

Ranbaxy Pharmaceuticals Canada Inc.
Financial Statements
March 31, 2014

Independent Auditors' Report

To the Shareholder of Ranbaxy Pharmaceuticals Canada Inc.:

We have audited the accompanying financial statements of Ranbaxy Pharmaceuticals Canada Inc., which comprise the balance sheet as at March 31, 2014, and the statements of loss and retained earnings and cash flows for the 15 month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity'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 financial statements.

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 financial statements present fairly, in all material respects, the financial position of Ranbaxy Pharmaceuticals Canada Inc. as at March 31, 2014 and its cash flows for the 15 month period then ended in accordance with Canadian accounting standards for private enterprises.

Other Matter

The prior period financial statements were audited by another firm of chartered professional accountants who issued an unqualified opinion on those financial statements on January 30, 2013.

Toronto, Ontario

Chartered Professional Accountants

April 30, 2014

Licensed Public Accountants

Directors Report

Your Directors have the pleasure in presenting the Financial Statements for the year ended March 31, 2014.

WORKING RESULTS Year Ended March, 31	Canadian Dollars	
	2014 (15 Months)	2012 (12 Months)
Net Sales	78,973,145	68,461,474
Net Loss before undernoted income taxes	(6,602,324)	(834,594)
Other Income(expenses)		
Foreign exchange (loss)	680,074	146,544
Other Income	<u>(47,501)</u>	<u>(21,891)</u>
	<u>632,573</u>	<u>124,653</u>
Net loss before income taxes	(7,234,897)	(959,247)
Income taxes		
Current	(2,289,087)	(163,813)
Future	<u>105,426</u>	<u>(76,298)</u>
	<u>(2,183,661)</u>	<u>(240,111)</u>
Net loss for the year	(5,051,236)	(719,136)
<hr/>		
Retained earnings(deficit),beginning of year	15,600,061	16,319,197
Net Loss for the year	(5,051,236)	(719,136)
Retained earnings, end of year	<u>10,548,825</u>	<u>15,600,061</u>

WORKING RESULTS

Year Ended March, 31

INR

	2014 (15 Months)	2012 (12 Months)
Net Sales	4,487,110,511	3,661,041,390
Net Loss before undernoted income taxes	(375,132,045)	(44,630,695)
Other Income(expenses)		
Foreign exchange (loss)	38,640,568	7,836,578
Other Income	<u>(2,698,920)</u>	<u>(1,170,642)</u>
	<u>35,941,648</u>	<u>6,665,936</u>
Net loss before income taxes	(411,073,693)	(51,296,631)
Income taxes		
Current	(130,061,761)	(8,760,053)
Future	<u>5,990,114</u>	<u>(4,080,107)</u>
	<u>(124,071,648)</u>	<u>(12,840,160)</u>
Net loss for the year	(287,002,045)	(38,456,471)
Retained earnings(deficit),beginning of year	886,367,102	872,684,332
Net Loss for the year	(287,002,045)	(38,456,471)
Retained earnings, end of year	<u>599,365,057</u>	<u>834,227,861</u>

Dividend

No dividends have been declared for the year.

Changes in capital structure

There were no changes in the Company's capital structure in 2013.

Directors

The Board constitutes of: Venkat Krishnan, Regional Director, America's Ajay Vashisht

Sr. Director Finance & Commercial operations ; Paul Drake General Manager RPCI John Wright , Rajiv Gulati-President-Global Pharma Business

Acknowledgement

The Directors commend the continued commitment and dedication of employees at all levels. The Directors also wish to acknowledge with thanks all other stakeholders for their valuable sustained support and encouragement and they look forward to receiving similar support and encouragement in the years ahead.

Ajay Vashisht

Paul Darke

Director

Director

Dated: 02-May-14

Ranbaxy Pharmaceuticals Canada Inc.
Balance Sheet

As at

	<i>March 31</i>	<i>December 31</i>
	<i>2014</i>	<i>2012</i>
	CAD	CAD
Assets		
Current		
Cash and cash equivalents	1,547,356	5,063,353
Accounts receivable	9,291,396	11,134,422
Inventories <i>(Note 3)</i>	20,120,026	26,588,098
Prepaid expenses and deposits	520,233	550,844
Harmonized sales taxes receivable	591,217	1,818,662
Income taxes recoverable	3,091,461	1,976,383
Future income taxes	517,125	628,037
	35,678,814	47,759,799
Property and equipment <i>(Note 4)</i>	133,475	155,442
Future income taxes	9,850	4,363
	35,822,139	47,919,604
liabilities		
Current		
Accounts payable and accrued liabilities	23,023,214	30,069,443
Commitments and contingencies <i>(Note 10)</i>		
Subsequent events <i>(Note 13)</i>		
Shareholder's Equity		
Share capital <i>(Note 5)</i>	2,250,100	2,250,100
Retained earnings	10,548,825	15,600,061
	12,798,925	17,850,161
	35,822,139	47,919,604

Approved on behalf of the Board

Director Ajay Vashisht

Director Paul Darke

Dated 02-May-2014

Ranbaxy Pharmaceuticals Canada Inc.
Balance Sheet

As at

	<i>March 31</i>	<i>December 31</i>
	<i>2014</i>	<i>2012</i>
	INR	INR
Assets		
Current		
Cash and cash equivalents	83,640,865	278,206,209
Accounts receivable	502,237,622	611,781,429
Inventories <i>(Note 3)</i>	1,087,568,973	1,460,884,505
Prepaid expenses and deposits	28,120,703	30,266,154
Harmonized sales taxes receivable	31,957,676	99,926,484
Income taxes recoverable	167,106,000	108,592,473
Future income taxes	27,952,703	34,507,527
	1,928,584,541	2,624,164,780
Property and equipment <i>(Note 4)</i>	7,214,865	8,540,769
Future income taxes	532,432	239,725
	1,936,331,838	2,632,945,275
liabilities		
Current		
Accounts payable and accrued liabilities	1,244,498,054	1,652,167,198
Commitments and contingencies <i>(Note 10)</i>		
Subsequent events <i>(Note 13)</i>		
Shareholder's Equity		
Share capital <i>(Note 5)</i>	121,627,027	123,631,868
Retained earnings	570,206,757	857,146,209
	691,833,784	980,778,077
	1,936,331,838	2,632,945,275

Approved on behalf of the Board

Director Ajay Vashisht

Director Paul Darke

Dated 02-May-2014

Ranbaxy Pharmaceuticals Canada Inc.
Statement of Loss and Retained Earnings

For the period ended

	<i>March 31</i>	<i>December 31</i>
	<i>2014</i>	<i>2012</i>
	<i>(15 months)</i>	<i>(12 months)</i>
	CAD	CAD
Revenue		
Sales	273,273,145	231,915,592
Customer rebates	(194,300,000)	(163,454,118)
Net sales	78,973,145	68,461,474
Cost of sales	61,952,155	51,837,109
Gross profit	17,020,990	16,624,365
Expenses		
Selling, general and administrative (Note 6), (Note 7)	23,518,238	17,365,122
Interest	19,534	22,108
Interest income	(47,501)	(21,891)
Foreign exchange loss	680,074	146,544
Amortization	85,542	71,729
	24,255,887	17,583,612
Loss before income tax	(7,234,897)	(959,247)
Recovery of income taxes		
Current (Note 8)	(2,289,037)	(163,813)
Future (Note 8)	105,426	(76,298)
	(2,183,661)	(240,111)
Net loss	(5,051,236)	(719,136)
Retained earnings, beginning of period	15,600,061	16,319,197
Retained earnings, end of period	10,548,825	15,600,061

The accompanying notes are an integral part of these financial statements

Ranbaxy Pharmaceuticals Canada Inc.
Statement of Loss and Retained Earnings

For the period ended

	March 31 2014 (15 months)	December 31 2012 (12 months)
	INR	INR
Revenue		
Sales	15,526,883,239	12,407,855,237
Customer rebates	(11,039,772,727)	(8,740,861,925)
Net sales	4,487,110,511	3,661,041,390
Cost of sales	3,520,008,807	2,772,037,914
Gross profit	967,101,705	889,003,476
Expenses		
Selling, general and administrative (Note 6), (Note 7)	1,36,263,523	928,616,150
Interest	1,109,886	1,182,246
Interest income	(2,698,920)	(1,170,642)
Foreign exchange loss	38,640,568	7,836,578
Amortization	4,860,341	3,835,775
	1,378,175,398	940,300,107
Loss before income tax	(411,073,693)	(51,296,631)
Recovery of income taxes		
Current (Note 8)	(130,061,761)	(8,760,053)
Future (Note 8)	5,990,114	(4,080,107)
	(124,071,648)	(12,840,160)
Net loss	(287,002,045)	(38,456,471)
Retained earnings, beginning of period	886,387,102	872,684,332
Retained earnings, end of period	599,365,057	834,227,861

The accompanying notes are an integral part of these financial statements

Ranbaxy Pharmaceuticals Canada Inc.
Statement of Cash Flows
For the period ended

	<i>March 31</i> <i>2014</i> <i>(15 months)</i>	<i>December 31</i> <i>2012</i> <i>(12 months)</i>
	CAD	CAD
Cash provided by (used for) the following activities		
Operating activities		
Net loss	(5,051,236)	(719,136)
Amortization	85,542	71,729
Future income taxes	105,425	(76,298)
	(4,860,269)	(723,705)
Changes in working capital accounts		
Accounts and other receivables	3,039,859	(1,092,668)
Inventories	6,468,072	(1,441,329)
Prepaid expenses and deposits	61,222	118,398
Income taxes recoverable	(1,115,078)	(840,183)
Accounts payable and accrued liabilities	(7,046,228)	4,268,991
Due from related parties	-	1,668,038
	(3,452,422)	1,957,542
Investing activities		
Purchases of property and equipment	(63,575)	(44,714)
Increase in cash and cash equivalents	(3,515,997)	1,912,828
Cash and cash equivalents, beginning of period	5,063,353	3,150,525
Cash and cash equivalents, end of period	1,547,356	5,063,353

The accompanying notes are an integral part of these financial statements

Ranbaxy Pharmaceuticals Canada Inc.
Statement of Cash Flows
For the period ended

	<i>March 31</i>	<i>December 31</i>
	<i>2014</i>	<i>2012</i>
	<i>(15 months)</i>	<i>(12 months)</i>
	INR	INR
Cash provided by (used for) the following activities		
Operating activities		
Net loss	(287,002,045)	(38,456,471)
Amortization	4,860,341	3,835,775
Future income taxes	5,990,057	(4,080,107)
	(276,151,648)	(38,700,802)
Changes in working capital accounts		
Accounts and other receivables	172,719,261	(58,431,444)
Inventories	367,504,091	(77,076,417)
Prepaid expenses and deposits	3,478,523	6,331,444
Income taxes recoverable	(63,356,705)	(44,929,572)
Accounts payable and accrued liabilities	(400,353,864)	228,288,289
Due from related parties	-	89,199,893
	(196,160,341)	104,681,390
Investing activities		
Purchases of property and equipment	(3,612,216)	(2,391,123)
Increase in cash and cash equivalents	(199,772,557)	102,290,267
Cash and cash equivalents, beginning of period	287,690,511	168,477,273
Cash and cash equivalents, end of period	87,917,955	270,767,540

The accompanying notes are an integral part of these financial statements

Ranbaxy Pharmaceuticals Canada Inc.

Notes to the Financial Statements

For the period ended March 31, 2014

1. Incorporation and operations

Ranbaxy Pharmaceuticals Canada Inc. (the "Company") was incorporated under the laws of the Province of Ontario on December 12, 2002. It is ultimately a wholly owned subsidiary of Ranbaxy Laboratories Limited (the "Parent"). The Company's main activity is marketing and distributing pharmaceutical products.

2. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

Revenue from the sale of products is recognized when significant risk and rewards in respect to ownership of the products have been passed to the customer, and when the following criteria have been met:

- persuasive evidence of an arrangement exists;
- the price is fixed and determinable; and
- collectibility is reasonably assured

Allowances for sales discounts and estimates for charge-backs are recorded as a reduction in revenue.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined on a moving average basis. Net realizable value is determined on a basis of estimated selling prices, less costs necessary to make the sale. When circumstances which previously caused inventories to be written down below cost no longer exist, the previous impairment is reversed.

Property and equipment

Property and equipment are initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Furniture and fixtures	straight-line	5-10 years
Office equipment	straight-line	3-10 years
Machinery and equipment	straight-line	5-10 years

Impairment of long-lived assets

Long-lived assets consist of property and equipment. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in net loss for the period.

Ranbaxy Pharmaceuticals Canada Inc.

Notes to the Financial Statements

For the period ended March 31, 2014

2. Significant accounting policies (Continued from previous page)

Income taxes

The Company accounts for income taxes using the future income taxes method. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Foreign currency translation

These financial statements have been presented in Canadian dollars, the principal currency of the Company's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net loss for the current period.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slowmoving and obsolete inventory. Amortization is based on the estimated useful lives of property and equipment. Accounts payable and accrued liabilities include certain estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in net loss in the year in which they become known. Actual results could differ from these estimates.

Financial instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 *Related Party Transactions*.

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has not made such an election during the year.

The Company subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Company's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in net loss. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Ranbaxy Pharmaceuticals Canada Inc.

Notes to the Financial Statements

For the period ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Financial asset impairment

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payment in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year net loss.

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net loss in the year the reversal occurs.

3. Inventories

	March 31	<i>December 31</i>
	2014	2012
	<small>CAD</small>	
Finished goods	23,947,840	30,124,350
Inventory obsolescence	(3,827,814)	(3,536,252)
	20,120,026	26,588,098

3. Inventories

	March 31	<i>December 31</i>
	2014	2012
	<small>INR</small>	
Finished goods	1,294,477,838	1,655,184,066
Inventory obsolescence	(206,908,865)	(194,299,560)
	1,087,568,973	1,460,884,505

The cost of inventories recognized as an expense and included in cost of sales amounted to \$57,211,530 (2012 - \$54,679,647).

Ranbaxy Pharmaceuticals Canada Inc. Notes to the Financial Statements

For the period ended March 31, 2014

4. Property, and equipment	CAD			
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>March 31 2014 Net book value</i>	<i>December 31 2012 Net book value</i>
Furniture and fixtures	314,684	247,146	67,538	91,509
Office equipment	510,239	444,302	65,937	49,197
Machinery and equipment	128,607	128,607		14,736
	953,530	820,055	133,475	155,442

4. Property, and equipment	INR			
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>March 31 2014 Net book value</i>	<i>December 31 2012 Net book value</i>
Furniture and fixtures	17,009,946	13,359,243	3,650,703	5,027,967
Office equipment	27,580,486	24,016,324	3,564,162	2,703,132
Machinery and equipment	6,951,730	6,951,730		809,670
	51,542,162	44,327,297	7,214,865	8,540,769

5. Share capital	CAD	
	<i>March 31 2014</i>	<i>December 31 2012</i>
Authorized: unlimited common shares		
Issued and outstanding 2,250,100 Common shares	2,250,100	2,250,100

5. Share capital	INR	
	<i>March 31 2014</i>	<i>December 31 2012</i>
Authorized: unlimited common shares		
Issued and outstanding 2,250,100 Common shares	121,627,027	123,631,868

6. Employee future benefits

The Company participates in a registered savings plan covering substantially all eligible employees. The plan allows for employees to contribute up to 18% of their annual earnings to the plan subject to the statutory limits imposed by the tax authorities. The Company makes optional contributions of up to 4.5% of the annual earnings of the employees. After two years of service, the employees are fully vested with their share of the Company's contributions.

Contributions expensed by the Company during the year were \$117,821 CAD (2012 - \$88,064 CAD)

Ranbaxy Pharmaceuticals Canada Inc.

Notes to the Financial Statements

For the period ended March 31, 2014

7. Related party transactions

Included in accounts payable for the current period is \$1,887,254 INR 102,013,730 (2012 - \$2,815,383 INR 154,691,374) owed to the Parent and \$6,026,474 INR 325,755,351 (2012 - \$603,460 INR 33,157,143) owed to a subsidiary of the Parent.

Included in cost of sales for the current period are \$17,478,772 INR 993,012,145 (2012-18,802,414 INR 1,005,476,684) in purchases from the Parent and \$6,646,189 INR 377,624,375 (2012 - \$3,982,556 INR 212,970,909) from a subsidiary of the Parent.

Included in sales for the current period are \$50,929 INR 2,893,693 (2012 \$84,115 INR 4,498,128) in sample sales to the Parent.

Included in selling, general and administrative expenses for the current period are \$1,851,225 INR 105,183,239 (2012 - \$864,370 INR 46,222,995) in management and service fees paid to a subsidiary of the Parent.

These transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Income taxes

Income tax expense differs from the amounts that would be obtained by applying the combined federal and provincial statutory income tax rate of 26.5% (2012 - 25.5%) to earnings before income taxes. The difference results from the following:

	CAD	
	March 31 2014	December 31 2012
Current tax recovery	2,289,087	163,813
Future income tax benefit relating to temporary differences	(105,425)	76,298
Income tax recovery	2,183,662	240,111
	INR	
	March 31 2014	December 31 2012
Current tax recovery	130,061,761	8,760,053
Future income tax benefit relating to temporary differences	(5,990,057)	4,080,107
Income tax recovery	124,071,705	12,840,160

a. Income taxes (Continued from previous page)

Future income taxes represent the future benefits of temporary differences between tax and accounting bases of assets and liabilities consisting of:

	March 31 2014	December 31 2012
Future income taxes - current: In CAD		
Reserves on accounts receivable not deductible for income taxes	517,125	628,037
Future income taxes - long term: In CAD		
Excess of carrying value over tax basis of property and equipment	9,850	

Ranbaxy Pharmaceuticals Canada Inc.

Notes to the Financial Statements

For the period ended March 31, 2014

b. Income taxes *(Continued from previous page)*

Future income taxes represent the future benefits of temporary differences between tax and accounting bases of assets and liabilities consisting of:

	<i>March 31</i>	<i>December 31</i>
	<i>2014</i>	<i>2012</i>
Future income taxes - current: In INR		
Reserves on accounts receivable not deductible for income taxes	27,952,703	34,507,527
Future income taxes - long term: In INR		
Excess of carrying value over tax basis of property and equipment	532,432	

c. Economic dependence

At March 31, 2014, three (2012 - three) customers account for approximately 80% (2012- 71%) of accounts receivable and three (2012 - six) customers account for approximately 75% (2012- 8::)% of gross sales during the period. Two of these companies are warehouse distributors who sell to the ultimate customers.

Approximately 27% (2012 - 13%) of accounts payable at year end are owing to the parent company and commonly controlled subsidiaries. The Company's operations depend on purchases from the related party group.

d. Commitments and contingencies

The Company, along with other related parties, has been named as defendant in two separate product-related class action lawsuits. These lawsuits remain at an early stage, and as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of these lawsuits or to estimate the loss, if any, which may result. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of these litigations will not materially affect the Company's financial position or results of operations.

Under a sales and promotion agreement, the Company is obligated to make commission payments until December 31, 2014. The minimum quarterly payment for all products is \$100,000 INR 5,405,405

The Company has entered into a lease agreement with respect to its premises, expiring December 31, 2015. Estimated minimum rental payments, exclusive of occupancy costs are as follows:

2015		CAD 258,000
2016		CAD 269,000
		CAD 527,000
		CAD 527,000
2015		INR 13,945,946
2016		INR 14,540,541
		INR 28,486,486
		INR 28,486,486

Ranbaxy Pharmaceuticals Canada Inc.

Notes to the Financial Statements

For the period ended March 31, 2014

e. Financial instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into purchase transactions denominated in INR and USD currencies for which the related expense and accounts payable balances are subject to exchange rate fluctuations. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

	March 31	<i>December 31</i>
	<i>2014</i>	<i>2012</i>
	<i>CAD\$</i>	<i>CAD\$</i>
Cash	351,914	230,377
Accounts payable	7,913,728	5,265,850
	March 31	<i>December 31</i>
	<i>2014</i>	<i>2012</i>
	<i>INR</i>	<i>INR</i>
Cash	19,022,378	12,658,077
Accounts payable	427,769,081	289,332,418

Credit concentration

As at March 31, 2014, three customers (2012 - six) accounted for 75% (2012 - 82%) of revenues from operations and three customers (2012 - three) accounted for 80% (2012 - 71%) of the accounts receivable. Credit risk is minimized by having large and stable customers. The Company believes that there is no unusual exposure associated with the collection of these receivables. The Company performs regular credit assessments of its customers and limits credit extended when deemed necessary.

f. Capital management

The Company is a wholly owned subsidiary and manages its capital to maintain sufficient capital resources for operations and the requirements of its parent company. The capital structure of the Company consists of cash, issued share capital and retained earnings. The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from prior year.

g. Subsequent events

On April 4, 2014, the Company, as a part of a larger group under Ranbaxy Laboratories Ltd., was acquired by Sun Pharmaceutical Industries Ltd.

h. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation. The prior year figures were prepared by another accountant.

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 CAD= 0.0176 [2012: 1 CAD =0.0187]

ii) Items relating to Balance sheet at Closing rate: 1 CAD = 0.0185 [2012: 1 CAD=0.0182]