



Anderson Shaw

Registration number 05485056

Sun Pharmaceuticals UK Limited

Directors' report and financial statements

for the year ended 31 March 2015



Company information

Directors	Hellen de Kloet Helen Knowles Prashant Savla
Company number	05485056
Registered office	4100 Park Approach Thorpe Park Leeds LS15 8GB
Auditors	Anderson Shaw Chartered Certified Accountants Statutory Auditors 4/5 Loveridge Mews London NW6 2DP



Contents

	Page
Strategic report	1
Directors' report	2 - 3
Auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 14

**Strategic report
for the year ended 31 March 2015**

Business overview and future developments

The business has increased the number of products sold during the year with the launch of 3 new products into the UK market with 18 products available to the company by the end of the year. Growth has been temporarily affected, however, by the implementation of corrective steps to a production facility during the year, which impacted on group supplies. This situation will gradually improve and further growth is expected in the medium term with more products from the group's portfolio becoming available for sale into the UK market.

The main key performance indicators used to monitor the business are based on a total percentage of work-plan revenue and expenses. Due to the strong competition within the generic pharmaceutical sector and the impact on group supplies mentioned above, the revenue and the KPI for percentage of work-plan were below expectations in the year.

The company's turnover remains at a level above the break-even point, which has resulted in the company continuing to return a net profit.

Principal risks and uncertainties facing the company

In common with other suppliers of generic pharmaceuticals the company faces a number of risks and uncertainties. The directors actively seek to identify, manage and mitigate these risks. The main risks have been identified as follows:

Regulatory

Regulatory bodies around the world have different requirements for the approval of products. This may result in the company being prevented from selling or marketing its products. This risk is likely to become more significant over the next few years, due to increasing legislation over the manufacture and distribution of pharmaceutical products. The UK is not used as a test market for the group's products, which significantly reduces the risk of being refused selling and marketing authorisation from the UK government.

Competition

Competitive competition within the generic pharmaceuticals sector remains strong and at a similar level to the previous year. This risk is unlikely to change over the next few years due to the significant start-up costs for new entrants into the market and the significant price erosion of generic products over time. The competitive pressures can be reduced, but not eliminated by retaining contracts through service and quality. The company also has access to the group's product portfolio, which will help it to achieve overall sales targets through the launch of new products.

This report was approved by the Board on 30 April 2015 and signed on its behalf by

**Helen Knowles
Director**

**Directors' report
for the year ended 31 March 2015**

The directors present their report and the financial statements for the year ended 31 March 2015.

Principal activity and review of the business

The principal activity of the Company is that of wholesalers of pharmaceutical products as per the Memorandum of Association of the Company. The Company acts as authorised distributor of Sun Pharmaceutical Industries (Europe) B.V., which holds the marketing authorisation licences.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of a final dividend.

Financial risk management objectives and policies

The Company has no third party debt. It obtains all financial support from its Parent Company by way of loans which bear commercial rates of interest.

Directors

The directors who served during the year are as stated below:

Hellen de Kloet
Helen Knowles
Prashant Savla

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**Directors' report
for the year ended 31 March 2015**

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Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

Anderson Shaw are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 30 April 2015 and signed on its behalf by

Helen Knowles
Director

We have audited the financial statements of Sun Pharmaceuticals UK Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. 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).

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 auditors' 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 2 - 3, 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 Strategic report and Directors' report and financial statements 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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.

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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.

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Bharkumar L Shah (Senior Statutory Auditor)
For and on behalf of Anderson Shaw
Chartered Certified Accountants and
Statutory Auditors

4/5 Loveridge Mews
London
NW6 2DP

Dated: April 2015

**Profit and loss account
for the year ended 31 March 2015**

		Continuing operations	
		2015	2014
		£	£
	Notes		
Turnover	2	6,460,413	8,180,242
Cost of sales		(5,365,311)	(6,722,599)
Gross profit		1,095,102	1,457,643
Distribution costs		(134,757)	(156,193)
Administrative expenses		(766,078)	(1,068,131)
Other operating income		48,000	48,000
Operating profit	3	242,267	281,319
Other interest receivable and similar income	5	671	4,420
Interest payable and similar charges	6	-	(12,001)
Profit on ordinary activities before taxation		242,938	273,738
Tax on profit on ordinary activities	9	(141)	(1,017)
Profit for the year	15	242,797	272,721
Accumulated loss brought forward		(1,155,781)	(1,428,502)
Accumulated loss carried forward		(912,984)	(1,155,781)

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 14 form an integral part of these financial statements.

Balance sheet
as at 31 March 2015

		2015		2014	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		1,490		1,743
Current assets					
Stocks	11	924,696		1,864,507	
Debtors	12	3,633,745		2,157,699	
Cash at bank and in hand		585,579		473,868	
		<u>5,144,020</u>		<u>4,496,074</u>	
Creditors: amounts falling due within one year	13	<u>(6,057,494)</u>		<u>(5,652,598)</u>	
Net current liabilities			<u>(913,474)</u>		<u>(1,156,524)</u>
Total assets less current liabilities			<u>(911,984)</u>		<u>(1,154,781)</u>
Deficiency of assets			<u>(911,984)</u>		<u>(1,154,781)</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account	15		<u>(912,984)</u>		<u>(1,155,781)</u>
Shareholders' funds	16		<u>(911,984)</u>		<u>(1,154,781)</u>

These financial statements were approved by the Board of Directors on 30 April 2015, and are signed on its behalf by:

Helen Knowles
Director

Registration number 05485056

The notes on pages 8 to 14 form an integral part of these financial statements.

**Notes to the financial statements
for the year ended 31 March 2015**

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the United Kingdom Accounting Standards Board.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cash flow statement because it is a subsidiary undertaking where 90 per cent or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value of sales made and distribution license fees receivable after deduction of rebates, excluding value added tax, during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	25% straight line
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1.4. Stock

Stock is valued at the lower of cost and net realisable value.

1.5. Pensions

The company does not operate any pension plans, but makes defined contributions to the personal pension arrangements of its directors and employees. The amounts charged to the profit and loss account in respect of pension costs are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either other creditors or other debtors in the balance sheet.

1.6. Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Notes to the financial statements
for the year ended 31 March 2015**

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1.7. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

1.8. Going concern

In accordance with their responsibilities as directors, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements.

Generic competition within the pharmaceutical sector remains strong, however, the company has continued to increase its portfolio with the launch of several new products. The company's turnover remains at a level that will enable adequate profits to be generated within the next few years. The directors are confident that the company can continue to trade as a going concern for the foreseeable future with the continued launch of additional products from the group's product portfolio.

After making enquiries and with continued financial support from the parent company, the directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern.

2. Turnover

	2015	2014
Geographical market		
UK	6,311,514	7,940,172
Europe	148,899	240,070
	<u>6,460,413</u>	<u>8,180,242</u>

3. Operating profit

	2015	2014
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	734	3,031
Net foreign exchange loss	-	6,422
Auditors' remuneration (Note 4)	11,025	10,500
	<u>11,759</u>	<u>19,953</u>
and after crediting:		
Net foreign exchange gain	8,328	-
	<u>8,328</u>	<u>-</u>

Notes to the financial statements
for the year ended 31 March 2015

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4. Auditors' remuneration	2015	2014
	£	£
Auditors' remuneration - audit of the financial statements	<u>10,525</u>	<u>10,000</u>
Auditors' remuneration - other fees: - other services and disbursements	<u>500</u>	<u>500</u>
5. Interest receivable and similar income	2015	2014
	£	£
Bank interest	<u>671</u>	<u>4,420</u>
6. Interest payable and similar charges	2015	2014
	£	£
On amounts payable to group companies	<u>-</u>	<u>12,001</u>
7. Employees		
Number of employees	2015	2014
The average monthly numbers of employees (including the directors) during the year were:		
Total	<u>8</u>	<u>7</u>
Employment costs	2015	2014
	£	£
Wages and salaries	408,245	384,657
Social security costs	49,070	48,739
Pension costs	57,368	53,737
	<u>514,683</u>	<u>487,133</u>

**Notes to the financial statements
for the year ended 31 March 2015**

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7.1. Directors' remuneration	2015	2014
	£	£
Remuneration and other emoluments	144,203	135,651
Pension contributions	15,968	15,564
	<u>160,171</u>	<u>151,215</u>

During the year, the company contributed to one of the director's defined contribution personal pension scheme.

8. Pension costs

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

9. Tax on profit on ordinary activities

Analysis of charge in period	2015	2014
	£	£
Current tax		
UK corporation tax	<u>141</u>	<u>1,017</u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (21.00 per cent). The differences are explained below:

	2015	2014
	£	£
Profit on ordinary activities before taxation	<u>242,938</u>	<u>273,738</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.00% (31 March 2014 : 23.00%)	51,017	62,960
Effects of:		
Expenses not deductible for tax purposes	211	89
Depreciation for period in excess of capital allowances	53	458
Losses brought forward	<u>(51,140)</u>	<u>(62,490)</u>
Current tax charge for period	<u>141</u>	<u>1,017</u>

Notes to the financial statements
for the year ended 31 March 2015

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10. Tangible fixed assets	Fixtures, fittings and equipment £	Total £
Cost		
At 1 April 2014	20,030	20,030
Additions	481	481
At 31 March 2015	<u>20,511</u>	<u>20,511</u>
Depreciation		
At 1 April 2014	18,287	18,287
Charge for the year	734	734
At 31 March 2015	<u>19,021</u>	<u>19,021</u>
Net book values		
At 31 March 2015	<u>1,490</u>	<u>1,490</u>
At 31 March 2014	<u>1,743</u>	<u>1,743</u>
11. Stocks	2015 £	2014 £
Finished goods and goods for resale	<u>924,696</u>	<u>1,864,507</u>
12. Debtors	2015 £	2014 £
Trade debtors	3,589,088	2,147,496
Other debtors	5,126	5,126
Prepayments and accrued income	39,531	5,077
	<u>3,633,745</u>	<u>2,157,699</u>

Notes to the financial statements
for the year ended 31 March 2015

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13. Creditors: amounts falling due within one year	2015 £	2014 £
Trade creditors	3,733,568	4,131,500
Corporation tax	141	1,017
Other taxes and social security costs	388,048	441,619
Other creditors	3,159	1,946
Accruals and deferred income	1,932,578	1,076,516
	<u>6,057,494</u>	<u>5,652,598</u>
14. Share capital	2015 £	2014 £
Authorised		
1,000 Ordinary shares of £10 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £10 each	<u>1,000</u>	<u>1,000</u>
Equity Shares		
100 Ordinary shares of £10 each	<u>1,000</u>	<u>1,000</u>
15. Equity Reserves	Profit and loss account £	Total £
At 1 April 2014 - deficit	(1,155,781)	(1,155,781)
Profit for the year	<u>242,797</u>	<u>242,797</u>
At 31 March 2015 - deficit	<u>(912,984)</u>	<u>(912,984)</u>
16. Reconciliation of movements in shareholders' funds	2015 £	2014 £
Profit for the year	242,797	272,721
Opening shareholders' funds - deficit	<u>(1,154,781)</u>	<u>(1,427,502)</u>
Closing shareholders' funds - deficit	<u>(911,984)</u>	<u>(1,154,781)</u>



**Notes to the financial statements
for the year ended 31 March 2015**

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17. Related party transactions

The company has taken advantage of the exemption from related party disclosures available in Financial Reporting Standard No. 8 - Related Party Disclosures, as the consolidated financial statements of the ultimate parent company are publicly available.

18. Ultimate parent undertaking

The company is a wholly owned subsidiary of Alkaloida Chemical Company Zrt (formerly known as Alkaloida Chemical Company Exclusive Group Limited), a company incorporated in Hungary, which in turn is a wholly owned subsidiary of Sun Pharma Global Inc. BVI, incorporated in British Virgin Islands.

Sun Pharmaceutical Industries Limited, a company incorporated in India, is the ultimate parent company.

19. Controlling party

The company is controlled by its ultimate parent company, Sun Pharmaceutical Industries Limited.