



SUN
PHARMA

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

29 April 2022

Contents

Contents	1
Directors' report	3
Financial statements	5
Balance sheet as at 31 March 2022	6
Profit and loss account for 01 April 2021-31 March 2022	8
Cash flow statement for the year ended 31 March 2022	9
Notes to the balance sheet and income statement	11
Activities	11
Registered office, legal form and registration number at the chamber of commerce	11
Group structure	11
Changes in accounting policies	11
Changes in accounting estimates	11
Estimate	11
Related parties	12
Accounting policies for the cash flow statement	12
General accounting policies	13
General	13
Comparison with previous year	13
Foreign currency	13
Accounting policies applied to the valuation of assets and liabilities	14
Intangible fixed assets	14
Concessions, licenses and intellectual property	14
Tangible fixed assets	14
Impairment of fixed asset	14
Inventories	15
Inventories for own use and sales	15
Accounts receivable	15
Cash at banks and in hand	15
Equity	15
Provisions	15
Current liabilities	15
Principles for the determination of the result	16
General	16
Revenue recognition	16
Cost of sales	16
Employee cost (employee benefits)	16
Amortisation of intangible fixed assets and depreciation of tangible fixed assets	17
Exceptional items	17
Interest income and interest expenses	17
Currency translation differences	17
Income tax	17
Financial instruments and risk management	18

1.	Intangible fixed assets	19
2.	Tangible fixed assets	20
3.	Inventories	20
4.	Accounts Receivables	21
	4.1. Trade Receivables	21
	4.2. Receivables from Group companies	21
	4.3. Other receivables	21
	4.4. Tax and Social Security charges	22
5.	Cash at banks and in hand	22
6.	Equity	22
7.	Other Reserves	23
8.	Provisions	23
9.	Long term debts	23
10.	Current liabilities	24
11.	Net turnover	25
12.	Wages and salaries	25
13.	Amortisation and depreciation and impairment on intangible and tangible fixed :	26
14.	Other Operating Expenses	26
15.	Interest income and expense	26
16.	Tax on result	27
17.	Related parties	28
18.	Other information	31
	18.1. Articles of association governing profit appropriation	31
	18.2. Independent Auditor's report	31

Directors' report

Hoofddorp,
29 April 2022

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 2022.

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 2021-2022 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 2021-22. 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 € 27,486,571 in FY2021-2022.

Sun Pharmaceutical Industries (Europe) B.V. reported € 879,531 profit after taxes in FY2021-2022, which represents a decrease compared to the previous year, when the result after taxes was a profit of € 1.040,235.

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 2021-2022.

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 2022.

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 € 2,000,000 and increased to € 4,000,000 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 FY2021 -2022 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.

Ratio's

	202122	202021
	€	€
Equity	2.318.186,62	1.438.656,52
Balance sheet total	14.440.804,73	17.123.666,42
Solvabiliteit	16%	8%
Current ratio	4,09	1,72
Quick ratio	3,09	1,25

Financial statements

Balance sheet as at 31 March 2022

(after appropriation of results)

	Ref.	31 March 2022		31 March 2021	
Assets		€	€	€	€
Intangible fixed assets	1.				
Gross Block		544.179		469.179	
Less: Amortisation		(333.356)		(282.704)	
Total Intangible fixed assets			210.822		186.474
Tangible fixed assets	2.				
Gross Block		318.842		412.202	
Less: Depreciation		(214.393)		(283.875)	
Total Tangible fixed assets			104.448		128.327
Inventories					
Finished products and goods for resale	3.	3.451.371		4.636.776	
			3.451.371		4.636.776
Receivable	4.				
Trade Receivable		3.811.629		5.276.817	
Receivables from shareholders		10.600		167.414	
Receivables from group companies		2.714.256		3.115.429	
Other Receivables		40.126		14.821	
Deffered Income		870.544		628.786	
To invoice to Group companies		399.710			
Taxes and Social security charges		9.383		-	
Prepayments		264.701		305.623	
			8.120.949		9.508.890
Cash at bank and in hand	5.	2.625.126		2.663.198	
			2.625.126		2.663.198
			14.512.717		17.123.666

		31 March 2022		31 March 2021	
		€	€	€	€
Equity and Liabilities					
Equity (Capitals and reserves)					
Share Capital	6.	18.000		18.000	
Other reserves	7.	2.300.187		1.420.657	
			2.318.187		1.438.657
Provisions					
Other provisions	8.	3.955.634		3.252.279	
			3.955.634		3.252.279
Long-term debts					
Debts to group companies	9.	4.000.000		2.000.000	
			4.000.000		2.000.000
Current liabilities					
Account payables to group companies	10.	1.519.122		7.547.091	
Debts to shareholders		477.076		-	
Trade Payables		623.180		810.207	
Taxes and Social security charges		361.471		828.551	
Other liabilities and accruals		1.258.047		1.246.881	
			4.238.896		10.432.731
			14.512.717		17.123.666

Profit and loss account for 01 April 2021-31 March 2022

		April 2021-March 2022		April 2020-March 2021	
	Ref.	€	€	€	€
<i>Net Turnover</i>	11.	27.486.571		21.486.865	
Other Operating Income		10.377.932		10.054.415	
<i>Cost of Sales</i>		23.722.722		17.714.175	
Gross margin			14.141.781		13.827.105
Wages and salaries	12.	7.287.160		6.728.925	
Social security premiums and pension contributions	12.	778.712		848.035	
Amortisation and depreciation of intangible and tangible fixed assets	13.	89.651		135.536	
Other operating expenses	14.	4.800.046		4.713.779	
Total operating expenses			12.955.569		12.426.275
Operating result			1.186.212		1.400.830
Interest income and similar income		-		-	
Interest expenses and similar expenses	15.	54.584		12.145	
Result before tax			1.131.628		1.388.685
Tax on result	16.		252.096		348.450
Result after tax			879.531		1.040.235

Cash flow statement for the year ended 31 March 2022

	Note	2021-2022		2020-2021	
		€	€	€	€
Cash flow from operating activities					
Operating profit/(loss)			1.186.212		1.400.830
Adjustments for:					
Depreciation, amortisation and other impairments		89.651		135.536	
Movement in provisions		703.355		1.452.424	
			<u>793.005</u>		<u>1.571.931</u>
Movements in working capital:					
Inventories	10.	1.185.405		(2.692.663)	
Receivables	12.	1.387.940		648.979	
Current liabilities (excluding borrowings)	20.	(6.193.835)		(4.163.225)	
			<u>(3.620.490)</u>		<u>(6.206.909)</u>
Cash generated from operations			<u>(1.641.272)</u>		<u>(3.234.148)</u>
Corporate income tax paid/accrued		(252.096)		(348.450)	
Interest paid		(54.584)		(36.332)	
			<u>(306.680)</u>		<u>(384.782)</u>
Net cash generated from operating activities			<u>(1.947.953)</u>		<u>(3.618.930)</u>

		2021-2022		2020-2021	
	Note	€	€	€	€
<i>Cash flow from Investing activities</i>					
Decrease in Tangible fixed assets	19.	(188.889)		(18.845)	
Increase in Intangible fixed assets		75.000			
Increase in Tangible fixed assets	19.	23.769		-	
<i>Net cash generated from Investing activities</i>			(90.120)	(18.845)	

		2021-2022		2020-2021	
	Note	€	€	€	€
<i>Cash flow from financing activities</i>					
Proceeds from borrowings	19.	8.500.000		4.000.000	
Repayment on borrowings	19.	6.500.000		1.975.813	
<i>Net cash generated from financing activities</i>			2.000.000	2.024.187	
<i>Net increase/(decrease) in cash at banks and in hand</i>	14.		(38.073)	(1.613.588)	

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

Balance as at 1 April 201		2.663.198		4.276.786	
Movements during the financial year		(38.073)		(1.613.588)	
Balance as at 31 March 2022		2.625.125		2.663.198	

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.

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.

Operational leasing

The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

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 price based on the FIFO method (first in, first out) 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. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

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 2021-22.

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.

Non-current liabilities

On initial recognition long-term debts are recognised at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs.

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

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-incidental operations.

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.

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
	€	€
Book value 1 April 2021	186.475	186.475
Additions	75.000	75.000
Disposals	-	-
Depreciation on disposal	-	-
Depreciation	(50.652)	(50.652)
Mutation 2021-2022	24.348	24.348
Gross value	544.179	544.179
Cumulative depreciation	(333.356)	(333.356)
Book value 31 March 2022	210.823	210.823
Depreciation %	20%	

2. Tangible fixed assets

	Other fixed assets	Total
	€	€
Book value 1 April 2021	128.326	128.326
Additions	23.769	23.769
Disposals	(117.129)	(117.129)
Depreciation on disposal	108.480	108.480
Depreciation	(38.999)	(38.999)
Mutation 2021-2022	(23.879)	(23.879)
Gross value	318.839	318.839
Cumulative depreciation	(214.392)	(214.392)
Book value 31 March 2022	104.447	104.447
Depreciation %	20%	

3. Inventories

	31-mrt-2022	31-mrt-2021
	€	€
Finished products and goods for resale	3.451.371	4.636.776
	3.451.371	4.636.776

Finished products and goods for resale valued at a lower realisable value have a book value of € 293.685 as at the balance sheet date.

4. Accounts Receivables

	31-mrt-2022		31-mrt-2021	
	Total	Remaining term > 1 year	Total	Remaining term > 1 year
	€	€	€	€
Trade Receivables	3.811.629	-	5.276.818	-
Receivables from Shareholders	10.600	-	-	-
Receivables from Group companies	2.714.256	-	3.120.680	-
Other receivables	40.126	-	14.821	-
Deferred Income	870.544	-	628.786	-
To invoice to Group companies	399.710	-	-	-
Tax and social security charges	9.383	-	-	-
Prepayments	264.701	-	305.623	-
	<u>8.120.949</u>	<u>-</u>	<u>9.346.727</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-2022	31-mrt-2021
	€	€
Trade debtors	3.811.629	4.104.233
Less: provision for bad debt	-	(31.368)
	<u>3.811.629</u>	<u>4.072.865</u>

Trade debtors includes receivables for an amount of up to € 29,54, with a remaining maturity of more than one year.

4.2. Receivables from Group companies

An interest rate of 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-2022	31-mrt-2021
Deposits	6.189	13.445
Advances to Suppliers	33.938	1.376
Income taxes	-	-
	<u>40.126</u>	<u>14.821</u>

4.4. Tax and Social Security charges

	31-mrt-2022	31-mrt-2021
	€	€
Value added tax Netherlands	9.383	-
	<u>9.383</u>	<u>-</u>

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-2022	€	31-mrt-2021	€
	No. of shares		No. of shares	
Authorised				
Equity shares of € 100 each	900	90.000	900	90.000
Cumulative preference shares of € 100 each	-	-	-	-
	<u>900</u>	<u>90.000</u>	<u>900</u>	<u>90.000</u>
Issued, subscribed and fully paid up				
Equity Shares of € 100 each	180	18.000	180	18.000
	<u>180</u>	<u>18.000</u>	<u>180</u>	<u>18.000</u>

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

	31-mrt-2022	€	31-mrt-2021	€
	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	-	-	-	-
	<u>180</u>	<u>18.000</u>	<u>180</u>	<u>18.000</u>
Closing balance 31 March 2022	180	18.000	180	18.000

Details of shareholders holding more than 5% in the Company

	31-mrt-2022		31-mrt-2021	
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-2022	31-mrt-2021
	€	€
Balance as at 1 April	1.420.655	380.423
Additions profit / (loss) for the year	879.531	1.040.235
Balance as at 31 March 2022	2.300.187	1.420.658

The board of directors proposes to add the profit for FY2021-2022 of € 879,531 to the other reserves. This proposal has been processed in the annual report in advance of the adoption by the General Shareholders Meeting.

8. Provisions

The movements in provisions is as follows:

	Provision for Trade Discount
	€
Balance as at 1 April 2021	3.252.279
Additions	9.663.032
Withdrawal	8.959.677
Balance as at 31 March 2022	3.955.634

All provisions have a maturity of less than 1 year.

9. Long term debts

	31-mrt-2022	31-mrt-2021
	€	€
Long-term loan from Basics GmbH	4.000.000	2.000.000
	4.000.000	2.000.000

10. Current liabilities

	31-mrt-2022	31-mrt-2021
	€	€
Liabilities to Group companies	1.519.122	7.547.091
Liabilities to Shareholders	477.076	-
Trade payables	623.180	810.207
Tax and social security charges	361.471	828.551
Other liabilities and accrued expenses	1.258.047	1.246.881
	<hr/> 4.238.896	<hr/> 10.432.731

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% 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-2022	31-mrt-2021
	€	€
Value added tax Netherlands	-	85.556
Wage tax	253.975	236.074
Social security premiums	63.310	69.908
Corporate income tax	44.186	437.013
	<hr/> 361.471	<hr/> 828.551

(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

	202122	202021
	€	€
The Netherlands	11.496.090	9.426.465
Other EU countries	15.990.481	12.060.399
	<u>27.486.571</u>	<u>21.486.865</u>

12. Wages and salaries

	202122	202021
	€	€
Wages and salaries	6.976.983	6.480.817
Social security charges	546.141	615.927
Pension contributions	232.571	232.108
Other employee costs	310.177	248.108
	<u>8.065.872</u>	<u>7.576.960</u>

Average number of employees

During 202122, 52 employees were employed on a full-time basis (202021: 51).

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

	202122	202021
	€	€
Amortisation of intangible fixed assets	50.652	74.842
Depreciation of tangible fixed assets	38.999	60.694
	<u>89.651</u>	<u>135.536</u>

14. Other Operating Expenses

	202122	202021
	€	€
Rent	333.573	297.433
Insurance	16.466	30.983
Selling and Distribution	2.370.041	2.178.370
Repairs and Maintenance	15.406	22.989
Printing and stationery	3.900	2.732
Travelling and conveyance	100.454	34.531
Overseas travel and export promotion	231.962	252.714
Communication	39.715	39.004
Professional, legal and consultancy	1.158.275	1.296.282
Net (gain) / loss on foreign currency transactions and translation	404	1.663
Payments to auditors	31.781	30.492
Miscellaneous expenses	498.069	526.586
	<u>4.800.046</u>	<u>4.713.779</u>

15. Interest income and expense

	202122	202021
	€	€
Interest and similar expenses	54.584	12.145
	<u>54.584</u>	<u>12.145</u>

16. Tax on result

The tax on the result from ordinary business activities, amounting to € 252.096, can be specified as follows:

	202122	202021
	€	€
Result before tax	1.131.628	1.388.685
Corporate income tax current financial year	260.478	200.744
Corporate income tax previous financial years	(8.382)	147.706
Tax on result	252.096	348.450

17. Related parties

All transactions to Intercompany

	Year ended 31st March 2022	Year ended 31st March 2021
	€	€
Sales of Goods		
Sun Pharmaceuticals Germany GmbH	23.696	-
Ranbaxy (UK) Ltd		69.792
Ranbaxy Pharmacie Generiques SAS	80.871	-
Sun Pharma Laboratorios SLU	46.959	
Ranbaxy Italia SpA	80.465	
Taro Pharmaceutical Industries Israel	333.222	359.529
	565.213	429.321
Other Income (incl Management Fees)		
Sun Pharma Global (FZE)	-	4.035.846
Sun Pharmaceutical Industries DMCC	3.471.702	
Sun Pharmaceutical Industries Ltd	1.318.045	
Sun Pharmaceuticals Germany GmbH	661.972	695.158
Alkaloida Chemical Company Zrt.	63.218	65.109
Basics GmbH	1.123.597	1.251.452
Sun Pharma Laboratorios SLU	430.283	365.164
Ranbaxy Italia SpA	1.014.758	965.868
Sun Pharma France	727.683	727.330
Ranbaxy (UK) Ltd	1.114.651	1.479.068
Terapia SA	436.259	450.976
	10.362.168	10.035.971
Purchase of Goods		
Sun Pharmaceutical Industries DMCC	1.266.031	1.030.711
Sun Pharmaceutical Industries Ltd	20.145.907	18.966.263
Terapia SA	26.640	97.830
Sun Pharma Laboratorios SLU	2.755	
Taro Pharmaceutical Industries Ltd	90.277	
Basics	3.104	
Sun Pharmaceuticals Germany GmbH		18.000
	21.534.713	20.112.803
Interest Expense		
Terapia S.A.	25.125	-
	25.125	-
Other Expenses (incl Management Fees)		
Alkaloida Chemical Company Zrt.	1.354.653	1.004.394
Basics GmbH	241.920	252.218
Terapia SA	2.325.921	2.186.612
Sun Pharma France	526.991	164.512
Sun Pharma Switzerland	138.815	
Ranbaxy UK Ltd	925.249	520.130
Ranbaxy Poland Sp Zoo	5.242	5.393
	5.518.792	4.133.259

Trade Receivables

Sun Pharmaceutical Industries Ltd	967.648	1.045.344
Sun Pharmaceuticals Germany GmbH	148.524	104.653
Sun Pharma ANZ PTY Ltd	-	714
Alkaloida Chemical Company Zrt.	10.600	167.414
Ranbaxy Italia SpA	178.429	101.623
Sun Pharma Global (FZE)	-	988.107
Sun Pharmaceutical Industries DMCC	710.617	
Sun Pharma (Netherlands) BV	27.516	39.014
Basics GmbH	207.948	194.245
Sun Pharma Laboratorios SLU	62.492	-
Sun Pharma France	92.072	97.275
Ranbaxy (U.K.) Ltd.	197.705	183.669
Terapia S.A.	70.648	34.766
Sun Pharma Laboratories Ltd.	2.544	2.544
Sun Pharmaceutical Medicare Ltd.	1.672	300.997
Sun Pharma Advance Research Co Ltd.	22.781	17.936
Taro Pharmaceutical Industries Israel	23.660	4.543
	2.724.856	3.282.843

Loans Taken

Basics GmbH	4.000.000	2.000.000
	4.000.000	-

Trade Payable

Alkaloida Chemical Company Zrt.	477.076	-
Sun Pharma Global (FZE)	-	350.000
Sun Pharmaceutical Industries DMCC	558.387	
Sun Pharmaceutical Industries Ltd	80.131	6.771.511
Terapia SA	324.919	283.133
Taro Pharmaceutical Industries Ltd	90.277	
Basics GmbH	18.637	26.386
Ranbaxy Italia S.p.A	-	-
Ranbaxy (U.K.) Ltd.	130.654	51.331
Sun Pharma Switzerland Ltd.	26.442	-
Sun Pharmaceuticals Germany GmbH	2.677	-
Sun Pharma Netherlands B.V.	-	-
Sun Pharma France	283.817	38.883
Sun Pharma Laboratorios SLU	2.755	25.418
Ranbaxy Poland Sp Zoo	428	429
	1.996.198	7.547.091

18. Other information

18.1. Articles of association governing profit appropriation

Article 23 of the articles of association states the following regarding profit appropriation:

1. The profits of the Company shall be at disposal of the General Meeting.
2. The Company may distribute profits only if and to the extent that its shareholders' equity is greater than the sum of the paid and called-up part of the issued capital and the reserves which must be virtue of the law.
3. Dividends may me paid only after approval and adoption of the annual accounts which show that they are justified.
4. For the purpose of determining the allocation of profits any shares of depository receipts held by the Company and any shares or depository receipts of which the Company has a usufruct shall not be taken into account.
5. The General Meeting may resolve to declare interim dividends. A resolution to declare an interim dividend from the profits realised in the current financial year may also be passed by the Board of Directors. Dividend payments as referred to in this paragraph may be made only if the provision in paragraph 2 has been met.
6. A general Meeting declaring a dividend may direct that it is to be satisfied wholly or partly by the distribution of assets.

18.2. Independent Auditor's report



INDEPENDENT AUDITOR'S REPORT

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

A. Report on the audit of the financial statements 2021-2022 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 March 2022 of Sun Pharmaceutical Industries (Europe) B.V. based in Hoofddorp.

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 2022 and of its result for the year ended 31 March 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 March 2022;
- the profit and loss account for the year ended 31 March 2022; 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

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

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 all the information regarding the management report and the other 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, 29 April 2022

Auren Audit & Assurance Amsterdam B.V.

Original was signed by

Drs. G.M.P. Recter RA