

To the shareholders of  
the Closed Joint Stock Company

**RANBAXY**

on the financial statements of  
the Closed Joint Stock Company

**RANBAXY**

for the 2013 reporting year

Set out below is an unofficial translation of the auditors' report on the statutory financial statements of the Closed Joint Stock Company RANBAXY as at and for the year ended 31 December 2013. The statutory financial statements to which the auditors' report relates have been prepared in accordance with the accounting and reporting regulations of the Russian Federation. Russian accounting and reporting regulations differ from accounting frameworks in other jurisdictions. Consequently, the accompanying statutory financial statements are not intended to present the financial position, financial performance and cash flows of the Closed Joint Stock Company RANBAXY in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Russian Federation.

## **Information on the audit firm**

Name of the audit firm:	Closed Joint Stock Company KPMG.
Location (legal address):	18/1, Olympiysky prospect, Room 3035, Moscow 129110.
Postal address:	10, Presnenskaya Naberezhnaya, Block C, floor 31, Moscow 123317.
State registration:	Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585.  Included in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.
Membership in a self-regulating auditors' organisation	Member of the Non-commercial Partnership "Chamber of Auditors of Russia".  The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

## **Information on the audited company**

Name of audited company:	Closed Joint Stock Company RANBAXY.
Location (legal address):	537/2, 119, Mira avenue, Moscow, 129223.
Postal address:	537/2, 119, Mira avenue, Moscow, 129223.
State registration:	Registered in the Unified State Register of Legal Entities on 20 May 2004 by Interregional taxes and duties inspection of Russian Federation, Registration No.1047796353846, Certificate series 77 No. 006830744.

## **Auditors' report**

To the shareholders of the Closed Joint Stock Company RANBAXY

We have audited the accompanying financial statements of the Closed Joint Stock Company RANBAXY (hereinafter the "Company") for the 2013 reporting year.

The financial statements, set on 41 page, comprise:

- the balance sheet as at 31 December 2013;
- the statement of financial performance for 2013;
- the appendices to the balance sheet and the income statement including:
  - the statement of changes in equity for 2013;
  - the cash flow statement for 2013;
  - the notes to the balance sheet and the income statement;
- the explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management of the Company is responsible for the preparation and reliability of the financial statements in accordance with the requirements of the Russian reporting legislation and for the system of internal control necessary for the preparation of the financial statements which are free from material misstatements, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements in all material respects based on our audit. We conducted our audit in accordance with the Federal Standards on Auditing. These standards require that we comply with relevant ethical requirements and planning and performing the audit in order to obtain sufficient assurance as to whether the financial statements are free from material misstatements.

The audit included performing procedures to obtain audit evidence confirming the amounts and disclosures in the financial statements. The selection of the procedures is a matter of our judgment, which is based on the assessment of risk of material misstatement, whether due to fraud or error. In the process of risk assessment we considered the system of internal control relevant to the preparation and reliability of the financial statements in order to select appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The audit also included an assessment of the appropriateness of the Company's accounting policy and the reasonableness of the estimates made by management, as well as the evaluation of the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the accompanying financial statements present reliably, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the 2013 reporting year in accordance with the requirements of the Russian reporting legislation.

Deputy Director of CJSC KPMG,  
(power of attorney dated 27 March 2012 No. 56/12)

Bezverkhaya A.A.

27 March 2014

129223, Russian Federation, Moscow, Prospekt Mira,  
building 119, premises-537/2  
Telephone: +7 (495) 234-51-70

## **Director's Report /Отчет директоров**

The management herewith presents to shareholder the annual accounts of ZAO Ranbaxy, Russia (hereinafter Entity) for the year ended December 31, 2013.

Руководство компании настоящим представляет акционерам компании результаты деятельности ЗАО Ранбакси, Россия (в дальнейшем именуемое общество) за год, оканчивающийся 31 декабря 2013 г.

### **General/Общее положение**

The Entity is a Closed Joint Stock Company incorporated under the laws of Russian Federation and acts as an intermediate subsidiary of Ranbaxy Laboratories Limited, India.

Общество, организованное в форме закрытого акционерного общества, действует в соответствии с законодательством Российской Федерации и является дочерней компанией фармацевтической фирмы Ранбакси Лабораториз, Индия.

### **Overview of Activities/Обзор деятельности компании**

Sales of the entity during the year 2013 were 2 819 Mn Rbls [In INR 5,187 Mn] (2012; 2 598 Mn Rbls – IN INR 4,846 Mn) reflecting gain in sales of 7 %.

Продажи общества по итогам 2013 года составили 2 819 млн [In INR 5,187 Mn]. рублей (2012; 2 598 млн. Рублей IN INR 4,846), что отражает увеличение продаж на 7%.

### **Results/Результаты деятельности общества**

The results of the year 2013 amounts to Net profit after taxes of 188 Mn Rbls [IN INR 346 Mn] as against Net profit after tax of 170 Mn Rbls [IN INR 292 Mn] in 2012.

По результатам деятельности за 2013 год общество получило чистую прибыль после налогообложения в размере 188 млн [IN INR 346 Mn] рублей (2012; Чистая прибыль 170 млн. рублей [ IN INR 292 Mn]).

### **Future Outlook/Перспективы развития**

The management is of the opinion that there would be positive sales growth in next financial year & net profit would be maintained.

Руководство компании выражает мнение о том, что в следующем финансовом году будет рост продаж с сохранением прибыльности.

**Aman Khanna/Аман Кханна**  
**(General Director)/(Генеральный директор)**

**Profit and Loss Account**  
for January - December 2013

Company **RANBAXY Closed Joint Stock Company**  
 Taxpayer Identification Number \_\_\_\_\_  
 Type of economic activity **Wholesaling pharmaceutical and medical products**  
 Type of incorporation / form of ownership **Closed Joint Stock Company / Private**  
 Measurement unit: in thousand Rubles

Codes		
OKUD Code	<b>0710002</b>	
Date (day, month, year)	<b>31</b>	<b>12</b> #
according to OKPO	<b>72983356</b>	
INN	<b>7720508094</b>	
according to OKVED	<b>51.46.1</b>	
according to OKRF/OK	<b>67</b>	<b>16</b>
according to OKFI	<b>384</b>	

Description	Item	Code	January - December 2013	January - December 2012
	Revenue	2110	2,819,262	2,598,268
	Cost of sales	2120	(2 183 902)	(-2 253 010)
	Gross profit (loss)	2100	635,360	345,258
	Selling expenses	2210	(461 551)	(303 841)
	Management expenses	2220	-	-
	Profit (loss) on sales	2200	173,809	41417
	Participation profit	2310	-	-
	Interest receivable	2320	6,688	1810
	Interest due	2330	(10 065)	(4673)
	Other income	2340	733,981	545,400
	Other expenses	2350	(666 985)	(382 507)
	Profit (loss) before taxes	2300	237,428	201447
	Current income tax	2410	(53 870)	(30 158)
	including permanent tax liabilities (assets)	2421	1909	(9 223)
	Changes in deferred tax liabilities	2430	6051	-2,388
	Changes in deferred tax assets	2450	(1 576)	1481
	Others	2460	-	-
	Net profit (loss)	2400	188,033	170 382
	<b>FOR REFERENCE ONLY</b>			
	Surplus on revaluation of fixed assets	2510	-	-
	Surplus on other transactions not	2520	-	-
	Gross financial result for fiscal period	2500	188,033	170382
	Basic earnings (losses) per share	2900	63	57
	Diluted earnings (losses) per share	2910	-	-

Head \_\_\_\_\_ **Khanna Aman**  
(signature) (full name)

January 30, 2014

**Profit and Loss Statement**  
for January - December 2013

Company **RANBAXY Closed Joint Stock Company**  
 Taxpayer Identification Number \_\_\_\_\_  
 Type of economic activity **Wholesaling pharmaceutical and medical products**  
 Type of incorporation / form of ownership **Closed Joint Stock Company / Private property**  
 Measurement unit: in thousand Indian Rupee

<b>Codes</b>		
<b>0710002</b>		
Date (day, month, year)	<b>31</b>	<b>12</b>
according to OKPO	<b>72983356</b>	
INN	<b>7720508094</b>	
according to OKVED	<b>51.46.1</b>	
according to OKOPF/OKFS	<b>67</b>	<b>16</b>
according to OKEI	<b>384</b>	

Description	Item	Code	January - December 2013	January - December 2013
	Revenue	2110	5,183,421	4,466,680
	Cost of sales	2120	-4,015,265	-3,873,148
	Gross profit (loss)	2100	1,168,156	593,533
	Selling expenses	2210	-848,594	-522,333
	Management expenses	2220	-	-
	Profit (loss) on sales	2200	319,561	71,200
	Participation profit	2310	-	-
	Interest receivable	2320	12,296	3,112
	Interest due	2330	-18,504	-8,033
	Other income	2340	1,349,477	937,597
	Other expences	2350	-1,226,301	-657,567
	Profit (loss) before taxes	2300	436,529	346,307
	Current income tax	2410	-99,044	-51,845
	including permanent tax liabilities (assets)	2421	3,510	-15,855
	Changes in deferred tax liabilities	2430	11,126	-4,105
	Changes in deferred tax assets	2450	-2,898	2,546
	Others	2460	-	-
	Net profit (loss)	2400	345,712	292,904
	<b>FOR REFERENCE ONLY</b>			
	Surplus on revaluation of fixed assets not included in the	2510	-	-
	Surplus on other transactions not included in the net profit	2520	-	-
	Gross financial result for fiscal period	2500	292,904	-29,325
	Basic earnings (losses) per share	2900	97	-10
	Diluted earnings (losses) per share	2910	-	-

Head \_\_\_\_\_ **Khanna Aman** \_\_\_\_\_  
 (signature) (full name)

January 30, 2013

**Balance Sheet**  
as of December 31, 2013

Company <b>RANBAXY Closed Joint Stock Company</b>		OKUD Code	<b>0710001</b>		
Taxpayer Identification Number		Date (day, month, year)	<b>31</b>	<b>12</b>	<b>20</b>
Type of economic activity <b>Wholesaling pharmaceutical and medical products</b>		according to OKPO	<b>72983356</b>		
Type of incorporation / form of ownership <b>Closed Joint Stock Company / Private Property</b>		INN	<b>7720508094</b>		
Measurement unit: in thousand Indian Rupee		according to OKVED	<b>51.46.1</b>		
Place of location (address) <b>Business Center, 113, Pr. Mira, 125223 Moscow</b>		according to OKOPF/OKFS	<b>67</b>	<b>16</b>	
		according to OKEI	<b>384</b>		

Note	Item	Code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
	<b>ASSETS</b>				
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	7,924	-	-
	Results of researches and developments	1120	-	-	-
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
2.1.	Fixed assets	1150	55,181	31,936	32,180
	Income yielding investments into tangible assets	1160	-	-	-
	Financial investments	1170	-	-	-
	Deferred tax assets	1180	240	3,072	372
	Other non-current assets	1190	-	-	-
	<b>Total Section I</b>	<b>1100</b>	<b>63,345</b>	<b>35,008</b>	<b>32,552</b>
	<b>II. CURRENT ASSETS</b>				
4.1.	Inventories	1210	678,984	1,350,605	1,100,174
	including:				
	Materials	1211	1359	1189	1464
	Goods	1212	670,159	1,339,070	1,090,061
	other inventories and expenditures	1213	7,467	10,346	8,649
	Value added tax on acquired assets	1220	-	-	-
5.1.	в том числе: Trade and other receivables	1230	1,847,327	1,721,047	1,334,066
	including:				
	settlements with purchasers and clients	1231	1,691,818	1,603,775	1,161,767
	advances paid	1232	21,926	16,850	14,547
	settlements in respect of taxes and levies	1233	93,076	55,398	99,695
	settlements in respect of social insurance and	1234	2228	1634	1046
	Other receivables	1235	38,280	43,389	57,011
	Financial investments (except cash equivalents)	1240	468,886	765,766	-
3.1	Including: Deposits	1241	468,886	765,766	-
	Cash and cash equivalents	1250	122,104	106,207	143,512
	including:				
	cash in vault	1251	59	5	15
	operating accounts	1252	122,046	106,144	143,055
	foreign currency accounts	1253	0	58	443
	transfers in transit	1254	0	-	2,003
	Other current assets	1260	4,072	5,811	6,882
	include		0	0	0
	<b>Total Section II</b>	<b>1200</b>	<b>3,121,373</b>	<b>3,949,436</b>	<b>2,584,634</b>
	<b>BALANCE</b>	<b>1600</b>	<b>3,184,718</b>	<b>3,984,444</b>	<b>2,617,186</b>

Пояснения	Item	Code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
	<b>LIABILITIES and EQUITY</b>				
	<b>III. EQUITY AND PROVISIONS</b>				
	Authorized capital (share capital, authorized fund, contributions of partners)	1310	5,626	5,405	4,973
	Treasury shares	1320	-	-	-
	Revaluation of non-current assets	1340	-	-	-
	Additional capital (without revaluation)	1350	-	-	-
	Reserve capital	1360	1407	1351	1243
	Undistributed profit (uncovered loss)	1370	814,034	443,261	125,357
	<b>Total Section III</b>	<b>1300</b>	<b>821,067</b>	<b>450,018</b>	<b>131,573</b>
	<b>IV. LONG-TERM LIABILITIES</b>				
	Borrowings	1410	613,826	0	0
	Deferred tax liabilities	1420	11,060	21,529	15,848
	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	-	-	-
	<b>Total Section IV</b>	<b>1400</b>	<b>624,886</b>	<b>21,529</b>	<b>15,848</b>
	<b>V. SHORT-TERM LIABILITIES</b>				
5.3.	Borrowings	1510	310,577	410,586	400,410
5.3.	Accounts payable	1520	1,287,075	2,998,768	2,019,315
	including:				
	settlements with suppliers	1521	1,158,249	2,919,054	1,961,283
	settlements of received advances	1522	2,404	1,706	2,203
	settlements in respect of taxes and	1523	45,761	341	332
	settlements with other debtors	1526	80,661	77,667	55,498
	Deferred profit	1530	0	0	0
7.	Estimated liabilities	1540	141,113	103,542	50,038
	Other liabilities	1550	0	0	0
	<b>Total Section V</b>	<b>1500</b>	<b>1,738,765</b>	<b>3,512,896</b>	<b>2,469,764</b>
	<b>BALANCE</b>	<b>1700</b>	<b>3,184,719</b>	<b>3,984,443</b>	<b>2,617,185</b>

**Balance Sheet**  
as of December 31, 2013

Company **RANBAXY Closed Joint Stock Company**  
 Taxpayer Identification Number \_\_\_\_\_  
 Type of economic activity **Wholesaling pharmaceutical and medical products**  
 Type of incorporation / form of ownership **Closed Joint Stock Company / Private Property**  
 Measurement unit: in thousand Rubles  
 Place of location (address) **Building 537/2, 119, pr-t Mira, 129223 Moscow**

Codes		
OKUD Code <b>0710001</b>		
Date (day, month, year)	<b>31</b>	<b>12</b> <b>2013</b>
according to OKPO	<b>72983356</b>	
INN	<b>7720508094</b>	
according to OKVED	<b>51.46.1</b>	
according to OKOPF/OKFS	<b>67</b>	<b>16</b>
according to OKEI	<b>384</b>	

Note	Item	Code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
	<b>ASSETS</b>				
	<b>I. NON-CURRENT ASSETS</b>				
	Intangible assets	1110	4225	-	-
	Results of researches and developments	1120	-	-	-
	Intangible development assets	1130	-	-	-
	Tangible development assets	1140	-	-	-
2.1.	Fixed assets	1150	29,423	17,724	19,414
	Income yielding investments into tangible assets	1160	-	-	-
	Financial investments	1170	-	-	-
	Deferred tax assets	1180	128	1705	224
	Other non-current assets	1190	-	-	-
	Total Section I	1100	33,776	19,429	19,638
	<b>II. CURRENT ASSETS</b>				
4.1.	Inventories	1210	362,034	749,586	663,735
	including:				
	Materials	1211	724	660	883
	Goods	1212	357,329	743,184	657,634
	other inventories and expenditures	1213	3,981	5,742	5,218
	Value added tax on acquired assets	1220	-	-	-
5.1.	Trade and other receivables	1230	984,995	955,181	804,842
	including:				
	settlements with purchasers and clients	1231	902,077	890,095	700,894
	advances paid	1232	11,691	9,352	8,776
	settlements in respect of taxes and levies	1233	49,628	30,746	60,146
	settlements in respect of social insurance and social security	1234	1188	907	631
	Other receivables	1235	20,411	24,081	34,395
	Financial investments (except cash equivalents)	1240	250,010	425,000	-
3.1	Including: Deposits	1241	250,010	425,000	-
	Cash and cash equivalents	1250	65,106	58,945	86,581
	including:				
	cash in vault	1251	31	3	9
	operating accounts	1252	65,075	58,910	86,305
	foreign currency accounts	1253	-	32	267
	transfers in transit	1254	-	-	-
	Other current assets	1260	2,171	3,225	4,152
	Total Section II	1200	1,664,316	2,191,937	1,559,310
	<b>BALANCE</b>	1600	1,698,092	2,211,366	1,578,948

Пояснения	Item	Code	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
	<b>LIABILITIES and EQUITY</b>				
	<b>III. EQUITY AND PROVISIONS</b>				
	Authorized capital (share capital, authorized fund, contributions of partners)	1310	3,000	3,000	3,000
	Treasury shares	1320	-	-	-
	Revaluation of non-current assets	1340	-	-	-
	Additional capital (without revaluation)	1350	-	-	-
	Reserve capital	1360	750	750	750
	Undistributed profit (uncovered loss)	1370	434,043	246,010	75,628
	Total Section III	1300	437,793	249,760	79,378
	<b>IV. LONG-TERM LIABILITIES</b>				
	Borrowings	1410	327,292	-	-
	Deferred tax liabilities	1420	5,897	11,949	9,561
	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	-	-	-
	Total Section IV	1400	333,189	11,949	9,561
	<b>V. SHORT-TERM LIABILITIES</b>				
5.3.	Borrowings	1510	165,600	227,875	241,568
5.3.	Accounts payable	1520	686,268	1,664,316	1,218,253
	including:				
	settlements with suppliers	1521	617,578	1,620,075	1,183,242
	settlements of received advances	1522	1282	947	1,329
	settlements in respect of taxes and levies	1523	24400	189	200
	settlements with other debtors	1526	43,008	43,105	33482
	Deferred profit	1530	-	-	-
7.	Estimated liabilities	1540	75,242	57,466	30,188
	Other liabilities	1550	-	-	-
	Total Section V	1500	927,110	1,949,657	1,490,009
	<b>BALANCE</b>	1700	1,698,092	2,211,366	1,578,948

Head \_\_\_\_\_  
(signature)

**Khanna Aman** \_\_\_\_\_  
(full name)

January 30, 2014 \_\_\_\_\_

**Cash Flow Statement**  
for January - December 2013

Company **RANBAXY Closed Joint Stock Company**  
 Taxpayer Identification Number \_\_\_\_\_  
 Type of economic activity **Wholesaling pharmaceutical and medical products**  
 Type of incorporation / form of ownership **Closed Joint Stock Company / Private Property**  
 Measurement unit: in thousand Rubles

OKUD Code \_\_\_\_\_  
 Date (day, month, year) \_\_\_\_\_  
 according to OKPO \_\_\_\_\_  
 INN \_\_\_\_\_  
 according to OKVED \_\_\_\_\_  
 according to OKOPF/OKFS \_\_\_\_\_  
 according to OKEI \_\_\_\_\_

Codes		
0710004		
31	12	2013
72983356		
7720508094		
51.46.1		
67	16	
384		

Item	Code	January - December 2013	January - December 2012
<b>Cash flow from current activities</b>			
Total cash received	4110	2,890,746	2,465,288
including:			
from sale of goods, works and services	4111	2,655,023	2,242,075
from lease rents, license fees, royalty, charges and other similar payments	4112	0.00	-
from resale of financial investments	4113	0.00	-
	4114	0.00	-
Other cash received	4119	235,723	223,213
Total cash paid	4120	(3277633)	(2060069)
including:			
to suppliers (subcontractors) for raw materials, materials, works, services	4121	(2542691)	(1407491)
Compensation of employees paid	4122	(170835)	(109368)
Interest on debenture paid	4123	(8190)	(4668)
Income taxes paid	4124	(81291)	-13972
	4125	-	-
Other cash paid	4129	(474626)	-524570
Net cash used by current activities	4100	(386887)	405,219
<b>Cash flow from investing activities</b>			
Cash received	4210	181162.00	1,321
including:			
from sale of non-current assets (except financial investments)	4211	635.00	136
from sale of shares (interests) of other companies	4212	-	-
from repayment of loans granted, sale of debt securities (receivables to other persons and legal entities)	4213	174990.00	-
from dividends, interest on debt financial investments and other similar proceeds from participatory interest in other companies	4214	5537.00	1,185
	4215	-	-
Other cash received	4219	-	-
Total cash paid	4220	(30432)	-433567
including:			
for acquisition, creation, modernization, alteration and preparation to use of non-current assets	4221	-25984.00	-7,281
for acquisition of shares (interests) of other companies	4222	-	0
for acquisition of debentures (receivables to other persons and legal entities), granting loans to other persons and legal entities	4223	-	-425000
for interest on debentures to be included in the value of the investment asset	4224	-	-
	4225	-	-
Other cash paid	4229	(4448)	-1286
Net cash used by investing activities	4200	150730.00	-432246

**Cash Flow Statement**  
for January - December 2013

Company **RANBAXY Closed Joint Stock Company**  
 Taxpayer Identification Number \_\_\_\_\_  
 Type of economic **Wholesaling pharmaceutical and medical products**  
 Type of incorporation / form of ownership \_\_\_\_\_  
**Closed Joint Stock Company** / **Private Property**  
 Measurement unit: in thousand INR

OKUD Code \_\_\_\_\_  
 Date (day, month, year) \_\_\_\_\_  
 according to OKPO \_\_\_\_\_  
 INN \_\_\_\_\_  
 according to \_\_\_\_\_  
 according to OKOPF/OKFS \_\_\_\_\_  
 according to OKEI \_\_\_\_\_

Codes		
0710004		
31	12	2013
72983356		
7720508094		
51.46.1		
67	16	
384		

Item	Code	January - December 2013	January - December 2012
<b>Cash flow from current activities</b>			
Total cash received	4110	5,314,848	4,441,960
including:			
from sale of goods, works and services	4111	4,881,454	4,039,774
from lease rents, license fees, royalty, charges and other	4112	-	-
from resale of financial investments	4113	-	-
	4114	-	-
Other cash received	4119	433,394	402,185
Total cash paid	4120	-6026168.41	-3711836.04
including:			
to suppliers (subcontractors) for raw materials, materials,	4121	-4674923.70	-2536019.82
Compensation of employees paid	4122	-314092.66	-197059.46
Interest on debenture paid	4123	-15057.92	-8410.81
Income taxes paid	4124	-149459.46	-25174.77
	4125	-	-
Other cash paid	4129	-872634.68	-945171.17
Net cash used by current activities	4100	-711320.10	730124.32
<b>Cash flow from investing activities</b>			
Cash received	4210	333079.61	2380.18
including:			
from sale of non-current assets (except financial	4211	635.00	245.05
from sale of shares (interests) of other companies	4212	-	-
from repayment of loans granted, sale of debt securities	4213	174990.00	-
from dividends, interest on debt financial investments and	4214	5537.00	2135.14
	4215	-	-
Other cash received	4219	-	-
Total cash paid	4220	(30 432)	-781201.80
including:			
for acquisition, creation, modernization, alteration and	4221	-25984.00	-13118.92
for acquisition of shares (interests) of other companies	4222	-	0.00
for acquisition of debentures (receivables to other persons	4223	-	-765765.77
for interest on debentures to be included in the value of the	4224	-	-
	4225	-	-
Other cash paid	4229	(4 448)	-2317.12
Net cash used by investing activities	4200	150730.00	-778821.62

Item	Code	January - December 2013	January - December 2012
<b>Cash flow from financing activities</b>			
Total cash received	4310	329,097	0
including:			
from borrowings and loans	4311	329,097	0
cash deposits of owners (members)	4312	0	0
from share issue, increasing participatory interests	4313	0	0
from issue of debentures, promissory notes, and other debt securities, and etc.	4314	0	0
	4315	-	-
Other cash received	4319	-	-
Total cash paid	4320	-82450	0
including:			
to owners (members) due to redemption of their shares (interests) of companies or cessation of their membership	4321	0	0
for distribution of dividends and other profit to owners (members)	4322	0	0
for redemption (buy-back) promissory notes and other debt securities, repayment of credits and loans	4323	-82450	0
	4324	0	0
Other cash paid	4329	0	0
Net cash used by financing activities	4300	246647	0
<b>Net cash flow for the reporting period</b>	4400	10490.00	(27027)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	4450	58,945	86 581
<b>Cash and cash equivalents at the end of the reporting period</b>	4500	65106	58 945
Effect of exchange rate changes on cash in Ruble	4490	-4329	(609)

Item	Code	January - December	January - December
<b>Cash flow from financing activities</b>			
Total cash received	4310	617,211	0
including:			
from borrowings and loans	4311	617,211	0
cash deposits of owners (members)	4312	0	0
from share issue, increasing participatory interests	4313	0	0
from issue of debentures, promissory notes, and other debt	4314	0	0
	4315	0	-
Other cash received	4319	0	-
Total cash paid	4320	-154,632	0
including:			
to owners (members) due to redemption of their shares	4321	0	0
for distribution of dividends and other profit to owners	4322	0	0
for redemption (buy-back) promissory notes and other debt	4323	-154,632	0
	4324	0	0
Other cash paid	4329	0	0
Net cash used by financing activities	4300	462,579	0
<b>Net cash flow for the reporting period</b>	4400	19,674	-46462.09
<b>Cash and cash equivalents at the beginning of the</b>	4450	106,201	86 581
<b>Cash and cash equivalents at the end of the reporting period</b>	4500	122,104	58 945
Effect of exchange rate changes on cash in Ruble	4490	3,771	(609)

January 30, 2014

## Statement of changes in equity

January - December 2013

Company RANBAXY Closed Joint Stock Company

Taxpayer Identification Number \_\_\_\_\_

Type of economic activity Wholesaling pharmaceutical and medical products

Type of incorporation / form of ownership Closed Joint Stock Company / Private Property

Measurement unit: in thousand Rubles

		Codes			For Indian GAAP		
OKUD Code		0710003			Opening	Average	Closing
Date (day, month, year)		31	12	2013	0.555032	0.5439	0.5332
according to OKPO		72983356					
INN		7720508094					
according to OKVED		51.46.1					
according to OKOPF/OKFS		67		16			
according to OKEI		384					

### 1. Capital flow

Item	Code	Share capital	Treasury shares	Additional capital	Reserve capital	Undistributed profit (uncovered loss)	Total
Equity as of December 31, 2011	3100	3,000	-	-	750	75,628	79,378
<u>Equity for 2012</u>							
Total increase in equity:	3210	-	-	-	-	170382	170382
including:							
net profit	3211	X	X	X	X	170382	170382
revaluation of assets	3212	X	X	-	X	-	-
gains related directly to increase in equity	3213	X	X	-	X	-	-
additional share issue	3214	-	-	-	X	X	-
increase in par value of shares	3215	-	-	-	X	-	X
reorganization of legal entity	3216	-	-	-	-	-	-

Measurement unit: in thousand INR

Item	Code	Share capital	Treasury shares	Additional capital	Reserve capital	Undistributed profit (uncovered loss)	Total
Equity as of December 31, 2011	3100	4386	-	-	1096	125,357	143,015
<u>Equity for 2012</u>							
Total increase in equity:	3210	-	-	-	-	306,995	306,995
including:							
net profit	3211	X	X	X	X	306,995	306,995
revaluation of assets	3212	X	X	-	X	-	-
gains related directly to increase in equity	3213	X	X	-	X	-	-
additional share issue	3214	-	-	-	X	X	-
increase in par value of shares	3215	-	-	-	X	-	X
reorganization of legal entity	3216	-	-	-	-	-	-

Item	Code	Share capital	Treasury shares	Additional capital	Reserve capital	Undistributed profit (uncovered loss)	Total
Total decrease in equity:	3220	-	-	-	-	-	-
including:							
loss	3221	X	X	X	X	-	-
revaluation of assets	3222	X	X	-	X	-	-
expenditures related directly to decrease in equity	3223	X	X	-	X	-	-
decrease in par value of shares	3224	-	-	-	X	-	-
reduction of share quantity	3225	-	-	-	X	-	-
reorganization of legal entity	3226	-	-	-	-	-	-
dividends	3227	X	X	X	X	-	-
Changes in additional capital	3230	X	X	-	-	-	X
Changes in reserve capital	3240	X	X	X	-	-	X
Equity as of December 31, 2012	3200	3,000	-	-	750	246,010	246,010
<u>Equity for 2012</u>							
Total increase in equity:	3310	-	-	-	-	188,033	188,033
including:							
net profit	3311	X	X	X	X	188,033	188,033
revaluation of assets	3312	X	X	-	X	-	-
gains related directly to increase in equity	3313	X	X	-	X	-	-
additional share issue	3314	-	-	-	X	X	-
increase in par value of shares	3315	-	-	-	X	-	X
reorganization of legal entity	3316	-	-	-	-	-	-
Total decrease in equity:	3320	-	-	-	-	-	-
including:							
loss	3321	X	X	X	X	-	-
revaluation of assets	3322	X	X	-	X	-	-
expenditures related directly to decrease in equity	3323	X	X	-	X	-	-
decrease in par value of shares	3324	-	-	-	X	-	-
reduction of share quantity	3325	-	-	-	X	-	-
reorganization of legal entity	3326	-	-	-	-	-	-
dividends	3327	X	X	X	X	-	-
Changes in additional capital	3330	X	X	-	-	-	X
Changes in reserve capital	3340	X	X	X	-	-	X
Equity as of December 31, 2013	3300	3,000	-	-	750	434,043	437,793

Item	Code	Share capital	Treasury shares	Additional capital	Reserve capital	Undistributed profit (uncovered loss)	Total
Total decrease in equity:	3220	-	-	-	-	-	-
including:							
loss	3221	X	X	X	X	-	-
revaluation of assets	3222	X	X	-	X	-	-
expenditures related directly to decrease in equity	3223	X	X	-	X	-	-
decrease in par value of shares	3224	-	-	-	X	-	-
reduction of share quantity	3225	-	-	-	X	-	-
reorganization of legal entity	3226	-	-	-	-	-	-
dividends	3227	X	X	X	X	-	-
Changes in additional capital	3230	X	X	-	-	-	X
Changes in reserve capital	3240	X	X	X	-	-	X
Equity as of December 31, 2012	3200	5,405	-	-	1351	443,261	443,261
<u>Equity for 2013</u>							
Total increase in equity:	3310	-	-	-	-	352,650	352,650
including:							
net profit	3311	X	X	X	X	352,650	352,650
revaluation of assets	3312	X	X	-	X	-	-
gains related directly to increase in equity	3313	X	X	-	X	-	-
additional share issue	3314	-	-	-	X	X	-
increase in par value of shares	3315	-	-	-	X	-	X
reorganization of legal entity	3316	-	-	-	-	-	-
Total decrease in equity:	3320	-	-	-	-	-	-
including:							
loss	3321	X	X	X	X	-	-
revaluation of assets	3322	X	X	-	X	-	-
expenditures related directly to decrease in equity	3323	X	X	-	X	-	-
decrease in par value of shares	3324	-	-	-	X	-	-
reduction of share quantity	3325	-	-	-	X	-	-
reorganization of legal entity	3326	-	-	-	-	-	-
dividends	3327	X	X	X	X	-	-
Changes in additional capital	3330	X	X	-	-	-	X
Changes in reserve capital	3340	X	X	X	-	-	X
Equity as of December 31, 2013	3300	5,405	-	-	1351	795,911	802,668

## 2. Effect of correction of prior period error and changes in accounting policies

Наименование показателя	Code	As of December 31, 2011	Changes in equity in 2012		As of December 31, 2012
			net profit (loss)	other factors	
<b>Total equity</b>					
Before Corrections	3400	-	-	-	-
Effect of:					
changes in accounting policies	3410	-	-	-	-
correction of prior period error	3420	-	-	-	-
After corrections	3500	-	-	-	-
including:					
undistributed profit (uncovered loss)					
Before Corrections	3401	-	-	-	-
Effect of:					
changes in accounting policies	3411	-	-	-	-
correction of prior period error	3421	-	-	-	-
After corrections	3501	-	-	-	-
Before Corrections	3402	-	-	-	-
Effect of:					
changes in accounting policies	3412	-	-	-	-
correction of prior period error	3422	-	-	-	-
After corrections	3502	-	-	-	-

**3. Net assets(Thousand Rubles)**

Item	Code	As of January 31, 2013	As of January 31, 2012	As of January 31, 2011
Net assets	3600	437,793	249,760	79,378

**3. Net assets(Thousand INR)**

Item	Code	As of January 31, 2013	As of January 31, 2012	As of January 31, 2011
Net assets	3600	821,067	450,018	131,573

Head \_\_\_\_\_  
(signature)

**Khanna Aman** \_\_\_\_\_  
(full name)

\_\_\_\_\_  
January 30, 2014

# *Notes*

## *to Accounting Statements of ZAO “RANBAXY” for 2013*

### *1. Data on the Joint-Stock Company*

1.1. *Full name of the Company:* Closed Joint-Stock Company RANBAXY

1.2. *Registered address:* 119 Prospekt Mira, bldg. 537/2, Moscow, 129223

1.3. *Actual address:* 119 Prospekt Mira, bldg. 537/2, Moscow, 129223

1.4. *Date of state registration:* May 20, 2004; Primary State Registration Number 1047796353846.

1.5. *Authorized capital* of the Company makes up 3,000,000 rubles/INR (5,626,407). Shareholders' structure: Closed Joint-Stock Company “RANBAXY (NETHERLANDS) B.V.” – 99 percent of the authorized capital, Private Limited Liability Company “Ranbaxy Holdings (Great Britain) Limited” – 1 percent. Shares in the authorized capital are fully paid. Quantity of the placed securities makes up 3,000 pieces. The par value of each security makes up 1,000 rubles (1,875).

1.6. *The Company has no subsidiaries or affiliates.*

1.7. *Data on the standalone subdivisions.*

- On 19.12.2008, standalone subdivision “Aptechny sklad” was established and registered at its location (address: 2 Dachnaya St., village of Davydovskoye, Luchinskoye Rural Settlement, Istrinsky District, Moscow Oblast, 143521) with Inspectorate of the Federal Tax Service of Russia for the town of Istra, Moscow Oblast.
- On 07.05.2009, a standalone subdivision was established and registered at its location (address: 12 Tambovskaya St., let. B, St. Petersburg, 192007) with Interdistrict Inspectorate of the Federal Tax Service No. 27 for St. Petersburg.
- On 15.09.2009, a standalone subdivision was established and registered at its location (address: 44/17 Dekabristov St., Yekaterinburg, Sverdlovsk Oblast, 620142) with Inspectorate of the Federal Tax Service of Russia for Leninsky District of Yekaterinburg.
- On 15.09.2009, a standalone subdivision was established and registered at its location (address: 104/32 Pushkinskaya St., office 9, Rostov-on-Don, Rostov Oblast, 344006) with Interdistrict Inspectorate of the Federal Tax Service of Russia No. 25 for Rostov Oblast.

1.8. The Company is subject to mandatory audit according to the criteria specified in Federal Law No. 307-FZ “On Audit Activities” dated December 31, 2008, which was entrusted to CJSC “KPMG”.

1.9. Structure of the Company's executive and control bodies:

1. General Director – Aman Khanna;
2. Financial Director – Vivek Kapur;
3. Chief Accountant – Malik Elena Vasilyevna.

The Company's primary activity is wholesale trade in pharmaceuticals.

### *2. Major Elements of the Company's Accounting Policy.*

## *2.1. Accounting Policy for Accounting Purposes.*

The Company's accounting is kept in accordance with the Russian Federation laws on accounting. The Company has drawn up accounting statements based on the applicable rules of accounting and reporting of the Russian Federation.

2.1.1. The Company's accounting is kept by the Accounting Department being an independent structural subdivision under the guidance of Chief Accountant.

2.1.2. Useful life of the fixed assets is determined based on the Classification of Fixed Assets by Depreciation Groups approved by Resolution No. 1 of the RF Government of January 1, 2012.

2.1.3. Depreciation of the fixed assets is accrued according to a straight-line method.

2.1.4. Low value items of fixed assets having the cost of no more than 40,000 rubles (INR 75,018.75), as well as books, brochures and other publications are charged off upon their release for service.

2.1.5. Annual reevaluation of the fixed assets is not performed.

2.1.6. Deferred expenses posted to account 97 are classified in the accounting statements:

as advanced paid:

- expenses on voluntary insurance
- permits
- advertising

as other current assets:

- expenses on licensing
- expenses on purchase of software for computers and data bases
- expenses on certification
- expenses on repair of the fixed assets
- expenses on customs service of the cargo
- authorization for employment of foreign nationals

2.1.7. Goods are written off by FIFO method.

2.1.8. Provisions for doubtful debts are created with regard to expediency and in accordance with the accounting regulations.

2.1.9. Provision for decrease in the cost of tangible assets is created at the end of the year taking into account the remaining shelf-life. Stock balance is determined at the end of the quarter and written down to the market value. Regarding the goods having the remaining shelf-life of no more than 6 months, the provision is calculated at the rate of 100%; regarding the goods having the remaining shelf-life of no less than 7 month and no more than 12 months – at the rate of 50%; and additionally, regarding the goods having the remaining shelf-life of no more than 50% and no less than 13 months as of the date of provision calculation – at the rate of 25%. In addition to that, the goods are evaluated on other grounds, in accordance with Accounting Regulation 5/01.

2.1.10. The Company creates valuation reserves in accordance with Accounting Regulations 8/2010.

2.1.11. The Company applies Accounting Regulations 18/02. Accrual registers are formed with the use of 1C “Manufacturing Enterprise Management” software.

2.1.12. In accordance with the prescribed marketing policy, buyers benefit from awards (bonuses) and discounts.

2.1.13. Short-term deposits opened with the banks for the term of up to 3 months are presented in accounting statements as financial investments.

## *2.2. Accounting Policy for Tax Purposes.*

2.2.1. The Company determines the VAT tax base in proportion to shipment.

2.2.2. For the purpose of recognition of income and expenses when calculating the income tax, the Company uses the accrual method.

2.2.3. Purchased goods the cost of which decreases proceeds from sales thereof are valued by FIFO method.

2.2.4. Useful life of the fixed assets is determined based on the Classification of Fixed Assets by Depreciation Groups approved by Resolution No. 1 of the RF Government of January 1, 2002.

2.2.5. Depreciable assets are depreciated by the straight-line method.

2.2.6. Depreciable assets include the assets having the historical cost of more than 40,000 rubles (INR 75,018.75) and the useful life of more than 12 months. The assets that cost less than 40,000 rubles (INR 75018.75) are recognized in material expenses and charged to costs in the manner prescribed for indirect costs (at a time).

2.2.7. Starting from 2012, the Company creates a provision for vacation payment and a provision for doubtful debts for tax purposes.

2.2.8. The Company makes tax accounting registers with the use of specialized accounting software 1C “Manufacturing Enterprise Management”.

## **3. Financial and Operational Activities of the Company.**

### *3.1. Description of the Company's Activities for the Reporting Year.*

3.1.1. In 2013, revenues from sales of the goods within operating activities amounted to 2,819,262 thousand rubles (INR 5,183,419.75 thousand) (exclusive of VAT), which makes up 99.97 percent of the total sales amount; revenues from sales of the fixed assets amounted to 806 thousand rubles (INR 1481.89 thousand) (exclusive of VAT), which makes up 0.03 percent of the total sales amount. Gross operating profit made up 635,360 thousand rubles (INR 1,168,156 thousand).

In 2012, revenues from sales of the goods within operating activities made up 2,598,268 thousand rubles (INR 4,466,680.42 thousand) (exclusive of VAT), gross operating profit amounting to 345,258 thousand rubles (INR 593,532 thousand).

The Company does not carry out other types of activities.

3.1.2. In 2013, the Company earned sales profit in the amount of 173,809 thousand rubles (INR 319,560.58 thousand); in 2012, the Company earned profit in the amount of 41,417 thousand rubles (INR 71,199.93 thousand) (320% growth).

Profit growth was influenced by the following factors:

- revenues increased by 220,994 thousand rubles (INR 406,313.66 thousand) (8.51%)
- the share of production cost decreased in relation to revenues by 9.25% (in 2013 and 2012 the share made up 77.46% and 86.71% respectively)
- the share of business expenses increased slightly by 4.68% (in 2013 and in 2012 the share made up 16.37% and 11.69% respectively).

3.1.3. The structure of business expenses:

The Structure of Business Expenses

	2013	2012	Change
Labor remuneration and reserves	211,390	126,586	84,804
Allocations to funds	37,459	25,221	12,238
Lease	18,824	15,513	3,311
Depreciation	8,181	8,731	-550
Goods processing	29,552	29,374	178
Certification	10,439	11,503	-1,064
Insurance	15,376	12,309	3,067
Maintenance and repair of vehicles	10,518	9,813	705
Advertising	74,337	30,341	43,996
Marketing	16,000	8,201	7,799
Audit	4,093	7,440	-3,347
Travel expenses	7,137	4,864	2,273
Software products	3,191	1,808	1,383
Representation expenses	978	1,582	-604
Other expenses	14,076	10,554	3,522
<b>Total</b>	<b>461,551</b>	<b>303,840</b>	<b>157,711</b>

The Structure of Business Expenses

(In INR)

	2013	2012	Change
Labor remuneration and reserves	388,656	217,614	171,042
Allocations to funds	68,871	43,357	25,514
Lease	34,609	26,668	7,941
Depreciation	15,041	15,009	32
Goods processing	54,334	50,497	3,837
Certification	19,193	19,775	(582)
Insurance	28,270	21,160	7,110
Maintenance and repair of vehicles	19,338	16,870	2,469
Advertising	136,674	52,159	84,515
Marketing	29,417	14,098	15,319
Audit	7,525	12,790	(5,265)
Travel expenses	13,122	8,362	4,760
Software products	5,867	3,108	2,759
Representation expenses	1,798	2,720	(921)
Other expenses	25,880	18,143	7,736
<b>Total</b>	<b>848,595</b>	<b>522,331</b>	<b>326,264</b>

The major share in the Company's business expenses accounts for the labor remuneration expenses and reserves 45.8% that increased by 67% as compared to the previous year, and for the advertising expenses 16.1% that increased by 145% as compared to the previous year.

In 2013, the Company increased the number of employees, the average number of employees amounting to 220 persons as compared to 156 persons in 2012. The growth in average number made up 41% (64 persons).

To spur the demand for the goods, the Company increased its expenses on advertising and marketing services considerably. TV, radio and transit advertising was used.

3.1.4. As of December 31, 2013, the Company's accounts receivable from buyers and customers made up 902,077 thousand rubles (INR 1,691,817.33 thousand).

In 2013, the debt of LLC Medical and Pharmaceutical Firm "Akonit" in the amount of 28,705,583.91 rubles (INR 53,836,428.94) was written off under the Ruling of the Arbitration Court of St. Petersburg and Leningrad Oblast, Case No. A56-30241/2011 dated 16.12.2013. The debt was written off against the provision for doubtful debts.

Provision for doubtful debts, thousand rubles

	At the Beginning of the Period	Creation of the Provision	Use of the Provision	Recovery of the Provision	At the End of the Period
For 2013	66,597	43,764	-28,706	-43,764	37,891
For 2012	80,792	43,261	-1,364	-56,092	66,597

Provision for doubtful debts, thousand in INR  
INR)

(In

	At the Beginning of the Period	Creation of the Provision	Use of the Provision	Recovery of the Provision	At the End of the Period
For 2013	124,901	82,078	-53,837	-82,078	71,063
For 2012	145,571	77,948	-2,458	-101,067	119,995

At the end of 2013, the Company created a provision for doubtful debts of the following organizations:

- CJSC "Genezis", in the amount of 7,764,525.34 rubles (seven million seven hundred sixty four thousand five hundred twenty five rubles 34 kopecks) (INR 14,562,125.54).
- Regional State Unitary Enterprise "Primorsk Regional Pharmacy", in the amount of 191,840.47 rubles (one hundred ninety one thousand eight hundred forty rubles 47 kopecks) (INR 359,790.83).
- CJSC "Shreya Corporation", in the amount of 29,934,968.35 rubles (twenty nine million nine hundred thirty four thousand nine hundred sixty eight rubles 35 kopecks) (INR 56,142,101.18).

The total amount of provision created at the end of 2013 for accounting and tax purposes makes up 37,891,334.16 rubles (thirty seven million eight hundred ninety one thousand three hundred thirty four rubles 16 kopecks) (INR 71,064,017.55).

As of December 31, 2013, the Company's accounts payable to suppliers and contractors made up 617,578 thousand rubles (INR 1,158,248.31 thousand). Accounts payable to suppliers decreased considerably by 61.88% (1,002,497 thousand rubles (INR1,880,151.91 thousand ) as compared to 2012 (1, 620,075 thousand rubles (INR (2,919,054.05 thousand))).

In 2013, the key suppliers of ZAO "RANBAXY" were: Ranbaxy Laboratories Limited (India) and Terapia Ranbaxy (Romania), accounts payable to Ranbaxy Laboratories Limited amounting to 487,183 thousand rubles (INR 913,697 thousand) (78.89% share in the total amount of accounts payable), to Terapia Ranbaxy – 124,367 thousand rubles (INR 233,246 thousand) (20.14% share in the total amount of accounts payable).

3.1.5. To replenish its working capital, the Company obtained a long-term loan from Ranbaxy (Netherlands) in the amount of 10,000,000 US dollars (INR 617,283,951). In 2013, the long-term loan was not repaid.

In 2013, the Company partially repaid a short-term loan granted by Ranbaxy (Netherlands) in the amount of 2,500,000 US dollars (INR 4,596,433.17). In 2013, the Company paid interest in the amount of 8,190 thousand rubles (INR 15,058 thousand) .on the short-term loan granted by Ranbaxy (Netherlands) in 2009, and on the long-term loan granted by Ranbaxy (Netherlands) in 2013.

3.1.6. In 2013, the Company placed money on the short-term bank deposits. The Company's income from depositing made up 5,409 thousand rubles (INR 9,945 thousand). The interest accrued on the account balance amounted to 1,279 thousand rubles (INR 2,399 thousand). At the end of 2013, the money placed on deposit account with OJSC "Sberbank" amounted to 250,010 thousand rubles (INR 468,886 thousand).

3.1.7. Other income and expenses of the Company presented in lines 2340 and 2350 of the Profit and Loss Statement for 2013 made up:

Description	Other income (thousand rubles)	Other expenses (thousand rubles)
Exchange differences	363,200	(390,372)
Provision for depreciation of commodities and materials	27,987	(41,471)
Provision for doubtful debts	43,764	(43,764)
Provision for goods return	-	(616)
Destruction of pharmaceuticals	-	(754)
Awards to suppliers	282,828	-
Bonuses to buyers	-	(171,822)
Insurance indemnity/expenses for insured events	6,376	(4,755)
Write-off of accounts receivable/payable	13	(17)
Write off, sale of fixed assets	806	(687)
Taxes	-	(639)
Bank services	-	(1,732)
Others	9,007	(10,356)
Total	733,981	(666,985)

Statement for 2013 made up:

Description	Other income (thousand INR)	Other expenses (thousand INR)
Exchange differences	667,770	(717,728)

Provision for depreciation of commodities and materials	51,456	(76,247)
Provision for doubtful debts	80,463	(80,463)
Provision for goods return	-	(1,133)
Destruction of pharmaceuticals	-	(1,386)
Awards to suppliers	520,000	-
Bonuses to buyers	-	(315,907)
Insurance indemnity/expenses for insured events	11,723	(8,742)
Write-off of accounts receivable/payable	24	(31)
Write off, sale of fixed assets	1,482	(1,263)
Taxes	-	(1,175)
Bank services	-	(3,184)
Others	16,560	(19,040)
Total	1,349,478	(1,226,301)

3.1.8. According to the accounting data, at year-end 2013, the Company earned profit in the amount of 237,428 thousand rubles (INR 436,529 thousand), and according to the tax accounting data – profit in the amount of 269,349 thousand rubles (INR 495,218 thousand).

In 2013, permanent differences made up -9,545 thousand rubles (INR -17,901 thousand), and formed a permanent tax liability in the amount of 1,909 thousand rubles (INR 3,580 thousand). The major amount is made up by the expenses not accepted for tax purposes: provision for depreciation of commodities, estimated liabilities and health insurance of the employees' family members.

The change in permanent differences by 55,660 thousand rubles (INR 104,389 thousand) as compared to 2012 is mainly caused by the change in accounting policy that took place in 2012 with regard to recognition of the provision for doubtful debts and the provisions for vacation payment in accounting, which resulted in the permanent tax assets in 2012.

In 2013, deferred tax assets made up -1,576 thousand rubles (INR -2,956 thousand), the major amount consisting of the temporary difference in provision for the employees' vacation payment.

In 2013, deferred tax liabilities made up -6,051 thousand rubles (INR -11,348 thousand). The significant amount of deferred liabilities is the difference related to the fact that in accounting the amounts of customs duties and fees are included in the goods cost, and in tax accounting such amounts are written off at a time.

3.1.9. The Company does not have any guarantees issued to third parties.

#### 4. Social Indicators

No.	Indicator	2013	2012
1	Average number of employees, persons	211	146
2	The amount of accrued wages, compensatory payments and provisions for vacation and annual bonus payment, thousand rubles	211,390	126,586
3	The amount of accrued contributions, thousand rubles	37,459	25,221

*In INR*

No.	Indicator	2013	2012
1	Average number of employees, persons	211	146
2	The amount of accrued wages, compensatory payments and provisions for vacation and annual bonus payment, thousand rubles	396,455	228,083
3	The amount of accrued contributions, thousand rubles	70,253	45,443

**5. Data on Equity of the Company (thousand rubles)**

No.	Indicator	2013	2012
1	Authorized capital	3,000	3,000
2	Surplus	750	750
3	Retained profit	434,043	246,010

*(In INR '000)*

No.	Indicator	2013	2012
1	Authorized capital	5,626	5,405
2	Surplus	1,407	1,351
3	Retained profit	814,034	443,261

Dividends were not paid. Shares were neither repurchased, nor issued.

**6. Reference Data**

*Calculation of Net Assets of the Company (thousand rubles)*

Indicator	Code of the balance sheet line	At the beginning of the reporting year	At the end of the reporting year
<b>I. Assets</b>			
1. Intangible assets	1110	-	4,225
2. Fixed assets	1150	17,724	29,423
3. Construction-in-progress	1190	-	-
4. Income-yielding investments into tangible assets	1160	-	-
5. Long-term and short-term financial investments <1>	1170+1240	425,000	250,010
6. Other non-current assets <2>	1120+1130+1140+1180	1,705	128
7. Stock	1210	749,586	362,034
8. Value added tax on acquired assets	1220	-	-
9. Accounts receivable <3>	1230	955,181	984,995
10. Cash and cash equivalents	1250	58,945	65,106

11. Other current assets	1260	3,225	2,171
<b>12. Total calculated assets (sum of clauses 1-11)</b>		2,211,366	1,698,092
<b>II. Liabilities</b>			
13. Long-term loan and credit liabilities	1410	-	327,292
14. Other long-term liabilities <4>, <5>	1420+1450	11,949	5,897
15. Short-term loan and credit liabilities	1510	227,875	165,600
16. Accounts payable	1520	1,664,316	686,268
17. Dividends payable to members (founders) <*>	15207	-	-
18. Provisions for future expenses	1540	57,466	75,242
19. Other short-term liabilities <5>	1550	-	-
<b>20. Total calculated liabilities (sum of clauses 13-19)</b>		1,961,606	1,260,299
<b>21. The cost of net assets of the joint-stock company (total calculated assets (line 12), minus total calculated liabilities (line 20))</b>		249,760	437,793

( In INR '000)

Indicator	Code of the balance sheet line	At the beginning of the reporting year	At the end of the reporting year
<b>I. Assets</b>			
1 Intangible assets	1110	-	7,924
2 Fixed assets	1150	31,935	55,182
3 Construction-in-progress	1190	-	-
4 Income-yielding investments into tangible assets	1160	-	-
5 Long-term and short-term financial investments <1>	1170+1240	765,766	468,886
6 Other non-current assets <2>	1120+1130+1140+1180	3,072	240
7 Stock	1210	1,350,605	678,983
8 Value added tax on acquired assets	1220	-	-
9 Accounts receivable <3>	1230	1,721,047	1,847,327
10 Cash and cash equivalents	1250	106,207	122,104
11 Other current assets	1260	5,811	4,072
<b>12 Total calculated assets (sum of clauses 1-11)</b>		3,984,443	3,184,719
<b>II. Liabilities</b>			
13 Long-term loan and credit liabilities	1410	-	613,826
14 Other long-term liabilities <4>, <5>	1420+1450	21,530	11,060
15 Short-term loan and credit liabilities	1510	410,586	310,578
16 Accounts payable	1520	2,998,768	1,287,074
17 Dividends payable to members (founders) <*>	15207	-	-
18 Provisions for future expenses	1540	103,542	141,114

19	Other short-term liabilities <5>	1550	-	-
20	<b>Total calculated liabilities (sum of clauses 13-19)</b>		3,534,425	2,363,652
21	<b>The cost of net assets of the joint-stock company (total calculated assets (line 12), minus total calculated liabilities (line 20))</b>		450,018	821,067

## 6.2. Data on the Leased Premises.

As of 31.12.2013, ZAO "RANBAXY" does not have its own premises.

In 2013, the Company had valid lease contracts with the following organizations:

- LLC "SP Tekhnopark" for 177.8 sq. m. – an office in Moscow.  
Unnumbered contract of 30.03.12. Supplementary agreement of 29.08.12 – extension of the leased premises starting with September 2012 – 261.80 sq. m. (monthly payment of 245,895.65 rubles (INR 452,097) exclusive of VAT). Date of contract termination 30.04.2013.  
Unnumbered contract of 05.04.13 (monthly payment of 305,603.07 rubles (INR 561,874) inclusive of VAT). Date of contract termination 31.03.2014.
- LLC "Terminal-Vostok" for 1,176.2 sq. m. – a warehouse in Istrinsky District.  
Contract no. TVO-KA-072-12 of 01.08.2012 (monthly payment of 1,004,560.56 rubles (INR 1,846,958) exclusive of VAT). Date of contract termination 30.06.2013.
- LLC "Inzhstroyservis" for 35.3 sq. m. – an office in Yekaterinburg.  
Contract no. 01/07 of 01.07.09. Supplementary agreement of 11.08.2012 (monthly payment of 28,000.00 rubles (INR 51,480) exclusive of VAT). Contract with automatic renewal.  
Contract no. 20 of 01.05.2013 for 35.3 sq. m. – an office in Yekaterinburg. Monthly payment of 28,000.00 rubles (INR 51,480) exclusive of VAT. Date of contract termination 31.03.2014.
- LLC "Inform-Future" for 80.7 sq. m. – an office in St. Petersburg.  
Unnumbered contract of 10.02.09. Supplementary agreement no. 2 of 31.01.11 (in 2013, monthly payment of 81,372.50 rubles (INR 149,609) exclusive of VAT). Contract with automatic renewal and 10% indexation.
- LLC "Inform-Future" for 3.7 sq. m. – ancillary premises in St. Petersburg.  
Unnumbered contract of 01.04.09 (in 2013, monthly payment of 2,703.84 rubles (INR 4,971) exclusive of VAT). Contract with automatic renewal and 10% indexation.
- LLC "Ofis-Servis" for 33 sq. m. – an office in Rostov-on-Don.  
Contract no. 27 of 01.09.11, contract no. 07/01-4 of 01.07.2012 (monthly payment of 23,100.00 rubles (INR 42,471) exclusive of VAT).
- LLC "UK Pyat' morey" for 32 sq. m. – an office in Rostov-on-Don.  
Contract no. 17 of 14.05.13 (fixed monthly payment of 20,800.00 rubles (INR 38,242) inclusive of VAT; variable lease payment of 6,000.00 rubles (INR 11,031) exclusive of VAT from October 15 to April 15; 3,000 rubles from April 16 to October 14).
- LLC "Danom" for 1,176.1 sq. m.

Contract no. CK-CA-08-04/13 of 25.04.2013 (monthly payment of 1,004,560.51 rubles (INR 1,846,958) exclusive of VAT). Date of contract termination 31.01.2014.

### 6.3. Additional Data on the Goods Rejection Procedure.

Goods subject to write-off and destruction shall be identified according to the following key criteria:

- expiration of shelf-life
- non-compliance with requirements of the regulatory documents
- loss of marketable state etc.

To destruct the rejected goods, the Company signed contracts with the following companies:

LLC “Tekhenergokhimprom” – Contract for Destruction of Pharmaceuticals No. 0715768 of 28.06.07 (License No. OT-01-003277 (77) of 01.09.08). Contract with automatic renewal.

LLC “National ecological company” – Contract for the Services of Pharmaceutical Waste Collection and Disposal No. H77-140/13 of 06.06.2013 (License 076/00115 of 22.03.2013). Contract with automatic renewal.

### 6.4. Data on the Company’s Expenses on Wages, Vacations and Bonuses Payable to Employees.

The structure of amounts accrued in favor of the Company’s employees in 2013:

Subdivisions	2013, thousand rubles	2013, %	2012, thousand rubles	2012, %
Head Office (Moscow)	145,200	72.22%	85,251	66.5%
Standalone subdivision in St. Petersburg for the North-West and Volga Region	28,125	13.99%	21,707	16.9%
Standalone subdivision in Rostov-on-Don	16,343	8.13%	9,668	7.5%
Standalone subdivision in Yekaterinburg	9,162	4.56%	9,276	7.2%
Standalone subdivision “Aptechny sklad” in Istrinsky District	2,229	1.11%	2,294	1.8%
<b>Total</b>	<b>201,058</b>	<b>100%</b>	<b>128,196</b>	<b>100.0%</b>

At the end of 2013, the liabilities for payment of wages were discharged in full.

The structure of amounts accrued in favor of the Company’s employees in 2013

*(In INR)*

Subdivisions	2013, thousand INR	2013, %	2012, thousand INR	2012, %
Head Office (Moscow)	272,318	72.22%	153,605	66.50%
Standalone subdivision in St. Petersburg for the North-West and Volga Region	52,748	13.99%	39,112	16.93%
Standalone subdivision in Rostov-on-Don	30,651	8.13%	17,420	7.54%
Standalone subdivision in Yekaterinburg	17,183	4.56%	16,714	7.24%
Standalone subdivision “Aptechny sklad” in Istrinsky District	4,180	1.11%	4,133	1.79%
<b>Total</b>	<b>377,078</b>	<b>100.00%</b>	<b>230,984</b>	<b>100.00%</b>

6.5. Data on the Company's Deferred Expenses on Vacation and Bonus Payment to Employees.

As of 31.12.2013, the employees' accrued and unutilized vacations inclusive of insurance contributions made up 13,191 thousand rubles (INR 24,739 thousand); annual bonuses at year-end 2012 inclusive of insurance contributions made up 15,758 thousand rubles (INR28,393 thousand) .

In 2014, the Company plans to accrue and pay the following amounts (short-term remunerations) to the key management personnel (management): labor remuneration in the amount of 15,242 thousand rubles (INR 28,586 thousand) ; annual paid vacation in the amount of 1,007 thousand rubles (INR 1,889 thousand); award (bonus) at year-end 2013 in the amount of 1,538 thousand rubles (INR 2,884 thousand). No long-term payments to the key management personnel are planned.

6.6. Notes to the Balance Sheet

6.6.1 Breakdown of accounts receivable (line 1230) Amount (thousand rubles)

Type	2013	2012
Settlement of advance paid out	11,691	9,352
Settlements with buyers and customers	902,077	890,095
Budget settlements (PIT)	431	431
Budget settlements (VAT)	-	6,538
Budget settlements (Profit advances)	49,197	23,777
Other taxes and charges	-	-
Settlements with non-budgetary funds	1,188	907
Settlements with accountable persons	1,831	603
Settlements with employees on the granted loans	2,344	1,422
Settlements in respect of insurance	-	22
Settlements of claims	917	896
Settlements with other debtors	15,319	21,138
<b>TOTAL</b>	<b>984,995</b>	<b>955,181</b>

(In INR '000)

Type	2013	2012
Settlement of advance paid out	21,926	16,850
Settlements with buyers and customers	1,691,817	1,603,775
Budget settlements (PIT)	808	777
Budget settlements (VAT)	-	11,780
Budget settlements (Profit advances)	92,267	42,841
Other taxes and charges	-	-

Settlements with non-budgetary funds	2,228	1,634
Settlements with accountable persons	3,434	1,086
Settlements with employees on the granted loans	4,396	2,562
Settlements in respect of insurance	-	40
Settlements of claims	1,720	1,614
Settlements with other debtors	28,730	38,086
<b>TOTAL</b>	<b>1,847,327</b>	<b>1,721,047</b>

### 6.7. Notes to the Profit and Loss Statement

#### 6.7.1. Data on general expenses.

The amount of general expenses (prime cost and business expenses) in the Profit and Loss Statement for 2013 makes up 2,645,453 thousand rubles (INR 4,863,859 thousand). The cost of goods sold amounts to 2,183,902 thousand rubles (INR 4,015,264 thousand). Business expenses amount to 461,551 thousand rubles (INR 848,595 thousand).

### 6.8. Notes to the Cash Flow Statement

#### 6.8.1. Other cash inflow from operating activities (line 4119), thousand rubles

	2013	2012
Valued added tax	208,939	216,000
Refund of taxes and charges from the budget	3,387	3,240
Refunds from the customs authorities	13,442	-
Insurance indemnity	6,284	1,503
Other refunds	3,671	2,470
<b>TOTAL</b>	<b>235,723</b>	<b>223,213</b>

*(In INR'000)*

	2013	2012
Valued added tax	384,150	371,325
Refund of taxes and charges from the budget	6,227	5,570
Refunds from the customs authorities	24,714	-
Insurance indemnity	11,554	2,584

Other refunds	6,749	4,246
<b>TOTAL</b>	<b>433,394</b>	<b>383,725</b>

6.8.2. Other payments within operating activities (line 4129), thousand rubles

	2013	2012
Customs payment	365,119	449,811
Payment of taxes and fees (with the exception of income tax and VAT)	65,851	41,585
Payment for insurance	13,297	7,672
Advances to employees	17,231	11,457
Interest-free loans to employees	3,876	1,859
Payment of bonuses and return of goods by the buyers	3,377	5,528
Other payments	5,875	6,658
<b>TOTAL</b>	<b>474,626</b>	<b>524,570</b>

(In INR'000)

	2013	2012
Customs payment	671,298	773,270
Payment of taxes and fees (with the exception of income tax and VAT)	121,072	71,489
Payment for insurance	24,448	13,189
Advances to employees	31,680	19,696
Interest-free loans to employees	7,126	3,196
Payment of bonuses and return of goods by the buyers	6,209	9,503
Other payments	10,802	11,446
<b>TOTAL</b>	<b>872,635</b>	<b>901,788</b>

6.9. Other Data

6.9.1. Events after the Reporting Date

On January 14, 2014, the Company received a Resolution on the Imposition of Tax Liability for the Commission of Tax Violations no. 19-25/3-175 dated 30.12.2013 from the Inspectorate of the Federal Tax Service No. 17 of Moscow. According to the results of a field tax audit for 2010-2012, IFTS No. 17 adopted a resolution on illegal understatement of the tax base by the amount of loss incurred in 2010 in the amount of 55,608,178.00 rubles (INR 104,291,407), and consequently on the additional accrual of income tax for 2011 in the amount of 11,121,636.00 rubles (INR 20,858,282), fine in the amount of 548,597.00 rubles (INR 1,028,877) and penalty in the amount of 123,297.66 rubles (INR 231,241).

The Company intends to dispute the resolution in the Federal Tax Service Directorate and in court as may be required.

### 6.9.2. Allowances, Contingent Assets and Liabilities

In accordance with Accounting Regulations 8/2010, as of 31.12.2013, the Company created provisions for future expenses:

- for payment of annual bonuses to the personnel in the amount of 15,758 thousand rubles (INR 29,554 thousand),
- for payment of future vacations in the amount of 13,192 thousand rubles (INR 24,741 thousand),
- for goods return in the amount of 616 thousand rubles (INR 1.155 thousand).
- for other expenses in the amount of 9,244 thousand rubles (INR 17,337 thousand),
- for future expenses on awards payable to the buyers for 2013 in the amount of 36,432 thousand rubles (INR 68,327 thousand). Estimated liability for payment of awards to the buyers was created based on the monetary valuation by the Company's management.

The Company has no contingent assets or liabilities.

### 6.9.3. Third Party Transactions

The amount of third party transactions for the reporting period made up:

<i>Related Parties</i>	<i>Types of Transactions</i>	<i>Applied Methods of Pricing for Each Type of Transactions with It</i>	<i>Amount of Transactions</i>
Ranbaxy Laboratories Limited (India)	Purchase of the goods	According to the agreement (market price)	1,341,878 thousand rubles (INR 2,467,141 thousand)
Ranbaxy Laboratories Limited (India)	Bonus provision	According to the agreement	229,057 thousand rubles (INR 421,138 thousand)
Terapia Ranbaxy	Purchase of the goods	According to the agreement (market price)	1,637 thousand euros and 249,353 thousand rubles (INR 126,900 and 458,454 thousand)
Terapia Ranbaxy	Bonus provision	According to the agreement	40,740 thousand rubles (INR 74,903 thousand)
Representative Office of Ranbaxy Laboratories Limited	Purchase of fixed assets	According to the agreement (market price)	11,623 thousand rubles (INR 21,370 thousand)
Ranbaxy (Netherlands) B.V.	Procurement of a long-term loan		10,000 thousand US dollars (INR 584,795 thousand)
Ranbaxy (Netherlands) B.V.	Repayment of a short-term loan		2,500 thousand US dollars (INR 146,199 thousand)
Ranbaxy (Netherlands) B.V.	Accrual of interest under the short-term loan agreement	3 M Libor + 150 bp p.a.	155 thousand US dollars (INR 9,064 thousand)
Ranbaxy (Netherlands) B.V.	Accrual of interest under the long-term loan agreement	3 M Libor + 150 bp p.a.	6 thousand US dollars (INR 350.88 thousand)

As of December 31, 2013, accounts receivable from and payable to the Company's related parties made up:

<b>Related Party</b>	<b>Amount of accounts receivable (payable), thousand rubles and INR.</b>
Ranbaxy Laboratories Limited (India)	(487,183) (INR 913,697)
Terapia Ranbaxy (Romania)	(124,367) (INR 233,246)
Ranbaxy (Netherlands) B.V.	(492,892) (INR 924,404)
Representative Office of Ranbaxy Laboratories Limited	No receivables/payables

Cash flows to the related parties made up:

<b>Related Parties</b>	<b>Types of Transactions</b>	<b>Amount</b>
Ranbaxy Laboratories Limited (India)	Payment for the goods	1,993,806 thousand rubles (INR 3,665,758 thousand)
Terapia Ranbaxy	Payment for the goods	6,359 thousand euros and 123,760 thousand rubles (INR 492,946 and 227,542 thousand)
Ranbaxy (Netherlands) B.V.	Procurement of a long-term loan	10,000 thousand US dollars (INR584,795 thousand)
Ranbaxy (Netherlands) B.V.	Repayment of a short-term loan	2,500 thousand US dollars (INR 146,199 thousand)
Representative Office of Ranbaxy Laboratories Limited	Payment for fixed assets	11,623 thousand rubles (INR 21,370 thousand)
Ranbaxy (Netherlands) B.V.	Payment of interest under the loan agreement	150.3 thousand dollars (INR8,789 thousand)

In 2013, the following amounts were accrued in favor of the key management personnel (management): labor remuneration in the amount of 13,857 thousand rubles (INR 25,988 thousand); annual paid vacation in the amount of 915 thousand rubles (INR 1,716 thousand) ; award (bonus) at year-end 2012 in the amount of 2,077 thousand rubles (INR 3,742.34 thousand); other awards in the amount of 1,179 thousand rubles (INR 2,124 thousand); compensatory payments in the amount of 185 thousand rubles (INR 333 thousand). No advance payments were made to the key management personnel in 2013.

#### *6.10. Information about the Business Activity Risks*

##### *6.10.1 General Information about the Possible Business Activity Risks.*

The Company's activities are subject to various risks that may affect achievement of the stated objectives. In order to manage any possible risks, the Company has implemented and developed a risk-oriented approach to the business activities aimed to ensure adoption of the most efficient managerial decisions by the Company's management under the conditions of uncertainty, and to identify opportunities for achievement of the Company's objectives.

The major risks capable of affecting the Company's activities are divided into the following groups:

- credit risk;

- liquidity risks;
- currency risks.
- legal risks;

#### *6.10.2 Disclosure of the Information about Credit Risks.*

The Company's credit risk prevails in the trade and financial activities, other accounts receivable.

The Company's management makes every possible effort to minimize the risk exposure. Particularly, the customers' creditworthiness is assessed based on the contractors' financial statements, after which credit limits are established under the goods supply agreements. The management believes that as of December 31, 2013, there are no substantial losses referring to these or other accounts receivable for which a provision for impairment has not been created.

To reduce the risk of impairment of any commercial organizations' receivables, the Company follows a number of procedures. Credit risk is determined based on the generalization of probability of cases and the possible influence of any events affecting the customer's ability to meet their obligations. Credit rating is assigned to a customer at the beginning of cooperation and then reassessed on the basis of the customer's credit history from time to time. As a part of its credit risk management policy, the Company carries out certain preventive procedures, including but not limited to advance payments, demands for security, bank guarantees, letters of credit and third party guarantees. To collect any overdue accounts receivable, the Company performs a number of actions: from notification, suspension of the goods supply and offsetting to applying to courts.

#### *6.10.3 Disclosure of the Information about Liquidity Risks.*

The Company monitors the risk of liquidity shortage at the stage of cash flow budget development and execution analysis. The Company aims to maintain the balance between the provision with money and flexibility through the use of loans granted by the parent company. The cash flow budget takes into account the terms of cash inflows and outflows from the Company's transactions. Resolutions on the investment of free cash or on the obtaining of external financing are adopted based on the forecasted cash flows. Due to implementation of the liquidity risk management policy, the Company has sufficient money to meet its obligations in time.

#### *6.10.4 Disclosure of the Information about Currency Risks.*

The Company regularly assumes foreign currency liabilities for goods supply, payment of interest on the obtained loans, and other liabilities due to which the Company is subject to the currency risk. The said transactions are mainly expressed in euros and in US dollars.

To reduce any currency risks, the Company has discharged all currency liabilities to its supplier TERAPIA and switched to a contract providing for payments in rubles. With regard to its monetary assets and liabilities expressed in foreign currencies, the Company's policy aims to maintain the net position at risk within reasonable limits by purchasing and selling foreign currency at "spot" rates, when a short-term imbalance must be eliminated.

Existence and movement of the foreign currency liabilities:

	Liabilities expressed in euros (thousand euros and INR)	Liabilities expressed in US dollars (thousand dollars and INR)
Balance as of 31.12.12	5,049 (INR 427,881)	7,503 (INR 463,149)
Arose	1,637 (INR138,729)	10,310 (INR 168,464)
Discharged	6,686 (INR 566,639)	2,753 (INR 169,938)
Balance as of 31.12.13	0	15,060 (INR 929,630)

#### 6.10.5 *Disclosure of the Information about Other Risks.*

At present, the Company's major legal risks are related to any changes in the tax legislation, legal regulation and by-laws.

At present, a number of taxes established at the federal, regional and local levels are applicable in Russia, including value added tax, corporate income tax, property tax, insurance contributions (for compulsory pension insurance, for compulsory social insurance, for compulsory health insurance), and other taxes.

The applicable tax legislation is subject to constant changes. In addition to that, judicial authorities may change interpretation of certain tax legislation provisions. This results in numerous disputes between the tax authorities and taxpayers. The said disputes are mainly resolved in courts. Besides, the issues of compliance with tax and other laws (e.g. customs and currency laws) are examined by various government authorities entitled to impose fines and collect penalties.

Pursuant to the applicable law, the tax authorities may audit the company's activities during the three years preceding the year of audit. The fact that the company's activities for a certain period have been audited does not mean that the company's tax liabilities for the said period cannot be audited in the future: the tax authorities may conduct a repeated tax audit based on the resolution of a higher tax authority, or in case if the taxpayer files any revised tax declarations stating a lesser amount of tax than the formerly declared amount.

The tax risks resulting from all such facts considerably exceed the tax risks customary to the organizations operating in any countries having a well-developed taxation system.

In opinion of the management, as of December 31, 2013, the corresponding provisions of the tax legislation were interpreted correctly, and it is highly probable that the Company will maintain its position with regard to the tax, currency and customs legislation.

#### 6.11. *Final Result.*

Based on the results of activities for 2013, the Company's net profit made up 188,033 thousand rubles (INR345,712 thousand). In the course of 2013, the sales volume grew by 8.5%, the share of sales cost decreasing by 9.25% (in 2013 and 2012 the share made up 77.46% and 86.71% respectively), the share of business expenses increasing by 4.68% (in 2013 and 2012 the shared made up 16.37% and 11.69% respectively).

In 2013, other income grew by 34.6%; at the same time, other expenses grew by 74.37% mainly due to the foreign exchange rate fluctuations and revaluation of the long-term loan in the amount of 10,000 US dollars (INR 617,284) obtained in 2013. Loss from changes in the foreign exchange rates made up 27,172 thousand rubles (INR

49,958 thousand). Resulting from the Company's investment activities, namely from placement of money on bank deposits, in 2013 the Company earned profit in the amount of 5,409 thousand rubles (INR 9,945 thousand).

Head

*signature*

Khanna Aman

*January 30, 2014*

*Round stamp "ZAO RANBAXY, Moscow, PSRN 1047796353846"*

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

i) Items relating to Profit and Loss account at Average rate: 1 Ruble= 0.5439 [2012: 1 Ruble =0.5817]

ii) Items relating to Balance sheet at Closing rate: 1 Ruble =0.5332 [2012: 1 Ruble=0.5550]