

Registered number: 05712796

Shasun Pharma Solutions Limited

Directors' report and financial statements

31 March 2016

Shasun Pharma Solutions Limited

Company information

Directors S Abhaya Kumar (resigned 23 January 2016)
S Vimal Kumar (resigned 23 January 2016)
Dr S Devendra (resigned 23 January 2016)
R Sundara Rajan
J Wiper
K Cook

Registered number 05712796

Registered office Dudley Lane
Dudley
Cramlington
Northumberland
NE23 7QG

Independent auditor UNW LLP
Chartered Accountants
Citygate
St. James' Boulevard
Newcastle upon Tyne
NE1 4JE

Shasun Pharma Solutions Limited

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Shasun Pharma Solutions Limited

Strategic report Year ended 31 March 2016

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

Principal activities

The company is engaged in contract research, custom synthesis and contract manufacturing services (CRAMS) for Active Pharma Ingredients (API) and Intermediaries for the pharmaceutical industry.

Business review

The company achieved sales revenues of £31.90 million (2015: £22.90 million) and a profit after tax of £1.14 million (2015: loss of £2.68 million).

During 2015-16, SPSL has continued to focus on its mission to be the preferred provider of development, scale-up and manufacturing services to the pharmaceutical industry.

The 39% growth in sales and return to profitability can be attributed the successful execution of a clear business strategy. Over the last 24 months the company has secured 32 new customers and has made significant progress in the US market.

Investment in research and development activity in 2015-16 was significantly higher than previous years with a clear focus on developing processes ready for commercialisation in 2016-17. Research and development expenditure is written off to the profit and loss account in the year in which it is incurred. The total written off in the current year is £6.14 million (2015: £4.50 million)

The company has continued to diversify both the customer and product base and has established a strong launched and pre-launched pipeline. The SPSL pipeline currently comprises 30 launched products, 11 products in Phase III development, 13 in Phase II development and 14 in Phase I.

The company increased headcount in 2015-16 to support increasing activity and in readiness for projected activity in 2016-17. At the time of writing, the 2016-17 order position is very strong with 74% of activity contracted.

Principal risks and uncertainties

Trading risk

The timing of drug approval by government agencies may affect the phasing of sales. The company continues to mitigate the same by the expansion of its customer base and product portfolios.

Exchange risk

The company is a major exporter and as such a significant part of the company's sales are denominated in USD or EUR. Wherever possible the company seeks to reduce any exchange rate risk by procuring goods and services in these currencies.

Financial key performance indicators

The company's performance can be established using analysis of the financial statements and the notes thereto, and therefore the directors consider that the provision of further KPIs is not necessary.

Shasun Pharma Solutions Limited

Strategic report (continued)

Other key performance indicators

The company successfully passed audits conducted by the UK Government's HSE and Environment Agency.

Safety and environmental performance indicators all remained within targeted levels.

SPSL's commitment to quality compliance was confirmed during 2015-16 with 20 successful customer inspections completed in the fiscal year.

Future outlook

Based upon its current order position, the significant sales potential of a number of new products currently under development at the company, and a large portfolio of new business opportunities being pursued, the directors are confident that the company can deliver on its long term growth strategy to increase sales and profitability.

This report was approved by the board on 13 May 2016 and signed on its behalf by:



K Cook
Director

Shasun Pharma Solutions Limited

Directors' report Year ended 31 March 2016

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

Results and dividends

The profit for the year, after taxation, amounted to £1,144,000 (2015 - loss £2,676,000).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

S Abhaya Kumar (resigned 23 January 2016)
S Vimal Kumar (resigned 23 January 2016)
Dr S Devendra (resigned 23 January 2016)
R Sundara Rajan
J Wiper
K Cook

Health and safety and environmental matters

The company strongly believes that operational safety, the wellbeing of its employees and protection of the environment are of paramount importance. During the year, the company's safety performance indicators have remained at high levels, which are among the best in the industry sector. The company has improved its environmental performance through maximising biological treatment capability.

Employee involvement

The company consults and discusses with employees, through unions and staff meetings, matters likely to affect employee interests.

Information on matters of concern to employees is communicated through meetings, information bulletins and reports, all of which seek to achieve a common awareness on the part of employees of the financial and economic factors which affect the company's performance.

Disabled employees

The company is an equal opportunities employer. The company does not discriminate against the employment of disabled persons wherever suitable jobs are available. Wherever possible, the company endeavours to retain those who become disabled during their employment, and to assist with their training and career development.

Shasun Pharma Solutions Limited

Directors' report Year ended 31 March 2016

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 13 May 2016 and signed on its behalf by:



K Cook
Director

Shasun Pharma Solutions Limited

Directors' responsibilities statement Year ended 31 March 2016

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Independent auditor's report to the shareholders of Shasun Pharma Solutions Limited

We have audited the financial statements of Shasun Pharma Solutions Limited for the year ended 31 March 2016, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 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 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 auditor

As explained more fully in the directors' responsibilities statement, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and 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 of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent auditor's report to the shareholders of Shasun Pharma Solutions Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

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.

A handwritten signature in blue ink, appearing to read 'Andrew Wilson', with a wavy line extending from the end.

Andrew Wilson BA FCA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

13 May 2016

Shasun Pharma Solutions Limited

Profit and loss account Year ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	3	31,902	22,903
Cost of sales		<u>(28,184)</u>	<u>(23,572)</u>
Gross profit / (loss)		3,718	(669)
Distribution costs		(1,239)	(1,175)
Administrative expenses		(1,288)	(876)
Other operating income	4	<u>1,373</u>	<u>1,251</u>
Operating profit / (loss)	5	2,564	(1,469)
Interest payable and similar charges	9	<u>(1,281)</u>	<u>(1,022)</u>
Profit / (loss) on ordinary activities before taxation		1,283	(2,491)
Taxation on profit / (loss) on ordinary activities	10	<u>(139)</u>	<u>(185)</u>
Profit / (loss) for the financial year		<u>1,144</u>	<u>(2,676)</u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

The notes on pages 11 to 28 form part of these financial statements.

Shasun Pharma Solutions Limited

Balance sheet At 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible assets	11	-	8
Tangible assets	12	13,977	12,470
		<u>13,977</u>	<u>12,478</u>
Current assets			
Stocks	13	3,431	2,753
Debtors: amounts falling due after more than one year	14	1,018	1,897
Debtors: amounts falling due within one year	14	15,827	12,507
Cash at bank		52	7
		<u>20,328</u>	<u>17,164</u>
Creditors: amounts falling due within one year	15	(23,531)	(25,017)
Net current liabilities		<u>(3,203)</u>	<u>(7,853)</u>
Total assets less current liabilities		<u>10,774</u>	<u>4,625</u>
Creditors: amounts falling due after more than one year	16	(5,635)	(630)
Net assets		<u><u>5,139</u></u>	<u><u>3,995</u></u>
Capital and reserves			
Called up share capital	20	4,966	4,966
Profit and loss account	21	173	(971)
Equity shareholders' funds		<u><u>5,139</u></u>	<u><u>3,995</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 May 2016 by:



K Cook
Director

Company registered number: 05712796

Shasun Pharma Solutions Limited

Statement of changes in equity At 31 March 2016

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2015	4,966	(971)	3,995
Profit for the year	-	1,144	1,144
At 31 March 2016	4,966	173	5,139

Statement of changes in equity At 31 March 2015

	Share capital £000	Profit and loss account £000	Total equity £000
At 1 April 2014 (as previously stated)	4,966	1,960	6,926
Changes on transition to FRS 102 (note 27)	-	(255)	(255)
At 1 April 2014 (as restated)	4,966	1,705	6,671
Loss for the year	-	(2,676)	(2,676)
At 31 March 2015	4,966	(971)	3,995

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

1. Accounting policies

The following accounting policies have been applied consistently throughout the year and to the preceding year in dealing with items which are considered material in relation to the financial statements.

1.1 Basis of preparation of financial statements

Shasun Pharma Solutions Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the company information page of these financial statements. The principal activities of the company are set out in the strategic report.

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The financial statements are presented in pounds sterling which is the functional currency of the company, and rounded to the nearest £'000.

Explanation of transition to FRS 102

These financial statements for the year ended 31 March 2016 are the first financial statements of the company that comply with FRS 102. The date of transition to FRS 102 was 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and performance is given in note 27.

FRS 102 - reduced disclosure for qualifying entities

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to the presentation of a cash flow statement and certain financial instruments disclosures.

1.2 Going concern

The company meets its day to day working capital requirements through operating cash flows supported by an overdraft, term loans, other bank facilities and support from the parent company. The company's forecasts and projections, taking account of anticipated developments within the business and reasonably possible changes in trading performance, show that the company is expected to have sufficient financial resources through the facilities currently available to enable it to continue meeting its liabilities as they fall due in the normal course of business, for at least twelve months following approval of these financial statements. Furthermore, the company's ultimate parent undertaking, Strides Shasun Limited, continues to provide ongoing funding support and has provided the company with written confirmation that it will, if required, provide the company with further financial support to meet its working capital needs and debt servicing obligations.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, notwithstanding net current liabilities of £3,203,000, they continue to prepare the financial statements on a going concern basis.

Shasun Pharma Solutions Limited

Notes to the financial statements

Year ended 31 March 2016

1. Accounting policies (continued)

1.3 Revenue

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Amounts recoverable on long-term contracts are included in debtors and represent turnover recognised in excess of payments on account.

Short term contracts

Profit (and turnover) on short term contracts is also recognised by reference to the stage of completion. Completion is deemed to occur upon despatch of goods, except where bill and hold arrangements are in place with customers, in which case completion is deemed to occur upon advising the customer that predetermined quantities of stock have been manufactured and are ready for collection or delivery.

1.4 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.5 Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less amortisation. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Patents and licences	-	straight line over the period to expiry
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Provision is made for any impairment.

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

1. Accounting policies (continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	30 years straight line
Plant and machinery	-	4 to 20 years straight line

1.7 Leasing and hire purchase

Assets acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the lease term. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company.

Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating leases are any leases other than finance leases. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Shasun Pharma Solutions Limited

Notes to the financial statements

Year ended 31 March 2016

1. Accounting policies (continued)

1.9 Current and deferred taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and the results as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

1.10 Foreign currency translation

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Exchange gains and losses are recognised in the profit and loss account.

1.11 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

1. Accounting policies (continued)

1.13 Research and Development Expenditure Credit

Benefits due under the RDEC regime are included as other operating income, being in substance a government grant. The credit is recognised once there is reasonable assurance that the company will comply with the conditions of the RDEC and that it will be received.

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

The preparation of financial statements requires management to make judgements, assumptions and estimates that affect the application of accounting policies and amounts reported in the profit and loss account and balance sheet. Such decisions are made at the time the financial statements are prepared and adopted based on the best information available at the time. Actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

Significant judgements in applying accounting policies

Revenue recognition - the nature of the contracts entered by the company with its customers requires the application of judgement to determine appropriate revenue recognition, as the scope of the work will frequently be spread over a number of months, and involve different elements, for example plant preparation and testing, production of test batches, and finally full production. The general policy applied is to spread revenue to achieve an constant contribution to fixed production overheads over the expected duration of the plant reservation. Specific terms and conditions of an individual contract are also considered, and the general policy adapted as required.

Key sources of estimation uncertainty

Useful lives of tangible assets - the annual depreciation charge for tangible assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful lives and residual values are reassessed annually. See note 12 for the carrying value of the tangible assets, and note 1.6 for the useful lives range.

Impairment of debtors - the company makes an estimate of the recoverable value of trade and other debtors considering factors including credit ratings, aging profile and historical experience. The carrying amount of debtors in note 14 is the directors' best estimate of the amount which will ultimately be recovered (net of any provision for impairment).

There are no other significant estimates in the financial statements - stocks are produced to customer order, so no obsolete or slow moving provision is necessary. Due to the nature of the companies operations, any defective stocks are fully provided as soon as quality issues are identified.

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

3. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

A geographical analysis of turnover is as follows:

	2016 £000	2015 £000
United Kingdom	4,162	2,471
Europe	12,198	9,743
United States of America	12,399	7,710
Asia, Africa, America and India	3,143	2,979
	<u>31,902</u>	<u>22,903</u>

4. Other operating income

	2016 £000	2015 £000
Other operating income	437	175
Research and development expenditure credit (RDEC)	690	840
Capital contributions	9	10
Emission credits and waste sales	236	226
	<u>1,372</u>	<u>1,251</u>

The R&D expenditure credit of £840k in 2015 includes £391k in respect of R&D expenditure in 2014 which had not been quantified at the time the financial statements were prepared.

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

5. Operating profit / (loss)

The operating profit / (loss) is stated after charging / (crediting):

	2016 £000	2015 £000
Research and development charged as an expense	6,140	4,496
Depreciation of tangible fixed assets	1,369	1,035
Amortisation of intangible assets	8	242
Foreign exchange (gains) / losses	(202)	72
Operating lease rentals	280	253
	<u>280</u>	<u>253</u>

6. Auditor's remuneration

	2016 £000	2015 £000
Fees payable to the company's auditor for the audit of the company's annual accounts	28	26
Fees payable to the company's auditor in respect of:		
Audit-related assurance services	5	5
Other services relating to taxation	19	15
	<u>19</u>	<u>15</u>

7. Employees

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

	2016 £000	2015 £000
Wages and salaries	10,315	9,619
Social security costs	1,061	1,031
Other pension costs	1,215	1,126
	<u>12,591</u>	<u>11,776</u>

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

	2016 No.	2015 No.
Production	281	252
Sales and distribution	6	8
Administration	12	12
	<u>299</u>	<u>272</u>

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

8. Directors' remuneration

	2016 £000	2015 £000
Emoluments	253	182
Company contributions to defined contribution pension schemes	21	14
	<u>274</u>	<u>196</u>

During the year retirement benefits were accruing to 2 directors (2015: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £140,000 (2015: £123,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,000 (2015: £7,000).

9. Interest payable and similar charges

	2016 £000	2015 £000
On bank loans and overdrafts	1,198	986
On other loans	67	26
On finance leases and hire purchase contracts	16	10
	<u>1,281</u>	<u>1,022</u>

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

10. Taxation

	2016 £000	2015 £000
Current tax		
UK corporation tax charge on profit / (loss) for the year	118	185
Adjustments in respect of previous periods	21	-
Total current tax	139	185
Deferred tax		
Origination and reversal of timing differences	(118)	168
Changes to tax rates	-	24
Adjustments in respect of previous years	-	(192)
Unrecognised deferred tax on RDEC	118	-
Total deferred tax	-	-
Taxation on profit / (loss) on ordinary activities	139	185

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £000	2015 £000
Profit / (loss) on ordinary activities before tax	1,283	(2,491)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of % (2015 - 21%)	257	(523)
Effects of:		
Expenses not deductible for tax purposes	8	8
(Utilisation)/carry forward of tax losses	-	673
Adjustments to tax charge in respect of prior periods	21	-
RDEC adjustment	(20)	-
Other movements not recognised in deferred tax	(245)	(158)
RDEC restriction	118	185
Total tax charge for the year	139	185

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

10. Taxation (continued)

Factors that may affect future tax charges

The company has carried forward trading losses available for offset against future profits of the same trade, see deferred tax note.

11. Intangible assets

	Patents and licences £000
Cost	
At 1 April 2015 and 31 March 2016	<u>2,141</u>
Amortisation	
At 1 April 2015	2,133
Charge for the year	<u>8</u>
At 31 March 2016	<u>2,141</u>
Net book value	
At 31 March 2016	<u>-</u>
At 31 March 2015	<u><u>8</u></u>

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

12. Tangible fixed assets

	Freehold property £000	Plant and machinery £000	Assets in course of construction £000	Total £000
Cost				
At 1 April 2015	416	22,542	1,336	24,294
Additions	-	-	2,876	2,876
Transfers between classes	-	3,211	(3,211)	-
At 31 March 2016	416	25,753	1,001	27,170
Depreciation				
At 1 April 2015	94	11,730	-	11,824
Charge for the year	22	1,347	-	1,369
At 31 March 2016	116	13,077	-	13,193
Net book value				
At 31 March 2016	300	12,676	1,001	13,977
At 31 March 2015	322	10,812	1,336	12,470

Included in freehold property is freehold land at cost of £75,000 (2015: £75,000) which is not depreciated.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2016 £000	2015 £000
Plant and machinery	193	-
Assets in the course of constuction	403	203

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

13. Stocks

	2016 £000	2015 £000
Raw materials	2,631	1,782
Work in progress	55	196
Finished goods	426	406
Engineering spares	319	369
	<u>3,431</u>	<u>2,753</u>

The cost of stock recognised as an expense in cost of sales during the year was £8,501,000 (2015: £5,392,000).

14. Debtors

	2016 £000	2015 £000
Due after more than one year		
Deferred tax asset (note 19)	<u>1,018</u>	<u>1,897</u>
Due within one year		
Trade debtors	6,279	6,035
Amounts owed by group undertakings	496	300
Other debtors	2,278	1,889
Prepayments and accrued income	108	371
Amounts recoverable on contracts	5,787	3,912
Deferred tax asset (note 19)	879	-
	<u>15,827</u>	<u>12,507</u>

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

15. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Bank overdrafts	5,927	8,583
Bank loans (note 17)	1,125	1,375
Payments received on account	308	827
Trade creditors	4,573	3,156
Amounts owed to group undertakings	9,422	9,014
Other taxation and social security	638	571
Net obligations under finance lease and hire purchase contracts	88	37
Other creditors	111	96
Accruals and deferred income	1,339	1,358
	<u>23,531</u>	<u>25,017</u>

Details of security are given in note 16.

Accruals and deferred income includes £48,000 (2015: £58,000) of government grant income deferred to future periods.

16. Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Bank loans (note 17)	3,094	-
Net obligations under finance leases and hire purchase contracts	411	114
Amounts owed to group undertakings	1,713	-
Accruals and deferred income	417	516
	<u>5,635</u>	<u>630</u>

All bank loans and overdrafts are secured, either by a corporate guarantee from the ultimate parent company Strides Shasun Limited, or against the assets of the company.

Obligations under finance leases and hire purchase contracts are secured against the assets to which they relate.

Accruals and deferred income includes £370,000 (2015: £458,000) of government grant income deferred to future periods.

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

17. Bank loan

The maturity of the bank loan is as follows::

	2016 £000	2015 £000
Due within one year	1,125	1,375
Due after one and before two years	1,125	-
Due after two and before five years	1,969	-
	<u> </u>	<u> </u>

18. Hire purchase & finance leases

Minimum lease payments under finance leases and hire purchase contracts fall due as follows:

	2016 £000	2015 £000
Within one year	116	47
After one and before five years	353	121
After five years	128	-
	<u> </u>	<u> </u>
	<u>597</u>	<u>168</u>

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

19. Deferred taxation

	Deferred tax £000
At 1 April 2015 and 31 March 2016	<u>1,897</u>

The deferred tax asset is made up as follows:

	2016 £000	2015 £000
Excess of taxation allowances over depreciation on fixed assets	(1,395)	(1,181)
Tax losses carried forward	3,056	2,853
Rolled over and held over capital gains	(118)	(118)
Other timing differences	236	225
RDEC credits (restricted)	118	118
	<u>1,897</u>	<u>1,897</u>

At 31 March 2016, the company has trading losses of approximately £17,700,000 (2015: £17,800,000) available to carry forward against profits of the same trade. In relation to these, and RDEC credits, a deferred tax asset of £1,897,000 (2015: £1,897,000) has been recognised as the benefit of losses expected to be utilised against future trading profits and also an asset of £1,277,000 (2015: £1,003,000) to offset net deferred tax liabilities arising on other timing differences. The potential deferred tax asset of £565,000 (2015: £706,000) relating to the remaining losses and RDEC restricted credit has not been recognised due to uncertainty as to the timing of any utilisation.

The net amount of deferred tax assets which are expected to reverse within one year of the balance sheet date are £879,000 (2015: £nil). This figure take account of both the reversal of existing timing differences and the origination of new ones.

20. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
4,965,706 Ordinary shares of £1 each	<u>4,966</u>	<u>4,966</u>

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

21. Reserves

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

22. Capital commitments

At 31 March 2016 the company had capital commitments as follows:

	2016	2015
	£000	£000
Contracted for but not provided in these financial statements	565	196

23. Commitments under operating leases

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£000	£000
Within one year	128	261
Between one and five years	109	153
Total	237	414

24. Other financial commitments

The company has issued letters of credit to suppliers. The letters in issue at the year end total USD 1,106,625 (2015: USD 874,054).

25. Related party transactions

The company has taken advantage of the exemption available to wholly-owned subsidiaries to not disclose details of transactions or balances with other wholly-owned entities within the same group.

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

26. Controlling parties

The company's immediate parent undertaking is SVADS Holdings SA, a company incorporated in Switzerland.

The company's ultimate parent undertaking, and controlling party, is Strides Shasun Limited, a company incorporated in India.

The results of the company are incorporated in the consolidated financial statements of Strides Shasun Limited, which can be obtained from:

Strides Shasun Ltd
Strides House
Bannerghatta Road, Bilekahalli
Bangalore 560076
India

Shasun Pharma Solutions Limited

Notes to the financial statements Year ended 31 March 2016

27. Transition to FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2014. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 April 2014

	Note	£000
Equity at 1 April 2014 under previous UK GAAP		6,926
Holiday pay accrual		(184)
Deferred tax on rolled-over gains		(71)
Equity shareholders funds at 1 April 2014 under FRS 102		6,671

Reconciliation of equity at 31 March 2015

	Note	£000
Equity at 31 March 2015 under previous UK GAAP		4,249
Holiday pay accrual		(183)
Deferred tax on rolled-over gains		(71)
Equity shareholders funds at 31 March 2015 under FRS 102		3,995

Reconciliation of profit and loss account for the ended 31 March 2015

	£000
Loss for the year under previous UK GAAP	(2,677)
Movement in holiday pay accrual	1
Loss for the year ended 31 March 2015 under FRS 102	(2,676)

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 The company now recognises the cost of compensated employee absences (for example holiday pay) as employees render services that increases their entitlement to future compensated absences. At 1 April 2014, employees has accumulated £184,000 of paid holiday which had not yet been taken. This has been accrued as an opening adjustment on transition to FRS 102. The equivalent accrual at 31 March 2015 was £183,000.
- 2 FRS 102 requires a deferred tax liability to be recognised in respect of rolled over capital gains, which was not required under previous UK GAAP. The impact of this is to reduce the net deferred tax asset at 1 April 2014 by £71,000. There have been no movements on the liability since the transition date.