Company Registration No. 02992795

RANBAXY (U.K.) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

CONTENTS

COMPANY INFORMATION

DIRECTORS	Mr N Sharma Mr V Rama Seshadri Ms Hellen de Kloet - appointed 30th June 2015
REGISTERED OFFICE	5th Floor, Hyde Park Hayes 3 11 Millington Road, Hayes Middlesex, UB3 4AZ
BANKERS	HSBC Bank Plc 92 Kensington High Street Kensington London W8 4SH
SOLICITORS	Stevens & Bolton The Billings Guildford Surrey GU1 4YD
AUDITORS	Anderson Shaw Chartered Certified Accountants Statutory Auditors Scottish Provident House 76 - 80 College Road, Harrow Middlesex, HA1 1BQ
COMPANY NUMBER	02992795

STRATEGIC REPORT

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

Financial overview

Turnover for the year ended 31 March 2016 was £33.5m (2015: £28.9m), an increase of 16%. Gross profit for the year ended 31 March 2016 was £6.0m (2015: £6.6m), an decrease of 9%. The profit before tax for the year was £3.5m compared to a profit of £3.2m during 2015.

Turnover

Turnover for the year increased by 16% compared to 2015 largely due to one off sales to group undertakings. Third party sales remained consistently strong however there continues to be strong competition in existing molecules across the business.

Gross Profit

Gross profit decreased by 9% compared to 2015 with a decline in gross margin from 23% to 18%. The overall decrease reflects a high level of competition on existing products together with changes to the product mix. The company continues to focus on driving profitability by bringing new molecules to market.

Operating Costs

In line with strategy, resources continue to be utilised in bringing products to market from which the company will benefit in the years to come. The company continues to monitor its cost base to ensure that profitability is maximised. Administrative costs have decreased by 8% on last year and distribution costs have increased by 3% compared to 2015 as a result of increased volumes.

Financial Position

The financial position of the company remains strong with net current assets (excluding deferred tax) of £12.6m (2015: £9.1m) and net assets of £13.7m (2015: £10.3m). In line with future strategy, this position is expected to strengthen.

Strategy

The company continues to focus on delivering results. Resources have been directed to ensure that future launches are forthcoming and that the company reaches the market at the earliest opportunity. This drive is expected to result in further launches during the next financial year. The nature of the business will remain unchanged with focus on the UK market and the company will continue to identify and implement efficiencies and cost savings where possible to further improve profitability.

Other Developments

From October 2015 the company acquired the business for the provision of services to other group undertakings from Ranbaxy Europe Limited. On 1 April 2016 the company acquired the business, including assets and liabilities, of Sun Pharmaceuticals UK Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

The industry in which the company operates is subject to regulation. Potential future changes in such regulation may impact the company's ability to generate income, either through decreased revenues, increased expenditure or a combination of both. Failure to comply with relevant laws and regulations can potentially result in the suspension of sales. Management aims to mitigate such potential risk by monitoring for changes in the regulatory environment and where required implement procedures to ensure compliance. The company makes every effort to comply with relevant laws and regulations and internal reviews are conducted to ensure this. As a result we believe the transition to any potential new legislation will have minimal impact on revenues.

The directors recognise that continued competition puts pressure on our prices and margins. We believe that continued investment in and close management of our product range will enable us to maintain and improve on performance.

Strong competition in the generics market results in increased customer credit risk. The company minimises this risk by monitoring customers on an account level basis.

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 some third party stocks in EUR. These stocks make up a relatively small proportion of total stocks.

Interest rates are regularly monitored in relation to the company's financing to minimise exposure in the event of interest rate changes.

This report was approved by the Board on 23-May-2016.
On behalf of the Board

Mr V. Rama Seshadri
Director
Ranbaxy (U.K.) Limited
5th Floor, Hyde Park Hayes 3
11 Millington Road, Hayes, UB3 4AZ

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31 March 2016.

1. PRINCIPAL ACTIVITY

The company's principal activity comprises the distribution of generic and branded generic pharmaceuticals to wholesalers and pharmacy chains.

2. RESULTS AND DIVIDENDS

The directors report the result for the year as shown in the income statement on page 6.

The directors do not recommend the payment of a dividend (2015 - £nil) as the funds of the company are fully employed.

3. DIRECTORS AND DIRECTORS' INTERESTS

The present directors of the company are set out on Page 2 .

The directors who held office during the year are as follows:

Mr V Rama Seshadri
Mr N Sharma
Mr Ranjan Chakravarti - resigned 30th June 2015
Ms Hellen de Kloet - appointed 30th June 2015

4. AUDITORS

The directors appointed Anderson Shaw as auditors during the year. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Anderson Shaw will therefore continue in office.

5. DISCLOSURE OF INFORMATION TO 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.

6. 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 period. 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;
• 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.

This report was approved by the Board on 23-May-2016.
On behalf of the Board

Mr V. Rama Seshadri
Director
Ranbaxy (U.K.) Limited
5th Floor, Hyde Park Hayes 3
11 Millington Road, Hayes
Middlesex, UB3 4AZ

Independent auditor's report to the members of Ranbaxy (U.K.) Limited

We have audited the financial statements of Ranbaxy (U.K.) Limited for the year ended 31 March 2016 set out on pages 6 to16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

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 auditors

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors report and the Strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 and of its profit for the year 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 Report and the 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.

Bharatkumar L Shah (Senior Statutory Auditor)
for and on behalf of Anderson Shaw, Statutory Auditors

Chartered Certified Accountants
Scottish Provident House
76 - 80 College Road, Harrow
Middlesex, HA1 1BQ

STATEMENT OF INCOME AND RETAINED EARNINGS
for the year ended 31 March 2016

	Notes	**2016**	2015
		£	£
Turnover	**2**	**33,469,412**	28,912,830
Cost of Sales		**(27,444,375)**	(22,306,372)
Gross Profit		**6,025,037**	6,606,458
Distribution costs		**(795,632)**	(775,574)
Administrative expenses		**(2,761,180)**	(2,999,438)
Other operating income	**3**	**1,022,332**	368,145
Operating profit		**3,490,557**	3,199,591
Interest payable and similar charges	**4**	**-**	(59)
Profit on ordinary activities before taxation	**3**	**3,490,557**	3,199,532
Tax charge on profit on ordinary activities	**5**	**(102,674)**	(228,506)
Retained profit on ordinary activities after taxation		**3,387,883**	2,971,026
Equity settled share based charge		**337**	2,754
Profit for the financial year and total comprehensive income		**3,388,220**	2,973,780
Accumulated loss at the start of the year		**(11,450,096)**	(14,423,876)
Accumulated loss at the end of the year		**(8,061,876)**	(11,450,096)

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

The notes on pages 8 - 15 form part of the financial statements.

Company Registration No. 02992795

STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

	Notes		2016 £		2015 £
FIXED ASSETS					
Intangible assets	6		-		30,850
Tangible assets	7		24,417		8,018
			24,417		38,868
CURRENT ASSETS					
Stocks	8	3,219,283		8,417,290	
Debtors	9	19,706,351		12,999,412	
Cash at Bank and in hand		5,884,400		2,478,257	
		28,810,034		23,894,959	
CREDITORS: amounts falling due within one year	10	(15,146,327)		(13,633,923)	
NET CURRENT ASSETS			13,663,707		10,261,036
TOTAL ASSETS LESS CURRENT LIABILITIES			13,688,124		10,299,904
NET ASSETS			13,688,124		10,299,904
CAPITAL AND RESERVES					
Share capital	14		21,750,000		21,750,000
Profit & Loss Account			(8,061,876)		(11,450,096)
TOTAL EQUITY SHAREHOLDERS' FUNDS			13,688,124		10,299,904

The notes on pages 8 - 15 form part of the financial statements.

These financial statements were approved by the Board of Directors on 23-May-2016.

Mr V. Rama Seshadri
Director

1. ACCOUNTING POLICIES

1.1 ***Accounting basis and accounting standards***
The financial statements have been prepared under the historical cost convention, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council applicable in the UK and Republic of Ireland.

1.2 ***Cash flow statement***
Under FRS 102 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

1.3 ***Intangible fixed assets and amortisation***
Intangible fixed assets are stated at cost less amortisation. Amortisation is provided on all intangible fixed assets to write off the costs, less estimated residual value, of each asset on a straight line basis over its expected useful life. Product licences (third party), including the associated costs of research and data collection, are amortised over the term of the licence from the product launch date.

1.4 ***Impairment of fixed assets***
The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.
An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount and recognised in the profit and loss account.
The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

1.5 ***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:

Office equipment	5 years
Computer equipment & software	3 years
Furniture, fixtures & fittings	5 years

1.6 ***Stocks***
Stocks are stated at the lower of cost and estimated net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition. Cost is determined on a weighted average basis.

1.7 ***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.

1.8 ***Income Recognition***
Turnover represents amounts receivable for goods net of trade discounts, VAT and other related taxes. Turnover is recognised on delivery to customers.

Turnover relating to distributor arrangements is net of accruals made for expected market price changes in accordance with terms agreed.

Other operating income is recognised on completion or performance of activities to the extent that settlement is probable. In the case of contractual licensing arrangements income is recognised where the rights to consideration have arisen on the performance of key milestones at a fair value of the service provided as a proportion of the total fair value of the contract.

1. ACCOUNTING POLICIES (continued)

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

1.10 ***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.

1.11 ***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.

1.12 ***Share-based incentives***
Certain of the company's employees participate in equity-settled share-based payment schemes operated by the Ranbaxy group. Following the acquisition of the Ranbaxy group by Sun Pharmaceutical Industries Ltd. all unexercised options held at acquisition were converted in the ratio equivalent to 0.8 shares in Sun Pharmaceutical Industries Ltd. for every share held in Ranbaxy.
In accordance with FRS 102 the fair value of equity-settled share-based payments to employees is at the date of grant and is expensed on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest. In the case of options granted, fair value is measured by a Black-Scholes pricing model. Further details are set out in note 13.

1.13 ***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, its liquidity position and borrowing facilities are also described in the Strategic Report together with principal risks and uncertainties affecting the business.

The company has sufficient current 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. ANALYSIS OF TURNOVER

The analysis of turnover, all derived from the sale of generic pharmaceutical product, was as follows:

Turnover by geographical destination

	2016	2015
	£	£
UK	**17,825,838**	18,689,437
Rest of Europe	**15,643,574**	10,223,393
Total	**33,469,412**	28,912,830

3. PROFIT ON ORDINARY ACTIVITIES

	2016	2015
Profit on ordinary activities before taxation is stated after charging:	**£**	£
Depreciation of tangible fixed assets	**8,839**	3,653
Amortisation and impairment of intangible assets	**30,850**	11,733
Rental of building including service charges	**120,008**	44,358
Amounts receivable by the auditors, Anderson Shaw in respect of:		
Audit of these financial statements	**34,000**	-
Audit - related assurance services	**15,000**	-
Amounts receivable by the auditors, KPMG LLP in respect of:		
Audit of these financial statements	**-**	57,600
Audit - related assurance services	**4,200**	16,800
Other operating income includes:		
Income from granting marketing/distribution rights	**211,444**	121,475
Contract Settlements	**-**	200,000
Management Services	**742,042**	-
Others	**68,846**	46,670
	1,022,332	368,145

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest payable on bank loans and overdrafts repayable within 5 years	**-**	59

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016	2015
	£	£
UK corporation tax at 20% (2015: 21%)		
Current year tax charge	**13,175**	-
Deferred tax charge (see note 11)	**89,499**	228,506
Total tax charge	**102,674**	228,506

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom at 20% (2015: 21%)

The difference is explained as follows:

	2016	2015
Profit on ordinary activities before taxation	**3,490,557**	3,199,532
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 20% (2015: 21%)	**698,111**	671,902
Effect of:		
Expenses not deductible for tax purposes	**31,761**	1,238
Capital allowances for the year in excess of depreciation	**(9,108)**	767
Other short term timing differences	**9,935**	1,154
Utilised tax losses	**(717,524)**	(675,061)
Current tax charge for the year.	**13,175**	-

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors that may affect future, current and total tax charges
The standard rate of corporation tax effective from 1 April 2015 was 20% compared to an effective rate of 21% for the year ended 31 March 2015.

Effective from 1 April 2016 the enacted standard rate of corporation tax is 20%. The proposal set out in the Budget of 16 March 2016 is for this rate to remain unchanged until 2020 where it will reduce to 17%

6. INTANGIBLE FIXED ASSETS

	Product Licences £
At Cost:	
1 April 2015	**377,038**
Disposals	(16,934)
31 March 2016	**360,104**
Amortisation and impairment	
1 April 2015	**346,188**
Amortisation for the year	30,850
Disposals	(16,934)
31 March 2016	**360,104**
Net book value :	
31 March 2016	-
31 March 2015	30,850

7. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment & software £	Furniture, fixtures & fittings £	Total £
At Cost:				
1 April 2015	5,727	39,323	10,429	55,479
Additions	16,190	9,048	-	25,238
Disposals	(5,080)	(12,798)	(10,429)	(28,307)
31 March 2016	**16,837**	**35,573**	**-**	**52,410**
Depreciation:				
1 April 2015	5,727	31,305	10,429	47,461
Charge for the year	3,451	5,388	-	8,839
Disposals	(5,080)	(12,798)	(10,429)	(28,307)
31 March 2016	**4,098**	**23,895**	**-**	**27,993**
Net book value :				
31 March 2016	**12,739**	**11,678**	**-**	**24,417**
31 March 2015	-	8,018	-	8,018

8. STOCKS

	2016	2015
	£	£
Finished goods held for resale	**3,219,283**	8,417,290

9. DEBTORS: amounts falling due within one year

	2016	2015
	£	£
Trade debtors	**4,964,690**	3,604,859
Amounts due from group undertakings	**5,178,694**	434,908
Other debtors	**8,417,041**	7,732,684
Prepayments and accrued income	**57,404**	48,940
Deferred tax (see note 11)	**1,088,522**	1,178,021
	19,706,351	12,999,412

Other debtors includes the amount of EUR 145,614 (2015: EUR 145,614) cash held by HSBC Bank plc. as collateral for a guarantee issued by them. This guarantee will be released by them on the performace of a contract and is expected to be recoverable within one year.
The deferred tax asset of £1.1 million is recoverable after more than one year.

10. CREDITORS: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	**50,435**	455,438
Amounts owed to group undertakings	**13,777,405**	10,253,913
Corporation tax	**13,175**	-
Social security costs and other taxes	**116,275**	477,120
Other creditors	**40,627**	3,107
Accruals and deferred income	**1,148,410**	2,444,345
	15,146,327	13,633,923

11. **DEFERRED TAXATION**

	2016	2015
	£	£
At 1 April 2015	**1,178,021**	1,406,527
Movement in the year	**(89,499)**	(228,506)
At 31 March 2016	**1,088,522**	1,178,021

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

	2016	2015
	£	£
Accelerated capital allowances	**21,670**	37,886
Other timing differences	**18,433**	7,703
Losses to be utilised	**1,048,419**	1,132,432
	1,088,522	1,178,021

There was no impact to the deferred tax asset due to tax rates changes.

Factors that may affect future tax charges

The directors have assessed that taxable losses will be utilised in the next 5 years to justify the inclusion of a deferred tax asset of £1.1 million as at 31 March 2016. This is based upon the fact that the company has generated strong profits for four successive periods having overcome factors causing earlier losses. This is based upon detailed forecasts that the directors have prepared to support their medium term plans.

The rate of UK corporation tax enacted at the balance sheet date is 20% applicable from 1 April 2015. The proposal set out in the Budget of 16 March 2016 is for this rate to remain unchanged until 2020 where it will reduce to 17%. There are no other factors that may significantly affect future tax charges.

Based on current plans the company will have sufficient brought forward tax losses available to offset against future taxable profits for the foreseeable future thereby reducing future tax payments.

There are £nil (2015: £0.6 million) of unprovided deferred tax assets that may be recoverable in future years should there be sufficient taxable profits against which these losses can be offset.

12. **DIRECTORS' EMOLUMENTS**

	2016	2015
	£	£
Emoluments for the directors during the year were:		
Remuneration for services as director	**360,261**	-
Company contributions to defined benefit pension scheme	**-**	-
	360,261	-

Directors were remunerated by fellow group companies. Where remuneration was paid to directors by fellow group companies it did not include any amounts in respect of qualifying services for Ranbaxy (U.K.) Limited and is not included above.

The total emoluments of the highest paid director were £202,032 (2015: £nil) and Company pension contributions of £nil (2015: £nil) were made to a money purchase pension scheme.

13.	**EMPLOYEE NUMBERS AND REMUNERATION**	**2016**	2015
	Aggregate payroll costs, including directors, were as follows:	**£**	£
	Wages and salaries	**1,630,455**	409,753
	Social security costs	**187,087**	75,842
	Pension costs	**87,283**	41,333
	Equity settled share based charge	**337**	2,754
		1,905,162	529,682

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

	2016	2015
	Nos.	Nos.
Sales	**2**	2
Administration	**13**	6
	15	8

Certain management staff of the company participate in stock option schemes (ESOP) operated by Ranbaxy Laboratories Limited. Following the acquisition of the Ranbaxy group by Sun Pharmaceutical Industries Ltd. all unexercised options held at acquisition were converted in the ratio equivalent to 0.8 shares in Sun Pharmaceutical Industries Ltd. for every share held in Ranbaxy. The shares of Sun Pharmaceutical Industries Ltd. are listed on the Bombay Stock Exchange (Traded in 'A' Group) and on the National Stock Exchange, both exchanges are located in India.

For options granted prior to and including the grant of 24th February 2010 options vest over a period of five years from the date of grant with 20% of the options vesting at the end of each year. These options lapse if they are not exercised prior to the expiry date, which is ten years from the date of the grant.

For subsequent grants, under a new ESOP, options vest over a three year period from the date of grant with 33.33% of the options vesting at the end of each year. These options will lapse if not exercised within three months of vesting.

The weighted average fair value of options exercised during the period was INR 469.65

Details of outstanding share options in Ranbaxy Laboratories Limited awarded to certain management staff of the Company are set out below.

Grant Date	Outstanding at 1 Apr '15	Outstanding at 1 Apr '15 Converted	Granted	Exercised	Forfeited	Lapsed	Outstanding at 31 Mar '16	Exercise Price £	Exercisable at 31 Mar '16	Exercise/Vesting Period
17/01/2006	1,650	1,320	0	600	0	720	0	5.00	0	17/01/2007 – 17/01/2011
17/01/2007	900	720	0	0	0	0	720	5.03	720	17/01/2008 – 17/01/2012
16/01/2008	450	360	0	0	0	0	360	5.08	360	16/01/2009 - 16/01/2013
24/02/2010	1,313	1,050	0	0	330	0	720	6.30	720	24/02/2011 - 24/02/2015
20/01/2013	237	191	0	0	55	0	136	0.06	169	20/01/2014 - 20/01/2016
08/05/2014	925	741	0	58	176	130	377	0.05	0	08/05/2015 - 08/05/2017
Total	**5,475**	**4,382**	**0**	**658**	**561**	**850**	**2,313**		**1,969**	

Exercise prices and fair values have been translated from Indian Rupees to British Pounds at the exchange rate ruling at the grant date.

14. SHARE CAPITAL

	2016	2015
	£	£
Called up, allotted and fully paid at 1 April	**21,750,000**	21,750,000
Shares issued during the year	**-**	-
Called up, allotted and fully paid at 31 March	**21,750,000**	21,750,000
(21,750,000 ordinary shares of £1 each)		

15. FUTURE FINANCIAL COMMITMENTS

Operating Leases

At 31 March 2016 the company had the following total future minimum commitments under operating leases which expire:

	2016	2015
	£	£
Buildings		
within one year	**-**	252,918
In two to five years time	**229,576**	-
	229,576	252,918

16. TRANSACTIONS WITH RELATED PARTIES

The Company is exempt from the requirement to disclose transactions with other group companies on the grounds that all of its voting rights are controlled by Sun Pharmaceutical Industries Ltd. and Ranbaxy (U.K.) Limited's results are consolidated within the financial statements of Sun Pharmaceutical Industries Ltd.

17. ULTIMATE HOLDING COMPANY

The Company's shares are wholly owned by Ranbaxy (Netherlands) BV. 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.

18. TRANSISTION TO FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102 there were no accounting policy changes and accordingly there were no adjustments to equity on transition.

19. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 1 April 2016 the company acquired the business, including assets and liabilities, of Sun Pharmaceuticals UK Limited.