Company Registration No. 02992795

RANBAXY (U.K.) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

CONTENTS

COMPANY INFORMATION

DIRECTORS	Mr N Sharma Mr V Rama Seshadri Mr Ranjan Chakravarti - appointed 7th November 2014
REGISTERED OFFICE	Building 4, Chiswick Park, 566 Chiswick High Road, London W4 5YE
BANKERS	HSBC Bank Plc 92 Kensington High Street Kensington London W8 4SH
SOLICITORS	Stevens & Bolton The Billings Guildford Surrey GU1 4YD
AUDITORS	KPMG LLP Registered Auditors 15 Canada Square London E14 5GL
COMPANY NUMBER	02992795

STRATEGIC REPORT

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

Financial overview

The current financial reporting period is for the 12 months ending 31 March 2015. The prior period comparatives are for the 15 months ended 31 March 2014 following a change in the financial reporting date from 31 December to 31 March.
Turnover for the 12 months ended 31 March 2015 was £28.9m (15 months ended 31 March 2014: £26.4m), an increase of 32% on a comparable 12 month period. Gross profit for the 12 months ended 31 March 2015 was £6.6m (15 months ended 31 March 2014: £7m), an increase of 12% on a comparable 12 month period. The profit before tax for the year was £3.2m compared to a profit of £3.7m during the prior period ended 31 March 2014.

Turnover

Turnover on a comparable 12 month period increased by 32% compared to 2014. This is due to the growth in sales of core molecules through existing sales channels. There also continues to be strong competition in new and existing molecules across the business.

Gross Profit

Gross profit on a comparable 12 month period increased by 12% compared to 2014 with a decline in gross margin from 27% to 23%. The overall increase reflects the company's growth in core molecules with a decline in margin due to the change in the product mix. The company continues to focus on driving profitability by bringing new molecules to market.

Operating Costs

In line with strategy, resources continue to be utilised in bringing products to market from which the company will benefit in the years to come. The company continues to monitor its cost base to ensure that profitability is maximised. Administrative costs have increased by 12% on a comparable 12 month basis largely as a result of a one-off credit during the prior period however, other core overheads remain level. Distribution costs have increased by 37% compared to 2014 on a comparable 12 month period as a result of increased volumes however, this increase has been in line with the increase inturnover.

Financial Position

The financial position of the company remains strong with net current assets (excluding deferred tax) of £9.1m (2014: £5.9m) and net assets of £10.3m (2014: £7.3m). In line with future strategy, this position is expected to strengthen.

Strategy

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

Other Developments

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

Foreign exchange risk is mitigated as far as possible by hedging costs against income streams in respective currencies. Foreign exchange risk arises from the purchase of some third party stocks in EUR. These stocks make up a relatively small proportion of total stocks. Ranbaxy (U.K.) Limited conducts certain regulatory activities on behalf of other Ranbaxy European entities. These services are transacted in currencies other than GBP however, costs are ultimately borne by entities receiving benefits.

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

This report was approved by the Board on 11 June 2015.
On behalf of the Board

Mr V. Rama Seshadri
Director
Ranbaxy (U.K.) Limited
Building 4, Chiswick Park, 566 Chiswick High Road,
London, W4 5YE

DIRECTORS' REPORT

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

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

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

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

3. DIRECTORS AND DIRECTORS' INTERESTS
The present directors of the company are set out on Page 2 .

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

Mr V Rama Seshadri
Mr R Gulati - resigned 7th November 2014
Mr N Sharma
Mr Ranjan Chakravarti - appointed 7th November 2014

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

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

6. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC AND DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
The directors are responsible for preparing the Strategic and Directors' Report and the financial statements in accordance with applicable law an regulations.

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:
• select suitable accounting policies and then apply them consistently;
• make judgments and estimates that are reasonable and prudent;
• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
• prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

This report was approved by the Board on 11 June 2015.
On behalf of the Board

Mr V. Rama Seshadri
Director
Ranbaxy (U.K.) Limited
Building 4, Chiswick Park, 566 Chiswick High Road,
London
W4 5YE

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

We have audited the financial statements of Ranbaxy (U.K.) Limited for the 12 months ended 31 March 2015 set out on pages 6 to16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

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

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

Opinion on financial statements
In our opinion the financial statements:
• give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
• have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
• adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
• the financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

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

Chartered Accountants
15 Canada Square
London
E14 5GL
11 June 2015

PROFIT & LOSS ACCOUNT
For the 12 months ended 31 March 2015 and 15 months ended 31 December 2014

	Notes	**2015**	2014
		£	£
Turnover	**2**	**28,912,830**	26,352,191
Cost of Sales		**(22,306,372)**	(19,370,979)
Gross Profit		**6,606,458**	6,981,212
Distribution costs		**(775,574)**	(777,059)
Administrative expenses		**(2,999,438)**	(3,337,970)
Other operating income	**3**	**368,145**	847,587
Operating profit		**3,199,591**	3,713,770
Interest payable and similar charges	**4**	**(59)**	(1,314)
Profit on ordinary activities before taxation	**3**	**3,199,532**	3,712,456
Tax (charge)/ credit on profit on ordinary activities	**5**	**(228,506)**	1,133
Retained profit on ordinary activities after taxation	**15**	**2,971,026**	3,713,589

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

The notes on pages 8 - 16 form part of the financial statements.

BALANCE SHEET
as at 31 March 2015 and at 31 March 2014

	Notes		2015 £		2014 £
FIXED ASSETS					
Intangible assets	**6**		**30,850**		42,583
Tangible assets	**7**		**8,018**		3,266
			38,868		45,849
CURRENT ASSETS					
Stocks	**8**	**8,417,290**		6,819,268	
Debtors	**9**	**12,999,412**		14,031,899	
Cash at Bank and in hand		**2,478,257**		1,670,148	
		23,894,959		22,521,315	
CREDITORS: amounts falling due within one year	**10**	**(13,633,923)**		(15,241,040)	
NET CURRENT ASSETS			**10,261,036**		7,280,275
TOTAL ASSETS LESS CURRENT LIABILITIES			**10,299,904**		7,326,124
NET ASSETS			**10,299,904**		7,326,124
CAPITAL AND RESERVES					
Share capital	**14**		**21,750,000**		21,750,000
Profit & Loss Account	**15**		**(11,450,096)**		(14,423,876)
TOTAL EQUITY SHAREHOLDERS' FUNDS	**15**		**10,299,904**		7,326,124

The notes on pages 8 - 16 form part of the financial statements.

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

Mr V. Rama Seshadri
Director

1. ACCOUNTING POLICIES

1.1 ***Accounting basis and accounting standards***

As explained in the Strategic Report on page 3, the current accounting period has been prepared for the 12 months ending 31 March 2015. The prior period comparatives are for the 15 months ended 31 March 2014 following a change in the financial reporting date from 31 December to 31 March. The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards, and on a going concern basis. The company's accounting policies remain unchanged from the prior year.

1.2 ***Cash flow statement***

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

1.3 ***Intangible fixed assets and amortisation***

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

1.4 ***Impairment of fixed assets***

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

1.5 ***Tangible fixed assets and depreciation***

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

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

1.6 ***Stocks***

Stocks are stated at the lower of cost and estimated net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

1.7 ***Deferred taxation***

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

1.8 ***Income Recognition***

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

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

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

1. ACCOUNTING POLICIES (continued)

1.9 ***Operating leases***

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

1.10 ***Foreign currencies***

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

1.11 ***Pensions***

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

1.12 ***Share-based incentives***

Certain of the company's employees participate in equity-settled share-based payment schemes operated by the Ranbaxy group. Following the acquisition of the Ranbaxy group by Sun Pharmaceutical Industries Ltd. all unexercised options held at acquisition were converted in the ratio equivalent to 0.8 shares in Sun Pharmaceutical Industries Ltd. for every share held in Ranbaxy.
In accordance with FRS 20 the fair value of equity-settled share-based payments to employees is at the date of grant and is expensed on a straight-line basis over the vesting period based on the company's estimate of shares or options that will eventually vest. In the case of options granted, fair value is measured by a Black-Scholes pricing model. Further details are set out in note 13.

1.13 ***Going concern***

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

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

2. ANALYSIS OF TURNOVER

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

Turnover by geographical destination

	2015	2014
	£	£
UK	**18,689,437**	14,506,121
Rest of Europe	**10,223,393**	11,846,070
Total	**28,912,830**	26,352,191

3. PROFIT ON ORDINARY ACTIVITIES

	2015	2014
Profit on ordinary activities before taxation is stated after charging:	**£**	£
Depreciation of tangible fixed assets	**3,653**	9,635
Amortisation and impairment of intangible assets	**11,733**	5,911
Lease of motor vehicles	**-**	6,588
Rental of building including service charges	**44,358**	43,911
Amounts receivable by the auditors, KPMG LLP in respect of:		
Audit of these financial statements	**57,600**	57,600
Audit - related assurance services	**16,800**	16,800
Other operating income includes:		
Income from granting marketing/distribution rights	**121,475**	145,949
Contract Settlements	**200,000**	665,000
Others	**46,670**	36,638
	368,145	847,587

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Interest payable on bank loans and overdrafts repayable within 5 years	**59**	1,314

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015	2014
	£	£
UK corporation tax at 21% (2014: 23.2%)	**-**	-
Adjustment in respect of prior years	-	-
Witholding taxes	-	-
Current period tax charge	-	-
Deferred tax charge/ (credit) (see note 11)	**228,506**	(1,133)
Total tax charge/ (credit)	**228,506**	(1,133)

Factors affecting the tax charge for the period.

The tax assessed for the period is lower than the standard rate of corporation tax in the United Kingdom at 21% (2014: 23.2%)

The difference is explained as follows:

	2015	2014
Profit on ordinary activities before taxation	**3,199,532**	3,712,456
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 21% (2014: 23.2%)	**671,902**	861,290
Effect of:		
Expenses not deductible for tax purposes	**1,238**	2,277
Capital allowances for the period in excess of depreciation	**767**	2,235
Group relief	-	-
Other short term timing differences	**1,154**	(1,947)
Utilised tax losses	**(675,061)**	(863,855)
Current tax charge for the period.	-	-

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors that may affect future, current and total tax charges
The standard rate of corporation tax effective from 1 April 2014 was 21% compared to an effective rate of 23.25% for the 15 months ended 31 March 2014.

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

6. INTANGIBLE FIXED ASSETS

	Product Licences £
At Cost:	
1 April 2014	**377,038**
Additions	-
31 March 2015	**377,038**
Amortisation and impairment	
1 April 2014	**334,455**
Amortisation for the year	11,733
31 March 2015	**346,188**
Net book value :	
31 March 2015	**30,850**
31 March 2014	42,583

7. TANGIBLE FIXED ASSETS

	Office equipment £	Computer equipment & software £	Furniture, fixtures & fittings £	Total £
At Cost:				
1 April 2014	6,034	52,700	10,429	69,163
Additions	-	8,405	-	8,405
Disposals	(307)	(21,782)	-	(22,089)
31 March 2015	**5,727**	**39,323**	**10,429**	**55,479**
Depreciation:				
1 April 2014	5,453	50,701	9,743	65,897
Charge for the year	581	2,386	686	3,653
Disposals	(307)	(21,782)	-	(22,089)
31 March 2015	**5,727**	**31,305**	**10,429**	**47,461**
Net book value :				
31 March 2015	**-**	**8,018**	**-**	**8,018**
31 March 2014	581	1,999	686	3,266

8. **STOCKS**

	2015	2014
	£	£
Finished goods held for resale	**8,417,290**	6,819,268

9. **DEBTORS:** amounts falling due within one year

	2015	2014
	£	£
Trade debtors	**3,604,859**	3,386,388
Amounts due from group undertakings	**434,908**	530,253
Other debtors	**7,732,684**	8,667,661
Prepayments and accrued income	**48,940**	41,070
Deferred tax (see note 11)	**1,178,021**	1,406,527
	12,999,412	14,031,899

Other debtors includes the amount of £105,863 (2014: £nil) cash held by HSBC Bank plc. as collateral for a guarantee issued by them. This guarantee will be released by them on the performace of a contract and is expected to be recoverable within one year.
The deferred tax asset of £1.2 million is recoverable after more than one year.

10. **CREDITORS:** amounts falling due within one year

	2015	2014
	£	£
Trade creditors	**455,438**	246,487
Amounts owed to group undertakings	**10,253,913**	12,023,693
Social security costs and other taxes	**477,120**	526,416
Other creditors	**3,107**	2,609
Accruals and deferred income	**2,444,345**	2,441,835
	13,633,923	15,241,040

11. DEFERRED TAXATION

	2015	2014
	£	£
At 1 April 2014	**1,406,527**	1,405,394
Movement in the period	**(228,506)**	1,133
At 31 March 2015	**1,178,021**	1,406,527

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

	2015	2014
	£	£
Accelerated capital allowances	**37,886**	31,785
Other timing differences	**7,703**	6,934
Losses to be utilised	**1,132,432**	1,367,808
	1,178,021	1,406,527

The impact due to the tax rate change was to reduce the deferred tax asset by £66,977.

Factors that may affect future tax charges

The directors have assessed that taxable losses will be utilised in the next 5 years to justify the inclusion of a deferred tax asset of £1.2 million as at 31 March 2015. This is based upon the fact that the company has generated strong profits for three successive periods having overcome factors causing earlier losses. This is based upon detailed forecasts that the directors have prepared to support their medium term plans.

The rate of UK corporation tax enacted at the balance sheet date is 20% applicable from 1 April 2015. The proposal set out in the Budget of 18 March 2015 is for this rate to remain unchanged. There are no other factors that may significantly affect future tax charges.

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

There are £0.6 million (2014: £1.2 million) of unprovided deferred tax assets that may be recoverable in future years should there be sufficient taxable profits against which these losses can be offset.

12. DIRECTORS' EMOLUMENTS

	2015	2014
	£	£
Emoluments for the directors during the period were:		
Remuneration for services as director	-	-
Compensation for loss of office	-	-
Company contributions to defined benefit pension scheme	-	-
	-	-

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

13. EMPLOYEE NUMBERS AND REMUNERATION

Aggregate payroll costs, including directors, were as follows:	**2015**	2014
	£	£
Wages and salaries	**409,753**	718,308
Social security costs	**75,842**	77,323
Pension costs	**41,333**	56,764
Equity settled share based charge	**2,754**	4,305
	529,682	856,700

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

	2015	2014
	Nos.	Nos.
Sales	**2**	2
Administration	**6**	8
	8	10

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

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

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

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

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

Grant Date	Outstanding at 1 Apr '14	Granted	Exercised	Forfeited	Lapsed	Outstanding at 31 Mar '15	Exercise Price £	Exercisable at 31 Mar '15	Vesting Period
17/01/2005	7,000	-	-	-	7,000	-	6.59	-	17/01/2006 – 17/01/2010
17/01/2006	1,650	-	-	-	-	1,650	5.00	1,650	17/01/2007 – 17/01/2011
17/01/2007	1,800	-	-	-	900	900	5.03	900	17/01/2008 – 17/01/2012
16/01/2008	1,350	-	-	-	900	450	5.08	450	17/01/2009 – 17/01/2013
24/02/2010	2,213	-	-	-	900	1,313	6.30	1,313	24/02/2011 - 24/02/2015
01/07/2011	301	-	136	68	97	-	0.07	-	01/07/2012 – 01/07/2014
20/01/2013	640	-	168	-	235	237	0.06	-	20/01/2014 – 20/01/2016
08/05/2014	-	925	-	-	-	925	0.05	-	08/05/2015 – 08/05/2017
Total	**14,954**	**925**	**304**	**68**	**10,032**	**5,475**		**4,313**	

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

14. SHARE CAPITAL

	2015	2014
	£	£
Called up, allotted and fully paid at 1 April 2014/ 1 January 2013	**21,750,000**	21,750,000
Shares issued during the period	-	-
Called up, allotted and fully paid at 31 March	**21,750,000**	21,750,000
(21,750,000 ordinary shares of £1 each)		

15. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	Called up share capital	**Profit and loss account**	**Total equity shareholders' funds**
	£	**£**	**£**
Balance at 1 January 2013	21,750,000	(18,141,770)	3,608,230
Equity settled share based charge	-	4,305	4,305
Transfer from profit and loss account	-	3,713,589	3,713,589
Balance at 1 April 2014	21,750,000	(14,423,876)	7,326,124
Equity settled share based charge	-	2,754	2,754
Transfer from profit and loss account	-	2,971,026	2,971,026
Balance at 31 March 2015	**21,750,000**	**(11,450,096)**	**10,299,904**

16. FUTURE FINANCIAL COMMITMENTS

Operating Leases

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

		2015	2014
		£	£
Buildings			
	within one year	**252,918**	83,419
	In two to five years time	-	53,820
	more than 5 years	-	-
		252,918	137,239

Ranbaxy (U.K.) Limited has entered into a lease for which it is jointly and severably liable together with Ranbaxy Europe Limited. The total annual commitment is disclosed within the above table under leases expiring in two to five years. Lease costs are apportioned between the two companies.

17. TRANSACTIONS WITH RELATED PARTIES

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

18. ULTIMATE HOLDING COMPANY

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

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

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