

IPCA LABORATORIES UK LIMITED, UNITED KINGDOM

DIRECTORS REPORT

To the Members

Your Directors are pleased to present the Company's Annual Report for the year ended March 31, 2015.

Incorporation

Your Company is a wholly owned subsidiary of Ipca Laboratories Limited, India and was incorporated on 4th November 2003 mainly to hold product registration dossiers.

During the financial year under report, your Company had earned an income of ₹ 343.85 lacs (Previous year: ₹ 59.89 lacs) and has earned a net Profit of ₹ 145.22 lacs (Previous year: the operations have resulted in a net loss of ₹ 111.86 lacs).

Dividend

In order to conserve resources of the company, no dividend has been proposed by the board for the financial year under report.

Directors' Responsibility Statement

Your Directors confirm:

that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

that your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2015 and of the profit and loss of the Company for the year;

that your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

that your Directors have prepared the annual accounts on a going concern basis.

that your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

that your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

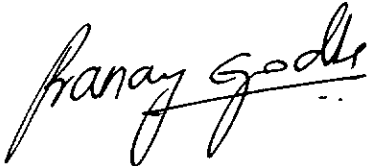
Particulars of Employees

During the year under review, the company had no employees.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo and other related disclosures

During the year under review, the Company has not carried out any manufacturing activities nor the company has any manufacturing unit. This Company is Incorporated outside India. Therefore, the above information required pursuant to the Companies Act, 2013 are not applicable.

For and on behalf of the Board



Pranay Godha

Chairman

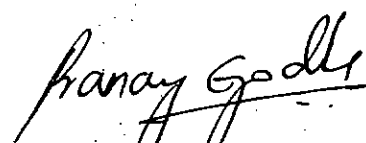
May 30, 2015

IPCA LABORATORIES U.K. LTD.
Balance Sheet as at March 31, 2015

Particulars	Note Ref	(₹ Lakhs) As at 31st March' 2015	(₹ Lakhs) As at 31st March' 2014
I EQUITY & LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	4,820.86	718.46
(b) Reserves & Surplus	2	(716.97)	(423.25)
(c) Money Received Against Share Warrants		-	-
		<u>4,103.89</u>	<u>295.21</u>
2 Share Application Money Pending Allotment			
		-	-
3 Non-Current Liabilities			
(a) Long-Term Borrowings	3	844.88	4,886.40
(b) Deferred Tax Liabilities (net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions		-	-
		<u>844.88</u>	<u>4,886.40</u>
4 Current Liabilities			
(a) Short-Term Borrowings	4	728.67	92.67
(b) Trade Payables	5	5.25	2.49
(c) Other Current Liabilities	6	179.81	146.94
(d) Short-Term Provisions		-	-
		<u>913.73</u>	<u>242.10</u>
TOTAL		<u><u>5,862.50</u></u>	<u><u>5,423.71</u></u>
II ASSETS			
1 Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets		-	-
(ii) Intangible Assets	7	1,055.28	158.40
(iii) Capital Work-in-Progress		-	-
(iv) Intangible Assets Under Development		-	-
		<u>1,055.28</u>	<u>158.40</u>
(b) Non-Current Investments	8	4,518.74	3,841.47
(c) Deferred Tax Assets (net)		-	-
(d) Long-Term Loans & Advances		-	-
(e) Other Non-Current Assets		-	-
		<u>5,574.02</u>	<u>3,999.87</u>
2 Current Assets			
(a) Current Investments	9	-	1,023.83
(b) Inventories		-	-
(c) Trade Receivables	10	265.93	230.65
(d) Cash and Bank Balances	11	22.55	10.65
(e) Short-term loans and advances		-	-
(f) Other current assets	12	-	158.71
		<u>288.48</u>	<u>1,423.84</u>
TOTAL		<u><u>5,862.50</u></u>	<u><u>5,423.71</u></u>

Statement of Significant Accounting policies and Other Explanatory Notes form part of the Balance Sheet and Statement of Profit and Loss.

For and on behalf of the Board



Pranay Godha
Chairman/Director

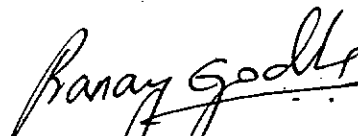
Place: Mumbai
Date: May 30, 2015

IPCA LABORATORIES U.K. LTD.
Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Note Ref	(₹ Lakhs) 2014-15	(₹ Lakhs) 2013-14
Revenue			
I Revenue from Operations (Gross):			
Sale of products		-	-
Sale of Services		-	-
Other operating revenue	13	236.18	-
Less : Excise duty		-	-
II Other Income	14	107.67	59.89
III Total Revenue (I + II)		343.85	59.89
IV Expenses			
Cost of Materials Consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Employee Benefit Expenses		-	-
Finance Cost		-	-
Depreciation & Amortisation	7	156.73	97.93
Other Expenses	15	51.75	75.21
Loss/(Gain) on Foreign Exchange Transactions		(9.86)	(2.20)
Total Expenses		198.62	170.94
V Profit/(Loss) Before exceptional, extraordinary items and Tax (III-IV)		145.23	(111.05)
VI Exceptional Items		-	-
VII Profit/(Loss) Before extraordinary items and Tax (V-VI)		145.23	(111.05)
VIII Extraordinary Items		-	-
IX Profit/ (Loss) Before Tax (VII-VIII) Profit/ (Loss) Before Tax (VII-VIII)		145.23	(111.05)
X Tax Expense			
1. Current Tax		0.01	0.81
2. Deferred Tax		-	-
3. Tax Provision for earlier years		-	-
XI Profit/(Loss) after Tax (IX-X)		145.22	(111.86)
XI Profit/(Loss) After Tax (XI+XIV)		145.22	(111.86)
XII Earnings per Equity Share: (₹)	17		
Basic		15.89	(12.24)
Diluted		15.89	(12.24)
Par Value		STG 1	STG 1

Statement of Significant Accounting policies and Other Explanatory Notes form part of the Balance Sheet and Statement of Profit and Loss

For and on behalf of the Board



Pranay Godha
Chairman/Director

Place: Mumbai
Date: May 30, 2015

IPCA LABORATORIES U.K. LTD.
Cashflow statement for the year ended 31st March 2015

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
CASH FLOW FROM OPERATING ACTIVITIES		
1. Net profit/(loss) before taxation	145.23	(111.05)
Adjustments for :		
Dividend Income	(49.04)	(57.06)
Interest Income	-	(2.83)
Loss/(Gain) on Foreign Exchange Transactions	(9.86)	(2.20)
Depreciation / Amortisation	<u>156.73</u>	<u>97.93</u>
	97.83	35.84
2. Operating profit/(loss) before working capital changes	243.06	(75.21)
(Increase)/Decrease in Debtors	(24.09)	(1.12)
Increase/(Decrease) in Sundry Creditors & Provisions	<u>46.09</u>	<u>(0.93)</u>
	22.00	(2.05)
3. Cash generated from operation	265.06	(77.26)
Movement in Foreign currency translation reserve	(32.72)	26.49
Income Tax Paid	<u>(0.01)</u>	<u>(0.81)</u>
	(32.73)	25.68
Net cash from operating activities (A)	<u>232.33</u>	<u>(51.58)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Dividend Received		
Interest received	-	4.94
Loans (given)/ repaid to / by Onyx Scientific Ltd.	<u>-</u>	<u>119.05</u>
	-	123.99
Net cash from / (used) in investing activities (B)	<u>-</u>	<u>123.99</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in short term Borrowings	(211.09)	(71.37)
Loans (taken)/ paid from / to Ipca Laboratories Ltd.	<u>(9.34)</u>	<u>(71.37)</u>
	(220.43)	(71.37)
Net cash from Financing activities (C)	<u>(220.43)</u>	<u>(71.37)</u>
Net increase/(decrease) in cash and cash equivalents (A + B + C)	11.90	1.04
Cash and cash equivalents at beginning of period	<u>10.65</u>	<u>9.61</u>
Cash and cash equivalents at end of period	<u>22.55</u>	<u>10.65</u>
Components of Cash & Cash equivalents:		
Cash and Cheques on hand	-	-
Balance with Banks	<u>22.55</u>	<u>10.65</u>
	<u>22.55</u>	<u>10.65</u>

For and on behalf of the Board


Pranay Godha
Chairman/Director

Place: Mumbai
Date: May 30, 2015

Statement of Significant Accounting policies and Other Explanatory Notes

Background

ACCOUNTING POLICIES

a) Accounting convention

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of realisability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Schedule III to the Companies Act, 2013.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

b) Conversion into Indian rupees

The translation of financial statements into Indian Rupees is done in accordance with AS 11 (Revised) "Effects of Changes in Foreign Exchange Rates" notified by the Companies (Accounting Standards) Rules 2006. The resultant Foreign Currency Translation Reserve is shown separately under Reserves and Surplus forming part of shareholders funds.

The Assets and Liabilities are translated at closing rate except share capital which is translated at the rate as on transaction date. The income and expenditure are translated at a rate nearing the average rate during the year.

c) Intangible Asset

Intangible Assets are recorded at cost of acquisition. Intangible assets are amortised over the economic useful life estimated by the management.

d) Investments: Long term Investments are stated at cost. Provisions are made for diminution in value of investments other than temporary in nature. Current Investments are stated at cost or market value which ever is lower.

e) Turnover: Turnover represents net invoiced sale of services, excluding value added tax.

f) Revenue in respect of insurance/other claims, interest, commission, etc., are recognized only when it is reasonably certain that the ultimate collection will be made.

Interest income is recognised on time proportion method basis taking into account the amounts outstanding and the rate applicable.

Dividend income is accounted based on the dividend proposed by Subsidiary.

g) Cash and Cash Equivalents: Cash and cash equivalents in the Balance Sheet comprise cash at bank, cheques on hand, cash in hand and short term investments with an original maturity of three months or less.

h) Taxation

Current Tax: Current Tax is calculated as per the provisions of the Income Tax in United Kingdom.

Deferred Tax: Deferred Tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

i) Foreign Exchange Transactions:

i) Transactions denominated in foreign currency are recorded at the exchange rate on the date of transaction. The exchange gain/loss on settlement / negotiation during the year is recognised in the Statement of Profit and Loss.

ii) Current assets and current liabilities at the end of the year are converted at the year end rate and the resultant gain or loss is accounted for in the Statement of Profit and Loss.

j) Research And development: Expenditure in research & development is written off in the year in which it is incurred. Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

k) Hire purchase and leasing commitments: Rentals paid under operating lease are charged to the profit and loss account on a straight line basis over the period of the lease.

Statement of Significant Accounting policies and Other Explanatory Notes (contd)

OTHER EXPLANATORY NOTES

1 SHARE CAPITAL

	31st March' 2015		31st March' 2014	
	No. of Shares	(₹ Lakhs)	No. of Shares	(₹ Lakhs)
Face Value		STG 1		STG 1
Authorized Capital*				
Issued, Subscribed And Paid up Capital				
Ordinary Equity Shares Fully paid	914,186	718.46	914,186	718.46
Redeemable Preference Shares	4,000,000	4,102.40	-	-
PER BALANCE SHEET		4,820.86		718.46

40,00,000 Preference Shares of GBP 1 each were allotted and fully paid for cash at par during the year.

*In accordance with the governing law of the country where the company is incorporated there is no provision for authorised capital. The same is therefore not disclosed.

Disclosures:

Reconciliation of number of shares

Particulars	31st March' 2015		31st March' 2014	
	No. of shares	(₹ Lakhs)	No. of shares	(₹ Lakhs)
Ordinary Equity Shares				
Shares outstanding at the beginning of the year	914,186	718.46	914,186	718.46
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	914,186	718.46	914,186	718.46
Redeemable Preference Shares				
Shares outstanding at the beginning of the year	-	-	-	-
Shares Issued during the year	4,000,000	4,102.40	-	-
Shares outstanding at the end of the year	4,000,000	4,102.40	-	-

Details of Shareholding in excess of 5%

Name of Shareholder	31st March' 2015		31st March' 2014	
	No. of shares	Percentage	No. of shares	Percentage
Ipca Laboratories Ltd- Equity Shares	914,186	100	914,186	100
Ipca Laboratories Ltd- Preference Shares	4,000,000	100	-	-

Particulars	31st March' 2015	31st March' 2014
	(₹ Lakhs)	(₹ Lakhs)

2 RESERVES & SURPLUS

a) Other Reserve

Foreign Currency Translation Reserve

Balance as per last Balance Sheet	92.46	24.95
Add : Addition during the year	(438.94)	67.51
Balance as at year end	(346.48)	92.46
(Net exchange differences are accumulated in foreign currency translation reserve account)		

b) Surplus

Balance as per last Balance Sheet	(515.71)	(403.85)
Add : Profit/(Loss) for the year	145.22	(111.86)
Balance as at year end	(370.49)	(515.71)
PER BALANCE SHEET	(716.97)	(423.25)

3 LONG-TERM BORROWING

Unsecured Loans: from Related party
From Ipca Laboratories Ltd.

	844.88	4,886.40
PER BALANCE SHEET	844.88	4,886.40

There are no specific repayment terms and hence maturity profile is not disclosed.

4 SHORT-TERM BORROWING

Unsecured Loans:

Loan from Related party		
Working Capital from Ipca Laboratories Ltd.	76.72	92.67
From Onyx Scientific Limited	651.95	-
PER BALANCE SHEET	728.67	92.67

5 TRADE PAYABLES

Trade Payables		
- Others	5.25	2.49
PER BALANCE SHEET	5.25	2.49

The Company represents that in the country of its operation there is no requirement of classification of business enterprises as Micro, Small and Medium enterprises.

6 OTHER CURRENT LIABILITIES

Interest accrued but not due on borrowings	136.48	146.94
Duties & Taxes Payable	43.33	-
PER BALANCE SHEET	179.81	146.94

7. INTANGIBLE ASSETS

(₹ Lakhs)

Particulars	Gross Block					Depreciation					Net Block	
	Opening as on 01/04/14	Additions	Sale/W.off/ Adjustment	Foreign Exchange flu. Reserve	Total as on 31/03/15	Up to 31/03/14	For the year	Sale/W.off/Adj ustment	Foreign Exchange flu. Reserve	Up to 31/03/15	As on 31/03/15	As on 31/03/14
Intangibles	717.49	-	-	(51.11)	666.38	559.09	100.50	-	(46.03)	613.56	52.82	158.40
Goodwill	-	1,055.22	-	-	1,055.22	-	56.23	-	(3.47)	52.76	1,002.46	-
PER BALANCE SHEET	717.49	1,055.22	-	(51.11)	1,721.60	559.09	156.73	-	(49.50)	666.32	1,055.28	158.40
Previous Year	592.51	-	-	124.98	717.49	377.86	97.93	-	83.30	559.09	158.40	214.65

8. Non Current Investments - At Cost

(₹ Lakhs)

Trade Investments										
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount	
			31/03/2015	31/03/2014			31/03/2015	31/03/2014	31/03/2015	31/03/2014
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Investment in Equity Shares									
1	Onyx Research Chemicals Limited:	Subsidiary	1,277,000	385,000	unquoted	fully paid	100	100	0.95	3,841.47
2	Onyx Scientific Limited:	Subsidiary	368,122	-	unquoted	fully paid	100	-	4517.79	-
	PER BALANCE SHEET								4,518.74	3,841.47

Disclosures:

Particulars

Aggregate amount of unquoted investments (Non Current - Trade)

4518.74	3,841.47
---------	----------

9. Current Investments - At Cost

(₹ Lakhs)

Trade Investments										
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount	
			31/03/2015	31/03/2014			31/03/2015	31/03/2014	31/03/2015	31/03/2014
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Investment in Preference Shares									
1	Onyx Research Chemicals Limited	Subsidiary	-	700,000	unquoted	fully paid	-	100	-	1,023.83
	PER BALANCE SHEET								-	1,023.83

Disclosures:

Aggregate amount of unquoted investments (Current - Trade)

-	1,023.83
---	----------

Particulars	31st March' 2015 (₹ Lakhs)	31st March' 2014 (₹ Lakhs)
10 TRADE RECEIVABLES		
Unsecured, considered good:		
Other Debts:		
From Related Parties	265.93	230.65
PER BALANCE SHEET	<u>265.93</u>	<u>230.65</u>
11 CASH AND BANK BALANCES		
Cash & Cash Equivalents		
Balances with Banks	22.55	10.65
PER BALANCE SHEET	<u>22.55</u>	<u>10.65</u>
12 OTHER CURRENT ASSETS		
Dividend receivable	-	157.38
Indirect taxes recoverable	-	1.33
PER BALANCE SHEET	<u>-</u>	<u>158.71</u>

Particulars	2014-15 (₹ Lakhs)	2013-14 (₹ Lakhs)
13 OTHER OPERATING REVENUE		
Management Charges	236.18	-
	<u>236.18</u>	<u>-</u>
14 OTHER INCOME		
Interest Income	0.02	2.83
Dividend Income from subsidiary company	49.04	57.06
Registration Services	58.61	-
PER STATEMENT OF PROFIT & LOSS	<u>107.67</u>	<u>59.89</u>
15 OTHER EXPENSES		
Audit fees*	2.46	0.82
Bank Charges	0.41	0.58
Rent	2.67	2.83
Communication expenses	-	0.24
Professional charges	5.45	5.05
Product Registration Exp	40.73	65.61
Other expenses	0.03	0.08
PER STATEMENT OF PROFIT & LOSS	<u>51.75</u>	<u>75.21</u>

* In common with many other business of the company's size and nature in the country of operation the services of auditors is taken to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements in UK.

16 Related Party Disclosure as required by Accounting Standard-AS 18 notified by the Companies (Accounting Standards) Rules 2006.

Relationship:	Country of Incorporation	
Entities where control exists		
Holding Company		
Ipca Laboratories Limited	India	
Subsidiary		
Onyx Research Chemicals Limited	United Kingdom	(w.e.f. 08.08.2011)
Onyx Scientific Limited	United Kingdom	(w.e.f. 25.03.2015)
Step-down Subsidiary		
Onyx Scientific Limited	United Kingdom	(till 24.03.2015)

Transactions (₹ Lakhs)

Description	Entities where control exists		Total
	Holding Company	Subsidiaries/Step-down Subsidiary	
<u>Management charges income</u>			
Onyx Scientific Limited	-	236.18	236.18
Previous Year	-	-	-
Total	-	236.18	236.18
Previous Year	-	-	-
<u>Expenses incurred on behalf of related party</u>			
Ipca Laboratories Limited	58.61	-	58.61
Previous Year	-	-	-
Total	58.61	-	58.61
Previous Year	-	-	-
<u>Loan taken/(Repaid)</u>			
Ipca Laboratories Limited	(4,102.40)	-	(4,102.40)
Previous Year	(71.37)	-	(71.37)
Onyx Scientific Limited	-	651.95	651.95
Previous Year	-	-	-
Total	(4,102.40)	651.95	(3,450.45)
Previous Year	(71.37)	-	(71.37)
<u>Loan Given/(payment Received)</u>			
Onyx Scientific Limited	-	-	-
Previous Year	-	(119.05)	(119.05)
Total	-	-	-
Previous Year	-	(119.05)	(119.05)
<u>Issue of Preference Share Capital</u>			
Ipca Laboratories Limited	4,102.40	-	-
Previous Year	-	-	-
Total	4,102.40	-	-
Previous Year	-	-	-
<u>Interest income</u>			
Onyx Scientific Limited	-	-	-
Previous Year	-	2.80	2.80
Total	-	-	-
Previous Year	-	2.80	2.80
<u>Preference Dividend Income</u>			
Onyx Research Chemicals Limited	-	49.04	49.04
Previous Year	-	57.06	57.06
Total	-	49.04	49.04
Previous Year	-	57.06	57.06

Transactions

(₹ Lakhs)

Description	Entities where control exists		Total
	Holding Company	Subsidiaries/Step-down Subsidiary	
Balances as on 31st March 2015			
Receivable			
Onyx Research Chemicals Limited	-	-	-
Previous Year	-	157.38	157.38
Onyx Scientific Limited	-	265.93	265.93
Previous Year	-	230.65	230.65
Total	-	265.93	265.93
Previous Year	-	388.03	388.03
Payable			
Ipca Laboratories Limited	1,058.08	-	1,058.08
Previous Year	5,126.01	-	5,126.01
Onyx Scientific Limited	-	651.95	651.95
Previous Year	-	-	-
Total	1,058.08	651.95	1,710.03
Previous Year	5,126.01	-	5,126.01

17 Earning per Share

The earning per share is calculated by dividing the profit after tax by weighted average no. of shares outstanding for basic and diluted EPS.

Particulars	2014-15	2013-14
Profit/(loss) after tax (₹ lakhs)	145.22	(111.86)
Equity Shares Outstanding (Nos)		
-Opening	914,186	914,186
-Issued during the year	-	-
-Closing	914,186	914,186
Weighted Average no. of shares outstanding (Nos.) - Basic	914,186	914,186
Weighted Average no. of shares outstanding (Nos.) - Diluted	914,186	914,186
Nominal value of equity share	STG 1 each	STG 1 each
Earning per share (₹)		
- Basic	15.89	(12.24)
- Diluted	15.89	(12.24)

18 During the year, as a part of group reconstruction, Ipca Laboratories UK Ltd. acquired the entire issued share capital of Onyx Scientific Ltd., UK from its wholly owned subsidiary Onyx Research Chemicals Ltd., UK on 25th March 2015 in lieu of capital dividend declared by the said company. Consequent to this, Onyx Scientific Ltd., UK has become wholly owned subsidiary of Ipca Laboratories UK Ltd. from the said date. From the said date, Onyx Research Chemicals Ltd., UK has ceased to trade and is in the process of being dissolved.

19 Prior period comparatives :

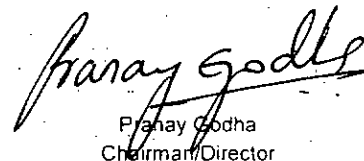
Previous year's figures have been regrouped and rearranged wherever necessary to make them comparable.

20 The accounts have been prepared on going concern basis as the directors of the parent company Ipca Laboratories Ltd have indicated their intention to financially support the company for the foreseeable future.

21 The Company is 100% subsidiary of Ipca Laboratories Limited. The accounts have been prepared and restated in Indian Rupees for the purpose of attachment to the accounts of the holding company to comply with the provisions of Indian Companies Act.

22 The Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of significant accounting policy and other explanatory notes form an integral part of the financial statements of the company for the year ended on March 31, 2015.

For and on behalf of the Board


Pranay Godha
Chairman/Director

Place: Mumbai

Date: May 30, 2015