



Sun Pharmaceuticals Italia SRL  
Indian Format Financial Statements  
FY 2016 – 2017  
1 April 2016 – 31 March 2017

**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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32, Trinity Chambers,  
117, Bora Bazar Street, Fort,  
Mumbai – 400 001.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SUN PHARMACEUTICALS ITALIA SRL

#### Report on the Financial Statements

We have audited the accompanying Ind AS Financial Statements of **SUN PHARMACEUTICALS ITALIA SRL**. (the "Company"), which comprise the Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss (including other Comprehensive income), the statement of Cash Flows 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. 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**  
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**Emphasis of Matters**

*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.*

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2017, and its financial performance including other comprehensive income, its cash flows 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: MUMBAI  
DATED: 10<sup>TH</sup> May, 2017

**SUN PHARMACEUTICALS ITALIA SRL**  
**BALANCE SHEET AS AT MARCH 31, 2017**

	Notes	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1	(0)	36.683	63.501
Other intangible assets	2	-	75.174	-
Deferred tax asset, net	3	-	-	643.886
Total non-current assets		(0,000)	111.857	707.387
<b>Current assets</b>				
Inventories	4	-	2.136.253	2.739.049
Financial assets				
Trade receivables	5	46.723	2.351.778	3.616.033
Cash and cash equivalents	6	508.149	144.819	113.660
Bank balances other than (Note: 15) above	7	-	299.011	299.011
Loans	8	-	5.000	5.000
Other financial assets	9	-	43.070	5.477
Other current assets	10	39.530	168.813	121.014
Total current assets		594.402	5.148.744	6.899.244
<b>TOTAL ASSETS</b>		<b>594.402</b>	<b>5.260.601</b>	<b>7.606.631</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	11	10.000	10.000	10.000
Share application money pending allotment		5.640.927	5.640.927	5.642.927
Other equity		(5.067.105)	(5.046.059)	(4.416.486)
Total equity		583.822	604.868	1.236.441
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	12	-	3.167.939	3.535.245
Provisions	13	-	63.382	52.194.000
Total non-current liabilities		-	3.231.321	3.587.439
<b>Current liabilities</b>				
Financial liabilities				
Trade payables	14	10.580	1.331.461	2.686.914
Provisions	15	-	-	37.824
Other current liabilities	16	-	92.951	58.013
Total current liabilities		10.580	1.424.412	2.782.751
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>594.402</b>	<b>5.260.601</b>	<b>7.606.631</b>
See accompanying notes to the financial statements				
In terms of our report of even date attached <b>For Valia &amp; Timbadia</b> Chartered Accountants		<b>For and on behalf of the Board</b>		
<b>Hiten C Timbadia</b> Partner		<b>Prashant Savla</b> Director		
Date: 10th of may 2017		Date: 8th of may 2017		
Place: Mumbai, India		Place: Hoofddorp, The Netherlands		

**SUN PHARMACEUTICALS ITALIA SRL**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

	Notes	Year ended 31-mrt-17	Year ended 31-mrt-16
Revenue from operations	17	2.521.375	4.361.950
Other income	18	6.110	16.361
<b>Total income</b>		<b>2.527.485</b>	<b>4.378.311</b>
<b>Expenses</b>			
Purchases of stock-in-trade		231.911	1.577.873
Changes in inventories	19	2.136.253	602.796
Employee benefits expense	20	93.284	1.149.610
Finance costs	21	6.098	72.694
Depreciation and amortisation expense	1 & 2	1.988	28.091
Other expenses	22	78.397	890.624
<b>Total expenses</b>		<b>2.547.931</b>	<b>4.321.688</b>
<b>Loss before exceptionals item and tax</b>		<b>(20.446)</b>	<b>56.623</b>
<b>Loss before tax</b>		<b>(20.446)</b>	<b>56.623</b>
<b>Tax expenses</b>			
Current tax	23		44.310
Deferred tax	23		355.108
<b>Loss for the year</b>		<b>(20.446)</b>	<b>(342.795)</b>
<b>Total comprehensive loss for the year</b>		<b>(20.446)</b>	<b>(342.795)</b>
<b>Earnings per equity share (face value per equity shares - ` 1)</b>		<b>(20.446)</b>	<b>(342.795)</b>
Basic (in `)			
Diluted (in `)			
See accompanying notes to the financial statements			
In terms of our report of even date attached		<b>For and on behalf of the Board</b>	
<b>For Valia &amp; Timbadia</b>			
<i>Chartered Accountants</i>			
<b>Hiten C Timbadia</b>		<b>Prashant Savla</b>	
Partner		<i>Director</i>	
Date: 10th of may 2017		Date: 8th of may 2017	
Place: Mumbai, India		Place: Hoofddorp, The Netherlands	

**SUN PHARMACEUTICALS ITALIA SRL**  
**STATEMENT OF CHANGES OF EQUITY FOR THE YEAR ENDED MARCH 31, 2017**

	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	
							Capital reserve	Securities premium reserve	Debt redemption reserve	Share option outstanding account	Amalgamation reserve	Capital redemption reserve		General reserve
<b>Balance as at April 1, 2015</b>	5,642.927	-	-	-	-	-	-	-	-	-	-	(4,416.486)	-	1,226,441
Loss for the year												(342.795)		(342.795)
Other comprehensive income for the year, net of income tax														
<b>Total comprehensive income for the year</b>												<b>(342.795)</b>		<b>(342.795)</b>
Payment of dividend														
Corporate dividend tax														
Scheme of amalgamation														
Transfer of capital redemption reserve														
Transfer of debt redemption reserve	(2,000)													
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														(288.778)
<b>Balance as at March 31, 2016</b>	5,640.927	-	-	-	-	-	-	-	-	-	-	(5,048.059)	-	594.868
Loss for the year														
Other comprehensive income for the year, net of income tax														
<b>Total comprehensive income for the year</b>														
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)														
<b>Balance as at March 31, 2017</b>	5,640.927	-	-	-	-	-	-	-	-	-	-	(5,069.105)	-	573.822

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

Hiten C Timbadia  
Partner

Date: 10th of may 2017

Place: Mumbai, India

For and on behalf of the Board

Prashant Savia  
Director

Date: 8th of may 2017

Place: Hoofddorp, The Netherlands

**SUN PHARAMCEUTICALS ITALIA SRL**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2017**

PARTICULARS	FOR THE YEAR ENDED 31.03.2017		FOR THE YEAR ENDED 31.03.2016	
	Amount in Euro		Amount in Euro	
<b>A) Cash flow From Operating Activities</b>				
<b>Net Profit Before Tax</b>		(12.362)		157.383
<u>Adjustments for :</u>				
- Current Tax				(44.310)
- Deffered Tax charge				(355.108)
Profit on sale of Investment				
Depreciation and Amortization		(1.988)		(28.091)
Other Income (Interest and investment income)		2		25
Interest Expenses		(6.098)		(72.694)
<b>Operating (Loss) / Profit before Working Capital change</b>				
<b>Changes in working capital</b>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
- Decrease / (Increase) in Sundry Debtors	2.552.381		1.752.777	
'- Decrease / (Increase) in Loans and Advances				
'- Decrease / (Increase) in Inventory	2.136.254		602.795	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
'- (Decrease) / Increase - Trade & Other payables	(1.547.788)		(1.277.178)	
'- Income Tax paid				
<b>Net Cash Flows from Operating Activities</b>		<b>3.140.847</b>		<b>1.078.394</b>
<b>B) Cash Flow from Investing Activities</b>				
- Decrease / (Increase) in Non-Current Investments			(48.357)	
- Decrease / (Increase) in Current Investments	(3.167.939)		(367.306)	
- Interest and investment income	-		(288.778)	
- Decrease / (Increase) in Other Receivables				
- Other Non-Operating Income	111.857			
<b>Net Cash Flows from Investing Activities</b>		<b>(3.056.082)</b>		<b>(704.441)</b>
<b>C) Cash Flow from Financing Activities</b>				
- Decrease / (Increase) in Loans and Advances				
- Proceeds from issue of Equity Shares				
- Interest Income				
- Increase / (Decrease) in Long Term Borrowings				
- Interest Expenses				
- Increase / (Decrease) in Short Term Borrowings				
<b>Net Cash Flows from Financing Activities</b>		<b>-</b>		<b>-</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash equivalents</b>		<b>64.320</b>		<b>31.159</b>
Cash & Cash Equivalents at Beginning of the year		443.830		412.671
<b>Cash &amp; Cash Equivalents at the End of the Year</b>		<b>508.149</b>		<b>443.830</b>

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

**For and on behalf of the Board**

**Hiten C Timbadia**  
Partner

**Prashant Savla**  
Director

Date: 10th of may 2017

Date: 8th of may 2017

Place: Mumbai, India

Place: Hoofddorp, The Netherlands

SUN PHARMACEUTICALS ITALIA SRL  
 NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2017

NOTE : 1  
 PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Office equipment	Furniture and fixtures	Total
<b>At cost / deemed cost As at April 1, 2015</b>	111.528	47.434	16.109	175.071
Additions	-	-	-	-
Disposals	(17.800)	(5.802)	(534)	(24.136)
Transfers				-
<b>As at March 31, 2016</b>	93.728	41.633	15.575	150.935,32
Additions	-	-	-	-
Disposals				-
Transfers	(93.728)	(41.633)	(15.575)	(150.935)
<b>As at March 31, 2017</b>	-	-	-	-
<b>Accumulated depreciation and impairment As at April 1, 2015</b>	58.074	39.918	13.578	111.570
Depreciation expense	23.432	2.573	812	26.817
Impairment loss				-
Disposals	(17.800)	(5.802)	(534)	(24.136)
<b>As at March 31, 2016</b>	63.706	36.689	13.856	114.251
Depreciation expense	1.439	168	0	1.607
Impairment loss				-
Disposals	(65.145)	(36.857)	(13.856)	(115.858)
<b>As at March 31, 2017</b>	-	-	0	0
<b>Carrying value As at April 1, 2015</b>	53.454	7.516	2.531	63.501
<b>As at March 31, 2016</b>	30.022,000	4.943,640	1.719	36.683
<b>As at March 31, 2017</b>	-	-	(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, 2017

NOTE : 2

OTHER INTANGIBLE ASSETS

	Trademarks and Designs	Total
<b>At cost / deemed cost</b>		
<b>As at April 1, 2015</b>	13.413	13.413
Additions	76.448	76.448
Disposals	(13.413)	(13.413)
<b>As at March 31, 2016</b>	76.448	76.448
Additions	-	-
Disposals	(76.448)	(76.448)
<b>As at March 31, 2017</b>	-	-
<b>Accumulated amortisation and impairment</b>		
<b>As at April 1, 2015</b>	13.413	13.413
Amortisation expense	1.274	1.274
Disposals	(13.413)	(13.413)
<b>As at March 31, 2016</b>	1.274	1.274
Amortisation expense	335	335
Disposals	(1.609)	(1.609)
<b>As at March 31, 2017</b>	-	-
<b>Carrying value</b>		
<b>As at April 1, 2015</b>	-	-
<b>As at March 31, 2016</b>	75.174	75.174
<b>As at March 31, 2017</b>	-	-

SUN PHARMACEUTICALS ITALIA SRL  
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE : 3  
 DEFERRED TAX ASSETS (NET)

	Opening balance April 01, 2015	Recognised in profit and loss statement	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Closing balance March 31, 2016
Provisions	643.886	(355.108)		(288.778)	-	-
	<b>643.886</b>	(355.108)	-	<b>(288.778)</b>	-	-

	Opening balance March 31, 2016	Recognised in profit and loss statement	Recognised in other comprehensive income	Recognised directly in equity	Reclassified from equity to profit or loss	Closing balance March 31, 2017
Provision for doubtful debts	-	69.973		-	69.973	-
	-	<b>69.973</b>	-	-	<b>69.973</b>	-

NOTE : 4  
 INVENTORIES

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Lower of cost and net realisable value			
Stock-in-trade		1.737.448	2.181.822
Goods in transit		398.805	557.227
	-	2.136.253	2.739.049
	-	2.136.253	2.739.049

NOTE : 5  
 TRADE RECEIVABLES

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Current			
Unsecured considered good	46.723	2.351.096	3.455.304
Unsecured considered good - from related parties	-	682	160.729
Doubtful	-	69.973	-
Allowance for doubtful debts (expected credit loss allowance)	-	(69.973)	-
	<b>46.723</b>	<b>2.351.778</b>	<b>3.616.033</b>

NOTE : 6  
 CASH AND CASH EQUIVALENTS

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Cash on hand	-	898	3.698
Balances with banks			
In current accounts	508.149	143.921	109.962
	508.149	144.819	113.660

NOTE : 7  
 OTHER BANK BALANCES

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
In earmarked accounts			
Balances held as margin money or security against guarantees and	-	299.011	299.011
	-	299.011	299.011

SUN PHARMACEUTICALS ITALIA SRL  
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE : 8  
CURRENT LOANS AND ADVANCES

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
<b>Secured, considered good unless stated otherwise</b>			
Amortised cost			
Loans to employees	-	5.000	5.000
	-	<b>5.000</b>	5.000

NOTE : 9  
OTHER CURRENT FINANCIAL ASSETS

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
<b>Unsecured considered good unless stated otherwise</b>			
Amortised cost			
Security deposits	-	43.070	5.477
	-	<b>43.070</b>	5.477

NOTE : 10  
OTHER CURRENT ASSETS

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
<b>Unsecured considered good unless stated otherwise</b>			
Prepaid expenses	232	57.533	31.008
Balances with government authorities	2.432	74.343	72.005
Other assets ( advance income tax )	36.866	36.937	18.001
	<b>39.530</b>	168.813	121.014

NOTE : 11  
EQUITY SHARE CAPITAL

	As at 31-mrt-17		As at 31-mrt-16		As at 1-apr-15	
	No. of shares		No. of shares		No. of shares	
<b>Authorised</b>						
Equity shares of ` 1 each						
Cumulative preference shares of ` 100 each	-	-	-	-	-	-
	0	-	0	-	0	-
<b>Issued, subscribed and fully paid up</b>						
Equity Shares of ` 1 each	1	10.000	1	10.000	1	10.000
	1	10.000	1	10.000	1	10.000
<b>Reconciliation of fully paid equity shares</b>						
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	-	-	-	-	-	-
<b>Details of shareholders holding more than 5% in the Company</b>						
<b>Equity shares</b>						
Alkaloida Chemical Company Zrt.	1,00	100,00	1,00	100,00	1,00	100,00

SUN PHARMACEUTICALS ITALIA SRL  
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE : 12  
 NON CURRENT BORROWINGS

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
<b>Unsecured</b>			
At amortised cost			
Loan from Intercompany (Refer Note :	-	3.167.939	3.535.245
	-	3.167.939	3.535.245

NOTE : 13  
 LONG TERM PROVISIONS

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Employee benefits	-	63.382	52.194
	-	<b>63.382</b>	<b>52.194</b>

NOTE : 14  
 TRADE PAYABLES

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Trade payables to micro, small and medium enterprises	-	-	-
Trade payables to related parties	-	1.024.302	1.972.662
Others	<b>10.580</b>	307.159	714.252
	<b>10.580</b>	<b>1.331.461</b>	<b>2.686.914</b>

NOTE : 15  
 SHORT TERM PROVISIONS

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Others	-	-	37.824
	-	-	<b>37.824</b>

NOTE : 16  
 OTHER CURRENT LIABILITIES

	As at 31-mrt-17	As at 31-mrt-16	As at 1-apr-15
Statutory remittances	-	92.951	58.013
	-	<b>92.951</b>	<b>58.013</b>

NOTE : 17  
 REVENUE FROM OPERATIONS

	Year ended 31-mrt-17	Year ended 31-mrt-16
Sale of products (including excise duty)	<b>2.521.375</b>	4.361.950
	<b>2.521.375</b>	<b>4.361.950</b>

SUN PHARMACEUTICALS ITALIA SRL  
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE : 18  
OTHER INCOME

	Year ended 31-mrt-17	Year ended 31-mrt-16
Interest income on : Bank deposits (at amortised cost)	2	25
	2	25
Other non-operating income (net of expenses directly attributable to such income) Miscellaneous income	6.108	16.336
	6.110	16.361

NOTE : 19  
CHANGES IN INVENTORIES

	Year ended 31-mrt-17	Year ended 31-mrt-16
Inventories at the beginning of the year	2.136.253	2.739.049
Inventories at the end of the year	-	(2.136.253)
	2.136.253	602.796

NOTE : 20  
EMPLOYEE BENEFITS EXPENSE

	Year ended 31-mrt-17	Year ended 31-mrt-16
Salaries and wages	69.535	864.384
Contribution to provident and other funds	20.740	238.620
Staff welfare expenses	3.009	46.606
	93.284	1.149.610

NOTE : 21  
FINANCE COSTS

	Year ended 31-mrt-17	Year ended 31-mrt-16
Interest expense on borrowing and others	6.098	72.694
	6.098	72.694

NOTE : 22  
OTHER EXPENSES

	Year ended 31-mrt-17	Year ended 31-mrt-16
Rent	3.432	32.243
Insurance	2.023	14.640
Selling and distribution	17.499	193.537
Commission and discount	20	1.741
Repairs and maintenance		
Others	2.045	13.965
Printing and stationery	-	4.888
Travelling and conveyance	3.867	55.245
Overseas travel and export promotion		2.339
Communication	3.072	35.049
Provision / write off for doubtful trade receivables / advances		
Provision for doubtful trade receivables (expected credit allowance)	-	69.973
Professional, legal and consultancy	17.812	322.322
Payments to auditors (net of input credit, where applicable)		
As auditors	1.000	1.600
Miscellaneous expenses	27.627	143.082
	78.397	890.624

SUN PHARMACEUTICALS ITALIA SRL  
 NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE : 23  
 TAX RECONCILIATION

	Year ended 31-mrt-17	Year ended 31-mrt-16
<b>Reconciliation of current tax expense</b>		
Profit before tax	<b>(20.446)</b>	<b>56.623</b>
Enacted income tax rate (%)		-
Tax expense	-	44.310
	-	<b>44.310</b>
Income tax expense recognised in profit and loss	-	<b>399.418</b>

**SUN PHARMACEUTICALS ITALIA SRL**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2017**

**NOTE : 24**

**(A) ACCOUNTING POLICIES :**

**1. Basis of Accounting**

The Company has prepared financial statements for the year ended March 31, 2017 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, 2016. Further, the Company has prepared the opening balance sheet as at April 1, 2015 (the transition date) in accordance with Ind AS.

Upto the year ended March 31, 2016, 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, 2017	Year ended 31st March, 2016
Profit for the year - used as Numerator for calculating Earnings Per Share	(20.446)	(342.795)
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)	(20.446)	(342.795)
Diluted Earnings Per Share (in Euro)	(20.446)	(342.795)

## 5.b Related Party Transactions

	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>Sales of Goods</b>		
Ranbaxy Italia SpA	-	26.802
<b>Other Income</b>		
Ranbaxy Italia SpA	6.108	6.000
<b>Purchase of Goods</b>		
Sun Pharma Global (FZE)	204.822	1.294.224
Sun Pharmaceutical Industries Ltd	(16.850)	406.157
Ranbaxy Italia SpA	41.886	-
<b>Interest Expense</b>		
Alkaloida Chemical Company Zrt.	6.098	72.694
<b>Other Expenses</b>		
Alkaloida Chemical Company Zrt.	-	71.380
Ranbaxy Italia SpA	5.806	14.516
Sun Pharmaceuticals Industries Europe BV		252.719
<b>Trade Receivables</b>		
Ranbaxy Italia SpA	-	682
<b>Loans Taken</b>		
Alkaloida Chemical Company Zrt.	-	3.167.939
<b>Trade Payable</b>		
Alkaloida Chemical Company Zrt.	-	34.510
Sun Pharma Global (FZE)	-	768.930
Sun Pharmaceutical Industries Ltd	-	68.211
Sun Pharmaceuticals Industries Europe BV	-	152.651

## 5.c Contingent Liabilities

	Year ended	Year ended
- Guarantees given by Bank on behalf of the Company	-	2.438.442
-AIFA for Hospital Spending review ( Year 2014)	-	4.000.000

**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, 2017 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, 2017 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: 10th of may 2017

Date: 8th of may 2017

Place: Mumbai, India

Place: Hoofddorp, The Netherlands