
Date: 24th of April 2018
Place: Hoofddorp, The Netherlands

Hellen de Kloet
Director
Date: 24th of April 2018
Place: Hoofddorp, The Netherlands

SUN PHARMACEUTICALS GERMANY GMBH
STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2018

	Share application money pending allotment	Share suspense account	Capital reserve	Securities premium reserve	Debt redemption reserve	Share option outstanding account	Reserve and surplus			Other comprehensive income (OCI)	Total
							Amalgamation reserve	Capital redemption reserve	General reserve		
Balance as at April 1, 2018	-	-	-	-	-	-	-	-	-	-	(2,796,320.38)
Loss for the year	-	-	-	-	-	-	-	-	-	-	54,198.65
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	-	54,198.65
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	54,198.65
Payment of dividend	-	-	-	-	-	-	-	-	-	-	-
Corporate dividend tax	-	-	-	-	-	-	-	-	-	-	-
Scheme of amalgamation	-	-	-	-	-	-	-	-	-	-	-
Transfer of debenture redemption reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer of debt redemption reserve	-	-	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-
Buy-back of equity shares	-	-	-	-	-	-	-	-	-	-	-
Exercise of share option	-	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	-	-
Share-based payments (amortisation)	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	-	-	-	-	-	-	-	-	-	-	(2,742,121.73)
Loss for the year	-	-	-	-	-	-	-	-	-	-	35,863.04
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	-	35,863.04
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	35,863.04
Payment of dividend	-	-	-	-	-	-	-	-	-	-	-
Corporate dividend tax	-	-	-	-	-	-	-	-	-	-	-
Transfer to revaluation	-	-	-	-	-	-	-	-	-	-	-
Transfer of capital redemption reserve	-	-	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-
Buy-back of equity shares	-	-	-	-	-	-	-	-	-	-	-
Exercise of share option	-	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	-	-
Share-based payments (amortisation)	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2017	-	-	-	-	-	-	-	-	-	-	(2,709,258.69)
Loss for the year	-	-	-	-	-	-	-	-	-	-	153,849.41
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	-	-	-	153,849.41
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	-	153,849.41
Payment of dividend	-	-	-	-	-	-	-	-	-	-	-
Corporate dividend tax	-	-	-	-	-	-	-	-	-	-	-
Transfer to revaluation	-	-	-	-	-	-	-	-	-	-	-
Transfer of capital redemption reserve	-	-	-	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-	-	-	-
Buy-back of equity shares	-	-	-	-	-	-	-	-	-	-	-
Exercise of share option	-	-	-	-	-	-	-	-	-	-	-
Transfer to General Reserve	-	-	-	-	-	-	-	-	-	-	-
Share-based payments (amortisation)	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	-	-	-	-	-	-	-	-	-	-	(2,554,409.28)

Nature and purpose of other reserves
 The company has provided for securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Act.
 Capital reserve - Capital reserve
 Debt redemption reserve - The company is required to create a debt redemption reserve out of the profits which is available for payment of dividend for the purpose of redemption of debentures
 Share option outstanding account - The share options outstanding account is used to recognise the grant date fair value of options issued to employees.
 Capital redemption reserve - The company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within FVOCI. The company transfers amounts from this reserve to retained earnings when the fair value of equity securities decreases.
 Cash flow hedging reserve - The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sales. For hedging foreign currency risk, the Company uses foreign currency forward contracts.

In terms of our report of even date attached FOR AND ON BEHALF OF THE BOARD
 For
 Chartered Accountants
 FRN:112241W

For and on behalf of the Board

Hitesh C. Timbadia
 Partner
 Date: 24th of April 2018
 Place: Hyderabad, The Netherlands

Hellen de Kloet
 Director
 Date: 24th of April 2018
 Place: Hoofddorp, The Netherlands

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE :2

PARTICULARS	FOR THE YEAR ENDED 31.03.2018		FOR THE YEAR ENDED 31.03.2017	
	Amount in EUR		Amount in EUR	
A) Cash flow From Operating Activities				
Net Profit after tax	108.931		35.863	
<u>Adjustments for</u>				
Profit/Loss on sale of Investment	5.850		8.118	
Other Income (Interest and investment income)				
Interest Expenses				
Depreciation	31.947		36.507	
Operating (Loss) / Profit before Working Capital change	146.728		80.488	
Changes in working capital				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Decrease / (Increase) in Sundry Debtors	(7.329.224)		(592.651)	
Decrease / (Increase) in Loans and Advances				
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
(Decrease) / Increase - Trade & Other payables	5.772.676		2.856.002	
Income Tax paid				
Net Cash Flows from Operating Activities		(1.409.820)		2.343.839
B) Cash Flow from Investing Activities				
Decrease / (Increase) in Non-Current Investments				
Decrease / (Increase) in Current Investments	(23.216)		(52.790)	
Interest and investment income				
Decrease / (Increase) in Other Receivables				
Other Non-Operating Income				
Net Cash Flows from Investing Activities		(23.216)		(52.790)
C) Cash Flow from Financing Activities				
Decrease / (Increase) in Loans and Advances				
Proceeds from issue of Equity Shares				
Interest Income				
Increase / (Decrease) in Long Term Borrowings	-		(615.975)	
Interest Expenses				
Increase / (Decrease) in Short Term Borrowings				
Net Cash Flows from Financing Activities		-		(615.975)
Net Increase / (Decrease) in Cash & Cash equivalents		(1.433.036)		1.675.074
Cash & Cash Equivalents at Beginning of the year	4.243.684		2.568.610	
Cash & Cash Equivalents at the End of the Year	2.810.649	(0)	4.243.684	(0)

Note : Cash & Cash Equivalents Consist of the cash /cheque in hand & bank balance in current Account.

In terms of our report of even date attached
For Valia & Timbadia
 Chartered Accountants
 FRN:112241W

FOR AND ON BEHALF OF THE BOARD
 FOR AND ON BEHALF OF THE BOARD

Hiten C Timbadia
 Partner
 Member No:038429
 Date: 24th of April 2018
 Place: Hoofddorp, The Netherlands

Hellen de Kloet
 Director
 Date: 24th of April 2018
 Place: Hoofddorp, The Netherlands

SUN PHARMACEUTICALS GERMANY GmbH
 NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2018

NOTE : 3(a)
 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Buildings	Buildings leased	Plant and Equipment	Plant and Equipment - Leased	Vehicles	Office equipment	Furniture and fixtures	Capital work-in-progress	Total
At cost / deemed cost											
As at April 1, 2015							158,975	25,976	4,758		187,709
Additions							53,890				53,890
Disposals							(24,222)	(13,525)	(4,739)		(42,505)
Transfers											
As at March 31, 2016							188,643	12,451	-	-	199,094
Additions							52,000	790			52,790
Disposals							(82,190)				(82,190)
Transfers											
As at March 31, 2017							158,453	13,240	-	-	169,693
Additions							22,420	795			23,215
Disposals							(25,527)				(25,527)
Transfers											
As at March 31, 2018							153,346	14,035	-	-	167,381
Accumulated depreciation and impairment											
As at April 1, 2015							79,128	8,795	4,758		92,679
Depreciation expense							36,726	1,925			38,653
Impairment loss											
Disposals							(25,467)	(1,886)	(4,739)		(32,141)
As at March 31, 2016							90,387	8,844	-	-	99,231
Depreciation expense							34,320	1,967			36,307
Impairment loss											
Disposals							(74,074)				(74,074)
As at March 31, 2017							50,633	10,632	-	-	61,265
Depreciation expense							30,318	1,629			31,947
Impairment loss											
Disposals							(19,677)				(19,677)
As at March 31, 2018							61,274	12,460	-	-	73,734
Carrying value											
As at April 1, 2015							77,847	17,181			95,028
As at March 31, 2016							98,255	3,605			99,827
As at March 31, 2017							105,620	2,409			108,029
As at March 31, 2018							91,872	1,576			93,448

SUN PHARMACEUTICALS GERMANY GMBH
 NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2018

NOTE - 4(a)

OTHER INTANGIBLE ASSETS

	Softwares	Trademarks and Designs	Product intangibles	Intangible assets development	Total
At cost / deemed cost					136,156
As at April 1, 2015	1,156	135,000	-	-	136,156
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2016	1,156	135,000	-	-	136,156
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2017	1,156	135,000	-	-	136,156
Accumulated amortisation and impairment					136,156
As at April 1, 2015	1,156	135,000	-	-	136,156
Amortisation expense	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2016	1,156	135,000	-	-	136,156
Amortisation expense	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2017	1,156	135,000	-	-	136,156
Carrying value	-	-	-	-	-
As at April 1, 2015	-	-	-	-	-
As at March 31, 2016	-	-	-	-	-
As at March 31, 2017	-	-	-	-	-

SUN PHARMACEUTICALS GERMANY GMBH
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE : 3
INVENTORIES

	in Euro	
	As at 31.03.18	As at 01.04.17
Lower of cost and net realisable value		
Finished goods	8.191.512	4.030.677
Goods in transit	-	-
	8.191.512	4.030.677
Stock-in-trade		
Goods in transit		
	8.191.512	4.030.677

NOTE : 4
TRADE RECEIVABLES

	As at 31.03.18	As at 01.04.17
Current		
Unsecured considered good	4.181.768	2.427.218
Unsecured considered good - from related parties	1.541.143	122.493
Doubtful	-	-
	5.722.912	2.549.713

NOTE : 5
CASH AND CASH EQUIVALENTS

	As at 31.03.18	As at 01.04.17
Balances with banks		
In current accounts	2.810.649	4.243.684
In deposit accounts with original maturity less than 3 months	-	-
	2.810.649	4.243.684

NOTE : 6
CURRENT LOANS AND ADVANCES

	As at 31.03.18	As at 01.04.17
Unsecured considered good unless stated otherwise		
Amortised cost		
Loans to employees	4.100	8.200
	4.100	8.200

NOTE : 7
OTHER CURRENT ASSETS

	As at 31.03.18	As at 01.04.17
Unsecured considered good unless stated otherwise		
Export incentives receivable		
Prepaid expenses	15.533	10.036
Advances for supply of goods and services		
Balances with government authorities		
Other assets	17.155	23.362
	32.688	33.398

NOTE : 8
EQUITY SHARE CAPITAL

	As at 31.03.18		As at 01.04.17		As at 31.03.16	
	No. of shares	in Euro	No. of shares	in Euro	No. of shares	in Euro
Authorised						
Equity shares of ` 1 each	1	25.000	1	25.000	1	25.000
	1	25.000	1	25.000	1	25.000
Issued, subscribed and fully paid up						
Equity Shares of ` 1 each	1	25.000	1	25.000	1	25.000
	1	25.000	1	25.000	1	25.000
Reconciliation of fully paid equity shares						
Opening balance	1	25.000	1	25.000	1	25.000
Add : shares allotted during the year pursuant to the scheme of amalgamation						
Less : buy back of shares						
Closing balance	1	25.000	1	25.000	1	25.000
Details of shareholders holding more than 5% in the Company						
Equity shares						
Aikaloida Chemical Company ZRT	No. of shares 1	% of holding 100,00	No. of shares 1	% of holding 100,00	No. of shares 1	% of holding 100,00

SUN PHARMACEUTICALS GERMANY GMBH
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE : 9
TRADE PAYABLES

	As at 31.03.18	As at 01.04.17
Trade payables to micro, small and medium enterprises	47.430	23.830
Trade payables to related parties	7.110.174	4.644.959
Others		
	7.157.605	4.668.790

NOTE : 10
SHORT TERM PROVISIONS

	As at 31.03.18	As at 01.04.17
Employee Benefits		
Provision in respect of losses of subsidiaries		
Product returns	52.000	48.000
Others	11.834.164	8.076.460
Dividend proposed to be distributed to Equity Shareholders		
Corporate Dividend Tax	81.113	117.054
	11.967.277	8.841.514

NOTE : 11
OTHER CURRENT LIABILITIES

	As at 31.03.18	As at 01.04.17
Statutory remittances	304.754	146.656
Advance from customers		
Others		
	304.754	146.656

NOTE : 12
REVENUE FROM OPERATIONS

	Year ended 31.03.18	Year ended 01.04.17
Sale of products (including excise duty)	9.269.774	6.580.804
Other operating revenues	56.094	85.676
	9.325.868	6.666.481

NOTE : 13
COST OF MATERIAL CONSUMED

	Year ended 31.03.18	Year ended 01.04.17
Raw and packing materials		
Inventories at the beginning of the year		
Purchases during the year		
Inventories at the end of the year		
	-	-

NOTE : 14
CHANGES IN INVENTORIES

	Year ended 31.03.18	Year ended 01.04.17
Inventories at the beginning of the year	4.030.677	2.996.770
Inventories at the end of the year	(8.191.512)	(4.030.677)
	(4.160.836)	(1.033.907)

SUN PHARMACEUTICALS GERMANY GMBH
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE : 15
EMPLOYEE BENEFITS EXPENSE

	Year ended 31.03.18	Year ended 01.04.17
Salaries and wages	509.141	594.436
Contribution to provident and other funds	76.687	87.755
Share based payments to employees		
Staff welfare expenses		
Effective interest cost on loans to employee measured at amortised cost		
	585.828	682.191

NOTE : 16
FINANCE COSTS

	Year ended 31.03.18	Year ended 01.04.17
Interest expense on borrowing and others	57.149	72.286
Other borrowing costs	1.020	
Unwinding of discounts on provisions		
Exchange differences regarded as an adjustment to borrowing costs		
	58.169	72.286

NOTE : 17
OTHER EXPENSES

	Year ended 31.03.18	Year ended 01.04.17
Consumption of materials, stores and spare parts		
Conversion and other manufacturing charges		
Power and fuel		
Rent		3.191
Rates and taxes	26.774	
Insurance	27.305	27.926
Selling and distribution	164.542	175.589
Commission and discount	347.732	284.012
Repairs and maintenance		
Buildings		
Machinery		
Others	17.250	889
Printing and stationery	2.114	3.847
Travelling and conveyance	51.073	86.501
Overseas travel and export promotion		
Communication	4.922	4.486
Provision / write off for doubtful trade receivables / advances		
Provision for doubtful trade receivables (expected credit allowance)		
Sundry balances / trade receivables written off, net		
Less: Adjusted out of provision of earlier year		
Professional, legal and consultancy	47.924	54.167
Excise duty on sales		
Donations		
Loss on sale of fixed assets, net		
(Decrease) / increase of excise duty on inventories		
Net (gain) / loss on foreign currency transactions and translation		
Net (gain) / loss arising on financial assets designated as at fair value through profit and loss, net		
Payments to auditors (net of input credit, where applicable)	1.300	1.250
As auditors		
For other services		
Reimbursement of expenses		
Provision for other-than-temporary diminution in value of non-current investment in an associate		
Provision for other-than-temporary diminution in value of non-current investment in a subsidiary		
Miscellaneous expenses	820.257	730.876
	1.511.193	1.373.132
Less : Receipts from Research Activities		
	1.511.193	1.373.132

NOTE : 18
TAX RECONCILIATION

	Year ended 31.03.18	Year ended 01.04.17
Reconciliation of current tax expense		
Profit before tax	173.281	152.917
Enacted income tax rate (%)	29%	32%
Tax expense	50.733	48.592
Effect of income that is exempt from taxation		
Effect of expenses that is are not deductible in determining taxable profit		
Effect of unused tax losses and tax offsets not recognised as deferred tax assets		
Effect of deferred tax balances due to the change in income tax rate from % to %		
Current tax related to prior periods	13.616	68.462
Others		
	64.349	117.054
Income tax expense recognised in profit and loss	64.349	117.054

**Sun Pharmaceuticals Germany GmbH,
Leverkusen**

**Annex to the financial statements for the financial year
from April 1, 2017, to March 31, 2018**

Note 19

I. General

Sun Pharmaceuticals Germany GmbH has its registered seat in Leverkusen and is registered in the Register of Companies of the Local Court in Köln (Reg. No. HRB 85786).

The annual financial statements as at March 31, 2018, were drawn up in accordance with the provisions of the German Commercial Code (HGB) in the version of the Accounting Directive Implementation Act (BilRUG) as are applicable for small-sized corporations within the meaning of article 267 para. 1 HGB in conjunction with the provisions of the German Limited Companies Act (GmbHG).

The annual financial statements consist of the balance sheet, the profit and loss account and the Annex (including the fixed assets schedule). The profit and loss account is drawn up by the aggregate cost method according to § 275 para 2 HGB.

II. Accounting and valuation principles

The valuation of the **intangible** and the **tangible assets** is effected at purchase prices reduced by the scheduled straight-line depreciation or at the lower value to be attributed. The straight-line depreciation was calculated according to the normal (tax) useful life. Additions are depreciated pro rata temporis.

The **inventories** are valued in compliance with the lower-of-cost-or-market rule, either at purchase prices or the lower value to be attributed at the balance sheet date.

The valuation of the **accounts receivable**, the **other assets** as well as the **liquid funds** is carried out at nominal value.

The **prepaid expenses** show expenses prior to the date of the balance sheet as far as these expenses relate to a particular period after the date of the balance sheet.

The **provisions for taxation and other reserves** allow for any recognizable risks and contingent liabilities at the date the financial statements are drawn up. They are reported at the performance amount required for reasonable financial assessment.

The **liabilities** are carried at their amount payable.

III. Notes to the balance sheet

1. Fixed assets

The development of the individual items of the fixed assets is represented in the fixed assets schedule attached to the Annex.

2. Current assets

The **accounts receivable and the other assets** are all due within less than one year.

3. Provisions

The provisions comprise the following main items:

		T€
Sales related provisions		11,658
Administrative expenses		122
Income taxes		81
Human resources		54
Product returns		<u>52</u>
		<u>11,967</u>

The sales related provisions relate in particular to outstanding settlements under discount agreements made with various health insurance providers (T€ 11,434). The amount of the provisions set up so far is estimated for the main part on the basis of external market data obtained for the relevant quantities of the products included in the discount agreements. If and when such market data are not yet available, the estimate of the quantities sold is effected on the basis of the quantities sold to the pharmaceutical wholesalers.

4. Liabilities

The liabilities are all due within less than one year.

IV. Other information

1. Staff

The company's staff comprises 4 employees as at the balance sheet date.

2. Management

In the financial year under review,

Harin Parmanand Mehta, Mumbai, India

Hellen de Kloet, Bennebroek, Netherlands,

were the appointed as directors.

The company takes advantage of the option provided by article 286 para. 4 HGB.

3. Balance sheet overindebtedness

As of March 31, 2018, the company is over-indebted. However, an over-indebtedness within the meaning of § 64 GmbHG does not exist, because the shareholder Alkaloida Chemical Company ZRT has signed a subordination letter regarding their claims. The shareholder's claims on March 31, 2018 amounted to € 3,000,000.00.

4. Supplementary report

After the closure of the financial year no events of major importance have occurred that affect the present financial statements.

5. Appropriation of net income

The financial year closes with an annual net profit of T€ 109. The directors recommend that the profit should be carried forward to new account.

6. Group affiliation

Sun Pharmaceuticals Germany GmbH is a wholly owned subsidiary of Alkaloida Chemical Company ZRT, Tiszavasvári/Hungary, and is integrated in the consolidated financial statements of Sun Pharmaceutical Industries Limited, Mumbai/India.

The consolidated financial statements of Sun Pharmaceutical Industries Limited can be inspected at <http://www.sunpharma.com/investors/annualreports>.

For Valia & Timbadia

Chartered Accountants

FRN:112241W

For and on behalf of the Board

Hiten C Timbadia

Partner

Member No:038429

Date: 24th of April 2018

Place: Hoofddorp, The Netherlands

Hellen de Kloet

Director

Date: 24th of April 2018

Place: Hoofddorp, The Netherlands