
RANBAXY EUROPE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 31 MARCH 2015

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STRATEGIC REPORT

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

Financial Overview

The current financial reporting period is for the 12 months ending 31 March 2015. The prior period comparatives are for the 15 months ended 31 March 2014 following a change in the financial reporting date from 31 December to 31 March. Turnover for the 12 months ended 31 March 2015 was £5.6m (2014: £6.9m) being no change from the prior period on a comparable 12 month period. The nature of business operations have remained unchanged during the year.

Strategy

Ranbaxy Europe Limited serves as the management services entity for the region and all of its costs are charged out to other trading entities within the region with a 5% mark up. Regional resources are focused on the activities of the local entities ensuring regulatory, statutory & local compliance, business growth and keeping up with future developments within the industry in which it operates.

Other Developments

On 25 March 2015 Sun Pharmaceutical Industries Ltd., incorporated in India, completed the acquisition of Ranbaxy Laboratories Limited. The directors regard Sun Pharmaceutical Industries Ltd. as the ultimate controlling party.

PRINCIPAL RISKS AND UNCERTAINTIES

The company serves as the regional headquarters for Europe. The current group management structure is organised by regions which in turn reports into Group Headquarters in India. A change in this policy could potentially mean there would no longer be a need for a regional management services company.

Foreign exchange risk is mitigated as far as possible by hedging costs against income streams in respective currencies. Foreign exchange risk arises from the purchase of certain services in EUR. The foreign currency loss during the period was £113k (2014: gain £13k).

This report was approved by the Board on 11 June 2015
By Order of the Board

Mr Vickraman Sattanathan
Director

Ranbaxy Europe Limited
Building 4, Chiswick Park
566 Chiswick High Road
LONDON W4 5YE

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the 12 months ended 31 March 2015.

1. PRINCIPAL ACTIVITY

The company's principal activity during the year was the provision of management services.

2. RESULTS AND DIVIDENDS

The directors report the result for the period as shown in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend (2014: £nil) as the funds of the company are fully employed.

3. DIRECTORS

The directors who served the company during the period were as follows:

Mr Vickraman Sattanathan
Mr Maninder Singh
Mr Neeraj Sharma

4. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC AND DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

5. AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

6. DISCLOSURE OF INFORMATION TO THE AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board on 11 June 2015
By Order of the Board

Mr Vickraman Sattanathan
Director
Ranbaxy Europe Limited
Building 4, Chiswick Park
566 Chiswick High Road
LONDON W4 5YE

Independent auditor's report to the members of Ranbaxy Europe Limited

We have audited the financial statements of Ranbaxy Europe Limited for the 12 months ended 31 March 2015 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ian Bone (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

11 June 2015

Profit & Loss Account
For the 12 months ended 31 March 2015
The notes on pages 8 to 13 form part of these financial statements

	Notes	12 months ended 31 March 2015 £	15 months ended 31 March 2014 £
Turnover	2	5,571,284	6,949,811
Administrative Expenses	3	(5,305,986)	(6,618,598)
Operating profit		265,298	331,213
Interest payable and similar charges	4	-	(270)
Profit on ordinary activities before taxation	5	265,298	330,943
Tax on profit on ordinary activities	6	(74,266)	(98,790)
Retained profit on ordinary activities after taxation		191,032	232,153
Balance brought forward		1,471,279	1,239,126
Balance carried forward	16	1,662,311	1,471,279

There were no recognised gains or losses other than the profit for the financial year. All activities are classified as continuing.

BALANCE SHEET
as at 31 March 2015

The notes on pages 8 to 13 form part of these financial statements

	Notes	As at 31 March 2015 £	As at 31 March 2014 £
FIXED ASSETS			
Tangible assets	7	52,635	123,372
Investments	8	6	6
		<u>52,641</u>	<u>123,378</u>
CURRENT ASSETS			
Debtors	9	1,958,947	2,399,545
Cash at Bank and in hand		<u>1,035,929</u>	<u>389,721</u>
		<u>2,994,876</u>	<u>2,789,266</u>
CREDITORS: amounts falling due within one year	10	<u>1,239,251</u>	<u>1,280,406</u>
NET CURRENT ASSETS		1,755,625	1,508,860
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,808,266</u>	<u>1,632,238</u>
Provision for Liabilities and Charges	11	135,955	150,959
NET ASSETS		<u>1,672,311</u>	<u>1,481,279</u>
CAPITAL AND RESERVES			
Share capital		10,000	10,000
Profit & Loss Account		1,662,311	1,471,279
TOTAL EQUITY SHAREHOLDERS' FUNDS	16	<u>1,672,311</u>	<u>1,481,279</u>

These financial statements were approved by the Board of Directors on 11 June 2015

Mr Vickraman Sattanathan
Director

1.

ACCOUNTING POLICIES**1.1 Accounting basis and accounting standards**

As explained in the Strategic Report on page 3, the current accounting period has been prepared for the 12 months ending 31 March 2015. The prior period comparatives are for the 15 months ended 31 March 2014 following a change in the financial reporting date from 31 December to 31 March.

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards, and on a going concern basis. The company's accounting policies remain unchanged from the prior year.

1.2 Cash flow statement

The company has taken advantage of the exemption in FRS1 from the requirement to prepare a cash flow statement on the grounds that it is a subsidiary undertaking where 90% or more of the voting rights are controlled within the group, and the consolidated financial statements in which the company is included are publically available.

1.3 Turnover

Turnover represents amounts receivable for the provision of management services net of value added tax. Income is recognised for management services which have been provided based on a mark up of 5% on administrative expenses.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates estimated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Short Leasehold Premises	5 years
Furniture, fixtures & fittings	5 years
Office Equipment	5 years
Computer Equipment	3 years

1.5 Pensions

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company. Contributions payable to the scheme in respect of the accounting period are charged to the profit and loss account.

1.6 Deferred taxation

Deferred tax is recognised on all timing differences, where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

1.7 Operating leases

Rentals under operating leases are charged to income on a straight line basis over the lease term.

1.8 Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

1.9 Going Concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company and the principal risks and uncertainties are also described in the same report.

The company has sufficient assets to cover its liabilities. As a consequence, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.	Turnover		
	The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:		
		12 months ended 31 March 2015 £	15 months ended 31 March 2014 £
	Europe	2,423,443	2,834,038
	Asia	3,147,841	4,115,773
		<u>5,571,284</u>	<u>6,949,811</u>
3.	Other operating charges		
		12 months ended 31 March 2015 £	15 months ended 31 March 2014 £
	Administrative expenses	5,305,986	6,618,598
4.	INTEREST PAYABLE AND SIMILAR CHARGES		
		12 months ended 31 March 2015 £	15 months ended 31 March 2014 £
	Other interest payable	-	270
5.	PROFIT ON ORDINARY ACTIVITIES		
		12 months ended 31 March 2015 £	15 months ended 31 March 2014 £
	Profit on ordinary activities before taxation is stated after charging:	£	£
	Depreciation of tangible fixed assets	81,062	153,839
	Amounts receivable by the auditor, KPMG LLP in respect of:		
	Audit of these financial statements	6,300	6,300
	Other audit services	4,200	24,200
	Rental of building including service charges	346,825	162,897
		<u>810,887</u>	<u>347,236</u>

6.	TAX ON PROFIT ON ORDINARY ACTIVITIES	12 months ended 31 March 2015 £	15 months ended 31 March 2014 £
	Corporation tax at 21% (2014 - 23%)	73,850	115,698
	Adjustments in respect of prior periods	8,172	(3,873)
	Current year tax charge	82,022	111,825
	Deferred tax (note 12)		
	Current Year	(7,756)	(13,035)
	Total tax charge	74,266	98,790

Factors affecting the tax charge for the period

The tax assessed for the year is higher (2014: higher) than the standard rate of corporation tax in the United Kingdom at 21% (2014: 23%)

The difference is explained as follows:

Profit on ordinary activities before taxation	265,298	330,943
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 21% (2014 - 23%)	55,713	76,779
Effect of:		
Expenses not deductible for tax purposes	5,183	3,018
Depreciation for the period in excess of capital allowances	10,337	25,454
Other short term timing differences	2,617	10,447
Adjustments in respect of prior years	8,172	(3,873)
Current tax charge for the year.	82,022	111,825

Factors affecting future tax charges

The standard rate of corporation tax effective from 1 April 2014 was 21% compared to an effective rate of 23.25% for the 15 months ended 31 March 2014.

Effective from 1 April 2015 the enacted standard rate of corporation tax is 20%. The proposal set out in the Budget of 18 March 2015 is for this rate to remain unchanged.

7. **TANGIBLE FIXED ASSETS**

	Short Leasehold Premises £	Office equipment £	Computer equipment £	Furniture, fixtures & fittings £	Total £
At Cost:					
1 April 2014	347,328	98,945	246,432	105,379	798,084
Additions	-	-	10,325	-	10,325
Disposals	-	(17,221)	(33,364)	-	(50,585)
31 March 2015	347,328	81,724	223,393	105,379	757,824
Depreciation:					
1 April 2014	279,324	74,639	229,376	91,373	674,712
Charge for the year	50,003	6,809	12,794	11,456	81,062
Disposals	-	(17,221)	(33,364)	-	(50,585)
31 March 2015	329,327	64,227	208,806	102,829	705,189
Net book value :					
31 March 2015	18,001	17,497	14,587	2,550	52,635
31 March 2014	68,004	24,306	17,056	14,006	123,372

8.	INVESTMENTS	£
	Shares at cost in group undertakings - subsidiaries	
	At 1 April 2014 and at 31 March 2015	<u>6</u>

The company owns:

0.002% of the ordinary share capital of Ranbaxy (Thailand) Co. Ltd a company incorporated and operating as a distributor of pharmaceuticals in Thailand.

9.	DEBTORS: amounts falling due within one year	As at 31 March 2015 £	As at 31 March 2014 £
	Amounts due from group undertakings	1,610,116	2,037,700
	Other debtors	120,999	170,087
	Prepayments and accrued income	197,307	168,989
	Deferred tax (see note 12)	30,525	22,769
		<u>1,958,947</u>	<u>2,399,545</u>

Included in other debtors is an amount of £114,437 (2014: £114,437) in respect of a lease deposit that is recoverable in more than one year.

10.	CREDITORS: amounts falling due within one year	As at 31 March 2015 £	As at 31 March 2014 £
	Trade Creditors	6,727	60,257
	Amounts owed to group undertakings	440,097	67,317
	Corporation tax	41,720	48,198
	Social security costs and other taxes	253,570	82,773
	Accruals and other creditors	497,137	1,021,861
		<u>1,239,251</u>	<u>1,280,406</u>

11.	PROVISION FOR LIABILITIES AND CHARGES	£
	1 April 2014	150,959
	Movement in the year	(15,004)
	31 March 2015	<u>135,955</u>

Provision for Liabilities and Charges provided in the financial statements is set out below:

	As at 31 March 2015 £	As at 31 March 2014 £
Dilapidation Provision	74,265	74,265
Provision for onerous contracts	61,690	76,694
	<u>135,955</u>	<u>150,959</u>

The dilapidation provision relates to liabilities expected to arise as a result of contractual obligations associated with the expiration of building leases. There is uncertainty surrounding the final amount which is dependant on uncertain conditions at the time of expiry.

The provision for onerous contracts relates to building leases where the unavoidable financial obligations exceed the economic benefits in use over the remaining term of the lease. The provision is based on the best estimate of exiting the contract.

12.	DEFERRED TAXATION		£
	1 April 2014		22,769
	Movement in the year		7,756
	At 31 March 2015 (see note 9)		<u>30,525</u>

Deferred taxation provided in the financial statements is set out below:

	As at 31 March 2015 £	As at 31 March 2014 £
Accelerated capital allowances	11,246	5,143
Other timing differences	19,279	17,626
	<u>30,525</u>	<u>22,769</u>

13.	EMPLOYEE NUMBERS AND REMUNERATION	12 months ended 31 March 2015 £	15 months ended 31 March 2014 £
	Aggregate payroll costs, including directors, were as follows:		
	Wages and salaries	2,443,909	3,260,311
	Social security costs	301,626	332,899
	Pension Costs	118,508	164,261
		<u>2,864,043</u>	<u>3,757,471</u>

The pension costs for the year includes an outstanding balance of £12,203 (2014: £9,667).

Average number of employees, analysed by category was as follows:

	2015 Nos.	2014 Nos.
Management/administration	<u>24</u>	<u>29</u>

14.	DIRECTORS' EMOLUMENTS	12 months ended 31 March 2015 £	15 months ended 31 March 2014 £
	Emoluments for the Directors during the period were:		
	Remuneration for services as director	669,708	530,511
	Company contributions to money purchase pension scheme	-	-
		<u>669,708</u>	<u>530,511</u>

Two directors were remunerated by the company. All other directors were remunerated by fellow group companies. Remuneration paid to directors by fellow group companies does not include any amounts in respect of qualifying services for Ranbaxy Europe Limited.

The total emoluments of the highest paid director were £400,818 (2014: £338,61) and Company pension contributions of nil (2014: nil) were made to a money purchase pension scheme.

15.	SHARE CAPITAL	As at 31 March 2015 £	As at 31 March 2014 £
	Called up, allotted and fully paid at 1 April and at 31 March (10,000 ordinary shares of £1 each)	<u>10,000</u>	<u>10,000</u>

16. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	Called up share capital	Profit and loss account	Total equity shareholder's funds
	£	£	£
Balance at 1 January 2013	10,000	1,239,126	1,249,126
Transfer from profit and loss account	-	232,153	232,153
Balance at 1 April 2014	<u>10,000</u>	<u>1,471,279</u>	<u>1,481,279</u>
Transfer from profit and loss account	-	191,032	191,032
Balance at 31 March 2015	<u>10,000</u>	<u>1,662,311</u>	<u>1,672,311</u>

17. FUTURE FINANCIAL COMMITMENTS**Operating Leases**

At 31 March 2015 the company had the following annual commitments under operating leases which expire:

	As at 31 March 2015 £	As at 31 March 2014 £
Buildings		
within one year	252,918	83,419
In two to five years time	-	53,820
more than 5 years	-	-
	<u>252,918</u>	<u>137,239</u>

Ranbaxy Europe Limited has entered into a lease for which it is jointly and severably liable together with Ranbaxy (UK) Limited. The total annual commitment is disclosed within the above table. Lease costs are apportioned between the two companies.

	2015 £	2014 £
Other		
within one year	6,573	9,703
In two to five years time	7,660	14,831
more than 5 years	-	-
	<u>14,233</u>	<u>24,534</u>

18. TRANSACTIONS WITH RELATED PARTIES

As the Company is a wholly owned subsidiary of Sun Pharmaceutical Industries Ltd., the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

There are no other related party transactions.

19. CONTINGENT ASSETS / LIABILITIES

There were no contingent assets or liabilities at 31 March 2015.

20. ULTIMATE HOLDING COMPANY

The Company's shares are wholly owned by Ranbaxy Holdings (UK) Limited whose ultimate parent company is Sun Pharmaceutical Industries Ltd.

The smallest and largest group in which the results of the company are consolidated is that of Sun Pharmaceutical Industries Ltd., incorporated in India. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary at the Sun Pharma Advanced Research Centre (SPARC), Tandalja, Akota Road, Vadodra - 390020, Gujarat, India.

The directors regard Sun Pharmaceutical Industries Ltd. as the ultimate controlling party.