



Sun Pharmaceutical Industries (Europe) B.V.
Financial Statements
FY 2018-2019
1 April 2018 - 31 March 2019

Report on Special Purpose Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Sun Pharmaceutical Industries (Europe) B.V. (the "Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year ended March 31, 2019 and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Special Purpose Ind AS Financial Statements"). These Special Purpose Ind AS Financial Statements have been prepared for the limited purpose of consolidation into the financial statements of the holding company, Sun Pharmaceutical Industries Limited, as at and for the year ended March 31, 2019.

In our opinion and to the best of our information and according to the explanations given to us, the Special Purpose Ind AS Financial Statements as at and for the year ended March 31, 2019 are prepared, in all material respects, in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

Basis for Opinion

We conducted our audit of the Special Purpose Ind AS Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Special Purpose Ind AS Financial Statements.

Management's Responsibility for the Special Purpose Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Special Purpose Ind AS Financial Statements in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Ind AS Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS Financial Statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Special Purpose Ind AS Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain 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.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude 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 the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

Other matters

This report on the Special Purpose Ind AS Financial Statements has been issued solely for the limited purpose of consolidation into the financial statements of the holding company, Sun Pharmaceutical Industries Limited and is intended solely for the information and use by the managements of the Company and the Holding Company. It should not be used for any other purpose or provided to other parties.

The Special Purpose Ind AS financial statements of the Company for the year ended March 31, 2018, included in these Special Purpose Ind AS financial statements, have been audited by the predecessor auditor who had expressed an unmodified opinion on those statements on April 24, 2018.

For S R B C & CO LLP
ICAI Firm registration number: 324982E/E300003
Chartered Accountants

per Paul Alvares
Partner

Membership No.: 105754

Place: Mumbai
Date: May 27, 2019

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.
BALANCE SHEET AS AT MARCH 31, 2019

in Euro

	Notes	As at 31-Mar-19	As at 31-Mar-18
ASSETS			
Non-current assets			
Property, plant and equipment	1	176,551	206,470
Other intangible assets	2	241,065	347,107
Other non-current assets	3	87,812	87,812
Total non-current assets		505,428	641,389
Current assets			
Inventories	4	4,344,653	8,293,822
Financial assets			
Trade receivables	5	12,434,659	8,954,718
Cash and cash equivalents	6	891,216	1,143,694
Loans	7	31,560	34,573
Other current assets	8	278,131	149,232
Total current assets		17,980,219	18,576,039
TOTAL ASSETS		18,485,647	19,217,428
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	18,000	18,000
Other equity		26,419	(838,544)
Total equity		44,419	(820,544)
Non-current liabilities			
Financial liabilities			
Borrowings	10	6,503,431	6,484,359
Total non-current liabilities		6,503,431	6,484,359
Current liabilities			
Financial liabilities			
Trade payables	11	10,018,208	12,326,791
Provisions	12	1,239,564	899,638
Other current liabilities	13	680,025	327,184
Total current liabilities		11,937,797	13,553,613
TOTAL EQUITY AND LIABILITIES		18,485,647	19,217,428
Summary of significant accounting policies	1&2	0	0

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982/E300003

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries (Europe) B.V.

per Paul Alvares
Partner
Membership No. 105754

Prashant Savla
Director

Date:
Place: Pune, India

Date:
Place: Hoofddorp, The Netherlands

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

in Euro

	Notes	Year ended 31-Mar-19	Year ended 31-Mar-18
Income			
Revenue from operations	14	25,339,647	17,231,871
Other income	15	4,876,347	5,256,928
Total income		30,215,994	22,488,799
Expenses			
Purchases of stock-in-trade		17,269,974	21,267,594
Changes in inventories	16	3,949,169	(6,984,391)
Employee benefits expense	17	5,179,992	5,139,499
Finance costs	18	109,709	77,977
Depreciation and amortisation expense	1 & 2	195,939	64,159
Other expenses	19	2,581,248	2,150,521
Total expenses		29,286,031	21,715,359
Profit before tax		929,963	773,440
Current Tax	20	65,000	-
Profit for the year		864,963	773,440
Total comprehensive profit for the year		864,963	773,440
Earnings per equity share (face value per equity shares - ₹ 1)			
Basic and Diluted (in ₹)	21	4,805.35	4,296.89

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982/E300003

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries (Europe) B.V.

per **Paul Alvares**
Partner
Membership No. 105754

Prashant Savla
Director

Date:
Place: Pune, India

Date:
Place: Hoofddorp, The Netherlands

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

PARTICULARS	FOR THE YEAR ENDED 31.03.2019 Amount in EUR		FOR THE YEAR ENDED 31.03.2018 Amount in EUR	
A) Cash flow From Operating Activities				
Net Profit Before Tax	929,963		773,440	
<u>Adjustments for</u>				
Interest Expenses	109,709		77,977	
Depreciation	195,939		64,159	
Operating (Loss) / Profit before Working Capital change	1,235,611		915,576	
Changes in working capital				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Decrease / (Increase) in Fixed Assets	(59,978)		(135,216)	
Decrease / (Increase) in Inventory	3,949,169		(6,984,391)	
Decrease / (Increase) in Trade Receivables	(3,479,941)		(5,530,848)	
Decrease / (Increase) in Loans and Advances	3,013		(21,819)	
Decrease / (Increase) in Other Assets	(128,899)		542,564	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
(Decrease) / Increase - Trade & Other payables	(1,615,816)		9,016,902	
Income Tax accrued	(65,000)		-	
Net Cash Flows from Operating Activities		(161,841)		(2,197,232)
B) Cash Flow from Investing Activities				
Other Non-Operating Income				
Net Cash Flows from Investing Activities				
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				
Interest Expenses	(109,709)		(77,977)	
Increase / (Decrease) in Short Term Borrowings	19,072		3,281,404	
Net Cash Flows from Financing Activities		(90,637)		3,203,427
Net Increase / (Decrease) in Cash & Cash equivalents		(252,478)		1,006,195
Cash & Cash Equivalents at Beginning of the year		1,143,694		137,499
Cash & Cash Equivalents at the End of the Year		891,216		1,143,694
Cash & Cash Equivalents at the End of the Year		891,216		1,143,694

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

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982/E300003

per **Paul Alvares**
Partner
Membership No. 105754

Date:
Place: Pune, India

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries (Europe) B.V.

Prashant Savla
Director

Date:
Place: Hoofddorp, The Netherlands

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.
STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2019

in Euro

	Retained earnings (Surplus in profit and loss)	Total
Balance as at March 31, 2017	(1,611,984)	(1,611,984)
Loss for the year	773,440	773,440
Total comprehensive income for the year	773,440	773,440.0
Balance as at March 31, 2018	(838,544)	(838,544)
Loss for the year	864,963	864,963
Other comprehensive income for the year, net of income tax		
Total comprehensive income for the year	864,963	864,963
Balance as at March 31, 2019	26,419	26,419

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration No. 324982/E300003

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries (Europe) B.V.

per Paul Alvares
Partner
Membership No. 105754

Prashant Savia
Director

Date:
Place: Pune, India

Date:
Place: Hoofddorp, The Netherlands

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.
 NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2019

NOTE : 1
 PROPERTY, PLANT AND EQUIPMENT

in Euro

	Vehicles	Office equipment	Furniture and fixtures	Total
At cost / deemed cost				
As at March 31, 2017	195,892	87,417	48,102	331,411
Additions	49,468	18,048	-	67,516
Disposals				-
Transfers				-
As at March 31, 2018	245,360	105,465	48,102	398,927
Additions		33,978		33,978
Disposals		(10,129)	(9,744)	(19,873)
Transfers				-
As at March 31, 2019	245,360	129,314	38,358	413,032
Accumulated depreciation and impairment				
As at April 1, 2017	47,863	44,219	37,289	129,371
Depreciation expense	45,316	13,941	3,829	63,086
Disposals				-
As at March 31, 2018	93,179	58,160	41,118	192,457
Depreciation expense	44,882	16,748	2,267	63,897
Impairment loss				-
Disposals		(10,129)	(9,744)	(19,873)
As at March 31, 2019	138,061	64,779	33,641	236,481
Net Value				
As at March 31, 2017	148,029	43,198	10,813	202,040
As at March 31, 2018	152,181	47,305	6,984	206,470
As at March 31, 2019	107,299	64,535	4,717	176,551

NOTE : 2

OTHER INTANGIBLE ASSETS

	Trademarks and Designs	Total
At cost / deemed cost		
As at April 1, 2017	280,479	280,479
Additions	67,700	67,700
Disposals		
As at March 31, 2018	348,179	348,179
Additions	40,000	40,000
Disposals	(14,000)	(14,000)
As at March 31, 2019	374,179	374,179
Accumulated amortisation and impairment		
As at April 1, 2017		-
Amortisation expense	1,072	1,072
Disposals		
As at March 31, 2018	1,072	1,072
Amortisation expense	132,042	132,042
Disposals		
As at March 31, 2019	133,114	133,114
Net Value		
As at March 31, 2017	280,479	280,479
As at March 31, 2018	347,107	347,107
As at March 31, 2019	241,065	241,065

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

NOTE : 3

OTHER NON-CURRENT ASSETS

₹ in Euro

	As at 31-Mar-19	As at 31-Mar-18
Advances other than capital advances		
Advance Income Tax	15,950	15,950
Deposit with Bank	71,862	71,862
	87,812	87,812
Deposit is a Bank Guarantee for the rent of our office space		

NOTE : 4

INVENTORIES

₹ in Euro

	As at 31-Mar-19	As at 31-Mar-18
Lower of cost and net realisable value		
Stock-in-trade	4,344,653	8,293,822
Goods in transit	4,344,653	8,293,822
	4,344,653	8,293,822

NOTE : 5

TRADE RECEIVABLES

₹ in Euro

	As at 31-Mar-19	As at 31-Mar-18
Current		
Unsecured considered good	6,865,925	5,389,853
Unsecured considered good - from related parties	5,628,734	3,564,865
	12,434,659	8,954,718

NOTE : 6

CASH AND CASH EQUIVALENTS

₹ in Euro

	As at 31-Mar-19	As at 31-Mar-18
Cash on hand	286	309
Balances with banks		
In current accounts	890,930	1,143,385
	891,216	1,143,694

NOTE : 7

CURRENT LOANS AND ADVANCES

₹ in Euro

	As at 31-Mar-19	As at 31-Mar-18
Unsecured considered good unless stated otherwise		
Amortised cost		
Loans to employees	16,813	23,714
Loans to others	14,747	10,859
	31,560	34,573

NOTE : 8

OTHER CURRENT ASSETS

€ in Euro

	As at 31-Mar-19	As at 31-Mar-18
Unsecured considered good unless stated otherwise		
Prepaid expenses	178,201	94,906
Advances for supply of goods and services	99,930	-
Insurance claimed	-	54,326
	278,131	149,232

NOTE : 9

EQUITY SHARE CAPITAL

	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares	in Euro	No. of shares	in Euro
Authorised				
Equity shares of € 100 each	90,000	90,000	90,000	90,000
Cumulative preference shares of € 100 each				
	90,000	90,000	90,000	90,000
Issued, subscribed and fully paid up				
Equity Shares of € 100 each	180	18,000	180	18,000
	180	18,000	180	18,000

a) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of EUR 100 per share.

b) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares	in Euro	No. of shares	in Euro
Reconciliation of fully paid equity shares				
Opening balance 1 April	180.00	18,000	180.00	18,000
Add : shares allotted during the year pursuant to the scheme of amalgamation				
Add : shares allotted to employees on exercise of employee stock option (excluding shares held by ESOP trust)				
Less : buy back of shares				
Closing balance 31 March	180	18,000	180	18,000

c) Details of shareholders holding more than 5% in the Company

	As at 31-Mar-19		As at 31-Mar-18	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares				
Alkaloida Chemical Company Zrt.	180	100	180	100

NOTE : 10

NON CURRENT BORROWINGS

€ in Euro

	As at 31-Mar-19	As at 31-Mar-18
Unsecured		
At amortised cost	6,503,431	6,484,359
	6,503,431	6,484,359

(i) Details of terms of repayment for the long-term borrowings :

Particulars	Terms of repayment	As at 31	
		31-Mar-19	31-Mar-18
Unsecured Loan from related parties:			
Alkaloida Chemical Co. ZRT	5 years	-	6,484,359
Basics GmbH	5 years	6,503,431	-

NOTE : 11

TRADE PAYABLES

€ in Euro

	As at	
	31-Mar-19	31-Mar-18
Trade payables to related parties	9,397,862	11,505,261
Others	620,346	821,530
	10,018,208	12,326,791

NOTE : 12

SHORT TERM PROVISIONS

€ in Euro

	As at	
	31-Mar-19	31-Mar-18
Provision for Employee Benefits	794,690	517,570
Provision for Trade Discount	444,874	382,068
	1,239,564	899,638

NOTE : 13

OTHER CURRENT LIABILITIES

€ in Euro

	As at	
	31-Mar-19	31-Mar-18
Statutory remittances	661,045	327,184
Advance from customers	18,980	-
	680,025	327,184

NOTE : 14

REVENUE FROM OPERATIONS

in Euro

	Year ended	
	31-Mar-19	31-Mar-18
Sale of products (including excise duty)	25,339,647	17,231,871
	25,339,647	17,231,871

Disclosure on IND AS - 115 Revenue from Contrats with Customers

14.1 Disaggregated revenue information:

in Euro

Particulars	Year ended	
	31-03-19	31-03-18
Timing of revenue recognition		
Goods transferred at a point in time	25,339,647	17,231,871
Total revenue from contracts with customers	25,339,647	17,231,871

14.2 Contract balances:

Particulars	Year ended 31-03-19	Year ended 31-03-18
Trade receivables	12,434,659	8,954,718
Contract assets	-	-
Contract liabilities	-	-
Total revenue from contracts with customers	12,434,659	8,954,718

14.3 Right of return assets and refund liabilities:

Particulars	Year ended 31-03-19	Year ended 31-03-18
Rebate	11,886,248	21,539,964
Sales Return	387,405	310,799
Total revenue from contracts with customers	12,273,653	21,850,763

14.4 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	Year ended 31-03-19	Year ended 31-03-18
Revenue as per contracted price	28,225,413	19,656,685
<i>Adjustments for:</i>		
Trade Discount	(1,348,709)	(1,371,742)
Sales return	(1,537,057)	(1,053,072)
Total revenue from contracts with customers	25,339,647	17,231,871

NOTE : 15**OTHER INCOME**

	Year ended 31-Mar-19	Year ended 31-Mar-18
Interest income on : Others	-	-
Other non-operating income (net of expenses directly attributable to such income) Gain on sale of financial assets measured at fair value through profit and loss, net Sundry balances written back, net Miscellaneous income	4,876,347	5,256,928
	4,876,347	5,256,928

NOTE : 16**CHANGES IN INVENTORIES**

	Year ended 31-Mar-19	Year ended 31-Mar-18
Inventories at the beginning of the year	8,293,822	1,309,431
Inventories at the end of the year	(4,344,653)	(8,293,822)
	3,949,169	(6,984,391)

NOTE : 17**EMPLOYEE BENEFITS EXPENSE**

	Year ended 31-Mar-19	Year ended 31-Mar-18
Salaries and wages	4,401,686	4,404,454
Contribution to provident and other funds	627,323	542,546
Staff welfare expenses	150,983	192,499
	5,179,992	5,139,499

NOTE : 18

FINANCE COSTS

in Euro

	Year ended 31-Mar-19	Year ended 31-Mar-18
Interest expense on borrowing and others	109,709	77,977
	109,709	77,977

NOTE : 19

OTHER EXPENSES

in Euro

	Year ended 31-Mar-19	Year ended 31-Mar-18
Rent	249,717	227,223
Insurance	25,167	22,186
Selling and distribution	13,128	14,460
Repairs and Maintenance - Others	29,450	25,569
Commission and discount - Others	-	25,569
Printing and stationery	9,650	22,681
Travelling and conveyance	144,076	179,572
Overseas travel and export promotion	586,432	205,045
Communication	54,585	50,550
Professional, legal and consultancy	700,228	994,320
Net (gain) / loss on foreign currency transactions and translation	105,603	(1,846)
Payments to auditors (net of input credit, where applicable)		
As auditors	22,500	2,500
For other services	-	-
Reimbursement of expenses	-	-
Miscellaneous expenses	640,712	382,692
	2,581,248	2,150,521

NOTE : 20

TAX RECONCILIATION

Particulars	Year ended 31-03-19	Year ended 31-03-18
Reconciliation of current tax expense		
Profit before tax	929,963	773,440
Enacted income tax rate (%)	¹⁾ 20%-25%	20%-25%
Fiscal difference on liability Ranbaxy UK Ltd.		104,384
Non deductible on expenses	17,607	17,618
Addition on disinvestment	5,564	-
Deductible on investment	(9,514)	(5,053)
	13,657	116,949
Taxable profit	943,620	890,389
Deduction of carry forward unabsorbed losses	(614,449)	(890,389)
Fiscal profit	329,171	(0)
Current Tax expense	72,293	-
Deductible Tax deduction at source	(15,950)	-
	56,343	-
Income tax expense recognised in profit and loss (including deferred tax)	65,000	-
20% tax over the first 200,000 and anything above 200,000 is charged at 25%		

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 21 - Earning per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

Particulars		31 March 2019	31 March 2018
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in Euros)	(A)	864,963	773,440
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	(B)	180	180
Denominator for diluted EPS			
Weighted average number of equity shares in calculating basic EPS	(C)	180	180
Basic earnings per share of face value of EUR 100 each (in EUR)			
	(A/B)	4,805	4,297
Diluted earnings per share of face value of EUR 100 each (in EUR)			
	(A/C)	4,805	4,297

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 22 - Related Party Disclosures

Details of related parties:

Description of relationship	Names of related parties
I. Where control exists: Ultimate Holding Company Holding Company	Sun Pharmaceutical Industries Limited Alkaloida Chemical Co. ZRT
II. Other Related parties with whom transactions during the period Fellow Subsidiaries & Associates	Sun Pharmaceutical Industries Ltd. Sun Pharma Global FZE Basics GmbH Terapia S.A. Sun Pharmaceuticals Germany GmbH Sun Pharmaceuticals France Alkaloida Sweden AB Alkaloida Chemical Company Zrt. Basics GmbH Laboratorios SL Ranbaxy Italia SpA Ranbaxy Pharmacie Genériques SAS Ranbaxy (UK) Ltd Ranbaxy GmbH Terapia SA Taro Pharmaceutical Industries Israel Sun Pharma Laboratories Ltd. (formerly Sun Resins & Polymers Pvt Limited) Sun Pharmaceutical Medicare Ltd.
III. Non executive directors Director Director Director Director	Hellen de Kloet Prashant Savla Sudhir Vrudevandas Valia Harin Mehta
Note: Related parties have been identified by the Management.	

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 23 - Financial Instruments by Category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of 31 March 2019:

(in Euros)					
Particulars	Amortised Cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Other Financial assets	-	-	-	-	-
Trade and other receivables	12,434,659	-	-	12,434,659	12,434,659
Cash and Cash Equivalent	891,216	-	-	891,216	891,216
Loans and Advances	31,560	-	-	31,560	31,560
Total	13,357,435	-	-	13,357,435	13,357,435
Financial liabilities					
Borrowings	6,503,431	-	-	6,503,431	6,503,431
Trade and other payables	10,018,208	-	-	10,018,208	10,018,208
Total	16,521,639	-	-	16,521,639	16,521,639

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of 31 March 2018:

(in Euros)					
Particulars	Amortised Cost	Financial assets/liabilities at fair value through profit and loss	Financial assets/liabilities at fair value through OCI	Total carrying value	Total fair value
Financial assets					
Other financial Assets	-	-	-	-	-
Trade and other receivables	8,954,718	-	-	8,954,718	8,954,718
Cash and Cash Equivalent	891,216	-	-	891,216	891,216
Loans and Advances	34,573	-	-	34,573	34,573
Total	9,880,507	-	-	9,880,507	9,880,507
Financial liabilities					
Borrowings	3,000,000	-	-	3,000,000	3,000,000
Trade and other payables	4,270,855	-	-	4,270,855	4,270,855
Total	7,270,855	-	-	7,270,855	7,270,855

SUN PHARMACEUTICAL INDUSTRIES (EUROPE) B.V.
NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2019

NOTE : 24

(A) ACCOUNTING POLICIES :

1. Basis of Accounting

The Company has prepared financial statements for the year ended March 31, 2019 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at and for the year ended March 31, 2017.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods, services, etc. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

2. Financial Assets

i. Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

ii. Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

iii. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

iv. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss

v. Equity instruments

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss

3. Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

a. Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

b. Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

i. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii. Subsequent measurement

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative entered into by the group that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For non-held-for-trading financial liabilities designated as at FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. These gains/ loss are not subsequently transferred to profit or loss. All other changes in fair value of such liability are recognised in the statement of profit or loss. The group has not designated any financial liability as at fair value through profit and loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item

4. Recognition of Revenue

Revenue is measured at the fair value of the consideration received or receivable.

a. Rendering Services

Revenue from services rendered is recognized in the profit or loss as the underlying services are performed. Upfront non-refundable payments received are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

b. Interest Income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

c. Profit from Investments

Profit from Non Current Investments are calculated on the basis of FIFO method.
Profit from Current Investments are calculated on the basis of NAV.

5. Risk Management

The Company's activities are not exposed to any material financial risks including market risk, credit risk and liquidity risk.

6. Accounting Standard (AS-20) on Earnings Per Share

	Year ended 31st March, 2019	Year ended 31st March, 2018
Profit for the year - used as Numerator for calculating Earnings Per Share	864,963	773,440
Weighted Average number of Shares used in computing Basic Earnings Per Share	180	180
Add: Dilution effect of Employee Stock Options	-	-
Weighted Average number of Shares used in computing Diluted Earnings Per Share	<u>180</u>	<u>180</u>
Nominal value per share (in Euro)	100	100
Basic Earnings Per Share (in EURO)	4,805	4,297
Diluted Earnings Per Share (in EURO)	4,805	4,297

7. Related Party Transactions

	Year ended 31st March, 2019	Year ended 31st March, 2018
Sales of Goods		
Alkaloida Sweden		33,425
Sun Pharmaceuticals Germany GmbH	633,348	976,139
Sun Pharmaceuticals France		48,082
Ranbaxy Pharmacie Generiques SAS	989,198	930,434
Taro Pharmaceutical Industries Israel	181,226	
	<u>1,803,772</u>	<u>1,988,080</u>
Other Income (incl Management Fees)		
Sun Pharma Global (FZE)	43,417	17,296
Sun Pharmaceuticals Germany GmbH	306,520	337,608
Sun Pharmaceuticals France		44,262
Alkaloida Sweden AB		258,427
Alkaloida Chemical Company Zrt.	4,397	3,045
Basics GmbH	1,332,833	1,458,637
Laboratorios SLU	696,171	780,844
Ranbaxy Italia SpA	804,967	798,283
Ranbaxy Pharmacie Generiques SAS	662,801	634,803
Ranbaxy (UK) Ltd	998,408	874,319
Ranbaxy GmbH		3,180
Terapia SA	18,987	17,861
	<u>4,868,501</u>	<u>5,228,565</u>
Purchase of Goods		
Sun Pharma Global (FZE)	(83,448)	10,126,067
Sun Pharmaceutical Industries Ltd	16,938,864	8,744,681
Terapia SA	38,307	239,009
Alkaloida Sweden AB		2,099,506
Sun Pharmaceuticals France		8,100
	<u>16,893,723</u>	<u>21,217,363</u>
Interest Expense		
Alkaloida Chemical Company Zrt.	104,258	78,899
Basics GmbH	3,431	
	<u>107,689</u>	<u>78,899</u>
Other Expenses (incl Management Fees)		
Sun Pharmaceuticals France		377,162
Alkaloida Chemical Company Zrt.	1,535,571	884,442
Basics GmbH	216,321	121,913
Terapia SA	1,800,208	1,416,285
Ranbaxy UK Ltd	389,645	839,909
Ranbaxy Poland Sp Zoo	2,681	
	<u>3,944,426</u>	<u>3,639,711</u>

Trade Receivables

Sun Pharmaceutical Industries Ltd	2,331,706	1,533,384
Sun Pharmaceuticals Germany GmbH	58,754	38,980
Sun Pharmaceuticals France		22,623
Alkaloida Chemical Company Zrt.	9,683	5,071
Ranbaxy Italia SpA	119,104	83,609
Sun Pharma Global (FZE)	1,012,705	
Ranbaxy Laboratorios Ltd		69,583
Basics GmbH	207,983	234,121
Laboratorios Ranbaxy S.L.	112,834	
Ranbaxy Pharmacie Generiques SAS	1,070,432	987,845
Ranbaxy (U.K.) Ltd.	167,374	120,426
Terapia S.A.	129,644	199,082
Sun Pharma Laboratories Ltd. (formerly Sun Resins & Polymers Pvt Limited)	2,542	2,544
Sun Pharmaceutical Medicare Ltd.	163,899	267,599
Taro Pharmaceutical Industries Israel	242,074	
	5,628,734	3,564,867

Loans Taken

Alkaloida Chemical Company Zrt.		6,484,359
Basics GmbH	6,503,431	
	6,503,431	6,484,359

Trade Payable

Alkaloida Chemical Company Zrt.	138,272	166,969
Alkaloida Sweden AB		19,336
Sun Pharma Global (FZE)	2,000,000	6,279,648
Sun Pharmaceutical Industries Ltd	6,990,159	4,543,693
Sun Pharmaceutical Industries Inc		1,037
Terapia SA	222,394	453,047
Ranbaxy Laboratorios Ltd		14,602
Basics GmbH	17,398	
Ranbaxy Italia S.p.A	650	
Ranbaxy (U.K.) Ltd.	28,989	22,559
Ranbaxy Poland Sp Zoo		4,370
	9,397,862	11,505,261

8. Taxes on Income

Income tax expense consists of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and taxable temporary differences arising upon the initial recognition of goodwill

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

9. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognised in the financial statements.

10. Inventories

Inventories consisting of stock-in-trade are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw stock-in-trade comprises cost of purchases. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

11. Accounting policies not specifically mentioned above will be as per generally accepted accounting principles in India.

As per our report of even date
For **SRBC & CO LLP**
Chartered Accountants
ICAI Firm Registration No. 324982/E300003

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries (Europe) B.V.

per Paul Alvares
Partner
Membership No. 105754

Prashant Savla
Director

Date:
Place: Pune, India

Date:
Place: Hoofddorp, The Netherlands
