Independent Auditor's Report

To the Members of
M/S Ranbaxy Drugs Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **M/S Ranbaxy Drugs Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
b) In the case of the Statement of Profit and Loss Account, of the loss for the Year on that date;
c) In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "***Annexure* A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:
   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account

   d. in our opinion, the aforesaid (Standalone) financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For HDSG & Associates
Chartered Accountants
FRN: 002871N

Date: 26th May, 2016
Place: New Delhi

(Sanjay Jawa)
Partner
M. No. 514719

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

1) In respect of its Fixed Assets:

   (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) According to the information and explanations given to us and on the basis and on the basis of our examination of the Company, the title deeds of immovable properties are held in the name of the Company.

2) In respect of its Inventories:
   The company does not have any inventory. Accordingly, Para 3(ii) of the order is not applicable.

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, Para 3 (iii) (a) to (C) of the Order are not applicable.

4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.

7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.

   b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures. Accordingly, Para 3(viii) of the order is not applicable.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer

including debt instruments and term Loans. Accordingly, Para 3(ix) of the order is not applicable.

10) According to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of the audit.

11) According to the information and explanation given to us, no managerial remuneration has been paid or provided. Accordingly, Para 3(xi) of the order is not applicable.

12) In our opinion, the Company is not a Nidhi Company. Accordingly, Para 3(xii) of the order is not applicable.

13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, Para 3(xiv) of the order is not applicable.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, Para 3(xv) of the order is not applicable.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, Para 3(xvi) of the order is not applicable.

For HDSG & Associates
Chartered Accountants
FRN: 002871N

Date: 26th May, 2016
Place: New Delhi

(Sanjay Jawa)
Partner
M. No. 514719

"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of M/S Ranbaxy Drugs Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/S Ranbaxy Drugs Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For HDSG & Associates
Chartered Accountants
FRN: 002871N

Date: 26th May, 2016
Place: New Delhi

(Sanjay Jawa)
Partner
M. No. 514719

Ranbaxy Drugs Limited
Balance Sheet as at 31 March 2016
(All amounts are in Indian Rupees except share data, per share data and unless otherwise stated)

	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	31,002,700	31,002,700
Reserve and surplus	4	1,822,343,616	1,699,180,591
		1,853,346,316	1,730,183,291
Current liabilities			
Trade payables	5	51,300	28,090
Other current liabilities	6	5,700	25,735,061
Short-term provisions	7	785,540	785,540
		842,540	26,548,691
TOTAL		1,854,188,856	1,756,731,982
ASSETS			
Non-current assets			
Fixed assets-tangible	8	2,700,496	2,700,496
Non-current investments	9	1,839,305,472	1,739,651,476
Long-term loans and advances	10	1,522,133	1,430,667
		1,843,528,101	1,743,782,639
Current assets			
Cash and bank balances	11	10,479,167	12,705,197
Other current assets	12	181,588	244,146
		10,660,755	12,949,343
TOTAL		1,854,188,856	1,756,731,982
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For HDSG & Associates
Chartered Accountants
Registration No.: 002871N

For and on behalf of the Board of Directors of **Ranbaxy Drugs Limited**

Sanjay Jawa
Partner
Membership No.: 514719

Sandeep Mehandroo
Director

Sanjay Jerry
Director

Place: New Delhi
Date: 26 May 2016

Place: Mumbai
Date: 26 May 2016

Ranbaxy Drugs Limited
Statement of Profit and Loss for the year ended 31 March 2016
(All amounts are in Indian Rupees except share data, per share data and unless otherwise stated)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
REVENUE			
Other operating income			
Share in profit from partnership firm		122,830,796	55,427,592
Other income	13	769,686	1,585,194
Total revenue		123,600,482	57,012,786
EXPENSES			
Employee benefits	14	-	377,702
Depreciation	8	-	-
Other expenses	15	176,649	375,144
Finance Cost	16	120,809	25,768,988
Total expenses		297,458	26,521,834
(Loss) / profit before tax		123,303,025	30,490,952
Current tax		140,000	490,000
Trax earlier year		-	(107,931)
(Loss)/profit for the period		123,163,025	30,108,883
(Loss) / profit per equity share (Rs.)	17		
Basic and Diluted - Par value of Rs. 10 per share		39.73	9.71
Significant accounting policies	2		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For HDSG & Associates
Chartered Accountants
Registration No.: 002871N

For and on behalf of the Board of Directors of **Ranbaxy Drugs Limited**

Sanjay Jawa
Partner
Membership No.: 514719

Sandeep Mehandroo
Director

Sanjay Jerry
Director

Place: New Delhi
Date: 26 May 2016

Place: Mumbai
Date: 26 May 2016

Ranbaxy Drugs Limited
Cash Flow Statement for the year ended 31 March 2016
(All amounts are in Indian Rupees except share data, per share data and unless otherwise stated)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A. Cash flows from operating activities		
(Loss) / profit before tax	123,303,025	30,490,952
Adjustments:		
Depreciation	-	-
Interest income	(769,686)	(1,534,631)
Interest on Loan	-	25,735,061
Share of (profit)/ loss from partnership firm	(122,830,796)	(55,427,592)
Operating cash flows before working capital changes	(297,457)	(736,210)
Decrease in trade payables and other current liabilities	(25,706,151)	(204,977)
Net cash (used in) from operating activities	(26,003,608)	(941,187)
B. Cash flows from investing activities		
Realisation from investment in a partnership firm	23,176,800	279,720,000
Payment of consideration for acquisition of shares (refer to note 9)	-	(279,007,000)
Interest income on others	832,244	1,783,142
Income taxes paid	(231,466)	(430,608)
Fixed deposits matured during the year	10,800,000	20,000,000
Investment in fixed deposits	(8,900,000)	(10,800,000)
Net cash generated from investing activities	25,677,578	11,265,534
C. Cash flows from financing activities		
(Payment)/proceeds of unsecured loan	-	(9,938,250)
Net cash flows generated from financing activities	-	(9,938,250)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(326,030)	386,097
Cash and cash equivalents at the beginning of the year	1,905,197	1,519,100
Cash and cash equivalents at the end of the period	1,579,167	1,905,197
Notes to Cash flow statement:		
1 Components of cash and cash equivalents (Refer to note 11):		
Balance with banks		
- on current accounts	1,579,167	1,905,197
Cash and cash equivalents at the end of the period	1,579,167	1,905,197
Add: other bank balances		
Fixed deposits with original maturity of more than three months but remaining maturity of less than twelve months	8,900,000	10,800,000
Cash and bank balances at the end of the year	10,479,167	12,705,197

2 The Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Accounting Standard 3, Cash Flow Statement, notified by Central Government in the Companies (Accounting Standard) Rules, 2006.

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For HDSG & Associates
Chartered Accountants
Registration No.: 002871N

For and on behalf of the Board of Directors of **Ranbaxy Drugs Limited**

Sanjay Jawa
Partner
Membership No.: 514719

Sandeep Mehandroo
Director

Sanjay Jerry
Director

Place: New Delhi
Date: 26 May 2016

Place: Mumbai
Date: 26 May 2016

1 Company overview

Ranbaxy Drugs Limited ('the Company') was set up in 1984 to carry on the business of dealing in pharmaceutical and related products. However, the Company has not commenced this business activity.

During the previous year, the Company had entered into a Scheme of amalgamation ('the Scheme') of the Company's subsidiaries viz. Ranbaxy Drugs and Chemicals Company, Rexcel Pharmaceuticals Limited, Solus Pharmaceuticals Limited, Ranbaxy Life Sciences Research Limited and Ranbaxy SEZ Limited with itself under the provisions of Sections 391 to 394 read with other applicable provisions of the Companies Act 1956 which was approved by the Hon'ble High Courts of Delhi and Punjab & Haryana vide their order dated 7 December 2012 and 6 February 2013 respectively. The appointed date for the merger was 1 April 2012. The Scheme became effective on 9 May 2013 upon approval of the order of the Hon'ble High Courts of Delhi and Punjab & Haryana by Registrar of Companies at Chandigarh.

The erstwhile holding company namely Ranbaxy Laboratories Limited has been merged with Sun Pharmaceutical Industries Limited ("SPIL") effective from 24 March 2015 and SPIL has now become the holding Company of the company.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a) Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, the other relevant provisions of the Companies Act, 2013 , pronouncements of the Institute of Chartered Accountants of India and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest rupees.

b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

c) Current-non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets

An asset is classified as current when it satisfies any of the following criteria:
a. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is expected to be realised within 12 months after the reporting date; or
d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date

Liabilities

A liability is classified as current when it satisfies any of the following criteria:
a. it is expected to be settled in the Company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is due to be settled within 12 months after the reporting date; or
d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

Current assets/ liabilities include the current portion of non-current financial assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

d) Fixed assets and depreciation

Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition less accumulated depreciation and impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price. Advances paid towards acquisition of tangible fixed assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the period end, are shown as capital work-in-progress.

Cost of tangible fixed assets (net of residual value) is depreciated on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013

Depreciation is provided on a pro-rata basis i.e.from the date of acquisition/ installation. Tangible fixed assets, costing individually Rs. 5,000 or less, are depreciated fully in the year of capitalization.

A tangible fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and shown under 'Other current assets'.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

e) Impairment

Fixed assets (tangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in Statement of Profit and Loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

f) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current/non-current classification scheme of Schedule III.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, preference shares, convertible debentures etc.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Investment in the capital of a partnership firm is shown by reference to the capital of the firm on the Balance Sheet date. The Company's share of profit or loss in a partnership firm is recognised in the Statement of Profit and Loss as and when it accrues i.e. when it is computed and credited or debited to the capital/ current/ any other account of the Company in the books of the partnership firm.

g) Revenue recognition

Share of profit from an investment in a partnership firm is recognized on an accrual basis.
Interest income is recognised on a time proportion basis taking into account outstanding and the interest rate applicable.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash balance with bank, and highly liquid investments with original maturities, at the date of purchase/ investment, of three months or less.

i) Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expense is recognised in the Statement of Profit and Loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

j) Employee benefits

Short - term employee benefits

All employee benefits payable / available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Provident fund

In respect of employees, the Company makes specified monthly contribution towards the employees" provident fund to the provident fund trust administered by the parent Company.

k) Earnings per share ('EPS')

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

l) Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The provisions are measured on an undiscounted basis.

m) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

n) Amalgamation in the nature of merger

The Company accounts for all amalgamations in nature of merger using the 'pooling of interest method' as prescribed in Accounting Standard 14: Accounting for Amalgamations. Assets and liabilities acquired of the transferor company have been recognised at their respective book values.

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(All amounts are in Indian Rupees except share data, per share data and unless otherwise stated)

3 Share capital

	As at 31 March 2016	As at 31 March 2015
Authorised*		
79,050,000 (previous year 79,050,000) equity shares of Rs. 10 each	790,500,000	790,500,000
21,000,000 (previous year 21,000,000) preference shares of Rs. 10 each	210,000,000	210,000,000
	1,000,500,000	1,000,500,000
Issued, subscribed and fully paid up		
3,100,020 (previous year 3,100,020) equity shares of Rs. 10 each	31,000,200	31,000,200
250 (previous year 250) 10% Non-cumulative redeemable preference shares of Rs. 10 each	2,500	2,500
	31,002,700	31,002,700

a. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
Equity shares of Rs. 10 each fully paid up				
At the commencement and end of the year	3,100,020.00	31,000,200.00	3,100,020	31,000,200
	3,100,020.00	31,000,200.00	3,100,020	31,000,200
10% Non-cumulative redeemable preference shares of Rs. 10 each fully paid up				
At the commencement and end of the year	250.00	2,500.00	250	2,500
	250.00	2,500.00	250	2,500

b. Rights, preferences and restrictions attached to class of shares

Equity Shares

The Company has a single class of equity shares which are issued, subscribed and fully paid up. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid-up equity capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Preference Shares

10% non-cumulative redeemable preference shares of Rs. 10 each are held by Sun Pharmaceutical Industries Limited (Erstwhile Ranbaxy Laboratories Limited), the holding company and are redeemable after expiry of 10 years from the date of allotment in May 2008. The holders of these shares are entitled to a non-cumulative dividend of 10%.

Preference shares carry a preferential right as to dividend over equity shareholders. Where dividend on non-cumulative preference shares is not declared for a financial year, the entitlement for that year lapses. However, a non-cumulative preference shareholder acquires voting rights on par with an equity shareholder if the dividend has remained unpaid for a period of not less than two years or for any three years during a period of six years ending with the financial year preceding the meeting. In the event of liquidation, preference shareholders have a preferential right over equity shareholders to be repaid to the extent of capital paid-up and dividend in arrears on such shares.

c. Shares held by holding company and/ or their subsidiaries/ associates

	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
Equity shares of Rs. 10 each fully paid up held by:				
Sun Pharmaceutical Industries Limited the holding company (w.e.f. 24 March 2015, Ranbaxy Laboratories Limited till 23 March 2015), along with its nominees	3,100,020.00	31,000,200.00	3,100,020	31,000,200
	3,100,020.00	31,000,200.00	3,100,020	31,000,200
10% Non-cumulative redeemable preference shares of Rs. 10 each fully paid up				
Sun Pharmaceutical Industries Limited the holding company (w.e.f. 24 March 2015, Ranbaxy Laboratories Limited till 23 March 2015), along with its nominees	250.00	2,500.00	250	2,500
	250.00	2,500.00	250	2,500

Erstwhile Ranbaxy Laboratories Limited, pursuant to the Scheme of Arrangement ('Scheme') u/s 391 and 394 of the Companies Act, 1956, has been amalgamated into Sun Pharmaceutical Industries Limited ("the Company") w.e.f. 1 April 2014 vide approval by the Hon'ble High Court and filings made by Ranbaxy and the Company with the respective Registrar of Companies on March 24, 2015. Post-merger, Ranbaxy Laboratories Limited ('Division') has now become a division to the Company, accordingly the shares held by the Erstwhile Ranbaxy Laboratories Limited is transferred to Sun Pharmaceutical Industries Limited.

d. Particulars of shareholders holding more than 5% shares of a class of shares

	As at 31 March 2016		As at 31 March 2015	
	Number	% holding in the class	Number	% holding in the class
Equity shares of Rs. 10 each fully paid up held by:				
Sun Pharmaceutical Industries Limited the holding company (w.e.f. 24 March 2015, Ranbaxy Laboratories Limited till 23 March 2015), along with its nominees	3,100,020.00	100.00	3,100,020	100
	3,100,020.00	100.00	3,100,020	100
10% Non-cumulative redeemable preference shares of Rs. 10 each fully paid up				
Sun Pharmaceutical Industries Limited the holding company (w.e.f. 24 March 2015, Ranbaxy Laboratories Limited till 23 March 2015), along with its nominees	250.00	100.00	250	100
	250.00	100.00	250	100

e. During the five years immediately preceding the current period and previous year, neither any bonus shares or shares issued for consideration other than cash that have been issued nor any shares that have been bought back.

4 Reserves and surplus

	As at 31 March 2016	As at 31 March 2015
General reserve		
Balance at the beginning of the year	1,819,525,890	1,819,592,113
Less: Adjustment of Depreciation (Companies Act, 2013)	-	66,223
Balance at the end of the year	1,819,525,890	1,819,525,890
(Deficit)/surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(120,345,299)	(150,454,182)
Add: (Loss) / Profit for the year	123,163,025	30,108,883
Balance at the end of the year	2,817,726	(120,345,299)
	1,822,343,616	1,699,180,591

(All amounts are in Indian Rupees except share data, per share data and unless otherwise stated)

5 Trade payables

	As at 31 March 2016	As at 31 March 2015
Trade payables *	51,300	28,090
	51,300	28,090

* The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, there are no overdues outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act.

6 Other current liabilities

	As at 31 March 2016	As at 31 March 2015
Other payables		
Statutory liabilities	5,700	2,573,506
Interest on Loan	-	23,161,555
	5,700	25,735,061

7 Provisions

	Long-term As at 31 March 2016	Long-term As at 31 March 2015	Short-term As at 31 March 2016	Short-term As at 31 March 2015
Provision for income tax [net of advance tax and tax deducted at source amounting to Rs. 9,415,260 (previous year 9,415,260)]	-	-	785,540	785,540
	-	-	785,540	785,540

8 Tangible fixed assets

Particulars	Freehold Land	Furniture and Fixture	Office equipments	Computers	Total
Gross block					
Balance as at 1 April 2014	2,674,640	547,272	547,390	2,375,036	6,144,338
Balance as at 31 March 2015	2,674,640	547,272	547,390	2,375,036	6,144,338
Balance as at 1 April 2015	2,674,640	547,272	547,390	2,375,036	6,144,338
Balance as at 31 March 2016	2,674,640	547,272	547,390	2,375,036	6,144,338
Depreciation					
Balance as at 1 April 2014	-	547,272	455,311	2,375,036	3,377,619
Impact on Depreciation (Schedule-II) charged to Opening Reserve	-	-	66,223	-	66,223
Depreciation for the year	-	-	-	-	-
Balance as at 31 March 2015	-	547,272	521,534	2,375,036	3,443,842
Balance as at 1 April 2015	-	547,272	521,534	2,375,036	3,443,842
Depreciation for the year	-	-	-	-	-
Balance as at 31 March 2016	-	547,272	521,534	2,375,036	3,443,842
Net block					
As at 31 March 2015	2,674,640	-	25,856	-	2,700,496
As at 31 March 2016	2,674,640	-	25,856	-	2,700,496

9 Non-current investments

	As at 31 March 2016	As at 31 March 2015
(Valued at cost unless stated otherwise)		
Trade		
Other non-current investments		
Unquoted investments		
Investment in equity instruments		
100 (previous year 100) equity shares of Gufic Pharma Limited, a subsidiary of SPIL, of Rs. 100 each, fully paid-up, acquired pursuant to scheme of amalgamation	14,649,300	14,649,300
Investment in a partnership firm		
Opening balance	1,725,002,176	1,949,294,584
Add: Share of (Loss) /profit from partnership firm for the year	122,830,796	55,427,592
Less: Withdrawal from partnership firm	23,176,800	279,720,000
	1,824,656,172	1,725,002,176
	1,839,305,472	1,739,651,476

Name of partner and share of profits/(loss) (%):

	As at 31 March 2016 Capital contribution	As at 31 March 2016 % Share in profits	As at 31 March 2015 Capital contribution	As at 31 March 2015 % Share in profits
Name, capital and profits sharing ratio of the partners :				
Ranbaxy Drugs Limited	1,824,656,172	99.90	1,725,002,176	99.90
Gufic Pharma Limited	2,928,278	0.10	2,828,524	0.10
Total capital of Solrex Pharmaceuticals Company	1,827,584,450	100.00	1,727,830,700	100.00

	As at 31 March 2016	As at 31 March 2015
Aggregate book value of unquoted non-current investments (net of provision for other-than-temporary diminution)	1,839,305,472	1,739,651,476
Aggregate provision for other-than-temporary diminution in value of non-current investments	-	-
Aggregate carrying amount of 'long-term investments' within the meaning of Accounting standard 13 "Accounting for Investments".	1,839,305,472	1,739,651,476

Ranbaxy Drugs Limited
Notes to the financial statements for the year ended 31 March 2016
(All amounts are in Indian Rupees except share data, per share data and unless otherwise stated)

10 Long-term loans and advances
(Unsecured and considered good)

	Non-current portion		Current portion	
	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
To parties other than related parties				
Advance tax and tax deducted at source [net of provision for tax amounting to Rs. 32,825,742 (previous year Rs. 32,685,742)]	1,522,133	1,430,667	-	-
	1,522,133	1,430,667	-	-

11 Cash and bank balances

	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents		
- Balance with banks		
On current accounts@	1,579,167	1,905,197
- Other bank balances@	8,900,000	10,800,000
	10,479,167	12,705,197
@ Details of bank balances/ deposits		
Bank balances available on demand/ deposit with original maturity of three months or less included under ' Cash and cash equivalents'	1,579,167	1,905,197
Bank deposits due to mature within twelve months of the reporting date included under 'Other bank balances'	8,900,000	10,800,000
	10,479,167	12,705,197

12 Other current assets
(Unsecured and considered good)

	As at 31 March 2016	As at 31 March 2015
Interest accrued but not due on deposit accounts	181,588	244,146
	181,588	244,146

	For the year ended 31 March 2016	For the year ended 31 March 2015
13 Other income		
Interest income on		
Others- deposits	769,686	1,534,631
Excess provision w/back	-	50,563
	769,686	1,585,194
14 Employee benefits		
Salaries, wages and bonus	-	355,501
Contribution to provident and other funds	-	22,201
	-	377,702
15 Other expenses		
Legal and professional fees *	145,096	354,664
Rates and taxes	6,600	12,000
Bank charges	19,580	533
Miscellaneous expenses	5,373	7,947
	176,649	375,144
* Include payment to auditors (including service tax)		
As auditor		
Statutory audit	57,000	28,090
Reimbursement of expenses	3,260	-
	60,260	28,090
16 Finance Cost		
Interest on loan *	-	25,735,061
Interest on late deposit of TDS	115,808	-
Interest u/s 234B & 234C & 234E	5,001	33,927
	120,809	25,768,988

* Represents interest on loan payable to Sun Pharmaceutical Industries Limited (**erstwhile Ranbaxy Laboratories Limited).**

17 Earnings per equity share

	For the year ended 31 March 2016	For the year ended 31 March 2015
Weighted average number of shares	3,100,020	3,100,020
Net profit / (loss) after tax attributable to equity shareholders	123,163,025	30,108,883
Basic and diluted profit / (loss) per share	39.73	9.71
Nominal value per equity share	10.00	10.00

(All amounts are in Indian Rupees except share data, per share data and unless otherwise stated)

18 Contingent liability and Commitments
There is no contingent liability against the company at the end of the year.
Estimated amount of contracts remaing to be executed on Capital account and not provided for Rs. Nil.

19 Foreign Exchange Transaction
There is no foreign exchange transaction during the year

20 Segment information
In the opinion of the management, there is only one segment as envisaged by Accounting Standard 17 "Segment Reporting". Accordingly, no disclosure for segment reporting has been made in the financial statements.

21 Related party disclosures

(a) Names of related parties

Related parties where control exists	
- Holding company	Ranbaxy Laboratories Limited (till 23 March 2015) Sun Pharmaceutical Industries Limited (w.e.f. 24 March 2015)
Related parties with whom transactions have taken place during the year:	
- Enterprise under the common control of the holding company ("Enterprise")	Solrex Pharmaceuticals Company (a partnership firm)

(b) Transactions with related parties

Related party	Nature of transactions	Description of relationship	For the year ended 31 March 2016	For the year ended 31 March 2015
Solrex Pharmaceuticals Company	Share of (loss) / profit	Enterprise	122,830,796	55,427,592
Solrex Pharmaceuticals Company	Withdrawal from partnership firm	Enterprise	23,176,800	279,720,000
Sun Pharmaceutical Industries Limited	Loan repaid	Holding company	-	9,938,250
Sun Pharmaceutical Industries Limited	Consideration paid for purchase of shares of subsidiary companies	Holding company	-	279,007,000
Sun Pharmaceutical Industries Limited	Interest on loan	Holding company	-	25,735,061

(c) Balances due from/ to related parties

Related party	Nature of balances	Description of relationship	As at 31 March 2016	As at 31 March 2015
Sun Pharmaceutical Industries Limited	Interest payable	Holding company	-	23,161,555
Gufic Pharmaceuticals Limited	Investments	Fellow subsidiary	14,649,300	14,649,300
Solrex Investments Limited	Investments	Enterprise	1,824,656,172	1,725,002,176

22 Deferred tax

	As at 31 March 2016	As at 31 March 2015
Deferred tax asset arising on account of :		
Excess of depreciation on fixed assets provided in accounts over depreciation under income-tax law	39,879	46,440
Total deferred tax asset	39,879	46,440
Net deferred tax asset ^	-	-

^ In absence of reasonable certainty, no deferred tax asset have been recognised as at 31 March 2016.

For HDSG & Associates
Chartered Accountants
Registration No.: 002871N

For and on behalf of the Board of Directors of Ranbaxy Drugs Limited

Sanjay Jawa
Partner
Membership No.: 514719

Sandeep Mehandroo
Director

Sanjay Jerry
Director

Place: New Delhi
Date: 26 May 2016

Place: Mumbai
Date: 26 May 2016