

RANBAXY ITALIA S.p.A.

Bilancio di Esercizio

al 31 Marzo 2020



Crowe AS SpA
Revisione e organizzazione contabile
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INDEPENDENT AUDITOR'S REPORT
IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF JANUARY 27, 2010

To the Sole Shareholder of Rambaxy Italia SpA

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Rambaxy Italia SpA (the Company), which comprise the statement of financial position as at March 31, 2020 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, 2020, 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.

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 Rambaxy Italia SpA is not extended to such data.

Responsibilities of Management and Those Charged with Governance 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.

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

MILANO ROMA TORINO PADOVA GENOVA BRESCIA

Capitale Sociale € 533.618 i.v.- Iscritta al Registro delle Imprese di Milano
Codice fiscale, P.IVA e numero iscrizione: 01414060200

UNI EN ISO 9001:2015



SISTEMA DI GESTIONE
QUALITÀ CERTIFICATO

Iscritta nel Registro dei Revisori presso il Ministero dell'Economia e delle Finanze (D.M. del 12.04.1995)

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.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

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;
- 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.



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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 Ranbaxy Italia SpA is responsible for preparing a report on operations of the Ranbaxy Italia SpA as of March 31, 2020, 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 Ranbaxy Italia SpA, as of March 31, 2020.

In our opinion, the report on operations is consistent with the financial statements of Ranbaxy Italia SpA, as of 31 March 2020 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, May 12, 2020

Crowe AS SpA

Alessandro Ruina

(Partner)

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

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RANBAXY ITALIA S.P.A.

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 31/03/2020

Dear Shareholders,

We would like to bring to your attention the Financial Statements for the Fiscal year ended on 31st March 2020, showing a profit before tax of € 471.537, and a net profit of € 204.102.

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, comma 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 2020; 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 Ranbaxy 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.

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

Finally, during the year, the Company also began operating in the "brand" market segment of pharmaceutical products, thanks to the introduction on the market of Odomzo® product.

Odomzo® is an oncological product indicated for the treatment of adult patients with locally advanced basal cell carcinoma (BCC) who are not eligible to surgery or radiotherapy.

It is prescribed by dermatologists and oncologists who work in highly specialized reference centers; it is distributed worldwide, including the United States and Australia, and the main European states, thanks to the approval by major and relevant international regulatory authorities such as FDA and EMA.

Odomzo® represents an innovation for the Sun Pharma group, being the first product with a new "exclusive" active ingredient that effectively protects the drug from the market dynamics that characterize generic products (competitiveness on the price), making the prescriptive choice made by the specialist doctor as "binding", which means not susceptible to changes by pharmacists who dispense the drug.

The year ended March 31, 2020 saw a positive increase in the value of production (+ 27%), attributable to the growth in revenues from the sales of pharmaceutical products of approximately € 5,3 million (+ 21%); this growth was mainly driven by the hospital market, which recorded an increase in turnover of € 4,5 million (+ 43%), while the retail channel remained substantially stable (€ 0,3 million, equal to + 2%) and that B2B increased by 15% (€ 0,2 million).

Odomzo®, whose marketing began in the last quarter of 2019, contributed a total turnover of € 0,4 million.

The value of production was also increased by:

- a greater variation in inventories of finished products (€ 0,9 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 (€ 0,6 million) and the release of the residual provision as an "AIFA hospital clawback" following the closure of the procedures for the years from 2013 to 2017 included (€ 0,2 Million).

The cost of production sold increased by 40%, 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	31/03/2019	31/03/2020
Retail	55%	47%
Hospital	41%	49%
B2B	3%	3%
Brand	0%	1%
Total	100%	100%

General expenses (which include sales costs) grew by 11% and the Value Added increased by 22% (12% more than the growth recorded on March 31, 2019) representing, as for the previous year, approximately 15% 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	31/03/2019
Personnel costs		3,49	3,09
Restructuring Expenses		0,05	0,34
Personnel costs net of restructuring expenses		3,44	2,75

Personnel costs increase by around € 690.000, equal to 25%. This increase was generated by the following organizational changes:

- the reintroduction of the role of the General Manager, suppressed in 2015 following the implementation of the "matrix" organizational structure;
- the creation of the new "Branded" Business Unit, needed to support the marketing of the first branded product, Odomzo®, which required the introduction of new professionals, such as the profile of the Medical Science Liaison and the Market Access Managers
- the enhancement of the Customer Service service, to support higher sale volumes.

The Gross Operating Margin grew by + 54% (compared to the substantial stability recorded in the year ended March 31, 2019), representing 4,1% of the value of production.

As in the previous year, the Company confirms the constant effort in credit management and recovery activities, which allowed to further improve collection times. The value of expression of credit recovery times (DSO) dropped in fact from 132 to 124 days in total, with a significant improvement in the DSO of hospitals (from 128 days to 120), pharmacies (from 150 days to 145 days) and concessionaries (from 167 days to 145); wholesalers, substantially stable throughout the year, suffered a significant and temporary deterioration in March (recording a 125-day DSO) due to the administrative difficulties generated by the "lock down" situation imposed by the Covid-19 epidemic .

The Bad Debt Provision was adjusted in consideration of the assessment of the risk of loss on trade receivables, in particular associated with specific situations of credit sufferance or credit seniority.

The above, and also considering a lower value of the depreciation for the year, explains the change in the value of the "Amortization and depreciation" item, increased by approximately € 112.000 compared to the previous year.

We also would like to highlight the 17% reduction in other operating expenses, mainly due to provisions for risks.

During the year, the Company:

- maintained its presence in the "retail" and "hospital" sectors, with same commercial and distribution organizational differentiation and implementing a new division to support the commercialization of "brand" products;
- implemented initiatives focused on the differentiation of its market positioning, focusing on technically complex generic products;
- focused on the objective of maximizing penetration in the hospital sector, maintaining its position in the retail sector, and developing access in the brand sector by planning activities aimed at ensuring the inclusion of Odomzo® within the pharmaceutical registries at regional and hospital level.

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.

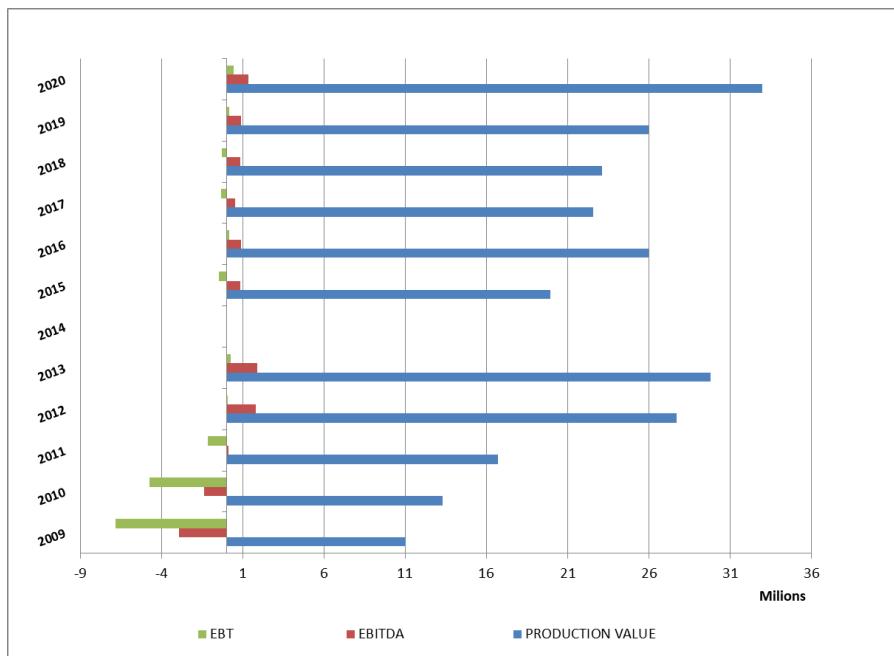
Profit & Loss

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

	FY 2019		FY 2018		FY 2017		
	01.04.2019	%	01.04.2018	%	01.04.2017	%	
	31.03.2020		31.03.2019		31.03.2018		
PRODUCTION VALUE	32.985.697	100,0%	26.018.381	100,0%	23.130.764	100,0%	
- Cost of goods sold	17.343.609	52,6%	12.349.375	47,5%	10.468.491	45,3%	
- General expenses	10.782.850	32,7%	9.689.293	37,2%	9.061.930	39,2%	
VALUE ADDED	4.859.237	14,7%	3.979.713	15,3%	3.600.343	15,6%	
- Personnel cost	3.490.944	10,6%	3.092.027	11,9%	2.732.233	11,8%	
EBITDA	1.368.294	4,1%	887.686	3,4%	868.110	3,8%	
- Amortization & Depreciation	220.236	0,7%	108.501	0,4%	319.596	1,4%	
GROSS OPERATING MARGIN	1.148.057	3,5%	779.185	3,0%	548.514	2,4%	
- Miscellaneous expenses	544.170	1,6%	464.917	1,8%	707.272	3,1%	
MARGIN BEFORE INTERESTS	603.888	1,8%	314.267	1,2%	-	158.758	-0,7%
- Financial income	225	0,0%	4.739	0,0%	2.377	0,0%	
+/- Forex adjustments	-	8.815	0,0%	-	5.005	0,0%	
NET OPERATING MARGIN	595.297	1,8%	314.002	1,2%	-	149.017	-0,6%
- Financial charges	-	123.760	-0,4%	-	127.339	-0,5%	
PROFIT/(LOSS) BEFORE TAX	471.537	1,4%	186.663	0,7%	-	252.678	-1,1%
- Income Taxes	267.435	0,8%	59.809	0,2%	19.656	0,1%	
NET PROFIT/(LOSS)	204.102	0,6%	126.854	0,5%	-	272.334	-1,2%

Here below you can see the summary trend of sales and margins over the period 2009-31.3.2020:

	2009	2010	2011	2012	2013	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020
PRODUCTION VALUE	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
EBITDA	-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
EBT	-6.835.892	-4.748.837	-1.145.862	83.122	276.921	-441.719	186.663	-321.431	-252.678	186.664	471.537



As for the previous year, expectations for the next year are extremely positive, forecasting a significant increase in sales (especially in the hospital channel), thanks to:

- greater penetration in the "hospital" market, through improved competitiveness in participation in tenders for the supply of drugs to public hospitals, an increase in private hospital customers, the launch of new drugs characterized in particular by high complexity and low competitiveness;
- maintenance of the share of presence in the "retail" market, also through to the reorganization of the sales process in some territories;
- the affirmation of Odomzo® in the new "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 2019 01.04.2019 31.03.2020	%	FY 2018 01.04.2018 31.03.2019	%	Absolute variation	%	FY 2017 01.04.2017 31.03.2018	%
WORKING CAPITAL	22.698.179	100%	23.005.565	100%	307.386	96%	27.710.512	99%
Cash & Bank Balances	395.174	2%	1.657.295	7%	1.262.122	394%	1.484.382	7%
Cash & Bank Balances	395.174	2%	1.657.295	7%	1.262.122	394%	1.484.382	7%
Current Assets	15.922.878	70%	16.118.603	70%	195.725	61%	21.161.914	93%
Sundry Debtors	15.015.368	66%	15.081.676	65%	66.308	21%	20.115.305	88%
Deferred Tax Assets	834.462	4%	968.304	4%	133.842	42%	978.048	4%
Accrued Income and Prepaid Expenses	73.048	0%	68.623	0%	-4.425	-1%	68.561	0%
Inventory	6.380.127	28%	5.229.667	23%	-1.150.460	-35%	5.064.216	22%
FIXED ASSETS	58.788	0%	72.118	0%	13.330	4%	115.359	1%
Intangible Fixed Assets	37.105	0%	55.105	0%	18.000	6%	89.223	0%
Tangible Fixed Assets	21.683	0%	17.013	0%	-4.670	-1%	26.136	0%
TOTALE ASSETS	22.756.966	100%	23.077.682	100%	320.716	100%	27.825.871	100%

Liabilities

Item	FY 2019 01.04.2019 31.03.2020	%	FY 2018 01.04.2018 31.03.2019	%	Absolute variation	%	FY 2017 01.04.2017 31.03.2018	%
THIRD PARTIES CAPITAL	22.374.319	98%	22.899.139	99%	524.820	164%	27.774.183	100%
Current Liabilities	14.061.873	62%	10.940.382	47%	-3.121.490	-973%	19.162.699	69%
Short-term payables (Debts)	14.056.948	62%	10.940.350	47%	-3.116.598	-972%	19.158.556	69%
Accrued Expenses and Deferred Income	4.925	0%	32	0%	-4.893	-2%	4.143	0%
Loans Funds & Provisions	8.312.446	37%	11.958.756	52%	3.646.310	1137%	8.611.483	31%
Medium Term I/C Loan	7.582.288	33%	10.960.773	47%	3.378.484	1053%	7.540.397	27%
Provisions	412.353	2%	610.215	3%	197.862	62%	631.864	2%
Provision for Retirement Benefit	317.805	1%	387.769	2%	69.964	22%	439.222	2%
NET EQUITY	382.647	2%	178.544	1%	-204.103	-64%	51.688	0%
Share Capital	50.000	0%	50.000	0%	0	0%	50.000	0%
Reserves	8.032	0%	274.023	1%	265.991	83%	274.023	1%
Retained Earnings	120.512	1%	-	-	392.847	-122%	-	-
Profit (loss) for the period	204.102	1%	126.855	1%	-77.247	-24%	-272.334	-1%
TOTAL SOURCES	22.756.966	100%	23.077.682	100%	320.716	100%	27.825.871	100%

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, 2020, the workforce consisted of 41 employees; the increase compared to the previous year is substantially represented by the staff hired for the new "brand" business unit.

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. Ranbaxy 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.

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	5.850.862,70
Sun Pharma France (Formerly Ranbaxy Pharmacie Gener SAS)	Purchase of products	11.726,00
Ranbaxy (U.K.) Ltd.	Purchase of products	47.709,00
Terapia S.A.	Purchase of products	18.240,00
Sun Pharmaceutical Industries (Europe) B.V.	Administrative Expenses, testing fees for product quality control and regulatory expenses	102.355,86
Alkaloida Chemical Co. ZRT	Insurance Expense recharge	1.346,51
Sun Pharma Global FZE	Purchase of products	653.370,00
Alkaloida Chemical Company Zrt.	Loan	2.907.177,00
Alkaloida Chemical Company Zrt.	Interests on loan	508.703,21
Sun Pharma (Netherlands) BV	Loan	3.779.278,00
Sun Pharma (Netherlands) BV	Interests on loan	387.130,12
<i>Total</i>		14.267.898,40

Entity	Description	Amount €
<i>Receivables</i>		
Sun Pharmaceutical Industries Limited	Recharge of penalties and expenses	700.939,24
Taro Pharmaceutical Industries Ltd	Recharge of product purchase cost	3.616,00
Sun Pharma Global FZE	Recharge of brand division expenses	676.130,94
Sun Pharma Ind. Europe B.V.	Expense recharge (hotel costs etc.)	4.938,64
<i>Total</i>		1.385.624,82

Entity	Description	Amount €
<i>Expenses</i>		
Sun Pharmaceutical Industries Limited	Purchase of products	11.318.273,15
Sun Pharma France (Formerly Ranbaxy Pharmacie Gener SAS)	Purchase of products	11.726,00
Sun Pharma (Netherlands) BV (Formerly Ranbaxy Neth. BV RNBV)	Interests on loan	57.116,90
Ranbaxy (U.K.) Ltd.	Purchase of products	56.815,00
Terapia S.A.	Purchase of products	30.457,00
Sun Pharmaceutical Industries (Europe) B.V.	Administrative Expenses	866.859,00
Sun Pharmaceutical Industries (Europe) B.V.	Testing fees	313.009,72
Sun Pharmaceutical Industries (Europe) B.V.	Expense recharge (hotel costs etc.)	3.016,22
Sun Pharmaceutical Industries (Europe) B.V.	Insurance Expenses	11.702,97
Sun Pharmaceutical Industries (Europe) B.V.	Regulatory Expenses	109.517,57
Alkaloida Chemical Co. ZRT	Purchase of products	10.344,59
Alkaloida Chemical Co. ZRT	Interests on loan	64.398,72
Sun Pharma Global FZE	Purchase of products	653.370,00
<i>Total</i>		13.506.606,84

Entity	Description	Amount €
<i>Income</i>		
Sun Pharma Laboratorios S.L.U (Formerly Laborat Ranbaxy SLU)	Sale of products	1.492,00
Taro Pharmaceutical Industries Ltd	Recharge of product purchase cost	3.616,00
Sun Pharma Global FZE	Recharge of brand division expenses	640.387,84
<i>Total</i>		645.495,84

3. Own shares

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

5. Significant events occurred after the end of the year

According to the art. 2428 paragraph 3 point 5 of the Civil Code, there are no significant events to report, with the exception of the "lock down" situation imposed by the Covid-19 epidemic, which by the way began prior to the end of the fiscal year.

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.

6. Business forecast

Pursuant to and for the purposes of what is indicated in point 6) of the third paragraph of art. 2428 of the Italian Civil Code, it should be noted that the Company will continue its commitment towards improving the operating result. To this end, an economic budget has been prepared which envisages the achievement of a positive result in the year ended March 31, 2021, thanks to the organic growth in the volume of business and to operational efficiency initiatives that allow the level of operating expenses to be kept constant .

In addition, it is worth noting that the epidemic of the new coronavirus (Covid-19), which has spread to Italy since the end of February, should not penalize management performance.

Reason why, also on the basis of the recently introduced regulatory provisions (art. 7 Legislative Decree 23 of 8 April 2020), there are currently no reasonable doubts regarding the going concern.

We also report that the company (i) from 9 March 2020 "works" in smart working, providing all its collaborators with adequate tools, (ii) canceled all meetings "in attendance", favoring as much as possible the use of video conferences, in full compliance with privacy regulations and IT security protocols, (iii) sanitized the premises and activated the protocols also provided for in the agreement of 14 March 2020 to allow, as soon as the opportunity presents itself, a start-up of the on-site business ensuring maximum safety for all our employees.

6. bis 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
(The President)
Neeraj Sharma

Company Data

Denomination: RANBAXY ITALIA S.P.A.
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' PER AZIONI (Limited liability Company)
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
Numero di iscrizione all'albo delle cooperative:

Financial statements at 31/03/2020

Amounts are shown in Euro

Balance Sheet

	ASSETS	Total 31.03.2020	Total 31.03.2019
B) FIXED ASSETS			
I - INTANGIBLE ASSETS			
3) Industrial patent rights and others	3.864	5.352	
4) Concessions, licenses, trademarks and similar rights	3.846	4.898	
5) Goodwill	-	-	
7) Other intangible assets	29.395	44.855	
TOTAL INTANGIBLE ASSETS	37.105	55.105	
II - TANGIBLE ASSETS			
2) Equipment and machinery	-	-	
4) Other tangible assets	21.683	17.013	
TOTAL TANGIBLE ASSETS	21.683	17.013	
TOTAL FIXED ASSETS (B)	58.788	72.118	
C) CURRENT ASSETS			
I - INVENTORY			
1) Raw materials and consumables			
4) Finished goods and goods for resale	6.380.127	5.229.667	
TOTAL INVENTORY	6.380.127	5.229.667	
II - RECEIVABLES			
1) Trade receivables	11.936.017	10.529.592	
Trade receivables within 12 months	11.936.017	10.529.592	
Trade receivables beyond 12 months			
4) Receivable from Parent Companies	700.939	2.892.719	
receivable from Parent Companies within 12 months	700.939	2.892.719	
receivable from Parent Companies beyond 12 months			
5) Receivable from Companies controlled by Parent Companies	684.686	14.983	
receivable from Companies controlled by Parent Companies within 12 months	684.686	14.983	
receivable from Companies controlled by Parent Companies beyond 12 months			
5-bis) Tax credits	536.904	490.298	
Tax credits within 12 months	536.904	490.298	
Tax credits beyond 12 months			
5-ter) Advanced taxes	834.462	968.304	
Advanced taxes within 12 months	834.462	968.304	
Advanced taxes beyond 12 months			
5-quater) Other receivables from third parties	1.156.822	1.154.085	
Other receivables from third parties within 12 months	1.156.822	1.154.085	
Other receivables from third parties beyond 12 months			
TOTAL RECEIVABLES	15.849.830	16.049.980	
IV - CASH AND BANKS			
1) Bank and postal deposits	315.225	1.654.889	
2) Cheques	78.297		
3) Cash	1.652	2.406	
TOTAL CASH AND BANKS	395.174	1.657.295	
TOTAL CURRENT ASSETS (C)	22.625.131	22.936.943	
D) DEFERRALS AND ACCRUALS - ASSETS			
Prepayments and deferred expenditures	73.048	68.623	
TOTAL DEFERRALS AND ACCRUALS - ASSETS (D)	73.048	68.623	
TOTAL ASSETS	22.756.966	23.077.684	

LIABILITIES	Total 31.03.2020	Total 31.03.2019
A) SHAREHOLDERS' EQUITY		
I - Share capital	50.000	50.000
IV - Legal reserve	6.343	-
VII - Other reserves	1.689	1.689
VIII - Retained Earnings	120.512	
IX - Profit (loss) for the period	204.102	126.855
TOTAL SHAREHOLDERS' EQUITY (A)	382.646	178.544
B) CONTINGENCY RESERVES		
1) Reserve for pensions and similar obligations	58.084	80.291
2) Deferred taxes	-	-
3) Others	354.269	529.924
TOTAL CONTINGENCY RESERVES (B)	412.353	610.215
C) STAFF LEAVE INDEMNITY		
D) PAYABLES		
3) Debts towards shareholders for financing	4.166.408	7.609.291
Debts towards shareholders for financing within 12 months		
Debts towards shareholders for financing beyond 12 months	4.166.408	7.609.291
4) Bank overdrafts, advances and loans	1.580.039	-
Bank overdrafts, advances and loans within 12 months	1.580.039	
Bank overdrafts, advances and loans beyond 12 months		
7) Trade payables	4.827.145	3.008.923
Trade payables within 12 months	4.827.145	3.008.923
Trade payables beyond 12 months		
11) Payables to parent companies	5.850.863	7.003.384
Payables to parent companies within 12 months	5.850.863	7.003.384
Payables to parent companies beyond 12 months		
11bis) Payables to companies subject to control of parent company	4.250.628	3.471.345
Payables to companies subject to control of parent company within 12 months	834.747	119.863
Payables to companies subject to control of parent company beyond 12 months	3.415.880	3.351.481
12) Taxes payables	118.483	94.720
Taxes payables within 12 months	118.483	94.720
Taxes payables beyond 12 months		
13) Social security payables	224.440	182.008
Social security payables within 12 months	224.440	182.008
Social security payables beyond 12 months		
14) Other payables	621.231	531.453
Other payables within 12 months	621.231	531.453
Other payables beyond 12 months		
TOTAL PAYABLES (D)	21.639.237	21.901.124
E) DEFERRALS AND ACCRUALS - LIABILITIES		
Accruals and deferred income	4.925	31
TOTAL DEFERRALS AND ACCRUALS - LIABILITIES (E)	4.925	31
TOTAL LIABILITIES	22.756.966	23.077.684

Profit and loss account

	PROFIT AND LOSS ACCOUNT	Total 31.03.2020	Total 31.03.2019
A) PRODUCTION VALUE			
1) Net sales from products and services	30.951.319	25.611.613	
2) Variation of inventory products	1.150.460	165.451	
5) Other operating income	883.917	241.317	
TOTAL PRODUCTION VALUE	32.985.697	26.018.381	
B) PRODUCTION COSTS			
6) Costs of raw materials, auxiliary materials, merchandise and other goods	17.343.609	12.349.375	
7) Costs of services	10.455.182	9.420.788	
8) Costs for use of third parties assets	327.668	268.505	
9) Labour costs			
a) Salaries and wages	2.400.376	1.961.459	
b) Costs of social security	755.460	602.275	
c) Staff leave indemnity	176.679	144.558	
d) Pension and similar costs	55.951	39.506	
e) Other labour costs	102.478	344.230	
Total Labour costs	3.490.944	3.092.027	
10) Depreciation and write downs			
a) Depreciation of intangible fixed assets	18.720	35.676	
b) Depreciation of tangible fixed assets	8.169	10.759	
c) Other Depreciation of fixed assets	-	-	
d) Current assets written off	193.347	62.066	
Total depreciation and write downs	220.236	108.501	
12) Risk provision	95.000		
13) Other Accrued expenses			
14) Other operating expenses	449.170	464.917	
TOTAL PRODUCTION COSTS	32.381.809	25.704.113	
Net income from operating activities (A - B)	603.888	314.268	
C) FINANCIAL INCOME AND EXPENSES			
16) Other financial income	225	4.739	
d) Other financial income			
Others	225	4.739	
17) Interests payable and other financial expenses	-	123.760	-
To Parent companies	-	57.117	-
To Companies controlled by Parent Companies	-	64.399	-
Others	-	2.245	-
17-bis) Profit and loss on exchange	-	8.815	-
Total financial income (loss) (15+16-17-17bis)	-	132.351	-
Result before taxes (A-B+C+D)	471.537	186.663	
20) Current, deferred and advanced income taxes for the period	-	267.435	-
Income taxes for the period	133.593	50.064	
Income taxes for the prior years			
Deferred and advanced taxation	133.842	9.745	
21) Net income (loss) for the year	204.102	126.855	

Statements above shown a real and true and correspond to accounting books.

Supplementary Notes to Financials Statements closed at 31/03/2020

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.

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 began operating in the "brand" (meaning non-generic) pharmaceutical sector, thanks to the introduction in the market of the Odomzo® product.

In order to support the commercialization of the first brand product, a new and specific line of business has been established, in which new professionals have been introduced, such as the role of the Medical Science Liaison and the Market Access Manager.

The first sales of Odomzo® were recorded in the fourth quarter of 2019.

The Company also implemented initiatives aimed at achieving the planned commercial objectives, which allowed to increase sales of finished products by 21% and the Gross Operating Margin by 54%.

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 adjustmens 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 and.

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:

Intangible fixed assets items	Period
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 € 37.105: 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 31/03/2020 of depreciation of intangible assets amounted to € 18,720.

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 from/to	Acquisitions /dismissions	Revaluation / write down	Deprec.	Closing balance
Depreciated maintenance expenses		92.743						92.743
Provision for Depreciated maintenance expenses			47.888-				15.460-	63.348-

Own software

The increase of € 720 refers to the acquisition of Microsoft Outlook 2019 licenses

Tangible 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 € 202.687; the accumulated depreciation is equal to € 181.004.

The impact to the income statement as at 31/03/2020 for the amortization of tangible fixed assets was € 8.169.

The table below shows the movements of such assets.

Movements of Tangible Assets

Description	Detail	Historical cost	Beginning balance	Movements from/to	Acquisitions /dismissions	Revaluation / write down	Deprec.	Closing balance
<i>Other tangible assets</i>								
Furniture and fitting		71.045						71.045
Electronic office machinery		109.693			7.723			117.416
Mobile telephones		9.110			5.115			14.225
Provision for depreciation of furniture and fitting			65.936-				1.056-	66.992-
Provision for depreciation of electronic Office machinery			101.662-				5.130-	106.792-
Provision for depreciation of mobile telephone			5.237-				1.982-	7.219-

Other tangible assets

The acquisitions and dismissals above reported are detailed here below:

	Acquisitions	Dismissals	Total Acquisitions/Dismissals
Electronic office machinery	7.723		7.723
Mobile telephones	5.115		5.115

Electronic office machinery

The acquisition of € 7.723 refers to the purchase of personal computers.

Mobile telephones

During the year, mobile phones were purchased for a total of € 5.115.

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	5.064.216	165.451	5.229.667
Total	5.064.216	165.451	5.229.667

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

Description	Total
Balance at 31/03/2019	1.043.121
Use during the year	(0)
Provision for the year	247.279
Balance at 31/03/2020	1.290.902

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 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.

Anaysis of movements and due date of receivables posted in current assets

	Initial Value	Change in figures	Final value
Trade Receivables	10.529.592	1.406.426	11.936.017
Receivables from Parent Companies	2.892.719	(2.191.780)	700.939
Receivables from Companies controlled by Parent Companies	14.983	669.702	684.686
Tax credit	490.298	46.606	536.904
Advance income taxes	968.304	(133.842)	834.462
Accounts receivable from other undertakings	1.154.085	2.737	1.156.822
	16.049.981	(200.150)	15.849.830

Trade Receivables increased by around € 1.600.000; mainly the value of hospital credits increased (€ 1.650M) by virtue of the increased sales volumes. Retail Trade Receivables decreased by € 0,3M, substantially in relation to the lower exposure to pharmacies (€ 0,8M) linked to the improvement in collection times but also to the decrease in turnover. Trade Receivables in the B2B channel increased by around € 250.000.

The weight of the value of past due trade receivables decreased from 42% to 37%; also the DSO (value that expresses the time of recovery of the credit), improved, dropping from 132 to 124 days.

In more detail, the DSO on Hospital receivables decreased by 8 days (from 128 to 120 days), the DSO on Pharmacy receivables improved of 5 days (from 150 to 145 days), and Concessionary receivables decreased by 13 days (from 167 to 154 days); a slight deterioration (19 days) is reported in reference to the DSO on trade receivables from wholesalers (from 104 to 123 days).

Receivables are shown net of the allowance for doubtful accounts (see below the table with movements); provision was adjusted in order to represent the prudent coverage of insolvency risks.

Description	Total
Balance at 31/03/2019	927.555
Provision for the year	193.347
Balance at 31/03/2020	1.120.902

The decrease in receivables from parent companies is due to the collection of almost the total exposure to Sun Pharmaceutical Industries Limited as of March 31, 2019.

The increase in the item "receivables from companies controlled by parent companies" corresponds to the chargeback of costs of the "brand" division to the group entity Sun Pharma Global FZE, owner of the Odomzo® marketing authorization.

Tax credits at March 31, 2020 consist of the VAT credit (€ 536.819) and withholding taxes on interest income (€ 85).

Receivables from others mainly include pledge accounts to tenders for € 768 thousand, advances to suppliers and employees for € 334 thousand and security deposits for € 37 thousand.

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

There are no receivables due after more than five years.

Deferred tax assets

The receivables include deferred tax assets of € 834.461 whose recovery is expected with reasonable certainty against taxable income expected in the coming years under the multi-year 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:

	Italy	India	Arab United Emirates	The Netherlands	Israel	Total
Trade Receivables	11.936.017					11.936.017
Receivable from Parent Companies		700.939				700.939
Receivable from Companies controlled by Parent Companies			676.131	4.939	3.616	684.686
Tax Credits	536.904					536.904
Advanced taxes	834.462					834.462
Other Receivable	1.156.822					1.156.822
Total	14.464.205	700.939	676.131	4.939	3.616	15.849.830

Current assets: cash and banks

Movements of 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
Current bank accounts and post-office deposits	1.654.889	(1.339.664)	315.225
Cheques		78.297	78.297
Cash and cash equivalents	2.406	(755)	1.652
Total	1.657.295	(1.262.121)	395.174

Effects of changes in money and values in cash

Description	Initial value	value at the date of preparation of financial statements	Change in figures
Euro	1.878	1.124	(755)
Stamps	528	528	0
	2.406	79.949	(77.542)

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	68.623	4.425	73.048
Total prepayments and accrued income	68.623	4.425	73.048

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	Closing balance
Share capital	50.000					50.000
Legal Reserve	-	6.343				6.343
Other Reserves	1.689					1.689
Total Other Reserves	1.689					1.689
Income (losses) carried forward		120.512				120.512
Profit of the FY	126.855	(126.855)			204.102	204.102

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 14, 2019.

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

Following the changes described above, shareholders' equity at the close of the financial year amounts to € 382.646.

Movements of Net Equity

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Total
Value at 31/03/17	50.000		2.714.170-	3.500.000	511.807-	324.023
Allocation result 31/03/17				511.807-	511.807	-
- Dividend payments						
- Other destinations						
Change in figures			2.714.170	2.714.170-		-
Result for the year					272.334-	272.334-
Value at 31/03/18	50.000		-	274.023	272.334-	51.689

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Total
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	Total
Value at 31/03/19	50.000		-	1.689	126.855	178.544
Allocation result at 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

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.

Descriprion	Amount	Origin/type	Possibility of using
Share capital	50.000	Capital	
Legal Reserve	6.343	Capital	
Other Reserves	1.689	Capital	
Total Other Reserves	1.689	Capital	A;B
Income (losses) carried forward	120.512		A;B;C
Total	178.544		
Quote not distributable	58.032		

Description	Amount	Origin/type	Possibility of using
Residual distributable	120.512		

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
Provision for pensions and Similar obligations	80.291	6.000	(28.207)		(22.207)
Others	529.924	344.269	(299.269)	(220.655)	(175.655)
Total	610.215	350.269	(327.476)	(220.655)	(197.862)

During the year no significant changes were recorded with reference to the provision for retirement benefits and similar obligations, which includes the FIR and FISC funds relating to agents.

The "other" item, includes:

- The risk inherent hospital clawback. During the year, the procedures for hospital clawback were closed for the years from 2013 to 2017 included. In addition, the request relating to the year 2018 was communicated by Aifa (Italian Medicines Agency), which the company challenged legally, obtaining the suspension of the payment, subsequently revoked for which the Company was invited to make a payment on voluntary basis, which was done to the extent of € 50.000

The remainder of the existing fund at March 31, 2019, net of use, was released, while a provision of € 50.000 was made as hospital clawback risk for the year 2019

- The provision for risks for agents existing at the beginning of the year in the amount of € 10.000, has been supplemented by an additional € 45.000 to cover the risk relating to some disputes arising during the year with agents terminated;

- The Product Return provision for a total of € 249.269.

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 nad 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
Provision for subordinate employees' leaving indemnity	387.769	169.918	(114.179)	(125.448)	(69.964)	317.805

The uses refer to total liquidations of the fund following the termination of the relationship with employees (€ 83 thousand) and to an advance paid during the year (€ 31 thousand).

Payables

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.

They include payables to Sun Pharma (Netherlands) B.V. shareholder for a loan of € 4.166.408 (including interest of € 387.130), and payables to Alkaloida Chemical for € 3.415.880 (including interest of € 508.703), classified as payable beyond the next financial year.

All other payables are considered due within the next financial year.

	Beginning balance	Increase/Decrease	Closing balance
Amounts due to shareholders for loans	7.609.291	(3.442.883)	4.166.408
Amounts due to banks		1.580.039	1.580.039
Trade creditors	3.008.923	1.818.222	4.827.145
Amounts due to parent companies	7.003.384	(1.152.521)	5.850.863
Amounts due to companies under control of parent companies	3.471.345	779.283	4.250.628
Taxation	94.720	23.763	118.483
Social security	182.008	42.432	224.440
Other debts	531.453	89.777	621.231
Total	21.901.124	(261.885)	21.639.237

The change in payables to shareholders for loans is given by the difference between the partial repayment of the loan to Sun Pharma (Netherlands) B.V., equal to € 3 million and the interest accrued on the capital financed during the year.

Amounts due to banks represent the use of the overdraft credit line with the Deutsche Bank credit institution. Payables to parent companies mainly 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.

Payables to companies under the control of the parent companies mainly include the loan disbursed by the Alkaloida Chemical Group company and the debt for the reimbursement of the costs of the activity carried out by the Headquarters - Sun Pharmaceutical Industries (Europe) B.V. Some exposures to other group companies are also included (the main one represented by Sun Pharma Global FZE) for the purchase of finished products.

The item other payables at 31 March 2019 includes:

- Payables to personnel of approximately € 357 thousand, consisting of accruals amounting to € 174 thousand, and bonuses and sale incentives for € 183 thousand
- Payables for payment of the 2,6% payback on retail products reimbursed by NHS, for € 264 thousand.

Breakdown of payables by geographic area

Below is the breakdown of the debts by geographical area:

	I	NL	RO	UK	F	E	HU	B	IE	SE	UUAEE	IS	IN	Total
Amounts due to shareholders for loans		4.166.408												4.166.408
Amounts due to banks	1.580.039													1.580.039
Trade creditors	4.150.683	372.195		34		275.263		1.686	19.153	969		-58.615	65.777	4.827.145
Amounts due to parent companies													5.850.863	5.850.863
Tax		102.356	18.240	47.709	11.726		3.417.227			653.370				4.250.628
Amounts due to companies under control of parent companies		118.483												118.483
Social security	224.440													224.440
Other debts	621.231													621.231
Total	6.694.876	4.640.959	18.240	47.743	11.726	275.263	3.417.227	1.686	19.153	969	653.37	-58.615	5.916.640	21.639.237

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 € 4.166.408 as at 31/03/2020.

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 € 387.130 at 31/3/2020, against € 330,013 at 31/3/2019.

During the year, the Company repaid a portion of the principal portion of the loan, equal to € 3.500.000

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
Accrued liabilities	31	4.894	4.925
Total accrued expenses and deferred income	31	4.894	4.925

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 € 4.835.254.

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 € 32.985.697; 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	31/03/2019	change in figures	31/03/2020
Sales	25.611.613	5.339.780	30.951.319
Changes in inventories of finished goods	165.451	985.009	1.150.460
Other operating income	241.317	642.600	883.917
Total	26.018.381	6.967.315	32.985.697

The positive change compared to the revenues of the previous year is generated by the increase in sales of finished products; This growth was mainly driven by the hospital market, which recorded an increase in turnover of € 4,5 million, while the retail channel remained substantially stable (€ 0,3 million) and the B2B channel increased by 15% (€ 0,2 Millions).

Odomzo®, whose marketing began in the last quarter of 2019, contributed with a total turnover of € 0,4 million.

The item "other revenues and income" mainly includes the charge-back to the entity of the Group Sun Pharma Global FZE of the expenses incurred for the new "Brand" Business Unit, equal to approximately € 640 thousand and the release of the provision for risks for hospital clawback of approximately € 221 thousand.

The residual amount refers to the recharging of distribution fees for € 22 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 € 32.381.809; here is the breakdown and movements in absolute terms against previous year.

Description	31/03/2019	change in figures	31/03/2020
Raw materials, subsidiary materials, consumables and goods for resale	12.349.375	4.994.234	17.343.609
Services	9.420.788	1.034.394	10.455.182
Rents and leases	268.505	59.163	327.668
Personnel costs	3.092.027	398.916	3.490.944

Depreciation and other amounts written off tangible and intangible fixed assets;	108.501	111.735	220.236
Risk provisions		95.000	95.000
Other provisions	-		-
Other operating costs	464.917	(15.748)	449.170
Total	25.704.113	6.677.695	32.381.809

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 increase in costs for services is also mainly connected to the increased volume of business, since there was an increase on transportation and storage costs (€ 108 thousand), services for the production expenses (€ 289 thousand), sales and promotional costs (€ 279 thousand) and regulatory costs (€ 138 thousand).

There are also higher personnel selection costs, linked to the establishment of the new business line dedicated to "brand" products (€ 79 thousand), and higher travel expenses (€ 49 thousand).

Costs for the use of third party assets increased (€ 46 thousand) mainly in reference to the car rental fees for employees; this is a consequence of the increased staffing linked to the creation of the "brand" business.

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

	€ Millions	31/03/2020	31/03/2019
Personnel Expenses		3,49	3,09
Restructuring Costs		0,05	0,34
Personnel Expenses net of Restructuring Costs	3,44	2,75	

the increase is mainly due to the creation of the new "Branded" Business Unit, needed to support the introduction in the market of the first brand product, Odomzo®, which required the introduction of new professional profiles, such as the figure of the Medical Science Liaison and the Market Access Manager.

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

The change in the item "amortization and depreciation" consists of:

- A decrease of € 19 thousand reported in this exercise in the value of depreciation, both on tangible and intangible assets, since some assets during this year were completely depreciated.
- An increase in the bad debt provision of € 131 thousand, in line with the credit risk assessment.

The "other risks" item refers to the provision for hospital "clawback" for 2019, equal to € 50.000 and to the increase in the provision for risks for agents to the extent of € 45.000 by virtue of ongoing disputes with some recently terminated agents.

The balance as at 31 March 2020 of other operating expenses is mainly composed of 2,6% payback costs amounting to € 361 thousand, membership fees and AIFA for € 46 thousand, penalties and deductible taxes for € 31 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	57.117	64.398	2.245	123.760

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

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>Foreign exchange gains and losses</i>			
Exchange gains	20	-	20
Exchange losses	(8.834)	(8.764)	(70)
Total	(8.814)	(8.764)	(50)

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. 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

Fiscal Year 31/03/2020

		Timing difference	Tax effect
IRES	Bad debt provision	533.226	127.974
	Inventory provision	1.290.399	309.696
	Bonus	249.270	59.825
	Provision for Returns	182.835	43.880
	Risks provision	55.000	13.200
	Clawback provision	50.000	12.000
	Interest expenses	1.051.485	252.356
	Exchange rate losses	8.764	2.103
<hr/>			
<hr/>		<hr/> <u>Total</u>	<hr/> <u>821.035</u>
<hr/>			
IRAP	Provision for Returns	249.270	9.722
	Clawback provision	50.000	1.950
	Risks provision	45.000	1.755
	<hr/> <u>Total</u>	<hr/> <u>344.270</u>	<hr/> <u>13.427</u>
<hr/>			
Total tax			€ 834.46

The accounting treatment of deferred taxes was made as set forth by Accounting Standard 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	<u>471.537</u>
Tax (theoretical)	113.169
<i>Permanent increase variances</i>	<u>839.234</u>
<i>Temporary increase variances</i>	<u>1.016.286</u>
Total increase variances	1.855.520
<i>Permanent decrease variances</i>	<u>(204.225)</u>
<i>Temporary decrease variances</i>	<u>(81.668)</u>
Total decrease variances	(285.893)
Total variances	1.569.627
Tax loss use	(1.632.932)
Donations	0
ACE	(4.708)
Taxable Income	403.524
Current Tax IRES	96.846

IRAP

Description	Amounts
Difference between production value and production costs	603.888
Non deductible costs IRAP	3.258.598
Taxable Income IRAP	3.862.486
Theoretical Tax (rate 3,9%)	150.637
<u>Permanent increase variances</u>	<u>0</u>
<u>Temporary increase variances</u>	<u>344.269</u>
Total increase variances	344.269
<u>Permanent decrease variances</u>	(3.065.251)
<u>Temporary decrease variances</u>	(199.269)
Total decrease variances	(3.264.520)
Total adjustments	(2.920.251)
Taxable Income	942.235
IRAP current Tax	36.747

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	4,16
Executives	17
Office workers	17,16
Total	38,33

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 € 16.640.

Remuneration to legal auditor of audit firm

The remuneration due to the audit firm (Crowe AS S.p.A.) is € 15.500.

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, 2019, which are reported below

Standalone Balance Sheet

as at March 31, 2019

Particulars	Notes	As at March 31, 2019	₹ in Million As at March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	47,092.1	44,005.2
(b) Capital work-in-progress		4,562.5	8,303.9
(c) Goodwill	4	1,208.0	1,208.0
(d) Other Intangible assets	4	1,484.1	1,232.5
(e) Intangible assets under development		1,862.9	1,574.5
(f) Investments in the nature of equity in subsidiaries	5	175,907.7	182,225.7
(g) Financial assets			
(i) Investments	6	653.9	879.3
(ii) Loans	7	10.0	34.2
(iii) Other financial assets	8	546.1	489.7
(h) Deferred tax assets (Net)	9	7,517.0	7,517.0
(i) Income tax assets (Net)	10	21,101.2	20,742.4
(j) Other non-current assets	11	3,498.1	3,953.6
Total non-current assets		265,443.6	272,166.0
(2) Current assets			
(a) Inventories	12	27,926.2	21,356.4
(b) Financial assets			
(i) Investments	13	2,479.5	447.6
(ii) Trade receivables	14	50,314.7	52,714.4
(iii) Cash and cash equivalents	15	3,027.6	1,094.3
(iv) Bank balances other than (iii) above	16	380.1	458.4
(v) Loans	17	2,947.3	520.5
(vi) Other financial assets	18	8,458.0	3,315.0
(c) Other current assets	19	16,164.3	15,845.5
Total current assets		111,697.7	95,752.1
TOTAL ASSETS		377,141.3	367,918.1

Standalone Balance Sheet

as at March 31, 2019

Particulars	Notes	₹ in Million		
		As at March 31, 2019	As at March 31, 2018	
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	20	2,399.3	2,399.3	
(b) Other equity	21	226,036.8	220,826.8	
Total equity		228,436.1	223,226.1	
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	22	14,225.0	15,646.9	
(ii) Other financial liabilities	23	10.2	9.1	
(b) Other non-current liabilities	24	181.0	-	
(c) Provisions	25	1,570.7	3,451.8	
Total non-current liabilities		15,986.9	19,107.8	
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	26	44,280.5	52,138.1	
(ii) Trade payables				
(a) total outstanding dues of micro and small enterprises	45	659.8	105.5	
(b) total outstanding dues of creditors other than micro and small enterprises		20,889.4	25,554.2	
(iii) Other financial liabilities	27	36,878.7	18,567.4	
(b) Other current liabilities	28	4,572.6	2,691.5	
(c) Provisions	29	25,437.3	26,527.5	
Total current liabilities		132,718.3	125,584.2	
Total liabilities		148,705.2	144,692.0	
TOTAL EQUITY AND LIABILITIES		377,141.3	367,918.1	

Standalone Statement of Profit and Loss

for the year ended March 31, 2019

Particulars	Notes	Year ended March 31, 2019	Year ended March 31, 2018
(I) Revenue from operations	30	103,032.1	90,062.5
(II) Other income	31	12,714.4	11,280.4
(III) Total income (I + II)		115,746.5	101,342.9
(IV) Expenses			
Cost of materials consumed	32	27,277.1	22,101.2
Purchases of stock-in-trade		11,968.5	12,015.1
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(2,513.0)	1,592.6
Employee benefits expense	34	15,713.4	16,250.0
Finance costs	35	5,409.2	3,883.1
Depreciation and amortisation expense	3 & 4	5,529.5	4,872.4
Other expenses	36	33,023.5	28,321.0
Total expenses (IV)		96,408.2	89,035.4
(V) Profit before exceptional item and tax (III - IV)		19,338.3	12,307.5
(VI) Exceptional item	56 (3)	12,143.8	9,505.0
(VII) Profit before tax (V - VI)		7,194.5	2,802.5
(VIII) Tax expense			
Current tax	38	15.5	20.2
Deferred tax	38	(987.0)	(274.1)
Total tax expense (VIII)		(971.5)	(253.9)
(IX) Profit for the year (VII - VIII)		8,166.0	3,056.4
(X) Other comprehensive income			
A) Items that will not be reclassified to the statement of profit or loss			
a. Gain / (loss) on remeasurement of the defined benefit plans		165.0	664.3
Income tax on above		(57.7)	(229.9)
b. Gain / (loss) on equity instrument through other comprehensive income		(52.1)	67.2
Income tax on above		18.2	(23.2)
Total - (A)		73.4	478.4
B) Items that may be reclassified to the statement of profit or loss			
a. Effective portion of gain / (loss) on designated portion of hedging instruments in a cash flow hedge		535.2	26.6
Income tax on above		(187.0)	-
b. Gain / (loss) on debt instrument through other comprehensive income		2.9	(15.5)
Income tax on above		(1.0)	5.4
c. Foreign currency translation reserve [gain / (loss)]		2,173.4	72.0
Income tax on above		(759.5)	-
Total - (B)		1,764.0	88.5
Total other comprehensive income (A+B) (X)		1,837.4	566.9
(XI) Total comprehensive income for the year (IX+X)		10,003.4	3,623.3
Earnings per equity share (face value per equity share - ₹ 1)	46		
Basic (in ₹)		3.4	1.3
Diluted (in ₹)		3.4	1.3

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 31.03.20	Amount at 31.03.19
A. CASH FLOWS FROM OPERATING INCOME		
Result for the year	204.102	126.855
Income tax	267.435	59.809
Interest expense (interest income)	123.760	127.339
(Dividends)	-	-
(Gains) losses on disposal of assets	- -	16
<i>1. Result for the year before income tax,interests,dividends and gain/losses on the sale</i>	595.297	313.987
Adjustments for non-cash items without impact in net working capital	-	-
Founds provisions	961.574	986.158
Depreciation of fixed assets	26.889	46.435
Devaluation of impairment losses	-	-
Other adjustments for non-cash items	- 220.655	12.521
<i>2. Cash flow before changes in net working capital</i>	1.363.105	1.359.102
Change in net working capital	-	-
Decrease (Increase) in inventories	- 1.397.739	- 839.569
Decrease (Increase) in trade receivables	- 1.599.773	693.370
Increase (decrease) in trade payables	1.818.222	175.151
Decrease (Increase) in accrued income and prepaid expenses	- 4.425	- 62
Increase (decrease) in accrued expenses and deferred income	4.894	- 4.111
Other changes in net working capital	1.109.998	- 837.379
<i>3. Cash flow after changes in net working capital</i>	1.294.282	546.502
Other adjustments	-	-
Interest received (paid)	225	4.681
(Income taxes paid)	- 77.197	- 17.455
Dividends received	-	-
(Use of funds)	- 545.912	- 350.071
CASH FLOWS OPERATING INCOME(A)	671.398	183.657
B. CASH FLOWS GENERATED BY INVESTMENT ACTIVITY		
Tangible assets	-	-

		Amount at 31.03.20	Amount at 31.03.19
(Investments)	-	12.838	5.950
Sale price of divestments	-	-	
intangible assets	-	-	
(Investments)	-	720	4.810
Sale price of divestments	-	-	16
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	-	-	
FLOW OF FINANCIAL ASSETS INVESTMENT(B)	-	13.558	10.744
C. CASH FLOWS GENERATED BY FINANCING ACTIVITY	-		
Third-party funding	-	-	
Increase (decrease) in accounts payable to banks		1.580.039	
Turning funding	-	-	
Repayment of loans	-	3.500.000	
Equity	-	-	
Capital increase in payment	-	-	
Sale (purchase) of treasury shares	-	-	
Dividends (and interim dividends) paid	-	-	
CASH FLOWS OF ACTIVITY OF FINANCING(C)	-	1.919.961	
Net increase (decrease) in cash	-	1.262.121	172.913
Cash on 01/04/2016		1.657.295	1.484.382
Cash on 31/03/2018		395.174	1.657.295
Change in net financial position	-	1.262.121	172.913
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

As reported in the Management Report, there are no significant events to report, with the exception of the "lock down" situation imposed by the Covid-19 epidemic, which also began prior to the end of the year.

The company (i) from 9 March 2020 "works" in smart working, providing all its collaborators with adequate tools, (ii) canceled all meetings "in attendance", favoring as much as possible the use of video conferences, in the full compliance with privacy regulations and IT security protocols, (iii) has sanitized the premises and activated the protocols also envisaged in the agreement of 14 March 2020 to allow, as soon as the opportunity presents itself, a start of the activity in headquarters ensuring maximum safety for all our employees.

From a management point of view, the Company should not be penalized by the Covid-19 epidemic.

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 204.102, as follows:

- 10.205 euros to the legal reserve.
- 193.897 euros to other reserves (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 2020 as prepared by the Board of Directors.

For the Board of Directors
(The President)
Neeraj Sharma

RANBAXY ITALIA SpA

Sole shareholder company

Company subject to management and coordination of:

Sun Pharmaceuticals Industries Limited

Head office: PIAZZA FILIPPO MEDA 3 MILANO MI

Registered at Milan Company Register - Fiscal Code: 04974910962

REA Number: MI 1787791

Share Capital: Euro 50,000 fully paid

Vat Code: 04974910962

Statutory Board of Auditors Report to Statements closed at 31/03/2020 according to art. 2429 of Civil code

Dear Shareholder,

In the cost of the year ended March 31, 2020, We carried out the supervisory activity envisaged by art. 2403 of the Italian Civil Code, according to the principles of conduct recommended by the National Council of Chartered Accountants and Accounting Experts.

In particular, We report the following:

- We monitored compliance with the law and the articles of association.
- We attended the shareholders' meetings and the meetings of the board of directors
- We have obtained from the directors information on the activities carried out and on the operations of major economic, financial and equity impact carried out by the Company and we can reasonably ensure that the actions resolved and implemented are in compliance with the law and the articles of association and are not manifestly imprudent, risky, in potential conflict of interest or in conflict with the resolutions passed by the Shareholders' Meeting.
- Through the collection of information from the heads of the organizational function and interviews with the auditing firm, for the purpose of mutual exchange of data and information, we have monitored the adequacy of the organizational, administrative and accounting structure, ascertaining its concrete functioning. In this regard we have no particular observations to report.
- We have not detected the existence of atypical or unusual transactions carried out with group companies.

- Neither complaints were received pursuant to art. 2408 of the Civil Code nor any were reported by third parties.
- During the year, no statutory opinions were issued by the Board of Statutory Auditors. The Board of Directors has delivered to the Board of Statutory Auditors the draft financial statements for the year ended March 31, 2020 consisting of the balance sheet, income statement, cash flow statement and explanatory notes and accompanied by the management report.

These draft financials, drawn up in accordance with the provisions of Articles 2423 and 2423-bis of the Italian Civil Code, as well as with the accounting principles and accounting recommendations elaborated by the Italian Accounting Body (O.I.C.), has been reviewed by Crowe AS S.p.A., the company entrusted for the statutory audit pursuant to art. 2409 bis and following of the Italian Civil Code.

The relationships that have taken place with subjects exercising or subjected to management and coordination are illustrated in the Management Report.

Information relating to the legal publicity pursuant to art. 2497-bis of the Civil Code (Group management and coordination activities) have been provided.

The auditing firm Crowe AS S.p.A., in charge of the statutory audit of the financial statements, issued today a report with an opinion without observations.

Considering all above, the Board of Statutory Auditors does not identify impediments for the approval of the financial statements at March 31, 2020, nor does it have any objections to formulate regarding the proposed resolution presented by the Board of Directors for the allocation of the profit for the year amounting to Euro 204.102.

Being our mandate expired, we thank you for the trust you have placed in us.

Milan, 12 May 2020

For the Board of Statutory Auditors
The President
Dr. Giovanni Martinelli