

RANBAXY ITALIA S.P.A.

BILANCIO DI ESERCIZIO

AL

31 MARZO 2019

**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 SpA

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Ranbaxy Italia SpA (the Company), which comprise the statement of financial position as at March 31, 2019 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, 2019, 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 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.

MILANO ROMA TORINO PADOVA GENOVA BRESCIA

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, 2019, 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, 2019.

In our opinion, the report on operations is consistent with the financial statements of Ranbaxy Italia SpA, as of 31 March 2019 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 13 2019

Crowe 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 31/03/2019

Amounts are shown in Euro

BALANCE SHEET

	ASSETS	Total 31.03.2019	Total 31.03.2018
B) FIXED ASSETS			
I - INTANGIBLE ASSETS			
3) Industrial patent rights and others		5.352	6.399
4) Concessions, licenses, trademarks and similar rights		4.898	22.509
5) Goodwill		-	-
7) Other intangible assets		44.855	60.315
TOTAL INTANGIBLE ASSETS		55.105	89.223

II - TANGIBLE ASSETS		
2) Equipment and machinery	-	-
4) Other tangible assets	17.013	26.136
TOTAL TANGIBLE ASSETS	17.013	26.136
TOTAL FIXED ASSETS (B)	72.118	115.359
C) CURRENT ASSETS		
I - INVENTORY		
1) Raw materials and consumables		
4) Finished goods and goods for resale	5.229.667	5.064.216
TOTAL INVENTORY	5.229.667	5.064.216
II - RECEIVABLES		
1) Trade receivables	10.529.592	11.258.034
Trade receivables within 12 months	10.529.592	11.258.034
Trade receivables beyond 12 months		
4) Receivable from Parent Companies	2.892.719	2.559.782
receivable from Parent Companies within 12 months	2.892.719	2.559.782
receivable from Parent Companies beyond 12 months		
5) Receivable from Companies controlled by Parent Companies	14.983	4.200.703
receivable from Companies controlled by Parent Companies within 12 months	14.983	4.200.703
receivable from Companies controlled by Parent Companies beyond 12 months		
5-bis) Tax credits	490.298	876.423
Tax credits within 12 months	490.298	876.423
Tax credits beyond 12 months		
5-ter) Advanced taxes	968.304	978.048
Advanced taxes within 12 months	968.304	978.048
Advanced taxes beyond 12 months		
5-quater) Other receivables from third parties	1.154.085	1.220.364
Other receivables from third parties within 12 months	1.154.085	1.220.364
Other receivables from third parties beyond 12 months		
TOTAL RECEIVABLES	16.049.981	21.093.353
IV - CASH AND BANKS		
1) Bank and postal deposits	1.654.889	1.480.999
3) Cash	2.406	3.383
TOTAL CASH AND BANKS	1.657.295	1.484.382
TOTAL CURRENT ASSETS (C)	22.936.943	27.641.951
D) DEFERRALS AND ACCRUALS - ASSETS		
Prepayments and deferred expenditures	68.624	68.561
TOTAL DEFERRALS AND ACCRUALS - ASSETS (D)	68.624	68.561
TOTAL ASSETS	23.077.684	27.825.871

Liabilities

LIABILITIES	Total 31.03.2019	Total 31.03.2018
A) SHAREHOLDERS' EQUITY		
I - Share capital	50.000	50.000
IV - Legal reserve	-	-
VII - Other reserves		
Miscellaneous Other reserves	1.689	274.023
<i>Total Other Reserves</i>	1.689	274.023
IX - Profit (loss) for the period	126.855 -	272.334
Profit (loss) for the period	126.855 -	272.334
TOTAL SHAREHOLDERS' EQUITY (A)	178.544	51.689
B) CONTINGENCY RESERVES		
1) Reserve for pensions and similar obligations	80.291	80.217
2) Deferred taxes	-	-
3) Others	529.924	551.647
TOTAL CONTINGENCY RESERVES (B)	610.215	631.864
C) STAFF LEAVE INDEMNITY	387.769	439.222
D) PAYABLES		
3) Debts towards shareholders for financing	7.609.291	7.540.397
Debts towards shareholders for financing within 12 months		
Debts towards other lenders beyond 12 months	7.609.291	7.540.397
7) Trade payables	3.008.923	2.833.771
Trade payables within 12 months	3.008.923	2.833.771
Trade payables beyond 12 months		
11) Payables to parent companies	7.003.384	6.349.211
Payables to parent companies within 12 months	7.003.384	6.349.211
Payables to parent companies beyond 12 months		
11bis) Payables to companies subject to control of parent company	3.471.345	9.264.717
Payables to companies subject to control of parent company within 12 months	119.863	5.971.622
Payables to companies subject to control of parent company beyond 12 months	3.351.481	3.293.095
12) Taxes payables	94.720	68.659
Taxes payables within 12 months	94.720	68.659
Taxes payables beyond 12 months		
13) Social security payables	182.008	146.395
Social security payables within 12 months	182.008	146.395
Social security payables beyond 12 months		
14) Other payables	531.453	495.802
Other payables within 12 months	531.453	495.802
Other payables beyond 12 months		
TOTAL PAYABLES (D)	21.901.124	26.698.953
E) DEFERRALS AND ACCRUALS - LIABILITIES		
Accruals and deferred income	31	4.143
TOTAL DEFERRALS AND ACCRUALS - LIABILITIES (E)	31	4.143
TOTAL LIABILITIES	23.077.684	27.825.871

Profit and loss account

PROFIT AND LOSS ACCOUNT	Total 31.03.2019	Total 31.03.2018
A) PRODUCTION VALUE		
1) Net sales from products and services	25.611.613	21.557.758
2) Variation of inventory products	165.451	966.070
5) Other operating income	241.317	606.937
TOTAL PRODUCTION VALUE	26.018.380	23.130.765
B) PRODUCTION COSTS		
6) Costs of raw materials, auxiliary materials, merchandise and other goods	12.349.375	10.468.491
7) Costs of services	9.420.788	8.811.443
8) Costs for use of third parties assets	268.505	250.487
9) Labour costs		
a) Salaries and wages	1.961.459	1.946.404
b) Costs of social security	602.275	594.114
c) Staff leave indemnity	144.558	147.180
d) Pension and similar costs	39.506	41.243
e) Other labour costs	344.230	3.291
<i>Total Labour costs</i>	<i>3.092.027</i>	<i>2.732.233</i>
10) Depreciation and write downs		
a) Depreciation of intangible fixed assets	35.676	59.998
b) Depreciation of tangible fixed assets	10.759	16.194
c) Other Depreciation of fixed assets	-	-
d) Current assets written off	62.066	243.404
<i>Total depreciation and write downs</i>	<i>108.501</i>	<i>319.596</i>
13) Other Accrued expenses		245.655
14) Other operating expenses	464.917	461.617
TOTAL PRODUCTIONS COSTS	25.704.113	23.289.522
Net income from operating activities (A - B)	314.268	158.757
C) FINANCIAL INCOME AND EXPENSES		
16) Other financial income	4.739	2.377
d) Other financial income		
Others	4.739	2.377
17) Interests payable and other financial expenses	-	103.652
To Parent companies	-	39.909
To Companies controlled by Parent Companies	-	61.560
Others	-	2.193
17-bis) Profit and loss on exchange	-	7.364
<i>Total financial income (loss) (15+16-17-17bis)</i>	<i>-</i>	<i>93.921</i>
Result before taxes (A-B+C+D)	186.664	252.678
20) Current, deferred and advanced income taxes for the period	-	19.656
Income taxes for the period	50.064	11.673
Income taxes for the prior years	-	7.983
Deferred and advanced taxation	9.745	
21) Net income (loss) for the year	126.855	272.334

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

Supplementary Notes to Financials Statements closed at 31/03/2019

Supplementary Notes Initial session

Dear Shareholders, these supplementary Notes are an integral part of the financial statements at 31/03/2019.

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 Ms. Raffaella Lugli, who worked in the regulatory department, and Mr. Massimo Picelli, head of the Retail Business Unit, both attorneys for the Company, resigned.

With the minutes of the Board of Directors meeting held on 8 February 2019, their powers were revoked and Mr. Massimo Versace was appointed as General Manager.

This new position is intended to ensure the smooth running of the management activities of the various departments, which however will continue to report directly to the headquarter, each to the respective head of function.

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.

Pursuant to art. 2423 ter of the Civil Code, it should be noted that some reclassifications have been made for some items, in particular: provisions for risks, payables to others and deferred income relating to the balance sheet balances as at 31 March 2018; this in order to allow comparability of data.

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

Evaluation Criteria

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

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

Other Information

Translation criteria for values expressed in foreign currency

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

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

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

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

Operations with compulsory relegation to end

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

Supplementary Notes - Assets

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

Fixed Assets

Fixed assets are recorded at purchase cost 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 € 55.105: they refer to licenses (marketing authorizations) purchased from third parties outside the group, 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 31/03/2019 of depreciation of intangible assets amounted to € 35.676.

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 Costs	40.109			-	-	-	40.109

Description	Detail	Historical cost	Beginning balance	Movements from/to	Acquisitions /dismissions	Revaluation / write down	Deprec.	Closing balance
	Provision for depreciation of advertising costs	-	40.109-		-	-	-	40.109-
<i>Patents and copyrights</i>								
	Capitalized own software	106.885			5.950			112.835
	Provision for capitalized own software	-	100.486-				6.997-	107.483-
<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	6.006						6.006
	Provision for Marketing Authorisation acquired	-	3.650.072-	-	-		12.886-	3.662.958-
	Provision for Concessions and licences	-	1.492-				334-	1.826-
<i>Other intangible Assets</i>								
	Depreciated maintenance expenses	92.743						92.743
	Provision for Depreciated maintenance expenses	-	32.429-				15.460-	47.888-

Own software

The increase of € 5.950 refers to the acquisition of Microsoft Outlook 2019 licenses

Concessions and licences

The decrease of € 4.392 refers to brands that have been eliminated as they no longer exist.

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 € 189.848; the accumulated depreciation is equal to € 172.835.

The impact to the income statement as at 31/03/2019 for the amortization of tangible fixed assets was € 10.759.

The table below shows the movements of such assets.

Movements of Tangible Assets

Description	Detail	Historical cost	Beginning balance	Movements from/to	Acquisitions /dismissals	Revaluation / write down	Deprec.	Closing balance
<i>Other tangible assets</i>								
	Furniture and fitting	70.881			164			71.045
	Electronic office machinery	108.457			1.236			109.693
	Mobile telephones	11.961			2.850-			9.111
	Provision for depreciation of furniture and fitting		64.569-				1.367-	65.936
	Provision for depreciation of electronic Office machinery		96.192-		1.706		7.176-	101.662
	Provision for depreciation of mobile telephone		4.402-		796		1.631-	5.237

Other tangible assets

The acquisitions and dismissals above reported are detailed here below:

	Acquisitions	Dismissals	Total Acquisitions/Dismissals
Electronic office machinery	164	-	164
Mobile telephones	3.527	(2.291)	1.236

Vehicles	1.119	(3.969)	(2.850)
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Furniture and Fitting

The acquisition of € 164 refers to a table and chairs.

Plant and machinery

Acquisitions for € 3.527 refer to the purchase of some portable Personal Computers and a video projector. The amount of € 2.291 refers instead to the disposal of fully amortized Personal Computer stolen during a theft in the Company premises.

Mobile telephones

During the year, mobile phones were purchased for a total of € 1.119.

Even the amount of € 3.969 refers to the disposal of some stolen phones, which were not entirely depreciated. The loss recorded in the income statement amounts to € 3.173.

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>	5.064.216	165.451	5.229.667
<i>Total</i>	<i>5.064.216</i>	<i>165.451</i>	<i>5.229.667</i>

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

Description	Total
Balance at 31/03/2018	369.003
Use during the year	0
Provision for the year	674.118
Balance at 31/03/2019	1.043.121

Finished products

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

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

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

Current asset: Receivables

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

Movements of receivables posted in current assets

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

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

	Initial Value	Change in figures	Final value
<i>Trade Receivables</i>	11.258.034	(728.442)	10.529.592
<i>Receivables from Parent Companies</i>	2.559.782	332.937	2.892.719
<i>Receivables from Companies controlled by Parent Companies</i>	4.200.703	(4.185.719)	14.983
<i>Tax credit</i>	876.423	(386.125)	490.298
<i>Advance income taxes</i>	978.048	(9.744)	968.304
<i>Accounts receivable from other undertakings</i>	1.220.364	(66.279)	1.154.085
	21.093.353	(5.043.372)	16.049.981

Customer receivables decreased by approximately € 728,000, distributed in all the main channels: retail (€ 0.4M), hospital (€ 0.1M) and B2B (€ 0.2M).

This reduction in credit exposure is also associated with a decrease in payment terms, which from 156 days (almost unchanged with respect to the previous year) decreased to 132 days (reference is DSO – Days of Sales Outstanding), thanks in particular to an improvement in hospital DSOs (from 179 days to 128), pharmacies (from 171 days to 150 days), and wholesalers (from 112 days to 104 days), while the concessionaries remained substantially stable (from 169 days to 167 days).

Receivables are shown net of the provision for doubtful debts, whose movement is shown below, which has been adjusted, in order to represent the prudent coverage of insolvency risks.

Description	Total
Balance at 31/03/2018	892.484
Use during the year	(26.995)
Provision for the year	62.066
Balance at 31/03/2019	927.555

The increase in receivables from parent companies is due to the issue of debit notes to Sun Pharmaceutical Industries Limited for the charge-back of penalties and costs related to the application of the stickers (bollini) on the products.

The item "receivables from companies controlled by parent companies" has significantly decreased since on November 30th the Sun Pharma Global FZE group company sold its business relating to generic products to the parent company Sun Pharmaceutical Industries Limited, exclusively maintaining the business of branded products.

All receivables and payables existing at November 30, 2018 against Sun Pharma Global ZFE have been received / paid at March 31, 2019.

The amount of € 14.983 instead consists mainly of the chargeback of costs for products branded to Sun Pharma Global FZE.

Tax credits as of March 31st 2019 are mainly represented by the balance of VAT credit, certified by the tax office in 2018.

The decrease in tax receivables is mainly due to the use in horizontal compensation of certified VAT credits for the payment of "IRPEF" withholdings.

Receivables from others mainly include pledge accounts for participation to tenders for € 900 thousand, advances to suppliers for € 184 thousand and guarantee 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 € 968.304 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	Emirates	Total
Trade Receivables	10.529.592			10.529.592
Receivable from Parent Companies		2.892.719		2.892.719
Receivable from Companies controlled by Parent Companies			14.983	14.983
Tax Credits	490.298			490.298
Advanced taxes	968.304			968.304
Other Receivable	1.154.085			1.154.085
Total	13.142.279	2.892.719	14.983	16.049.981

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
<i>Current bank accounts and post-office deposits</i>	1.480.999	173.890	1.654.889
<i>Cash and cash equivalents</i>	3.383	(977)	2.406
Total	1.484.382	172.913	1.657.295

Effects of changes in money and values in cash

Description	Initial value	value at the date of preparation of financial statements	Change in figures
US Dollars cash	528	0	(528)
GBP Pounds cash	155	0	(155)
Euro	2.700	1.878	(822)
Stamps	0	528	528
	3.383	2.406	(977)

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
<i>Prepaid expenses</i>	68.561	63	68.624
Total prepayments and accrued income	68.561	63	68.624

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, advanced software support fees and employee meal vouchers purchased for the month of April 2019.

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	-					-
Other Reserves	274.023	(272.334)				1.689
Total Other Reserves	274.023	(272.334)				1.689
income (losses) carried forward						-
Profit of the FY	(272.334)	272.334			126.855	126.855

Beginning balance	Allocation	Others change in figures - increases	Others change in figures - decreases	results for the year	Closing balance
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During the year, there were no particular changes in shareholders' equity.

With the minutes of the meeting held on June 29, 2018, the financial statements at March 31, 2018 were approved and the coverage of the loss was resolved with the existing reserves.

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 € 178.544.

Movements of Net Equity

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 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 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 at 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

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	-		
Other Reserves	1.689	Capital	
Total Other Reserves	1.689	Capital	A,B
Income (losses) carried forward	-		
Total	51.689		
Quote not distributable	51.689		
Residual distributable	-		

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.

Analysis of changes in provisions for risks and charges

	Beginning balance	Increase	Decrease	Net Variations	Closing balance
Provision for pensions and Similar obligations	80.217	6.024	(5.950)	74	80.291
Others	551.647	99.393	(121.116)	(21.723)	529.924
Total	631.864	105.417	(127.066)	(21.649)	610.215

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

The "other" item, which was subject to a reclassification for the purpose of ensuring a better representation and interpretation of the financial statements, includes:

- The fund related to the payment of the clawback referred to the years 2013-2015 as, during the last year, the Company negotiated - but not yet liquidated - with the Italian Medicines Agency (AIFA) the amount of € 320 thousand, entirely allocated in previous years;

- The provision for risks for € 10 thousand relating to certain disputes born in 2017 with agents that interrupted the collaboration with the Company;

- The provision for product returns for a total of € 199.269.

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 and the specifics of contracts and professional categories and it

comprises all the annual accruals and the revaluations calculated on the basis of the ISTAT (Central Statistics Institute) rates.

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

	Beginning balance	Increase	Decrease	Quotes to Funds	Net movements	Closing balance
Provision for subordinate employees' leaving indemnity	439.222	144.558	(97.170)	(98.841)	(51.453)	387.769

All uses refer to total liquidation of the fund following the termination of the relationship with the employees. No advances on severance indemnities were paid during the year.

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 € 7.609.291 (including interest of € 330.013), and payables to Alkaloida Chemical for € 3.351.481 (including interest of € 444.304), 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
<i>Amounts due to shareholders for loans</i>	7.540.397	68.894	7.609.291
<i>Trade creditors</i>	2.833.770	175.152	3.008.923
<i>Amounts due to parent companies</i>	6.349.211	654.183	7.003.384
<i>Amounts due to companies under control of parent companies</i>	9.264.717	(5.793.372)	3.471.345
<i>Taxation</i>	68.659	26.061	94.720
<i>Social security</i>	146.395	35.613	182.008
<i>Other debts</i>	495.802	35.651	531.453

	Beginning balance	Increase/Decrease	Closing balance
Total	26.698.953	(4.797.829)	21.901.124

The increase in payables to shareholders for loans is due to the interest accrued in the year on the financed capital.

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

Payables to companies subject to the control of the parent companies mainly comprise the loan disbursed by the Alkaloida Chemical Group company and payables for the chargeback of the costs of the activity carried out by the Headquarter - Sun Pharmaceutical Industries (Europe) B.V.

The balance as of 31 March 2018 of debts to companies subject to the control of the parent companies included debts for the purchase of goods from Sun Pharma Global FZE for € 5.7 million, which were offset against the receivables that the Company claimed against same company, and the net amount was collected in the exercise.

The item other payables at 31 March 2019 includes:

- Payables to personnel of approximately € 265 thousand, consisting of accruals amounting to € 137 thousand, and bonuses and sale incentives for € 128 thousand
- Payables for payment of the payback for € 266 thousand.

It should be noted that this a reclassification was done to this item for a better representation and interpretation of the financial statements. Last year only accruals relating to personnel were included, while the other debts relating to bonuses, sale incentives and payback were classified in accrued liabilities.

Breakdown of payables by geographic area

Below is the breakdown of the debts by geographical area:

	Italy	The Netherlands	Spain	Hungary	Sweden	India	Total
<i>Amounts due to shareholders for loans</i>		7.609.291					7.609.291
<i>Trade creditors</i>	2.231.635	25.734	668.993	19.467	6.082	57.012	3.008.923
<i>Amounts due to parent companies</i>						7.003.384	7.003.384
<i>Tax</i>	94.720						94.720
<i>Amounts due to companies under control of parent companies</i>		119.104		3.352.241			3.471.345
<i>Social security</i>	182.008						182.008
<i>Other debts</i>	531.453						531.453

Total	3.039.816	7.754.129	668.993	3.371.708	6.082	7.060.396	21.901.124
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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 € 7.609.291 as at 31/03/2019.

This is an interest-bearing loan (Libor 6 months + a spread of 0,125%), granted by the only shareholder, Sun Pharma (Netherlands) B.V.

Interest accrued and not yet paid on the loan in question amounted to € 330.013 at 31/03/2019, against € 261.119 at 31/03/2018.

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	4.143	(4.111)	32
Total accrued expenses and deferred income	4.143	(4.111)	32

Commitments not disclosed in the balance sheet and memorandum accounts

Under Article 2427, paragraph 1, 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 € 5.636.166.

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 € 26.018.381; 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	31/03/2018	change in figures	31/03/2019
Sales	21.557.758	4.053.855	25.611.613
Changes in inventories of finished goods	966.070	(800.619)	165.451
Other operating income	606.937	(365.620)	241.317
Total	23.130.764	2.887.616	26.018.381

The positive change compared to the revenues of the previous year is generated by the increase both in hospital sales, mainly, and in the retail channel

The item "Other operating income" mainly includes the reimbursement of € 130 thousand received from Company Errekappa for a lawsuit which closed successfully, and € 70 thousand relating to a license to use Esomeprazole dossier - rebilled according to the existing contract.

The residual amount refers to the re-invoicing of distribution fees for € 21 thousand and to the retirement of the provision for risks on legal disputes with agents, reclassified in the current year under item B) of the Balance Sheet, for € 18 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 € 25.704.113; here is the breakdown and movements in absolute terms against previous year.

Description	31/03/2018	change in figures	31/03/2019
Raw materials, subsidiary materials, consumables and goods for resale	10.468.491	1.880.884	12.349.375
Services	8.811.443	609.345	9.420.788
Rents and leases	250.487	18.018	268.505
Personnel costs	2.732.233	359.794	3.092.027
Depreciation and other amounts written off tangible and intangible fixed assets;	319.596	(211.095)	108.501
Other provisions	245.655	(245.655)	-
Other operating costs	461.617	3.300	464.917
Total	23.289.522	2.414.591	25.704.113

The increase in the cost of sales is proportional to the increase in sales recorded in the year.

The increase in costs for services is mainly due to the positive effect of the release made in the previous year of certain provisions posted in deduction to costs for a total of € 335 thousand.

In addition, in the current year, transportation costs increased by € 130 thousand (again due to the increase in sales), costs for promotional expenses of about € 70 thousand, consultancy and services related to software support for € 70 thousand (in consideration of the changes made in view of the introduction of electronic invoicing) and legal fees for € 30 thousand, mainly attributable to the contracts signed for the recovery of credits.

The costs for the use of third-party assets increased mainly with reference to the office lease payments; the contract provided for a discount for the first two years, now expired; in addition, a contract was signed for the rental of some PCs during the year.

As far as personnel costs concerns, the increase is mainly due to the payment of severances to for around € 339 thousand.

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

- A decrease of € 31 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.
- A decrease in the bad debt provision of € 62 thousand, in line with the credit risk assessment.

The "other risks" item refers to the provision for "clawback" made in 2018 with reference to the years 2013-2015, recorded under other operating costs at 31 March 2018

The balance at 31 March 2019 of other operating expenses is instead composed mainly of payback costs amounting to € 351 thousand and membership contributions for € 51 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	68.894	58.388	57	127.339

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

Increase against prior year relates to interests on additional € 4 Million loan received from shareholder.

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	29	-	29
Exchange losses	(5.034)	(4.956)	(78)
Total	(5.005)	(4.956)	(49)

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 31/03/2019	
		Timing difference	Tax effect
IRES	Bad debt provision	423.623	101.670
	Inventory provision	1.043.120	250.349
	Provision for Returns	199.270	47.825
	Risks provision	10.000	2.400
	Interest expenses	927.949	222.708
	Exchange rate losses	4.956	1.189
	Tax losses	1.393.297	334.391
	<u>Total</u>	<u>4.002.214</u>	<u>960.531</u>
IRAP	Provision for Returns	199.270	7.772
	<u>Total</u>	<u>199.270</u>	<u>7.772</u>
		Total tax	€ 968.303

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>186.664</u>
Tax (theoretical)	44.799
<u>Permanent increase variances</u>	<u>329.864</u>
<u>Temporary increase variances</u>	<u>778.467</u>
Total increase variances	1.108.331
<u>Permanent decrease variances</u>	<u>(293.574)</u>
<u>Temporary decrease variances</u>	<u>(101.793)</u>
Total decrease variances	(395.367)
Total variances	712.964
Tax loss use	(719.702)
Donations	0
ACE	(2.669)

Taxable Income	177.257
Current Tax IRES	42.542

IRAP

Description	Amounts
Difference between production value and production costs	314.268
<i>Non deductible costs IRAP</i>	3.154.093
Taxable Income IRAP	3.468.361
Theoretical Tax (rate 3,9%)	135.266
<u>Permanent increase variances</u>	0
<u>Temporary increase variances</u>	99.393
Total increase variances	99.393
<u>Permanent decrease variances</u>	(3.273.088)
<u>Temporary decrease variances</u>	(101.793)
Total decrease variances	(3.374.881)
Total adjustments	(3.275.488)
Taxable Income	192.873
IRAP current Tax	7.522

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	13,19
Office workers	15,29
Total	32,64

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 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; following are the latest statements available on 31/03/2019:

Standalone Balance Sheet

as at March 31, 2018

Particulars	Notes	€ in Million	
		2018	As at March 31, 2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3	43,756.5	38,693.5
(b) Capital work-in-progress		8,303.9	10,551.1
(c) Goodwill	4	1,208.0	1,208.0
(d) Other intangible assets	4	620.8	484.8
(e) Intangible assets under development		437.4	453.9
(f) Investments in the nature of equity in subsidiaries	5	182,225.7	191,865.1
(g) Investments in the nature of equity in associates	6	-	-
(h) Financial assets			
(i) Investments	7	879.3	1,067.8
(ii) Loans	8	34.2	48.7
(iii) Other financial assets	9	489.7	990.6
(i) Deferred tax assets (Net)	10	7,517.0	7,490.6
(j) Income tax assets (Net)	11	20,742.4	17,848.7
(k) Other non-current assets	12	3,953.6	4,108.0
Total non-current assets		270,168.5	274,810.8
(2) Current assets			
(a) Inventories	13	21,356.4	23,082.8
(b) Financial assets			
(i) Investments	14	447.6	400.1
(ii) Trade receivables	15	28,469.6	27,147.0
(iii) Cash and cash equivalents	16	1,094.3	1,533.3
(iv) Bank balances other than (iii) above	17	458.4	169.5
(v) Loans	18	520.5	138.5
(vi) Other financial assets	19	882.9	672.5
(c) Other current assets	20	15,845.5	10,738.2
Total current assets		69,075.2	63,881.9
TOTAL ASSETS		339,243.7	338,692.7

Standalone Balance Sheet

as at March 31, 2018

Particulars	Notes	€ in Million	
		As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	21	2,399.3	2,399.3
(b) Other equity	22	195,301.7	207,725.4
Total equity		197,701.0	210,124.7
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	15,646.9	7,606.4
(ii) Other financial liabilities	24	9.1	6.8
(b) Provisions	25	3,451.8	11,328.3
Total non-current liabilities		19,107.8	18,941.5
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	52,138.1	40,540.4
(ii) Trade payables	27	24,899.4	20,726.0
(iii) Other financial liabilities	28	18,567.4	28,145.1
(b) Other current liabilities	29	2,575.1	1,740.7
(c) Provisions	30	24,254.9	18,474.3
Total current liabilities		122,434.9	109,626.5
Total liabilities		141,542.7	128,568.0
TOTAL EQUITY AND LIABILITIES		339,243.7	338,692.7

Standalone Statement of Profit and Loss

for the year ended March 31, 2018

Particulars	Notes	2018	2017
		€	€
7 in Million			
(I) Revenue from operations	31	79,476.0	77,932.0
(II) Other income	32	11,280.4	5,150.8
(III) Total income (I + II)		90,756.4	83,082.8
(IV) Expenses			
Cost of materials consumed	33	21,675.2	22,284.5
Purchases of stock-in-trade		11,659.9	12,365.0
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	1,592.6	(1,678.6)
Employee benefits expense	35	16,176.9	14,998.8
Finance costs	36	3,883.1	2,235.7
Depreciation and amortisation expense	3 & 4	4,322.3	4,222.6
Other expenses	37	27,141.2	28,822.6
Total expenses (IV)		86,451.2	83,250.8
(V) Profit / (loss) before exceptional item and tax (III - IV)		4,305.2	(168.0)
(VI) Exceptional item	36 (3)	9,505.0	-
(VII) Loss before tax (V - VI)		(5,199.8)	(168.0)
(VIII) Tax expense	39		
Current tax		20.2	57.7
Deferred tax		(274.1)	2.7
Total tax expense (VIII)		(253.9)	60.4
(IX) Loss for the year (VII - VIII)		(4,945.9)	(228.4)
(X) Other comprehensive income			
a Remeasurements of the defined benefit plans		664.3	(600.8)
Income tax on above		(229.9)	-
b Equity instruments through other comprehensive income		67.2	(7.1)
Income tax on above		(23.2)	-
Total - (A)		478.4	(607.9)
a Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge		26.6	(26.6)
b Debt instruments through other comprehensive income		(15.5)	-
Income tax on above		5.4	-
Total - (B)		16.5	(26.6)
Total other comprehensive income (A+B) (X)		494.9	(634.5)
(XI) Total comprehensive loss for the year (IX+X)		(4,451.0)	(862.9)
Basic (in ₹)	47	(2.1)	(0.1)
Diluted (in ₹)		(2.1)	(0.1)

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 31.03.19	Amount at 31.03.18	Variance
A. CASH FLOWS FROM OPERATING INCOME			
Result for the year	126.855	272.334	399.189
Income tax	59.809	19.656	40.153
Interest expense (interest income)	127.339	103.662	23.677
(Dividends)	-	-	-
(Gains) losses on disposal of assets	- 16	5.016	5.000
<i>1 Result for the year before income tax, interests, dividends and gain/losses on the sale</i>	<i>313.987</i>	<i>154.032</i>	<i>468.019</i>
Adjustments for non-cash items without impact in net working capital	-	-	-
Founds provisions	986.158	837.640	148.518
Depreciation of fixed assets	46.435	76.192	- 29.757
Devaluation of impairment losses	-	-	-
Other adjustments for non-cash items	12.521	-	12.521
<i>2 Cash flow before changes in net working capital</i>	<i>1.359.102</i>	<i>759.800</i>	<i>599.302</i>
Change in net working capital	-	-	-
Decrease (Increase) in inventories	- 839.569	772.694	- 66.875
Decrease (Increase) in trade receivables	693.370	1.816.676	2.510.046
Increase (decrease) in trade payables	175.151	566.192	- 391.041
Decrease (Increase) in accrued income and prepaid expenses	- 62	7.483	- 7.545
Increase (decrease) in accrued expenses and deferred income	- 4.111	85.431	81.320
Other changes in net working capital	- 837.379	995.419	158.040

	Amount at 31.03.19		Amount at 31.03.18	Variance
<i>3. Cash flow after changes in net working capital</i>	546.502	-	2.336.745	2.883.247
Other adjustments	-		-	-
Interest received (paid)	4.681	-	2.028	6.709
(Income taxes paid)	-	17.455	-	17.455
Dividends received	-		-	-
(Use of funds)	-	350.071	-	464.621
CASH FLOWS OPERATING INCOME(A)	193.657	-	3.153.465	3.337.122
B. CASH FLOWS GENERATED BY INVESTMENT ACTIVITY	-		-	-
Tangible assets	-		-	-
(Investments)	-	5.950	-	1.878
Sale price of divestments	-	-	14.017	14.017
intangible assets	-		-	-
(Investments)	-	4.810	-	2.018
Sale price of divestments	16		-	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)	-	10.744	3.397	14.141
C. CASH FLOWS GENERATED BY FINANCING ACTIVITY	-		-	-
Third-party funding	-		-	-
Increase (decrease) in accounts payable to banks	-		-	-
Turning funding	-		4.039.910	4.039.910
Repayment of loans	-		-	-

	Amount at 31.03.19	Amount at 31.03.18	Variance
Equity	-	-	-
Capital increase in payment	-	-	-
Sale (purchase) of treasury shares	-	-	-
Dividends (and interim dividends) paid	-	-	-
<i>CASH FLOWS OF ACTIVITY OF FINANCING(C)</i>	-	4.039.910	- 4.039.910
Net increase (decrease) in cash	172.913	889.842	- 716.929
Cash on 01/04/2016	1.484.382	594.540	889.842
Cash on 31/03/2018	1.657.295	1.484.382	172.913
Change in net financial position	172.913	889.842	- 716.929
Unlike quadrature	- 0	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

There are none to report.

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 126.855, as follows:

- 6.343 euros to the legal reserve.
- 120.512 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 2019 as prepared by the Board of Directors.

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 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 31/03/2019

Dear Shareholders,

We would like to bring to your attention the Financial Statements for the Fiscal year ended on 31st March 2019, showing a profit before tax of € 186.664, and a net profit of € 126.855.

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 2019; 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.

Finally, 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.

The year ended March 31, 2019 saw a positive increase in the value of production (+ 12%), attributable to the growth in product sales (+ 19%), mainly driven by the hospital market (+ 55%), but also by the retail sector (+ 5%), while the B2B market suffered a negative decrease (-32%).

The cost of production sold increased by 18%, in consideration of two factors: the general increase in sales and, among these, the increase in hospital sales whose products are characterized by lower margins; general expenses increased by 7% and Added Value increased by 11%.

We would also like to report:

- the increase of approximately € 360.000 in labor costs, equal to 13%, due to restructuring costs (about € 340.000) not incurred in the previous year. (the value as at 31 March 2018 does not contain, in contrast to the current year, restructuring costs);
- the substantial stability of the Gross Operating Margin (+ 2%).

During the year, considerable efforts were made in credit management and recovery activities, which made possible to reduce collection times. The value expression of credit recovery times (DSO) has in fact passed from 156 to 132 days, thanks in particular to an improvement in the DSO of hospitals (from 179 days to 128), of pharmacies (from 171 days to 150 days), of wholesalers (from 112 days to 104 days), while concessionaires remained substantially stable (from 169 days to 167 days).

In consideration of the above, and of the assessment of the potential risk of loss on trade receivables, the required adjustment to the Bad Debt Provision was for a lower amount than in the previous year.

The above, together with a lower value of depreciation for the year, explains the change in the value of "Amortization and depreciation", reduced by about € 211.000, equal to 66%.

We also would like to highlight the 34% reduction in other operating costs, as, contrary to last year, it was not necessary to increase the amount of provision for "AIFA clawback".

Finally, as reported at the beginning of the Report, the pre-tax income reversed the sign compared to the previous year, becoming positive and amounting to € 186.664.

During the year the Company concentrated on the objective of maximizing the penetration of the generic products market, and of maintaining its position among the "Indian leading companies" present on the Italian territory; to this end it has maintained the differentiation of the commercial and distribution models of the two

main divisions.

In order to minimize the impact caused by the lack of supply of products by Group companies (a phenomenon that has not been completely resolved yet), your company has continuously monitored costs, aimed at achieving savings, and has constantly evaluated the marginality indicators in order to implement initiatives aimed at improving the Gross Operating Margin.

The Company continues to focus on the following business strategies:

- Expansion of the product portfolio, which includes injectable products and other hospital products, as well as products for the retail market;
- Optimization of the process of participation in hospital tenders;
- Development of the market of the so-called "complex generic products" with implementation of activities aimed at removing the barriers to the entry of these products;
- Decrease in the incidence of fixed costs, through increase in turnover and control of general expenses;
- Efficiency in warehouse rotation, with minimization of obsolescence and of unavailability of Product;
- Credit management in order to reduce the risk of insolvency and improve payment times.

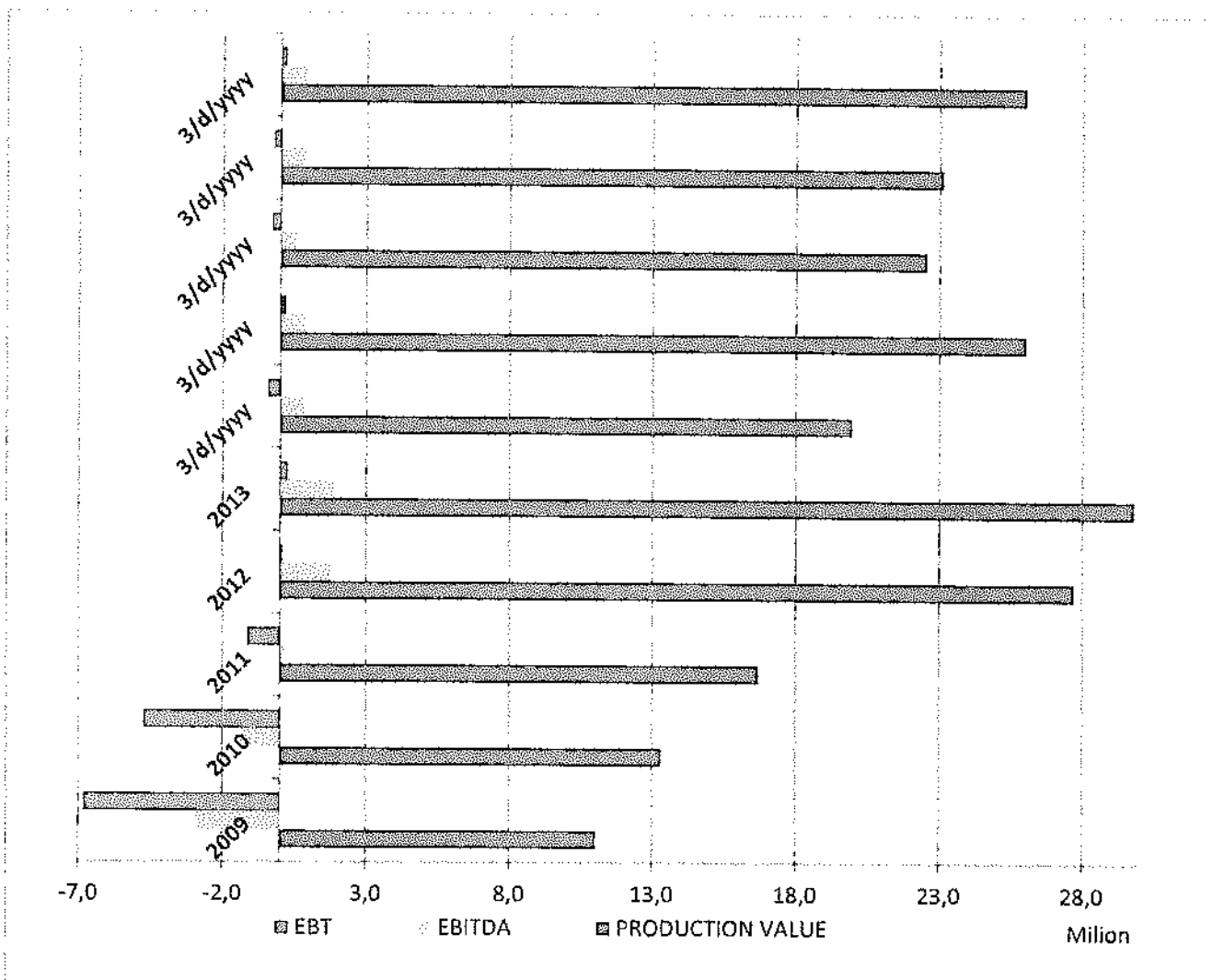
Profit & Loss

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

	FY 2018		FY 2017		Esercizio 2016	
	01.04.2018	%	01.04.2017	%	01.04.2016	%
	31.03.2019		31.03.2018		31.03.2017	
PRODUCTION VALUE	26.018.381	100,0%	23.130.764	100,0%	22.567.257	100,0%
- Cost of goods sold	12.349.375	47,5%	10.468.491	45,3%	10.205.869	45,2%
- General expenses	9.689.293	37,2%	9.061.930	39,2%	8.815.117	39,1%
VALUE ADDED	3.979.713	15,3%	3.600.343	15,6%	3.546.271	15,7%
- Personnel cost	3.092.027	11,9%	2.732.233	11,8%	2.991.368	13,3%
EBITDA	887.686	3,4%	868.110	3,8%	554.903	2,5%
- Amortization & Depreciation	108.501	0,4%	319.596	1,4%	229.124	1,0%
GROSS OPERATING MARGIN	779.185	3,0%	548.514	2,4%	325.779	1,4%
- Miscellaneous expenses	464.917	1,8%	707.272	3,1%	501.226	2,2%
MARGIN BEFORE INTERESTS	314.268	1,2%	158.758	-0,7%	175.447	-0,8%
- Financial income	4.739	0,0%	2.377	0,0%	722	0,0%
+/- Forex adjustments	- 5.005	0,0%	7.364	0,0%	28.264	-0,1%
NET OPERATING MARGIN	314.002	1,2%	149.017	-0,6%	202.989	-0,9%
- Financial charges	- 127.339	-0,5%	103.662	-0,4%	118.442	-0,5%
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEMS	186.664	0,7%	252.678	-1,1%	321.431	-1,4%
+/- Extraord. Income and charges	-	0,0%	-	0,0%	-	0,0%
PROFIT/(LOSS) BEFORE TAX	186.664	0,7%	252.678	-1,1%	321.431	-1,4%
- Income Taxes	59.809	0,2%	19.656	0,1%	190.376	0,8%
NET PROFIT/(LOSS)	126.855	0,5%	272.334	-1,2%	511.807	-2,3%

Here below you can see the summary trend of sales and margins over the period 2009-31.3.2019:

	2009	2010	2011	2012	2013	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019
PRODUCTION VALUE	11.033.418	13.320.958	16.718.568	27.715.912	29.817.816	19.565.461	26.018.361	22.667.257	23.130.764	26.018.381
EBITDA	-2.889.533	-1.362.596	137.554	1.813.510	1.937.664	873.994	887.696	554.903	868.110	867.685
EBT	-6.835.892	-4.748.837	-1.145.862	83.122	276.921	-441.719	186.663	-321.431	-252.678	185.664



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

- the complete stabilization of the product supply process by Group companies;
- greater penetration in the hospital market, thanks to greater competitiveness in participation in tenders for the supply of medicines to public hospitals, and an increase in private hospital customers;
- the growth of both the retail market - thanks also to the reorganization of the sales process in some areas - and of the B2B market - thanks to the development of new commercial agreements -;

- the launch of new products, characterized in particular by high complexity and low competitiveness.

In addition, during the next year the company will start marketing a first non-generic drug, some preparatory activities of which were implemented during the current year; to this end the company will build the adequate organizational structure to support its development.

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 2018		FY 2017		Variaz.		FY 2016	
	01.04.2018 31.03.2019	%	01.04.2017 31.03.2018	%	Assoluta	%	01.04.2016 31.03.2017	%
WORKING CAPITAL	23.005.565	100%	27.710.512	100%	4.704.947	99%	18.774.865	84%
Cash & Bank Balances	1.657.295	7%	1.484.382	5%	-172.913	-4%	594.540	5%
Cash & Bank Balances	1.657.295	7%	1.484.382	5%	-172.913	-4%	594.540	5%
Current Assets	16.118.603	70%	21.161.914	76%	5.043.311	106%	14.082.178	59%
Sundry Debtors	15.081.676	65%	20.115.305	72%	5.033.629	106%	13.020.104	52%
Deferred Tax Assets	968.304	4%	978.048	4%	9.744	0%	986.031	6%
Accrued Income and Prepaid Expenses	68.623	0%	68.561	0%	-62	0%	76.043	0%
Inventory	5.229.667	23%	5.064.216	18%	-165.451	-3%	4.098.147	20%
FIXED ASSETS	72.118	0%	115.359	0%	43.241	1%	189.932	16%
Intangible Fixed Assets	55.105	0%	89.223	0%	34.118	1%	146.429	16%
Tangible Fixed Assets	17.013	0%	26.136	0%	9.123	0%	43.503	0%
TOTALE ASSETS	23.077.683	100%	27.825.871	100%	4.748.188	100%	18.964.797	100%

Liabilities

Item	FY 2018		FY 2017		Variaz.		FY 2016	
	01.04.2018 31.03.2019	%	01.04.2017 31.03.2018	%	Assoluta	%	01.04.2016 31.03.2017	%
THIRD PARTIES CAPITAL	22.899.139	99%	27.774.183	100%	4.875.044	103%	18.640.774	97%
Current Liabilities	14.291.864	62%	19.162.699	69%	4.870.835	103%	14.659.388	46%
Short-term payables (Debts)	14.291.832	62%	19.158.556	69%	4.866.724	102%	13.820.663	43%
Accrued Expenses and Deferred Income	32	0%	4.143	0%	4.111	0%	838.725	4%
Loans Funds & Provisions	8.607.275	37%	8.611.483	31%	4.208	0%	3.981.386	50%
Medium Term I/C Loan	7.609.291	33%	7.540.397	27%	-68.894	-1%	3.500.488	47%
Provisions	610.215	3%	631.864	2%	21.649	0%	83.378	1%
Provision for Retirement Benefit	387.769	2%	439.222	2%	51.453	1%	397.520	3%
NET EQUITY	178.544	1%	51.688	0%	-126.855	-3%	323.623	3%
Share Capital	50.000	0%	50.000	0%	0	0%	50.000	1%

Reserves	274.023	1%	274.023	1%	0	0%	3.500.000	0%
Retained Earnings	- 272.334	-1%	-	0%	272.334	6%	- 2.714.570	1%
Profit (loss) for the period	126.855	1%	-272.334	-1%	-399.190	-8%	-511.807	1%
TOTAL SOURCES	23.077.683	100%	27.825.871	100%	4.748.188	100%	18.964.397	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, 2019, the workforce consisted of 35 employees (all with permanent contracts), substantially unchanged compared to 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:

Company	Description	Amount €
Payables		
Sun Pharma Ltd	Purchase of products	7.003.383,64
Sun Pharma Ind. Europe BV	Management fees	84.452,00
Sun Pharma Ind. Europe BV	Recharge of testing fees	34.364,00
Sun Pharma Ind. Europe BV	Other recharges (hotel, regulatory costs)	287,91
Alkaloida Chemical	Loan	2.907.177,00
Alkaloida Chemical	Interests on loan	444.304,49
Alkaloida Chemical	Purchase of products	759,48
Sun Pharma Netherland BV	Loan	7.279.278,00
Sun Pharma Netherland BV	Interests on loan	330.013,24
Total		18.084.019,76

Company	Description	Amount €
Receivables		
Sun Pharma Ltd	Recharge of penalties and expenses	570.552,97
Sun Pharma Ltd	Recharge of product costs	2.322.166,00
Sun Pharma Global SPG	Recharge of expenses (branded products)	13.386,00
Sun Pharma Ind. Europe BV	Recharge of expenses (hotel)	650,00
Taro	Recharge of expenses (regulatory)	947,40
Total		2.907.702,37

Company	Description	Amount €
Expenses		
Sun Pharma Netherland BV	Financial Services	68.894,40
Sun Pharma Netherland BV	Insurance expenses	3.273,38
Alkaloida Chemical	Financial Services	58.386,50
Alkaloida Chemical	Purchase of products	121.007,71
Sun Pharma Ltd	Purchase of products	8.032.340,74
Sun Pharma Global SPG	Purchase of products	965.116,74
Terapia	Purchase of products	43.805,66
Terapia	Recharge of transportation expenses	1.350,00
Sun Pharma Ind. Europe BV	Administrative expenses	804.967,00
Sun Pharma Ind. Europe BV	Recharge of product quality test expenses	313.328,75
Sun Pharma Ind. Europe BV	Recharge of regulatory expenses and other costs	46.612,15
Total		10.459.083,03

Company	Description	Amount €
Income		
Sun Pharma Ltd	Recharge of sticker costs	189.183,44
Sun Pharma Ltd	Recharge of penalties	143.753,90
Terapia	Recharge of regulatory costs	14.625,45
Taro	Other recharges	1.159,74
Sun Pharma Ind. Europe BV	Other recharges	3.955,68
Sun Pharma Global SPG	Recharge of sticker costs	54.107,40
Sun Pharma Global SPG	Recharge of penalties	305.619,21
Sun Pharma Global SPG	Other recharges (for branded products and farmacovigilance software costs)	14.004,00
Total		726.408,82

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, except for the payment - which took place on April 29, 2019 and in compliance with art. 9.bis of Law no. 12 of 11 February 2019 of conversion of the law decree n. 135 of 14 December 2018 - of the 2013-2017 payback.

6. 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, 2020, 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.

* * *

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 31/03/2019
according to art. 2429 of Civil code**

Dear Shareholder,

The subjects of this Report are the draft financials for the year ending 31 March 2019 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 2019 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, 2019, 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 profit of Euro 126.855.

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.

Dear Shareholder,

The Statutory Board of Auditors has neither objection to the approval of the financial statements at 31.03.2019, nor objection to the draft resolution submitted by the Board of Directors.

Milan 13 May 2019

The President of Statutory Board of Auditors
Dott. Giovanni Martinelli

The Permanent Auditor
Rag. Franco De Riso

The Permanent Auditor

Dott. Massimo Barbaria