

OPIH FRANCE SARL

Limited Liability Company

With a capital of 1,330,000 Euros

11-15 Quai de Dion Bouton

92800 Puteaux

**AUDITOR'S REPORT ON THE ANNUAL
FINANCIAL STATEMENTS**

Financial year ending on 31 March 2017

21 June 2017



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OPIH France Sarl Financial year ending on 31 March 2017

Auditor's report on the annual financial statements

To the Sole Shareholder,

In accordance with the task entrusted to us by the General Assembly, we present to you our report on the financial year ending on 31 March 2017, on:

- The inspection of the annual financial statements of OPIH France, as appended to this report;
- The justification for our assessments;
- The specific information and verifications laid down by law.

The annual financial statements were drafted by the Manager. Our task was to express an opinion on these financial statements, on the basis of our audit.

1. Opinion on the annual financial statements

We executed our audit in accordance with the standards of professional conduct applicable in France; these standards require the implementation of due diligence that provides reasonable assurance that the annual financial statements do not include any significant anomalies. An audit consists of using surveys or other methods of selection to verify the items justifying the amounts and information given in the annual financial statements. It also consists of assessing the accounting policies followed, the significant estimates retained and the overall presentation of the accounts. We believe that the information that we collected is sufficient and appropriate to base our opinion on.

We hereby certify that the annual financial statements are regular and genuine as regards the French accounting policies and rules, and that they give a fair view of the result of the operations in the past year as well as of the financial situation and the situation of the assets of the company at the end of the said financial year.

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2. Justification of the assessments

In pursuance of the provisions of Article L. 823-9 of the Commercial Code pertaining to the justification of our assessments, we would like to inform you that the assessments that we made pertained to the appropriate nature of the accounting policies applied and on the overall presentation of the financial statements.

The assessments made in this manner are part of our process of auditing the annual financial statements, taken in their whole, and therefore contributed to the formation of our opinion that was expressed in the first part of this report.

3. Specific information and verifications

In addition, in pursuance of the standards of professional conduct applicable in France, we also performed the specific verifications laid down by law.

We have no comments on the truthfulness of the information given in the Manager's management report and in the documents addressed to the sole shareholder on the financial situation and on the annual financial statements, and its concordance with the annual financial statements.

Paris, 21 June 2017

[Signature]

BDO France Léger & associés
Represented by Eric Picarle
Statutory Auditor

**FINANCIAL
STATEMENTS TO
31/03/2017**

Balance sheet assets

Statement expressed in Euros

		31/03/2017			31/03/2016
		Gross	Amort. and Deprec.	Net	Net
Capital subscribed uncalled (I)					
FIXED ASSETS	INTANGIBLE ASSETS				
	Preliminary costs				
	Development costs				
	Licenses, patents and similar rights	499	499		
	Goodwill (1)				
	Other intangible assets				
	Advances and prepayments				
	TANGIBLE ASSETS				
	Lands				
	Buildings				
	Technical installations, indus. equip. & tools				
	Other tangible assets	60,967	52,350	8,617	4,248
	Fixed assets in progress				
Advances and prepayments					
FINANCIAL ASSETS (2)					
Investments in associates valued by the equity method					
Other equity interests					
Receivables from associates					
Other fixed investments					
Loans	123,150	123,150			
Other financial assets					
	TOTAL (II)	184,617	175,999	8,617	4,248
CURRENT ASSETS	STOCK AND WORK IN PROGRESS				
	Raw materials & supplies				
	Work in progress for production of goods				
	Work in progress for production of services				
	Intermediate and finished products				
	Goods				
	Advances and Prepayments paid on orders				
	RECEIVABLES (3)				
	Trade receivables and related accounts				305,023
	Other receivables	2,869,731		2,869,731	2,691,118
Capital subscribed and called up, unpaid					
INVESTMENT SECURITIES					
CASH	246,114		246,114	58,560	
ACCRUALS	Prepayments				1,458
	TOTAL (III)	3,115,846		3,115,846	3,056,159
	Loan issuance cost to be spread (IV)				
	Premiums on the redemption of debentures (V)				
	Unrealised exchange difference (VI)				
TOTAL ASSETS (I to VI)		3,300,462	175,999	3,124,463	3,060,407

(1) including leasehold right

(2) including financial assets of less than one year

(3) including receivables of more than one year

Balance sheet liabilities

Statement expressed in Euros

31/03/2017

31/03/2016

Capital and Reserves	Total share capital Issue, merger, acquisition and such premiums Differences arising on revaluation	1,330,000	1,330,000
	RESERVES		
	Legal reserve	7,879	7,879
	Statutory or contractual reserves	230,250	230,250
	Regulated reserves		
	Other reserves	1,057	1,057
	Balance brought forward	(632,065)	(679,850)
	Profit/loss for the year	196,955	47,785
	Investment subsidies Regulated provisions		
	Total capital and reserves	1,134,076	937,121
Other capital and reserves	Income from issues of participating shares Conditional advances		
	Total other capital and reserves		
Provisions	Provisions for risks	569,600	395,908
	Provisions for charges	417,856	627,681
	Total provisions	987,456	1,023,589
PAYABLES (1)	FINANCIAL DEBTS		
	Convertible debenture loans		
	Other debenture loans		
	Loans and debts from credit institutions (2)		
	Other loans and financial debts		
	Advances and prepayments received on orders in progress		
	OPERATING DEBTS		
	Trade payables and related accounts	66,356	117,880
	Tax and social security liabilities	819,124	981,817
	OTHER PAYABLES		
Payables on fixed assets and related accounts Other payables	117,451		
Prepaid income (1)			
	Total payables	1,002,931	1,099,697
	Unrealised exchange losses		
	TOTAL LIABILITIES	3,124,463	3,060,407
	Profit/loss expressed in cents	196,954.92	47,784.78
	(1) Prepaid income and expenses of less than one year	1,002,931	1,099,697
	(2) Of which bank facilities and overdrafts, bank credit balance and PCA		

Income statement

		31/03/2017		31/03/2016	
		12 months	% TO	12 months	% TO
OPERATING INCOME	Sale of goods				
	Production sold (Goods)				
	Production sold (Services and Works)	3,938,720	100.00	4,670,985	100.00
	Net turnover	3,938,720	100.00	4,670,985	100.00
	Production for stock				
	Capitalised production costs				
	Operating subsidies				
	Reversals on provisions and depreciation, transfer of charges	254,825	6.47	302,297	6.47
	Other income	481	0.01	3	
	Total operating income	4,194,025	106.48	4,973,285	106.47
OPERATING EXPENSES	Purchase of goods				
	Variations in stock				
	Purchases of raw materials and other supplies				
	Variations in stock				
	Other external purchases and expenses	879,979	22.34	1,073,824	22.99
	Taxes, duties and similar payments	143,451	3.64	194,200	4.16
	Wages and salaries	2,002,314	50.84	2,465,252	52.78
	Personnel social security charges	782,714	19.87	1,133,618	24.27
	Owner's personal contributions to social security				
	Amortisation, depreciation and provisions	224,315	5.70	36,076	0.77
Other expenses	1,478	0.04	(196)		
Total operating expenses	4,034,251	102.43	4,902,774	104.96	
OPERATING PROFIT/LOSS	159,774	4.06	70,511	1.51	
FINANCIAL INCOME <small>Opera. comm.</small>	Profit appropriated or loss transferred				
	Loss borne or profit transferred				
	From equity interests (3)				
	From other marketable securities and fixed asset receivables (3)				
	Other interests and similar income (3)	32,722	0.83	44,093	0.94
	Reversal of provisions and depreciation and transfer of charges				
	Exchange gains				
Net income from the sale of investment securities					
Total financial income	32,722	0.83	44,093	0.94	
FINANCIAL EXPENSES	Amortisation, depreciation and provisions				
	Interests and similar expenses (4)	4		519	0.01
	Exchange losses				
	Net expenses from the sale of investment securities				
Total financial expenses	4		519	0.01	
FINANCIAL PROFIT/LOSS	32,718	0.83	43,575	0.93	
PROFIT/LOSS BEFORE TAX	192,492	4.89	114,086	2.44	
Total extraordinary income	7,523	0.19			
Total extraordinary expenses	3,061	0.08	66,301	1.42	
EXTRAORDINARY PROFIT / LOSS	4,462	0.11	(66,301)	-1.42	
EMPLOYEE PROFIT-SHARING					
TAX ON PROFITS					
TOTAL INCOME	4,234,270	107.50	5,017,378	107.42	
TOTAL EXPENSES	4,037,316	102.50	4,969,593	106.39	
PROFIT/LOSS FOR THE YEAR	196,955	5.00	47,785	1.02	

Financial statements as at 31/03/2017

APPENDICES

NOTE – 1

Accounting Rules and Methods**Statement expressed in Euros**

The financial statements for the year have been prepared and presented in accordance with the applicable general rules and in compliance with the principle of prudence.

The balance sheet for the financial year shows a total of €3,124,463.

The income statement, presented in the form of a list, shows:

Total income of €4,234,270

Total expenses of €4,037,316

Thus generating a loss of €196,955.

The financial year under consideration covers the period 01/04/2016 to 31/03/2017, i.e. 12 months.

The following notes and tables form an integral part of the annual financial statements.

General accounting policies have been applied in compliance with the basic assumptions of:

- going concern principle
- consistency of accounting methods over the financial years
- appropriate cut-offs.

And in compliance with the applicable French regulations arising from the decrees of the Regulatory Committee.

The basic method used for the valuation of items recorded in the accounts is the historical cost method.

Tangible assets

Tangible assets are valued at their acquisition cost (purchase price plus incidentals excluding expenses for the acquisition of the fixed assets) or at their production cost. The company has decided to recognise fixed assets acquisition expenses as charges.

Depreciation is based on the useful life.

Intangible assets

Intangible assets are valued at their acquisition cost (purchase price and incidentals, excluding expenses for the acquisition of the fixed assets).

They consist of software programs, amortised over three years.

NOTE – 1

Accounting Rules and Methods

Statement expressed in Euros

Receivables

Receivables are recognised at their nominal value.
A provision for depreciation is recognised when a loss is likely.

Provisions for risks and charges

Risks and charges, the nature of which is clearly specified, that become likely on account of past or current events give rise to the recognition of a provision.
Upon the closing of accounts, the sum of the provision concerning litigation shall amount to €570K.
In accordance with the prospective method for retirement commitments, the company recognises a provision covering commitments relating to employee rights in its accounts, pursuant to the collective agreement of the pharmaceutical industry, at the time of retirement.
This method calculates the retirement benefits, spread out equally over the entire working life.
The provision for retirement commitments amounts to €418K.

Capital and Reserves

The share capital amounts to €1,330,000 made up of 1,330,000 shares of a nominal value of €1 each. It is fully paid up.

Pursuant to the decision of the shareholders at the General Meeting of 10 June 2016, the earnings shown in the financial statements on 31 March 2016 were allocated to the retained earnings in the amount of €47,785.

Capitals and reserves 31-03-2016: €937,121
Result of the financial year: €196,955
Capitals and reserves 31-03-2017: €1,134,076

Tax consolidation

Since 01/01/2006, and tacitly renewed since 01/01/2011, Ranbaxy has opted for tax consolidation. The earnings of its subsidiary OPIH are consolidated into that of RANBAXY PHARMACIE GENERIQUES, the only entity liable to corporation tax, additional taxes and the minimum annual corporation tax payable by the Group.

The taxable income transferred to the RANBAXY PHARMACIE GENERIQUES company by its subsidiary OPIH as on 31 March 2016 consists of a deficit of €155,615.

NOTE – I

Accounting Rules and Methods

Statement expressed in Euros

Change of valuation method

There was no change to the valuation method during the financial year.

Change of presentation method

There was no change to the presentation method during the financial year.

Significant events

The group has confirmed its financial support to the company, thus justifying the going concern assumption made for the closing of the accounts.

Non-recurring expenses

The "non-recurring expenses" account consists of fines and penalties of an amount of €3K.

Financial income

This consists of interest paid by the parent company RANBAXY PHARMACIE GENERIQUES in the amount of €33K, relative to the loan of €2,600K granted by the company.

Post-closing events

None

Additional information

The Auditors' fees for the certification of the company's financial statements amount to €8,000.

Competitiveness and Employment Tax Credit (CICE)

The purpose of the CICE (Competitiveness and Employment Tax Credit) is to finance improved competitiveness, notably efforts in terms of investments, prospecting for new contracts and replenishing of the working capital. The amount of the CICE relative to the 2016 salaries is equal to €39,555.

NOTE - 2

Fixed assets

Statement expressed in Euros

		Opening values	Movements during the year				Gross value as at 31/03/2017
			Increase		Decrease		
			Revaluations	Acquisitions	Re-classifications.	Disposals	
INTANGIBLE	Preliminary and development costs						
	Others	499					499
	TOTAL INTANGIBLE ASSETS	499					499
TANGIBLE	Lands						
	Buildings on freehold land on leasehold land fixtures, fittings, installations						
	Technical instal., industrial equipment and tools						
	Sundry fixtures, fittings, installations						
	Transport equipment						
	Office equipment, furniture	50,975		9,992			60,967
	Recyclable and other packaging						
Tangible assets in progress							
Advances and prepayments							
TOTAL TANGIBLE ASSETS	50,975		9,992			60,967	
FINANCIAL	Investments in associates valued by the equity method						
	Other equity interests						
	Other fixed investments						
	Loans and other financial assets	123,150					123,150
TOTAL FINANCIAL ASSETS	123,150					123,150	
TOTAL		174,624		9,992			184,617

NOTE - 3

Depreciation and Amortisation

Statement expressed in Euros

		Opening amortisation	Movements during the year		Amortisation as at 31/03/2017
			Provisions	Reversals	
INTANGIBLE	Preliminary and development costs				
	Others	499			499
	TOTAL INTANGIBLE ASSETS	499			499
TANGIBLE	Lands				
	Buildings on freehold land				
	on leasehold land				
	fixtures, fittings, installations				
	Technical instal., industrial equipment and tools				
	Sundry fixtures, fittings, installations				
	Transport equipment				
Office equipment, furniture	46,727	5,623		52,350	
Recyclable and other packaging					
TOTAL TANGIBLE ASSETS	46,727	5,623		52,350	
TOTAL		47,226	5,623		52,849

	Breakdown of movements affecting the provision for accelerated depreciation						Change in depreciation and amortisation at year-end
	Provisions			Reversals			
	Duration and other differential	Diminishing balance method	Exceptional tax amort.	Duration and other differential	Diminishing balance method	Exceptional tax amort.	
Preliminary and development costs							
Other intangible assets							
TOTAL INTANGIBLE ASSETS							
Lands							
Buildings on freehold land							
on leasehold land							
fixtures, fittings, installations							
Technical instal., industrial equipment and tools							
Sundry fixtures, fittings, installations							
Transport equipment							
Office equipment, IT, furniture							
Recyclable and other packaging							
TOTAL TANGIBLE FIXED ASSETS							
Cost of acquisition of participating shares							
TOTAL							
GRAND TOTAL NOT BROKEN DOWN							

NOTE - 4

Provisions

Statement expressed in Euros

		Opening	Increase	Decrease	31/03/2017
REGULATED PROVISIONS	Reconstruction mining and oil deposits				
	Provisions for investment				
	Provisions for price increases				
	Provision for accelerated depreciation				
	Tax provisions for installation loans				
	Other provisions				
REGULATED PROVISIONS					
PROVISIONS FOR RISKS AND CHARGES	For litigation	395,908	218,692	45,000	569,600
	For guarantees given to customers				
	For losses on futures markets				
	For fines and penalties				
	For exchange losses				
	For pensions and similar obligations	627,681		209,825	417,856
	For taxes				
	For renewal of fixed assets				
	Provisions for major repairs and renovations				
	For social security and tax charges on accrued leaves				
Other					
PROVISIONS FOR RISKS AND CHARGES		1,023,589	218,692	254,825	987,456
PROVISIONS FOR DEPRECIATION	On fixed assets { intangible tangible shares valued by the equity method participating shares other financial assets	123,150			123,150
	On stock and work in progress				
	On trade debtors				
	Others				
	PROVISIONS FOR DEPRECIATION		123,150		
GRAND TOTAL		1,146,739	218,692	254,825	1,110,606
Of which provisions and reversals { - operating - financial - extraordinary			218,692	254,825	
Shares accounted for by the equity method: depreciation amount at the year-end calculated in accordance with the rules provided for in Article 39-1.5e of the GTC					

NOTE – 5

Receivables and Payables

Statement expressed in Euros

		31/03/2017	<= 1 year	> 1 year	
RECEIVABLES	Receivables from associates Loans (1) (2) Other financial assets	123,150		123,150	
	Bad and Doubtful debts Other trade receivables				
	Receivables representing loaned securities	62,076	62,076		
	Personnel and related accounts	23,834	23,834		
	Social Security and other social bodies Tax on profits				
	Value added tax	7,637	7,637		
	Other taxes, duties and similar payments				
	Miscellaneous	176,183	176,183		
	Group and associates (2)	2,600,000	2,600,000		
	Sundry debtors				
	Prepaid expenses				
	TOTAL RECEIVABLES	2,992,881	2,869,731	123,150	
	(1) Loans granted during the year				
	(2) Repayments obtained during the year				
	(3) Loans and advances to associates (natural persons)				

		31/03/2017	<= 1 year	1 - 5 years	> 5 years
PAYABLES	Convertible debenture loans (1) Other debenture loans (1)				
	Loans/debts from credit instit at less than 1 year from start (1)				
	Loans/debts from credit instit at more than 1 year from start (1)				
	Loans and miscellaneous financial debts (1) (2)				
	Trade payables and related accounts	66,356	66,356		
	Personnel and related accounts	377,620	377,620		
	Social Security and other social bodies	355,343	355,343		
	Tax on profits				
	Value added tax	58,076	58,076		
	Guaranteed bonds				
	Other taxes, duties and similar payments	28,084	28,084		
	Debts on fixed assets and related accounts				
	Group and associates (2)				
	Other payables	117,451	117,451		
	Debt representing borrowed securities Prepaid income				
TOTAL PAYABLES	1,002,931	1,002,931			
(1) Loans taken out during the year					
(2) Loans paid back during the year					
(3) Loans and debts from associates (natural persons)					

NOTE – 6.01

Amounts relating to several balance sheet items

	31/03/2017	Associated undertakings	Undertakings linked by virtue of a participating interest	Receivables and payables represented by trade bills
Statement expressed in Euros				
Balance sheet assets				
Capital subscribed uncalled				
Fixed assets				
Advances, prepayments on intangible assets				
Advances, prepayments on tangible assets				
Equity interests				
Receivables from associates				
Loans				
Other fixed investments				
Other financial assets				
Current assets				
Advances, prepayments paid on orders				
Clients and related accounts				
Other receivables	2,600,000			
Capital subscribed and called up, not paid				
Investment securities				
Cash				
Balance sheet liabilities				
Debts				
Convertible debenture loans				
Other debenture loans				
Loans and debts to credit institutions				
Loans and other financial debts				
Advances, prepayments received on orders	117,451			
Trade payables and related accounts				
Payables on fixed assets and related accounts				
Other debts				

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NOTE – 6.10

ACCRUED INCOME

Statement expressed in Euros

31/03/2017

Total Income receivable	176,183
Other claims <i>GOVERNMENT-INCOME RECEIVABLE</i>	176,183 <i>176,183</i>

NOTE – 6.11

Accrued expenses

Statement expressed in Euros

31/03/2017

Total accrued expenses		583,229
Trade payables and related accounts		50,795
<i>SUPPLIER, UNDELIVERED INVOICES</i>	<i>50,795</i>	
Tax and social security liabilities		532,434
<i>PROVISIONS FOR ACCRUED TOIL</i>	<i>20,032</i>	
<i>PROVISIONS ACCRUED LEAVE</i>	<i>42,932</i>	
<i>PROVISIONS FOR ACCRUED LEAVE</i>	<i>181,154</i>	
<i>PROVISIONS FOR TIME SAVINGS ACCOUNT</i>	<i>488</i>	
<i>PERSONNEL, ACCRUED EXPENSES</i>	<i>55,255</i>	
<i>PROVISIONS FOR ACCRUED SOCIAL CHARGES</i>	<i>7,615</i>	
<i>SOCIAL INSTITUTIONS, ACCRUED EXPENSES</i>	<i>112,043</i>	
<i>ORGANIC</i>	<i>244</i>	
<i>CONTRIBUTION TO THE SOCIAL HOUSING LEVY</i>	<i>22,840</i>	
<i>APPRENTICESHIP TAX</i>	<i>3,075</i>	
<i>PROFESSIONAL TRAINING</i>	<i>86,757</i>	

NOTE – 6.12

Prepaid income

Statement expressed in Euros

	Period	Amounts	31/03/2017
Prepaid income - OPERATING Advances on contracts			
Prepayments - FINANCIAL			
Prepayments - EXTRAORDINARY			
TOTAL			

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NOTE – 6.14

Issued capital

Statement expressed in Euros		31/03/2017	Number	Nom. Value	Amount
SHARES / UNITS	Of the issued capital at start of financial year		1,330,000.00	1.0000	1,330,000.00
	Issued during the financial year			0.0000	
	Reimbursed during the financial year			0.0000	
	Of the issued capital at end of financial year		1,330,000.00	1.0000	1,330,000.00

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NOTE – 6.17

Breakdown of the turnover

Statement expressed in Euros

31/03/2017

Turnover by business line		3,938,720
Production sold – Services		3,938,720
<i>Global service income group</i>	<i>3,935,810</i>	
<i>Income from related activities</i>	<i>2,910</i>	

Turnover by geographical market		3,938,720
FRANCE turnover		3,938,720
<i>Global service income group</i>	<i>3,935,810</i>	
<i>Income from related activities</i>	<i>2,910</i>	

NOTE – 6.18

Breakdown of tax on profits

Statement expressed in Euros

31/03/2017

Profit/loss
before tax

Taxes (1)

Profit/loss after
tax

PROFIT/LOSS FROM ORDINARY ACTIVITIES	192,492		192,492
EXTRAORDINARY PROFIT / LOSS (and equity interests)	4,462		4,462
ACCOUNTING PROFIT/LOSS	196,955		196,955

(1) after tax restatements.

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NOTE – 11

Increase and decrease in future tax liabilities

Statement expressed in Euros 31/03/2017

INCREASE	Regulated provisions	
	Other	
INCREASE IN FUTURE TAX LIABILITIES		

DECREASE	Provisions not deductible in the year of recognition	
	Provisions for retirement benefits	139,285
	Provisions for loan for building initiative	41,050
	Other	
	Provisions for accrued leaves	90,577
DECREASE IN FUTURE TAX LIABILITIES		270,912

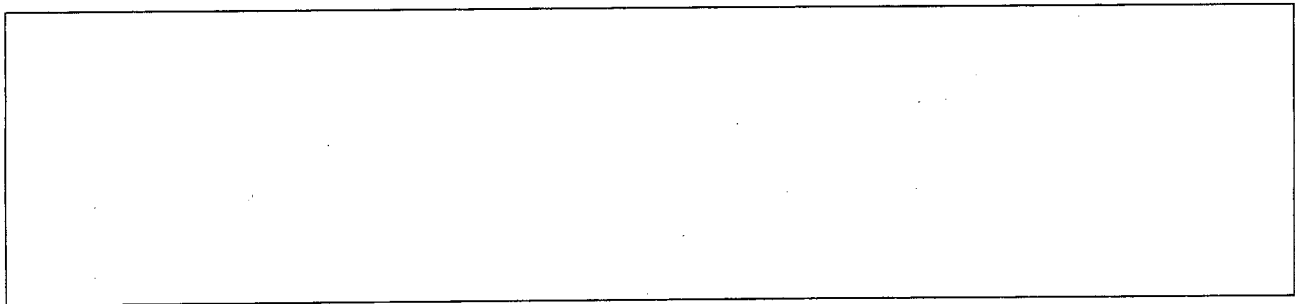
The amounts indicated in the above table are expressed in taxes.

NOTE - 13

Average headcount

Statement expressed in Euros 31/03/2017 Internal External

AVERAGE HEADCOUNT PER CATEGORY		Internal	External
	Managers & intellectual professions	6	
	Intermediate professions	36	
	White collar employees		
	Blue collar workers		
	TOTAL	42	



Parent companies consolidating the financial statements

31/03/2017

OPIH France is a company included in the consolidation of Sun Pharmaceutical Industries Ltd, which publishes its consolidated financial statements in accordance with the Indian GAAP standards.

The French sub-group meets the exemption conditions for the preparation of consolidated financial statements in view of its size.

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