

AUDITORS' REPORT

To The Members of Ranbaxy Drugs Limited

We have audited the accompanying financial statements of *MIS* Ranbaxy Drugs Limited ("the Company") which comprise the Balance Sheet as at March 31, 2015 and the Statement of Profit and Loss for the year 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 of 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 there under.

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 management, 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 these 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, 2015;
- b) In the case of the Statement of Profit and Loss Account, of the profit 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, 2015 ("the order") 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 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 and the Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid 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 representation received from the directors and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164 of the Companies Act, 2013;
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit & Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 1. The company does not have any pending litigations on its financial position;
 - u. The company does not have any long term contract;
 111. No such case of transfer of amounts to Investor Education and Protection Fund, hence not applicable to the company.

For HDSG & Associates
Chartered Accountants
FRN: 002871N

Date: May 29, 2015
Place: New Delhi

a)

Partner

**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON
ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2015**

Based upon the information and explanations furnished to us and the books and records examined by us in the nonnal course of our audit, we report that to the best of our knowledge and belief:

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.
11. In respect of its Inventories:

The Company does not have any inventory. Accordingly, Para 3(ii) of the order is not applicable.
111. The Company has not taken/granted any loans, secured/unsecured from/to companies, firms or other patiiies listed in the register maintained u/s 189 of the Companies Act, 2013 or from the companies under the same management as defined under the Companies Act, 2013. Hence Para 3(iii)(a) and 3(iii)(b) are not applicable.
- 1v. The activities of the Company do not involve purchase of inventory and sale of goods and services. There was no purchase of fixed assets during the year. Accordingly, Para 3(iv) of the order is not applicable.
- v. The provisions of Para V of the Order with respect to the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of Companies Act and the rules framed there under are not applicable to the Company.
- vl. The provision of Para 3(vi) of the order with respect to maintenance of cost records is not applicable to the Company.
- vn. a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amount deducted / accrued in the books of accounts in respect of undisputed statutory dues of provident Fund and Income Tax have been regularly deposit during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Employee's State Insurance, Sales tax, wealth Tax, service tax, duty of customs, duty of excise, value added tax, entry tax, cess and other material statutory dues.

According to the infomlation and explanation given to us, no undisputed amounts payable in respect of Income Tax were in arrears as on 31.03.2015 for a period of more than six months from the date they became payable.

- c) The amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act and rules made there under has been transferred to such fund within time are not applicable to the Company.
- vnt. The company does not have any accumulated losses at the end of the financial year are not less than fifty per cent of its net worth and has not incurred cash losses in the financial year. Accordingly, Para 3(viii) of the order is not applicable.
- 1x. In our opinion and according to the information and explanations given to us, the company did not have any outstanding dues to any financial institution, bank or debenture holder during the year. Accordingly, Para 3(ix) of the order is not applicable.
- x. In our opinion and according to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions. Accordingly, Para 3(x) of the order is not applicable.
- xt. In our opinion, the company did not have any loan outstanding during the year. Accordingly, Para 3(xi) of the order is not applicable.
- xu. According to the information and explanation given to us, no fraud on or by the Company has been noticed or remedied during the course of the audit.

For HDSG & Associates
Chartered Accountants
FRN: 002871N

Date: May 29, 2015
Place: New Delhi

Ranbaxy Drugs Limited**Balance Sheet as at 31 March 2015**

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

| | Note | As at 31 March 2015 | As at 31 March 2014 |
|--|------|-----------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 31,002,700 | 31,002,700 |
| Reserve and surplus | 4 | 1,699,180,591 | 1,669,137,931 |
| | | <u>1,730,183,291</u> | <u>1,700,140,631</u> |
| Current liabilities | | | |
| Short-term borrowings | 5 | - | 9,938,250 |
| Trade payables | 6 | 28,090 | 210,113 |
| Other current liabilities | 7 | 25,735,061 | 279,029,954 |
| Short-term provisions | 8 | 785,540 | 779,801 |
| | | <u>26,548,691</u> | <u>289,958,118</u> |
| TOTAL | | <u><u>1,756,731,982</u></u> | <u><u>1,990,098,749</u></u> |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets-tangible | 9 | 2,700,496 | 2,766,719 |
| Non-current investments | 10 | 1,739,651,476 | 1,963,943,884 |
| Long-term loans and advances | 11 | 1,430,667 | 1,376,389 |
| | | <u>1,743,782,639</u> | <u>1,968,086,992</u> |
| Current assets | | | |
| Cash and bank balances | 12 | 12,705,197 | 21,519,100 |
| Other current assets | 13 | 244,146 | 492,657 |
| | | <u>12,949,343</u> | <u>22,011,757</u> |
| TOTAL | | <u><u>1,756,731,982</u></u> | <u><u>1,990,098,749</u></u> |
| 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

Akhilesh Nand
Director

Sanjay Jerry
Director

Place: New Delhi
Date:

Place: Gurgaon
Date:

Ranbaxy Drugs Limited**Statement of Profit and Loss for the year ended 31 March 2015**

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

| | Note | For the year ended 31 March 2015 | For fifteen months ended 31 March 2014 |
|---|-----------|-------------------------------------|---|
| REVENUE | | | |
| Other operating income | | | |
| Share in profit from partnership firm | | 55,427,592 | - |
| Other income | 14 | 1,585,194 | 38,449,795 |
| Total revenue | | 57,012,786 | 38,449,795 |
| EXPENSES | | | |
| Employee benefits | 15 | 377,702 | 558,194 |
| Depreciation | 9 | - | 31,337 |
| Share in loss of partnership firm | | - | 350,967,268 |
| Other expenses | 16 | 375,144 | 444,436 |
| Finance Cost | 17 | 25,768,988 | - |
| Total expenses | | 26,521,834 | 352,001,235 |
| (Loss) / profit before tax | | 30,490,952 | (313,551,440) |
| Current tax | | 490,000 | 12,174,415 |
| Trax earlier year | | (107,931) | - |
| (Loss)/profit for the period | | 30,108,883 | (325,725,855) |
| (Loss) / profit per equity share (Rs.) | 18 | | |
| Basic and Diluted - Par value of Rs. 10 per share | | 9.71 | (105.07) |
| 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

Akhilesh Nand
Director

Sanjay Jerry
Director

Place: New Delhi
Date:

Place: Gurgaon
Date:

Ranbaxy Drugs Limited**Cash Flow Statement for the year ended 31 March 2015**

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

| | For the year ended 31 March 2015 | For fifteen months ended 31 March 2014 |
|---|-------------------------------------|---|
| A. Cash flows from operating activities | | |
| (Loss) / profit before tax | 30,490,952 | (313,551,440) |
| Adjustments: | | |
| Depreciation | - | 31,337 |
| Interest income | (1,534,631) | (38,449,795) |
| Interest on Loan | 25,735,061 | - |
| Share of (profit)/ loss from partnership firm | (55,427,592) | 350,967,268 |
| Operating cash flows before working capital changes | <u>(736,210)</u> | <u>(1,002,630)</u> |
| Decrease in trade payables and other current liabilities | (204,977) | (292,748) |
| Net cash (used in) from operating activities | <u>(941,187)</u> | <u>(1,295,378)</u> |
| B. Cash flows from investing activities | | |
| Realisation from investment in a partnership firm | 279,720,000 | 279,972,000 |
| Payment of consideration for acquisition of shares (refer to note 8) | (279,007,000) | (1,495,000,000) |
| Interest income on others | 1,783,142 | 42,587,914 |
| Income taxes paid | (430,608) | (11,303,889) |
| Fixed deposits matured during the year | 20,000,000 | 37,800,000 |
| Investment in fixed deposits | (10,800,000) | (44,000,000) |
| Net cash generated from investing activities | <u>11,265,534</u> | <u>(1,189,943,975)</u> |
| C. Cash flows from financing activities | | |
| (Payment)/proceeds of unsecured loan | (9,938,250) | 300,000 |
| Net cash flows generated from financing activities | <u>(9,938,250)</u> | <u>300,000</u> |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | 386,097 | (1,190,939,353) |
| Cash and cash equivalents at the beginning of the year | 1,519,100 | 1,192,458,453 |
| Cash and cash equivalents at the end of the period | <u>1,905,197</u> | <u>1,519,100</u> |
| Notes to Cash flow statement: | | |
| 1 Components of cash and cash equivalents (Refer to note 13): | | |
| Balance with banks | | |
| - on current accounts | 1,905,197 | 1,519,100 |
| - on deposits account with original maturity of less than three months | - | - |
| Cash and cash equivalents at the end of the period | <u>1,905,197</u> | <u>1,519,100</u> |
| Add: other bank balances | | |
| Fixed deposits with original maturity of more than three months but remaining maturity of less than twelve months | 10,800,000 | 20,000,000 |
| Cash and bank balances at the end of the year | <u>12,705,197</u> | <u>21,519,100</u> |

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.

* Refer to note 3

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

Akhilesh Nand
Director

Sanjay Jerry
Director

Place: New Delhi
Date:

Place: Gurgaon
Date:

Ranbaxy Drugs Limited

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

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

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.

During the year, effective 24 March 2015, the erstwhile holding company namely Ranbaxy Laboratories Limited has been merged with Sun Pharmaceutical Industries Limited (“SPIL”) 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:

- it is expected to be realised in, or is intended for sale or consumption in, the Company’s normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- 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:

- it is expected to be settled in the Company’s normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- 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.

Ranbaxy Drugs Limited

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

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

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.

Ranbaxy Drugs Limited

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

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

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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Ranbaxy Drugs Limited
Notes to the financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees except share data, per share data and unless otherwise stated)
3 Share capital

| | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| 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 |
| | <u>1,000,500,000</u> | <u>1,000,500,000</u> |
| 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 |
| | <u>31,002,700</u> | <u>31,002,700</u> |

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

| | As at 31 March 2015 | | As at 31 March 2014 | |
|--|---------------------|----------------------|---------------------|-------------------|
| | 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 |
| | <u>3,100,020.00</u> | <u>31,000,200.00</u> | <u>3,100,020</u> | <u>31,000,200</u> |
| 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 |
| | <u>250.00</u> | <u>2,500.00</u> | <u>250</u> | <u>2,500</u> |

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 2015 | | As at 31 March 2014 | |
|--|---------------------|----------------------|---------------------|-------------------|
| | 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 |
| | <u>3,100,020.00</u> | <u>31,000,200.00</u> | <u>3,100,020</u> | <u>31,000,200</u> |
| 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 |
| | <u>250.00</u> | <u>2,500.00</u> | <u>250</u> | <u>2,500</u> |

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 2015 | | As at 31 March 2014 | |
|--|---------------------|------------------------|---------------------|------------------------|
| | 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 |
| | <u>3,100,020.00</u> | <u>100.00</u> | <u>3,100,020</u> | <u>100</u> |
| 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 |
| | <u>250.00</u> | <u>100.00</u> | <u>250</u> | <u>100</u> |

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 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| <i>General reserve</i> | | |
| Balance at the beginning of the year | 1,819,592,113 | 1,819,592,113 |
| Less: Adjustment of Depreciation (Companies Act, 2013) | 66,223 | - |
| Balance at the end of the year | <u>1,819,525,890</u> | <u>1,819,592,113</u> |
| <i>(Deficit)/surplus in the Statement of Profit and Loss</i> | | |
| Balance at the beginning of the year | (150,454,182) | 175,271,673 |
| Add: (Loss) / Profit for the year | 30,108,883 | (325,725,855) |
| Balance at the end of the year | <u>(120,345,299)</u> | <u>(150,454,182)</u> |
| | <u>1,699,180,591</u> | <u>1,669,137,931</u> |

5 Short-term borrowings

| | As at 31 March 2015 | As at 31 March 2014 |
|--------------------------------------|------------------------|------------------------|
| Inter-corporate deposits (unsecured) | - | 9,938,250 |
| | <u>-</u> | <u>9,938,250</u> |

The Company has taken Inter-Corporate Deposits from Sun Pharmaceutical Industries Limited (Erstwhile Ranbaxy Laboratories Limited), the holding company.

Ranbaxy Drugs Limited
Notes to the financial statements for the year ended 31 March 2015

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

| 6 Trade payables | As at 31 March 2015 | As at 31 March 2014 |
|------------------|------------------------|------------------------|
| Trade payables * | <u>28,090</u> | <u>210,113</u> |
| | <u>28,090</u> | <u>210,113</u> |

* 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.

| 7 Other current liabilities | As at 31 March 2015 | As at 31 March 2014 |
|-----------------------------|------------------------|------------------------|
| Other payables | | |
| Statutory liabilities | 2,573,506 | 22,954 |
| Interest on Loan | 23,161,555 | - |
| Other payable # | - | 279,007,000 |
| | <u>25,735,061</u> | <u>279,029,954</u> |

Represents consideration payable to Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited) for acquisition of the shares of Ranbaxy Drugs and Chemicals Company, Ranbaxy Life Sciences Research Limited (equity and preference), Ranbaxy SEZ Limited, Solus Pharmaceuticals Limited and Rexcel Pharmaceuticals Limited as per terms of share transfer agreement.

| 8 Provisions | Long-term | | Short-term | |
|--|------------------------|------------------------|------------------------|------------------------|
| | As at 31 March 2015 | As at 31 March 2014 | As at 31 March 2015 | As at 31 March 2014 |
| Provision for income tax [net of advance tax and tax deducted at source amounting to Rs. 9,415,260 (previous year 14,102,974)] | - | - | 785,540 | 779,801 |
| | <u>-</u> | <u>-</u> | <u>785,540</u> | <u>779,801</u> |

9 Tangible fixed assets

| Particulars | Freehold Land | Furniture and Fixture | Office equipments | Computers | Total |
|---|------------------|--------------------------|----------------------|------------------|------------------|
| | | | | | |
| Gross block | | | | | |
| Balance as at 1 January 2013 | 2,674,640 | 547,272.00 | 547,390.00 | 2,375,036 | 6,144,338 |
| Balance as at 31 March 2014 | <u>2,674,640</u> | <u>547,272.00</u> | <u>547,390.00</u> | <u>2,375,036</u> | <u>6,144,338</u> |
| Balance as at 1 April 2014 | 2,674,640 | 547,272.00 | 547,390.00 | 2,375,036 | 6,144,338 |
| Balance as at 31 March 2015 | <u>2,674,640</u> | <u>547,272.00</u> | <u>547,390.00</u> | <u>2,375,036</u> | <u>6,144,338</u> |
| Depreciation | | | | | |
| Balance as at 1 January 2013 | - | 546,640.00 | 424,606.00 | 2,375,036 | 3,346,282 |
| Depreciation for the period | - | 632.00 | 30,705.00 | - | 31,337 |
| Balance as at 31 March 2014 | <u>-</u> | <u>547,272.00</u> | <u>455,311.00</u> | <u>2,375,036</u> | <u>3,377,619</u> |
| Balance as at 1 April 2014 | - | 547,272.00 | 455,311.00 | 2,375,036 | 3,377,619 |
| Impact on Depreciation (Schedule-II) charged to Opening Reserve | - | - | 66,223.00 | - | 66,223 |
| Depreciation for the year | - | - | - | - | - |
| Balance as at 31 March 2015 | <u>-</u> | <u>547,272</u> | <u>521,534</u> | <u>2,375,036</u> | <u>3,443,842</u> |
| Net block | | | | | |
| As at 31 March 2014 | 2,674,640 | - | 92,079 | - | 2,766,719 |
| As at 31 March 2015 | 2,674,640 | - | 25,856 | - | 2,700,496 |

10 Non-current investments

(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*

| | As at 31 March 2015 | As at 31 March 2014 |
|--|------------------------|------------------------|
| | 14,649,300 | 14,649,300 |

Investment in a partnership firm

Opening balance

Add: Share of (Loss) /profit from partnership firm for the year

Less: Withdrawal from partnership firm

| | | |
|--|----------------------|----------------------|
| | 1,949,294,584 | 2,580,233,852 |
| | 55,427,592 | (350,967,268) |
| | 279,720,000 | 279,972,000 |
| | <u>1,725,002,176</u> | <u>1,949,294,584</u> |
| | <u>1,739,651,476</u> | <u>1,963,943,884</u> |

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

| | As at 31 March 2015 | | As at 31 March 2014 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | Capital contribution | % Share in profits | Capital contribution | % Share in profits |
| Name, capital and profits sharing ratio of the partners : | | | | |
| Ranbaxy Drugs Limited | 1,725,002,176 | 99.90 | 1,949,294,584 | 99.90 |
| Gufic Pharma Limited | 3,053,041 | 0.10 | 3,053,041 | 0.10 |
| Total capital of Solrex Pharmaceuticals Company | <u>1,728,055,217</u> | <u>100.00</u> | <u>1,952,347,625</u> | <u>100.00</u> |

Aggregate book value of unquoted non-current investments (net of provision for other-than-temporary diminution)

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".

| | | |
|--|---------------|---------------|
| | 1,739,651,476 | 1,963,943,884 |
| | - | - |
| | 1,739,651,476 | 1,963,943,884 |

Ranbaxy Drugs Limited
Notes to the financial statements for the year ended 31 March 2015
(All amounts are in Indian Rupees except share data, per share data and unless otherwise stated)

| | Non-current portion | | Current portion | |
|--|----------------------------|------------------------|-------------------------------------|--|
| | As at 31 March 2015 | As at 31 March 2014 | As at 31 March 2015 | As at 31 March 2014 |
| 11 Long-term loans and advances <i>(Unsecured and considered good)</i> | | | | |
| To parties other than related parties | | | | |
| Advance tax and tax deducted at source [net of provision for tax amounting to Rs. 32,685,742(previous year Rs. 37,589,573)] | 1,430,667.00 | 1,376,389.00 | - | - |
| | <u>1,430,667.00</u> | <u>1,376,389.00</u> | <u>-</u> | <u>-</u> |
| | | | As at 31 March 2015 | As at 31 March 2014 |
| 12 Cash and bank balances | | | | |
| Cash and cash equivalents | | | | |
| - Balance with banks | | | | |
| On current accounts@ | | | 1,905,197 | 1,519,100 |
| On deposits account (with original maturity of three months or less)@ | | | - | - |
| - Other bank balances@ | | | 10,800,000 | 20,000,000 |
| | | | <u>12,705,197</u> | <u>21,519,100</u> |
| @ 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' | | | 1,905,197 | 1,519,100 |
| Bank deposits due to mature within twelve months of the reporting date included under 'Other bank balances' | | | 10,800,000 | 20,000,000 |
| | | | <u>12,705,197</u> | <u>21,519,100</u> |
| | | | As at 31 March 2015 | As at 31 March 2014 |
| 13 Other current assets <i>(Unsecured and considered good)</i> | | | | |
| Interest accrued but not due on deposit accounts | | | 244,146 | 492,657 |
| | | | <u>244,146</u> | <u>492,657</u> |
| | | | For the year ended 31 March 2015 | For the fifteen months ended 31 March 2014 |
| 14 Other income | | | | |
| Interest income on | | | | |
| Others- deposits | | | 1,534,631 | 38,449,795 |
| Excess provision w/back | | | 50,563 | - |
| | | | <u>1,585,194</u> | <u>38,449,795</u> |
| 15 Employee benefits | | | | |
| Salaries, wages and bonus | | | 355,501 | 522,773 |
| Contribution to provident and other funds | | | 22,201 | 35,421 |
| | | | <u>377,702</u> | <u>558,194</u> |
| 16 Other expenses | | | | |
| Legal and professional fees * | | | 354,664 | 276,414 |
| Rates and taxes | | | 12,000 | 4,800 |
| Bank charges | | | 533 | 2,612 |
| Donation and contribution | | | - | 100,000 |
| Printing and stationary | | | - | 15,225 |
| Miscellaneous expenses | | | 7,947 | 45,385 |
| | | | <u>375,144</u> | <u>444,436</u> |
| * Include payment to auditors (including service tax) | | | | |
| As auditor | | | | |
| Statutory audit | | | 28,090 | 168,540 |
| Tax audit | | | - | 56,180 |
| | | | <u>28,090</u> | <u>224,720</u> |
| 17 Finance Cost | | | | |
| Interest on loan * | | | 25,735,061 | - |
| Interest u/s 234B & 234C | | | 33,927 | - |
| | | | <u>25,768,988</u> | <u>-</u> |
| * Represents interest on loan payable to Sun Pharmaceutical Industries Limited (erstwhile Ranbaxy Laboratories Limited). | | | | |
| 18 Earnings per equity share | | | | |
| Weighted average number of shares | | | 3,100,020 | 3,100,020 |
| Net profit / (loss) after tax attributable to equity shareholders | | | 30,108,883 | (325,725,855) |
| Basic and diluted profit / (loss) per share | | | 9.71 | (105.07) |
| Nominal value per equity share | | | 10.00 | 10.00 |

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

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

19 Contingent liability and Commitments

There is no contingent liability against the company at the end of the year.

Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. Nil.

20 Foreign Exchange Transaction

There is no foreign exchange transaction during the year

21 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.

22 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)

- Subsidiary company (with effect from 1 April 2012)

Solrex Pharmaceuticals Company (a partnership firm)

Related parties with whom transactions have taken place during the year:

- Enterprise under the common control of the holding company ("Enterprise") (upto 31 March 2012)

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 2015 | For the fifteen months ended 31 March 2014 |
|---------------------------------------|---|-----------------------------|-------------------------------------|--|
| Solrex Pharmaceuticals Company | Share of (loss) / profit | Enterprise | 55,427,592 | (350,967,268) |
| Solrex Pharmaceuticals Company | Withdrawal from partnership firm | Enterprise | 279,720,000 | 279,972,000 |
| Sun Pharmaceutical Industries Limited | Loan received | Holding company | - | 300,000 |
| 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 | 1,495,000,000 |
| Sun Pharmaceutical Industries Limited | Interest on loan | Holding company | 25,735,061 | - |

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

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

(c) Balances due from/ to related parties

| Related party | Nature of balances | Description of relationship | As at 31 March 2015 | As at 31 March 2014 |
|---------------------------------------|--|-----------------------------|---------------------|---------------------|
| Sun Pharmaceutical Industries Limited | Loan payable | Holding company | - | 9,938,250 |
| Sun Pharmaceutical Industries Limited | Consideration payable for purchase of shares of subsidiary companies | Holding company | - | 279,007,000 |
| 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 | 1,725,002,176 | 1,949,294,584 |

23 Deferred tax

Deferred tax asset arising on account of :

Excess of depreciation on fixed assets provided in accounts over depreciation under income-tax law

Total deferred tax asset

Net deferred tax asset ^

| As at 31 March 2015 | As at 31 March 2014 |
|------------------------|------------------------|
| 46,440 | 32,453 |
| 46,440 | 32,453 |
| - | - |

^ In absence of reasonable certainty, no deferred tax asset have been recognised as at 31 March 2015.

24 Financial reporting period

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 in previous year.

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

Akhilesh Nand
Director

Sanjay Jerry
Director

Place: New Delhi
Date:

Place: Gurgaon
Date: