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

18 May 2021

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Directors' report

Hoofddorp,
18 May 2021

Financial

The Directors present the Annual Report on the affairs of the Company, together with the financial statements and auditors' report for the period ended 31 March 2021.

Principal activities and structure of shares

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

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

Review of business

Fiscal year 2020-2021 was successful for Sun Pharmaceutical Industries (Europe) B.V. Despite the economy recovering slowly from a recession, we concluded the year with growth of the business. This confirms the adequacy of our business strategy and we will continue with high investments in all fields.

Sun Pharmaceutical Industries (Europe) B.V. won a few new tenders in all the geographies it operates during the year 2020-21. In addition, we also acquired a few new B2B customers which is important for successful development of our business. We have increased sales and market share in the markets where we sell directly.

Sun Pharmaceutical Industries (Europe) B.V. has achieved total revenues of € 21,486,865 in FY2020-2021.

Sun Pharmaceutical Industries (Europe) B.V. reported € 1,040,235 profit after taxes in FY2020-2021, which represents a increase compared to the previous year, when the result after taxes was a profit of €353,928.

Business Outlook of the Company

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

Employee Involvement

During the year under review Employee encouragement and development was a main focus area for the company. The company launched the SunCare program which includes four themes - Connecting, Appreciating, Recognising and Energizing. Various initiatives were taken to achieve these themes which included Birthday Celebration, Long Service Awards, Teambuilding events, Sun Mentor Program and Kudos Recognition program. All this is emphasized by the fact that we had very low attrition rate during the year 2020-2021.

Investments

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

Dividends

No interim dividend was paid and the Directors recommend no dividend for the period ended 31 March 2021.

Potential risks of the company

Liquidity risks

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

The company received financial support from the sister company, Basics GmbH (a Sun Company). The current account with the sister company was at the beginning of financial period € 4,000,000 and decreased to € 2,000,000 at financial year end.

Foreign exchange risks

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

Credit risk

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

Sun Pharmaceutical Industries (Europe) B.V. has no risk related to fulfilling its financial or business liabilities. The company has the intention to pay all liabilities in agreed timeline in FY2020 -2021 and was not in default at any time.

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

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

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

Legal proceedings

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

Going concern

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

Financial statements

Balance sheet as at 31 March 2021

(after appropriation of results)

	Ref.	31 March 2021		31 March 2020	
Assets		€	€	€	€
Intangible assets	1.				
Gross Block		469.179		469.179	
Less: Amortisation		(282.704)		(207.861)	
Total Intangible assets			186.474		261.318
Fixed assets	2.				
Gross Block		412.202		459.691	
Less: Depreciation		(283.875)		(305.546)	
Total Fixed assets			128.327		154.145
Current assets					
Inventories	3.	4.636.776		1.944.113	
			4.636.776		1.944.113
Accounts receivable	4.				
Trade Receivable		5.276.817		2.984.267	
Trade Receivable Shareholders		167.414		-	
Trade Receivable Inter-Company		3.115.429		5.429.021	
Other Receivables		14.821		42.980	
Deferred Income		628.786		1.318.515	
Taxes and Social security charges		-		133.179	
Prepaid and other accrued income		305.623		249.907	
			9.508.890		10.157.869
Cash at bank and in hand	5.	2.663.198		4.276.786	
			2.663.198		4.276.786
			17.123.666		16.794.232

		31 March 2021		31 March 2020	
		€	€	€	€
Equity and Liabilities					
Equity (Capitals and reserves)					
Share Capital	6.	18.000		18.000	
Other reserves	7.	1.420.656		379.985	
			1.438.656		397.985
Provisions					
Other provisions	8.	3.936.005		2.484.018	
			3.936.005		2.484.018
Long-term debts					
Loans	9.	2.000.000		-	
			2.000.000		-
Current liabilities					
Trade Payables Inter-Company	10.	7.547.091		12.049.884	
Trade Payables Shareholders		-		-	
Trade Payables		810.207		682.908	
Taxes and Social security charges		828.551		668.108	
Other Current Liabilities		563.155		511.330	
			9.749.005		13.912.229
			17.123.666		16.794.232

Profit and loss account for 01 April 2020-31 March 2021

		April 2020-March 2021		April 2019-March 2020	
	Ref.	€	€	€	€
<i>Net Turnover</i>	11.	21.486.865		25.658.706	
Other Operating Income		10.054.415		9.229.475	
<i>Cost of Sales</i>		17.714.175		23.025.384	
Gross margin			13.827.105		11.862.797
Wages and salaries	12.	6.728.925		5.965.603	
Social security charges	12.	848.035		836.910	
Amortisation and depreciation of intangible and tangible fixed assets	13.	135.536		143.814	
Other operating expenses	14.	4.713.779		4.442.228	
<i>Total operating expenses</i>			12.426.275		11.388.556
<i>Operating result</i>			1.400.830		474.242
Interest income and similar income		-		-	
Interest expenses and similar expenses	15.	12.145		24.187	
<i>Result before tax</i>			1.388.685		450.054
Taxation	16.		348.450		96.127
<i>Result after tax</i>			1.040.235		353.928

Cash flow statement for the year ended 31 March 2021

		2020-2021		2019-2020	
	Not e	€	€	€	€
Cash flow from operating activities					
Operating profit/(loss)			1.400.830		474.242
Adjustments for:					
Profit on Sales of Assets		(16.029)			
Depreciation, amortisation and other impairments		135.536		143.814	
Movement in provisions		1.452.424		1.513.051	
Interest on Loan				24.187	
			<u>1.571.931</u>		<u>1.681.052</u>
Movements in working capital:					
Inventories	10.	(2.692.663)		2.358.810	
Receivables	12.	648.979		2.643.796	
Current liabilities (excluding borrowings)	20.	(4.163.224)		2.945.400	
			<u>(6.206.908)</u>		<u>7.948.006</u>
Cash generated from operations					
			<u>(3.234.147)</u>		<u>10.103.300</u>
Corporate income tax accrued		(348.450)		(96.127)	
Interest paid		(36.332)		(27.618)	
			<u>(384.782)</u>		<u>(123.745)</u>
Net cash generated from operating activities					
			<u>(3.618.930)</u>		<u>9.979.555</u>

		2020-2021		2019-2020	
	Not e	€	€	€	€
Cash flow from Investing activities					
Decrease / (Increase) in Current Investments	19.	(18.846)		(141.661)	
Decrease / (Increase) in Other Receivables	19.			-	
Net cash generated from Investing activities			(18.846)	(141.661)	

		2020-2021		2019-2020	
	Not e	€	€	€	€
Cash flow from financing activities					
Proceeds from borrowings	19.	4.000.000		-	
Repayment on borrowings	19.	1.975.813		6.524.187	
Net cash generated from financing activities			2.024.187	(6.524.187)	
Net increase/(decrease) in cash at banks and in hand	14.		(1.613.588)	3.313.707	

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

Balance as at 1 April 2020		4.276.786		963.079	
Movements during the financial year		(1.613.588)		3.313.707	
Balance as at 31 March 2021		2.663.198		4.276.786	

Notes to the balance sheet and income statement

General notes

Activities

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

Going concern

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

This liability undertaking guarantees compliance by Alkaloida Chemical Company Zrt. with all the liabilities, obligations and commitments of Sun Pharmaceutical Industries (Europe) B.V. in the event of any shortage of funds. This undertaking shall be valid for a period of one year following the financial year ended March 31, 2021.

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

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

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

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

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

Group structure

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

Changes in accounting policies

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

Changes in accounting estimates

No changes in calculation of provisions during this financial year.

Estimate

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

Related parties

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

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

Accounting policies for the cash flow statement

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

General accounting policies

General

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

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

Comparison with previous year

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

Foreign currency

Functional currency

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

Transactions, receivables and liabilities

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

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

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

Accounting policies applied to the valuation of assets and liabilities

Intangible fixed assets

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

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

Concessions, licenses and intellectual property

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

Tangible fixed assets

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

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

Impairment of fixed asset

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

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

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

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

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

Inventories

Inventories for own use and sales

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

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

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

Accounts receivable

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

Cash at banks and in hand

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

Equity

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

The other reserves only contain Retained Earnings.

Provisions

General

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

For the difference between tender price and sales price to wholesalers a provision is made. This provision at year end is equal to the claims still to receive from the insurance company and wholesalers for financial year 2020-19.

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

Jubilee benefits

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

Current liabilities

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

Principles for the determination of the result

General

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

Revenue recognition

General

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

Sales of goods

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

Other Operating income

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

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

Cost of sales

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

Employee cost (employee benefits)

General

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

Short-term employee cost

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

Pensions

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

Amortisation of intangible fixed assets and depreciation of tangible fixed assets

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

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

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

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

Exceptional items

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

Interest income and interest expenses

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

Currency translation differences

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

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

Amounts released from revaluation reserves

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

Income tax

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

Financial instruments and risk management

Currency risk

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

Credit risk

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

Liquidity risk

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

1. Intangible fixed assets

	Concessions, licenses and intellectual property	Total
	€	€
Gross value	374.179	374.179
Cumulative depreciation	(133.114)	(133.114)
Book value 1 April 2019	<u>241.065</u>	<u>241.065</u>
Additions	95.000	95.000
Disposals	-	-
Depreciation on disposal	-	-
Depreciation	(74.747)	(74.747)
Mutation 2019-2020	<u>20.253</u>	<u>20.253</u>
Gross value	469.179	469.179
Cumulative depreciation	(207.861)	(207.861)
Book value 1 April 2020	<u>261.318</u>	<u>261.318</u>
Additions	-	-
Disposals	-	-
Depreciation on disposal	-	-
Depreciation	(74.842)	(74.842)
Mutation 2020-2021	<u>(74.842)</u>	<u>(74.842)</u>
Gross value	469.179	469.179
Cumulative depreciation	(282.704)	(282.704)
Book value 31 March 2021	<u>186.475</u>	<u>186.475</u>
Depreciation %	20%	

2. *Tangible fixed assets*

	Other fixed assets	Total
	€	€
Gross value	413.030	413.030
Cumulative depreciation	(236.479)	(236.479)
Book value 1 April 2019	176.551	20.647
Additions	46.661	46.661
Disposals	-	-
Depreciation on disposal	-	-
Depreciation	(69.067)	(69.067)
Mutation 2019-2020	(22.406)	(22.406)
Gross value	459.691	459.691
Cumulative depreciation	(305.546)	(305.546)
Book value 1 April 2020	154.145	154.145
Additions	43.175	43.175
Disposals	(90.667)	(90.667)
Depreciation on disposal	82.367	82.367
Depreciation	(60.694)	(60.694)
Mutation 2020-2021	(25.819)	(25.819)
Gross value	412.199	412.199
Cumulative depreciation	(283.874)	(283.874)
Book value 31 March 2021	128.326	128.326
Depreciation %	20%	

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

3. *Inventories*

	31-mrt-2021	31-mrt-2020
	€	€
Finished products and goods for resale	4.636.776	1.944.113
	4.636.776	1.944.113

There is no write-down on stock in the year 2020-2021

4. Accounts Receivables

	31-mrt-2021		31-mrt-2020	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
	€	€	€	€
Trade Receivables	5.276.817	-	2.984.267	-
Receivables from Shareholders	167.414	-	589.706	-
Receivables from Group companies	3.115.429	-	5.429.021	-
Other receivables	14.821	-	42.980	-
Deffered Income	628.786	-	1.318.515	-
Tax and social security charges				
Prepayments	305.623	-	249.907	-
	<u>9.508.890</u>	<u>-</u>	<u>10.614.396</u>	<u>-</u>

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

4.1. Trade Receivables

	31-mrt-2021	31-mrt-2020
	€	€
Trade debtors	5.308.185	4.104.233
Less: provision for bad debt	(31.368)	(31.368)
	<u>5.276.817</u>	<u>4.072.865</u>

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

4.2. Receivables from Group companies

An interest rate of 0% (2020: 0%) per annum applies to the average intercompany balances. In respect of repayment and securities provided, no agreements have been made.

4.3. Other receivables

	31-mrt-2021	31-mrt-2020
	€	€
Loans and advances to staff	-	5.512
Loans given	-	8.359
Deposits	13.445	7.745
Advances to Suppliers	1.376	3.126
Income taxes	-	23.750
	<u>14.821</u>	<u>48.492</u>

4.4. Tax and Social Security charges

	31-mrt-2021	31-mrt-2020
	€	€
Value added tax Belgium		133.179
	-	133.179

5. Cash at banks and in hand

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

6. Equity

	31-mrt-2021	€	31-mrt-2020	€
	No. of shares		No. of shares	
Authorised				
Equity shares of € 100 each	900	90.000	900	90.000
Cumulative preference shares of € 100 each	-	-	-	-
	900	90.000	900	90.000
Issued, subscribed and fully paid up				
Equity Shares of € 100 each	180	18.000	180	18.000
	180	18.000	180	18.000

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

	31-mrt-2021	€	31-mrt-2020	€
	No. of shares		No. of shares	
Reconciliation of fully paid equity shares				
Opening balance 1 April	180	18.000	180	18.000
Less : buy back of shares	-	-	-	-
Closing balance 31 March	180	18.000	180	18.000

Details of shareholders holding more than 5% in the Company

	31-mrt-2021		31-mrt-2020	
Equity shares	No. of shares	% of holding	No. of shares	% of holding
Alkaloida Chemical Company Zrt.	180	100	180	100

7. Other Reserves

	31-mrt-2021	31-mrt-2020
	€	€
Balance as at 1 April	380.422	26.058
Additions profit / (loss) for the year	1.040.235	353.928
Balance as at 31 March	1.420.656	379.986

8. Provisions

The movements in provisions is as follows:

	Provision for Trade Discount	Employee related provision	Total Other Provisions
	€	€	€
Balance as at 1 April 2020	1.880.356	603.662	2.484.018
Additions	7.826.757	683.726	8.510.483
Release	6.456.861	603.662	7.060.524
Withdrawal	(2.028)		(2.028)
Balance as at 31 March 2021	3.252.279	683.726	3.936.005

All provisions have a maturity of less than 1 year.

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

9. Long term debts

	31-mrt-2021	31-mrt-2020
	€	€
Long-term loan from Alkaloida Chemical Company Zrt.	-	-
Long-term loan from Basics GmbH	2.000.000	-
	2.000.000	-

10. Current liabilities

	31-mrt-2021	31-mrt-2020
	€	€
Liabilities to Group companies	7.547.091	12.049.884
Liabilities to Shareholders	-	-
Liabilities to others	810.207	682.908
Tax and social security charges	828.551	668.108
Other liabilities and accrued expenses	563.155	511.330
	<u>9.749.005</u>	<u>13.912.229</u>

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

Payables to group companies

An interest rate of 0% (202021: 0%) is applicable to the average intercompany balances. In respect of repayment and securities, no agreements have been made.

Tax and social security charges

	31-mrt-2021	31-mrt-2020
	€	€
Value added tax Netherlands	85.556	209.909
Wage tax	236.074	235.932
Social security premiums	69.908	61.140
Corporate income tax	437.013	161.127
	<u>828.551</u>	<u>668.108</u>

(Multiyear) financial obligations

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

Operational leasing

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

11. Net turnover

	202021	201920
	€	€
The Netherlands	9.426.465	10.247.787
Other EU countries	12.060.399	14.460.084
Other European countries		445.157
Other countries		505.679
	<hr/> 21.486.865	<hr/> 25.658.706

The breakdown of revenue by category is as follows:

	202021	201920
	€	€
Trade activities	21.467.280	25.658.706
Professional services and consultancy	10.054.415	9.229.475
	<hr/> 31.521.695	<hr/> 34.888.181

12. Wages and salaries

	202021	201920
	€	€
Wages and salaries	6.480.817	5.716.960
Social security charges	615.927	587.851
Pension contributions	232.108	249.059
Other employee costs	248.108	248.642
	<hr/> 7.576.960	<hr/> 6.802.513

Average number of employees

During 202021, 51 employees were employed on a full-time basis (201920: 59).

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

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

	202021	201920
	€	€
Amortisation of intangible fixed assets	74.842	74.747
Impairment on intangible fixed assets	-	-
Depreciation of tangible fixed assets	60.694	69.067
Impairment on tangible fixed assets	-	-
	<hr/>	<hr/>
	135.536	143.814

14. Other Operating Expenses

	202021	201920
	€	€
Rent	297.433	240.990
Insurance	30.983	24.160
Selling and Distribution	2.178.370	1.637.315
Repairs and Maintenance	22.989	25.108
Printing and stationery	2.732	15.911
Travelling and conveyance	34.531	277.904
Overseas travel and export promotion	252.714	217.252
Communication	39.004	45.003
Professional, legal and consultancy	1.296.282	1.254.178
Net (gain) / loss on foreign currency transactions and translation	1.663	26.938
Payments to auditors	30.492	40.409
Miscellaneous expenses	526.586	637.060
	<hr/>	<hr/>
	4.713.779	4.442.228

15. Interest income and expense

	202021	201920
	€	€
Interest and similar income	-	-
Interest and similar expenses	12.145	24.187
	<hr/>	<hr/>
	12.145	24.187

16. Tax on result

The tax on the result from ordinary business activities, amounting to € 348.450, can be specified as follows:

	202021	201920
	€	€
Result before tax	1,369.100	450.054
Deferred corporate income tax	-	-
Corporate income tax current financial year	200.744	107.014
Corporate income tax previous financial years	147.706	(10.887)
Tax on result	348.450	96.127

17. Related parties

All transactions to Intercompany

	Year ended 31st March 2021	Year ended 31st March 2020
	€	€
Sales of Goods		
Sun Pharmaceuticals Germany GmbH	-	3.132.294
Ranbaxy (UK) Ltd	69.792	-
Ranbaxy Pharmacie Generiques SAS	-	-
Taro Pharmaceutical Industries Israel	359.529	505.679
	429.321	3.637.973
Other Income (incl Management Fees)		
Sun Pharma Global (FZE)	4.035.846	3.129.288
Sun Pharmaceuticals Germany GmbH	695.158	664.045
Alkaloida Chemical Company Zrt.	65.109	60.874
Basics GmbH	1.251.452	1.288.411
Sun Pharma Laboratorios SLU	365.164	812.994
Ranbaxy Italia SpA	965.868	866.859
Sun Pharma France	727.330	681.058
Ranbaxy (UK) Ltd	1.479.068	994.134
Terapia SA	450.976	439.552
	10.035.971	8.937.215
Purchase of Goods		
Sun Pharma Global (FZE)	1.030.711	540.430
Sun Pharmaceutical Industries Ltd	18.966.263	19.523.766
Terapia SA	97.830	24.346
Sun Pharmaceutical Medicare Limited	-	161.668
Sun Pharmaceuticals Germany GmbH	18.000	51.750
	20.112.803	20.301.960
Interest Expense		
Alkaloida Chemical Company Zrt.	-	-
Basics GmbH	-	22.479
	-	22.479
Other Expenses (incl Management Fees)		
Alkaloida Chemical Company Zrt.	1.004.394	1.123.825
Basics GmbH	252.218	145.637
Terapia SA	2.186.612	1.983.167
Sun Pharma France	164.512	-
Ranbaxy UK Ltd	520.130	422.475
Ranbaxy Poland Sp Zoo	5.393	3.286
	4.133.259	3.678.389

Trade Receivables

Sun Pharmaceutical Industries Ltd	1.045.344	3.445.097
Sun Pharmaceuticals Germany GmbH	104.653	6.781
Sun Pharma ANZ PTY Ltd	714	-
Alkaloida Chemical Company Zrt.	167.414	4.472
Ranbaxy Italia SpA	101.623	102.356
Sun Pharma Global (FZE)	988.107	1.023.625
Sun Pharma (Netherlands) BV	39.014	-
Basics GmbH	194.245	68.787
Sun Pharma Laboratorios SLU	-	118.787
Sun Pharma France	97.275	218.061
Ranbaxy (U.K.) Ltd.	183.669	48.867
Terapia S.A.	34.766	118.526
Sun Pharma Laboratories Ltd.	2.544	2.544
Sun Pharmaceutical Medicare Ltd.	300.997	182.082
Sun Pharma Advance Research Co Ltd.	17.936	80.184
Taro Pharmaceutical Industries Israel	4.543	8.854
	3.282.843	5.429.021

Loans Taken

Basics GmbH	2.000.000	-
	2.000.000	-

Trade Payable

Alkaloida Chemical Company Zrt.	-	(589.706)
Sun Pharma Global (FZE)	350.000	684.437
Sun Pharmaceutical Industries Ltd	6.771.511	11.436.445
Terapia SA	283.133	419.704
Basics GmbH	26.386	14.292
Ranbaxy Italia S.p.A	-	-
Ranbaxy (U.K.) Ltd.	51.331	37.361
Sun Pharma Switzerland Ltd.	-	14.821
Sun Pharmaceuticals Germany GmbH	-	28.558
Sun Pharma Netherlands B.V.	-	3.532
Sun Pharma France	38.883	
Sun Pharma Laboratorios SLU	25.418	
Ranbaxy Poland Sp Zoo	429	440
	7.547.091	12.049.884

18. Subsequent events

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

Hoofddorp

18 May 2021

Sun Pharmaceutical Industries (Europe) B.V.

19. Other information

18.1. Articles of association governing profit appropriation

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

The board of directors proposes to add the profit for FY2020-2021 of € 1,040,235 to the other reserves. This proposal has been processed in the annual report in advance of the adoption by the General Shareholders Meeting.

18.2. Independent Auditor's report



INDEPENDENT AUDITOR'S REPORT

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

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

Our opinion

We have audited the financial statements for the year ended 31 March 2021 of Sun Pharmaceutical Industries (Europe) B.V. based in Hoofddorp, The Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sun Pharmaceutical Industries (Europe) B.V. as at 31 March 2021 and of its result for the period 01 April 2020 up to and including 31 March 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 March 2021;
- the profit and loss account for the period 01 April 2020 up to and including 31 March 2021; and
- the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

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

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

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

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

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

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

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

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

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Our responsibilities for the audit of the financial statements

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amstelveen, 17 May 2021

Auren Audit & Assurance Amsterdam B.V.

Original was signed by

drs. G.M.P. Recter RA