



**SUN**  
**PHARMA**

*Sun Pharmaceutical Industries (Europe) B.V.*  
*Statutory seat Hoofddorp*

27 May 2020

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# ***Directors' report***

Hoofddorp,  
27 May 2020

## ***Financial***

The Directors present the Annual Report on the affairs of the Company, together with the financial statements and auditors' report for the period ended 31 March 2020.

### ***Principal activities and structure of shares***

The activities of the company Sun Pharmaceutical Industries (Europe) B.V. (the company) consists of wholesaling, importing, exporting, marketing, distribution and sales of medicines.

Sun Pharmaceutical Industries (Europe) B.V is wholly owned by Alkaloida Chemical Company Zrt.

### ***Review of business***

Fiscal year 2019-2020 was successful for Sun Pharmaceutical Industries (Europe) B.V. Despite the economy recovering slowly from a recession, we concluded the year with growth of the business. This confirms the adequacy of our business strategy and we will continue with high investments in all fields.

Sun Pharmaceutical Industries (Europe) B.V. won a few new tenders in all the geographies it operates during the year 2019-20. In addition, we also acquired a few new B2B customers which is important for successful development of our business. We have increased sales and market share in the markets where we sell directly.

Sun Pharmaceutical Industries (Europe) B.V. has achieved total revenues of € 25,658,706 in FY2019-2020. Sun Pharmaceutical Industries (Europe) B.V. reported € 353,928 profit after taxes in FY2019-2020, which represents a decrease compared to the previous year, when the result after taxes was a profit of €864,600.

### ***Business Outlook of the Company***

The Company continue to focus on participating in more tenders in Dutch Medicine Markets with the goal of winning those tenders. While the focus is to achieve maximum market share for the existing portfolio, the company will focus on finding in-licensing opportunities for new molecules as a part of its inorganic growth objective in coming years. The company has as goal to benefit from high investments made by the group in building branded portfolio in the region and gearing up to be a reliable partner to be able to sell and distribute this new range of medicines.

### ***Employee Involvement***

During the year under review Employee encouragement and development was a main focus area for the company. The company launched the SunCare program which includes four themes - Connecting, Appreciating, Recognising and Energizing. Various initiatives were taken to achieve these themes which included Birthday Celebration, Long Service Awards, Teambuilding events, Sun Mentor Program and Kudos Recognition program. All this is emphasized by the fact that we had very low attrition rate during the year 2019-2020.

### ***Investments***

As we are expected to grow our business in the coming years, investments will be made into employees and assets.

### ***Dividends***

No interim dividend was paid and the Directors recommend no dividend for the period ended 31 March 2020.

## ***Potential risks of the company***

### ***Liquidity risks***

Notwithstanding, the liquidity remains a significant focus, especially in ensuring the continued ability to finance working capital.

The company received financial support from the sister company, Basics GmbH (a Sun Company). The current account with the sister company was at the beginning of financial period € 6,503,431 and decreased to zero at financial year end.

### ***Foreign exchange risks***

Besides the EUR bank account Sun Pharmaceutical Industries (Europe) B.V. also uses a bank account in SEK. Reporting is done in EUR. Sun Pharmaceutical Industries (Europe) B.V. purchases their goods in the same currency as which we sell and thus has a very limited foreign exchange risks.

### ***Credit risk***

Credit risk is the risk that a party in the agreement will not be able to fulfil its obligations as set in the agreement and would cause financial damage to the company. Sun Pharmaceutical Industries (Europe) B.V. analyses the risk of non-payment from the customers by reviewing and setting credit limits for each individual customer.

Sun Pharmaceutical Industries (Europe) B.V. has no risk related to fulfilling its financial or business liabilities. The company has the intention to pay all liabilities in agreed timeline in FY2019 -2020 and was not in default at any time.

Sun Pharmaceutical Industries (Europe) B.V. regularly monitors all applicable legislation, especially tax legislation; therefore management is confident that the Company has no tax risk. The Company also monitors all legislation related to their operations.

The Company monitors all risks that might affect operations. Before sending a quote to the customer, detailed check of the customer as well as the market is performed in order to minimize all possible risks. On the other hand, the Company minimizes risk on purchase side of the business.

Based on the above stated risk analysis, the company is confident that it is organized in a way to minimize all potential risks.

### ***Legal proceedings***

Sun Pharmaceutical Industries (Europe) B.V. is not a defendant in any proceedings which the directors believe will have a material effect on either Company's financial position or profitability.

### ***Going concern***

The directors, having made appropriate enquiries, has assured herself that no material uncertainties that cast significant doubt about the ability of the company to continue as a going concern have been identified, and they have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Therefore, these financial statements have been prepared on a going concern basis.

## ***Financial statements***

## **Balance sheet as at 31 December 2020**

(after appropriation of results)

	Ref.	31 March 2020		31 March 2019	
		€	€	€	€
<b>Assets</b>					
<b>Intangible assets</b>	1.				
Gross Block		469.179		374.179	
Less: Amortisation		(207.862)		(133.114)	
<b>Total Intangible assets</b>			261.317		241.065
<b>Fixed assets</b>	2.				
Gross Block		459.694		413.030	
Less: Depreciation		(305.547)		(236.479)	
<b>Total Fixed assets</b>			154.146		176.551
<b>Current assets</b>					
Inventories	3.	1.944.113		4.302.923	
			1.944.113		4.302.923
<b>Accounts receivable</b>	4.				
Trade Receivable		2.984.267		6.127.717	
Trade Receivable Shareholders		589.706		-	
Trade Receivable Inter-Company		5.429.021		5.628.734	
Other Receivables		42.980		130.625	
Deffered Income		1.318.515		719.576	
Taxes and Social security charges		133.179		-	
Prepaid and other accrued income		249.907		195.014	
			10.747.575		12.801.666
Cash at bank and in hand	5.	4.276.786		963.079	
			4.276.786		963.079
			<b>17.383.938</b>		<b>18.485.284</b>

		31 March 2020		31 March 2019	
		€	€	€	€
<b>Equity and Liabilities</b>					
<b>Equity (Capitals and reserves)</b>					
Share Capital	6.	18.000		18.000	
Other reserves	7.	379.985		26.056	
			397.985		44.056
<b>Provisions</b>					
Other provisions	8.	2.484.018		970.967	
			2.484.018		970.967
<b>Long-term debts</b>					
Loans	9.	-		6.503.431	
					6.503.431
<b>Current liabilities</b>					
Trade Payables Inter-Company	10.	12.639.590		9.259.590	
Trade Payables Shareholders		-		138.272	
Trade Payables		682.908		531.500	
Taxes and Social security charges		668.107		661.045	
Other Current Liabilities		511.330		376.423	
			14.501.935		10.966.830
			<b>17.383.938</b>		<b>18.485.284</b>



## ***Profit and loss account for 01 April 2019-31 March 2020***

		April 2019-March 2020		April 2018-March 2019	
	Ref.	€	€	€	€
<b><i>Net Turnover</i></b>	11.	25.658.706		25.339.647	
Other Operating Income		9.229.475		7.493.891	
<b><i>Cost of Sales</i></b>		23.025.384		21.260.873	
<b>Gross margin</b>			11.862.797		11.572.665
Wages and salaries	12.	5.965.603		5.864.450	
Social security charges	12.	836.910		644.902	
Amortisation and depreciation of intangible and tangible fixed assets	13.	143.814		195.940	
Other operating expenses	14.	4.442.228		3.828.063	
<b><i>Total operating expenses</i></b>			11.388.556		10.533.355
<b><i>Operating result</i></b>			474.242		1.039.309
Interest income and similar income		-		-	
Interest expenses and similar expenses	15.	24.187		109.709	
<b><i>Result before tax</i></b>			450.054		929.600
Taxation	16.		96.126		65.000
<b><i>Result after tax</i></b>			<b>353.928</b>		<b>864.600</b>

## **Cash flow statement for the year ended 31 March 2020**

	2019-2020		2018-2019	
Not e	€	€	€	€
<b>Cash flow from operating activities</b>				
Operating profit/(loss)		474.242		1.039.309
Adjustments for:				
Depreciation, amortisation and other impairments		143.814		195.940
Movement in provisions		1.513.051		258.221
Interest on Loan		24.187		3.431
		1681053,06		457.592
Movements in working capital:				
Inventories	10.	2.358.810		3.990.898
Receivables	12.	2.054.091		(3.647.193)
Current liabilities (excluding borrowings)	20.	3.535.105		(1.874.036)
		7.948.006		(1.530.330)
<b>Cash generated from operations</b>		10.103.300		(33.429)
Corporate income tax accrued		(96.126)		(65.000)
Interest paid		(27.618)		(109.709)
		(123.745)		(174.709)
<b>Net cash generated from operating activities</b>		9.979.556		(208.138)

		2019-2020		2018-2019	
	Not e	€	€	€	€
<b>Cash flow from Investing activities</b>					
Decrease / (Increase) in Current Investments	19.	(141.661)		(59.978)	
Decrease / (Increase) in Other Receivables	19.	-		-	
<b>Net cash generated from Investing activities</b>			(141.661)	(59.978)	

		2018-19		2018-19	
	Not e	€	€	€	€
<b>Cash flow from financing activities</b>					
Proceeds from borrowings	19.	-		6.500.000	
Repayment on borrowings	19.	6.524.187		6.484.360	
<b>Net cash generated from financing activities</b>			(6.524.187)	15.640	
<b>Net increase/(decrease) in cash at banks and in hand</b>	14.		3.313.708	(252.476)	

The movement in cash at banks and in hand can be broken down as follows:

Balance as at 1 April 2019		963.079		1.215.555	
Movements during the financial year		3.313.708		(252.476)	
Balance as at 31 March 2020		4.276.787		963.079	

# ***Notes to the balance sheet and income statement***

## ***General notes***

### **Activities**

The activities of Sun Pharmaceutical Industries (Europe) B.V., having its legal seat at Hoofddorp, primarily consist of import, export, marketing, storage, distribution and selling of pharmaceuticals.

### **Going concern**

The management of the sole shareholder Alkaloida Chemical Company Zrt. declared that it shall assume liability for all the debts arising from legal transactions and an equity deficit of Sun Pharmaceutical Industries (Europe) B.V.

This liability undertaking guarantees compliance by Alkaloida Chemical Company Zrt. with all the liabilities, obligations and commitments of Sun Pharmaceutical Industries (Europe) B.V. in the event of any shortage of funds. This undertaking shall be valid for a period of one year following the financial year ended March 31, 2020.

Based on the results of the current year and the future outlook management is confident that the continuity of the company is secured for at least one year. Because of that the valuation and results are based on the principle of continuity.

Based on the conversations held with the group entities in respect of our measures and plans, we expect that the financing facilities will be continued.

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the going concern assumption.

### **Registered office, legal form and registration number at the chamber of commerce**

The registered and actual address of Sun Pharmaceuticals Industries (Europe) B.V. is Polarisavenue 87, 2132 JH, Hoofddorp in Registered place of business and is registered at the chamber of commerce under number 34277465.

### **Group structure**

The company forms part of a group, headed by Sun Pharmaceutical Industries Ltd. in India.

### **Changes in accounting policies**

No new policies were implemented which had an impact on valuation of accounts.

### **Changes in accounting estimates**

No changes in calculation of provisions during this financial year.

### **Estimate**

In applying the principles and policies for drawing up the financial statements, the directors of Sun Pharmaceutical Industries (Europe) B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

**Related parties**

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition, statutory directors, other key management of Sun Pharmaceutical Industries (Europe) B.V. or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

**Accounting policies for the cash flow statement**

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Interest paid and received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

# ***General accounting policies***

## **General**

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

## **Comparison with previous year**

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant notes.

## **Foreign currency**

### ***Functional currency***

Items included in the financial statements are made up in euros, which is the functional and presentation currency of Sun Pharmaceutical Industries (Europe) B.V.

### ***Transactions, receivables and liabilities***

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the income statement.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

# ***Accounting policies applied to the valuation of assets and liabilities***

## **Intangible fixed assets**

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value.

With regard to the determination as to whether an intangible fixed asset is subject to an impairment, please refer to note 3.5 “Impairment of fixed assets”.

## **Concessions, licenses and intellectual property**

Costs of intangible assets other than those internally generated, including patents and licenses, are valued at acquisition cost and amortised on a straight-line basis over their estimated future useful lives, with a maximum of 20 years. Currently they are amortized at a 20% rate.

## **Tangible fixed assets**

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments value. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is provided from the date an asset comes into use.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

## **Impairment of fixed asset**

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price.

The company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognised in the income statement.

The amount of an impairment loss incurred on financial assets stated at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised through profit or loss.

## **Inventories**

### ***Inventories for own use and sales***

Inventories (stocks) are valued at historical cost or lower realisable value.

The historical cost consist of all costs relating to the acquisition or production and the costs incurred in order to bring the inventories to their current location and current condition.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

## **Accounts receivable**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost which is equal to nominal value. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. These provisions are determined by individual assessment of the receivables.

## **Cash at banks and in hand**

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

## **Equity**

Sun Pharmaceutical Industries (Europe) B.V. has no change in the paid-in capital. There is no other type of share capital.

The other reserves only contain Retained Earnings.

## **Provisions**

### ***General***

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date.

For the difference between tender price and sales price to wholesalers a provision is made. This provision at year end is equal to the claims still to receive from the insurance company and wholesalers for financial year 2019-20.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

## ***Jubilee benefits***

There is a provision for jubilee benefits for 5 years service and for 10 years service.

## **Current liabilities**

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This is at the nominal value.



# ***Principles for the determination of the result***

## **General**

The result is the difference between the realisable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realized.

## **Revenue recognition**

### ***General***

Net turnover comprises the income from the supply of goods and services after deduction of discounts and such like and of taxes levied on the turnover.

### ***Sales of goods***

Revenues from the goods supplied are recognised when all significant risks and rewards in respect of the goods have been transferred to the buyer.

### ***Other Operating income***

Revenues from the services rendered are recognised in proportion to the services delivered, based on the services rendered up to the balance sheet date in proportion to the total of services to be rendered.

In other operating income results are recognized which are not directly linked to the supply of goods or services as part of the normal, non-incident operations. The other operating income comprises of management fees and mark-up on other cross charges in accordance with the substance of the relevant agreements.

## **Cost of sales**

Cost of sales represents the direct and indirect expenses attributable to revenue, purchase expenses related to the goods sold.

## **Employee cost (employee benefits)**

### ***General***

Employee costs (wages, salaries, social security contributions, etc.) are presented as a separate item in the income statement. These costs are included in other components of the income statement.

### ***Short-term employee cost***

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

### ***Pensions***

Sun Pharmaceutical Industries (Europe) B.V. has a defined contribution (DC) pension scheme to which the provisions of the Dutch Pension Act ('Pensioenwet') are applicable. Sun Pharmaceutical Industries (Europe) B.V. pays premiums based on (legal) requirements, a contractual or voluntary basis to pension funds. Premiums are recognised as employee cost when they are due.

## **Amortisation of intangible fixed assets and depreciation of tangible fixed assets**

Amortisation and depreciation costs are not presented as a separate item in the income statement. These costs have been recognised in other components of the income statement.

Intangible assets, are amortised and tangible fixed assets are depreciated over their estimated useful lives as from the moment that they are ready for use.

Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

## **Exceptional items**

Exceptional items are items of income and expense from the normal, non-incident activities or transactions, but which need to be disclosed separately on the basis of the nature, size or incidental character of the item for reasons of analysis and comparability of the results. Also, income and expenses that should be allocated to another financial year are disclosed by the nature and amount.

## **Interest income and interest expenses**

Interest income and expenses are recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognised transaction expenses for loans received are taken into consideration.

## **Currency translation differences**

Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised, unless hedge accounting is applied.

Decreases in value of financial instruments at fair value are recognised through profit or loss. Realised increases in the value of financial instruments at fair value initially recognised in equity are taken through profit or loss when the financial instruments are derecognised.

## **Amounts released from revaluation reserves**

Realised increases in the value of the securities included in financial fixed assets or current assets are released to the income statement from the revaluation reserve upon realisation.

## **Income tax**

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years and exempt profit components and after the addition of non-deductible costs.

## **Financial instruments and risk management**

### ***Currency risk***

Sun Pharmaceutical Industries (Europe) B.V. mainly operates in the European Union. Sun Pharmaceutical Industries (Europe) B.V. has no currency risk as sales is done in the same currency as the purchase of the finished goods (mainly EUR and SEK).

***Credit risk***

Sun Pharmaceutical Industries (Europe) B.V. does not have any significant concentrations of credit risk. Sales are made to customers that meet the company's credit rating. Goods and services are sold subject to payment deadlines ranging between eight and sixty days.

***Liquidity risk***

Sun Pharmaceutical Industries (Europe) B.V. has no liquidity risk as any working capital requirement is funded by the parent company Alkaloida Chemical Company Zrt.

## 1. Intangible fixed assets

	Concessions, licenses and intellectual property	Total
	€	€
Gross value	374.179	374.179
Cumulative depreciation	(133.114)	(133.114)
	<hr/>	<hr/>
Book value 1 April 2019	241.065	241.065
Additions	95.000	95.000
Disposals	-	-
Depreciation on disposal	-	-
Depreciation	(74.747)	(74.747)
	<hr/>	<hr/>
Mutation 2019-2020	20.253	20.253
Gross value	469.179	469.179
Cumulative depreciation	(207.861)	(207.861)
	<hr/>	<hr/>
Book value 31 Maart 2020	261.318	261.318
Depreciation %	20%	

## 2. *Tangible fixed assets*

	Other fixed assets	Total
	€	€
Gross value	413.030	413.030
Cumulative depreciation	(236.479)	(236.479)
Book value 1 April 2019	176.551	176.551
Additions	46.661	46.661
Disposals	-	-
Depreciation on disposal	-	-
Depreciation	(69.067)	(69.067)
Mutation 2019-2020	(22.406)	(22.406)
Gross value	459.691	459.691
Cumulative depreciation	(305.546)	(305.546)
Book value 31 Maart 2020	154.145	154.145
Depreciation %	20%	

These values are determined on the basis of regularly conducted value assessments by experts, and, if necessary, corrected for specific indexation figures for the years in which no value assessment was carried out.

## 3. *Inventories*

	31-mrt-2020	31-mrt-2019
	€	€
Finished products and goods for resale	1.944.113	4.302.923
	1.944.113	4.302.923

There is no write-down on stock in the year 2019-2020

## 4. Accounts Receivables

	31-mrt-2020		31-mrt-2019	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
	€	€	€	€
Trade Receivables	2.984.267	-	6.127.717	-
Receivables from Shareholders	589.706	-	-	-
Receivables from Group companies	5.429.021	-	5.628.734	-
Other receivables	42.980	-	130.625	-
Deffered Income	1.318.515	-	719.576	-
Tax and social security charges				
Prepayments	249.907	-	195.014	-
	<u>10.614.396</u>	<u>-</u>	<u>12.801.666</u>	<u>-</u>

The fair value of the receivables approximates the carrying amount due to their short-term character and the fact that provisions for bad debt are recognized, where necessary.

### 4.1. Trade Receivables

	31-mrt-2020	31-mrt-2019
	€	€
Trade debtors	4.104.233	6.850.609
Less: provision for bad debt	(31.368)	(3.316)
	<u>4.072.865</u>	<u>6.847.293</u>

Trade debtors includes receivables for an amount of up to € 85,705, with a remaining maturity of more than one year.

### 4.2. Receivables from Group companies

An interest rate of 0% (2019: 0%) per annum applies to the average intercompany balances. In respect of repayment and securities provided, no agreements have been made.

### 4.3. Other receivables

	31-mrt-2020	31-mrt-2019
	€	€
Loans and advances to staff	5.512	-
Loans given	8.359	11.691
Deposits	7.745	3.056
Advances to Suppliers	3.126	99.928
Income taxes	23.750	15.950
	<u>48.492</u>	<u>130.625</u>

#### 4.4. Tax and Social Security charges

	31-mrt-2020	31-mrt-2019
	€	€
Value added tax Belgium	133.179	-
	<u>133.179</u>	<u>-</u>

### 5. Cash at banks and in hand

Cash at banks and in hand include deposits to the amount of € 71.862. Therefore cash at banks and in hand, € 71.862 is not at the company's free disposal.

### 6. Equity

	31-mrt-2020	€	31-mrt-2019	€
	No. of shares		No. of shares	
<b>Authorised</b>				
Equity shares of € 100 each	900	90.000	900	90.000
Cumulative preference shares of € 100 ea	-	-	-	-
	<u>900</u>	<u>90.000</u>	<u>900</u>	<u>90.000</u>
<b>Issued, subscribed and fully paid up</b>				
Equity Shares of € 100 each	180	18.000	180	18.000
	<u>180</u>	<u>18.000</u>	<u>180</u>	<u>18.000</u>

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

	31-mrt-2020	€	31-mrt-2019	€
	No. of shares		No. of shares	
<b>Reconciliation of fully paid equity sha</b>				
Opening balance 1 April	180	18.000	180	18.000
Less : buy back of shares	-	-	-	-
Closing balance 31 March	<u>180</u>	<u>18.000</u>	<u>180</u>	<u>18.000</u>

*Details of shareholders holding more than 5% in the Company*

	31-mrt-2020		31-mrt-2019	
<b>Equity shares</b>	No. of shares	% of holding	No. of shares	% of holding
Alkaloida Chemical Company Zrt.	180	100	180	100

## 7. Other Reserves

	31-mrt-2020	31-mrt-2019
	€	€
Balance as at 1 April	26.057	(838.543)
Additions profit / (loss) for the year	353.928	864.600
Balance as at 31 March	379.985	26.057

## 8. Provisions

The movements in provisions is as follows:

	Provision for Trade Discount	Employee related provision	Total Other Provisions
	€	€	€
Balance as at 1 April 2019	444.874	526.093	970.967
Additions	3.036.711	77.569	3.114.280
Release	1.599.024	-	1.599.024
Withdrawal	2.205	-	2.205
Balance as at 31 March 2020	1.880.356	603.662	2.484.018

All provisions have a maturity of less than 1 year.

If, as a result of a recovery plan, additional pension payments have to be made in respect of claims already accrued, this may result in a provision depending on the facts and circumstances.

## 9. Long term debts

	31-mrt-2020	31-mrt-2019
	€	€
Long-term loan from Alkaloida Chemical Company Zrt.	-	-
Long-term loan from Basics GmbH	-	6.503.431
	-	6.503.431



## 10. Current liabilities

	31-mrt-2020	31-mrt-2019
	€	€
Liabilities to Group companies	12.639.590	9.259.590
Liabilities to Shareholders	-	138.272
Liabilities to others	682.908	531.500
Tax and social security charges	668.107	661.045
Other liabilities and accrued expenses	511.330	376.423
	<hr/> 14.501.935	<hr/> 10.966.830

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

### **Payables to group companies**

An interest rate of 0% (201718: 0%) is applicable to the average intercompany balances. In respect of repayment and securities, no agreements have been made.

### **Tax and social security charges**

	31-mrt-2020	31-mrt-2019
	€	€
Value added tax Netherlands	209.909	310.882
Wage tax	235.932	218.126
Social security premiums	61.140	67.037
Corporate income tax	161.126	65.000
	<hr/> 668.107	<hr/> 661.045

### **(Multiyear) financial obligations**

Contingent liabilities arising from the rent of office building and parking places amounts € 1,528,000. According to the contract Sun has an obligation to rent for another 5 years (31-12-2024).

### **Operational leasing**

Sun Pharmaceutical Industries (Europe) B.V. has no obligations from operational leases Liabilities not recognized.

## 11. Net turnover

	201920	201819
	€	€
The Netherlands	10.247.787	6.586.779
Other EU countries	14.460.084	18.261.033
Other European countries	445.157	227.161
Other countries	505.679	264.674
	<u>25.658.706</u>	<u>25.339.647</u>

The breakdown of revenue by category is as follows:

	201920	201819
	€	€
Trade activities	25.658.706	25.339.647
Professional services and consultancy	9.229.475	7.493.891
	<u>34.888.181</u>	<u>32.833.538</u>

## 12. Wages and salaries

	201920	201819
	€	€
Wages and salaries	5.716.960	5.566.673
Social security charges	587.851	440.268
Pension contributions	249.059	204.634
Other employee costs	248.642	297.777
	<u>6.802.513</u>	<u>6.509.353</u>

Average number of employees

During 201920, 59 employees were employed on a full-time basis (201819: 55).

### **13. Amortisation and depreciation and impairment on intangible and tangible fixed assets**

Cost of sales, selling expenses and general and administrative expenses include amortisation, depreciation and impairment of assets. These can be broken down as follows:

	201920	201819
	€	€
Amortisation of intangible fixed assets	74.747	132.043
Impairment on intangible fixed assets	-	-
Depreciation of tangible fixed assets	69.067	63.897
Impairment on tangible fixed assets	-	-
	<hr/>	<hr/>
	143.814	195.940

### **14. Other Operating Expenses**

	201920	201819
	€	€
Rent	240.990	254.622
Insurance	24.160	25.167
Selling and Distribution	1.637.315	287.518
Repairs and Maintenance	25.108	29.450
Printing and stationery	15.911	13.789
Travelling and conveyance	277.904	204.970
Overseas travel and export promotion	217.252	625.040
Communication	45.003	58.794
Professional, legal and consultancy	1.254.178	1.591.257
Net (gain) / loss on foreign currency transactions and translation	26.938	105.625
Payments to auditors	40.409	22.500
Miscellaneous expenses	637.060	609.331
	<hr/>	<hr/>
	4.442.228	3.828.063

### **15. Interest income and expense**

	201920	201819
	€	€
Interest and similar income	-	-
Interest and similar expenses	24.187	109.709
	<hr/>	<hr/>
	24.187	109.709

## **16. Tax on result**

The tax on the result from ordinary business activities, amounting to € 65.000, can be specified as follows:

	201920	201819
	€	€
Result before tax	450.054	929.600
Deferred corporate income tax	-	-
Corporate income tax current financial year	107.014	65.000
Corporate income tax previous financial years	(10.887)	-
Tax on result	96.126	65.000

## 17. Related parties

All transactions to Intercompany

	Year ended 31st March 2020	Year ended 31st March 2019
	€	€
<b>Sales of Goods</b>		
Sun Pharmaceuticals Germany GmbH	3.132.294	633.348
Ranbaxy Pharmacie Generiques SAS	-	989.198
Taro Pharmaceutical Industries Israel	505.679	181.226
	<b>3.637.973</b>	<b>1.803.772</b>
<b>Other Income (incl Management Fees)</b>		
Sun Pharma Global (FZE)	3.129.288	2.216.997
Sun Pharmaceuticals Germany GmbH	664.045	306.519
Alkaloida Chemical Company Zrt.	60.874	70.191
Basics GmbH	1.288.411	1.332.833
Sun Pharma Laboratorios SLU	812.994	696.170
Ranbaxy Italia SpA	866.859	804.967
Sun Pharma France	681.058	662.801
Ranbaxy (UK) Ltd	994.134	998.408
Terapia SA	439.552	398.728
	<b>8.937.215</b>	<b>7.487.614</b>
<b>Purchase of Goods</b>		
Sun Pharma Global (FZE)	540.430	(83.448)
Sun Pharmaceutical Industries Ltd	19.523.766	16.938.864
Terapia SA	24.346	38.307
Sun Pharmaceutical Medicare Limited	161.668	-
Sun Pharmaceuticals Germany GmbH	51.750	-
	<b>20.301.960</b>	<b>16.893.723</b>
<b>Interest Expense</b>		
Alkaloida Chemical Company Zrt.	-	104.258
Basics GmbH	22.479	3.431
	<b>22.479</b>	<b>107.689</b>
<b>Other Expenses (incl Management Fees)</b>		
Alkaloida Chemical Company Zrt.	1.123.825	1.535.571
Basics GmbH	145.637	216.321
Terapia SA	1.983.167	1.800.208
Ranbaxy UK Ltd	422.475	389.645
Ranbaxy Poland Sp Zoo	3.286	2.681
	<b>3.678.389</b>	<b>3.944.426</b>

**Trade Receivables**

Sun Pharmaceutical Industries Ltd	3.445.097	2.331.706
Sun Pharmaceuticals Germany GmbH	6.781	58.754
Sun Pharmaceuticals France	-	-
Alkaloida Chemical Company Zrt.	4.472	9.683
Ranbaxy Italia SpA	102.356	119.104
Sun Pharma Global (FZE)	1.023.625	1.012.705
Ranbaxy Laboratorios Ltd	-	-
Basics GmbH	68.787	207.983
Sun Pharma Laboratorios SLU	118.787	112.834
Sun Pharma France	218.061	1.070.432
Ranbaxy (U.K.) Ltd.	48.867	167.374
Terapia S.A.	118.526	129.644
Sun Pharma Laboratories Ltd.	2.544	2.542
Sun Pharmaceutical Medicare Ltd.	182.082	163.899
Sun Pharma Advance Research Co Ltd.	80.184	-
Taro Pharmaceutical Industries Israel	8.854	242.074
	<b>5.429.021</b>	<b>5.628.734</b>

**Loans Taken**

Basics GmbH	-	6.503.431
	<b>-</b>	<b>6.503.431</b>

**Trade Payable**

Alkaloida Chemical Company Zrt.	(589.706)	138.272
Sun Pharma Global (FZE)	684.437	2.000.000
Sun Pharmaceutical Industries Ltd	11.436.445	6.990.159
Terapia SA	419.704	222.394
Basics GmbH	14.292	17.398
Ranbaxy Italia S.p.A	-	650
Ranbaxy (U.K.) Ltd.	37.361	28.989
Sun Pharma Switzerland Ltd.	14.821	-
Sun Pharmaceuticals Germany GmbH	28.558	-
Sun Pharma Netherlands B.V.	3.532	-
Ranbaxy Poland Sp Zoo	440	-
	<b>12.049.884</b>	<b>9.397.862</b>

## ***18. Subsequent events***

The directors have considered the impact of the Covid-19 pandemic, and the measures taken to contain it, on the company and because of the nature of the company's activities they do not consider that there will be any significant effect on the ability of the company to continue in business and meet its liabilities as they fall due.

Hoofddorp

27 May 2020

Sun Pharmaceutical Industries (Europe) B.V.

## ***19. Other information***

### **18.1. Articles of association governing profit appropriation**

Article 20 of the articles of association states the following regarding profit appropriation:

The board of directors proposes to add the profit for FY2019-2020 of € 353,928 to the other reserves. This proposal has been processed in the annual report in advance of the adoption by the General Shareholders Meeting.

### **18.2. Independent Auditor's report**



## **INDEPENDENT AUDITOR'S REPORT**

To: The sole shareholder of Sun Pharmaceutical Industries (Europe) B.V.

### **A. Report on the audit of the financial statements 2019-2020 included in the financial report**

#### **Our opinion**

We have audited the financial statements for the year ended 31 March 2020 of Sun Pharmaceutical Industries (Europe) B.V. based in Hoofddorp.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sun Pharmaceutical Industries (Europe) B.V. as at 31 March 2020 and of its result for the period 01 April 2019 up to and including 31 March 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 March 2020;
- the profit and loss account for the period 01 April 2019 up to and including 31 March 2020; and
- the notes comprising of a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Sun Pharmaceutical Industries (Europe) B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## **B. Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## **C. Description of responsibilities regarding the financial statements**

### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding 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 a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amstelveen, 27 May 2020

