Grant Thornton

# Financial Statements

## Ranbaxy Ireland Limited

**For the year ended 31 March 2016**

**Registered number: 75951**

# Company Information

| | |
|---|---|
| **Directors** | H. de Kloet (Dutch)<br>B. Klener (Israel)<br>Y. Mahadik (Indian) |
| **Company secretary** | S. Moloney |
| **Registered number** | 75951 |
| **Registered office** | Spafield<br>Cork Road<br>Cashel<br>Co.Tipperary |
| **Independent auditors** | Grant Thornton<br>Chartered Accountants & Registered Auditors<br>14 South Mall<br>Cork<br>Ireland |
| **Bankers** | Ulster Bank Limted<br>49 Liberty Square<br>Thurles<br>Co.Tipperary |
| | Allied Irish Bank<br>66 Main Street<br>Cashel<br>Co.Tipperary |

# Contents

# Directors' report
**For the year ended 31 March 2016**

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

## Principal activities, business review and future developments

The principal activity of the company is the manufacture, processing and selling of pharmaceutical products. One of the largest sales markets for the company is Poland and a Ranbaxy group company performs promotion and marketing activities on behalf of the company in this region. The costs if these activities are recharged to the company.

## Business review

The company's ultimate parent undertaking, Sun Pharmaceutical Industries Limited announced on 31 March 2016, that it had decided to wind down the operations of the company by the end of the 2016 calendar year and subsequently close the plant. This has resulted in the financial statements being prepared on a break-up basis. As a result assets have been written down to their net recoverable amount on a break-up basis. The directors have also made appropriate provisions in order to bring about the orderly wind-down of the company and its operations.

## Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could material and adversely affect the company, which are similar risks to those of the parent company Sun Pharmaceutical Industries Limited.

### Economic risk
The risk of unrealistic increases in wages or infrastructure cost impacting adversely on competitiveness of the group and its principal customers.

These risks are managed by innovative product sourcing and strict control of costs.

### Competition risk
The directors of the company and subsidiaries management competition risk through close attention to customer service levels and product innovation.

### Financial risk
Each of the companies within the group has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risks.

### People in our business
The continued success of the group has been achieved by the people working in it. Each of the subsidiaries is managed separately but reflects the group philosophy and ethos. There are many long serving members of staff and the relatively low turnover of personnel reflects the general policy of providing good terms and conditions of employment while dealing with staff as well as the other stakeholders in the business, in a fair and consistent manner. Their continued loyalty and hard work is much appreciated.

## Results and dividends

The loss for the year, after taxation, amounted to €3,936,115 (2015 - profit of €2,797,064).

# Directors' report

**For the year ended 31 March 2016**

## Directors and secretary and their interests

In accordance with the company's Articles of Association the directors are not required to retire by rotation.

On 6 November 2015 and 18 September 2015 Rajesh V Shah and Vickraman Sattanthan respectively retired as directors.

On 29 April 2016, Ashwani Malhotra and Neeraj Sharma resigned as directors and on the same date Hellen de Kloet, Benny Klener and Yashwant Mahadik were appointed as directors.

The directors and secretary who held office at 31 March 2016, as set out on page 1, had no interests in the shares of the company or other group companies.

## Events since the end of the year

There have been no significant events since year end that would require amendment to or disclosure in the financial statements.

## Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at Spafield, Cork Road, Cashel, Co.Tipperary.

## Auditors

On 2 February 2016 KPMG resigned as auditors and Grant Thornton were appointed in accordance with Section 383(2) of the Companies Act 2014.

This report was approved by the board on 29 April 2016 and signed on its behalf.

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| ............................................... | ............................................... |
| **Hellen de Kloet** | **Benny Klener** |
| Director | Director |

# Directors' responsibilities statement

**For the year ended 31 March 2016**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the company for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice in Ireland, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and promulgated by the Institute of Chartered Accountants in Ireland and Irish 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 assets, liabilities and financial position of the company for the financial year end date of the profit or loss of the company for that financial year and otherwise comply with the Companies Act 2014

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

As explained in note 1.2 to the financial statements, the directors do not consider the going concern basis to be appropriate and these financial statements have therefore not been prepared on that basis.

On behalf of the board 29 April 2016

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| ............................................... | ............................................... |
| **Hellen de Kloet** | **Benny Klener** |
| **Director** | Director |

# Independent Auditors' Report to the Members of Ranbaxy Ireland Limited

We have audited the financial statements of Ranbaxy Ireland Limited for the year ended 31 March 2016, which comprise the Income statement, the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland 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 Section 193 of the Companies Act 1990. 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, the directors are responsible for the preparation of the financial statements giving a true and fair view and otherwise comply with Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish 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 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the assets, liabilities and financial position of the company as at 31 March 2016 and of its loss for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

# Independent Auditors' Report to the Members of Ranbaxy Ireland Limited

### Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' report 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 provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Noel Delaney FCA
for and on behalf of
**Grant Thornton**
Chartered Accountants
Registered Auditors

14 South Mall
Cork
Ireland

29 April 2016

# Income statement
**For the year ended 31 March 2016**

| | Note | 2016 € | 2015 € |
|---|---|---|---|
| Turnover | 3 | **45,805,418** | 46,118,849 |
| Cost of sales | | **(23,346,208)** | (29,074,546) |
| **Gross profit** | | **22,459,210** | 17,044,303 |
| Administrative expenses | | **(11,677,666)** | (14,020,708) |
| Wind-down provision | 9 | **(9,548,943)** | - |
| Impairment of tangible fixed assets | 12 | **(5,492,249)** | - |
| **Operating (loss)/profit** | 4 | **(4,259,648)** | 3,023,595 |
| Interest receivable and similar income | 6 | **183,389** | 144,346 |
| **Profit before tax** | | **(4,076,259)** | 3,167,941 |
| Tax on loss/(profit) | 10 | **140,144** | (370,877) |
| **(Loss)/profit for the financial year** | 21 | **(3,936,115)** | 2,797,064 |

The notes on pages 12 to 26 form part of these financial statements.

# Statement of other comprehensive income

**For the year ended 31 March 2016**

| | Note | 2016 € | 2015 € |
|---|---|---|---|
| (Loss)/profit for the financial year | 21 | **(3,936,115)** | 2,797,064 |
| Unrealised surplus on impairment of tangible fixed assets | 21 | **(1,294,853)** | - |
| **Other comprehensive income for the year** | | **(1,294,853)** | - |
| **Total comprehensive income for the year** | | **(5,230,968)** | 2,797,064 |

Signed on behalf of the board:

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**Hellen de Kloet**
Director

Date: 29 April 2016

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**Benny Klener**
Director

Date: 29 April 2016

The notes on pages 12 to 26 form part of these financial statements.

# Statement of financial position

**As at 31 March 2016**

| | Note | | **2016** | | 2015 |
|---|---|---|---|---|---|
| | | | **€** | | € |
| **Fixed assets** | | | | | |
| Tangible assets | 12 | | **907,733** | | 7,849,253 |
| | | | **907,733** | | 7,849,253 |
| **Current assets** | | | | | |
| Stocks | 13 | **3,770,583** | | 4,509,735 | |
| Debtors: amounts falling due within one year | 14 | **12,639,732** | | 9,391,549 | |
| Cash at bank and in hand | | **9,391,547** | | 4,218,326 | |
| | | **25,801,862** | | 18,119,610 | |
| Creditors: amounts falling due within one year | 15 | **(4,373,250)** | | (7,331,529) | |
| **Net current assets** | | | **21,428,612** | | 10,788,081 |
| **Total assets less current liabilities** | | | **22,336,345** | | 18,637,334 |
| Creditors: amounts falling due after more than one year | 16 | | **-** | | (363,008) |
| **Provisions for liabilities** | | | | | |
| Deferred tax | | **-** | | (255,956) | |
| Wind-down provision | 18 | **(9,548,943)** | | - | |
| | | | **(9,548,943)** | | (255,956) |
| **Net assets** | | | **12,787,402** | | 18,018,370 |
| **Capital and reserves** | | | | | |
| Called up share capital presented as equity | 19 | | **7,111,465** | | 7,111,465 |
| Revaluation reserve | 20 | | **-** | | 1,294,853 |
| Capital redemption reserve | 20 | | **54,964** | | 54,964 |
| Profit and loss account | 20 | | **5,620,973** | | 9,557,088 |
| **Shareholders' funds** | 21 | | **12,787,402** | | 18,018,370 |

The financial statements were approved and authorised for issue by the board on 29 April 2016.

Signed on behalf of the board:

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**Hellen de Kloet**
Director
Date: 29 April 2016

**Benny Klener**
Director
Date: 29 April 2016

# Statement of changes in equity

**As at 31 March 2016**

| | Share capital | Capital redemption reserve | Revaluation reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| At 1 April 2015 | 7,111,465 | 54,964 | 1,294,853 | 9,557,088 | 18,018,370 |
| **Comprehensive income for the year** | | | | | |
| Loss for the year | - | - | - | (3,936,115) | (3,936,115) |
| Impairment of previously revalued fixed assets | - | - | (1,294,853) | - | (1,294,853) |
| **Other comprehensive income for the year** | - | - | (1,294,853) | - | (1,294,853) |
| **Total comprehensive income for the year** | - | - | (1,294,853) | (3,936,115) | (5,230,968) |
| **At 31 March 2016** | 7,111,465 | 54,964 | - | 5,620,973 | 12,787,402 |

# Statement of changes in equity

**As at 31 March 2015**

| | Share capital | Capital redemption reserve | Revaluation reserve | Retained earnings | Total equity |
|---|---|---|---|---|---|
| | € | € | € | € | € |
| At 1 April 2014 | 7,111,465 | 54,964 | 1,294,853 | 8,760,024 | 17,221,306 |
| **Comprehensive income for the year** | | | | | |
| Profit for the year | - | - | - | 2,797,064 | 2,797,064 |
| **Total comprehensive income for the year** | - | - | - | 2,797,064 | 2,797,064 |
| **Contributions by and distributions to owners** | | | | | |
| Dividends paid | - | - | - | (2,000,000) | (2,000,000) |
| **Total transactions with owners** | - | - | - | (2,000,000) | (2,000,000) |
| **At 31 March 2015** | 7,111,465 | 54,964 | 1,294,853 | 9,557,088 | 18,018,370 |

The notes on pages 12 to 26 form part of these financial statements.

# Statement of cash flows
**For the year ended 31 March 2016**

| | 2016 € | 2015 € |
|---|---|---|
| **Cash flows from operating activities** | | |
| (Loss)/profit for the financial year | **(3,936,115)** | 2,797,064 |
| **Adjustments for:** | | |
| Amortisation of intangible assets | **(363,008)** | (19,008) |
| Depreciation of tangible assets | **286,875** | 602,763 |
| Impairment of tangible assets | **5,492,249** | - |
| Loss on disposal of tangible assets | **81** | 19,571 |
| Decrease in stocks | **739,152** | 1,642,836 |
| Interest received | **(183,389)** | (144,346) |
| Taxation charge | **(140,144)** | 370,877 |
| Decrease/(increase) in debtors | **3,031,604** | (778,956) |
| (Increase)/decrease in amounts owed by group undertakings | **(6,279,787)** | 930,885 |
| (Decrease)/increase in creditors | **(2,323,182)** | 488,612 |
| Decrease in amounts owed to group undertakings | **(681,736)** | (733,547) |
| Increase in wind-down provision | **9,548,943** | - |
| Taxation paid | **(69,173)** | (627,671) |
| **Net cash generated from operating activities** | **5,122,370** | 4,549,080 |
| **Cash flows from investing activities** | | |
| Purchase of tangible fixed assets | **-** | (609,524) |
| Proceeds from sale of tangible fixed assets | **42,941** | - |
| Interest received | **183,389** | 144,346 |
| Purchase of tangible assets | **(175,479)** | - |
| **Net cash from investing activities** | **50,851** | (465,178) |
| **Cash flows from financing activities** | | |
| Dividends paid | **-** | (2,000,000) |
| **Net cash used in financing activities** | **-** | (2,000,000) |
| **Net increase in cash and cash equivalents** | **5,173,221** | 2,083,902 |
| Cash and cash equivalents at beginning of year | **4,218,326** | 2,134,424 |
| **Cash and cash equivalents at the end of year** | **9,391,547** | 4,218,326 |
| Cash at bank and in hand | **9,391,547** | 4,218,326 |
| | **9,391,547** | 4,218,326 |

# Notes to the financial statements

**For the year ended 31 March 2016**

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and Irish statute comprising of the Companies Act 2014.

Information on the impact of first-time adoption of FRS 102 is given in note 27.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 2).

The following principal accounting policies have been applied:

### 1.2 Going concern

On 31 March 2016, the directors of the company announced that the company would wind-down operations by the end of the calendar year and subsequently close the plant and company. As a result the going concern basis of preparation was not deemed appropriate and the financial statements have been prepared on a break-up basis.

### 1.3 Turnover

Turnover represent amounts invoiced excluding value added tax in respect of the sale of goods and supply of services which have been carried out during the year. Turnover of sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Transfer occurs when the product is received at the customer’s warehouse. Turnover for provision of services is recognised when services rendered to customers are completed and the right to reserve payment is established.

# Notes to the financial statements
**For the year ended 31 March 2016**

## 1. Accounting policies (continued)

### 1.4 Tangible fixed assets

Plant and machinery are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are carried at revalued amount less accumulated depreciation and impairment. Formal valuations are undertaken by independent professional valuers at least every five years. Interim valuations are undertaken as required to ensure that there is no material difference between carrying values and current values.

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

| | | | |
|---|---|---|---|
| Buildings | - | 50 | years |
| Plant and machinery | - | 15 | years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Income Statement.

# Notes to the financial statements
**For the year ended 31 March 2016**

## 1. Accounting policies (continued)

### 1.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first outbasis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

### 1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 1.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 1.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Income statement at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income statement in the same period as the related expenditure.

# Notes to the financial statements
**For the year ended 31 March 2016**

## 1. Accounting policies (continued)

### 1.9 Foreign currency translation

**Functional and presentation currency**

The company's functional and presentational currency is Euro.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement except when deferred in other comprehensive income as qualifying cash flow hedges.

### 1.10 Pensions

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

### 1.11 Interest income

Interest income is recognised in the Income statement using the effective interest method.

# Notes to the financial statements
**For the year ended 31 March 2016**

## 1. Accounting policies (continued)

### 1.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

### 1.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

### 1.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

## 2. Judgments in applying accounting policies and key sources of estimation uncertainty

The following are significant management judgements in applying the accounting policies of the company that have the most significant effect on the financial statements.

**Estimation uncertainty**
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

*Wind-down provision*
The directors have recorded costs that will be incurred in order to wind-down the operations of the company. These costs have been included in the Income Statement and are based on the directors' best estimate of the provision required to settle all obligations related to the wind-down of the company.

**Significant management judgement**
The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

*Impairment of tangible fixed assets*
In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

## 3. Turnover

The analysis of turnover by class of business and geographic market has not been supplied as the directors believe this to be prejudicial to the interests of the company.

## 4. Profit on ordinary activities before taxation

The operating profit is stated after charging:

| | **2016** | 2015 |
|---|---|---|
| | **€** | € |
| Government grants amortised | **(363,008)** | (19,008) |
| Depreciation of tangible fixed assets | **286,875** | 602,763 |
| Impairment of tangible fixed assets | **(5,492,249)** | - |
| Loss/(gain) on foreign exchange | **318,082** | (192,437) |
| Defined contribution pension cost | **55,915** | 53,557 |

# Notes to the financial statements
**For the year ended 31 March 2016**

## 5. Auditors' remuneration

| | 2016 € | 2015 € |
|---|---|---|
| Fees payable to the company's auditor and its associates for the audit of the company's annual accounts | **26,900** | 30,000 |
| Other assurance services | **10,000** | 12,000 |

## 6. Interest received and other similar income

| | 2016 € | 2015 € |
|---|---|---|
| Bank interest receivable | **104,645** | 50,718 |
| Other income | **78,744** | 93,628 |
| | **183,389** | 144,346 |

## 7. Directors' remuneration

| | 2016 € | 2015 € |
|---|---|---|
| Directors' emoluments | **-** | 72,000 |
| | **-** | 72,000 |

Details of directors' interests in shares are provided in the Directors' report.

# Notes to the financial statements

**For the year ended 31 March 2016**

## 8. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2016 € | 2015 € |
|---|---|---|
| Wages and salaries | **5,090,328** | 4,774,498 |
| Social security costs | **529,513** | 506,799 |
| Cost of defined contribution scheme | **55,915** | 53,557 |
| | **5,675,756** | 5,334,854 |

Capitalised employee costs during the year amounted to €NIL (2015 - €NIL).

The average monthly number of employees, including the executive directors, during the year was as follows:

| | 2016 No. | 2015 No. |
|---|---|---|
| Administration | **19** | 19 |
| Laboratory technicians | **22** | 22 |
| Production | **70** | 63 |
| Management | **10** | 10 |
| | **121** | 114 |

## 9. Wind-down provision

| | 2016 € | 2015 € |
|---|---|---|
| Provision for the year | **9,548,943** | - |
| | **9,548,943** | - |

The directors have recorded an estimate of the costs associated with the orderly wind-down of the trade. This is the directors' estimate of the payments that will be required for the orderly winding down of the trade.

# Notes to the financial statements

**For the year ended 31 March 2016**

## 10. Taxation

| | 2016 € | 2015 € |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | **115,812** | 408,153 |
| **Total current tax** | **115,812** | 408,153 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | **(255,956)** | (37,276) |
| **Total deferred tax** | **(255,956)** | (37,276) |
| **Taxation on (loss)/profit on ordinary activities** | **(140,144)** | 370,877 |

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in Ireland of 12.5% (2015 - 12.5%). The differences are explained below:

| | 2016 € | 2015 € |
|---|---|---|
| (Loss)/profit on ordinary activities before tax | **(4,076,259)** | 3,167,941 |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2015 - 12.5%) | **(509,532)** | 395,993 |
| **Effects of:** | | |
| Amortisation (deductible)/not deductible for tax purposes | **(45,376)** | (2,376) |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **5,593** | 4,243 |
| Capital allowances for year in excess of depreciation | **(34,484)** | 3,953 |
| Impairment not deductible for tax purposes | **686,530** | - |
| Additional tax arising on profits chargeable at 25% | **13,081** | 6,340 |
| Deferred tax | **(255,956)** | (37,276) |
| **Total tax (credit)/charge for the year** | **(140,144)** | 370,877 |

## 11. Dividends

| | 2016 € | 2015 € |
|---|---|---|
| Dividends paid on Ordinary Shares | **-** | 2,000,000 |

# Notes to the financial statements
**For the year ended 31 March 2016**

## 12. Tangible fixed assets

| | Freehold land and buildings | Plant and machinery | CIP | Total |
|---|---|---|---|---|
| | € | € | € | € |
| **Cost or valuation** | | | | |
| At 1 April 2015 | 3,864,457 | 9,654,648 | 297,140 | 13,816,245 |
| Additions | - | 175,479 | - | 175,479 |
| Disposals | - | (76,270) | - | (76,270) |
| Transfers between classes | - | 297,140 | (297,140) | - |
| **At 31 March 2016** | 3,864,457 | 10,050,997 | - | 13,915,454 |
| **Depreciation** | | | | |
| At 1 April 2015 | 155,080 | 5,811,912 | - | 5,966,992 |
| Charge owned for the period | 68,223 | 218,652 | - | 286,875 |
| Disposals | - | (33,248) | - | (33,248) |
| Impairment charge (note 1) | 2,942,847 | 3,844,255 | - | 6,787,102 |
| **At 31 March 2016** | 3,166,150 | 9,841,571 | - | 13,007,721 |
| **At 31 March 2016** | 698,307 | 209,426 | - | 907,733 |
| At 31 March 2015 | 3,709,377 | 3,842,736 | 297,140 | 7,849,253 |

Freehold land (€180,000) which is not depreciated is included in land and buildings.

Note 1: Tangible fixed assets were written down to their recoverable amount as a result of the announced wind-down of the plant. In assessing the valuation of land and buildings the directors obtained an independent valuation from a third party valuer. The directors performed an evaluation of each individual item of plant and machinery in assessing the recoverable amount. An impairment loss of €5,492,249 has been recognised in the Income Statement and an impairment loss of €1,294,853 was treated as a revaluation decrease and recorded in the Statement of other comprehensive income as a decrease in the revaluation reserve.

# Notes to the financial statements
**For the year ended 31 March 2016**

## 12. Tangible fixed assets (continued)

In respect of prior year:

| | Freehold land and buildings € | Plant and machinery € | CIP € | Total € |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 January 2014 | **3,864,457** | **9,615,957** | **98,341** | **13,578,755** |
| Additions | **-** | **312,384** | **297,140** | **609,524** |
| Disposals | **-** | **(372,034)** | **-** | **(372,034)** |
| Transfers between classes | **-** | **98,341** | **(98,341)** | **-** |
| **At 31 March 2015** | **3,864,457** | **9,654,648** | **297,140** | **13,816,245** |
| **Depreciation** | | | | |
| At 1 January 2014 | **86,156** | **5,630,536** | **-** | **5,716,692** |
| Charge owned for the period | **68,924** | **533,839** | **-** | **602,763** |
| Disposals | **-** | **(352,463)** | **-** | **(352,463)** |
| **At 31 March 2015** | **155,080** | **5,811,912** | **-** | **5,966,992** |
| **Net book value** | | | | |
| **At 31 March 2015** | **3,709,377** | **3,842,736** | **297,140** | **7,849,253** |
| At 31 December 2013 | 3,778,301 | 3,985,421 | 98,341 | 7,862,063 |

## 13. Stocks

| | 2016 € | 2015 € |
|---|---|---|
| Raw materials and consumables | **596,904** | 2,734,362 |
| Work in progress | **704,382** | 530,976 |
| Finished goods | **2,469,297** | 1,244,397 |
| | **3,770,583** | 4,509,735 |

There are no material differences between the replacement cost of stock and the balance sheet amounts.

# Notes to the financial statements
**For the year ended 31 March 2016**

## 14. Debtors

| | **2016** | 2015 |
|---|---|---|
| | **€** | € |
| Trade debtors | **3,512,017** | 6,518,143 |
| Amounts owed by group undertakings | **9,049,149** | 2,769,362 |
| Prepayments and accrued income | **78,566** | 104,044 |
| | **12,639,732** | 9,391,549 |

Amounts owed by group undertakings are payable on demand, unsecured and interest free

## 15. Creditors: Amounts falling due within one year

| | **2016** | 2015 |
|---|---|---|
| | **€** | € |
| Trade creditors | **525,956** | 1,774,483 |
| Amounts owed to group undertakings | **2,518,782** | 3,200,518 |
| Corporation tax payable | **115,696** | 69,057 |
| PAYE/PRSI | **123,372** | 239,065 |
| Other creditors | **319,312** | 561,139 |
| Accruals | **770,132** | 1,487,267 |
| | **4,373,250** | 7,331,529 |

Amounts owed to group undertakings are payable on demand, unsecured and interest free.

## 16. Creditors: Amounts falling due after more than one year

| | **2016** | 2015 |
|---|---|---|
| | **€** | € |
| Government grants deferred | **-** | 363,008 |
| | **-** | 363,008 |

# Notes to the financial statements

**For the year ended 31 March 2016**

## 17. Provisions for liabilities - deferred taxation

| | Deferred tax |
|---|---|
| | € |
| At 1 April 2015 | 255,956 |
| Credit to the profit or loss | (255,956) |
| **At 31 March 2016** | - |

In respect of prior year:

| | Deferred tax |
|---|---|
| | € |
| At 1 January 2014 | 293,232 |
| Credit to the profit or loss | (37,276) |
| **At 31 March 2015** | 255,956 |

The deferred taxation balance is made up as follows:

**Comprising:**

| | | |
|---|---|---|
| Liability | - | (255,956) |
| | - | (255,956) |

The deferred tax liability principally relates to timing differences between the accounting and tax basis for property, plant and equipment.

## 18. Provisions for liabilities - wind-down provision

| | Wind-down Provision |
|---|---|
| | € |
| Charged to the profit or loss (note 9) | 9,548,943 |
| **At 31 March 2016** | 9,548,943 |

# Notes to the financial statements
**For the year ended 31 March 2016**

## 19. Share capital

| | 2016 € | 2015 € |
|---|---|---|
| **Authorised** | | |
| 10,000,000 Ordinary shares of €1.26 each | **12,600,000** | 12,600,000 |
| **Allotted, called up and fully paid** | | |
| 5,644,020 Ordinary shares of €1.26 each | **7,111,465** | 7,111,465 |

## 20. Reserves

| | Revaluation reserve € | Profit and loss account € | Capital redemption reserve € | Total € |
|---|---|---|---|---|
| At beginning of year | **1,294,853** | **9,557,088** | **54,964** | **10,906,905** |
| Profit for the year | **-** | **(3,936,115)** | **-** | **(3,936,115)** |
| Impairment of previously revalued fixed assets | **(1,294,853)** | **-** | **-** | **(1,294,853)** |
| | - | **5,620,973** | **54,964** | **5,675,937** |

The re-nominalisation of the company's share capital from ordinary shares of €1.269738 each to €1.26 each, on 31 December 2001, resulted in a transfer of €54,964 from share capital to the capital redemption reserve fund.

## 21. Reconciliation of movement in shareholders' funds

| | 2016 € | 2015 € |
|---|---|---|
| Opening shareholders funds | **18,018,370** | 17,221,306 |
| Profit for the financial year | **(3,936,115)** | 2,797,064 |
| Impairment of previously revalued fixed assets | **(1,294,853)** | - |
| Dividends paid | **-** | (2,000,000) |
| | **12,787,402** | 18,018,370 |

## 22. Contingent liabilities

There are no contingencies at the balance sheet date that required provision or disclosure by the company.

# Notes to the financial statements
**For the year ended 31 March 2016**

## 23. Capital commitments

There are no capital commitments at the balance sheet date.

## 24. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year is €55,915 (2015: €53,557).

Contributions amounting to €1,126 (2015: €445) were payable to the scheme and are included in creditors.

## 25. Related party transactions

The company has availed of the exemption in FRS 102 from the requirement to disclose details of transactions with fellow group undertakings. Other than transactions with related group undertakings there are no related party transactions requiring disclosure.

## 26. Ultimate parent undertaking

On the 25th March 2015, Ranbaxy Laboratories Limited, which was the company's ultimate parent company, was acquired by Sun Pharmaceuticals Industries Limited. Ranbaxy Ireland Limited is a wholly owned subsidiary of Ranbaxy (Netherlands) BV a company registered in the Netherlands, whose ultimate parent company is Sun Pharmaceutical Industries Ltd based in SPARC, Tandalja, Baroda, Gujarat, India, PIN -390020.

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.

## 27. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

## 28. Approval of financial statements

The board of directors approved these financial statements for issue on 29 April 2016

**Ranbaxy Ireland Limited**

# Appendix

**These appendices are for the directors only**
**and do not form part of the Audited Statutory Financial Statements.**

# Detailed profit and loss account

**For the year ended 31 March 2016**

| | 2016 € | 2015 € |
|---|---|---|
| Turnover | **45,805,418** | 46,118,849 |
| Cost of sales | **(23,346,208)** | (29,074,546) |
| **Gross profit** | **22,459,210** | 17,044,303 |
| **Gross profit %** | **49.0 %** | 37.0 % |
| | **22,459,210** | 17,044,303 |
| **Less: overheads** | | |
| Administration Expenses | **(26,718,858)** | (14,020,708) |
| **Operating (loss)/profit** | **(4,259,648)** | 3,023,595 |
| Interest receivable | **183,389** | 144,346 |
| Tax on profit on ordinary activities | **140,144** | (370,877) |
| **Loss for the year** | **(3,936,115)** | 2,797,064 |

# Schedule to the detailed accounts
**For the year ended 31 March 2016**

## Turnover

| | 2016 € | 2015 € |
|---|---|---|
| Turnover | **45,805,418** | 46,118,849 |
| | **45,805,418** | 46,118,849 |

## Cost of sales

| | 2016 € | 2015 € |
|---|---|---|
| Cost of Sales | **21,370,297** | 27,382,029 |
| Production and packing labour costs | **1,975,911** | 1,692,517 |
| | **23,346,208** | 29,074,546 |

## Administration expenses

| | 2016 € | 2015 € |
|---|---|---|
| Directors salaries | **-** | 72,000 |
| Staff salaries | **3,114,417** | 3,009,981 |
| Employers PRSI | **529,513** | 506,799 |
| Staff pension contributions | **55,915** | 53,557 |
| Staff training | **103,289** | 11,583 |
| Staff welfare | **42,935** | 44,930 |
| Commission | **2,186** | 1,156 |
| Entertainment | **2,060** | 2,305 |
| Travel and subsistence | **25,339** | 25,324 |
| Product packing development expenses | **54,443** | 74,524 |
| Printing and stationery | **12,156** | 15,884 |
| Postage | **8,523** | 8,170 |
| Telephone | **11,083** | 10,922 |
| Advertising and promotion | **6,192,743** | 7,161,942 |
| Trade subscriptions | **5,008** | 4,018 |
| Legal and professional | **146,724** | 163,107 |
| Auditors' remuneration | **34,000** | 42,000 |
| Accountancy fees | **23,269** | 2,265 |
| Bank charges | **3,610** | 3,961 |
| Provision of bad debt | **(337,873)** | 337,873 |
| Sub-total carried forward | **10,029,340** | 11,552,301 |

# Schedule to the detailed accounts
**For the year ended 31 March 2016**

| | 2016 | 2015 |
|---|---|---|
| | € | € |
| **Administration expenses (continued)** | | |
| Sub-total brought forward | **10,029,340** | 11,552,301 |
| Foreign currency gains/losses | **318,082** | (192,437) |
| Rates | **41,289** | 42,579 |
| Light and heat | **253,087** | 240,588 |
| Interest | **45** | 14,455 |
| Inter-company management fees | **30,969** | 391,028 |
| Insurance | **77,443** | 112,716 |
| Repairs and maintenance | **230,851** | 328,595 |
| Depreciation of fixed assets | **286,793** | 602,763 |
| Amortisation of government grants | **(363,008)** | (19,008) |
| Impairment of tangible fixed assets | **5,492,249** | - |
| Assets and debts written off | **81** | 19,569 |
| Licence maintenance fees | **138,996** | 259,840 |
| Environmental disposal | **62,908** | 73,081 |
| Freight outwards | **529,677** | 547,351 |
| Laboratory chemicals and protective clothing | **41,113** | 47,287 |
| Wind-down provision | **9,548,943** | - |
| | **26,718,858** | 14,020,708 |

## Interest receivable

| | 2016 | 2015 |
|---|---|---|
| | € | € |
| Other interest receivable | **183,389** | 144,346 |
| | **183,389** | 144,346 |