

Sun Pharmaceuticals Italia S.r.l.
Viale Giulio Richard, 1
20143 Milano
Tel. + 39 02 33490793
Fax + 39 02 33431842



Sun Pharmaceuticals Italia S.R.L.
Indian Format Financial Statements
FY 2017 – 2018
1 April 2017 - 31 March 2018

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.

Tel: Off: 2269 2624 / 2269 9664/40040216
E-mail: valtim09@gmail.com
32, Trinity Chambers,
117, Bora Bazar Street, Fort,
Mumbai – 400 001.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUN PHARMACEUTICALS ITALIA S.r.l.

Report on the Financial Statements

We have audited the accompanying Financial Statements of **SUN PHARMACEUTICALS ITALIA S.r.l.** (the "Company"), which comprise the Balance Sheet as at 31st March, 2018 and the Statement of Profit and Loss (including other Comprehensive income), and Statement of Changes in Equity for the period 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 including the Accounting Standards (Ind AS). 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.

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.

Tel: Off: 2269 2624 / 2269 9664/40040216
E-mail: valtim09@gmail.com
32, Trinity Chambers,
117, Bora Bazar Street, Fort,
Mumbai – 400 001.

Emphasis of Matters

The Company has transferred all assets and liabilities of the business to a fellow subsidiary during the year 2016-17 and accordingly the financial statements are prepared on a break-up basis and not 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 31st March, 2018, and its financial performance including other comprehensive income, and the changes in equity for the period 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 April, 2018

SUN PHARMACEUTICALS ITALIA SRL
BALANCE SHEET AS AT MARCH 31, 2018

	Notes	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
ASSETS				
Non-current assets				
Property, plant and equipment	3	-	-	36.683
Capital work-in-progress	3	-	-	-
Other intangible assets	4	-	-	75.174
Intangible assets under development		-	-	-
Investments in subsidiaries		-	-	-
Investments in associates		-	-	-
Financial assets		-	-	-
Investments		-	-	-
Loans		-	-	-
Other financial assets		-	-	-
Deferred tax asset, net		-	-	-
Other non-current assets		-	-	-
Total non-current assets		-	-	111.857
Current assets				
Inventories	5	-	-	2.136.253
Financial assets		-	-	-
Other investments		-	-	-
Trade receivables	6	19.139	46.723	2.351.778
Cash and cash equivalents	7	514.597	508.149	144.819
Bank balances other than (Note: 15) above	8	-	-	299.011
Loans	9	-	-	5.000
Other financial assets	10	-	-	43.070
Other current assets	11	42.559	39.530	168.813
Total current assets		576.295	594.402	5.148.744
TOTAL ASSETS		576.295,21	594.402	5.260.601
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	10.000	10.000	10.000
Share application money pending allotment		5.640.927	5.640.927	5.640.927
Other equity		(5.078.728,11)	(5.067.105)	(5.046.059)
Total equity		572.199	583.822	604.868
Non-current liabilities				
Financial liabilities				
Borrowings	13	-	-	3.167.939
Other financial liabilities		-	-	-
Deferred tax liabilities (Net)		-	-	-
Provisions	14	-	-	63.382
Total non-current liabilities		-	-	3.231.321
Current liabilities				
Financial liabilities				
Borrowings		-	-	-
Trade payables	15	-	10.580	1.331.461
Other financial liabilities		-	-	-
Provisions	16	4.096	-	-
Other current liabilities	17	-	-	92.951
Total current liabilities		4.096	10.580	1.424.412
TOTAL EQUITY AND LIABILITIES		576.295,21	594.402	5.260.601
See accompanying notes to the financial statements		-	-	-
In terms of our report of even date attached For Valia & Timbadia Chartered Accountants		For and on behalf of the Board		
Hiten C. Timbadia Partner		Prashant Savla Director		
Date : 24th of April 2018 Place : Hoofddorp, The Netherlands		Date : 24th of April 2018 Place : Hoofddorp, The Netherlands		

SUN PHARMACEUTICALS ITALIA SRL
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Notes	Year ended 31-mar-18	Year ended 31-mar-17
Revenue from operations	18	-	2.521.375
Other income	19	-	6.110
Total income		-	2.527.485
Expenses			
Cost of material consumed		-	-
Purchases of stock-in-trade		-	231.911
Changes in inventories	20	-	2.136.253
Employee benefits expense	21	-	93.284
Finance costs	22	-	6.098
Depreciation and amortisation expense	3 & 4	-	1.988
Other expenses	23	11.623	78.997
Total expenses		11.623	2.548.531
Loss before exceptionals item and tax		(11.623)	(21.046)
Exceptional items			-
Loss before tax		(11.623)	(21.046)
Tax expenses			
Current tax			-
Deferred tax			-
Loss for the year		(11.623)	(21.046)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans			-
Income tax on above			-
Equity instruments through other comprehensive income			-
Income tax on above			-
		-	-
Items that will be reclassified to profit or loss			
Effective portion of gain and loss on designated portion of hedging instruments in a cash flow hedge			-
Income tax on above			-
		-	-
Total other comprehensive income		-	-
Total comprehensive loss for the year		(11.623)	(21.046)
Earnings per equity share (face value per equity shares - ` 1)		(11.623)	(21.046)
Basic (in `)			
Diluted (in `)			
See accompanying notes to the financial statements			
In terms of our report of even date attached For Valia & Timbadia Chartered Accountants		For and on behalf of the Board	
Hiten C. Timbadia Partner		Prashant Savla Director	
Date : 24th of April 2018 Place : Hoofddorp, The Netherlands		Date : 24th of April 2018 Place : Hoofddorp, The Netherlands	

SUN PHARMACEUTICALS ITALIA SRL
STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2018

NOTE: 1

	Share application money pending allotment	Share suspense account	Capital reserve	Securities premium reserve	Debtenture redemption reserve	Share option outstanding account	Reserve and surplus			Retained earnings (Surplus in profit and loss)	Other comprehensive income through OCI	Other comprehensive income (OCI)		Total
							Amalgamation reserve	Share redemption reserve	General reserve			Effective portion of cash flow hedge		
Balance as at April 1, 2016	5.640.927	-	-	-	-	-	-	-	(5.046.059)	-	-	-	594.868	
Loss for the year									(21.046)				(21.046)	
Other comprehensive income for the year, net of income tax									-				-	
Total comprehensive income for the year									(21.046)				(21.046)	
Payment of dividend									-				-	
Corporate dividend tax									-				-	
Scheme of amalgamation									-				-	
Transfer of capital redemption reserve									-				-	
Transfer of debtenture redemption reserve									-				-	
Issue of share capital									-				-	
Buy-back of equity shares									-				-	
Exercise of share option									-				-	
Transfer to General Reserve									-				-	
Share-based payments (amortisation)									-				-	
Deferred tax provision used									-				-	
(Adjustment of previous year)									-				-	
Balance as at March 31, 2017	5.640.927	-	-	-	-	-	-	-	(5.067.105)	-	-	-	573.822	
Loss for the year									(11.623)				(11.623)	
Other comprehensive income for the year, net of income tax									-				-	
Total comprehensive income for the year									(11.623)				(11.623)	
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)									-				-	
(Reverse of previous year adjustment)									-				-	
Balance as at March 31, 2018	5.640.927	-	-	-	-	-	-	-	(5.078.728)	-	-	-	562.199	

In terms of our report of even date attached
For **Valla & Timbadia**
Chartered Accountants

For and on behalf of the Board

Hiten C. Timbadia
Partner

Date : 24th of April 2018
Place : Hoofddorp, The Netherlands

Prashant Savia
Director

Date : 24th of April 2018
Place : Hoofddorp, The Netherlands

SUN PHARMACEUTICALS ITALIA SRL
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018

NOTE : 2

PARTICULAR	Year THE YEAR ENDED 3.03.2018		Year THE YEAR ENDED 3.03.2017	
	Amount in Euro		Amount in Euro	
A) Cash Flow From Ioperating activity	-	-	-	-
Net Profit Before Tax	-	(11.723)	-	(12.362)
Adjustmnts for :	-	-	-	-
- Current Tax	-	-	-	-
- Defered Tax charge	-	-	-	-
Profit on sale of Investment	-	-	-	-
Depreciation and Amortization	-	-	-	(1.988)
Other Income (Interest and Investment Income)	-	-	-	2
Interest Expenses	-	-	-	(6.098)
Operating (Loss) / Profit before Working Capital Change				
Changes in working capital				
Adjustments for (Increase) / Decrease in Operating Assets :				
- Decrease / (Increase) in Sundry Debtors	24.555		2.552.381	
- Decrease / (Increase) in Loans and Advances	-		-	
- Decrease / (Increase) in Inventory	-		2.136.254	
Adjustments for (Increase) / Decrease in Operating liabilities :				
- (Decrease) / Increase in Trade & Othr Payables	(6.384)		(1.547.788)	
- Income Tax paid	-		-	
Net Cash Flow from Operating Activities		18.171		3.140.847
B) Cash Flow From Investing activity				
- Decrease / (Increase) in Non Current Investments	-			
- Decrease / (Increase) in Current Investments	-		(3.167.939)	
- Interest and Investment Income	-		-	
- Decrease / (Increase) in Other Receivables	-			
- Other Non - Operatiing Income	-		111.857,00	
Net Cash Flow from Investing Activity		-		(3.056.082)
C) Cash Flow From Financing Activities				
- Decrease / (Increase) in Loans and Advances				
- Proceeds from issue of Equity Shares				
- Interest Income	-		-	
- Decrease / (Increase) in Long Term Borrowing				
- Interest Expenses				
- Increase / (Decrease) in Short Term Borrowing				
Net Cash Flow from Financing Activity				
Net Increase / (Decrease) in Cash & Cash Equivalent		6.447	-	64.320
Cash & Cash Equivalent at Beginning of the year		508.149	-	443.830
Cash & Cash Equivalent at the end of the year		514.597		508.149,34

Note : Cash & Cash Equivalent consist of the cash / cheque in Hand & Bank balance in curret account .

In terms of our report of even date attached

For Valia & Timbadia
Chartered Accountants

For and on behalf of the Board

Hiten C. Timbadia
Partner

Prashant Savla
Director

Date : 24th of April 2018
Place : Hoofddorp. The Netherlands

Date : 24th of April 2018
Place : Hoofddorp. The Netherlands

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

NOTE : 3
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, 2016	-	-	-	-	-	-	93.728	41.633	15.575	-	150.935
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	(93.728)	(41.633)	(15.575)	-	(150.935)
As at March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment											
As at April 1, 2016	-	-	-	-	-	-	63.706	36.689	13.856	-	114.251
Depreciation expense	-	-	-	-	-	-	1.439	168	-	-	1.607
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(65.145)	(36.857)	(13.856)	-	(115.858)
As at March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	-	-	0	-	0
Impairment loss	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-	-	-	-	0	-	0
Carrying value											
As at April 1, 2016	-	-	-	-	-	-	30.022	4.944	1.719	-	36.683,00
As at March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2018	-	-	-	-	-	-	-	-	(0)	-	(0)

Notes

(i) All Fixed Assets transferred to Ranbaxy Italia following the sale of Business of 6 May 2016 .

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

NOTE : 4
 OTHER INTANGIBLE ASSETS

	Trademarks and Designs	Total
At cost / deemed cost		
As at April 1, 2016	76.448,00	76.448,00
Additions	-	-
Disposals	-	-
Transfers	(76.448,00)	(76.448,00)
As at March 31, 2017	-	-
Additions	-	-
Disposals	-	-
Transfers	-	-
As at March 31, 2018	-	-
Accumulated depreciation and impairment		
As at April 1, 2016	1.274,00	1.274,00
Depreciation expense	335,00	335,00
Impairment loss	-	-
Disposals	(1.609,00)	(1.609,00)
As at March 31, 2017	-	-
Depreciation expense	-	-
Impairment loss	-	-
Disposals	-	-
As at March 31, 2018	-	-
Carrying value		
As at April 1, 2016	75.174,00	75.174,00
As at March 31, 2017	-	-
As at March 31, 2018	-	-

Notes

(i) All Intangible Assets transferred to Ranbaxy Italia following the sale of Business of 6 May 2016 .

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

NOTE : 5

INVENTORIES

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Lower of cost and net realisable value			
Raw materials and packing materials		-	-
Goods in transit		-	-
	-	-	-
Work-in-progress		-	-
Finished goods			
Goods in transit	-	-	1.737.448
	-	-	398.805
	-	-	2.136.253
Stock-in-trade			
Goods in transit	-	-	-
	-	-	-
Other materials and consumables			
	-	-	-
	-	-	-
	-	-	2.136.253

NOTE : 6

TRADE RECEIVABLES

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Current			
Unsecured considered good	19.139	46.723	2.351.096
Unsecured considered good - from related parties	-	-	652
Doubtful	-	-	69.973
Allowance for doubtful debts (expected credit loss allowance)	-	-	(69.973)
	19.139	46.723	2.351.778

NOTE : 7

CASH AND CASH EQUIVALENTS

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Cash on hand	-	-	898
Cheques, drafts on hand	-	-	-
Balances with banks			
In current accounts	514.597	508.149	143.921
In deposit accounts with original maturity less than 3 months	-	-	-
In EEFC accounts	-	-	-
	514.597	508.149	144.819

NOTE : 8

OTHER BANK BALANCES

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
In deposit accounts (*)			
In earmarked accounts		-	-
Unpaid Dividend Accounts		-	-
Balances held as margin money or security against guarantees	-	-	299.011
	-	-	299.011
Less : Bank overdrafts			
	-	-	299.011

* Other bank balances include deposits amounts to " (March 31, 2018 : April 1, 2017 :) and margin monies amounting to " (March 31, 2018 : April 1, 2016 :) which have an original maturity of more than 12 months

NOTE : 9

CURRENT LOANS AND ADVANCES

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Secured, considered good unless stated otherwise			
Amortised cost			
Loans to employees	-	-	5.000
Unsecured considered good unless stated otherwise			
Amortised cost			
Loans to related parties			
Loans to employees		-	-
Loans to others		-	-
Doubtful			
Loans to related parties			
Less : Provision for doubtful debts (expected credit loss)		-	-
Loans to others		-	-
Less : Provision for doubtful debts (expected credit loss)		-	-
	-	-	5.000

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

NOTE : 10
OTHER CURRENT FINANCIAL ASSETS

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Unsecured considered good unless stated otherwise			
Amortised cost			
Interest accrued on investments / loans / balances with banks		-	-
Insurance claim receivables		-	-
Security deposits		-	-
Other receivables	-	-	43,070
Fair value through profit and loss		-	-
Derivatives not designated as hedges		-	-
Derivatives designated as hedges		-	-
	-	-	43,070

NOTE : 11
OTHER CURRENT ASSETS

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Unsecured considered good unless stated otherwise			
Prepaid expenses	232	232	57,533
Advances to supply of goods and services	-	-	-
Balances with government authorities	5,612	2,432	74,343
Other assets (advance Income tax)	36,715	36,666	36,937
	42,559	39,530	168,813

NOTE : 12
EQUITY SHARE CAPITAL

	As at 31-mar-18		As at 31-mar-17		As at 01-apr-16	
	No. of shares		No. of shares		No. of shares	
Authorised						
Equity shares of ` 1 each						
Cumulative preference shares of ` 100 each	-	-	-	-	-	-
	0	-	0	-	0	-
Issued, subscribed and fully paid up						
Equity Shares of ` 1 each	1	10,000	1	10,000	1	10,000
	1	10,000	1	10,000	1	10,000
Reconciliation of fully paid equity shares						
Opening balance	-	-	-	-	-	-
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	-	-	-	-	-	-
Movement of shares issued to ESOP trust						
Opening balance						
Add : shares allotted during the year pursuant to the scheme of amalgamation						
Add : shares allotted on exercise of employee stock option by ESOP trust						
Closing balance	-	-	-	-	-	-
Details of shareholders holding more than 5% in the Company						
Equity shares						
Dilip Shantil Shanghvi						
Viditi Investment Pvt. Ltd.						
Tejaskiran Pharmachem Industries Pvt. Ltd.						
Family Investment Pvt. Ltd.						
Quality Investments Pvt. Ltd.						

NOTE : 13
NON CURRENT BORROWINGS

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Secured			
At amortised cost			
Term loan from department of biotechnology		-	-
Unsecured			
At amortised cost			
Term loan from banks (Refer Note		-	-
Loan from Intercompany (Refer Note	-	-	3,167,939
	-	-	3,167,939

NOTE : 14
LONG TERM PROVISIONS

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Employee benefits	-	-	63,382.0
	-	-	-

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

NOTE : 15
 TRADE PAYABLE

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Trade payables to micro , small and medium enterprises	-	-	1.024.302,0
Trade payable to Related Parties	-	-	307.159,0
Others	-	10.580,0	1.331.461,0
	-	10.580,0	1.331.461,0

NOTE : 16
 SHORT TERM PROVISION

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Employee Benefits			
Provision in respect of losses of subsidiaries			
Product return			
Others			
Dividends proposed to be distributed to Equity Shareholders	4.096	-	-
Corporate Dividend Tax			

NOTE : 17
 OTHER CURRENT LIABILITIES

	As at 31-mar-18	As at 31-mar-17	As at 01-apr-16
Statutory Remittance	-	-	92.951
	-	-	-
	-	-	92.951

NOTE : 18
 REVENUE FROM OPERATION

	As at 31-mar-18	As at 31-mar-17
Sales of Products (Including excise duty)	-	2.521.375
Other operating Revenues	-	-
	-	2.521.375

NOTE : 19
 OTHER INCOME

	Year ended 31-mar-18	Year ended 31-mar-17
Interest income on :		
Bank deposits (at amortised cost)	-	2
Loans and advances measured at amortised cost	-	-
Current Investments measured at fair value through profit and loss	-	-
Long term investment measured at fair value through profit and loss	-	-
Income on financial guarantee given at fair value through profit and loss	-	-
Dividend Income		
Dividend Income on Investment - others	-	-
Dividend Income on Investment - related party	-	-
Other not Operating Income (Net of expenses directly attributable to such Income)		
Gain on sale of Financial assets measured at fair through profit and loss - Net		
Gain on sale of Investment in subsidiary		
Sundry balances written back - Net		
Insurance Claims		
Lease rental and hire charges		
Miscellaneous Income	-	6.108
		6.110

NOTE : 20
 CHANGES IN INVENTORIES

	Year ended 31-mar-18	Year ended 31-mar-17
Inventories at the beginning of the year	-	2.136.253
Inventories at the end of the year	-	-
	-	2.136.253

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

NOTE : 21
EMPLOYEE BENEFITS EXPENSE

	Year ended 31-mar-18	Year ended 31-mar-17
Salaries and wages	-	69.535
Contribution to provident and other funds	-	20.740
Share based payments to employees	-	-
Staff welfare expenses	-	3.009
Effective interest cost on loans to employee measured at amortised cost	-	-
	-	93.284

NOTE : 22
FINANCE COSTS

	Year ended 31-mar-18	Year ended 31-mar-17
Interest expense on borrowing and others	-	6.098
Other borrowing costs	-	-
Unwinding of discounts on provisions	-	-
Exchange differences regarded as an adjustment to borrowing costs	-	-
	-	6.098

NOTE : 23
OTHER EXPENSES

	Year ended 31-mar-18	Year ended 31-mar-17
Consumption of materials, stores and spare parts	-	-
Conversion and other manufacturing charges	-	-
Power and fuel	-	-
Rent	-	-
Rates and taxes	-	3.432
Insurance	-	-
Selling and distribution	-	2.023
Commission and discount	-	17.499
Repairs and maintenance	-	20
Buildings	-	-
Machinery	-	-
Others	-	-
Printing and stationery	-	2.045
Travelling and conveyance	64	-
Overseas travel and export promotion	-	3.867
Communication	-	-
Provision / write off for doubtful trade receivables / advances	-	3.072
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	8.341	17.812
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)	-	-
As auditors	500	1.600
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	2.718	27.627
	11.623	78.997
Less : Receipts from Research Activities	-	-
	11.623	78.997

NOTE : 24

(A) ACCOUNTING POLICIES :

1. Basis of Accounting

The Company has prepared financial statements for the year ended March 31, 2018 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. Further, the Company has prepared the opening balance sheet as at April 1, 2017 (the transition date) in accordance with Ind AS.

Upto the year ended March 31, 2018, the company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

The Company has transferred all assets and liabilities of the business to a fellow subsidiary during the year 2016-17. Accordingly the financial statements are prepared on a break-up basis and not on a going concern basis.

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.

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

	Year ended 31st March, 2018	Year ended 31st March, 2017
Profit for the year - used as Numerator for calculating Earnings Per Share	(11.623)	(21.046)
Weighted Average number of Shares used in computing Basic Earnings Per Share	1	1
Add: Dilution effect of Employee Stock Options	-	-
Weighted Average number of Shares used in computing Diluted Earnings Per Share	<u>1</u>	<u>1</u>
Nominal value per share (in Euro)	10.000	10.000
Basic Earnings Per Share (in Euro)	(11.623)	(21.046)
Diluted Earnings Per Share (in Euro)	(11.623)	(21.046)

5.b Related Party Transactions

	Year ended 31st March, 2017	Year ended 31st March, 2016
Sales of Goods		
Ranbaxy Italia SpA	-	2.053.314
Other Income		
Ranbaxy Italia SpA	-	6.108
Purchase of Goods		
Sun Pharma Global (FZE)	-	204.822
Sun Pharmaceutical Industries Ltd	-	(16.850)
Ranbaxy Italia SpA	-	41.886
Interest Expense		
Alkaloida Chemical Company Zrt.	-	6.098
Other Expenses		
Alkaloida Chemical Company Zrt.	-	-
Ranbaxy Italia SpA	-	5.806
Sun Pharmaceuticals Industries Europe BV	-	-
Trade Receivables		
Ranbaxy Italia SpA	-	-
Loans Taken		
Alkaloida Chemical Company Zrt.	-	-
Trade Payable		
Alkaloida Chemical Company Zrt.	-	-
Sun Pharma Global (FZE)	-	-
Sun Pharmaceutical Industries Ltd	-	-
Sun Pharmaceuticals Industries Europe BV	-	-

6. 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.

7. 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.

8 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.

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

(B) First-time adoption of Ind-AS

These financial statements for the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note A have been applied in preparing the standalone financial statements for the year ended March 31, 2018 and the comparative information.

In terms of our report of even date attached

For Valia & Timbadia

Chartered Accountants

For and on behalf of the Board

Hiten C Timbadia

Partner

Prashant Savla

Director

Date : 24th of April 2018

Place : Hoofddorp, The Netherlands

Date : 24th of April 2018

Place : Hoofddorp, The Netherlands