

RANBAXY ITALIA S.p.A.

Bilancio di Esercizio

al 31 Marzo 2018

MILANO

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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 Ranbaxy Italia S.p.A.

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

We have audited the financial statements of Ranbaxy Italia S.p.A. (the Company), which comprise the statement of financial position as at March 31, 2018 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, 2018, of its financial performance and its cash flows for the year then ended 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 Ranbaxy Italia S.p.A. 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.

MILANO ROMA TORINO PADOVA GENOVA

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.

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, 2018, 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 S.p.A., as of March 31, 2018.

In our opinion, the report on operations is consistent with the financial statements of Ranbaxy Italia S.p.A., as of 31 March 2018 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 18, 2018

Crowe Horwath AS SpA

Alessandro Ruina

(Partner)

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

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 31/03/2018

Amounts are shown in Euro

BALANCE SHEET

ASSETS	Total 31.03.2018	Total 31.03.2017	Variation
B) FIXED ASSETS			
I - INTANGIBLE ASSETS			
3) Industrial patent rights and others	6.399	16.068 -	9.669
4) Concessions, licenses, trademarks and similar rights	22.509	54.044 -	31.534
5) Goodwill	-	-	-
7) Other intangible assets	60.315	76.317 -	16.002
TOTAL INTANGIBLE ASSETS	89.223	146.429 -	57.206

	Total 31.03.2018	Total 31.03.2017
II - TANGIBLE ASSETS		
2) Equipment and machinery	-	-
4) Other tangible assets	26.136	43.503
TOTAL TANGIBLE ASSETS	26.136	43.503
TOTAL FIXED ASSETS (B)	115.359	189.932
C) CURRENT ASSETS		
I - INVENTORY		
1) Raw materials and consumables		
4) Finished goods and goods for resale	5.064.216	4.098.147
TOTAL INVENTORY	5.064.216	4.098.147
II - RECEIVABLES		
1) Trade receivables	11.056.364	9.417.471
Trade receivables w ithin 12 months	11.056.364	9.417.471
Trade receivables beyond 12 months		
4) Receivable from Parent Companies	2.559.782	76.488
receivable from Parent Companies w ithin 12 months	2.559.782	76.488
receivable from Parent Companies beyond 12 months		
5) Receivable from Companies controlled by Parent Companies	4.200.703	2.468.441
receivable from Companies controlled by Parent Companies w ithin 12 months	4.200.703	2.468.441
receivable from Companies controlled by Parent Companies beyond 12 months		
5-bis) Tax credits	876.423	552.898
Tax credits w ithin 12 months	876.423	552.898
Tax credits beyond 12 months		
5-ter) Advanced taxes	978.048	986.031
Advanced taxes w ithin 12 months	978.048	986.031
Advanced taxes beyond 12 months		
5-quater) Other receivables from third parties	1.220.364	504.805
Other receivables from third parties w ithin 12 months	1.220.364	504.805
Other receivables from third parties beyond 12 months		
TOTAL RECEIVABLES	20.891.684	14.006.135
IV - CASH AND BANKS		
1) Bank and postal deposits	1.480.999	592.687
3) Cash	3.383	1.853
TOTAL CASH AND BANKS	1.484.382	594.540
TOTAL CURRENT ASSETS (C)	27.440.282	18.698.822
D) DEFERRALS AND ACCRUALS - ASSETS		
Prepayments and deferred expenditures	68.561	76.043
TOTAL DEFERRALS AND ACCRUALS - ASSETS (D)	68.561	76.043
TOTAL ASSETS	27.624.202	18.964.797

LIABILITIES	Total 31.03.2018	Total 31.03.2017
A) SHAREHOLDERS' EQUITY		
I - Share capital	50.000	50.000
IV - Legal reserve	-	-
VII - Other reserves		
Miscellaneous Other reserves	274.023	3.500.000
<i>Total Other Reserves</i>	274.023	3.500.000
VIII - Profits and Losses brought forward	-	0
IX - Profit (loss) for the period		
Profit (loss) for the period	-	272.334
<i>Profit (loss) residual</i>	-	272.334
TOTAL SHAREHOLDERS' EQUITY (A)	51.689	324.023
B) CONTINGENCY RESERVES		
1) Reserve for pensions and similar obligations	80.217	83.378
2) Deferred taxes	-	-
TOTAL CONTINGENCY RESERVES (B)	80.217	83.378
C) STAFF LEAVE INDEMNITY	439.222	397.520
D) PAYABLES		
3) Debts towards shareholders for financing	7.540.397	3.500.488
Debts towards shareholders for financing within 12 months		
Debts towards shareholders for financing beyond 12 months	7.540.397	3.500.488
7) Trade payables	2.833.771	2.267.580
Trade payables within 12 months	2.833.771	2.267.580
Trade payables beyond 12 months		
11) Payables to parent companies	6.349.211	4.102.577
Payables to parent companies within 12 months	6.349.211	4.102.577
Payables to parent companies beyond 12 months		
11bis) Payables to companies subject to control of parent company	9.264.717	7.106.359
Payables to companies subject to control of parent company within 12 months	5.971.622	3.874.823
Payables to companies subject to control of parent company beyond 12 months	3.293.095	3.231.536
12) Taxes payables	68.659	100.594
Taxes payables within 12 months	68.659	100.594
Taxes payables beyond 12 months		
13) Social security payables	117.995	123.753
Social security payables within 12 months	117.995	123.753
Social security payables beyond 12 months		
14) Other payables	125.030	119.800
Other payables within 12 months	125.029	119.800
Other payables beyond 12 months		
TOTAL PAYABLES (D)	26.299.779	17.321.151
E) DEFERRALS AND ACCRUALS - LIABILITIES		
Accruals and deferred income	753.295	838.725
TOTAL DEFERRALS AND ACCRUALS - LIABILITIES (E)	753.295	838.725
TOTAL LIABILITIES	27.624.202	18.964.797

PROFIT AND LOSS ACCOUNT	Total 31.03.2018	Total 31.03.2017
A) PRODUCTION VALUE		
1) Net sales from products and services	21.557.758	19.698.087
2) Variation of inventory products	966.070	1.599.528
5) Other operating income		
Others	606.937	1.269.642
<i>Total other operating income</i>	606.937	1.269.642
TOTAL PRODUCTION VALUE	23.130.765	22.567.257
B) PRODUCTION COSTS		
6) Costs of raw materials, auxiliary materials, merchandise and other goods	10.468.491	10.205.869
7) Costs of services	8.775.754	8.582.544
8) Costs for use of third parties assets	250.487	232.573
9) Labour costs		
a) Salaries and wages	1.853.176	1.880.011
b) Costs of social security	594.114	697.880
c) Staff leave indemnity	188.423	187.774
e) Other labour costs	132.209	225.703
<i>Total Labour costs</i>	<i>2.767.922</i>	<i>2.991.368</i>
10) Depreciation and write downs		
a) Depreciation of intangible fixed assets	59.998	111.598
b) Depreciation of tangible fixed assets	16.194	29.629
c) Other Depreciation of fixed assets	-	-
d) Current assets written off	243.404	87.897
<i>Total depreciation and write downs</i>	<i>319.596</i>	<i>229.124</i>
14) Other operating expenses	707.272	501.226
TOTAL PRODUCTIONS COSTS	23.289.522	22.742.704
Net income from operating activities (A - B)	- 158.757	- 175.447
C) FINANCIAL INCOME AND EXPENSES		
16) Other financial income		
d) Other financial income		
Others	2.377	722
<i>Total Other financial income</i>	<i>2.377</i>	<i>722</i>
17) Interests payable and other financial expenses		
Others	- 103.662	- 118.442
<i>Total Interests payable and other financial expenses</i>	<i>- 103.662</i>	<i>- 118.442</i>
17-bis) Profit and loss on exchange	7.364	28.264
<i>Total financial income (loss) (15+16-17-17bis)</i>	<i>- 93.921</i>	<i>145.984</i>
Result before taxes (A-B+C+D)	- 252.678	- 321.431
20) Current, deferred and advanced income taxes for the period		
Income taxes for the period	11.673	59.849
Imposte anticipate	7.983	130.527
Imposte relative a esercizi precedenti		
<i>Total current, deferred and advanced income taxes for the period</i>	<i>19.656</i>	<i>190.376</i>
21) Net income (loss) for the year	- 252.678	511.807

Supplementary Notes to Financials Statements closed at 31/03/2017

Supplementary Notes Initial session

Dear Shareholders, these supplementary Notes are an integral part of the financial statements at 31/03/2018.

These financial statements have been prepared taking into account the regulatory changes introduced by Legislative Decree 139/2015 and the consequent updating of OIC accounting standards.

The financial statements comply with the provisions of Articles 2423 and following of the Italian Civil Code, which are 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, drawn up in accordance with 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 declare 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 supplied.

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 posting the assets and liabilities it was given priority to the substantial aspects with respect to 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

With the Board of Directors held on 11 October 2017, the Company proceeded to transfer its registered office from Piazza Meda 3 to Viale Giulio Richard 1, where the administrative offices are also present.

Jointly, the premises in Via Ariberto, where the previous administrative offices were located, were also closed.

With the same minutes of the Board of Directors, an attorney, Mr. Enrico Sozzani (manager of the hospital business) was dismissed after his resignation from the company.

Jointly, his powers were assigned to the new head of hospital business, Mr. Simone Giuliani.

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. 2423 ter of the Civil Code, it should be noted that all items were comparable with the previous year; there was therefore no need to adjust any of the previous year items.

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

Evaluation Criteria

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

Here are the most significant accounting policies adopted in compliance with the provisions of the Civil Code at art.2426, and with particular reference to those items for which the legislator allows several criteria for evaluation and correction 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 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 17 bis profits and losses. They mainly relate to ordinary operations intracompany.

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 € 89.223: they relate primarily to licenses (Marketing Authorizations) acquired from third parties outside the group, and to leasehold improvements related to new offices.

The total impact on the income statement at 31/03/2018 of depreciation of intangible assets amounted to € 59.998.

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
<i>Start-up costs</i>								
	Corporate Expenses	8.467	-		-	-	-	8.467
	Provision for Depreciation of corporate Expenses	-	8.467-		-	-	-	8.467-
<i>R&D and advertising Costs</i>								
	Advertising	40.109			-	-	-	40.109

Description	Detail	Historical cost	Beginning balance	Movements from/to	Acquisitions /dismissions	Revaluation / write down	Deprec.	Closing balance
<i>Costs</i>								
	Provision for depreciation of advertising costs		- 40.109-		-	-	-	40.109-
<i>Patents and copyrights</i>								
	Capitalized own software	138.978			32.093-			106.885
	Provision for capitalized own software		- 122.910-		32.093		- 9.669-	100.486-
<i>Concessions, licences, trademarks and similar rights and assets</i>								
	Marketing Authorisation develop.	1.392	-	-				1.392
	Marketing Authorisation acquired	3.666.676						3.666.676
	Concessions and licences	3.214			2.792			6.006
	Provision for Marketing Authorisation acquired		- 3.616.023-				34.049-	3.650.072-
	Provision for Concessions and licences		- 1.215-				- 277-	1.492-
<i>Other intangible Assets</i>								
	Depreciated maintenance expenses	92.743						92.743
	Provision for Depreciated maintenance expenses		- 16.426-				- 16.003-	32.429-

Own software

The dismissal of € 32.093 relates to software not used any more and fully amortized at time of dismissal.

Concessions and licences

Increase of € 2.792 refers to renewal of trade marks "Linea Oro".

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 € 191.299; the accumulated depreciation is equal to € 165.163.

The impact to the income statement as at 31/03/2018 for the amortization of tangible fixed assets was € 16.194.

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	70.881						70.881
	Electronic office machinery	167.493			59.036-			108.457
	Mobile telephones	12.592			631-			11.961
	Vehicles	61.884			61.884-			0
	Provision for depreciation of furniture and fitting		62.945-			-	1.624-	64.569-
	Provision for depreciation of electronic Office machinery		145.071-		59.735	-	10.856-	96.192-
	Provision for depreciation of mobile telephone		10.304-		7.744	-	1.842-	4.402-
	Provision for depreciation of vehicles		51.027-		52.899		1.872-	-

Other tangible assets

The acquisitions and dismissals above reported are detailed here below:

	Acquisitions	Dismissals	Total Acquisitions/Dismissals

Electronic office machinery	715	59.715-	59.036-
Mobile telephones	7.113	7.744-	631-
Vehicles	-	61.884-	61.884-

Plant and machinery

The amount of € 715 refers to the acquisition, during the year, of two personal computers.

Dismissals refer to write off of assets fully depreciated, for the amount of € 59.100, and to the sale of a personal computer for € 649; from such sale an income of € 31 was realized.

During the fiscal year some mobile phones were purchased, for a total amount of € 7.113.

The amount of € 7.744 refers to dismissal of assets fully depreciated.

Vehicles

During the fiscal year all vehicles were sold, with an overall income realized of € 4.985.

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
<i>Finished products</i>	4.098.147	966.069	5.064.216
<i>Total</i>	4.098.147	966.069	50.64.216

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

Description	Total
Balance at 31/03/2017	562.378
Use during the year	524.107-
Provision for the year	330.732
Balance at 31/03/2018	369.003

Finished products

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 the more recent stock costs.

The value thus determined has been appropriately compared with the realizable value estimated by the market trend, as explicitly required by Art. 2426 of the Italian Civil Code.

Inventory rotation index remained almost unchanged from the previous year.

Current asset: Receivables

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

Movements of receivables posted in current assets

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

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

	Initial Value	Change in figures	Final value
Trade Receivables	9.417.471	1.638.893	11.056.364
Receivables from Parent Companies	76.488	2.483.294	2.559.782
Receivables from Companies controlled by Parent Companies	2.468.441	1.732.262	4.200.703
Tax credit	552.898	323.525	876.423
Advance income taxes	986.031	7.983-	978.048
Accounts receivable from other undertakings	504.806	715.558	1.220.364
	14.006.135	6.885.549	20.891.684

The increase in Trade Receivables recorded in the current assets is mainly attributable to the hospital channel, whose balance increased by roughly 1,4 Million €, although the value which represents average collection time (DSO) remained essentially unchanged compared to the previous year.

The DSO on the total receivable exposure in fact moved from 152 to 156 days, with different dynamics within the different types of customers: collection has slightly improved for hospitals (DSO from 183 to 179 days) and for wholesalers (DSO from 128 to 112 days), while it deteriorated in receivables from pharmacies (DSO from 156 to 171 days) and toward distributors (DSO from 145 to 169 days).

Receivables are shown net of the provision for doubtful debts, the movements of which have been reported below, adjusted for the prudent hedging of insolvency risks.

Description	Total
Balance at 31/03/2017	666.001
Use during the year	16.921-
Provision for the year	243.404
Balance at 31/03/2018	892.484

Trade receivables are stated net of a provision for "credit notes to be issued" the value of which, amounts to approximately € 201 thousands (€ 250 thousands at 31 March 2017).

The provision was decreased after the analysis of the historical trend of the difference between provision accrued and credit notes issued, and also in consideration of reduction of revenue.

The increase of Tax credits is attributable to VAT credit generated during the year.

Other receivables mainly include pledge accounts for tenders for € 1.113 thousands, guarantee deposits for € 37 thousands and advances to suppliers for € 40 thousands.

There are no receivables due after more than five years.

Deferred tax assets

Among receivables, assets for deferred tax assets of EUR 978.048 have been posted, which with reasonable assurance will be used during next years on taxable income in consideration of the budget for the year 2018/19 and multiyear business plan.

Details of the movements can be found in the paragraph on the deferred taxation of this Notes to the Financial Statements.

Breakdown by geographical area of receivables included in current assets

The breakdown of receivables by geographical area is as follows:

	Italy	India	Emirates	Total
Trade Receivables	11.056.364			11.056.364
Receivable from Parent Companies		2.559.782		2.559.782
Receivable from Companies controlled by Parent Companies			4.200.703	4.200.703
Tax Credits	876.423			876.423
Advanced taxes	978.048			978.048
Other Receivable	1.220.364			1.220.364
Total	14.131.199	2.559.782	4.200.703	20.891.684

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
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	Initial value	Change in figures	Final value
Current bank accounts and post-office deposits	592.687	888.312	1.480.999
Cash and cash equivalents	1.85	1.530	3.383
Total	594.540	889.842	1.484.382

Effects of exchange rates variances

Description	Initial value	value at the date of preparation of financial statements	Change in figures
US Dollars cash	608	528	-80
GBP Pounds cash	158	155	3-
Euro Dollars cash	1.087	2.700	1.613
	1.853	3.383	1.530

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
Accrued income	60	60-	0
Prepayments	75.983	7.422-	68.561
Total prepayments and accrued income	76.043	7.482-	68.561

Capitalised financial charges

All interest and financial charges were entirely posted in the Income Statement during the FY. 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 items of the balance sheet liabilities were recorded in accordance with national accounting standards, the specific criteria applied are shown in the sections relating to the individual items.

Net Equity

Items are recorded at their carrying amount 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	-					-
Other Reserves	3.500.000	3.225.977-				274.023
Total Other Reserves	3.500.000	3.225.977-				274.023
Income (losses) carried forward	2.714.170-	2.714.170				-
Profit of the FY	511.807-	511.807			272.334-	272.334-

There were no movements in the Shareholders' Equity during the year.

The Shareholders' Meeting held on June 2017 resolved to cover the total of losses with allocation to the reserves for € 3.225.977.

The Company, as in previous years, has obtained from the Shareholder an irrevocable written commitment to support Ranbaxy Italia Spa financially in order to guarantee business continuity.

Following the changes described above, shareholders' equity at the close of the financial year amounts to € 51.689.

Movements of Net Equity

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Total
Value at 31/03/14	200.000	1.448		131.107	136.292	468.847
Allocation result 31/03/14		6.815		129.477	136.292-	0
- Dividend payments						
- Other destinations						
Change in figures						
Result for the year					439.569-	439.568-
Value at 31/03/15	200.000	8.623		260.585	439.569-	29.279

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Total
Value at 31/03/15	200.000	8.623		260.585	439.569-	29.279
Allocation result 31/03/15	170.722-	8.263-		260.585-	439.569	0
- Dividend payments						
- Other destinations						
Change in figures	20.722			3.500.000		3.520.722
Result for the year					2.714.568-	2.714.568-
Value at 31/03/16	50.000			3.500.000	2.714.568-	835.832

Description	Share capital	Legal Reserve	Income (losses) carried forward	Other Reserves	Result for the year	Total
Value at 31/03/16	50.000			3.500.000	2.714.168-	835.832
Allocation result at 31/03/16			2.714.168-		2.714.168	-

- Dividend payments					
- Other destinations					
Change in figures		2-			2-
Result for the year				511.807-	511.807
Value at 31/03/17	50.000	2.714.170-	3.500.000	511.807-	324.023

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 at 31/03/17				511.807-	511.807	-
- Dividend payments			2.714.170	2.714.170-		-
- Other destinations						
Change in figures						
Result for the year					272.334-	272.334-
Value at 31/03/18	50.000		-	274.023	272.334-	51.689

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

Availability and use of net equity

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

Description	Amount	Origin/type	Possibility of using
Share capital	50.000	Capital	
Legal Reserve	0	Capital	
Other Reserves	274.023	Capital	
Total Other Reserves	274.023	Capital	
Income (losses) carried forward	0	Capital	A;B;
Total	274.023		
Quote not distributable	274.023		

Description	Amount	Origin/type	Possibility of using
Residual distributable	0		

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

The balance of the provisions for risks is equal to € 80.217 and refers to FISC and FIRR accrued to Agents at March 31, 2018.

During the FY no certain or potential costs have been posted, whose total amount and occurrence date are unknown.

	Beginning balance	Increase	Decrease	Net Variations	Closing balance
FIRR and FISC	83.378	79.290	82.451-		80.217

Employees leaving indemnity

Information on employee leaving indemnity

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

The amount of the provision is registered net of advance payments and accruals paid for the termination of employment during the FY and it represents the certain amounts due to subordinate employees at the closing date of the Financial Statements.

	Beginning balance	Increase	Decrease	Quotes to Funds	Net movements	Closing balance
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	Beginning balance	Increase	Decrease	Quotes to Funds	Net movements	Closing balance
Provision for subordinate employees' leaving indemnity	397.520	188.423	-	146.721-	41.702	439.222

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 expiration of the same.

They include payables to Sun Pharma (Netherlands) B.V. shareholder for a loan of € 7.540.397 (including interest of € 261.119), and payables to Alkaloida Chemical for € 3.293.095 (including interest of € 385.918), classified as payable beyond the next financial year.

We point out that the sole shareholder changed its denomination during the year, from Ranbaxy (Netherlands) B.V into Sun Pharma (Netherlands) B.V.

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

	Beginning balance	Increase/Decrease	Closing balance
Amounts due to shareholders for loans	3.500.488	4.039.909	7.540.397
Trade creditors	2.267.580	566.190	2.833.770
Amounts due to parent companies	4.102.577	2.246.634	6.349.211
Amounts due to companies under control of parent companies	7.106.358	2.158.359	9.264.717
Taxation	100.594	(31.935)	68.659
Social security	123.754	(5.759)	117.995
Other debts	119.800	5.230	125.030
Total	17.321.151	8.978.628	26.299.779

The increase in Amounts due to shareholders for loans is due to a new loan received on 16 January 2018, for the amount of € 4.000.000, duly ruled by a signed agreement.

Payables to parent companies mainly refer to trade payables to the indirect parent company Sun Pharma Ltd (North) for the purchase of goods and services as best described in the Management Report.

Payables to companies controlled by the parent companies mainly include the financing provided by the company Alkaloida Chemical Group, as well as debts for the purchase of goods from Sun Pharma Global FZE.

As for Receivables, this year the debts to Sun Pharmaceuticals Industries Ltd-West have been reclassified, moving them from group "to companies subject to control by parent companies" to "parent companies", for the reasons already explained in the assets section concerning the credits.

The summary increase of the debts is mainly attributable to the increase of loans and to lower payments of intercompany invoices.

Breakdown of payables by geographic area

Below is the breakdown of the debts by geographical area:

	Italy	The Netherlands	Romania	Hungary	India	Emirates	Total
Amounts due to shareholders for loans		7.540.397					7.540.397
Trade creditors	2.758.895	22.800			52.076		2.833.771
Amounts due to parent companies					6.349.211		6.349.211
Amounts due to companies under control of parent companies	68.659						68.659
Taxation		83.609	165.492	3.293.095		5.722.521	9.264.717
Social security	117.995						117.995
Other debts	125.029						125.029
Total	3.070.578	7.646.806	165.492	3.293.095	6.401.287	5.722.521	26.299.779

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

Here are the funds of the company shareholders with a separate indication of those with subordination clause over other creditors.

The company has a loan granted by shareholders of € 7.540.397 as at 31/03/2018.

This is an interest-bearing loan (Libor 6 months + a spread of 0.125%), granted by the only shareholder, Sun Pharma (Netherdands) B.V.

Interest accrued and not yet paid on the loan in question amounted to € 261.119 at 31/03/2018, against € 221.210 at 31/03/2017.

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 commons to two fiscal years.

	Opening balance	Increase/Decrease	Closing balance
Accrued liabilities	644.823	108.472	753.295
Deferred Income	193.902	193.902-	-
Total accrued expenses and deferred income	838.725	85.430-	753.295

Accrued liabilities are mainly represented by:

- AIFA Clawback accrual on pharma budget overspenditure for the years 2013 to 2016 to be paid to Regions, for a total amount of € 320.000
- Payback accrual on reimbursed retail sales for the period January 2018 to March 2018, amounting to € 246.000
- Bonus and incentives accrual for a total of € 120.000
- ENASARCO accrual, for € 28 thousands
- Accrual for risk on litigation with dismissed agents for € 29 thousands

Commitments not disclosed in the balance sheet and memorandum accounts

Under Article. 2427, paragraph I, point 22-b) of the Civil Code it is specified that during the period there was no agreement in place not resulting from the balance sheet.

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 posted upon transfer of title which coincides, respectively, to the criterion of delivery or shipment of the goods and their yield. The Financial revenues were instead 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 € 23.130.765; 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	31/03/2017	change in figures	31/03/2018
Sales	19.698.087	1.859.671	21.557.758
Changes in inventories of finished goods	1.599.528	633.458-	966.070
Other operating income	1.269.642	662.705-	606.937
Total	22.567.257	563.508	23.130.765

The positive change from the previous year's revenue is mainly due to the increase in hospital sales.

"Other revenues and income" mainly include a Debit Note issued to Sun Pharma Global FZE for € 514.952 as partial recharge of expenses incurred for the implementation of the hospital business and in execution of the contract stipulated between parts.

The negative variation against prior year is due to the fact the item included also a reimbursement of € 500.000 as compensation for missed royalties booked in the prior fiscal statements.

The residual amount mainly refers to the re-payment of distribution fees, the re-charge of regulatory costs to companies of the group and to ordinary contingent assets.

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 € 22.958.790; here is the breakdown and movements in absolute terms against previous year.

Description	31/03/2017	change in figures	31/03/2018
Raw materials, subsidiary materials, consumables and goods for resale	10.205.869	262.622	10.468.491
Services	8.582.544	193.210	8.775.754
Rents and leases	232.573	17.914	250.487

Personnel costs	2.991.368	223.446-	2.767.922
Depreciation and other amounts written off tangible and intangible fixed assets;	229.124	90.472	319.596
Other operating costs	501.226	206.046	707.272
Total	22.742.704	546.818	23.289.522

It can be noted that, compared to a material increase in sales recorded this year, the cost of sales remains in line with the previous year's figure as a result of the decrease of purchase prices of sum products supplied by some Group companies and of credit notes issued for price adjustments.

Personnel costs in the previous year included € 160 thousand of severance, not present this year. The company staff remained almost unchanged compared to the previous year, as shown in the session concerning employment data.

The variation of "depreciation and other amounts written off" relates to:

- Lower depreciations and amortizations (decrease of € 65 thousand), both on tangible and intangible assets, as some assets during the year were completely amortized.
- An increase in the provision for doubtful accounts for € 155 thousand, carried out in line with the assessment of credit risk.

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.

	Other	Total
Interest and other financial charges	103.662	103.662

Interest expense relates mainly to interest accrued on the loan from the shareholder and on the loan granted by Alkaloida Chemical (acquired by Sun Pharmaceuticals Italia S.r.l).

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	7.924	52	7.872
Exchange losses	560-	437-	123-
Total	7.364	385-	7.749

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

The company booked 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.

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

Deferred tax assets: IRES

Temporary deductible differences	Risk Provision	Bad debt provision	Inventory provision	Goods return provision	Interest expenses	Exchange rate losses	Total 31 March 2018	Total 31 March 2017
Total temporary differences	1.122	148.849	330.732	142.512	101.285	123	724.623	587.412

IRES deferred 24%	269	35.724	79.376	34.203	24.308	30	173.910	140.979
IRES use in current exercise	21.799-	-	524.107-	191.212-	-	12.851-	749.969-	278.220-
IRES reversal	5.232-	-	125.786-	-45.891-	-	-3.084-	179.993-	66.772-
Total IRES deferred	4.963-	35.724	46.410-	11.688-	24.308	3.054-	6.083-	55.893-

Deferred tax assets: IRAP

Temporary deductible differences	Goods 31.03.2018	Return	Provision	Goods 31.03.2017	Return	Provision
Total temporary differences			142.512			158.595
IRAP deferred 3,9%			5.558			6.185
IRAP use in current exercise			191.212-			260.009-
IRAP reversal			7.457-			10.140-
Total IRAP deferred			1.899-			3.955-

Deferred tax assets for an amount of € 978.048 are:

- Accrued in respect of the tax losses made by the company in previous years
- receivables for advance taxes relating to the year ending and previous years.

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 actual tax liability and estimated tax liability

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	Deferred tax
Profit before tax		252.678-

Tax (theoretical)	-	
<u>Permanent increase variances</u>	809.037	
<u>Temporary increase variances</u>	729.335	
Total increase variances	1.538.373	
<u>Permanent decrease variances</u>	274.612-	-
<u>Temporary decrease variances</u>	749.970-	
Total decrease variances	1.024.582-	
Total variances	513.791	
Tax loss use	208.890-	
Donations	0	
ACE	3.584-	
Taxable Income	48.639	
Current Tax IRES	11.673	

IRAP

Description	Amounts	Deferred tax
Difference between production value and production costs	158.757-	
Non deductible costs IRAP	3.011.326	
Taxable Income IRAP	2.852.569	

Theoretical Tax (rate 3,9%)	111.250	
<u>Permanent increase variances</u>	10.670	-
<u>Temporary increase variances</u>	142.512	-
Total increase variances	153.182	
<u>Permanent decrease variances</u>	2.918.928-	-
<u>Temporary decrease variances</u>	191.212-	
Total decrease variances	3.110.140-	
Total adjustments	2.956.958-	
Taxable Income	104.389-	
IRAP current Tax	0	

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	3,9
Executives	14
Office workers	17,9
Total	35,80

The changes compared to last year are mainly related to the acquisition of the personnel of Sun Pharmaceuticals Italia srl.

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 € 16.000.

Remuneration to legal auditor of audit firm

The remuneration due to the audit firm (Crowe Horwath AS S.r.l.) is € 14.400.

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; following are the latest statements available on 31/03/2018 (the values are expressed in million Indian Rupees) :

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2017

₹ in Million					
	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	
ASSETS					
(1) Non-current assets					
(a)	Property, plant and equipment	3	38,319.4	35,163.4	31,187.3
(b)	Capital work-in-progress		10,533.2	7,654.0	10,863.2
(c)	Intangible assets	4	484.6	582.8	699.8
(d)	Intangible assets under development		453.9	23.3	42.7
(e)	Investments in the nature of equity in subsidiaries	5	192,442.4	222,445.2	257,025.7
(f)	Investments in the nature of equity in associates	6	-	21.2	21.2
(g)	Financial assets				
(i)	Investments	7	1,067.8	514.9	898.7
(ii)	Loans	8	48.5	108.1	160.5
(iii)	Other financial assets	9	990.0	1,818.7	1,435.8
(h)	Deferred tax assets (Net)	10	7,517.0	7,517.0	7,517.0
(i)	Income tax assets (Net)	11	17,826.3	10,062.5	6,589.7
(j)	Other non-current assets	12	4,100.6	3,590.9	4,242.2
Total non-current assets			273,783.7	289,502.0	320,683.8
(2) Current assets					
(a)	Inventories	13	22,866.2	21,321.5	21,892.5
(b)	Financial assets				
(i)	Investments	14	400.1	735.6	850.7
(ii)	Trade receivables	15	27,256.7	19,978.1	17,915.1
(iii)	Cash and cash equivalents	16	1,507.8	1,543.4	1,932.0
(iv)	Bank balances other than (iii) above	17	130.3	147.7	2,232.6
(v)	Loans	18	138.2	187.0	708.4
(vi)	Other financial assets	19	671.8	215.9	1,183.7
(c)	Other current assets	20	10,727.5	9,033.4	7,502.9
Total current assets			63,698.6	53,162.6	54,217.9

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2017

	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
₹ in Million				
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	21	2,399.3	2,406.6	2,071.2
(b) Share suspense account	59 (4)	-	-	334.8
(c) Other equity	22	206,315.8	216,500.4	236,123.2
Total equity		208,715.1	218,907.0	238,529.2
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	23	7,606.4	19,228.4	11,653.6
(ii) Other financial liabilities	24	6.8	4.9	215.9
(b) Provisions	25	11,328.3	18,251.3	22,790.5
Total non-current liabilities		18,941.5	37,484.6	34,660.0
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	26	40,540.4	37,337.2	42,375.6
(ii) Trade payables	27	20,942.0	17,724.5	15,767.7
(iii) Other financial liabilities	28	28,135.4	17,793.0	34,291.4
(b) Other current liabilities	29	1,738.0	1,622.2	2,240.0
(c) Provisions	30	18,469.9	11,796.1	7,037.8
Total current liabilities		109,825.7	86,273.0	101,712.5
Total liabilities		128,767.2	123,757.6	136,372.5
TOTAL EQUITY AND LIABILITIES		337,482.3	342,664.6	374,901.7

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

		₹ in Million	
	Notes	Year ended March 31, 2017	Year ended March 31, 2016
(I) Revenue from operations	31	78,067.0	78,636.9
(II) Other income	32	5,144.1	4,450.9
(III) Total income (I + II)		83,211.1	83,087.8
(IV) Expenses			
Cost of materials consumed	33	22,845.2	18,383.1
Purchases of stock-in-trade		12,365.0	11,700.0
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(1,627.9)	(143.8)
Employee benefits expense	35	14,861.7	14,766.9
Finance costs	36	2,235.6	5,741.0
Depreciation and amortisation expense	3 & 4	4,185.6	4,642.5
Other expenses	37	28,670.3	38,117.4
Total expenses (IV)		83,535.5	93,207.1
(V) Loss before exceptional item and tax (III - IV)		(324.4)	(10,119.3)
(VI) Exceptional item	59 (3)	-	(701.3)
(VII) Loss before tax (V + VI)		(324.4)	(10,820.6)
(VIII) Tax expense - current tax	39	25.1	54.5
(IX) Loss for the year (VII - VIII)		(349.5)	(10,875.1)
(X) Other comprehensive income			
A) Items that will not be reclassified to profit or loss			
a. Remeasurements of the defined benefit plans		(600.1)	(266.8)
b. Equity instruments through other comprehensive income		(7.1)	18.9
Total - (A)		(607.2)	(247.9)
B) Items that may be reclassified to profit or loss			
Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge - (B)		(26.6)	-
Total other comprehensive income (A+B)		(633.8)	(247.9)
(XI) Total comprehensive income for the year (IX+X)		(983.3)	(11,123.0)
Earnings per equity share (face value per equity share - ₹ 1)	47		
Basic (in ₹)		(0.1)	(4.5)
Diluted (in ₹)		(0.1)	(4.5)

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 31.03.18	Amount at 31.03.17
A. CASH FLOWS FROM OPERATING INCOME		
Result for the year	- 272.334	- 511.807
Income tax	19.656	190.376
Interest expense (interest income)	101.285	118.442
(Dividends)		
(Gains) losses on disposal of assets	- 5.016	7.361
<i>1. Result for the year before income tax, interests, dividends and gain/losses on the sale</i>	<i>- 156.409</i>	<i>- 195.628</i>
Adjustments for non-cash items without impact in net working capital		
Founds provisions	984.361	694.080
Depreciation of fixed assets	76.192	141.227
Devaluation of impairment losses		
Other adjustments for non-cash items		
<i>2. Cash flow before changes in net working capital</i>	<i>904.144</i>	<i>639.679</i>
Change in net working capital		
Decrease (Increase) in inventories	- 772.694	- 27.436
Decrease (Increase) in trade receivables	- 1.816.676	319.172
Increase (decrease) in trade payables	566.192	- 917.717
Decrease (Increase) in accrued income and prepaid expenses	7.483	39.704
Increase (decrease) in accrued expenses and deferred income	- 85.431	184.590
Other changes in net working capital	- 955.509	1.131.293
<i>3. Cash flow after changes in net working capital</i>	<i>- 2.152.492</i>	<i>1.369.285</i>
Other adjustments		
Interest received (paid)	349	- 13.460
(Income taxes paid)		- 81.659
Dividends received		
(Use of funds)	- 961.412	- 529.813
CASH FLOWS OPERATING INCOME(A)	- 3.113.555	744.353

	Amount at 31.03.18	Amount at 31.03.17
B. CASH FLOWS GENERATED BY INVESTMENT ACTIVITY		
Tangible assets		
(Investments)	- 7.828	- 12.347
Sale price of divestments	14.017	6.021
intangible assets		-
(Investments)	- 2.792	- 16.910
Sale price of divestments		
Financial fixed assets		
(Investments)		
Sale price of divestments		
Financial assets other than fixed assets		
(Investments)		
Sale price of divestments		
Acquisition or disposal of subsidiaries or branches of businesses, net of cash	-	336.539
<i>FLOW OF FINANCIAL ASSETS INVESTMENT(B)</i>	3.397	- 359.775
C. CASH FLOWS GENERATED BY FINANCING ACTIVITY		
Third-party funding		
Increase (decrease) in accounts payable to banks		
Turning funding	4.000.000	39.578
Repayment of loans		
Equity		
Capital increase in payment		
Sale (purchase) of treasury shares		
Dividends (and interim dividends) paid		
<i>CASH FLOWS OF ACTIVITY OF FINANCING(C)</i>	4.000.000	39.578
Net increase (decrease) in cash	889.842	424.156
Cash on 01/04/2016	594.540	170.384

	Amount at 31.03.18	Amount at 31.03.17
Cash on 31/03/2017	1.484.382	594.540
Change in net financial position	889.842	424.156
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.

Supplementary Notes – final part

Dear Shareholder,

We confirm that these Financial Statements, comprising the Balance Sheet, the Income Statement and the Supplementary Notes to the statements provide a true and fair view of the financial situation of the company and match the accounting records and we invite you to:

- Approve these draft Financial Statements as at 31/03/2018, so as drafted by the Board of Directors
- Cover current and prior year losses through the available equity reserves.

For the Board of Directors
(The President)
Neeraj Sharma

RANBAXY ITALIA S.P.A.

Registered office: Viale Giulio Richard, 1 Milano (MI)
Registered with the Registrar 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 31/03/2018

Dear Shareholders,

We would like to bring to your attention to the Financial Statements for the Fiscal year ended on 31st March 2018, showing a loss before tax accounting for € 252.678, and a net loss of € 272.334.

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 200, 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 2018; in this document, pursuant to the provisions set forth by art. 2428 of the Civil Code, we would like to provide you with information on 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 FY to provide information on incomes, assets, financial situation and management together with – whenever possible – historical elements and perspective evaluations.

Company Information

The Company operates in the sector of pharmaceutical products distribution, and specifically in the generic medicines market trend.

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.

As already described in the previous Report, the presence in the hospital channel was achieved through the acquisition, which took place on 6 May 2016, of the hospital business unit of Sun Pharmaceuticals Italia Srl, an entity of the group operating, since its establishment in 2008, exclusively in the hospital channel of generic drugs.

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

Although the value of production remained almost unchanged, the typical turnover for the year ended March 31, 2018 increased by about 9% compared to the same ended March 31, 2017; this increase is mainly attributable to the hospital market (+ 32%) and B2B (+ 41%), while the retail market suffered a slight decrease (-2%); however, the budget ambition has not been reached even this year due to difficulties from some of Group companies to supply certain drugs with high commercial potential, both in the retail channel and, above all, in the hospital channel.

As the hospital market was characterized by lower margins, the cost of production sold increased by 2%; general expenses remained substantially unchanged and, as a result, the Added Value increased by 3%.

We would also like to point out the 7% reduction in the cost of labor (the value at March 31, 2018 does not contain, in contrast to the previous year, restructuring costs) and the improvement in the Gross Operating Margin, back positive during the year ended March 31, 2017 and now increased by about € 300K, equal to 56%.

Collection times have remained substantially unchanged. The DSO, value of expression of credit recovery times, rose from 152 to 156 days, with different dynamics within the different types of customers: credit recovery improved slightly for hospitals (DSO from 183 to 179 days) and for wholesalers (DSO from 128 to 112 days), while it deteriorated in receivables from pharmacies (DSO from 156 to 171 days) and towards distributors (DSO from 145 to 169 days).

Furthermore, the provision for doubtful receivables was adjusted in consideration of the risk of loss on trade receivables, which explains the change in the value of the item "Amortization and depreciation". Lastly, there was an increase in the various operating costs, attributable to the adjustment of the provision under "AIFA clauses for 2013-2015" by virtue of the trading activities that took place with the Agenzia Italiana del Farmaco.

During the year the Company, while maintaining the differentiation of the commercial and distribution models of

the two main divisions, has made changes to the processes of the company support functions, to improve the role of service to the business.

Moreover, in order to minimize the impact caused by the lack of product supply, your Company has continuously monitored costs, aimed at achieving savings, and has constantly evaluated the indicators of margins in order to implement initiatives aimed at improving of the Gross Operating Margin.

The Company continues to focus on the following business strategies:

- Sales optimization, with:
 - attention to the product and channel mix
 - creation of synergies between the "retail" channel and the "hospital" channel
 - optimization of the process of participation in hospital tenders
 - introduction of new products into the market, in line with group strategies
- Cost control and reduction of the incidence of fixed costs
- Efficiency in stock rotation, with minimization of obsolescence, as well as unavailability of the product
- Credit management in order to reduce the risk of insolvency and to improve payment times

Profit & Loss

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

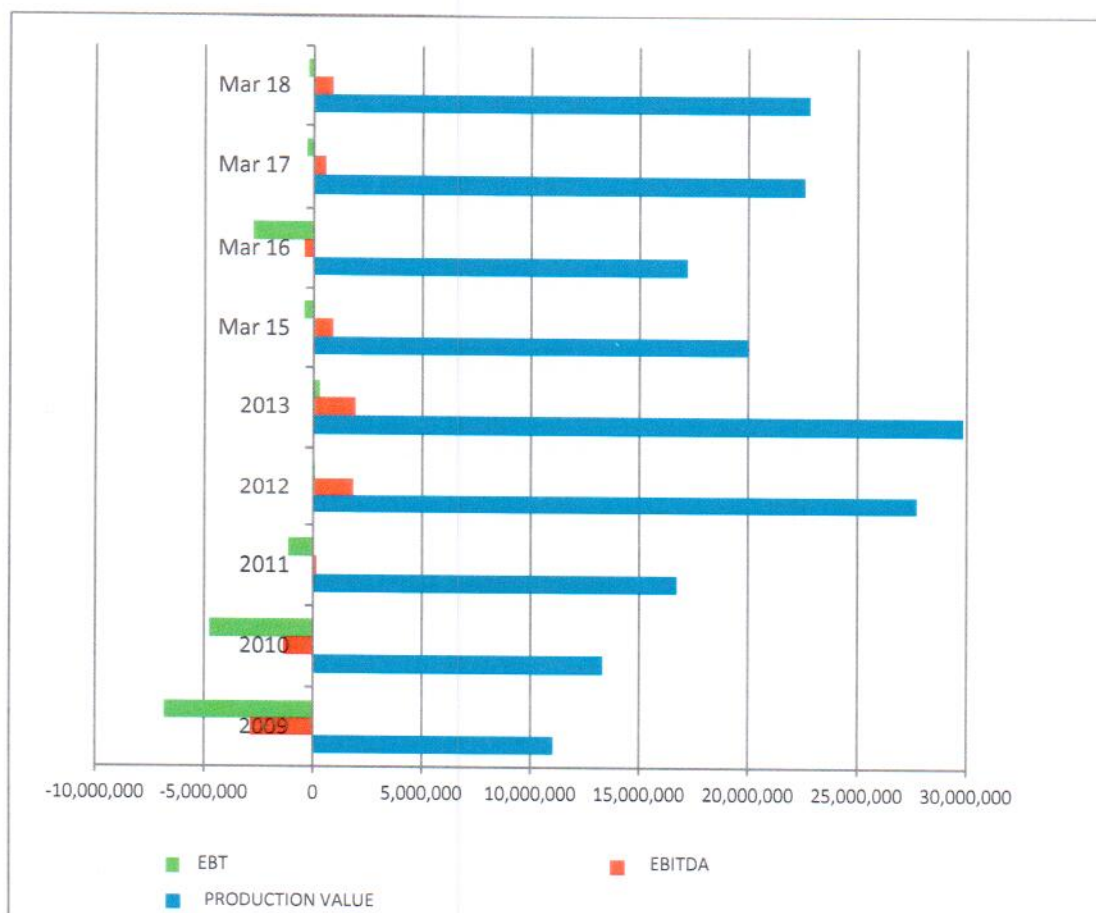
	Esercizio 2017		Esercizio 2016		Esercizio 2015	
	01.04.2017	%	01.04.2016	%	01.04.2015	%
	31.03.2018		31.03.2017		31.03.2016	
PRODUCTION VALUE	23.130.765	100,0%	22.567.257	100,0%	17.186.754	100,0%
- Cost of goods sold	10.468.491	45,3%	10.205.869	45,2%	6.008.674	35,0%
- General expenses	9.026.241	39,0%	8.815.117	39,1%	8.826.500	51,4%
VALUE ADDED	3.686.033	16,2%	3.546.271	15,7%	2.351.580	13,7%
- Personnel cost	2.767.922	12,1%	2.991.368	13,3%	2.812.394	16,4%
EBITDA	868.111	3,8%	554.903	2,5%	- 460.814	-2,7%
- Amortization & Depreciation	319.596	1,4%	229.124	1,0%	1.711.063	10,0%
GROSS OPERATING MARGIN	548.515	2,4%	325.779	1,4%	- 2.171.877	-12,6%
- Miscellaneous expenses	707.272	3,1%	501.226	2,2%	542.000	3,2%
MARGIN BEFORE INTERESTS	- 158.757	-0,7%	- 175.447	-0,8%	- 2.713.877	-15,8%
- Financial income	2.377	0,0%	722	0,0%	1.611	0,0%
+/- Forex adjustments	7.364	0,0%	28.264	-0,1%	16.233	0,1%
NET OPERATING MARGIN	- 149.016	-0,6%	- 202.989	-0,9%	- 2.696.033	-15,7%
- Financial charges	103.662	-0,4%	118.442	-0,5%	77.872	-0,5%
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS	- 252.678	-1,1%	- 321.431	-1,4%	- 2.773.905	-16,1%

+/- Extraord. Income and charges	-	0,0%	-	0,0%	-	0,0%			
PROFIT/(LOSS) BEFORE TAX	-	252.678	-1,1%	-	321.431	-1,4%	-	2.773.905	-16,1%
- Income Taxes	-	19.656	-0,1%	-	190.376	-0,8%	-	59.735	0,3%
NET PROFIT/(LOSS)	-	272.334	-1,2%	-	511.807	-2,3%	-	2.714.170	-15,8%

Note that the item "Depreciation and amortization and write-downs" includes, in the year ended 31 March 2016, the write-down of € 1.253.535.

Here below you can see the summary trend of sales and margins over the period 2009-31.3.2018:

	2009 1/1 - 31/12	2010 1/1 - 31/12	2011 1/1 - 31/12	2012 1/1 - 31/12	2013 1/1/13 - 31/3/14 15 months	31.03.2015 1/4/14 - 31/3/15	31.03.2016 1/4/15 - 31/3/16	31.03.2017 1/4/17 - 31/3/17	31.03.2018 1/4/17 - 31/3/18
	2009	2010	2011	2012	2013	31/03/2015	31/03/2016	31/03/2017	31/03/2018
PRODUCTION VALUE	11.033.418	13.320.958	16.718.568	27.715.912	29.817.816	19.965.461	17.186.754	22.567.257	23.130.765
EBITDA	-2.889.533	-1.362.596	137.554	1.813.510	1.907.664	873.994	-460.812	554.903	868.111
EBT	-6.835.892	-4.748.837	-1.145.862	83.122	276.921	-441.719	-2.773.903	-321.431	-252.678



The forecasts for the 1/4/2018 - 31/03/2019 exercise are positive and the ambition is for a significant increase in sales, particularly in the hospital channel, thanks to:

- the continuous growth of the generic market;
- full availability of products supplied by Group companies;
- the launch of new drugs, characterized in particular by high complexity and low competitiveness.

The above, together with the continuous control and rationalization of costs, and the ever lower incidence of fixed costs, will allow a further improvement of 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	2017		2016		Variance		2015	
	01.04.2017	%	01.04.2016	%	2017-2016	%	01.04.2015	%
	31.03.2018		31.03.2017				31.03.2016	
WORKING CAPITAL	27.508.842	100%	18.774.865	99%	-8.733.978	101%	11.253.714	84%
Cash & Bank Balances	1.484.382	5%	594.540	3%	-889.841	10%	170.384	5%
Cash & Bank Balances	1.484.382	5%	594.540	3%	-889.841	10%	170.384	5%
Current Assets	20.960.244	76%	14.082.178	74%	-6.878.067	79%	8.833.319	59%
Sundry Debtors	19.913.636	72%	13.020.104	69%	-6.893.532	80%	7.758.498	52%
Deferred Tax Assets	978.048	4%	986.031	5%	7.982	0%	1.045.880	6%
Accrued Income and Prepaid Expenses	68.560	0%	76.043	0%	7.483	0%	28.941	0%
Inventory	5.064.216	18%	4.098.147	22%	-966.070	11%	2.250.011	20%
FIXED ASSETS	115.359	0%	189.932	1%	74.573	-1%	205.414	16%
Intangible Fixed Assets	89.223	0%	146.429	1%	57.206	-1%	175.050	16%
Tangible Fixed Assets	26.136	0%	43.503	0%	17.367	0%	30.364	0%
TOTALE ASSETS	27.624.202	100%	18.964.797	100%	-8.659.405	100%	11.459.128	100%
Liabilities								
Item	2017		2016		Variance		2015	
	01.04.2017	%	01.04.2016	%	2017-2016	%	01.04.2015	%
	31.03.2018		31.03.2017				31.03.2016	
THIRD PARTIES CAPITAL	27.572.513	100%	18.640.774	98%	-8.931.739	103%	10.623.298	97%
Current Liabilities	19.512.677	71%	14.659.388	77%	-4.853.289	56%	6.691.212	46%
Short-term payables (Debts)	18.759.382	68%	13.820.663	73%	-4.938.719	57%	6.147.829	43%
Accrued Expenses and Deferred Income	753.295	3%	838.725	4%	85.431	-1%	543.382	4%
Loans Funds & Provisions	8.059.836	29%	3.981.386	21%	-4.078.450	47%	3.932.087	50%
Medium Term I/C Loan	7.540.397	27%	3.500.488	18%	-4.039.910	47%	3.460.910	47%

Provisions	80.217	0%	83.378	0%	3.162	0%	89.885	1%
Provision for Retirement Benefit	439.222	2%	397.520	2%	-41.702	0%	381.291	3%
NET EQUITY	51.688	0%	324.023	2%	272.335	-3%	835.830	3%
Share Capital	50.000	0%	50.000	0%	0	0%	50.000	1%
Reserves	274.023	1%	3.500.000	18%	0	0%	3.500.000	0%
Retained Earnings	-	0%	2.714.170	-14%	511.808	-6%	-	1%
Profit (loss) for the period	-272.334	-1%	-511.807	-3%	-239.473	3%	-2.714.170	1%
TOTAL SOURCES	27.624.202	100%	18.964.797	100%	-8.659.405	100%	11.459.128	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

The Personnel at March 31, 2018 is composed of 36 units (3 of which are fixed-term contracts), substantially unchanged from the previous year.

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 Pharma Netherland BV	Loan	7.279.278,00
Sun Pharma Netherland BV	Interests on loan	261.119,00
Alkaloida Chemical	Loan	2.907.177,00
Alkaloida Chemical	Interests on loan	385.918,00
Sun Pharma Ltd	Purchase of goods	6.349.211,00
Sun Pharma Global FZE	Purchase of goods	5.722.521,00
Terapia	Purchase of goods	165.493,00
Sun Pharma Ind. Europe BV	Admin. services	83.609,00
	Totale	23.154.326,00

Entity	Description	Amount €
<i>Receivables</i>		
Sun Pharma Ltd	Recharge of costs (penalties and expenses)	237.615,00
Sun Pharma Ltd	Recharge of costs (products)	2.322.166,00
Sun Pharma Global FZE	Recharge of costs (penalties and expenses)	2.761.968,00
Sun Pharma Global FZE	Recharge of costs (products and hospital expenses)	1.438.735,00
	Total	6.760.484,00

Entity	Description	Amount €
<i>Expenses</i>		
Sun Pharma Netherland BV	Interests	39.909,00
Alkaloida Chemical	Interests	61.559,00
Alkaloida Chemical	Product purchase	73.245,00
Sun Pharma Ltd	Product purchase	5.163.571,00
Sun Pharma Global FZE	Product purchase	2.397.100,00
Terapia	Product purchase	228.164,00
Terapia	Charge of transportation expenses	3.430,00

Sun Pharma Ind. Europe BV	Charge of Admin expenses	798.283,00
Sun Pharma Ind. Europe BV	Charge of product quality test expenses	230.409,00
Sun Pharma Ind. Europe BV	Charge of regulatory expenses	92.466,00
Sun Pharma Ind. Europe BV	Charge of miscellaneous expenses	8.203,00
	<i>Total</i>	<i>9.096.339,00</i>

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. Business forecast

Pursuant to and for the purposes of the provisions of paragraph 6) of the third paragraph of art. 2428 of the Civil Code, it should be noted that the Company will continue its commitment towards an improvement in the operating result. To this end, an economic budget has been drawn up which envisages the realization of a positive result in the financial year as of March 31, 2019, thanks to the organic growth in business volumes and operational efficiency initiatives that enable the level of operating expenses to be kept constant.

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.

Company locations

The Company does not have secondary offices.

On 11 October 2017, the Board of Directors resolved to transfer the registered office from Milan, Piazza Meda no. 3, to Milan Viale G. Richard no. 1 where the headquarters are also located.

* * *

RANBAXY ITALIA SpA
Sole shareholder company

Company subject to management and coordination of:
Sun Pharmaceuticals Industries Limited

Head office: VIALE GIULIO RICHARD 1 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 31/03/2018
according to art. 2429 of Civil code**

Dear Shareholder,

The subjects of this Report are the draft financials for the year ending 31 March 2018 considered as the set of the Balance Sheet, the Income Statement, the Notes and the Management report.

Pursuant to Article. 2429 of the Italian Civil Code the Board reminds that, according to art. 6 and followings of D.Lgs. 39/2010 the Statutory Audit is entrusted to the independent auditors Crowe Horwath AS SpA, registered in the register held by the Ministry of Justice, according to Article 2409-bis of the Civil Code.

The Independent Auditors released today their report on the financials for the year ending 31 March 2018 with no remarks.

In compliance with the provisions contained in Article. 2403 Civil Code we watched over the observance of the law and the statute, the compliance to principles of proper administration and the adequacy of the organizational, administrative and accounting structure of the company.

The draft financial statements as at March 31, 2018, that Board of Directors is submitting for your approval, covers the economic and financial synthesis of the Ranbaxy Italy SpA, sole shareholder company.

The financial statements, made available to the Statutory Board of Auditors, have been prepared in accordance with the provisions of Articles 2423 and following of the Civil Code, appropriately integrated by the accounting principles updated to the new laws by the Italian

Accounting Institution (OIC).

The examination of the balance sheet shows a loss of Euro 272.334.

The Auditors, taking into account the principles of conduct of the Board of Auditors recommended by the National Council of Chartered Accountants and Accountants, inform to have verified the compliance to the principles of sound management and watched over the compliance with the law and the articles of incorporation, as of their responsibilities, as well as the adequacy of the organizational structure and the accounting system, and have reported their effectiveness.

In the Supplementary Notes to the financial statements all the information required by art. 2427 of the Civil Code and other laws have been given.

In the Management Report the information required by Article. 2428. Civil Code were provided.

The Board states that no complaints have been received pursuant to Article 2408 of the Civil Code, and no other complaints were received.

With reference to the loss of € 272.334, the amount of reserves allows to maintain a positive net equity of € 51.689.

Dear Shareholder,

The Statutory Board of Auditors has no objection to the approval of the financial statements at 31.03.2018, nor does it make any objection to the draft resolution submitted by the Board of Directors.

Milan 18 May 2018

The President of Statutory Board of Auditors

Dott. Giovanni Martinelli

The Permanent Auditor

Rag. Franco De Riso

The Permanent Auditor

Dott. Massimo Barbaria