

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
SUN PHARMA DE MEXICO S.A. DE C.V.**

We have audited the accompanying Balance Sheet of **Sun Pharma de Mexico S.A. de C.V.** ("the Company") as at December 31, 2015, the Statement of Profit and Loss, the Statement of Changes in Stockholders' Equity and the Cash Flow Statement of the Company for the year ended on that date, all annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Mexico. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are prepared in conformity with Mexican Financial Reporting Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the financial reporting standards used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above give a True and Fair view in conformity with Mexican Financial Reporting Standards:

- i. in the case of Balance Sheet, of the state of affairs of the Company as at December 31, 2015;
- ii. in the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date;
- iii. in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date; and
- iv. in the case of Statement of Changes in Stockholders' Equity, of the changes in stockholders' equity of the Company for the year ended on that date.

For and on behalf of Garcia Landa Becerril & Asociados S.C.

**C.P.C. Jorge Marcos Garcia Landa
Independent Auditors**

Mexico City, March 25, 2016

Registration Numbers with Colegio de Contadores Publicos de Mexico AC:

- 1) Garcia Landa Becerril & Asociados S.C. - 06882**
- 2) C.P.C. Jorge Marcos Garcia Landa - 03325**

**STATUTORY AUDITORS' REPORT
TO THE SHAREHOLDERS OF
SUN PHARMA DE MEXICO S.A. DE C.V.**

In my capacity as Statutory Auditor, and in compliance with the provisions of Article 166 of the Mexican General Corporations Law and the by-laws of **Sun Pharma de Mexico S.A. de C.V.** ("the Company"), I am pleased to submit my Audit Report on the veracity, sufficiency and reasonability of the Financial Statements of the Company for the year ended December 31, 2015, presented to you by the Board of Directors of the Company.

I have attended the Shareholders' and the Board of Directors' meetings to which I was summoned and I have obtained from the board members and the Company's officers all the information on the Company's operations, documentation and records, that I considered necessary for examination. I conducted my audit in accordance with auditing standards generally accepted in Mexico.

In my opinion, the accounting and reporting policies and procedures observed by the Company in the preparation of the financial statements that are being presented to the shareholders are adequate and sufficient and were applied on a basis consistent with that of the previous year. Therefore, it is also my opinion that the financial statements referred to above give a True and Fair view in conformity with Mexican Financial Reporting Standards:

- i. in the case of Balance Sheet, of the state of affairs of the Company as at December 31, 2015;
- ii. in the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date;
- iii. in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date; and
- iv. in the case of Statement of Changes in Stockholders' Equity, of the changes in stockholders' equity of the Company for the year ended on that date.

**C.P.C.Diana Vazquez Campos
Statutory Auditor**

Mexico City, March 25, 2016

SUN PHARMA DE MEXICO S.A. DE C.V.

BALANCE SHEET AS AT DECEMBER 31 ST , 2015

	As at December 31, 2015		As at December 31, 2014	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
EQUITY AND LIABILITIES				
Shareholders Equity				
Capital Stock	\$1,010,360		\$1,010,360	
Reserves and Surplus	\$186,972,751	\$187,983,111	<u>\$127,160,210</u>	\$128,170,570
Non Current Liabilities				
Long Term Borrowings	\$0		\$35,265,288	
Deferred Tax Liabilities	\$10,498	\$10,498	<u>\$457,125</u>	\$35,722,413
Current Liabilities				
Trade Payables	\$6,299,957		\$39,670,837	
Other Current Liabilities	\$1,754,327	\$8,054,284	<u>\$2,246,975</u>	\$41,917,812
Total		<u>196,047,893</u>		<u>205,810,795</u>
ASSETS				
Non Current Assets				
Fixed Assets		\$33,299,311		\$35,125,722
Current Assets				
Inventories	\$45,870,952		\$44,880,040	
Trade Receivables	\$88,456,191		\$106,822,364	
Cash and Cash Equivalents	\$19,116,203		\$4,580,016	
Short Term Loans and Advances	\$9,111,952		\$14,210,047	
Other Current Assets	\$193,284	\$162,748,582	<u>\$192,606</u>	\$170,685,073
Total		<u>196,047,893</u>		<u>205,810,795</u>

See accompanying notes forming part of the Financial Statements

In terms of my/our report attached.

C.P.C. Diana Vazquez Campos
Statutory Auditor

Lic. Fernando Salvador Ramos Suarez
President

For and on behalf of
Garcia Landa Becerril & Asociados S.C.

Lic. Vipulkumar Jayantilal Timbadia
Legal Representative

C.P.C. Jorge Marcos Garcia Landa
Independent Auditors

Mexico City, March 25, 2016

SUN PHARMA DE MEXICO S.A. DE C.V.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 2015

	Year Ended Dec 31 ,2015		Year Ended December 31, 2014	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
Net Sales		\$281,731,291		\$292,897,930
Other Income		\$1,429,333		\$1,636,937
		\$283,160,624		\$294,534,867
Cost of Materials Consumed	\$17,865,100		\$37,554,236	
Purchase of Stock-in-Trade	\$23,118,367		\$31,294,690	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(\$33,860)	\$40,949,607	(\$18,178,707)	\$50,670,219
		\$242,211,017		\$243,864,648
Operational Expenses				
Personal Expenses	\$59,903,139		\$51,547,016	
Marketing and Sales Expenses	\$63,917,567		\$63,577,697	
Factory, Administration and other Expenses	\$25,253,844		\$48,307,881	
Depreciation	\$7,528,284	\$156,602,834	\$6,813,185	\$170,245,779
Operating Profit		\$85,608,183		\$73,618,869
Unrealised Exchange Gain / (Loss) - Net		\$0		(\$2,825,736)
Realised Exchange Gain / (Loss) - Net		(\$858,310)		(\$2,277,653)
Profit Before Tax		\$84,749,873		\$68,515,480
Tax Expenses				
Current Tax	\$25,383,959		\$21,858,332	
Deferred Tax Loss / (Gain)	(\$446,627)	\$24,937,332	(\$713,560)	\$21,144,772
Profit for the Year		\$59,812,541		\$47,370,708

See accompanying notes forming part of the Financial Statements

In terms of my/our report attached.

C.P.C. Diana Vazquez Campos
Statutory Auditor

Lic. Fernando Salvador Ramos Suarez
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For and on behalf of
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Independent Auditors

Mexico City, March 25, 2016

SUN PHARMA DE MEXICO S.A. DE C.V.

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
CASH FLOW FROM OPERATING ACTIVITIES				
Profit Before Tax		\$84,749,873		\$68,515,480
Adjustment for:				
Depreciation Expenses	\$7,528,284		\$6,813,185	
Profit on Sales of Fixed Assets	(\$964,032)		(\$1,057,697)	
Interest Income	(\$465,301)		(\$512,259)	
Net Unrealised Exchange (Gain) / Loss	\$0	\$6,098,951	\$2,825,736	\$8,068,965
Operating Profit Before Working Capital Changes		\$90,848,824		\$76,584,445
Changes in Working Capital:				
Increase / (Decrease) Trade Payables	(\$33,370,880)		\$22,672,702	
Increase / (Decrease) Other Current Liabilities	(\$492,648)		(\$938,021)	
(Increase) / Decrease Inventories	(\$990,912)		(\$20,795,072)	
(Increase) / Decrease Trade Receivables	\$18,366,173		(\$29,258,300)	
(Increase) / Decrease Short Term Loans and Advances	\$5,098,095		\$5,023,999	
(Increase) / Decrease Other Current Assets	(\$678)	(\$11,390,850)	(\$81,000)	(\$23,375,692)
Cash Generated from Operations		\$79,457,974		\$53,208,753
Income Tax Paid		\$25,383,959		\$21,858,332
Net Cash Flow from Operating Activities		\$54,074,015		\$31,350,421
CASH FLOW FROM FINANCING ACTIVITIES				
Share Capital Application Money Paid		\$0		(\$23,430,259)
Loan Paid		(\$35,265,288)		(\$9,369,088)
Net Cash Flow used in Financing Activities		(\$35,265,288)		(\$32,799,347)
CASH FLOW FROM INVESTING ACTIVITIES				
Capital Expenditure on Fixed Assts (Net)		(\$6,347,937)		(\$7,565,765)
Proceed from Sale of Fixed Assets		\$1,610,096		\$2,044,035
Interest Received		\$465,301		\$512,259
Net Cash Flow Used in Investing Activities		(\$4,272,540)		(\$5,009,471)
NET INCREASE IN CASH AND EQUIVALENTS		\$14,536,187		(\$6,458,397)
CASH AND EQUIVALENTS AT BEGINNING OF THE YEAR		\$4,580,016		\$11,038,413
CASH AND EQUIVALENTS AT END OF THE YEAR		\$19,116,203		\$4,580,016

See accompanying notes forming part of the Financial Statements

In terms of my/our report attached.

C.P.C. Diana Vazquez Campos
Statutory Auditor

Lic. Fernando Salvador Ramos Suarez
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For and on behalf of
Garcia Landa Becerril & Asociados S.C.

Lic. Vipulkumar Jayantilal Timbadia
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C.P.C. Jorge Marcos Garcia Landa
Independent Auditors

Mexico City, March 25, 2016

SUN PHARMA DE MEXICO S.A. DE C.V.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY YEAR ENDED 31 st DECEMBER 2015

Shareholders' Name	Opening Balance		Addition / (Deletion)		Closing Balance	
	No. of Shares	Mexican Pesos	No. of Shares	Mexican Pesos	No. of Shares	Mexican Pesos
Sun Pharmaceutical Industries Ltd.	750	\$757,770	\$0	\$0	750	\$757,770
INDI PHARMA S A P I DE CV	250	\$252,590	\$0	\$0	250	\$252,590
Total Capital Stock	1,000	\$1,010,360	\$0	\$0	1,000	\$1,010,360
Year ended December 31, 2014	1,000	\$1,010,360	\$0	\$0	1,000	\$1,010,360

See accompanying notes forming part of the Financial Statements

In terms of my/our report attached.

C.P.C. Diana Vazquez Campos
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Mexico City, March 25, 2016

SUN PHARMA DE MEXICO S.A. DE C.V.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

A. PRESENTATION:

Sun Pharma de Mexico S.A. de C.V. is a Mexican Company incorporated on December 3, 2002 under the Mexican laws with a foreign investor, the Company is involved in business of Pharmaceutical Products.

The Financial Statements have been prepared in accordance with Mexican Financial Reporting Standards (Mexican FRS) as issued by CINIF (Consejo Mexicano para la Investigación y Desarrollo de Normas de Información Financiera, A.C.), the Financial Statements are presented in Mexican pesos.

B. SIGNIFICANT ACCOUNTING POLICIES:

I. Basis of Accounting

These financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in Mexico and Mexican Financial Reporting Standards (Mexican FRS) as issued by CINIF.

II. Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

III. Fixed Assets and Depreciation/Amortization

Fixed Assets are stated at historical cost (net of IVA Credit) less accumulated depreciation/amortization thereon and impairment losses, if any. Depreciation on tangible assets is provided on Straight Line method at the rates specified under the Mexican Tax Laws.

IV. Revenue Recognition

Sales of products are recognized when risk and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of products. Sales are stated Net of Discounts, Returns and IVA, if any.

V. Inventories

Inventories are stated at lower of cost and net realizable value.

VI. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates that approximate the actual rate prevailing at the date of transaction. Monetary items denominated in foreign currency at the yearend are translated at year end rates. The exchange differences arising on translation are recognized in the Statement of Profit and Loss.

VII. Effects of Inflation

As defined under Mexican FRS B-10, Effects of Inflation, the Company is considered to operate in a non-inflationary environment and accordingly, the Company presents its financial information in nominal Mexican pesos.

VIII. Taxes on Income, Flat Rate Business Tax and Employee's Statutory Profit Sharing

The Liabilities, if any, in respect of the Current tax, Deferred tax, Flat Rate Business tax and Employees Statutory Profit Sharing are determined and provided for in accordance with the vigor Mexican Laws. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted in accordance with the laws using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets can be realized in future. However, where there is carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance sheet date.

IX. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

C. NOTES TO FINANCIAL STATEMENTS:

1. Capital Stock

As at December 31, 2015, the Fixed Capital Stock represents an amount of \$1,010,360 Mexican Pesos (Previous Year \$1,010,360 Mexican Pesos), represented by 1,000 (Previous Year 1,000) Ordinary and Nominative Shares with no par value.

2. Legal Reserve

In accordance with the requirements of Mexican General Corporations Law and the By-laws of the Company of creating Legal Reserve of 5% of Capital Stock, the Company, in the year 2012, has created Legal Reserve of \$202,072 Mexican Peso out of the Accumulated Profits.

3. Previous years' Figures are regrouped wherever necessary.

4. Balances of and Operations with Related Parties

a) Balances

	As at December 31, 2015		As at December 31, 2014	
	Mexican Pesos		Mexican Pesos	
Long Term Borrowings:				
Sun Pharma Global FZE		\$0		\$26,448,966
Indi Pharma S.A.P.I. de C.V.		\$0		\$8,816,317
Trade Payables:				
Serral, S.A. de C.V.		\$0		\$24,303,984
Sun Pharmaceuticals Industries Ltd.		\$0		\$9,244,883
Somar Humana, S.A. de C.V.		\$0		\$326,737
Sun Pharmaceutical Industries, Inc.		\$0		\$607,159
Trade Receivables:				
Suplementos Medico Quirurgicos S.A. de C.V.		\$0		\$176,440

b) Operations

	Year ended December 31, 2015		Year ended December 31, 2014	
	Mexican Pesos		Mexican Pesos	
Purchases / Expenses:				
Serral, S.A. de C.V.		\$0		\$58,797,442
Sun Pharmaceuticals Industries Ltd.		\$42,224,608		\$34,413,449
Somar Humana, S.A. de C.V.		\$0		\$52,414,937
Pharma Inmobiliaria, S.A. de C.V.		\$0		\$837,876
Sun Pharmaceutical Industries, Inc.		\$830,545		\$607,159
Sales:				
Suplementos Medico Quirurgicos S.A. de C.V.		\$0		\$5,133,650

5. Reserves and Surplus

	As at December 31, 2015		As at December 31, 2014	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
Legal Reserve:				
Opening / Closing Balance		\$202,072		\$202,072
Surplus in Statement of Profit and Loss:				
Opening Balance		\$126,958,138		\$79,587,430
Add: Profit For the Year		\$59,812,541		\$47,370,708
Closing Balance		\$186,770,679		\$126,958,138
		<u>\$186,972,751</u>		<u>\$127,160,210</u>

6. Inventories

	As at December 31, 2015		As at December 31, 2014	
	Mexican Pesos	Mexican Pesos	Mexican Pesos	Mexican Pesos
Raw Materials and Packing Materials		\$13,150,329		\$9,655,786
Goods In Transit		\$0		\$2,537,491
Work In Progress		\$1,072,395		\$2,118,754
Finished Goods		\$30,448,005		\$30,218,227
Goods In Transit		\$1,200,223		\$349,782
		<u>\$45,870,952</u>		<u>\$44,880,040</u>

7. FIXED ASSETS

Particulars	Dep. Rate	Gross Block (At Cost)			Depreciation / Amortisation / Impairment			Net Block		
		As At 01.01.15	Additions During the Year	Deletions / Adjustments During the Year	As at 31.12.15	As at 01.01.15	Depreciations For the Year	On Deletions For the Year	As at 31.12.15	As at 31.12.14
Freehold Land	0%	\$5,245,942			\$5,245,942	\$0		\$0	\$5,245,942	\$5,245,942
Buildings	5%	\$5,296,665			\$5,296,665	\$1,725,351	\$264,834	\$1,990,185	\$3,306,480	\$3,571,314
Plant and Machinery	10%	\$34,068,557			\$34,068,557	\$18,479,130	\$3,361,396	\$21,840,526	\$12,228,031	\$15,589,427
Data Processing Equipments	30%	\$1,002,695	\$55,906		\$1,058,601	\$519,125	\$223,340	\$742,465	\$316,136	\$483,570
Office Equipments	10%	\$270,951	\$611,693		\$882,644	\$196,986	\$14,044	\$211,030	\$671,614	\$73,965
Vehicles	25%	\$12,895,093	\$5,694,222	(\$3,571,451)	\$15,017,864	\$4,426,130	\$3,318,655	\$5,123,350	\$9,894,514	\$8,468,963
Electrical Fittings	10%	\$117,641			\$117,641	\$61,020	\$11,764	\$72,784	\$44,857	\$56,621
Furniture and Fixtures	10%	\$3,085,030	\$290,069		\$3,375,099	\$1,449,110	\$334,252	\$1,783,362	\$1,591,737	\$1,635,920
Total		\$61,982,574	\$6,651,890	(\$3,571,451)	\$65,063,013	\$26,856,852	\$7,528,285	(\$2,621,435)	\$31,763,702	\$33,299,311
Previous Year 2014		\$58,723,111	\$7,565,765	(\$4,306,302)	\$61,982,574	\$23,363,631	\$6,813,185	(\$3,319,964)	\$26,856,852	\$35,125,722

Mexican Pesos