

**Ranbaxy (Netherlands) B.V.**  
**Amsterdam**

Annual Report  
For the fifteen months period  
ended 31 March 2014

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**Ranbaxy (Netherlands) B.V.**

**Directors' Report**

The company has made use of art 396.7 of the Netherlands Civil Code and does not present a director's report.

**Ranbaxy (Netherlands) B.V.****Balance sheet as at 31 March 2014**

(After appropriation of the results)

(Amounts in US Dollars)

	Notes	As at 31 March 2014	As at 31 December 2012
<b>Fixed Assets</b>			
<b>Financial fixed assets</b>			
Investments	1	608,678,515	603,196,323
<b>Total fixed assets</b>		<b>608,678,515</b>	<b>603,196,323</b>
<b>Current assets (due within one year)</b>			
Amount owed by group entities	2	421,809,101	57,860,284
Other receivables	3	419,261	455,255
Cash at banks	4	8,886,292	25,531,270
<b>Total current assets</b>		<b>431,114,654</b>	<b>83,846,809</b>
<b>Non current assets</b>			
Amount owed by group entities	2	45,541,661	800,000
<b>Total non current assets</b>		<b>45,541,661</b>	<b>800,000</b>
<b>Current liabilities (due within one year)</b>			
Accrued liabilities and other payables	5	5,626,790	354,813
Loan Account		12,500,000	-
Amount owed to group entities	6	200,729,076	2,642,200
Bank overdraft	4	1,281,442	1,800
<b>Total current liabilities</b>		<b>220,137,308</b>	<b>2,998,813</b>
<b>Total assets less liabilities</b>		<b>865,197,522</b>	<b>684,844,319</b>
<b>Shareholder's Equity</b>			
Share capital	7	752,474,890	520,475,881
Share premium reserve		155,000,000	155,000,000
Retained earnings		10,194,547	29,841,344
Translation reserve		(52,471,915)	(20,472,906)
<b>Total shareholder's equity</b>		<b>865,197,522</b>	<b>684,844,319</b>

The accompanying notes form an integral part of these financial statements.

**Ranbaxy (Netherlands) B.V.****Balance sheet as at 31 March 2014**

0.0167

0.0183

(After appropriation of the results)

(Amounts in INR)

	Notes	As at 31 March 2014	As at 31 December 2012
<b>Fixed Assets</b>			
<b>Financial fixed assets</b>			
Investments	1	36,447,815,255	32,961,547,705
<b>Total fixed assets</b>		<b>36,447,815,255</b>	<b>32,961,547,705</b>
<b>Current assets (due within one year)</b>			
Amount owed by group entities	2	25,258,029,997	3,161,764,174
Other receivables	3	25,105,433	24,877,334
Cash at banks	4	532,113,274	1,395,151,362
<b>Total current assets</b>		<b>25,815,248,705</b>	<b>4,581,792,870</b>
<b>Non current assets</b>			
Amount owed by group entities	2	2,727,045,542	43,715,847
<b>Total non current assets</b>		<b>2,727,045,542</b>	<b>43,715,847</b>
<b>Current liabilities (due within one year)</b>			
Accrued liabilities and other payables	5	336,933,533	19,388,689
Loan Account		748,502,994	-
Amount owed to group entities	6	12,019,705,150	144,382,514
Bank overdraft	4	76,733,040	98,354
<b>Total current liabilities</b>		<b>13,181,874,716</b>	<b>163,869,556</b>
<b>Total assets less liabilities</b>		<b>51,808,234,787</b>	<b>37,423,186,866</b>
<b>Shareholder's Equity</b>			
Share capital	7	45,058,376,636	28,441,304,963
Share premium reserve		9,281,437,126	8,469,945,355
Retained earnings		610,451,914	1,630,674,547
Translation reserve		(3,142,030,890)	(1,118,737,999)
<b>Total shareholder's equity</b>		<b>51,808,234,787</b>	<b>37,423,186,866</b>

The accompanying notes form an integral part of these financial statements.

**Ranbaxy (Netherlands) B.V.****Profit and loss for the fifteen months period ended 31 March 2014**

(Amounts in US Dollars)

	Notes	For the fifteen months Period ended 31 March 2014	For the year ended 31 December 2012
<b>Holding activities</b>			
Dividend from investments	8	85,845,767	33,169,087
Profit on disposal of subsidiary		137,728	-
Provision for diminution in value of investment		(2,559,262)	(3,363,262)
<b>Result from holding activities</b>		<b>83,424,233</b>	<b>29,805,825</b>
<b>Financing activities</b>			
Interest income on amount owed by group entities	9	2,979,987	2,354,991
Interest income from banks & others		253,158	268,205
Interest expenses	10	(2,820,122)	(64,194)
Amount owed by group entities written off	2	-	(396,330)
<b>Result from financing activities</b>		<b>413,023</b>	<b>2,162,672</b>
<b>Other financial income and expenses</b>	11	<b>(3,075,313)</b>	<b>(241,980)</b>
		<b>(3,075,313)</b>	<b>(241,980)</b>
<b>Other expenses</b>			
General and administration expenses	12	(293,754)	(439,236)
<b>Total expenses</b>		<b>(293,754)</b>	<b>(439,236)</b>
<b>Result before taxation</b>		<b>80,468,189</b>	<b>31,287,281</b>
Corporate income tax	13	(114,986)	(520,000)
<b>Result after taxation</b>		<b>80,353,203</b>	<b>30,767,281</b>

The accompanying notes form an integral part of these financial statements.

**Ranbaxy (Netherlands) B.V.****Profit and loss for the fifteen months period ended 31 March 2014**

		<b>0.0169</b>	<b>0.0187</b>
			(Amounts in INR)
	<b>Notes</b>	<b>For the fifteen months Period ended 31 March 2014</b>	<b>For the year ended 31 December 2012</b>
<b>Holding activities</b>			
Dividend from investments	8	5,079,631,207	1,773,747,967
Profit on disposal of subsidiary		8,149,581	-
Provision for diminution in value of investment		<u>(151,435,637)</u>	<u>(179,853,583)</u>
<b>Result from holding activities</b>		<b>4,936,345,151</b>	<b>1,593,894,384</b>
<b>Financing activities</b>			
Interest income on amount owed by group entities	9	176,330,566	125,935,343
Interest income from banks & others		14,979,781	14,342,513
Interest expenses	10	(166,871,149)	(3,432,833)
Amount owed by group entities written off	2	-	<u>(21,194,118)</u>
<b>Result from financing activities</b>		<b>24,439,199</b>	<b>115,650,905</b>
<b>Other financial income and expenses</b>	11	<u>(181,971,196)</u>	<u>(12,940,122)</u>
		<b>(181,971,196)</b>	<b>(12,940,122)</b>
<b>Other expenses</b>			
General and administration expenses	12	<u>(17,381,876)</u>	<u>(23,488,577)</u>
<b>Total expenses</b>		<b>(17,381,876)</b>	<b>(23,488,577)</b>
<b>Result before taxation</b>		<b>4,761,431,278</b>	<b>1,673,116,592</b>
Corporate income tax	13	(6,803,905)	(27,807,487)
<b>Result after taxation</b>		<b>4,754,627,372</b>	<b>1,645,309,105</b>

The accompanying notes form an integral part of these financial statements.

## **Ranbaxy (Netherlands) B.V.**

### **Notes to the financial statements**

#### **General:**

Ranbaxy (Netherlands) B.V. ("the Company") was incorporated as a limited liability company under the laws of the Netherlands on 14 December 1993 and has its statutory seat in Amsterdam, the Registered Office address is Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands. The holding company is Ranbaxy Laboratories Limited ("RLL"), Punjab, India and the ultimate parent company is Daiichi Sankyo, Tokyo, Japan. The principle activity of the Company is to act as a holding and financing company.

The functional and reporting currency of Ranbaxy (Netherlands) B.V. is US Dollar, mainly based on the nature of the Company and in accordance with the primary economic environment in which the company operates as a holding company within the Ranbaxy Group.

#### **Financial reporting period**

The Company has extended its current accounting period from twelve months to fifteen months ended 31 March 2014 to align with the reporting period of its holding Company, Ranbaxy Laboratories Limited.

#### **Basis of presentation:**

These financial statements have been prepared and presented on the basis of the going concern assumption and under historical cost convention. While preparing the financial statements, accrual basis of accounting has been followed and comply with Title 9, Book 2 of the Netherlands Civil Code. The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

##### **a. Financial fixed assets**

Financial fixed assets mainly consists of participations in group entities. The participations are accounted for by the cost method and are stated at cost, less any provision for other than temporary decline in value.

Financial fixed assets are tested for impairment in the case of changes, or circumstances arising, that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate. If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to statement of profit and loss account as the difference between the carrying amount and the recoverable amount.

##### **b. Foreign Currencies**

Monetary assets and liabilities in foreign currencies are translated into US Dollar at their exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into US Dollars at the exchange rates in effect at the date of the transactions. The resulting currency exchange rate differences are taken to the statement of profit and loss account.

Non-monetary assets and liabilities in foreign currency that are stated at present value are translated into US Dollars at the exchange rates applicable at the moment the present value is determined. Translation gains and losses are taken directly to shareholders' equity as part of the translation reserve.

##### **c. Assets and liabilities**

All assets and liabilities are valued at nominal value, unless stated otherwise in the notes.

##### **d. Financial instruments**

Financial instruments include amount owed by group entities, other receivables, accrued liabilities and other payables, short term bank borrowings and amount owed to group entities. Financial instruments are initially recognised at fair value. After initial recognition, financial instruments are valued at amortized cost on the basis of the effective interest method, less impairment losses. The fair value of the non-current loans as at 31 March 2014 approximates their carrying value.

##### **e. Consolidation**



In accordance with article 408, Book 2 of the Dutch Civil Code, the Company is not required to prepare consolidated annual accounts in conformity with accounting principles generally accepted in the Netherlands. The annual accounts of the Company and its subsidiaries are included in the consolidated accounts of the holding company (RLL), which are available at the Company's registered office and will be filed at Dutch Chamber of Commerce.

**f. Recognition of income**

Dividend from investments are recorded as income (net of taxes) when the right to receive the income is established. Other income and expenses are recognised and reported on an accrual basis. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

**g. Corporate Income tax**

Provisions for taxation have been made in accordance with standard ruling practice for holding companies in The Netherlands. Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is recognised in the statement of profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity. Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Final Corporate Income tax assessments have been received till financial year 2010.

**Ranbaxy (Netherlands) B.V.**

Notes to the financial statements for the fifteen months period ended 31 March 2014 (Continued)

			As at 31 March 2014 USD	As at 31 December 2012 USD
<b>Balance sheet</b>				
<b>1 Investments</b>				
<i>Interests in group entities</i>				
<u>Name</u>	<u>Domicile</u>	<u>Effective shareholding (%)</u> <u>Current year (Prior Year)</u>		
Ranbaxy Australia Pty. Ltd	Australia	100 (100)	7,594,317	7,594,317
Ranbaxy Belgium N.V.	Belgium	100 (100)	1,573,570	1,573,570
Ranbaxy Pharmaceutical Ltda, Brazil	Brazil	100 (100)	12,491,730	12,491,730
Ranbaxy Pharmaceutical Canada Inc	Canada	100 (100)	1,855,487	1,855,487
Ranbaxy Egypt (L.L.C)	Egypt	100 (100)	1,019,255	1,019,255
Ranbaxy Pharmacia Generiques SAS <sup>3</sup>	France	3.33 (3.33)	3,252,483	2,484,621
Basics GmbH	Germany	100 (100)	6,984,012	6,984,012
Ranbaxy Ireland Ltd	Ireland	100 (100)	13,429,581	13,429,581
Ranbaxy Italia S.p.A.	Italy	100 (100)	25,211,430	25,211,430
Ranbaxy Malaysia Sdn. Bhd.	Malaysia	31.35 (31.35)	1,015,454	1,015,454
Ranbaxy Pharmaceuticals Ukraine <sup>3</sup>	Ukraine	99 (99)	4,950,000	1,400,000
Ranbaxy Nigeria Ltd	Nigeria	52.63 (52.63)	561,927	561,927
Ranbaxy PRP (Peru) S.A.C.	Peru	100 (100)	1,512,500	1,512,500
Ranbaxy (Poland) Sp. Zoo	Poland	100 (100)	1,324,634	1,324,634
Ranbaxy Portugal-Com E Desenvolv De Prod <sup>4</sup>	Portugal	100 (100)	7,783,479	5,992,079
Terapia S.A.	Romania	96.7 (96.7)	326,716,541	326,716,541
ZAO Ranbaxy	Russia	100 (100)	102,234	102,234
Ranbaxy (S.A) (Proprietary) Ltd	South Africa	100 (100)	3,272,000	3,272,000
Be-Tabs Pharmaceuticals (Proprietary) Ltd	South Africa	100 (100)	91,672,093	91,672,093
Laboratories Ranbaxy S.L.	Spain	100 (100)	10,889,738	10,889,738
Ranbaxy Pharma AB	Sweden	- (100)	-	157,613
Daiichi Sankyo (Thailand) Limited <sup>2</sup>	Thailand	68.43 (68.43)	1,658,040	1,658,040
Ranbaxy Thailand Co. Limited <sup>1</sup>	Thailand	100 (-)	532,240	-
Ranbaxy Holdings(UK) Ltd	United Kingdom	100 (100)	54,178,491	54,178,491
Ranbaxy (UK) Ltd	United Kingdom	100 (100)	39,475,267	39,475,267
Ranbaxy Morocco LLC <sup>3</sup>	Morocco	100 (100)	1,496,923	96,971
			<b>620,553,426</b>	<b>612,669,585</b>
Less: Provision for diminution in value of investments				
Ranbaxy (UK) Ltd			1,750,000	1,750,000
Ranbaxy Portugal-Com E Desenvolv De Prod			7,783,479	5,992,079
Ranbaxy Belgium N.V.			1,573,570	1,573,570
Ranbaxy Pharma AB			-	157,613
Ranbaxy Pharmacia Generiques SAS			767,862	-
			<b>608,678,515</b>	<b>603,196,323</b>

The Company has made use of article 408, Book 2 of the Dutch Civil Code, which enables departure from consolidation of subsidiaries.

## Additional Notes:-

1. New subsidiary namely Ranbaxy Thailand Co. Limited has been incorporated during the period with effect from 10 October 2013.
2. Daiichi Sankyo (Thailand) Limited earlier known as Ranbaxy Unichem Co. Limited, Thailand.
3. Increase in investment in Ranbaxy, Morocco LLC is attributable to conversion of loan amounting to USD 1,399,952 into equity capital and other increases are on account of equity infusion.
4. Entity has filed for liquidation to Government Authorities in Portugal.

			As at 31 March 2014 INR	As at 31 December 2012 INR
<b>Balance sheet</b>				
<b>1 Investments</b>				
<i>Interests in group entities</i>				
<u>Name</u>	<u>Domicile</u>	<u>Effective shareholding (%)</u> <u>Current year (Prior Year)</u>		
Ranbaxy Australia Pty. Ltd	Australia	100 (100)	454,749,513	414,989,992
Ranbaxy Belgium N.V.	Belgium	100 (100)	94,225,768	85,987,449
Ranbaxy Pharmaceutical Ltda, Brazil	Brazil	100 (100)	748,007,783	682,608,196
Ranbaxy Pharmaceutical Canada Inc	Canada	100 (100)	111,106,992	101,392,720
Ranbaxy Egypt (L.L.C)	Egypt	100 (100)	61,033,234	55,696,995
Ranbaxy Pharmacia Generiques SAS <sup>3</sup>	France	3.33 (3.33)	194,759,479	135,771,642
Basics GmbH	Germany	100 (100)	418,204,311	381,640,000
Ranbaxy Ireland Ltd	Ireland	100 (100)	804,166,527	733,856,885
Ranbaxy Italia S.p.A.	Italy	100 (100)	1,509,666,463	1,377,673,767
Ranbaxy Malaysia Sdn. Bhd.	Malaysia	31.35 (31.35)	60,805,629	55,489,290
Ranbaxy Pharmaceuticals Ukraine <sup>3</sup>	Ukraine	99 (99)	296,407,186	76,502,732
Ranbaxy Nigeria Ltd	Nigeria	52.63 (52.63)	33,648,323	30,706,393
Ranbaxy PRP (Peru) S.A.C.	Peru	100 (100)	90,568,862	82,650,273
Ranbaxy (Poland) Sp. Zoo	Poland	100 (100)	79,319,417	72,384,386
Ranbaxy Portugal-Com E Desenvolv De Prod <sup>4</sup>	Portugal	100 (100)	466,076,559	327,435,985
Terapia S.A.	Romania	96.7 (96.7)	19,563,864,726	17,853,362,892
ZAO Ranbaxy	Russia	100 (100)	6,121,775	5,586,538
Ranbaxy (S.A) (Proprietary) Ltd	South Africa	100 (100)	195,928,144	178,797,814
Be-Tabs Pharmaceuticals (Proprietary) Ltd	South Africa	100 (100)	5,489,346,862	5,009,403,989
Laboratories Ranbaxy S.L.	Spain	100 (100)	652,080,130	595,067,660
Ranbaxy Pharma AB	Sweden	- (100)	-	8,612,705
Daiichi Sankyo (Thailand) Limited <sup>2</sup>	Thailand	68.43 (68.43)	99,283,859	90,603,303
Ranbaxy Thailand Co. Limited <sup>1</sup>	Thailand	100 (-)	31,870,659	-
Ranbaxy Holdings(UK) Ltd	United Kingdom	100 (100)	3,244,221,015	2,960,573,276
Ranbaxy (UK) Ltd	United Kingdom	100 (100)	2,363,788,426	2,157,118,400
Ranbaxy Morocco LLC <sup>3</sup>	Morocco	100 (100)	89,636,100	5,298,955
			<b>37,158,887,742</b>	<b>33,479,212,238</b>
Less: Provision for diminution in value of investments				
Ranbaxy (UK) Ltd			104,790,419	95,628,415
Ranbaxy Portugal-Com E Desenvolv De Prod			466,076,558	327,435,985
Ranbaxy Belgium N.V.			94,225,749	85,987,432
Ranbaxy Pharma AB			-	8,612,732
Ranbaxy Pharmacia Generiques SAS			45,979,760	-
			<b>36,447,815,255</b>	<b>32,961,547,674</b>

The Company has made use of article 408, Book 2 of the Dutch Civil Code, which enables departure from consolidation of subsidiaries.

Additional Notes:-

1. New subsidiary namely Ranbaxy Thailand Co. Limited has been incorporated during the period with effect from 10 October 2013.
2. Daiichi Sankyo (Thailand) Limited earlier known as Ranbaxy Unichem Co. Limited, Thailand.
3. Increase in investment in Ranbaxy, Morocco LLC is attributable to conversion of loan amounting to USD 1,399,952 INR 82,837,396 into equity capital and other increases are on account of equity infusion.
4. Entity has filed for liquidation to Government Authorities in Portugal.

**Ranbaxy (Netherlands) B.V.**

Notes to the financial statements for the fifteen months period ended 31 March 2014 (Continued)

	Interest Rate	As at		As at	
		31 March 2014		31 December 2012	
		USD		USD	
<b>2 Amount owed by group entities</b>		Current	Non-current	Current	Non-current
Ranbaxy Holdings (UK) Limited	*	75,000	-	25,000	-
Laboratories Ranbaxy S.L.	2.50%	2,076,989	2,749,600	3,741,217	-
Ranbaxy Pharmaceuticals Inc.	*	358,613,914	-	-	-
Ranbaxy Australia Pty. Ltd	4%	15,587,122	-	4,444,718	-
Ranbaxy Italia S.p.A.	6M Euro Libor+125bp	9,434,033	-	9,041,793	-
Be-Tabs Pharmaceuticals (Proprietary) Ltd	8.50%	16,402,465	-	18,443,267	-
ZAO Ranbaxy	6 M USD LIBOR + 250bp	5,077,567	10,000,000	7,502,640	-
Ranbaxy Mexico, S.A de C.V		-	-	2,012,578	-
Ranbaxy Pharmacia Generiques SAS	6 M Euribor +150bp	11,043,270	-	9,359,603	-
Ranbaxy UK Ltd	*	-	14,192,061	-	-
Ranbaxy Pharmaceuticals Ltda	6 M USD LIBOR + 250 bp	13,366	5,000,000	-	-
Ranbaxy PRP Peru	*	550,000	-	550,000	-
Ranbaxy Portugal	*	-	-	396,330	-
Ranbaxy Nigeria Limited	6 M USD LIBOR + 300bp	1,690,961	6,400,000	470	-
Sonke Pharmaceuticals	8.50%	1,041,952	-	1,311,592	-
Ranbaxy Morocco LLC	6 M USD LIBOR + 250bp	86,017	3,500,000	1,423,766	-
Ranbaxy Egypt	6 M USD LIBOR + 250bp	39,806	3,700,000	3,640	800,000
Ranbaxy Malaysia	NA	76,639	-	-	-
		<b>421,809,101</b>	<b>45,541,661</b>	<b>58,256,614</b>	<b>800,000</b>
Less: Amount written off		-	-	396,330	-
		<b>421,809,101</b>	<b>45,541,661</b>	<b>57,860,284</b>	<b>800,000</b>

\* Interest free loans

**Ranbaxy (Netherlands) B.V.**

Notes to the financial statements for the fifteen months period ended 31 March 2014 (Continued)

	2013	2012
	USD	USD
<b>3 Other receivables</b>		
Withholding tax	23,609	9,424
Prepaid taxes	313,924	313,924
VAT account	-	5,988
Bank interest receivable	1,728	45,919
Other loans	80,000	80,000
	<b>419,261</b>	<b>455,255</b>
<b>4 Cash at Banks</b>		
Current account with Canara Bank (USD)	59,076	45,843
Current account with Canara Bank (GBP)	137,187	140,409
Current account with Canara Bank (EUR)	43,154	35,299
Current account with First National Bank SA (ZAR)	468	876
Current account with ABN Amro Bank (EUR)	646,346	35,399
Current account with ABN Amro Bank (USD)	61	61
On deposit accounts (with original maturity of three or less than three months) :		
- Fixed deposit with Canara Bank (EUR)	-	2,642,200
- Fixed deposit with Canara Bank (USD)	8,000,000	22,631,183
	<b>8,886,292</b>	<b>25,531,270</b>
<b>Bank overdraft</b>		
Credit Agricole Bank (USD)	(1,281,442)	(1,800)
	<b>(1,281,442)</b>	<b>(1,800)</b>
Cash at banks & deposits is not restricted and is freely distributable.		
<b>5 Accrued liabilities and other payables</b>		
Accruals and creditors	81,738	86,379
Interest payable	48,237	-
Tax on dividend	5,000,000	-
Other liabilities	29,889	-
Provision for tax	466,926	268,434
	<b>5,626,790</b>	<b>354,813</b>
<b>6 Amount owed to group entities</b>		
Ranbaxy Ireland Limited	-	2,642,200
Ranbaxy Laboratories Limited	151,006,343	-
Basics GmbH	9,689,270	-
Ranbaxy Pharmaceuticals Inc.	40,033,463	-
	<b>200,729,076</b>	<b>2,642,200</b>

**Ranbaxy (Netherlands) B.V.**

Notes to the financial statements for the fifteen months period ended 31 March 2014 (Continued)

Interest Rate	0.0167		0.0167		0.0183		0.0183	
	As at				As at			
	31 March 2014		31 December 2012		31 March 2014		31 December 2012	
	INR		INR		INR		INR	
2 Amount owed by group entities	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Ranbaxy Holdings (UK) Limited	*	4,491,018	-	-	1,366,120	-	-	-
Laboratories Ranbaxy S.L.	2.50%	124,370,615	164,646,707	-	204,438,069	-	-	-
Ranbaxy Pharmaceuticals Inc.	*	21,473,887,066	-	-	-	-	-	-
Ranbaxy Australia Pty. Ltd	4%	933,360,611	-	-	242,880,740	-	-	-
Ranbaxy Italia S.p.A.	6M Euro Libor+125bp	564,912,151	-	-	494,087,070	-	-	-
Be-Tabs Pharmaceuticals (Proprietary) Ltd	8.50%	982,183,553	-	-	1,007,828,777	-	-	-
ZAO Ranbaxy	6 M USD LIBOR + 250bp	304,045,947	598,802,395	-	409,980,305	-	-	-
Ranbaxy Mexico, S.A de C.V		-	-	-	109,976,940	-	-	-
Ranbaxy Pharmacia Generiques SAS	6 M Euribor +150bp	661,273,641	-	-	511,453,698	-	-	-
Ranbaxy UK Ltd	*	-	849,823,985	-	-	-	-	-
Ranbaxy Pharmaceuticals Ltda	6 M USD LIBOR + 250 bp	800,348	299,401,198	-	-	-	-	-
Ranbaxy PRP Peru	*	32,934,132	-	-	30,054,645	-	-	-
Ranbaxy Portugal	*	-	-	-	21,657,377	-	-	-
Ranbaxy Nigeria Limited	6 M USD LIBOR + 300bp	101,255,146	383,233,533	-	25,681	-	-	-
Sonke Pharmaceuticals	8.50%	62,392,325	-	-	71,671,694	-	-	-
Ranbaxy Morocco LLC	6 M USD LIBOR + 250bp	5,150,740	209,580,838	-	77,801,421	-	-	-
Ranbaxy Egypt	6 M USD LIBOR + 250bp	2,383,618	221,556,886	-	198,907	43,715,847	-	-
Ranbaxy Malaysia	NA	4,589,147	-	-	-	-	-	-
		<b>25,258,030,056</b>	<b>2,727,045,542</b>	<b>3,183,421,447</b>	<b>43,715,847</b>	<b>43,715,847</b>	<b>43,715,847</b>	<b>43,715,847</b>
Less: Amount written off		-	-	-	21,657,377	-	-	-
		<b>25,258,030,056</b>	<b>2,727,045,542</b>	<b>3,161,764,070</b>	<b>3,161,764,070</b>	<b>43,715,847</b>	<b>43,715,847</b>	<b>43,715,847</b>

\* Interest free loans

**Ranbaxy (Netherlands) B.V.**

Notes to the financial statements for the fifteen months period ended 31 March 2014 (Continued)

	<b>2013</b>	<b>2012</b>
	<b>USD</b>	<b>USD</b>
<b>3 Other receivables</b>		
Withholding tax	1,413,728	514,965
Prepaid taxes	18,797,826	17,154,317
VAT account	-	327,195
Bank interest receivable	103,460	2,509,235
Other loans	4,790,419	4,371,585
	<b>25,105,433</b>	<b>24,877,296</b>
<b>4 Cash at Banks</b>		
Current account with Canara Bank (USD)	3,537,489	2,505,065
Current account with Canara Bank (GBP)	8,214,814	7,672,638
Current account with Canara Bank (EUR)	2,584,076	1,928,927
Current account with First National Bank SA (ZAR)	28,049	47,848
Current account with ABN Amro Bank (EUR)	38,703,329	1,934,389
Current account with ABN Amro Bank (USD)	3,662	3,342
On deposit accounts (with original maturity of three or less than three months) :	-	-
- Fixed deposit with Canara Bank (EUR)	-	144,382,514
- Fixed deposit with Canara Bank (USD)	479,041,916	1,236,676,640
	<b>532,113,333</b>	<b>1,395,151,362</b>
<b>Bank overdraft</b>		
Credit Agricole Bank (USD)	(76,733,040)	(98,354)
	<b>(76,733,040)</b>	<b>(98,354)</b>
Cash at banks & deposits is not restricted and is freely distributable.		
<b>5 Accrued liabilities and other payables</b>		
Accruals and creditors	4,894,470	4,720,139
Interest payable	2,888,431	-
Tax on dividend	299,401,198	-
Other liabilities	1,789,789	-
Provision for tax	27,959,643	14,668,545
	<b>336,933,531</b>	<b>19,388,684</b>
<b>6 Amount owed to group entities</b>		
Ranbaxy Ireland Limited	-	144,382,514
Ranbaxy Laboratories Limited	9,042,296,008	-
Basics GmbH	580,195,790	-
Ranbaxy Pharmaceuticals Inc.	2,397,213,344	-
	<b>12,019,705,142</b>	<b>144,382,514</b>

**7 Shareholder's equity**

The Authorized share capital of the Company amounts to EUR 1,750,000,000 divided into 17,500,000 shares of EUR 100 each. Issued and paid up shares are 5,473,341 (Previous year 3,939,716) shares of EUR 100 each.

	Share capital	Share Premium reserve	Retained Earnings	Translation reserve	In USD Total
<b>Balance as on 01.01.12</b>	<b>509,917,444</b>	<b>155,000,000</b>	<b>(925,936)</b>	<b>(9,914,469)</b>	<b>654,077,039</b>
Translation adjustment for the year	10,558,437	-	-	(10,558,437)	-
Result for the year	-	-	30,767,280	-	30,767,280
<b>Balance as on 31.12.12</b>	<b>520,475,881</b>	<b>155,000,000</b>	<b>29,841,344</b>	<b>(20,472,906)</b>	<b>684,844,319</b>
<b>Balance as on 01.01.13</b>	<b>520,475,881</b>	<b>155,000,000</b>	<b>29,841,344</b>	<b>(20,472,906)</b>	<b>684,844,319</b>
Additions made during the period	200,000,000	-	-	-	200,000,000
Dividend paid during the period	-	-	(100,000,000)	-	(100,000,000)
Translation adjustment for the period	31,999,009	-	-	(31,999,009)	-
Result for the period	-	-	80,353,203	-	80,353,203
<b>Balance as on 31.03.2014</b>	<b>752,474,890</b>	<b>155,000,000</b>	<b>10,194,547</b>	<b>(52,471,915)</b>	<b>865,197,522</b>

Note:

- 1 Translation reserve includes translation of share capital translated from EURO to USD at closing exchange rate. The EURO to USD exchange rate used as per 31 March 2014 is 1.3748 ( 2012: 1.3211)
- 2 The dividend has been declared and paid to Ranbaxy Laboratories Limited (RLL) being a sole shareholder.



**7 Shareholder's equity**

The Authorized share capital of the Company amounts to EUR 1,750,000,000 INR 143,442,622,951 divided into 17,500,000 shares of EUR 100 INR 8,197 each Issued and paid up shares are 5,473,341 INR 448,634,508 (Previous year 3,939,716 INR 285,486,667) shares of EUR 100 INR 8,197 each.

	Share capital	Share Premium reserve	Retained Earnings	Translation reserve	In INR Total
<b>Balance as on 01.01.12</b>	<b>27,123,268,298</b>	<b>8,244,680,851</b>	<b>(49,251,895)</b>	<b>(527,365,372)</b>	<b>34,791,331,882</b>
Translation adjustment for the year	564,622,290	-	-	(564,622,290)	-
Result for the year	-	-	1,645,309,105	-	1,645,309,105
FCTR	753,414,375	225,264,504	34,617,346	(26,750,361)	986,545,864
<b>Balance as on 31.12.12</b>	<b>28,441,304,963</b>	<b>8,469,945,355</b>	<b>1,630,674,556</b>	<b>(1,118,738,023)</b>	<b>37,423,186,851</b>
<b>Balance as on 01.01.13</b>	<b>28,441,304,963</b>	<b>8,469,945,355</b>	<b>1,630,674,556</b>	<b>(1,118,738,023)</b>	<b>37,423,186,851</b>
Additions made during the period	11,834,319,527	-	-	-	11,834,319,527
Dividend paid during the period	-	-	(5,917,159,763)	-	(5,917,159,763)
Translation adjustment for the period	1,893,432,485	-	-	(1,893,432,485)	-
Result for the period	-	-	4,754,627,372	-	4,754,627,372
FCTR	2,889,319,661	811,491,771	142,309,749	(129,860,319)	3,713,260,862
<b>Balance as on 31.03.2014</b>	<b>45,058,376,636</b>	<b>9,281,437,126</b>	<b>610,451,914</b>	<b>(3,142,030,890)</b>	<b>51,808,234,849</b>

Note:

- 1 Translation reserve includes translation of share capital translated from EURO to USD at closing exchange rate. The EURO to USD exchange rate used as per 31 March 2014 is 1.3748 ( 2012: 1.3211)
- 2 The dividend has been declared and paid to Ranbaxy Laboratories Limited (RLL) being a sole shareholder.

**Ranbaxy (Netherlands) B.V.**

Notes to the financial statements for the fifteen months period ended 31 March 2014 (Continued)

	As at 31 March 2014 USD	As at 31 December 2012 USD
<b>8 Dividend from investments</b>		
Ranbaxy Nigeria Ltd	40,550	47,776
Ranbaxy Malaysia Sdn Bhd	79,305	78,906
Ranbaxy Unichem Company Ltd	-	147,187
Terapia S.A.	80,322,912	32,895,218
Ranbaxy Ireland	5,403,000	-
	<b>85,845,767</b>	<b>33,169,087</b>
<b>9 Interest income on amount owed by group entities</b>		
Ranbaxy Nigeria	158,898	-
Ranbaxy Belgium N.V.	-	2,540
Laboratories Ranbaxy S.L.	130,163	302,764
Ranbaxy Italia S.p.A.	174,345	214,445
Ranbaxy Pharmaceuticals Ltda	87,375	-
Be-Tabs Pharmaceuticals (Proprietary) Ltd	1,395,509	1,302,666
ZAO Ranbaxy	417,156	149,950
Ranbaxy Pharmacies Generique	238,742	233,181
Sonke Pharmaceuticals (Proprietary) Ltd.	105,184	104,213
Ranbaxy Morocco LLC	84,265	28,392
Ranbaxy Egypt (L.L.C.)	78,144	16,840
Ranbaxy Australia	110,206	-
	<b>2,979,987</b>	<b>2,354,991</b>
<b>10 Interest expenses</b>		
<b><u>Banks</u></b>		
Credit Agricole loan account	48,237	3,548
Credit Agricole bank (overdraft)	45,922	15,889
<b><u>Group Entities</u></b>		
Ranbaxy Pharmaceuticals Inc.	33,463	44,757
Ranbaxy Basics	75,940	-
Ranbaxy Laboratories Limited	2,616,560	-
	<b>2,820,122</b>	<b>64,194</b>
<b>11 Other financial income and expenses</b>		
Currency exchange rate differences	(3,081,305)	(248,628)
Interest paid - others	-	(514)
Miscellaneous income	5,992	7,162
<b>Total other financial income and expenses</b>	<b>(3,075,313)</b>	<b>(241,980)</b>

**Ranbaxy (Netherlands) B.V.**

Notes to the financial statements for the fifteen months period ended 31 March 2014 (Continued)

0.0169

0.0187

	As at 31 March 2014 INR	As at 31 December 2012 INR
<b>8 Dividend from investments</b>		
Ranbaxy Nigeria Ltd	2,399,419	2,554,884
Ranbaxy Malaysia Sdn Bhd	4,692,596	4,219,546
Ranbaxy Unichem Company Ltd	-	7,870,959
Terapia S.A.	4,752,835,049	1,759,102,578
Ranbaxy Ireland	319,704,143	-
	<b>5,079,631,207</b>	<b>1,773,747,967</b>
<b>9 Interest income on amount owed by group entities</b>		
Ranbaxy Nigeria	9,402,270	-
Ranbaxy Belgium N.V.	-	135,824
Laboratories Ranbaxy S.L.	7,701,973	16,190,572
Ranbaxy Italia S.p.A.	10,316,259	11,467,672
Ranbaxy Pharmaceuticals Ltda	5,170,101	-
Be-Tabs Pharmaceuticals (Proprietary) Ltd	82,574,495	69,661,297
ZAO Ranbaxy	24,683,782	8,018,692
Ranbaxy Pharmacies Generique	14,126,753	12,469,552
Sonke Pharmaceuticals (Proprietary) Ltd.	6,223,933	5,572,904
Ranbaxy Morocco LLC	4,986,092	1,518,295
Ranbaxy Egypt (L.L.C.)	4,623,889	900,535
Ranbaxy Australia	6,521,077	-
	<b>176,330,624</b>	<b>125,935,343</b>
<b>10 Interest expenses</b>		
<b><u>Banks</u></b>		
Credit Agricole loan account	2,854,249	189,758
Credit Agricole bank (overdraft)	2,717,285	849,672
<b><u>Group Entities</u></b>	-	-
Ranbaxy Pharmaceuticals Inc.	1,980,050	2,393,403
Ranbaxy Basics	4,493,510	-
Ranbaxy Laboratories Limited	154,826,055	-
	<b>166,871,149</b>	<b>3,432,833</b>
<b>11 Other financial income and expenses</b>		
Currency exchange rate differences	(182,325,767)	(13,295,589)
Interest paid - others	-	(27,487)
Miscellaneous income	354,571	383,007
<b>Total other financial income and expenses</b>	<b>(181,971,196)</b>	<b>(12,940,069)</b>

**Ranbaxy (Netherlands) B.V.**

Notes to the financial statements for the fifteen months period ended 31 March 2014 (Continued)

	<b>As at 31 March 2014 USD</b>	<b>As at 31 December 2012 USD</b>
<b>12 General and administrative expenses</b>		
Administration & management fees	84,056	50,130
Audit fee	54,216	39,898
Legal fee	18,143	8,323
Tax fee	123,530	43,689
Withholding tax written off	-	10,923
General expenses	48	187
Bank charges	13,760	8,118
Investment written off	-	277,968
	<u><b>293,754</b></u>	<u><b>439,236</b></u>
<b>13 Corporate income tax</b>		
Current tax	(114,986)	(520,000)
	<u><b>(114,986)</b></u>	<u><b>(520,000)</b></u>

On the basis of the Profit/(Loss) results before taxation of USD 80,468,190 (2012: USD 31,287,280), the effective corporate income tax rate would be 2% (2012: 2%).

The corporate income tax rates in 2013 and 2012 were 20% for profits up to and including EUR 200,000 and 25% for profits exceeding EUR 200,000.

	<b>As at 31 March 2014</b>	<b>As at 31 December 2012</b>
Results before taxation	80,468,189	31,287,281
Tax adjustments	(79,930,217)	(28,423,060)
Taxable profit	<u>537,972</u>	<u>2,864,221</u>
Taxation thereon, based on corporate income tax rates	<u>114,986</u>	<u>520,000</u>

Effective tax rate is lower than the prevailing tax rates in the Netherlands due to some of the income being non-taxable in nature e.g. dividend received, gain/loss on account of disposals of participations, unrealized gains/losses on foreign currency loans and advances to subsidiaries etc.

**14 Staff member and employment cost**

The Company has no employees and hence incurred no wages, salaries or related social security charges for the fifteen month period ended 31 March 2014 (2012: Nil).

**15 Directors**

The Company has four managing directors. During the fifteen months period, none of the directors has received any remuneration in their capacity as a director. (2012: Nil)

## **16 Contingent liabilities**

### **Guarantees**

The Company issued guaranties for securing working capital facilities and long term loans of subsidiaries in aggregate of USD 46,153,440 (Previous year: USD 4,502,864).

The Company has also issued guaranties for securing working capital facilities and long term loans with other group entities in aggregate of USD 191,127 (Previous year: USD 192,171).

## **17 Related parties**

Material transactions with related parties primarily involve investments (including related dividend income) and loans receivable (including related interest).

**Dated**

**Amsterdam**

**Board of Managing Directors**

\_\_\_\_\_  
**Mr. Gunther Warris**

\_\_\_\_\_  
**Mr. Arun Sawhney**

\_\_\_\_\_  
**Ms. Lonneke Hoeven**

\_\_\_\_\_  
**Mr. Indrajit Banerjee**

**Ranbaxy (Netherlands) B.V.**

Notes to the financial statements for the fifteen months period ended 31 March 2014 (Continued)

0.0169

0.0187

	As at 31 March 2014 INR	As at 31 December 2012 INR
<b>12 General and administrative expenses</b>		
Administration & management fees	4,973,716	2,680,761
Audit fee	3,208,038	2,133,557
Legal fee	1,073,573	445,101
Tax fee	7,309,489	2,336,307
Withholding tax written off	-	584,122
General expenses	2,858	10,007
Bank charges	814,201	434,122
Investment written off	-	14,864,599
	<u>17,381,876</u>	<u>23,488,577</u>

**13 Corporate income tax**

Current tax	(6,803,905)	(27,807,487)
	<u>(6,803,905)</u>	<u>(27,807,487)</u>

On the basis of the Profit/(Loss) results before taxation of USD 80,468,189 INR 4,761,431,278 (2012: USD 31,287,281 INR 1,673,116,644), the effective corporate income tax rate would be 2% (2012: 2%).

The corporate income tax rates in 2013 and 2012 were 20% for profits up to and including EUR 200,000 INR 16,393,443 and 25% for profits exceeding EUR 200,000 INR 16,393,443.

	As at 31 March 2014	As at 31 December 2012
Results before taxation	4,761,431,278	1,673,116,644
Tax adjustments	(4,729,598,639)	(1,519,949,724)
Taxable profit	31,832,638	153,166,921
Taxation thereon, based on corporate income tax rates	<u>6,803,905</u>	<u>27,807,487</u>

Effective tax rate is lower than the prevailing tax rates in the Netherlands due to some of the income being non-taxable in nature e.g. dividend received, gain/loss on account of disposals of participations, unrealized gains/losses on foreign currency loans and advances to subsidiaries etc.

**14 Staff member and employment cost**

The Company has no employees and hence incurred no wages, salaries or related social security charges for the fifteen month period ended 31 March 2014 (2012: Nil).

**15 Directors**

The Company has four managing directors. During the fifteen months period, none of the directors has received any remuneration in their capacity as a director. (2012: Nil)

## **16 Contingent liabilities**

### **Guarantees**

The Company issued guaranties for securing working capital facilities and long term loans of subsidiaries in aggregate of USD 46,153,440 INR 2,763,679,042(Previous year: USD 4,502,864 INR 246,058,142).

The Company has also issued guaranties for securing working capital facilities and long term loans with other group entities in aggregate of USD 191,127 INR 11,444,731(Previous year: USD 192,171 INR 10,501,148).

## **17 Related parties**

Material transactions with related parties primarily involve investments (including related dividend income) and loans receivable (including related interest).

**Dated**

**Amsterdam**

**Board of Managing Directors**

\_\_\_\_\_  
**Mr. Gunther Warris**

\_\_\_\_\_  
**Mr. Arun Sawhney**

\_\_\_\_\_  
**Ms. Lonneke Hoeven**

\_\_\_\_\_  
**Mr. Indrajit Banerjee**

## **Ranbaxy (Netherlands) B.V.**

### **Other Information**

#### **Appropriation of results**

The management proposes to the shareholder to add the result for the year to the retained earnings.

#### **Subsequent Events**

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.

#### **Independent auditor's opinion**

The independent auditor's opinion is set forth on the next page.

Note : Conversion rate used against Indian Rupees for the year 2014/2013 and 2012 are:

- i) Items relating to Profit and Loss account at Average rate: 1 USD= 0.0169 [2012: 1 USD =0.0187]
- ii) Items relating to Balance sheet at Closing rate: 1 USD = 0.0167 [2012: 1 USD=0.0183]



## **Independent auditor's report**

To: The General Meeting of Shareholders of Ranbaxy (Netherlands) B.V.

### **Report on the financial statements**

We have audited the accompanying annual report for the fifteen months period ended 31 March 2014 of Ranbaxy (Netherlands) B.V., Amsterdam, which comprise the balance sheet as at 31 March 2014, the profit and loss account for the fifteen months period then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

### **Management's responsibility**

Management is responsible for the preparation and fair presentation of this annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the annual report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the annual report gives a true and fair view of the financial position of Ranbaxy (Netherlands) B.V. as at 31 March 2014 and of its result for the fifteen months period ended 31 March 2014 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

## **Report on other legal and regulatory requirements**

Pursuant to the legal requirements under Section 2:393 sub 5 of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the information as required under Section 2:392 sub I at b-h has been annexed. Furthermore, we are not able to report on the annual report because the Company has not prepared the annual report required by Section 2:391 sub I of the Netherlands Civil Code.

Amstelveen, 26 June 2014

KPMG Accountants N.Y.

R.C. Preitschopf RA