

# **SUN PHARMA ITALIA SRL**

## **FINANCIAL STATEMENTS**

**AT 31 MARCH 2021**



Crowe Bompani SpA  
Member Crowe Global  
Via Leone XIII, 14  
20145 Milano  
Tel. +39 02 45391500  
Fax +39 02 4390711  
info@crowebompani.it  
www.crowe.com/it/crowebompani

**INDEPENDENT AUDITOR'S REPORT  
IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF JANUARY 27, 2010**

To the Sole Shareholder of Sun Pharma Italia Srl

**Report on the audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Sun Pharma Italia Srl (the Company, formerly Ranbaxy Italia SpA), which comprise the statement of financial position as at March 31, 2021 and the income statements and statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, of its financial performance and its cash flows for the year then ended in accordance with in accordance with Italian Accounting Standards issued by the Italian Accounting Standards Setter (OIC).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with ethical and independence regulations and standards applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of matter**

As illustrated by the directors in the notes to the financial statements, on October 6, 2020 the Extraordinary Shareholders' Meeting of the Company approved the transformation from Corporation to a limited liability company, as well as the change of the name to Sun Pharma Italia.

**Other Matter**

The Company, as required by law, has included in the explanatory notes the most recent financial statements of the company holding the management and coordination function. Our opinion on the financial statements of the Sun Pharma Italia Srl is not extended to such data.

Crowe Bompani SpA  
Sede Legale e Amministrativa  
Via Leone XIII, 14 – 20145 Milano

MILANO ROMA TORINO PADOVA GENOVA BRESCIA PISA

Capitale Sociale € 700.000 i.v. - Iscritta al Registro delle Imprese di Milano  
Codice fiscale, P.IVA e numero iscrizione: 01414060200  
Iscritta nel Registro dei Revisori presso il Ministero dell'Economia e delle Finanze (D.M. del 12.04.1995)





Crowe Bompani SpA  
Member Crowe Global

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Italian Accounting Standards Setter (OIC) and, in the terms established by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 ISA Italia 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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;



Crowe Bompani SpA  
Member Crowe Global

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as requested by ISA Italia, 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.

### **Report on compliance with other laws and regulations**

#### **Opinion in accordance with article 14, paragraph 2, letter e) of Legislative Decree 39/10**

Management of Sun Pharma Italia Srl is responsible for preparing a report on operations of the Sun Pharma Italia Srl as of March 31, 2021, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) 720B to express an opinion, as required by law, on the consistency of the report on operations with the financial statements of Sun Pharma Italia Srl, as of March 31, 2021.

In our opinion, the report on operations is consistent with the financial statements of Sun Pharma Italia Srl, as of 31 March 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e) of Legislative Decree 39/10 issued on the basis of our knowledge and understanding of the Company obtained in the course of the audit, we have nothing to report.

Milan, April 29, 2021

Crowe Bompani SpA

Alessandro Ruina

(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*

**SUN PHARMA ITALIA SRL**

Registered office: Viale Giulio Richard, 1 Milano (MI)  
Registered with the Register of Trading Companies in Milan  
Tax payer Code and registration no. 04974910962  
Registered in the R.E.A. of Milan no.1787791  
Share capital subscribed € 50.000 fully paid-in  
VAT number: 04974910962  
Sole shareholder

Company exercising the management and coordination activity: Sun Pharmaceuticals Industries Limited

**Management Report***Financial Statements at 31/03/2021*

Dear Shareholder,

We would like to bring to your attention the Financial Statements for the Fiscal year ended on 31<sup>st</sup> March 2021, showing a profit before tax of € 886.907, and a net profit of € 886.799.

First of all, we would like to highlight that this Directors' Report has been drawn up in compliance with the provisions set forth by art. 2428 of the Civil Code, so as amended by the Legislative Decree of 2 February 2007, n. 32 and by the subsequent art. 2, paragraphs 1, Legislative Decree of 6 November 2007, n. 195 and by the recent D.Lgs. 139/2015.

In the Supplementary Notes you have been given details concerning the financial statements at 31st March 2021; in this document, pursuant to the provisions set forth by art. 2428 of the Civil Code, we would like to provide you with the information concerning the situation of your Company and on the management trend.

This report, drawn up with figures in Euros (thousands separated by “.” and decimals separated by “,”), is presented together with the financial statements for the Fiscal Year for the purpose of providing income, assets, financial information of the Company together with – whenever possible – historical elements and prospective evaluations.

**Company Information**

The Company operates in the sector of pharmaceutical products distribution, and specifically in the market segment related to

generic drugs.

In this segment, Sun Pharma Italia supplies its products both in the so-called "Retail" channel - through direct distribution to pharmacies, and indirectly through wholesalers and concessionaires - and in the "Hospital" channel, both public and private. During the fiscal year, we saw the consolidation of the business share for the division "Brand", thanks to the turnover growth realized by the product Odomzo, launched in 2019.

In addition, a less significant share of the Company's turnover is attributable to the "business to business" (B2B) activity that sees Sun Pharma Italia supplying drugs to some companies operating in the sector.

The year ended March 31, 2021 recorded a positive increase in the value of production (+10%) attributable to the growth in revenues on sales of pharmaceutical products of approximately € 2,9 million (+10%); this growth was mainly driven by the "Hospital" market, which recorded an increase in turnover of € 4,9 million (+32%), of which € 3,1 million are due to the sales growth of Odomzo and € 1,8 million to the growth of the generics drugs.

The "Retail" business, instead, reported a decrease of € 2,6 million (-18%), consistent with the national retail market decline, the difficulties related to Covid and with the lack of coverage, for some months, of some territories.

Finally we point out a 58% growth – albeit in absolute value less significant – of the B2B segment, which corresponds to € 0,6 million.

The value of production also increased for:

- A greater variation in inventories of finished products (€ 0,2 million in consideration of the increased stock level resulting from the higher sale volume average);
- An increase in the item "Other revenues" represented by charge-backs of costs to Group companies.

The cost of goods sold increased by 19%, considering two factors:

- the generalized increase in sales revenues described above;
- the higher incidence of "Hospital" sales, as shown in the table below, whose products are characterized by lower margins.

Channel	31/03/2020	31/03/2021
Retail	47%	35%
Hospital	49%	50%
B2B	3%	5%
Brand	1%	10%
Total	100%	100%

General expenses (which include sales costs) decreased by 11%, due to lower selling costs of the "Retail" segment; Value Added increased by 26% (4 points higher of the growth achieved at 31<sup>st</sup> of March 2020) representing approximately 18,5% of the production value.

We would like to focus on the increase in personnel costs.

Net of restructuring costs, as described in the following table:

€ Millions	31/03/2020	31/03/2021
Personnel costs	3,49	3,89
Restructuring Expenses	0,05	
Personnel costs net of restructuring expenses	<b>3,44</b>	<b>3,89</b>

Personnel costs increase by around € 450.000, equal to 12%. This can be explained, in addition to the increase in wages, by the full year impact of the "Brand" division, established during the previous fiscal year, and by sale incentives granted to employees, classified in previous year among general expenses.

The Gross Operating Margin grew by 63%, representing 6,8% of the value of production, compared to the 4,1% of the previous fiscal year.

The Company, as in the previous year, confirms the constant effort in credit management and credit collection activities, which made further improvement of collection times possible. The company DSO (Days of Sales Outstanding, value representing the account receivable exposure in terms of number of days of sales to be collected) moved from 124 to 110 days, this representing the best ever value recorded, particularly in such a financially difficult period in consideration of the problems related to Covid.

The collection times for hospital credits have improved considerably, dropping from 120 to 90 days.

Receivables in the retail channel decreased in consideration of both the lower turnover achieved, but also due to the improvement in collection times, with a DSO towards concessionaries decreased from 154 to 129 days, towards wholesalers from 123 to 114 days, while a worsening is to be reported in the collection times from pharmacies (the DSO passing from 145 days to 154), in particular from center and south Italy customers.

The provision for bad debts was adjusted in consideration of the assessment of the risk of loss on trade receivables, in particular associated with specific situations of non-performing or long-term credit.

The above, and also considering a lower value of depreciation for the year, explains the change in the value of the item "Amortization and depreciation", which increased by about € 10,000 compared to the previous year.

There was an increase of € 468 thousand in miscellaneous management charges, mainly due to the value of the penalties charged by customers for failure to supply products subject to the award of tenders, and re-charged to Sun Pharmaceutical Industries Limited.

During the year, the Company:

- Maintained its presence in the "Retail" and "Hospital" sectors, and it increased the penetration into the "Brand" sector inherent to the therapeutic area of the drug Odomzo;
- Maintained the organizational differentiation, both commercial and distributive, of the different divisions;
- Implemented initiatives focused on the differentiation of its market positioning, focusing on complex generic products;
- Focused on the objective of maximizing penetration in the "Hospital" sector, maintaining its position in the "Retail" channel despite the current phase of market generalized decline, and increasing the access for the brand product Odomzo, also thanks to the activity carried out by the scientific functions of the Medical Science Liaison Managers.

In addition, your Company has continuously monitored costs, focused on achieving savings, and has constantly evaluated the margins indicators in order to implement initiatives aimed at improving the Gross Operating Margin.

The Company will continue to focus on the following strategies:

- Expansion of the product portfolio, which includes injectable products and other "Hospital" products;
- Development of partnerships for the "Retail" market in order to increase the critical mass in terms of sales volumes, as well as the product portfolio to be offered to the pharmacist;
- Development of the market of the so-called "complex generic products" and differentiated products;
- Affirmation of Odomzo and preparation of the "Brand" sector for future products that will be marketed
- Decrease in the incidence of fixed costs, through an increase in turnover and control of overheads;
- Improvement of profitability in the various business units and in the different channels;
- Efficiency in warehouse rotation, with minimization of obsolescence phenomena, as well as product stock out issues;
- Credit management in order to reduce the risk of insolvency and improve payment times.

## **Profit & Loss**

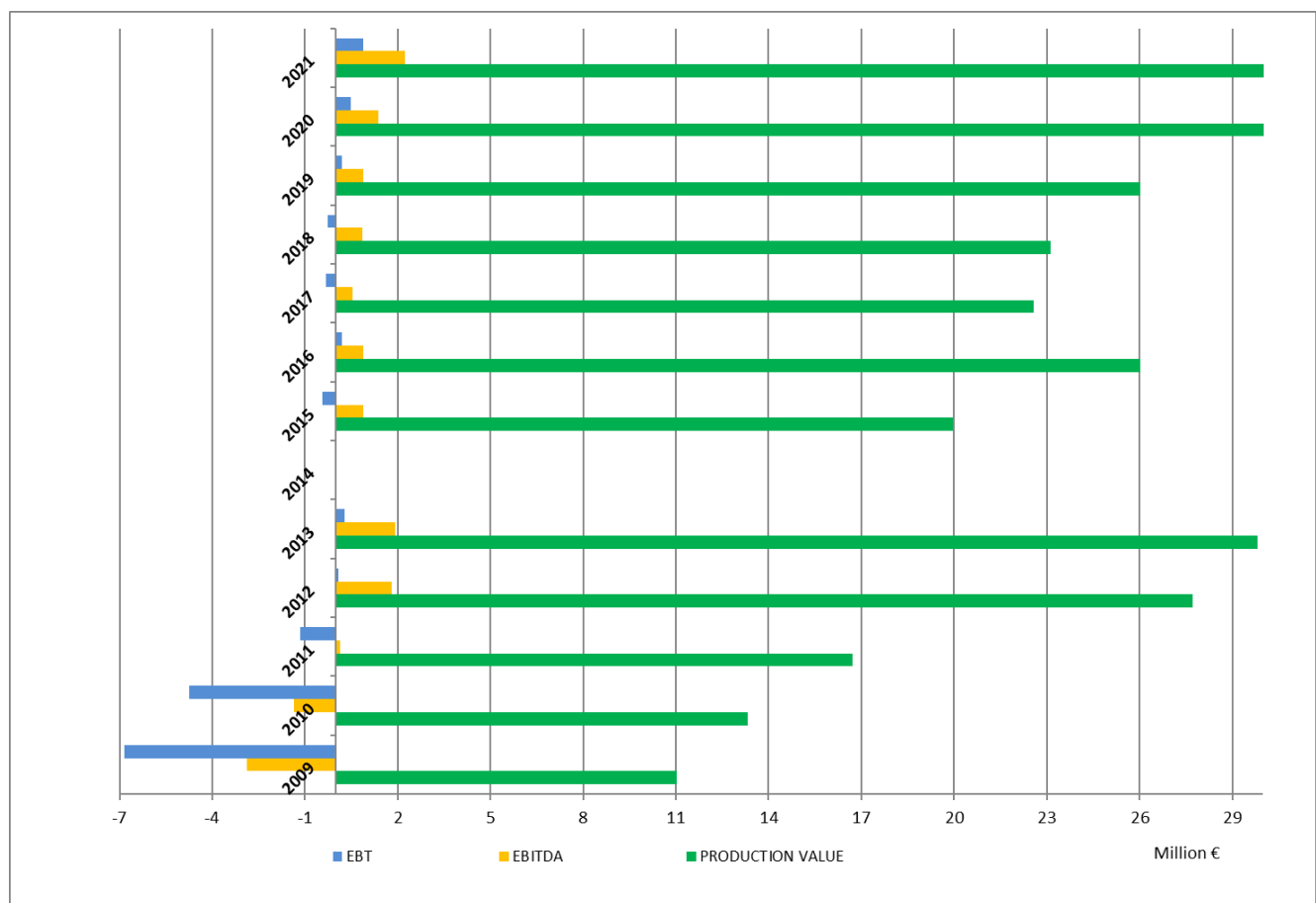
To better understand the results of the Company management, the chart below shows the Income statement reclassification.



	FY 2020		FY 2019		FY 2018		FY 2017	
	01.04.2020 31.03.2021	%	01.04.2019 31.03.2020	%	01.04.2018 31.03.2019	%	01.04.2017 31.03.2018	%
<b>PRODUCTION VALUE</b>	<b>36.351.638</b>	<b>100,0%</b>	<b>32.985.697</b>	<b>100,0%</b>	<b>26.018.381</b>	<b>100,0%</b>	<b>23.130.764</b>	<b>100,0%</b>
- Cost of goods sold	20.674.602	62,7%	17.343.609	52,6%	12.349.375	47,5%	10.468.491	45,3%
- General expenses	9.560.919	29,0%	10.782.850	32,7%	9.689.293	37,2%	9.061.930	39,2%
<b>VALUE ADDED</b>	<b>6.116.117</b>	<b>18,5%</b>	<b>4.859.238</b>	<b>14,7%</b>	<b>3.979.713</b>	<b>15,3%</b>	<b>3.600.343</b>	<b>15,6%</b>
- Personnel cost	3.888.467	11,8%	3.490.944	10,6%	3.092.027	11,9%	2.732.233	11,8%
<b>EBITDA</b>	<b>2.227.650</b>	<b>6,8%</b>	<b>1.368.294</b>	<b>4,1%</b>	<b>887.686</b>	<b>3,4%</b>	<b>868.110</b>	<b>3,8%</b>
- Amortization & Depreciation	230.468	0,7%	220.236	0,7%	108.501	0,4%	319.596	1,4%
<b>GROSS OPERATING MARGIN</b>	<b>1.997.182</b>	<b>6,1%</b>	<b>1.148.058</b>	<b>3,5%</b>	<b>779.185</b>	<b>3,0%</b>	<b>548.514</b>	<b>2,4%</b>
- Miscellaneous expenses	1.012.411	3,1%	544.170	1,6%	464.917	1,8%	707.272	3,1%
<b>MARGIN BEFORE INTERESTS</b>	<b>984.771</b>	<b>3,0%</b>	<b>603.888</b>	<b>1,8%</b>	<b>314.267</b>	<b>1,2%</b>	<b>158.758</b>	<b>-0,7%</b>
- Financial income	148	0,0%	225	0,0%	4.739	0,0%	2.377	0,0%
+/- Forex adjustments	2.492	0,0%	8.815	0,0%	5.005	0,0%	7.364	0,0%
<b>NET OPERATING MARGIN</b>	<b>987.411</b>	<b>3,0%</b>	<b>595.298</b>	<b>1,8%</b>	<b>314.002</b>	<b>1,2%</b>	<b>149.017</b>	<b>-0,6%</b>
- Financial charges	- 100.504	-0,3%	- 123.760	-0,4%	- 127.339	-0,5%	- 103.662	-0,4%
<b>PROFIT/(LOSS) BEFORE TAX</b>	<b>886.907</b>	<b>2,7%</b>	<b>471.537</b>	<b>1,4%</b>	<b>186.663</b>	<b>0,7%</b>	<b>252.678</b>	<b>-1,1%</b>
- Income Taxes	108	0,0%	267.435	0,8%	59.809	0,2%	19.656	0,1%
<b>NET PROFIT/(LOSS)</b>	<b>886.799</b>	<b>2,7%</b>	<b>204.102</b>	<b>0,6%</b>	<b>126.854</b>	<b>0,5%</b>	<b>272.334</b>	<b>-1,2%</b>

Here below you can see the summary trend of sales and margins over the period 2009-2021:

	31/12/2009	31/12/2010	31/12/2011	31/12/2012	31/12/2013	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020	31/03/2021
<b>PRODUCTION VALUE</b>	11.033.418	13.320.958	16.718.568	27.715.912	29.817.816	19.965.461	26.018.381	22.567.257	23.130.764	26.018.381	32.985.697	36.351.638
<b>EBITDA</b>	-2.889.533	-1.362.596	137.554	1.813.510	1.907.664	873.994	887.686	554.903	868.110	887.686	1.368.294	2.227.650
<b>EBT</b>	-6.835.892	-4.748.837	-1.145.862	83.122	276.921	-441.719	186.663	-321.431	-252.678	186.664	471.538	886.907



The expectation for the next fiscal year is to consolidate the positive trend, in particular the “Hospital” sector that also includes the “Brand” products. In detail, it is expected:

- A greater penetration in the "Hospital" market, through improved competitiveness in participation in tenders for the supply of drugs to public hospitals, an increase of private “Hospital” customers, an improved product acquisition

process, both from companies of the group and from third parties, the launch of new drugs characterized in particular by high complexity and low competitiveness;

- The recovery of the market presence in the “Retail” business, also thanks to the reorganization of the selling process in some territories and to the development of new business collaboration that will allow a competitive and diversified product offer;
  
- The consolidation of the growth curve of Odomzo in the “Brand” market sector;
- The increase in "B2B" turnover, thanks to the development of new commercial agreements.

The above, together with the continuous control and rationalization of costs, and the ever lower incidence of fixed costs, will allow a further improvement in the Gross Operating Margin.

## **Balance Sheet**

To better understand the Company assets and the financial situation, the chart below shows the Balance Sheet reclassification.

**Assets**

Item	FY 2020 01.04.2020 31.03.2021	%	FY 2019 01.04.2019 31.03.2020	%	Absolute variation	%	FY 2018 01.04.2018 31.03.2019	%
<b>WORKING CAPITAL</b>	<b>22.782.171</b>	<b>100%</b>	<b>22.698.179</b>	<b>100%</b>	<b>83.992</b>	<b>0%</b>	<b>23.005.565</b>	<b>100%</b>
<b>Cash &amp; Bank Balances</b>	<b>94.703</b>	<b>0%</b>	<b>395.174</b>	<b>2%</b>	<b>-300.470</b>	<b>-76%</b>	<b>1.657.295</b>	<b>7%</b>
Cash & Bank Balances	94.703	0%	395.174	2%	-300.470	-76%	1.657.295	7%
<b>Current Assets</b>	<b>15.003.909</b>	<b>66%</b>	<b>15.922.878</b>	<b>70%</b>	<b>-918.969</b>	<b>-6%</b>	<b>16.118.603</b>	<b>70%</b>
Sundry Debtors	14.032.797	62%	15.015.368	66%	-982.571	-7%	15.081.676	65%
Deferred Tax Assets	918.556	4%	834.462	4%	84.094	10%	968.304	4%
Accrued Income and Prepaid Expenses	52.556	0%	73.048	0%	-20.493	-28%	68.623	0%
<b>Inventory</b>	<b>7.683.559</b>	<b>34%</b>	<b>6.380.127</b>	<b>28%</b>	<b>1.303.431</b>	<b>20%</b>	<b>5.229.667</b>	<b>23%</b>
<b>FIXED ASSETS</b>	<b>46.886</b>	<b>0%</b>	<b>58.788</b>	<b>0%</b>	<b>-11.902</b>	<b>-20%</b>	<b>72.118</b>	<b>0%</b>
Intangible Fixed Assets	19.088	0%	37.105	0%	-18.017	-49%	55.105	0%
Tangible Fixed Assets	27.799	0%	21.683	0%	6.116	28%	17.013	0%
<b>TOTALE ASSETS</b>	<b>22.829.057</b>	<b>100%</b>	<b>22.756.966</b>	<b>100%</b>	<b>72.091</b>	<b>0%</b>	<b>23.077.683</b>	<b>100%</b>

**Liabilities**

Item	FY 2020 01.04.2020 31.03.2021	%	FY 2019 01.04.2019 31.03.2020	%	Absolute variation	%	FY 2018 01.04.2018 31.03.2019	%	
<b>THIRD PARTIES CAPITAL</b>	<b>21.559.612</b>	<b>95%</b>	<b>22.374.319</b>	<b>98%</b>	<b>-814.707</b>	<b>-4%</b>	<b>22.899.139</b>	<b>99%</b>	
<b>Current Liabilities</b>	<b>16.626.244</b>	<b>73%</b>	<b>14.061.873</b>	<b>62%</b>	<b>2.564.371</b>	<b>18%</b>	<b>10.940.382</b>	<b>47%</b>	
Short-term payables (Debts)	16.619.739	73%	14.056.948	62%	2.562.790	18%	10.940.350	47%	
Accrued Expenses and Deferred Income	6.505	0%	4.925	0%	1.580	32%	32	0%	
<b>Loans Funds &amp; Provisions</b>	<b>4.933.369</b>	<b>22%</b>	<b>8.312.446</b>	<b>37%</b>	<b>-3.379.078</b>	<b>-41%</b>	<b>11.958.756</b>	<b>52%</b>	
Medium Term I/C Loan	4.200.920	18%	7.582.288	33%	-3.381.368	-45%	10.960.773	47%	
Provisions	366.227	2%	412.353	2%	-46.126	-11%	610.215	3%	
Provision for Retirement Benefit	366.221	2%	317.805	1%	48.416	15%	387.769	2%	
<b>NET EQUITY</b>	<b>1.269.445</b>	<b>6%</b>	<b>382.647</b>	<b>2%</b>	<b>886.799</b>	<b>232%</b>	<b>178.544</b>	<b>1%</b>	
Share Capital	50.000	0%	50.000	0%	0	0%	50.000	0%	
Reserves	18.237	0%	8.032	0%	10.205	127%	274.023	1%	
Retained Earnings	314.409	1%	120.512	1%	193.897	161%	-	272.334	-1%
Profit (loss) for the period	886.799	4%	204.102	1%	682.697	334%	126.855	1%	
<b>TOTAL SOURCES</b>	<b>22.829.057</b>	<b>100%</b>	<b>22.756.966</b>	<b>100%</b>	<b>72.092</b>	<b>0%</b>	<b>23.077.683</b>	<b>100%</b>	

**Information ex art 2428 C.C.**

Here below the information required by the provisions of art. 2428 of the Civil Code are analysed in detail.

**Main risks and uncertainties for the company**

According to the first paragraph of art. 2428 of the Civil Code, it was not considered necessary to provide further information on this subject as, given the size of the Company, the memo accounts and the information specified in the supplementary notes, are already properly expressed on any risk and uncertainty related with the corporate business.

## **Non-financial main ratios**

---

According to the second paragraph of art. 2428 of the Civil Code, for a better understanding of the Company current position, of the business trend and result, indicating the non-financial ratios was considered irrelevant.

## **Environment information**

---

The Company has not proceeded with any particular environmental policy, as unnecessary to its business.

## **Personnel information**

---

At March 31, 2021, the workforce consisted of 42 employees, substantially unchanged compared to the previous fiscal year that did see instead an increase due to the constitution of the “Brand” business unit, now running at full speed.

## **1. R&D activity**

---

According to and setting forth on point 1) of the third paragraph of art. 2428 from Civil Code, no R&D activity was performed during this financial year.

## **2. Relationships with subsidiaries, associated and parent companies**

---

According to the provisions on point 2) of the third paragraph of art. 2428 from Civil Code the Company holds no shares. Sun Pharma Italia has a sole shareholder of 100%, Sun Pharma (Netherlands) B.V., which is itself a subsidiary of Sun Pharmaceutical Industries Ltd .

During the year, commercial relationships and financial transactions were entertained with certain companies of the Group.

In particular, the loan to the company Alkaloida Chemical Co. ZRT, has been repaid and another loan has been taken out with the company Basics GmbH.

The following table summarizes the debtor credit positions and the revenues and costs deriving from all the transactions with related parties:

Entity	Description	Amount €
<i>Payables</i>		
Sun Pharmaceutical Industries Limited	Purchase of products	5.497.519
Terapia S.A.	Purchase of products	42.921
Sun Pharmaceutical Industries (Europe) B.V.	Administrative Expenses, testing fees for product quality control and regulatory expenses	101.623
Sun Pharma Global FZE	Purchase of products	1.341.690
Alkaloida Chemical Company Zrt.	Purchase of products and correlated expenses	46.041
Sun Pharmaceuticals Germany GmbH	Purchase of products	39.573
Basics GmbH	Purchase of products	89
Basics GmbH	Loan	3.500.000
Basics GmbH	Interests on loan	1.021
Sun Pharma (Netherlands) BV	Loan	3.779.279
Sun Pharma (Netherlands) BV	Interests on loan	421.641
	<i>Total</i>	<i>14.771.398</i>
<i>Receivables</i>		
Sun Pharmaceutical Industries Limited	Recharge of penalties and expenses	833.978
Sun Pharma Global FZE	Riaddebito costi divisione "brand"	160.052
Sun Pharma Ind. Europe B.V.	Expense recharge (hotel costs etc.)	4.939
	<i>Total</i>	<i>998.969</i>
<i>Expenses</i>		
Sun Pharmaceutical Industries Limited	Purchase of products	9.616.306
Sun Pharma France (Formerly Ranbaxy Pharmacie Gener SAS)	Purchase of products	78.499
Sun Pharma Laboratorios S.L.U (Formerly Laborat Ranbaxy SLU)	Purchase of products	107.283
Terapia S.A.	Purchase of products	49.267
Sun Pharmaceuticals Germany GmbH	Purchase of products	230.110
Alkaloida Chemical Co. ZRT	Purchase of products	83.644
Sun Pharma Global FZE	Purchase of products	1.275.750
Sun Pharmaceutical Industries (Europe) B.V.	Administrative expenses	965.868
Sun Pharma (Netherlands) BV (Formerly Ranbaxy Neth. BV RNBV)	Loan Interests	34.511
Basics GmbH	Loan Interests	1.021
Alkaloida Chemical Co. ZRT	Loan Interests	61.355
	<i>Total</i>	<i>12.503.614</i>
<i>Income</i>		
Sun Pharmaceuticals Germany GmbH	Sale of products	106.436
Sun Pharma Global FZE	Recharge of brand expenses	506.334
	<i>Total</i>	<i>612.770</i>

### 3. Own shares

According to art. 2428, paragraphs 3, points 3 and 4 from the Civil Code, the Company has no own shares.

#### **4. Shares/interests of parent company**

---

According to art. 2428, paragraphs 3, points 3 and 4 from the Civil Code, the Company holds no interests of parent Company.

#### **5. Business forecast**

---

Pursuant to and for the purposes of what is indicated in point 6) of the third paragraph of art. 2428 of the Civil Code, it should be noted that the Company will continue its commitment to improve the operating result. To this end, an economic budget has been prepared which foresees also for the financial year ending 31 March 2022 the achievement of a positive, thanks to the organic growth in the volume of business, the launch of new products, in particular in the hospital channel, and the the initiatives of operational efficiency which will allow to maintain flat operating expenses.

Particular attention will be paid to the retail channel and to the development and implementation of strategies aimed at recovering the market position, penalized by the current economic context characterized by Covid-19.

As for the year just ended, it is not foreseen the need to access to any government relief measure related to the Covid context and also no problems relating to the going concern are envisaged.

Finally, it should be noted that the Company continues to “work” in smart working, having equipped all its collaborators with adequate tools; it also authorized, after sanitizing the premises and activating specific protocols, the voluntary return of its employees.

#### **5bis. Use of relevant financial tools for assessment of financial position and results**

---

The Company makes no use of financial tools to manage its exposure to market price risks, credit risks, cash risks and other risks arising from swing of cash flows, except for an "overdraft" credit line € 5 million at Deutsche Bank partially used.

#### **Company locations**

---

The Company does not have secondary offices.

\*\*\*

For the Board of Directors  
Hellen de Kloet

## Company Data

Denomination:	SUN PHARMA ITALIA SRL
Registered Office:	VIALE GIULIO RICHARD, 1 – 20143 MILANO
Share Capital:	50.000,00
Share Capital Fully paid:	yes
CCIAA code:	MI
VAT Code:	04974910962
Fiscal Code:	04974910962
REA Number:	1787791
Legal Form:	SOCIETA' A RESPONSABILITA' LIMITATA
Sector of main activity (ATECO):	464610
Company in liquidation:	no
Sole Shareholders Company:	yes
Company subject to management and coordination of others:	yes
Name of the Company or Entity exercising the management and coordination activity:	SUN PHARMACEUTICALS INDUSTRIES LIMITED
Group membership:	yes
Name of Parent Company:	SUN PHARMACEUTICALS INDUSTRIES LIMITED
Country of the Parent Company:	INDIA

# Financial statements at 31/03/2021

## Balance Sheet

	31/03/2021	31/03/2020
<b>ASSETS</b>		
<b>B) FIXED ASSETS</b>		
I - INTANGIBLE ASSETS		
3) Industrial patent rights and others	1.641	3.864
4) Concessions, licenses, trademarks and similar rights	3.512	3.846
5) Goodwill		
7) Other intangible assets	13.934	29.395



	31/03/2021	31/03/2020
<b>TOTAL INTANGIBLE ASSETS</b>	19.088	37.105
<b>II - TANGIBLE ASSETS</b>		
2) Equipment and machinery	-	-
4) Other tangible assets	27.799	21.683
<b>TOTAL TANGIBLE ASSETS</b>	27.799	21.683
<b>TOTAL FIXED ASSETS (B)</b>	46.886	58.788
<b>C) CURRENT ASSETS</b>		
<b>I - INVENTORY</b>		
1) Raw materials and consumables	-	-
4) Finished goods and goods for resale	7.683.559	6.380.127
<b>TOTAL INVENTORY</b>	7.683.559	6.380.127
<b>II - RECEIVABLES</b>		
1) Trade receivables	11.232.393	11.936.017
Trade receivables within 12 months	11.232.393	11.936.017
Trade receivables beyond 12 months	-	-
4) Receivable from Parent Companies	833.978	700.939
Receivable from Parent Companies within 12 months	833.978	700.939
Receivable from Parent Companies beyond 12 months	-	-
5) Receivable from Companies controlled by Parent Companies	164.991	684.686
Receivable from Companies controlled by Parent Companies within 12 months	164.991	684.686
Receivable from Companies controlled by Parent Companies beyond 12 months	-	-
5-bis) Tax credit	549.704	536.904
Tax credits within 12 months	549.704	536.904
Tax credits beyond 12 months	-	-
5-ter) Advanced taxes	918.556	834.462
Advanced taxes within 12 months	918.556	834.462
Advanced taxes beyond 12 months	-	-
5-quater) Other receivables from third parties	1.251.731	1.156.822
Other receivables from third parties within 12 months	1.251.731	1.156.822
Other receivables from third parties beyond 12 months	-	-
<b>TOTAL RECEIVABLES</b>	14.951.353	15.849.830
<b>IV - CASH AND BANKS</b>		
1) Bank and postal deposits	94.173	315.225
2) Checks	-	78.297

	31/03/2021	31/03/2020
3) Cash	530	1.652
<i>TOTAL CASH AND BANKS</i>	94.703	395.174
<i>TOTAL CURRENT ASSETS (C)</i>	22.729.615	22.625.131
<b>D) DEFERRALS AND ACCRUALS - ASSETS</b>		
Prepayments and deferred expenditures	52.556	73.048
<i>TOTAL DEFERRALS AND ACCRUALS - ASSETS (D)</i>	52.556	73.048
<i>TOTAL ASSETS</i>	22.829.057	22.756.966
<b>LIABILITIES</b>		
<b>A) SHAREHOLDERS' EQUITY</b>		
I – Share capital	50.000	50.000
IV - Legal reserve	16.548	6.343
VII - Other reserves	1.689	1.689
<i>Total Other Reserves</i>	1.689	1.689
VIII - Profits and Losses brought forward	314.409	120.512
IX - Profit (loss) for the period		
Profit (loss) for the period	886.799	204.102
<i>Profit (loss) residual</i>	886.799	204.102
<i>TOTAL SHAREHOLDERS' EQUITY (A)</i>	1.269.444	382.646
<b>B) CONTINGENCY RESERVES</b>		
1) Reserve for pensions and similar obligations	65.310	58.084
2) Deferred taxes		
3) Others	300.917	354.269
<i>TOTAL CONTINGENCY RESERVES (B)</i>	366.227	412.353
<b>C) STAFF LEAVE INDEMNITY</b>	366.221	317.805
<b>D) PAYABLES</b>		
3) Debts towards shareholders for financing	4.200.920	4.166.408
Debts towards shareholders for financing within 12 months		
Debts towards shareholders for financing beyond 12 months	4.200.920	4.166.408
4) Debts to Bank	159.350	1.580.039
Payables within 12 months	159.350	1.580.039
Payables beyond 12 months	-	-
7) Trade payables	4.890.533	4.827.145
Trade payables within 12 months	4.890.533	4.827.145
Trade payables beyond 12 months	-	-

	31/03/2021	31/03/2020
11) Payables to parent companies	5.497.519	5.850.863
Payables to parent companies within 12 months	5.497.519	5.850.863
Payables to parent companies beyond 12 months	-	-
11 bis) Payables to companies subject to control of parent company	5.072.959	4.250.628
Payables to companies subject to control of parent company within 12 months	5.072.959	834.747
Payables to companies subject to control of parent company beyond 12 months		3.415.880
12) Taxes payables	66.214	118.483
Taxes payables within 12 months	66.214	118.483
Taxes payables beyond 12 months	-	-
13) Social security payables	187.369	224.440
Social security payables within 12 months	187.369	224.440
Social security payables beyond 12 months	-	-
14) Other payables	745.794	621.231
Other payables within 12 months	745.794	621.231
Other payables beyond 12 months	-	-
<b>TOTAL PAYABLES (D)</b>	<b>20.820.659</b>	<b>21.639.237</b>
<b>E) DEFERRALS AND ACCRUALS - LIABILITIES</b>		
Accruals and deferred income	6.505	4.925
<b>TOTAL DEFERRALS AND ACCRUALS - LIABILITIES (E)</b>	<b>6.505</b>	<b>4.925</b>
<b>TOTAL LIABILITIES</b>	<b>22.829.057</b>	<b>22.756.966</b>

## Profit and Loss

	31/03/2021	31/03/2020
<b>A) PRODUCTION VALUE</b>		
1) Net sales from products and services	33.921.578	30.951.319
2) Variation of inventory products	1.303.431	1.150.460
5) Other operating income		
Others	1.126.629	883.917
<i>Total other operating income</i>	1.126.629	883.917
<b>TOTAL PRODUCTION VALUE</b>	<b>36.351.638</b>	<b>32.985.697</b>
<b>B) PRODUCTION COSTS</b>		
6) Costs of raw materials, auxiliary materials, merchandise and other goods	20.674.602	17.343.609

	31/03/2021	31/03/2020
7) Costs of services	9.231.877	10.455.182
8) Costs for use of third parties assets	329.042	327.668
9) Labour costs		
a) Salaries and wages	2.777.838	2.400.376
b) Costs of social security	818.058	755.460
c) Staff leave indemnity	190.270	176.679
d) Pensions and similar commitments	46.670	55.951
e) Other labour costs	55.631	102.478
<i>Total Labour Costs</i>	<i>3.888.467</i>	<i>3.490.944</i>
10) Depreciation and write downs		
a) Depreciation of intangible fixed assets	18.017	18.720
b) Depreciation of tangible fixed assets	8.668	8.169
c) Other Depreciation of fixed assets	-	-
d) Current assets written off	203.783	193.347
<i>Total depreciation and write downs</i>	<i>230.468</i>	<i>220.236</i>
12) Provision for risks		95.000
13) Other provisions	-	-
14) Other operating expenses	1.012.411	449.170
<b>TOTAL PRODUCTIONS COSTS</b>	<b>35.366.867</b>	<b>32.381.808</b>
<b>Net income from operating activities (A - B)</b>	<b>984.771</b>	<b>603.888</b>
<b>C) FINANCIAL INCOME AND EXPENSES</b>		
16) Other financial income		
d) Other financial income		
Others	148	225
<i>Total other financial income different from the previous</i>	<i>148</i>	<i>225</i>
<i>Total Other financial income</i>	<i>148</i>	<i>225</i>
17) Interests payable and other financial expenses		
Interests payable to Parent Companies	(34.512)	(57.117)
Interests payable to Companies controlled by Parent Companies	(62.377)	(66.643)
Others	(3.616)	
<i>Total Interests payable and other financial expenses</i>	<i>(100.504)</i>	<i>(127.339)</i>
17-bis) Profit and loss on exchange	2.492	(8.815)
<i>Total financial income (loss) (15+16-17-17bis)</i>	<i>(97.864)</i>	<i>(132.351)</i>
<b>Result before taxes (A-B+-C+-D)</b>	<b>886.907</b>	<b>471.537</b>

	31/03/2021	31/03/2020
<b>20) Current, deferred and advanced income taxes for the period</b>		
Income taxes for the period	84.202	133.593
Income taxes for the prior years		-
Deferred and advanced taxation	(84.094)	133.842
<i>Total current, deferred and advanced income taxes for the period</i>	<i>(108)</i>	<i>267.435</i>
<b>21) Net income (loss) for the year</b>	<b>886.799</b>	<b>204.102</b>

## Supplementary Notes to Financials Statements closed at 31/03/2021

---

### Supplementary Notes Initial session

Dear Shareholders, these supplementary Notes are an integral part of the financial statements at 31/03/2020.

The criteria used in the preparation of the financial statements for the period ended March 31, 2019 comply with the provisions of article 2426 of the civil code as amended by Legislative decree 139/15 through which the 2013/34 / EU directive was implemented, and have not been modified compared to the previous year.

The financial statements comply with the provisions of articles 2423 and following of the civil code interpreted and supplemented by the national accounting principles as published by the Italian Accounting Organization ("OIC Accounting Standards") and consist of the following documents: Balance Sheet, Income Statement, Cash Flow and Supplementary Notes. They therefore clearly and truthfully and correctly describe the company's balance sheet and financial position and the financial result for the year.

The contents of the balance sheet and income statement are those provided for in Articles 2424 and 2425 of the Italian Civil Code, while the Cash flow statements have been prepared in accordance with art. 2425-ter.

The Cash Flow Statement presents the positive or negative variations in the cash flows that occurred during the year and was prepared applying the indirect method using the template provided by the OIC 10 Accounting Standard.

The Supplementary Notes, prepared pursuant to art. 2427 of the Italian Civil Code also contain all the information necessary to provide a correct interpretation of the statements.

Significant events occurred after the end of the financial year and the proposal to allocate the result for the year are shown in the relevant paragraphs in these Notes.

#### Drafting Information

#### Financial Statements Drafting

The information contained herein are presented in the order in which the related items are reported in the balance sheet and income statement.

With reference to what is stated in the introduction to these Notes, we certify that, pursuant to art. 2423, paragraph 3 of the Civil Code, if the information required by specific provisions of the law are not sufficient to give a true and fair view of the company, additional information deemed necessary for the purpose are provided.

There were no exceptional circumstances that required the use of derogations under Article. 2423, paragraph 4 and article. 2423 paragraph 2 Civil Code.

The Financial Statements, as well as these notes, have been prepared in Euros in accordance with the Civil Code.

## **Financial Statements Drafting principles**

The evaluation of balance sheet items was made in accordance with the principle of prudence and with a view to the going-concern of the company. In accordance with national accounting standards and the Community arrangements, in the representation of the assets and liabilities items, the substantive aspects are given prevalence over the formal ones.

In preparing the financial statements income and expense were recorded on an accrual basis, regardless from their actual cash flow.

## **Main management events**

During the year, the Company affirmed the presence in the market of Odomzo, a brand drug launched in the fourth quarter of 2019, representing about 10% of total turnover, compared to 1% last year.

The current economic context characterized by Covid-19 has led to a negative decline in sales in the retail channel, due to a less presence on the market by the sales force, and a general lower consumption of drugs, due to less use of therapies and for the reduced diffusion of the seasonal flu virus. However, this decline was more than offset by hospital turnover (the Production Value increased by 10%) and did not involve the use of any government economic relief measures, and it did not involve problems relating to the principle of business continuity

On 6 October 2020 the Extraordinary Shareholders' Meeting of the Company (Notarial Deed n.77185 of 13/10/2020 Registered at Agenzia delle Entrate Milano 2) resolved the transformation from a S.P.A. company to a S.R.L company, as well as the change of the name in Sun Pharma Italia, thus adopting the name of the parent company.

## **Structure and contents of Financial Statements**

The Balance Sheet, the Income Statement and the accounting information contained in these notes are in accordance with the accounting records, from which they have been directly derived.

In drafting the balance sheet and income statement, no items preceded by Arabic numbers or by lower-case letters have been grouped together, as optionally provided by art. 2423 ter of the Civil Code.

Under Article. 2424 of the Civil Code it is confirmed that there are no assets or liabilities that fall under several items of the draft Financial Statements.

## **Evaluation Criteria**

The criteria applied to evaluate the items posted and the value adjustments comply with the provisions of the Civil Code and the guidance provided in the accounting standards issued by OIC. The same also did not vary compared to the previous year.

The most significant valuation criteria adopted in compliance with the provisions of article 2426 of the Civil Code are illustrated below, and with particular reference to those items of the financial statements for which the legislator allows different evaluation and adjustment criteria or for which no specific criteria are set.

## Other Information

### **Translation criteria for values expressed in foreign currency**

The accounting amounts expressed in foreign currencies have been posted, after conversion into euros at the rate of exchange ruling at the time of recognition, or the exchange rate at the close of the financial year as shown in the accounting standard OIC 26.

The assets and liabilities that are not fixed assets are stated at the spot exchange rate at the date of the closing of balance sheet date. Gains and losses which are derived from the conversion have been credited and debited to the income statement under item 17 bis foreign exchange gains and losses.

There are no intangible assets in foreign currency to the balance sheet date.

Between the end of the year and the date of preparation of financial statements there were no significant effects of changes in exchange rates.

### **Operations with compulsory relegation to end**

The company during the year has not placed any operation under an obligation to relegation to the end.

## **Supplementary Notes - Assets**

The amounts recorded in the balance sheet were evaluated in accordance with Article 2426 of the Civil Code and in accordance with national accounting standards; in the sections related to the individual items the specific criteria applied are shown.

### **Fixed Assets**

---

Fixed assets are recorded at purchase cost.

Pursuant to and for the purposes of article 10 of the law March 19, 1983, and No. 72, and as also recalled by the subsequent laws ruling monetary valuation, it should be noted that for the tangible and intangible assets that still exist no monetary revaluation has never been carried out.

### **Intangible fixed assets**

---

Intangible assets are recorded in the balance sheet, upon the prior consent of the Statutory Board of Auditors where required, at their cost of acquisition and they are depreciated on a straight-line basis according to their useful life.

The value of fixed assets is shown net of accumulated amortization and depreciation funds.



Depreciation was operated in accordance with the following pre-established scheme, which is thought to properly allocate the cost incurred over the useful life of such assets:

<b>Intangible fixed assets items</b>	<b>Periodo</b>
Start-up and expansion costs	{20,00}%
Concessions, licenses and trademarks (software)	{33,33}%
Concessions, licenses and trademarks (marketing authorisations, "AIC")	{20,00}%
Concessions, licenses and trademarks (trademarks)	{5,56}%
Other fixed assets (improvement of third parties' assets)	{16,67}% Based on duration of rental agreement

The criteria for the amortization of intangible assets were unchanged from the previous year.

#### Movements of intangible fixed assets

Intangible assets amount to € 19.088: they refer to licenses (marketing authorizations) purchased from third parties outside the group and fully depreciated, software and maintenance costs on third-party assets related to the restructuring of new offices carried out in 2016.

The total impact on the income statement at 31/03/2021 of depreciation of intangible assets amounted to € 18.017.

For a complete evaluation and analysis on movements of such assets, please refer to the information detailed in the annexes to these notes.

#### Movements of Intangible Assets

Description	Detail	Historical cost	Beginning balance	Movements	Description	Detail	Historical cost	Beginning balance
<i>Start-up costs</i>								
	Corporate Expenses	<b>8.467</b>						<b>8.467</b>
	Provision for Depreciation of corporate Expenses		8.467-					8.467-
<i>R&amp;D and advertising Costs</i>								
	Advertising Costs	<b>40.109</b>						<b>40.109</b>

Description	Detail	Historical cost	Beginning balance	Movements	Description	Detail	Historical cost	Beginning balance
	Provision for depreciation of advertising costs		40.109-					40.109-
Patents and copyrights								
	Capitalized own software	<b>113.555</b>						<b>113.555</b>
	Provision for capitalized own software		109.691-			2.223-		111.914-
Concessions, licences, trademarks and similar rights and assets								
	Marketing Authorisation acquired	<b>3.663.676</b>						<b>3.663.676</b>
	Concessions and licences	<b>6.006</b>						<b>6.006</b>
	Provision for Marketing Authorisation acquired		3.663.676-					3.663.676-
	Provision for Concessions and licences		2.160-			334-		2.494-
Other intangible Assets								
	Depreciated maintenance expenses	<b>92.743</b>						<b>92.743</b>
	Provision for Depreciated maintenance expenses		63.348-			15.460-		78.809-

## Tangible fixed assets

The assets belonging to the category of tangible assets are recorded at cost of acquisition, increased by accessories costs incurred to bring the asset to use.

The criteria for the depreciation of fixed assets have not changed with respect to those applied the previous year.

It should be noted that it was not necessary to operate any write-downs under art. 2426, paragraph 1 no. 3 of the Civil Code.

### Movements of tangible fixed assets

Tangible assets before accumulated depreciation amounted to € 217.471; the accumulated depreciation is equal to € 189.672.

The impact to the income statement as at 31/03/2021 for the amortization of tangible fixed assets was € 8.668.

The table below shows the movements of such assets.

### Movements of Tangible Assets

Description	Detail	Historical cost	Beginning balance	Movements	Description	Detail	Historical cost	Beginning balance
<i>Other tangible assets</i>								
	Furniture and fitting	<b>71.045</b>						<b>71.045</b>
	Electronic office machinery	<b>117.416</b>			<b>13.630</b>			<b>131.046</b>
	Mobile telephones	<b>14.225</b>			<b>1.154</b>			<b>15.379</b>
	Provision for depreciation of furniture and fitting		66.992-			930-		67.922-
	Provision for depreciation of electronic Office machinery		106.792-			5.517-		112.309-
	Provision for depreciation of mobile telephone		7.219-			2.221-		9.441-

*Other tangible assets*

The acquisitions and dismissals above reported are detailed here below:

	<b>Acquisitions</b>	<b>Dismissals</b>	<b>Total Acquisitions/Dismissals</b>
Electronic office machinery	13.630		13.630
Mobile telephones	1.154		1.154

*Macchine d'ufficio elettroniche*

The acquisition of € 13.630 refers to the purchase of personal computers.

*Mobile telephones*

During the year, mobile phones were purchased for a total of € 1.154.

**Operations of finance lease**

Information on operations of finance lease

The company, at the date of year end closure, has no on-going finance lease contract.

**Current Assets**

Current assets are valued in accordance with the numbers 8 to 11 of Article 2426 of the Civil Code. The criteria used are listed in the paragraphs of the respective items.

**Stock**

Stocks refer to finished goods. These have been posted at the lowest value between the purchase cost and the fair value as it can be inferred from market trends.

The purchase cost includes the possible additional direct charges.

The cost of inventories of finished products, of a fungible nature, was calculated by taking the weighted average cost method, in order to reflect the trend in market prices, considering most recent stock costs.

The value so calculated has been duly compared with the fair value that can be inferred from the market trend, as explicitly required by art. 2426 of the Civil Code.

The write-down of obsolete and slow moving items is carried out, in accordance with accounting standard OIC 13 creating depreciation funds. The depreciation provision is deducted from assets.

#### Analysis of stock movements

	Initial Value	Change in figures	Final value
Finished products	6.380.127	1.303.431	7.683.559
<i>Total</i>	<i>6.380.127</i>	<i>1.303.431</i>	<i>7.683.559</i>

The finished products are stated net of provision for depreciation, which had following movements during the year:

Description	Total
Balance at 31/03/2020	1.290.380
Use during the year	(0)
Provision for the year	724.142
<b>Balance at 31/03/2021</b>	<b>2.014.542</b>

#### Finished products

The cost of inventories of finished products and fungible goods was calculated using the weighted average cost method.

The value thus determined was appropriately compared with the realizable value inferable from the market trend, as explicitly required by art. 2426 of the Civil Code.

The stock rotation indexes remained almost unchanged compared to the previous year.

#### Current asset: Receivables

Receivables are stated at estimated realizable value, in accordance with Art. 2426, n. 8 of Civil Code; the adjustment to this value was made by allocation of a provision for bad debts whose amount and whose movements are detailed following in these these notes.

#### Movements of receivables posted in current assets

The following table shows the information related to movements of receivables posted in current assets and, if material, the due date of the same.

*Analysis of movements and due date of receivables posted in current assets*

	Initial Value	Change in figures	Final value
Trade Receivables	11.936.017	(703.624)	11.232.393
Receivables from Parent Companies	700.939	133.039	833.978
Receivables from Companies controlled by Parent Companies	684.686	(519.695)	164.991
Tax credit	536.904	12.800	549.704
Advance income taxes	834.462	84.094	918.556
Accounts receivable from other undertakings	1.156.822	(94.908)	1.251.731
	<b>15.849.830</b>	<b>(898.477)</b>	<b>14.951.353</b>

*Comments*

Accounts receivables have decreased by approximately € 0.7 million, with the following dynamics:

- Hospital receivables increased by € 0.6 million, thanks to the increased sales volumes; the DSO (which expresses the value of the credit recovery time) has significantly improved, going from 120 to 95
- Retail receivables decreased by € 1.4 million, in consideration of both the lower turnover achieved, but also because of the improvement in collection times, considering that the DSO towards the dealers has seen a decrease from 154 to 129 days, the one towards the wholesalers went from 123 to 114 days, while a worsening is to be reported in the collection times by pharmacies (the DSO went from 145 days to 154), in particular by customers in the center/south.
- Accounts receivables of the B2B channel customers has increased by approximately € 360,000, keeping compliance with their payment terms

The overall DSO decreased from 124 days to 110, representing the best value for your company registered in a financially difficult period considering the issues related to Covid.

Receivables are shown minus the bad debt provision, the movements of which are shown below, which have been adjusted, in order to represent the prudent coverage of insolvency risks.

Description	Total
<b>Balance at 31/03/2020</b>	<b>1.120.902</b>
Provision of the year	193.347
<b>Balance at 31/03/2021</b>	<b>1.324.686</b>

The increase in the balance of receivables from parent companies is due to the debt note issued in March 2021 to Sun Pharmaceutical Industries Limited, relating to the chargeback of penalties received from customers for failure of supplying drugs awarded public tenders.

The decrease in "receivables from companies subject to the control of parent companies" mainly corresponds to the collection of the cost recharging invoices of the "brand" division to the group company Sun Pharma Global FZE, owner of the Odomzo® brand product.

Tax receivables at March 31, 2021 consist of the VAT credit (€ 503,986) and of the withholding taxes on interest income (€ 85) and the credit for current taxes (€ 45,632).

Other receivables mainly include pledge accounts for tenders for € 768,000, down payments to suppliers and employees for € 429,000, a credit towards Inail for € 18 thousand and guarantee deposits of € 37,000.

The aforementioned pledge accounts are linked to the bank guarantees issued by the Credit Institutions towards the Company, which are summarized in the part of the notes to the financials statements relating to the commitments not resulting from the Balance Sheet.

There are no receivables with a residual duration of more than five years

### Deferred tax assets

The receivables include deferred tax assets of € 918.556 whose recovery is expected with reasonable certainty against taxable income expected in the coming years in the business plan. For details of the movements, please refer to the paragraph on deferred taxation in these Explanatory Notes.

### Breakdown by geographical area of receivables included in current assets

The breakdown of receivables by geographical area is as follows:

	Italia	India	Spagna	Danimarca	Emirati Arabi	Paesi Bassi	Totale
Trade Receivables	11.164.996		44.765	13.925		8.707	11.232.393
Receivable from Parent Companies		833.978					833.978
Receivable from Companies controlled by Parent Companies					160.052	4.939	164.991
Tax Credits	549.704						549.704
Advanced taxes	918.556						918.556
Other Receivable	1.251.731						1.251.731
<b>Total</b>	<b>13.884.987</b>	<b>833.978</b>	<b>44.765</b>	<b>13.925</b>	<b>160.052</b>	<b>13.646</b>	<b>14.951.353</b>

**Current assets: cash and banks**

Cash and banks are posted at their nominal value.

**Analysis of movements of cash and banks**

	Initial value	Change in figures	Final value
<b>Current bank accounts and post-office deposits</b>	315.225	(221.052)	94.173
<b>Cheques</b>	78.297	(78.297)	
<b>Cash and cash equivalents</b>	1.652	(1.122)	530
<b>Total</b>	395.174	(300.470)	94.703

**Effects of changes in money and values in cash**

Description	Initial value	Value at the date of preparation of financial statements	Change in figures
Checks	78.297	0	(78.297)
Euro	1.124	2	(1.122)
Stamps	528	528	0
<b>Totale</b>	<b>79.949</b>	<b>530</b>	<b>(79.419)</b>

**Comment**

Evolution of cash and banks is described in cash flow statement.

**Prepayments and accrued income**

Prepayments and accrued income have been posted in the Financial statements on an accrual basis, through repartition of costs and revenues across two fiscal years.

**Analysis of movements of prepayments and accrued income**

	Beginning balance	Change in figures	Closing Balance
Prepaid expenses	73.047	(17.491)	52.556
<b>Total prepayments and accrued income</b>	<b>73.047</b>	<b>(20.491)</b>	<b>52.556</b>



Prepayments consist mainly of long-term costs related to bank guarantees issued to participate in hospital tenders, membership fees paid but related to future periods and rents paid but of future competence.

### Capitalised financial charges

All interest and financial charges were entirely posted in the Income Statement during the Fiscal Year. Therefore, no capitalised financial charges are posted pursuant to art. 2427, par. 1, n. 8 of the Italian Civil Code.

## Supplementary Notes – Liabilities and Net Equity

The liability items in the balance sheet have been recorded in accordance with the provisions of Article 2426 of the Civil Code and in compliance with national accounting principles, the specific application criteria are indicated in the sections relating to the individual items.

### Net Equity

Items are recorded at their accounting balance in accordance with the instructions contained in the accounting standard OIC 28.

#### Movements of components of net equity

With reference to the closure changes in the individual components of shareholders' equity are shown in the tables below, as well as the breakdown of other reserves, if any in the Statements.

#### Analysis of changes of components of net equity

	Beginning balance	Allocation	Others change in figures - increases	Others change in figures - decreases	results for the year	Beginning balance
Share capital	50.000					50.000
Legal Reserve	6.343	10.205				16.548
Other Reserves	1.689					1.689
Total Other Reserves	1.689					1.689
Income (losses) carried forward	120.512	193.897				314.409
Profit of the FY	204.102	(204.102)			886.799	886.799

During the year, there were no particular changes in shareholders' equity, with the exception of the allocation of the operating income of the previous year resolved with the minutes of the Shareholders' Meeting of May 15, 2020.

As in previous years, the Company obtained from the Shareholder an irrevocable written commitment to support Sun Pharma Italia srl, patrimonially and financially, thus guaranteeing its business continuity.

## Movements of Net Equity

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Description
Value at 31/03/18	50.000			274.023	272.334-	51.689
Allocation result 31/03/18				272.334-	272.334	
Dividend payments						
Other destinations						
Change in figures						
Result for the year					126.855	126.855
Value at 31/03/19	50.000			1.689	126.855	178.544

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Description
Value at 31/03/19	50.000			1.689	126.855	178.544
Allocation result 31/03/19		6.343	120.512		126.855-	
Dividend payments						
Other destinations						
Change in figures						
Result for the year					204.102	204.102
Value at 31/03/20	50.000	6.343	120.512	1.689	204.102	382.646

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Description
Value at 31/03/20	50.000	6.343	120.512	1.689	204.102	382.646
Allocation result at 31/03/20		10.205	193.897		204.102-	
Dividend payments						
Other destinations						
Change in figures						
Result for the year					886.799	886.799
Value at 31/03/21	50.000	16.548	314.409	1.689	886.799	1.269.445

It has to be noted that all the subscribed shares have been fully paid.

### Availability and use of net equity

In following tables net equity elements are analytically shown, indicating their origin, possibility of use and distribution, as well as their use in previous years.

Description	Amount	Origin/type	Possibility of using
Share capital	50.000	Capitale	
Legal Reserve	16.548	Capitale	B
Other Reserves	1.689	Capitale	
Total Other Reserves	1.689	Capitale	A;B
Income (losses) carried forward	314.409		A;B;C
<b>Total</b>	<b>382.646</b>		
Quote not distributable	68.237		
<b>Residual distributable</b>	<b>314.409</b>		

In the table above for each item the possibilities of use are provided as indicated below:

- A: for capital increase
- B: to cover losses
- C: for distribution to shareholders.

## Provisions for liabilities and charges

Information on provisions for liabilities and charges

### Analysis of changes in provisions for risks and charges

	Beginning balance	Increase	Decrease	Net Variations	Closing Balance
<b>Provision for pensions and</b>	58.084	30.155	(22.928)	7.227	65.310
<b>Similar obligations</b>	354.269	192.426	(245.778)	(53.352)	300.917
<b>Others</b>	412.353	222.581	(268.706)	(46.125)	366.227

The "other" item, includes:

- The risk fund for hospital clawback for the year 2019, equal to € 50,000 uneventful. During the year, the hospital clawback procedure for the year 2018 was closed, for which a payment of € 50,000 was made, on a voluntary basis, in the previous year.
- The provision for risks for agents of € 55,000 was used to partially cover the transnational indemnities agreed with the agents for whom this provision was initially set up.
- The provision for returns totaling € 250,917, representing approximately 2% of the reference turnover, consistent with the historical trend of credit notes issued for returns.

## Employees leaving indemnity

Information on employee leaving indemnity

Employees leaving indemnity has been calculated in accordance with art. 2120 of the Italian Civil Code, taking into account the provisions of the law and the specifics of contracts and professional categories and it comprises all the annual accruals and the revaluations calculated on the basis of the ISTAT (Central Statistics Institute) rates.

The amount of the provision is recognized net of advance payments and accruals paid for the termination of employment contracts during the Financial Year and it represents the true amount owed to subordinate employees at the balance sheet date.

	Beginning balance	Increase	Decrease	Quotes to Funds	Net movements	Closing Balance
<b>Provision for subordinates employees leaving indemnity</b>	317.805	190.270	(24.873)	(116.981)	48.416	366.221

The uses refer to total liquidations of the fund following the termination of the relationship with employees (€ 8,7 thousand) and to an advance paid during the year (€ 16,1 thousand).

## Payable

Payables are shown in the financial statements at their nominal value, eventually adjusted in case of subsequent variations.

### Payable movements and due date

The following table shows the information related to changes in the payables and any information related to the due date of the same.

There are included the debts towards the shareholder Sun Pharma (Netherlands) B.V. for a loan of € 4,200,920 (including interest of € 422,662), payable beyond 12 months. The debts towards companies subject to control of parent company include debts towards Basics GmbH for € 3,501,021 (including interest of € 1,021), classified as due within 12 months.

	Beginning balance	Increase/Decrease	Closing balance
Amounts due to shareholders for loans	4.166.408	34.512	4.200.920
Amounts due to banks	1.580.039	(1.420.689)	159.350
Trade creditors	4.827.145	63.389	4.890.533
Amounts due to parent companies	5.850.863	(353.344)	5.497.519
Amounts due to companies under control of parent companies	4.250.628	822.331	5.072.959
Taxation	118.483	(52.269)	66.214
Social security	224.440	(37.071)	187.369
Other debts	621.231	124.563	745.794
<b>Total</b>	<b>21.639.237</b>	<b>(818.578)</b>	<b>20.820.659</b>

The variation in payables to shareholders for loans is due to the interests accrued during the year on the financed capital.

Debts towards banks represent the use of the overdraft credit line with the Deutsche Bank credit institution.

Debts towards the parent companies refer to trade payables to the indirect parent company Sun Pharma Ltd for the purchase of finished products as better illustrated in the Management Report.

Debts towards companies subject to the control of the parent companies mainly include the loan of € 3,500,000 (and interest of € 1,020) disbursed by the company of the Basics GmbH Group in execution of the contract signed on March 15, 2021, the payable for the mark-up of the costs of activity carried out by the Headquarters - Sun Pharmaceutical Industries (Europe) BV. Also included are some exposures to other group companies (the main one represented by Sun Pharma Global FZE) for the purchase of finished products.

It should also be noted, among the changes in the year, the repayment of the loan, including accrued interest, to the company Alkaloida Chemical Co. ZRT (€ 3,477 million in total).

The item “other debts” at March 31, 2021 includes:

- Debts towards employees for approximately € 465 thousand, consisting of accruals for about € 220 thousand, and bonuses and rewards for about € 245 thousand
- Payables for the payment of the 2.6% payback on retail products reimbursed by the National Health System for € 197 thousand.

### Breakdown of payables by geographic area

Below is the breakdown of the debts by geographical area:

	I	NL	RO	UK	DK	ES	HU	DE	IE	SE	UUAEEE	IS	IN	Total
Amounts due to shareholders for loans		4.200.920												4.200.920
Amounts due to banks	159.350													159.350
Trade creditors	3.293.169	45.629		2.559	655.397	838.393			285	604		54.497		4.890.533
Amounts due to parent companies													5.497.519	5.497.519
Tax		101.623	42.921				46.041	3.540.684			1.341.690			5.072.959
Amounts due to companies under control of parent companies	66.214													66.214
Social security	187.369													187.369
Other debts	745.794													745.794
<b>Total</b>	<b>4.451.896</b>	<b>4.348.172</b>	<b>42.921</b>	<b>2.559</b>	<b>655.397</b>	<b>838.393</b>	<b>46.041</b>	<b>3.540.684</b>	<b>285</b>	<b>604</b>	<b>1.341.690</b>	<b>54.497</b>	<b>5.497.519</b>	<b>20.820.658</b>

### Debts secured by mortgages on company assets

Pursuant to and by effect of art. 2427, c. 1 n. 6 of the Civil Code, it is stated that there are no social debts secured by collateral.

### Loans made by company shareholders

The following are the shareholders' loans to the company with separate indication of those with subordination clause over other creditors.

The company has a loan granted by shareholders of € 4.200.920 as at 31/03/2021.

This is an interest-bearing loan granted by the only shareholder, Sun Pharma (Netherlands) B.V., at following rates:

Loan	Interest Rate
1.900.000	0,8278%
1.379.278	0,85543%
500.000	0,8911%

Interests accrued and not yet settled on the loan in question amounted to € 422.662 at 31/03/2021, against € 387.130 at 31/03/2020.

There are no payable due after more than five years.

### Deferred income and accrued liabilities

Accruals and deferred income were calculated on an accrual basis, through repartition of costs e/o income common to two fiscal years

	Opening balance	Increase/Decrease	Closing balance
<b>Accrued liabilities</b>	4.925	1.580	6.505
<b>Total accrued expenses and deferred income</b>	<b>4.925</b>	<b>1.580</b>	<b>6.505</b>

## Commitments not disclosed in the balance sheet and memorandum accounts

Under Article 2427, paragraph I, paragraph 22-ter) of the Civil Code it is specified that the amount of guarantees issued by banking institutions and insurance companies towards the Company amounts to € 7.434.914.

It is specified that the guarantees have been given in order to allow the participation of the Company in hospital tenders

## Supplementary Notes – Profit & Loss

Revenues, income, costs and charges are recognized in accordance with Article 2425-bis of the Civil Code.

### Production Value

#### Introduction

Revenues from product sales and income from services were recognized at the time of transfer of title which corresponded, respectively, with the criterion of delivery or shipment of the goods and their return. Revenues of a financial nature have instead been recognized on an accrual basis.

Revenues and income, costs and charges relating to currency transactions are calculated at the exchange rate on the date on which the relevant transaction is placed.

The value of production amounted to € 36.351.638, below it is shown a breakdown of revenues between sales, changes in inventories, other operating income and changes in absolute terms compared to the previous year.

Description	31/03/2020	Change in figures	31/03/2021
Sales	30.951.319	2.970.258	33.921.578
Changes in inventories of finished goods	1.150.460	152.971	1.303.431
Other operating income	883.917	242.712	1.126.629
<b>Total</b>	<b>32.985.697</b>	<b>3.365.941</b>	<b>36.351.638</b>



The positive change compared to the previous year's revenues is generated by the increase in sales of finished products; This growth was mainly driven by the hospital channel, which recorded an increase in turnover of € 1.8 million relating to the generic drugs, and of € 3.1 million relating to the Odomzo brand product distributed exclusively to the hospitals.

The retail channel has decreased by € 2.6 million as already mentioned in this note. Lastly, the B2B channel, which represents 5% of total turnover, increased by 58%.

The item "other revenues and income" mainly includes the chargeback of the expenses incurred for the new "brand" Business Unit to the company of the group Sun Pharma Global FZE, equal to approximately € 506 thousand, and the chargeback of approximately € 584 thousand to Sun Pharmaceutical Industries Limited which are penalties charged by hospitals for failure of supplying drugs awarded public tenders.

The residual amount refers to the re-invoicing of distribution fees for approximately € 23 thousand and invoices for payment of interests and legal costs of bad debt collection (approximately € 12 thousand).

### Breakdown of sales and service revenues by business segment

Breakdown of sales and service revenues by business segment is not provided as information is not significant.

### Production Costs

Costs and expenses are recognized on an accrual basis, while respecting the principle of correlation with the revenues, and recorded under the respective item in accordance with accounting principle OIC 12.

Costs for purchases of goods and services are recognized in the income statement net of adjustments for returns, discounts, allowances and rebates.

Production costs amounted to € 35.366.867, here is the breakdown and movements in absolute terms against previous year.

Description	31/03/2020	Change in figures	31/03/2021
Raw materials, subsidiary materials, consumables and goods for resale	17.343.609	3.330.993	20.674.602
Services	10.455.182	(1.223.305)	9.231.877
Rents and leases	327.668	1.374	329.042
Personnel costs	3.490.944	397.523	3.888.467
Depreciation and other amounts written off tangible and intangible fixed assets;	220.236	10.232	230.468
Risk provisions	95.000	(95.000)	
Other provisions			
Other operating costs	449.170	563.241	1.012.411
<b>Totale</b>	<b>32.381.808</b>	<b>2.985.059</b>	<b>35.366.867</b>

The increase in the cost of sales is driven by the increase in sales recorded during the year; the greater incidence of the cost of sales on turnover, compared to the previous year, is due to the greater weight of hospital sales whose products are characterized by lower margins.

The decrease in costs for services is connected to the decreased volume of retail sales, with lower selling costs (commissions) and lower promotional investments.

As for personnel costs, net of restructuring costs, as described in the following table:

€ Millions	31/03/2020	31/03/2021
<b>Personnel Expenses</b>	3,49	3,89
<b>Restructuring Costs</b>	0,05	
<b>Personnel Expenses net of Restructuring Costs</b>	<b>3,44</b>	<b>3,89</b>

Personnel expenses increased by approximately € 450,000, equal to 13%. This increase is explained, in addition to the salary increases granted, by the full speed of the Brand division established during the previous year.

Furthermore, the costs for the current year include approximately € 124 thousand of sales premiums to employees, whilst in the previous year they were included under the item "costs for services".

Please refer to the paragraph on employment data for a detailed analysis of the change in the workforce.

The change in the item "Amortization, depreciation and write-downs" is made up of the increase in the bad debt provision for € 10 thousand, carried out in alignment with the credit risk assessment.

It was not considered necessary to make provisions for risks.

The balance at the 31st of March, 2021 of the other operating expenses is mainly composed of the costs for the payback amounting to € 284 thousand, membership and AIFA contributions for € 103 thousand, penalties and deductible taxes for € 35 thousand, penalties charged by hospitals for failure to supply of medicines for € 584 thousand.

## **Financial income and expenses**

---

Financial income and expenses are posted on an accrual basis in relation to the amount accrued in the year.

### **Composition of income from investments**

There are no income from investments as per art. 2425, n. 15 of the Civil Code.

### Allocation of interests and other financial costs by type of debt

The following table gives evidence of the interests and other financial expenses as per art. 2425, n. 17 of the Civil Code, with specific split between those concerned bonds, bank debt and other cases.

	To Parent Companies	To Companies controlled by Parent Companies	Others	Total
Interests and other financial charges	34.512	62.376	3.616	100.504

Interest expense relates mainly to interest accrued on the loan from the shareholder and on the loan granted by Alkaloida Chemical Co ZRT and Basic GmbH.

The decrease compared to the previous year is linked to a lesser use of shareholder financing.

### Gains/losses on foreign exchange

Below information about the gains or losses on exchange differences by distinguishing the component realized from valuations of assets and liabilities recorded in the balance sheet at year-end.

Description	Amount in statement	Evaluation component	Realized component
<i>Utili e perdite su cambi</i>			
Utile su cambi	14.950	-	14.950
Perdita su cambi	(12.457)	-	(12.457)
<b>Totale voce</b>	<b>2.492</b>	<b>-</b>	<b>2.492</b>

### Income taxes for the year, current and deferred

#### Income taxes for the year, current and deferred

The company posted the provision for income taxes based on the application of the tax laws in force. The taxes for the year are represented by current taxes, as well as resulting from the tax return, deferred taxes and deferred tax assets relating to positive or negative income components, respectively subject to taxation or deduction in other years than those of recording in compliance to the Civil code.

Below, in detail, the information required by art. 2427, paragraph 1, point 14, letter a) and b), namely:

- a) a description of the temporary differences that led to the recognition of deferred tax assets and liabilities, with specific indication of the rate applied, the changes compared to the previous year and the amounts

credited or debited to the income statement or in equity; please note that there are no items excluded from the calculation;

- b) the amount of deferred tax assets recognized in the balance sheet relating to losses occurring during this FY and the past Fys and the reasons for recording.

Below is the breakdown of the temporary differences that generated the deferred taxes.

### **DEFERRED TAX ASSETS**

		<b>FY 31/03/2021</b>	
		<b>Timing difference</b>	<b>Tax effect</b>
<b>IRES</b>	Bad debt provision	664.818	159.556
	Inventory provision	2.014.541	483.490
	Bonus	250.918	60.220
	Provision for Returns	241.614	57.987
	Risks provision	0	0
	Clawback provision	50.000	12.000
	Interest expenses	546.726	131.214
	Exchange rate losses	2.482	596
	<b>Total</b>	<b>3.771.099</b>	<b>905.064</b>
<b>IRAP</b>	Provision for Returns	250.918	9.786
	Risks provision	95.000	3.705
	<b>Total</b>	<b>250.918</b>	<b>9.786</b>

**Total tax 918.555**

The accounting treatment of deferred taxes was made as set forth by Accounting Standard OIC 25 of the Board of Certified Chartered Accountants and Registered Auditors as it is reasonably certain to achieve taxable income over the future FYs and that said losses can be indefinitely carried forward.

### **Reconciliation between tax liability from the balance sheet and theoretical tax charge**

In compliance with the provisions of Accounting Standard n. 25 laid down by the National Association of Certified Chartered Accountants, we report here below the detail of the reconciliation between the statutory tax liability resulting from the Financial Statements and the theoretical tax burden.

**IRES**

Description	Amounts
Profit before tax	886.907
Tax (theoretical)	212.858
Permanent increase variances	182.033
Temporary increase variances	1.292.256
Total increase variances	1.474.289
Permanent decrease variances	156.619
Temporary decrease variances	942.135
Total decrease variances	1.098.754
Total variances	375.535
Tax loss use	-1.009.954
Donations	0
ACE	16.451
Taxable Income	236.037
Current Tax IRES	56.649

**IRAP**

Description	Amounts
Difference between production value and production costs	984.771
Non deductible costs IRAP	3.532.729
Taxable Income IRAP	4.517.500
Theoretical Tax (rate 3,9%)	176.183
Permanent increase variances	0
Temporary increase variances	192.426
<b>Total increase variances</b>	<b>192.426</b>
Permanent decrease variances	3.435.759
Temporary decrease variances	190.778
<b>Total decrease variances</b>	<b>3.626.537</b>
<b>Total adjustments</b>	<b>-3.434.111</b>
<b>Taxable Income</b>	<b><u>1.083.390</u></b>
<b>IRAP current Tax</b>	<b>42.252</b>
<b>Benefit from art.24 D.L. 19 May 2020 n. 34, Decreto Rilancio</b>	<b>14.699</b>
<b>IRAP current Tax including benefit Decreto Rilancio</b>	<b>27.553</b>

Also we point out that:

- Deferred tax assets and liabilities were calculated on the basis of the average rates expected for the FY when temporary differences will be reversed;
- Deferred tax assets are recorded because it is reasonably certain that during the FY when the aforesaid temporary differences are reversed, the taxable income will not be lower than said losses;

## Supplementary Notes – Other Information

Here following other information required by articles 2427 and 2427 bis of Civil Code are reported.

### Employment Data

The chart below shows the average number of employees, grouped by category and calculated considering the daily average:

Category	Number
Managers	4
Executives	19
Office workers	17,9
<b>Total</b>	<b>40,9</b>

### Remuneration to Directors and Statutory Board of Auditors

No remunerations is provided to the Board of Directors.

The remuneration due to the Statutory Board of Auditors amounts to € 8.971. It refers to the part of the year in which the Statutory Board was present.

### Remuneration to legal auditor of audit firm

The remuneration due to the audit firm (Crowe Bompany S.p.A.) is 16.082.

### Categories of shares issued by the company

The number of company's shares is 50.000 and their nominal value is € 1 each.

There are no classes of shares other than ordinary. All shares are owned by the sole shareholder of the Company since its incorporation.

All subscribed shares have been fully paid.

### **Securities issued by the company**

---

The company has not issued any securities or similar value falling within the provisions of art. 2427. 18 Civil Code.

### **Information on financial instruments issued by the company**

---

The company has not issued other financial instruments referred to in n. 19 of the 1st paragraph of art. 2427 of the Civil Code.

### **Summary financial statements of the company exercising the management and coordination activity**

---

Ranbaxy Laboratories Limited, a company which exercised the management and coordination activities of Ranbaxy Italy S.p.A., was merged into Sun Pharmaceuticals Industries Limited on 25 March 2015.

Sun Pharmaceuticals Industries Limited is the company that now carries out the management and coordination activities with headquarters in Mumbai; as of the date of this Note, the latest available financial statements relate to the year ended March 31, 2020, which are reported below:



## Standalone Balance Sheet

as at March 31, 2020

Particulars	Notes	₹ in Million	
		As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3 (a) & 3 (b)	49,103.1	47,092.1
(b) Capital work-in-progress		3,843.5	4,562.5
(c) Goodwill	4	1,208.0	1,208.0
(d) Other Intangible assets	4	1,976.3	1,484.1
(e) Intangible assets under development		2,122.6	1,862.9
(f) Investments in the nature of equity in subsidiaries	5	169,581.1	175,907.7
(g) Financial assets			
(i) Investments	6	85.4	653.9
(ii) Loans	7	7.4	10.0
(iii) Other financial assets	8	849.3	546.1
(h) Deferred tax assets (Net)	9	11,397.1	7,517.0
(i) Income tax assets (Net)	10	20,780.2	21,101.2
(j) Other non-current assets	11	3,738.1	3,498.1
<b>Total non-current assets</b>		<b>264,692.1</b>	<b>265,443.6</b>
<b>(2) Current assets</b>			
(a) Inventories	12	26,336.7	27,926.2
(b) Financial assets			
(i) Investments	13	3,950.7	2,479.5
(ii) Trade receivables	14	61,681.3	50,314.7
(iii) Cash and cash equivalents	15	2,205.0	3,027.6
(iv) Bank balances other than (iii) above	16	4,342.8	380.1
(v) Loans	17	4,485.9	2,947.3
(vi) Other financial assets	18	7,584.2	11,150.1
(c) Other current assets	19	8,824.6	13,472.2
<b>Total current assets</b>		<b>119,411.2</b>	<b>111,697.7</b>
<b>TOTAL ASSETS</b>		<b>384,103.3</b>	<b>377,141.3</b>

## Standalone Balance Sheet

as at March 31, 2020

Particulars	Notes	₹ in Million	
		As at March 31, 2020	As at March 31, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	20	2,399.3	2,399.3
(b) Other equity	21	241,562.9	226,036.8
<b>Total equity</b>		<b>243,962.2</b>	<b>228,436.1</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	22	12,566.9	14,225.0
(ii) Other financial liabilities	23	161.7	10.2
(b) Other non-current liabilities	24	1,455.5	181.0
(c) Provisions	25	13,919.6	1,570.7
<b>Total non-current liabilities</b>		<b>28,103.7</b>	<b>15,986.9</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	26	45,053.3	44,280.5
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises	45	461.8	659.8
(b) total outstanding dues of creditors other than micro and small enterprises		22,887.1	20,889.4
(iii) Other financial liabilities	27	26,218.6	36,878.7
(b) Other current liabilities	28	6,437.2	4,572.6
(c) Provisions	29	10,979.4	25,437.3
<b>Total current liabilities</b>		<b>112,037.4</b>	<b>132,718.3</b>
<b>Total liabilities</b>		<b>140,141.1</b>	<b>148,705.2</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>384,103.3</b>	<b>377,141.3</b>

## Standalone Statement of Profit and Loss

for the year ended March 31, 2020

Particulars	Notes	₹ in Million	
		Year ended March 31, 2020	Year ended March 31, 2019
(I) Revenue from operations	30	125,319.3	103,032.1
(II) Other income	31	15,109.2	12,714.4
<b>(III) Total income (I + II)</b>		<b>140,428.5</b>	<b>115,746.5</b>
<b>(IV) EXPENSES</b>			
Cost of materials consumed	32	32,017.1	27,277.1
Purchases of stock-in-trade		12,274.1	11,968.5
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	1,386.0	(2,513.0)
Employee benefits expense	34	17,027.7	15,713.4
Finance costs	35	4,080.1	5,409.2
Depreciation and amortisation expense	3 (a), 3 (b) & 4	5,615.6	5,529.5
Other expenses	36	35,140.8	30,893.1
Net loss on foreign currency transactions		357.1	2,130.4
<b>Total expenses (IV)</b>		<b>107,898.5</b>	<b>96,408.2</b>
<b>(V) PROFIT BEFORE EXCEPTIONAL ITEM AND TAX (III - IV)</b>		<b>32,530.0</b>	<b>19,338.3</b>
(VI) Exceptional item	56 (2)	-	12,143.8
<b>(VII) PROFIT BEFORE TAX (V - VI)</b>		<b>32,530.0</b>	<b>7,194.5</b>
<b>(VIII) TAX EXPENSE/(CREDIT)</b>			
Current tax	38	3,864.6	15.5
Deferred tax	9 & 38	(3,446.0)	(987.0)
<b>Total tax expense /(credit) (VIII)</b>		<b>418.6</b>	<b>(971.5)</b>
<b>(IX) PROFIT FOR THE YEAR (VII - VIII)</b>		<b>32,111.4</b>	<b>8,166.0</b>
<b>(X) OTHER COMPREHENSIVE INCOME</b>			
<b>A) Items that will not be reclassified to the statement of profit or loss</b>			
a. Gain /(loss) on remeasurement of the defined benefit plans		(286.4)	165.0
Income tax on above		100.1	(57.7)
b. Gain /(loss) on equity instrument through other comprehensive income		(38.6)	(52.1)
Income tax on above		13.5	18.2
<b>Total - (A)</b>		<b>(211.4)</b>	<b>73.4</b>
<b>B) Items that may be reclassified to the statement of profit or loss</b>			
a. Effective portion of gain/(loss) on designated portion of hedging instruments in a cash flow hedge		(929.2)	535.2
Income tax on above		324.7	(187.0)
b. Gain/(loss) on debt instrument through other comprehensive income		12.1	2.9
Income tax on above		(4.2)	(1.0)
c. Foreign currency translation reserve (gain/(loss))		-	2,173.4
Income tax on above		-	(759.5)
<b>Total - (B)</b>		<b>(596.6)</b>	<b>1,764.0</b>
<b>Total other comprehensive income (A+B) (X)</b>		<b>(808.0)</b>	<b>1,837.4</b>
<b>(XI) TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX+X)</b>		<b>31,303.4</b>	<b>10,003.4</b>
<b>Earnings per equity share (face value per equity share - ₹1)</b>	46		
Basic (in ₹)		13.4	3.4
Diluted (in ₹)		13.4	3.4

### Cash Flow Statement

In accordance with the recommendation made by the OIC here below it is reported the cash flow statement in the “indirect scheme” format as per provisions of accounting OIC 10.

	Amount at 31.03.21	Amount at 31.03.20
<b>A. CASH FLOWS FROM OPERATING INCOME</b>		
Result for the year	886.906	204.102
Income tax	108	267.435
Interest expense (interest income )	100.504	123.760
( Dividends )	-	-
(Gains ) losses on disposal of assets	-	-
<i>1. Result for the year before income tax, interests, dividends and gain/losses on the sale</i>	<b>987.518</b>	<b>595.297</b>
Adjustments for non-cash items without impact in net working capital	-	-
Founds provisions	1.367.464	961.574
Depreciation of fixed assets	26.685	26.889
Devaluation of impairment losses	-	-
Other adjustments for non-cash items	- -	220.655
<i>2. Cash flow before changes in net working capital</i>	<b>2.381.667</b>	<b>1.363.105</b>
Change in net working capital	-	-
Decrease (Increase ) in inventories	- 2.027.573	- 1.397.739
Decrease (Increase ) in trade receivables	499.841	- 1.599.773
Increase ( decrease) in trade payables	63.389	1.818.222
Decrease (Increase ) in accrued income and prepaid expenses	20.493	- 4.425
Increase ( decrease) in accrued expenses and deferred income	1.580	4.894
Other changes in net working capital	728.218	1.109.998
<i>3. Cash flow after changes in net working capital</i>	<b>1.667.614</b>	<b>1.294.282</b>
Other adjustments	-	-
Interest received ( paid )	- 569.833	225
( Income taxes paid )	- 169.194	- 77.197
Dividends received	-	-
( Use of funds )	- 387.632	- 545.912
<b>CASH FLOWS OPERATING INCOME(A)</b>	<b>540.954</b>	<b>671.398</b>

	Amount at 31.03.21	Amount at 31.03.20
<b>B. CASH FLOWS GENERATED BY INVESTMENT ACTIVITY</b>	-	-
Tangible assets	-	-
( Investments )	- 13.559	- 12.838
Sale price of divestments	-	-
intangible assets	-	-
( Investments )	- -	720
Sale price of divestments	-	-
Financial fixed assets	-	-
( Investments )	-	-
Sale price of divestments	-	-
Financial assets other than fixed assets	-	-
( Investments )	-	-
Sale price of divestments	-	-
Acquisition or disposal of subsidiaries or branches of businesses, net of cash	-	-
<i>FLOW OF FINANCIAL ASSETS INVESTMENT(B)</i>	<b>- 13.558</b>	<b>- 13.558</b>
<b>C. CASH FLOWS GENERATED BY FINANCING ACTIVITY</b>	-	-
Third-party funding	-	-
Increase ( decrease) in accounts payable to banks	- 1.420.689	1.580.039
Turning funding	3.500.000	-
Repayment of loans	- 2.907.177	- 3.500.000
Equity	-	-
Capital increase in payment	-	-
Sale ( purchase) of treasury shares	-	-
Dividends ( and interim dividends ) paid	-	-
<i>CASH FLOWS OF ACTIVITY OF FINANCING(C)</i>	<b>- 827.866</b>	<b>- 1.919.961</b>
<b>Net increase (decrease) in cash</b>	<b>- 300.471</b>	<b>- 1.262.121</b>
Cash on 01/04/2020	395.174	1.657.295

	Amount at 31.03.21	Amount at 31.03.20
Cash on 31/03/2021	94.703	395.174
Change in net financial position	- 300.471	- 1.262.121
Unlike quadrature	- 0	0

### **Assets allocated to a specific business**

This is to certify that at the date of closure of financial statements there are no assets allocated to a specific transaction, as per n. 20 of the 1st paragraph of art. 2427 of the Civil Code.

### **Funding for a specific business**

This is to certify that at the date of closure of financial statements there is no funding for a specific business, as per n. 21 of the 1st paragraph of art. 2427 of the Civil Code.

### **Information about the fair value of financial instruments**

This is to certify that no derivatives financial contract was signed.

### **Related party transactions**

All related party transactions were carried out at market conditions and the corresponding revenues and costs were in line with those that could have been realized with third parties.

Relations with subsidiaries, related, parent companies and controlled companies do not include atypical and / or unusual transactions and are governed by normal market conditions.

Please refer to the Management Report for details of credit and debit positions as well as revenues and costs arising from all related party transactions.

### **Events occurred after the closure of Fiscal Year.**

According to the art. 2428 paragraph 3, point 5 of the Civil Code, there are no significant events to report.

To date, there are no particular critical issues in the ability to supply customers and honor deadlines, and there have been no worsening in the management of cash flow worthy of reporting.

## **Proposed allocation of profits or loss coverage**

Dear Shareholder,

in light of the above, the Board of Directors proposes to allocate the profit for the year, equal to Euro 886.798, as follows:

- Euro 886.798 to Retained Earnings.

## **Notes – Final part**

Dear Shareholder,

We confirm that these Financial Statements, consisting of Balance Sheet, Income Statement and Notes to the Financial Statements, represent a true and fair view of the company's balance sheet and financial position and correspond to the accounting entries, and we invite you to approve the draft Financial Statements at 31/03/2021 as prepared by the Board of Directors

For the Board of Directors  
Hellen de Kloet