

<b>VALIA &amp; TIMBADIA</b> CHARTERED ACCOUNTANTS	Tel: Off: 2269 2624 / 2269 9664/40040216 E-mail: <a href="mailto:valtim09@gmail.com">valtim09@gmail.com</a> 32, Trinity Chambers, 117, Bora Bazar Street, Fort, Mumbai – 400 001.
<b>ARVIND P. VALIA</b> B.COM. (Hons.), F.C.A. <b>HITEN C. TIMBADIA</b> B.COM. L.L.B. (GEN), F.C.A.	

## INDEPENDENT AUDITOR’S REPORT

**TO THE MEMBERS OF SUN PHARMACEUTICALS ITALIA SRL**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **SUN PHARMACEUTICALS ITALIA SRL** (the “Company”), which comprise the Balance Sheet as at March 31, 2016 and the Statement of Profit and Loss for the year ended on that date and notes annexed thereto.

### **Management’s Responsibility for the Financial Statements**

The Management of the Company is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards and Accounting Principles generally accepted in India. The responsibility includes the design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company’s preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management of the Company, as well as evaluating the overall presentation of the financial statements.

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

**VALIA & TIMBADIA**  
CHARTERED ACCOUNTANTS

**ARVIND P. VALIA**  
B.COM. (Hons.), F.C.A.  
**HITEN C. TIMBADIA**  
B.COM. L.L.B. (GEN), F.C.A.

Tel: Off: 2269 2624 / 2269 9664/40040216  
E-mail: [valtim09@gmail.com](mailto:valtim09@gmail.com)  
32, Trinity Chambers,  
117, Bora Bazar Street, Fort,  
Mumbai – 400 001.

**Emphasis of Matters**

*The Company has made decision to transfer the business to its fellow subsidiary company effective from May 6<sup>th</sup> 2016 wherein all the Assets and liabilities will be transferred at book value and accordingly it is no longer a going concern. However the company has represented that the accounts have been prepared on the basis of the fair realizable value and no further adjustments are required for the same.*

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and *read with disclosure on going concern above*, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016; and
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date,

**FOR VALIA AND TIMBADIA**  
CHARTERED ACCOUNTANTS  
(Firm Registration No. 112241W)

PLACE: MUMBAI  
DATED: 12<sup>th</sup> May, 2016

**HITEN C.TIMBADIA**  
Partner  
Membership No. 038429.

Sun Pharmaceuticals Italia S.r.l.  
Via Luigi Rizzo, 8  
20151 Milano (Italia)  
Tel + 39 02 33490793  
Fax + 39 02 33431842



Sun Pharmaceuticals Italia S.R.L.

Indian Format Financial Statements

FY 2015 – 2016

1 April 2015 - 31 March 2016

Sun Pharmaceuticals Italia S.r.l.

Via Luigi Rizzo, 8  
20151 Milano (Italia)  
Tel + 39 02 33490793  
Fax + 39 02 33431842



## COMPANY INFORMATION

### DIRECTORS

Harin Mehta

Hellen de Kloet

Prashant Savla

Company Number

1874688

Registered Office

Via Luigi Rizzo 8

20151 - Milano ( Italy )

Auditors

Valia & Timbadia

Sun Pharmaceuticals Italia S.r.l.

Via Luigi Rizzo, 8  
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Sun Pharmaceuticals Italia S.R.L.  
BALANCE SHEET AS AT 31 MARCH , 2016

Particulars	Notes	FY 2015-16	FY 2014-15
		€	€
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	10.000	10.000
Reserves and Surplus	2	-5.048.059	-4.416.486
Money received against Share Warrants			
<b>Total Shareholders Fund</b>		<b>-5.038.059</b>	<b>-4.406.486</b>
<b>Share Application Money Pending Allotment</b>		<b>5.642.927</b>	<b>5.642.927</b>
<b>Minority Interest</b>			
<b>Non-current Liabilities</b>			
Long-term Borrowings	3	3.167.939	3.535.245
Deferred Tax Liabilities (Net)	4	-	-
Other Long-term Liabilities	5	-	-
Long-term Provisions	6	63.382	52.194
<b>Total Non current liabilities</b>		<b>3.231.321</b>	<b>3.587.439</b>
<b>Current Liabilities</b>			
Short-term Borrowings	7	-	-
Trade Payables	8	1.331.461	2.686.914
Other Current Liabilities	9	92.951	58.013
Short-term Provisions	10	-	37.824
<b>Total Current liabilities</b>		<b>1.424.412</b>	<b>2.782.751</b>
<b>TOTAL</b>		<b>5.260.601</b>	<b>7.606.631</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed Assets	11		
-Tangible Assets		36.683	63.501
-Intangible Assets		75.174	-
-Capital Work-In-Progress		-	-
<b>Total Fixed assets</b>		<b>111.857</b>	<b>63.501</b>
Goodwill on Consolidation			
Non-current Investments	12	-	-
Deferred Tax Assets (Net)	13		643.886
Long-term Loans and Advances	14	-	-
Other Non-current Assets	15	-	-
<b>Total Non Current assets</b>		<b>111.857</b>	<b>707.387</b>
<b>Notes to Fixed assets schedule</b>			
Amount included in Buildings towards cost of shares in a Co-operative Housing Society			
Amount of impairment			
<b>Current Assets</b>			
Current Investments	16	-	-
Inventories	17	2.136.253	2.739.049
Trade Receivables	18	2.351.778	3.616.033
Cash and Cash Equivalents	19	443.830	412.671
Short-term Loans and Advances	20	216.883	131.491
Other Current Assets	21	-	-
<b>Total Current Assets</b>		<b>5.148.744</b>	<b>6.899.244</b>
<b>TOTAL</b>		<b>5.260.601</b>	<b>7.606.631</b>

In terms of our report of even date attached

For VALIA & TIMBADIA  
Chartered Accountants

For and on behalf of the Board

HITEN C TIMBADIA  
Partner

Prashant Savia  
Director

Date : 12th May 2016

Date : 6th May 2016

Place : Mumbai

Place : Hoofddorp, Netherlands

Particular	Note No	FY 2015-16	FY 2014-15
		€	€
<b>Revenue from Operations</b>	22	4,361,950	7,354,547
Less: Excise Duty			
<b>Net Revenue from operation</b>		<b>4,361,950</b>	<b>7,354,547</b>
Other Income	23	16,361	119
<b>Total Revenue</b>		<b>4,378,311</b>	<b>7,354,666</b>
<b>Expenses</b>			
Cost of Materials Consumed	24	-	-
Purchase of Stock-in-Trade from other than subsidiary companies		-122,508	1,327,914
Purchase of Stock-in-Trade - from subsidiary companies		1,700,381	2,790,496
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	602,796	1,107,174
Employee Benefits Expense	26	1,149,610	1,138,840
Finance Costs	27	72,694	54,781
Depreciation and Amortisation Expense		28,091	27,788
Other Expenses	28	890,624	766,284
Research and Development Expenditure	29		
<b>Total Expenses</b>		<b>4,321,688</b>	<b>7,213,277</b>
<b>Profit Before Tax</b>		<b>56,623</b>	<b>141,389</b>
<b>Exceptional Items</b>			
<b>Tax Expense:</b>			
Current Tax		44,310	55,495
Current Tax (Reverse)			
Deferred Tax Charge		643,886	
Deferred Tax (Credit)			
<b>Total Tax Expense:</b>		<b>688,196</b>	<b>55,495</b>
<b>Profit/(Loss) for the Year from Continuing Operations</b>		<b>-631,573</b>	<b>85,894</b>
<b>Profit from Discontinuing Operations</b>			
<b>Loss from Discontinuing Operations</b>			
<b>Profit/ (Loss) for the Year before Minority Interest and Profit/ (Loss) in Associate</b>		<b>-631,573</b>	<b>85,894</b>
<b>Share of Profit/ (Loss) in Associate</b>			
<b>Minority Interest</b>			
<b>Profit for the Year</b>		<b>-631,573</b>	<b>85,894</b>
<b>Earning Per Share</b>			
Basic and Diluted € Face Value per share € 10,000			85.894

In terms of our report of even date attached

For VALIA & TIMBADIA  
Chartered Accountants

HITEN C TIMBADIA  
Partner

Date : 12th May 2016

Place : Mumbai

For and on behalf of the Board

Prashant Savia  
Director

Date : 6th May 2016

Place : Hoofddorp, Netherlands

Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Share Capital	€	€
<b>Authorised</b>		
Equity Shares of ` 1 each		
<b>Issued, Subscribed and Fully Paid Up</b>		
Equity Shares of `.... each (Refer Note.....)	10.000	10.000
Preference Shares of ` __ each		
Partner's capital		
<b>Total Issued, Subscribed and Fully Paid Up Capital</b>	<b>10.000</b>	<b>10.000</b>
<b>Reconciliation of the Number of Equity Shares Outstanding-</b>		
Outstanding at the Beginning of the Year	-	
Add: Equity Shares Issued During the Year		
Less: Equity Shares Bought Back During the Year		
Outstanding at the End of the Year	-	-
<b>2 Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Opening Balance		
Add: Addition During the Year		
Less: Utilised / Transfer During the Year		
Closing Balance	-	-
<b>Capital Redemption Reserve</b>		
Opening Balance		
Add: Addition During the Year		
Less: Utilised / Transfer During the Year		
Closing Balance	-	-
<b>Securities Premium Account</b>		
Opening Balance		
Add: Addition During the Year		
Less: Utilised / Transfer During the Year		
Closing Balance	-	-
<b>General Reserve</b>		
Opening Balance		
Add : Share in post acquisition profits of .....		
Pharmaceutical Industries Ltd Group (.....),		
relating to step-by-step acquisition prior to		
date of acquisition of control.		
Add: Transferred from Surplus in Statement of Profit and Loss	2.000	
Closing Balance	<b>2.000</b>	-



**Sun Pharmaceuticals Italia S.R.L.**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

<b>Foreign Currency Translation Reserve</b>		
Opening Balance		
Add: Effect of Foreign Exchange rate variations during the year		
Less: Effect of Foreign Exchange rate variations during the year		
Closing Balance	-	-
<b>Other Reserve (Specify the nature)</b>		
Opening Balance		
Add: Addition During the Year	-	
Less: Utilised / Transfer During the Year		
Closing Balance	-	-
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	-4.416.486	-4.502.380
Opening Reserves from acquisitions		-
Add : Profit/(Loss) for the Year	-631.573	85.894
Proposed Dividend Written Back (on waiver)		
Corporate Dividend Tax Written Back (on waiver)		
Less: Proposed Dividend [ ..... (Previous Year ` .....) per Share]		
Corporate Dividend Tax		
Transferred to General Reserve	2.000	
Closing Balance	-5.050.059	-4.416.486
Transferred to SPI Capital & Minority		
Transferred to SPS Capital & Minority		
Transfer - Others		
Closing Balance	-5.050.059	-4.416.486
<b>Total Reserves and Surplus</b>	<b>-5.048.059</b>	<b>-4.416.486</b>

**3 Long-term Borrowings**

<b>Secured Borrowings</b>		
% Debentures		
% Bonds		
<b>Total Debenture &amp; Bond</b>	-	-
<b>Term Loans</b>		
From Banks		
From Other Parties		
<b>Total Term Loan</b>	-	-
Deferred Payment Liabilities		
<b>Deposits</b>		
Public Deposits		
Intercorporate Deposits		
<b>Total of Deposit</b>	-	-
<b>Loans and Advances:</b>		
<b>from Subsidiary Company</b>		
from Related Parties		
<b>Total Loans and Advances</b>	-	-
Long-Term Maturities of Finance Lease Obligation		
Other Loans and Advances	-	-
<b>Total Secured Borrowings</b>	<b>-</b>	<b>-</b>

Sun Pharmaceuticals Italia S.R.L.  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

<b>Unsecured Borrowings</b>		
Debentures (Repayable in ..... Annual Installments, First Installment is due in ..... - Rate of Interest .....% Plus .....) % Bonds		
<b>Total Debenture &amp; Bond</b>	-	-
Deferred Payment Liabilities		
<b>Deposits</b>		
Public Deposits		
Intercorporate Deposits		
<b>Total of Deposit</b>	-	-
<b>Term Loans</b>		
From Banks		
<b>From Subsidiary Company</b>	3.167.939	3.535.245
From Other Parties		
<b>Total Term Loan</b>	3.167.939	3.535.245
<b>Total Unsecured Borrowings</b>	<b>3.167.939</b>	<b>3.535.245</b>
<b>Total Long-term Borrowings</b>	<b>3.167.939</b>	<b>3.535.245</b>

Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>4 Deferred Tax Liabilities (Net)</b>		
<b>Deferred Tax Liabilities</b>		
Depreciation on Fixed Assets		
Others	-	-
<b>Total Deferred Tax Liabilities</b>	-	-
<b>Less : Deferred Tax Assets</b>		
Unpaid Liabilities		
Others	-	-
<b>Total Deferred Tax Assets</b>	-	-
<b>Net Deferred Tax Liabilities</b>	-	-
<b>5 Other Long-term Liabilities</b>		
<b>Trade Payables</b>		
Acceptances		
Other than Acceptances		
<b>Total Trade Payables</b>	-	-
Trade / Security Deposits Received		
<b>Others</b>		
Payable on Purchase of Fixed Assets		
Contractually Reimbursable Expenses		
Derivative /Swap		
Advances from Customer		
Any Other Item	-	-
<b>Total Others</b>	-	-
<b>Total other Long-term Liabilities</b>	-	-

Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

6 Long-term Provisions		
Employee Benefits:		
Compensated Absences		
Severance / Pension Pay		
<b>Total of Employee Benefits</b>	-	-
Provision for Gratuity	63.382	52.194
Product Returns , Charge Back, Rebate etc.		
MTM Loss on outstanding Forward Contracts		
Provision for Fringe Benefit Tax (Net of Advance Tax)		
Provision for Income Tax (Net of Advance Income Tax)		
Other long-term provisions	-	-
<b>Total Long- Term Provisions</b>	<b>63.382</b>	<b>52.194</b>
7 Short-Term Borrowings		
<b>Secured Borrowings</b>		
<b>Loans Repayable on Demand</b>		
From Banks:		
Cash Credit Facility		
Others	-	-
<b>Total Loans Repayable on Demand</b>	-	-
<b>Deposits</b>		
Public Deposits		
Inter-corporate Deposits		
<b>Total Deposits</b>	-	-
Other Loans and Advances from Subsidiary Company	-	-
<b>Total Secured Borrowings</b>	<b>-</b>	<b>-</b>



Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>Unsecured Borrowings</b>		
<b>Loans Repayable on Demand</b>		
From Banks:		
Cash Credit Facility		
Others	-	-
<b>Total Loans Repayable on Demand</b>	-	-
<b>Deposits</b>		
Public Deposits		
Inter-corporate Deposits		
<b>Total Deposits</b>	-	-
<b>Other Loans and Advances</b>		
From Banks		
from <b>Subsidiary Company</b>	-	-
From Other Parties		
<b>Total Other Loans and Advances</b>	-	-
<b>Total Unsecured Borrowings</b>	-	-
<b>Total Short-term Borrowings</b>	-	-
<b>8 Trade Payables</b>		
Acceptances		
<b>Other than Acceptances:</b>		
<b>Payables to Subsidiary Company</b>	1.024.302	1.972.662
Due to Micro and Small Enterprises		
Other Payables	307.159	714.252
Creditors Trade	96.577	481.905
Current Liabilities - Others	26.840	33.137
Holiday Allowance payable	33.481	46.241
Other payable to Employees	6.187	5.903
Bonus Payable to Employee	75.082	67.810
Leave Encashment	68.992	79.256
<b>Total Other than Acceptance</b>	1.331.461	2.686.914
<b>Total Trade Payables</b>	<b>1.331.461</b>	<b>2.686.914</b>

Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>9 Other Current Liabilities</b>		
Current Maturities of Long-term Debt		
Current Maturities of Finance Lease Obligations		
Interest Accrued but not Due on Borrowings		
Interest Accrued and Due on Borrowings		
Unpaid Matured Deposits and Interest Accrued thereon		
Unpaid Matured Debentures and Interest Accrued thereon		
Interest Accrued on Others		
<b>Interest Accrued on Borrowing from subsidiaries</b>	-	-
Investor Education and Protection Fund shall be credited by Unpaid Dividends (not due)		
Statutory Remittances	92.951	58.013
Payables on Purchase of Fixed Assets		
Trade / Security Deposits received		
Advances from Customers		
Contractually Reimbursable		
Payables on account of Rebates, Medicais etc.		
Derivative Instrument		
Temporary Overdrawn Bank Balance as per books		
Others	-	-
<b>Total Other Current Liabilities</b>	<b>92.951</b>	<b>58.013</b>
<b>10 Short-term Provisions</b>		
<b>Employee Benefits:</b>		
Compensated Absences		
Gratuity		
Severance / Pension Pay		
<b>Total Employee Benefits:</b>	-	-
Product Returns , Charge Back, Rebate etc.		
MTM Loss on outstanding Forward Contracts		
Provision for Income Tax [Net of Advance Income Tax ]	-	37.824
Proposed Equity Dividend		
Corporate Dividend Tax		
Others	-	-
<b>Total Short-term Provisions</b>	<b>-</b>	<b>37.824</b>

Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12	<b>Non-current Investments</b>		
	<b>Long-term Investments (At Cost)</b>		
	<b>Quoted</b>		
	In Equity Instruments		
	Investment in associates		
	In Debentures		
	In Bonds		
	In Zero Percent-Notes		
	In Others	-	-
	<b>Total Quoted</b>	-	-
	<b>Unquoted</b>		
	In Equity Instruments		
	<b>Investment In Subsidiary, Joint ventures, and partnership firm Company</b>		
	3 Skyline LLC	-	
	Aditya Acquisition Company Limited.	-	
	Aditya Pharma LLC	-	
	Alkaloida Chemical Company Zrt.	-	
	Alkaloida Sweden AB	-	
	AR Scientific, Inc.	-	
	Caraco Acquisition Corporation	-	
	Caraco Pharma Inc.	-	
	Caraco Pharmaceutical Laboratories Ltd. (CARACO)	-	
	Caraco Pharmaceuticals Private Limited	-	
	Chattem Chemicals Inc	-	
	Dungan Mutual Associates, LLC	-	
	DUSA Pharmaceuticals New York, Inc.	-	
	DUSA Pharmaceuticals, Inc.	-	
	Faststone Mercantile Company Private Limited	-	
	Green Eco Development Centre Ltd.,	-	
	Khyati Realty ME Ltd	-	
	Morley and Company Inc	-	
	MSD-Sun, FZ-LLC	-	
	MSD-Sun, LLC	-	
	Mutual Pharmaceutical Company, Inc.	-	
	Neetnav Real Estate Private Limited	-	
	One Commerce Drive LLC	-	
	OOO "Sun Pharmaceutical Industries" Ltd.	-	
	Realstone Multitrade Private Limited	-	
	Sirius Laboratories, Inc.	-	
	Skisen Labs Private Limited	-	
	Softdeal Trading Company Private Limited	-	
	Spil De Mexico S.A. De C.V.	-	
	Sun Global Canada Pty Ltd	-	
	Sun Global Development FZE	-	
	Sun Laboratories FZE	-	
	Sun Pharma De Mexico S.A. DE C.V.	-	
	Sun Pharma de Venezuela, CA.	-	
	Sun Pharma Drugs	-	
	Sun Pharma Drugs Pvt Ltd.	-	
	Sun Pharma Exports	-	
	Sun Pharma Global (FZE)	-	
	Sun Pharma Global INC	-	

**Sun Pharmaceuticals Italia S.R.L.**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Sun Pharma HealthcareFZE	-	
Sun Pharma Japan	-	
Sun Pharma Laboratories Ltd. (formerly Sun Resins & Polymers Pvt Limited)	-	
Sun Pharma MEA JLT	-	
Sun Pharma Medication Pvt Ltd.	-	
Sun Pharma Phillipines Inc.	-	
Sun Pharma Sikkim	-	
Sun Pharmaceutical Industries (Europe) B.V.	-	
Sun Pharmaceutical (Bangladesh) Ltd.	-	
Sun Pharmaceutical Industries	-	
Sun Pharmaceutical Industries (Australia) Pty. Ltd.	-	
Sun Pharmaceutical Industries Inc.	-	
Sun Pharmaceutical industries Ltd	-	
Sun Pharmaceutical Peru S.A.C.	-	
Sun Pharmaceutical Spain, SL.	-	
Sun Pharmaceutical UK Ltd.	-	
Sun Pharmaceuticals (SA) (Pty) Ltd. (South africa)	-	
Sun Pharmaceuticals France	-	
Sun Pharmaceuticals Germany GmbH	-	
Sun Pharmaceuticals Italia S.R.L.	-	
Sun Pharmaceuticals Korea Ltd.	-	
Sun Universal Ltd (formerly Suraksha Realty ME Ltd)	-	
Taro Development Corporation	-	
Taro Hungary Intellectual Property Licensing LLC.	-	
Taro International Ltd.	-	
Taro Pharmaceutical India Private Ltd.	-	
Taro Pharmaceutical Industries Ltd.(TARO)	-	
Taro Pharmaceutical Laboratories INC	-	
Taro Pharmaceuticals Canada, Ltd.	-	
Taro Pharmaceuticals Europe B.V.	-	
Taro Pharmaceuticals Inc.	-	
Taro Pharmaceuticals Ireland Ltd.	-	
Taro Pharmaceuticals North America, Inc.	-	
Taro Pharmaceuticals U.S.A.,Inc.	-	
Taro Pharmaceuticals UK Ltd.	-	
Taro Research Institute Ltd.	-	
Tarochem Ltd.	-	
TKS Farmaceutica Ltda	-	
United Research Laboratories, Ltd.	-	
Universal Enterprises (Pvt) Ltd.	-	
URL Pharma, Inc.	-	
URL PharmPro, LLC	-	
ZAO Sun Pharma Industries Ltd.	-	
Sun Pharma Switzerland	-	
Nogad holdings	-	
Silverstreet Development LLP	-	
Artes Biotechnology GmbH	-	
company 1 Ranbaxy Parent	-	
company 2 Ranbaxy Subsidiary	-	
company 3 Sun Pharma East Africa Ltd	-	



Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>Total of Investment In Subsidiary, Joint ventures, and partnership firm Company</b>	-	-
Investment in associates		
In Debentures		
In Bonds		
In Deposit		
In Mutual Funds		
In Others	-	-
<b>Total Unquoted</b>	-	-
<b>Total Non- current Investment</b>	-	-
<b>AGGREGATE VALUE OF INVESTMENTS</b>		
<b>Quoted</b>		
Book Value		
Market Value		
<b>Unquoted</b>		
Book Value		
<b>13 Deferred Tax Assets (Net)</b>		
<b>Deferred Tax Asset</b>		
Depreciation on Fixed Assets		
Unpaid Liabilities		
Unabsorbed loss		643.886
Intangibles		
Others	-	-
<b>Total Deferred Tax Asset</b>		<b>643.886</b>
<b>Less : Deferred Tax Liability</b>		
Depreciation on Fixed Assets		
Others	-	-
<b>Total Deferred Tax Liabilities</b>	-	-
<b>Net Deferred Tax Assets</b>		<b>643.886</b>

Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

14	<b>Long-term Loans and Advances</b> (Unsecured, Considered Good unless otherwise stated)		
	<b>Loan to Subsidiary Company</b>		
	<b>Capital Advances</b>		
	Considered Good		
	Considered Doubtful		
	Less: Provision for Doubtful Advances		
	<b>Net Capital Advances</b>	-	-
	<b>Security Deposits</b>		
	Considered Good		
	Considered Doubtful		
	Less: Provision for Doubtful Deposits		
	<b>Net Security Deposits</b>	-	-
	<b>Loans and Advances to Employees / Others</b>		
	Secured		
	Unsecured		
	Considered doubtful		
	Less: Provision for Doubtful Loans and Advances		
	<b>Net Loans and advances to employees / others</b>	-	-
	<b>Inter-corporate deposits</b>		
	Prepaid Expenses	-	-
	Advance Income Tax [Net of Provisions]	-	-
	Balances with Government Authorities	-	-
	<b>Others (Specify nature)</b>	-	-
	<b>Total Long-term Loans and Advances</b>	-	-
15	<b>Other Non-current Assets</b> (Unsecured – Considered Good unless stated otherwise)		
	<b>Long-Term Trade Receivables</b>		
	Considered Good		
	Considered Doubtful		
	Less: Provision for Doubtful Advances		
	<b>Net Long-Term Trade Receivable</b>	-	-
	<b>Unamortised Expenses</b>		
	Ancillary Borrowing Cost		
	Share Issue Expenses		
	Discount on Shares		
	<b>Total Unamortised Expenses</b>	-	-
	Interest Accrued on Investments		
	Contractually Reimbursable		
	Unamortised Premium on Investments		
	Others (Specify nature)	-	-
	<b>Total other Non-current Assets</b>	-	-

Sun Pharmaceuticals Italia S.R.L.  
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS

16	<b>Current Investments</b>		
	<b>A) Current Portion of Long-term Investments (At Cost)</b>		
	<b>Quoted</b>		
	In Debentures	-	-
	In Others		
	<b>Total Quoted</b>	-	-
	<b>Unquoted</b>		
	In Debentures		
	In Bonds		
	In Mutual Funds		
	In Pass-through Certificate		
	In Deposits		
	In Others	-	-
	<b>Total Unquoted</b>	-	-
	<b>B) Other Current Investments (At lower of Cost and Fair value)</b>		
	<b>Quoted</b>		
	In Certificate of Deposits		
	In Bonds		
	In Others	-	-
	<b>Total Quoted</b>	-	-
	<b>Unquoted</b>		
	In Government Securities		
	In Mutual Funds		
	In Deposits		
	In Commercial Paper		
	In Others	-	-
	<b>Total Unquoted</b>	-	-
	<b>Total Current Investments</b>	-	-
	<b>AGGREGATE VALUE OF INVESTMENTS</b>		
	<b>Quoted</b>		
	Book Value		
	Market Value		
	<b>Unquoted</b>		
	Book Value		

Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

17 Inventories		
Raw and Packing Materials		
Goods-in-Transit		
<b>Total Raw Materials and Packing Material and Goods in transit</b>	-	-
Work-in-Progress		
<b>Total Work-in-Progress</b>	-	-
Finished Goods		
Goods-in-Transit		
<b>Total Finished Goods and Goods in transit</b>	-	-
Stock-in-trade	1.737.448	2.181.822
Goods-in-Transit	398.805	557.227
<b>Total Stock-in-trade and Goods in transit</b>	2.136.253	2.739.049
Other Materials and Consumables		
Goods-in-Transit		
<b>Total Other Materials and Consumables and Goods in transit</b>	-	-
<b>Total Inventories</b>	<b>2.136.253</b>	<b>2.739.049</b>
18 <b>Trade Receivables</b>		
(Unsecured – Considered Good unless stated otherwise)		
<b>Outstanding for a period exceeding Six Months from the date they are due for payment</b>		
Considered Good	1.079.626	1.927.593
Doubtful	69.973	
Less: Provision for Doubtful Trade Receivables	69.973	
<b>Total Outstanding for a period exceeding Six Months from the date they are due for payment</b>	1.079.626	1.927.593
<b>Trade Receivables From Subsidiary Company</b>	682	160.729
Other Trade Receivables	1.271.470	1.527.711
<b>Total Trade Receivables</b>	<b>2.351.778</b>	<b>3.616.033</b>
19 <b>Cash and Cash Equivalents</b>		
<b>Balances that meet the definition of Cash and Cash Equivalents as per AS3 Cash Flow Statement</b>		
Cash on Hand	898	3.698
Cheques, Drafts on Hand	-	
<b>Balance with Banks</b>		
In Current Accounts	143.921	109.962
In Deposit Accounts with Original Maturity less than 3 Months		
In EEFC Accounts		
<b>Total Balance with Banks</b>	143.921	109.962
<b>Other Bank Balances</b>		
In Deposit Accounts (Refer Footnote)		
<b>In Earmarked Accounts:</b>		
Unpaid Dividend Accounts		
Balances held as Margin Money or Security against Guarantees and Other Commitments (Refer Footnote)	299.011	299.011
<b>Total of Earmarked Accounts</b>	299.011	299.011
<b>Total Cash and Cash Equivalents</b>	<b>443.830</b>	<b>412.671</b>
<b>Footnote: Balance with banks include:</b>		
Deposits		
Margin money	299.011	299.011
which have an original Maturity of more than 12 months		



Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>20 Short-term Loans and Advances</b>		
(Unsecured – Considered Good unless stated otherwise)		
<b>Loans and Advances to Subsidiary Company</b>	-	-
Security Deposits		
Considered Good	43.070	5.477
Considered Doubtful		
Less: Provision for Doubtful Deposits		
<b>Net Security Deposit</b>	<b>43.070</b>	<b>5.477</b>
<b>Loans and Advances to Employees / Others</b>		
Secured	5.000	5.000
Unsecured		
Considered Doubtful		
Less: Provision for Doubtful Loans and Advances		
<b>Net Loans and Advances to Employees / Others</b>	<b>5.000</b>	<b>5.000</b>
Prepaid Expenses	57.533	31.008
Balances with Government Authorities	74.343	72.005
Advance Income-Tax [net of Provisions ` ___ Million (Previous Year ` ___ million)]	36.937	18.001
Advances for Supply of Goods and Services		
Inter-corporate deposits		
<b>Others (Specify nature)</b>	-	-
<b>Total Short-term Loans and Advances</b>	<b>216.883</b>	<b>131.491</b>
<b>21 Other Current Assets</b>		
(Unsecured – Considered Good unless stated otherwise)		
Interest Accrued on Investments		
Export Incentive Receivables		
Receivables on Sales of Fixed Asset		
Unamortised Expenses		
Unamortised Premium on Investments		
Balance under Duty Entitlement Pass Book		
<b>Others:</b>		
Insurance Claim	-	-
Fixed Assets Held for Sale		
Contractually Reimbursable		
Others:	-	-
Receivable from Group Company for recharge Exp.	-	-
VAT Monthly Credit		
<b>Total Others</b>	-	-
<b>Total Other Current Assets</b>	-	-

Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>22 Revenue from Operations</b>		
Sale of Products	4.335.148	7.030.422
Sale of Products - To subsidiary companies	26.802	324.125
Sales of Services	-	-
Sale of Services - To subsidiary companies	-	-
<b>Other Operating Revenues:</b>		
Share of Profit from Partnership Firms		
Sale of Scrap		
Royalty Income		
Processing Charges Recovered		
Others	-	-
<b>Total of Other Operating Revenues</b>	-	-
<b>Total Revenue from Operations</b>	<b>4.361.950</b>	<b>7.354.547</b>
<b>23 Other Income</b>		
<b>Interest Income:</b>		
Deposits with Banks	25	67
Loans and Advances	-	-
<b>Loan to Subsidiary Company</b>	-	-
Current Investments		
Long-term Investments		
Others	-	52
<b>Total Interest Income</b>	<b>25</b>	<b>119</b>
Dividend Income on Long-term Investments (Previous Year ^ .....)		
<b>Net Gain on Sale of:</b>		
Current Investments		
Long-term Investments		
<b>Total Net Gain on Sale of Investments</b>	-	-
Net Gain on Foreign Currency Transactions and Translation	-	-
Profit on Sale of Fixed Assets (Net)		
Sundry Balances Written Back (Net)		
Insurance Claims		
Lease Rental and Hire Charges		
Miscellaneous Income	16.336	
<b>Total Other Income</b>	<b>16.361</b>	<b>119</b>
<b>24 Cost of Materials Consumed</b>		
<b>Raw and Packing Materials</b>		
Inventory at the beginning of the year		
Purchases during the year		
Purchases during the year - from subsidiary companies	-	-
Inventory at the end of the year	-	-
Exchange fluctuation		
<b>Total of Cost of Materials Consumed</b>	-	-
<b>25 Changes in Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade</b>		
Inventories at the beginning of the year	2.739.049	3.846.223
Inventories at the end of the year	2.136.253	2.739.049
Exchange fluctuation		
<b>Net Changes in Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade</b>	<b>602.796</b>	<b>1.107.174</b>

Sun Pharmaceuticals Italia S.R.L.  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

<b>26 Employee Benefits Expense</b>		
Salaries and Wages	864.384	860.140
Contribution to Provident and Other Funds	238.620	240.918
Expense on Employee Stock Option (ESOP) Scheme		
Staff Welfare Expenses	46.606	37.782
<b>Total Employee Benefits Expense</b>	<b>1.149.610</b>	<b>1.138.840</b>
<b>27 Finance Costs</b>		
<b>Interest Expense on:</b>		
Borrowings		
<b>From Subsidiary Company</b>	72.694	54.781
Net Loss on Foreign Currency Transactions and Translation (considered as Finance Cost)	-	-
Others		
<b>Total Finance Costs</b>	<b>72.694</b>	<b>54.781</b>
<b>28 Other Expenses</b>		
Consumption of Material, Stores and Spare Parts		
Conversion and Other Manufacturing Charges		
Power and Fuel		
Rent	32.243	30.484
Rates and Taxes		
Insurance	14.640	16.597
Selling and Distribution	195.876	254.638
Commission and Discount	1.741	2.747
<b>Repairs</b>		
Building		
Machinery		
Others	13.965	19.126
<b>Total Repairs</b>	<b>13.965</b>	<b>19.126</b>
Printing and Stationery	4.888	6.775
Travelling and Conveyance	55.245	61.161
Overseas Travel and Export Promotion		
Communication	35.049	25.588
<b>Provision for Doubtful Trade Receivable / Advances</b>		
Provision for Doubtful Trade Receivable	69.973	
Sundry Balances / Trade receivable Written Off (Net)		
Less: Adjusted out of Provision for earlier years		
<b>Total Provision for Doubtful Trade Receivable / Advances</b>	<b>69.973</b>	<b>-</b>
Professional and Consultancy	322.322	172.786
Donations		
Loss on Sale / Written Off of Fixed Assets (Net)	-	6.125
<b>Net loss on Sale of Investments</b>		
From Current Investments		
From Long-Term Investments		
<b>Total Net loss on Sale of Investments</b>	<b>-</b>	<b>-</b>
Net loss on Foreign Currency Transactions and Translation (Other than considered as Finance Cost)	-	-
Increase of Excise Duty on Inventory		
Decrease of Excise Duty on Inventory		





Assets	Gross block										Accumulated depreciation / amortisation / Impairment					Net block		Sale to Holding Company /				
	Opening Balance	Consolidation adjustment	Taken over on acquisition %	Purchases from Holding Company or Subsidiaries	Additions during the year other than from Holding Company or Subsidiaries	Deletions during the year other than from Holding Company or Subsidiaries	Reclassified as held for sale	Adjustment during the year	Sale to Holding Company or Subsidiaries	Deletions during the year other than from Holding Company or Subsidiaries	Closing Balance	Deletions during the year other than from Holding Company or Subsidiaries	Reclassified as held for sale	Depreciation / amortisation / Impairment during the year	Sale to Holding Company or Subsidiaries	Opening Balance	Closing Balance	Sale price of asset	Profit on sale of asset	Depreciation rate		
<b>TANGIBLE ASSETS</b>																						
Land																						
Freehold Land																						
Leasehold Land																						
Total Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Buildings																						
Buildings owneded																						
Buildings taken over under finance lease																						
Buildings given under operating lease																						
Total buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plant and equipment																						
Plant and equipment owned																						
Plant and equipment taken over under finance lease																						
Plant and equipment given under operating lease																						
Total Plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Vehicles																						
Vehicles owned	111,529																					
Vehicles taken over under finance lease																						
Vehicles given under operating lease																						
Total Vehicles	111,529																					
Office Equipments																						
Office equipments owned	47,433																					
Office equipments taken over under finance lease																						
Office equipments given under operating lease																						
Total Office Equipments	47,433																					
Furniture and Fixtures																						
Furniture and fixtures owned	18,110																					
Furniture and fixtures taken over under finance lease																						
Furniture and fixtures given under operating lease																						
Total Furniture and Fixtures	18,110																					
<b>Total - Current year</b>	<b>175,071</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,576</b>	<b>15,576</b>	<b>13,576</b>	<b>0</b>	<b>812</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total - Previous year</b>	<b>161,680</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>38,157</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>190,070</b>	<b>190,070</b>	<b>83,354</b>	<b>27,788</b>	<b>0</b>	<b>0</b>	<b>111,970</b>	<b>64,335</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>INTANGIBLE ASSETS</b>																						
Trademarks, Copyrights and Other Intangible Assets																						
Trademarks Owned	13,413																					
Copyrights Owned	13,413																					
Other Intangible Assets	13,413																					
Total - Current year	13,413																					
Total - Previous year	13,413																					
<b>TOTAL FIXED ASSETS</b>																						
Total - Current year	188,484	0	0	0	76,448	0	0	0	0	240,796	240,796	174,893	26,091	0	0	128,939	63,501	0	0	0	0	
Total - Previous year	175,071	0	0	0	121,117	0	0	0	0	196,453	196,453	104,000	27,788	0	0	124,985	64,335	0	0	0	0	

## **Sun Pharmaceuticals Italia SrL.**

### **1. Notes to the Balance Sheet as at 31 March 2016 and the Statement of Profit and Loss for the financial year 2015 - 2016.**

#### **1.1 General**

##### **General information**

Sun Pharmaceuticals Italia Srl is 100 % owned by Alkaloida Chemical Company Zrt . with its head office in Hungary. Alkaloida owns 1 share of € 10.000 .

##### **Going concern**

The company has made the decision to transfer the business to a fellow subsidiary company effective from May 6<sup>th</sup> 2016. All the assets and liabilities will be transferred at book value. As a consequence Sun Pharmaceuticals Italia SRL is no longer a going concern.

#### **1.2 Accounting Policy**

##### **Basis of Accounting**

The financial statements have been prepared under historical cost convention on an accrual basis.

##### **Tangible fixed assets**

Tangible fixed assets are valued at cost less straight-line depreciation, based on the estimated useful lives. The depreciation is a fixed percentage of the historical cost.

- Office Equipments : 20%
- Data Process Equipment : 20 %
- Furniture and Fixtures : 20%
- Software : 33.33%
- Vehicles : 25%
- For all assets categories the depreciation is half percentage for the first year and for Items with value until € 516,46 the depreciation is 100 % in the first year .

##### **Turnover**



Turnover represents the total invoice value of sales made during the year and after deduction of trade discounts.

### Stock

Stock is valued at lower of cost and net realizable value.

### Deferred Tax Assets

Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset has been written off in the current year as the company has made the decision to transfer the business to fellow subsidiary on 6<sup>th</sup> May 2016 .

### Related parties

All transactions with following related parties are closed at arm's length

Particulars	31/03/2016 (€)	31/03/2015 (€)
<b>Purchase of Goods</b>		
Sun Pharmaceutical Industries Ltd	406,157	1,542,439
Sun Pharma Global (FZE)	1,294,224	1,248,057
Sun Pharmaceuticals Spain	0	0
Sun Pharmaceuticals Germany	0	0
Sun Pharmaceuticals UK	0	0
Sun Pharmaceuticals Industries Europe	0	0
Interest – Alkaloida Chemical Co. Zrt	72,694	54,781
<b>Receiving of Services</b>		
Alkaloida Chemical Co. Zrt	71,380	119,080
Sun Pharmaceutical Industries (Europe) BV	252,719	96,095
<b>Loan Taken as on 31/03/2016</b>		
Alkaloida Chemical Co. Zrt	3,167,939	3,535,245
<b>Payable as on 31/03/2016</b>		
Alkaloida Chemical Co. Zrt	34,510	33,830
Sun Pharmaceutical Industries (Europe) BV	152,651	37,732
Sun Pharma Global (FZE)	768,930	1,654,610
Sun Pharmaceutical Industries Lt	68,211	246,339
Sun Pharmaceuticals UK	0	151
<b>Receivables as on 31/03/2016</b>		
Sun Pharma Global (FZE)	0	160,307
Sun Pharmaceutical Industries Ltd	0	0
Sun Pharmaceuticals Spain	0	422
Ranbaxy Italia SpA	682	0
<b>Sale of Goods</b>		
Sun Pharmaceuticals Germany GmbH	0	60,420
Sun Pharmaceutical Industries (Europe) BV	0	263,705

Sun Pharmaceuticals France	0	0
Ranbaxy Italia SpA	26,803	0

### Contingent Liabilities Not Provided for

	31/03/2016	31/03/2015
- Guarantees given by Bank on behalf of the Company	€ 2,438 Million	€ 2,866 Million
-AIFA for Hospital Spending review ( Year 2014)	€ 4,000 Million	€ 4,000 Million
-AIFA suspended the Pay-back for Hospital spending Review 2015 due to a class action on-going	€ 0,00	

Accounting Standard (AS-20) on Earnings Per Share	31.03.2016	31.03.2015
Profit for the year - used as Numerator for calculating Earning Per Share	-631573.00	85,894.00
Less: Prior year adjustment - deferred taxation	0.00	0.00
Less: Prior year adjustment - current taxation	0.00	0.00
Weighted Average number of Shares used in computing basic and diluted Earnings Per Share	1.00	1.00
Nominal value per share (in Euro)	10,000.00	10,000.00
Basic and Diluted Earnings Per Share (in Euro)	-631573.00	85,894.00

### Comparison with previous year

Previous year's figures are regrouped wherever necessary to make them comparable with current year's figures.

**For and on behalf of the Board**

**Prashant Savla**  
**Director**

Date : 6<sup>th</sup> May 2016

Place : Hoofddorp, Netherlands