

KPMG S.p.A

Via Vittor Pisani, 25 20124 MILANO MI

Audit Report as per art. 14 Law Decr. 27.01.201 nr. 39

To the sole shareholder of

Ranbaxy Italia Spa

1. We have audited the financial statements of Ranbaxy Italia S.p.A. for the 15 months period as at and for the year ended 31 March 2014. The company's directors are responsible for drawing up these financial statements in accordance with the Italian regulations governing their preparation. Our responsibility is to express an opinion on the financial statement based on our audit.
2. We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession and recommended by Consob (the Italian Commission for Listed Companies and the Stock Exchange). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and are, as whole, reliable. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference on the prior year financial statements, which included the corresponding figures presented for comparative purposes as required by law, is prior year Audit Report, issued by us on 15 February 2013.

3. In our opinion, the financial statements of Ranbaxy Italia Spa as at and for the year ended 31 March 2014 comply with the Italian regulations governing their preparation. Therefore, they are clearly stated and give a true and fair view of the financial position and results of operations of the company as at and for the year ended 31 March 2014.
4. The Company, as required by law, has included in the supplementary notes the summary financial statements of the Company that exercises management and coordination of Ranbaxy Italy SpA. Our opinion on Ranbaxy Italy SpA financial statements is not extending to the summary financial statement of the controlling Company.
5. The directors of Ranbaxy Italia Spa are responsible for the preparation of the directors' report on the financial statements in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the directors' report with the financial statements to which it refers, as required by the law. For this purpose, we have performed the procedures required by the Italian Audit Standards nr 001 issued by the Italian Chartered Accountants order and recommended by Consob. In our opinion, the directors' report is consistent with the financial statements of Ranbaxy Italia Spa as at and for the year ended 31 March 2014.

Milan, 14 May 2014

KPMG S.p.A.

Marco Ferrarini

Partner

RANBAXY ITALIA S.P.A.

Registered office: Piazza Filippo Meda N. 3 Milan (MI)
Registered with the Registrar of Trading Companies in Milan
Tax payer Code and registration no. 04974910962
Registered in the R.E.A. of Milan no.1787791
Share capital subscribed € 200.000 fully paid-in
VAT number: 04974910962
Sole shareholder

Director Report

Financial Statements at 31/03/2014

We would draw your attention to the Financial Statements for the Fiscal year ended on 31st March 2014, highlighting a profit before tax accounting for € 276,921.

First of all, we highlight that this Directors' Report has been drawn up in compliance with the provisions set forth by art. 2428 of the Civil Code, so as amended by the Legislative Decree of 2 February 200, n. 32 and by the subsequent art. 2, comma 1, Legislative Decree of 6 November 2007, n. 195.

As decided during the extraordinary shareholders meeting held on 9 December 2013, as per Group's instructions, the financial year 2013 has been extended until 31/03/2014, thus covering a 15 months period in order to align to the Group financial period.

In this report, pursuant to the provisions set forth by art. 2428 of the Civil Code, we would like to provide you with information on the situation of your company and on the management trend.

This report, drawn up with figures in Euros, is presented together with the financial statements for the FY to provide information on incomes, assets, financial situation and management together with – whenever possible – historical elements and perspective evaluations.

Company Information

The company operates in the wholesale trading of pharmaceutical products.

During the fiscal year close at 31/03/2014, the management focused on the market segment of generics or equivalent medicines. The cooperation with Daiichi Sankyo Italia, started on 01/10/2011 with the sales and distribution of the molecules Lopresor and Congescor, stopped on 31/03/2014.

As anticipated, Ranbaxy Italy has made a profit in the fiscal year just ended; that's the result of the improvements implemented during the last 3 years, here below summarized:

- 1) Production value of Ranbaxy products increased over the previous year (+18% versus 2012, over 12 months)
- 2) The company's market share has remained stable and strong over the year (average of 2%)
- 3) In terms of costs control the Company continued the cost cut actions, particularly:
 - Renegotiations of purchase prices of finished goods from third party suppliers granted cost saving for 0.5 million euro
 - Agents commissions cuts and agent commissions linked to the clusters of products sold
 - overhead costs decreased where possible (consulting, bank commissions, etc.)
- 4) what above reflected on positive EBITDA, as % confirmed at the level of last year, while profit before tax is slightly better than last year, because of the reduction of payback (gone back to the 1,83% on public price for band A products) and of the reduction of financial costs thanks to the reduction of the Intercompany Debts and to the Libor reduction
- 5) also confirmed improved effectiveness in management of working capital; particularly DSO continued the improvement and stabilized at 120 days at the end of the year

In the last year the company has continued activities aimed at:

- push on sales and sales mix, with specific focus on products with higher gross contribution
- cost control and optimization
- concessionaries stock monitoring, in order to avoid issues with sales returns
- improvement in DSO

Profit & Loss

To better understand the results of the company management, the chart below shows the Income statement reclassification.

We remind you that 2013 financial year considers a 15 months period, from 01-01-2013 till 31/03/2014

For the second year in a row, after years of losses, the company has made a profit.

Profit & Loss

Value in €

	2013 (15 months)	%	2012	%	2011	%
Production Value	29.817.816	100,0%	27.715.912	100,0%	16.718.568	100,0%
- Cost of goods sold	12.684.721	42,5%	14.787.895	53,4%	7.332.435	43,9%
- General expenses	11.758.328	39,4%	8.509.534	30,7%	6.819.085	40,8%
VALUE ADDED	5.374.767	18,0%	4.418.483	15,9%	2.567.047	15,4%
- Personnel cost	3.467.103	11,6%	2.604.974	9,4%	2.429.494	14,5%
EBITDA	1.907.664	6,4%	1.813.510	6,5%	137.554	0,8%
- Amortization & depreciation	856.941	2,9%	788.551	2,8%	757.002	4,5%
- Other operating expenses	764.616	2,6%	790.343	2,9%	354.693	2,1%
OPERATING INCOME	286.107	1,0%	234.616	0,8%	-974.141	-5,8%
+ Financial income	591	0,0%	532	0,0%	349	0,0%
+ Forex adjustments	28.005	0,1%	-21.003	-0,1%	-9.251	-0,1%
EBIT	314.703	1,1%	214.144	0,8%	-983.043	-5,9%
- Financial charges	-130.427	-0,4%	-166.157	-0,6%	-162.819	-1,0%
+/- Extraord. income and charges	92.645	0,3%	35.134	0,1%	0	0,0%
EBT	276.921	0,9%	83.122	0,3%	-1.145.862	-6,9%
- Taxes	-140.630	-0,5%	-54.172	-0,2%	-30.604	-0,2%
PAT	136.292	0,5%	28.950	0,1%	-1.176.466	-7,0%

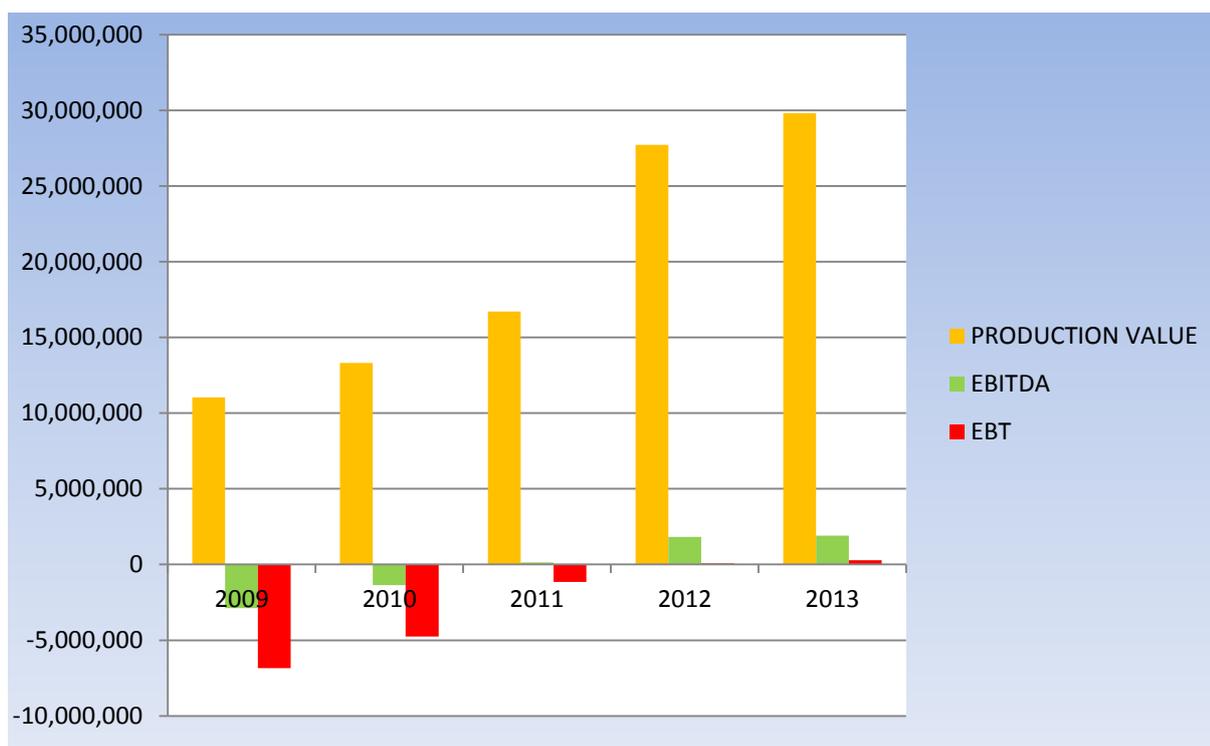
Profit & Loss

Value in INR

	2013 (15 months)	%	2012	%	2011	%
Production Value	2,366,493,333	100.00%	1,898,350,137	100.00%	1,085,621,298.70	100.00%
- Cost of goods sold	1,006,723,889	42.50%	1,012,869,521	53.40%	476,132,142.86	43.90%
- General expenses	933,200,635	39.40%	582,844,795	30.70%	442,797,727.27	40.80%
VALUE ADDED	426,568,810	18.00%	302,635,822	15.90%	166,691,363.64	15.40%
- Personnel cost	275,166,905	11.60%	178,422,877	9.40%	157,759,350.65	14.50%
EBITDA	151,401,905	6.40%	124,213,014	6.50%	8,932,077.92	0.80%
- Amortization & depreciation	68,011,190	2.90%	54,010,342	2.80%	49,155,974.03	4.50%
- Other operating expenses	60,683,810	2.60%	54,133,082	2.90%	23,032,012.99	2.10%
OPERATING INCOME	22,706,905	1.00%	16,069,589	0.80%	(63,255,909.09)	-5.80%
+ Financial income	46,905	0.00%	36,438	0.00%	22,662.34	0.00%
+ Forex adjustments	2,222,619	0.10%	(1,438,562)	-0.10%	(600,714.29)	-0.10%
EBIT	24,976,429	1.10%	14,667,397	0.80%	(63,833,961.04)	-5.90%
- Financial charges	(10,351,349)	-0.40%	(11,380,616)	-0.60%	(10,572,662.34)	-1.00%
+/- Extraord. income and charges	7,352,778	0.30%	2,406,438	0.10%	-	0.00%
EBT	21,977,857	0.90%	5,693,288	0.30%	(74,406,623.38)	-6.90%
- Taxes	(11,161,111)	-0.50%	(3,710,411)	-0.20%	(1,987,272.73)	-0.20%
PAT	10,816,825	0.50%	1,982,877	0.10%	(76,393,896.10)	-7.00%

Here below you can see the summary trend of sales and margins over the period 2009-2013:

	2009	2010	2011	2012	2013
PRODUCTION VALUE	11.033.418	13.320.958	16.718.568	27.715.912	29.817.816
EBITDA	-2.889.533	-1.362.596	137.554	1.813.510	1.907.664
EBT	-6.835.892	-4.748.837	-1.145.862	83.122	276.921



Also, in order to compare on yearly basis (from January to December) the last 3 years, please see here below:

Riclassificazione C/E

Importi in €

	Esercizio 2013 (12 mesi)		Esercizio 2012		Esercizio 2011	
		%		%		%
Production Value	23.757.094	100,0%	27.715.912	100,0%	16.718.568	100,0%
- Cost of goods sold	10.114.076	42,6%	14.787.895	53,4%	7.332.435	43,9%
- General expenses	9.356.930	39,4%	8.509.534	30,7%	6.819.085	40,8%
VALUE ADDED	4.286.088	18,0%	4.418.483	15,9%	2.567.047	15,4%
- Personnel cost	2.769.614	11,7%	2.604.974	9,4%	2.429.494	14,5%
EBITDA	1.516.474	6,4%	1.813.510	6,5%	137.554	0,8%
- Amortization & depreciation	650.484	2,7%	788.551	2,8%	757.002	4,5%
- Other operating expenses	865.989	3,6%	1.024.959	3,7%	-619.448	-3,7%
OPERATING INCOME	581.262	2,4%	790.343	2,9%	354.693	2,1%
+ Financial income	284.727	1,2%	234.616	0,8%	-974.141	-5,8%
+ Forex adjustments	404	0,0%	532	0,0%	349	0,0%
EBIT	25.478	0,1%	-21.003	-0,1%	-9.251	-0,1%
- Financial charges	310.610	1,3%	214.144	0,8%	-983.043	-5,9%
+/- Extraord. income and charges	-104.412	-0,4%	-166.157	-0,6%	-162.819	-1,0%
EBT	206.198	0,9%	47.987	0,2%	-1.145.862	-6,9%
- Taxes	90.878	0,4%	35.134	0,1%	0	0,0%
PAT	297.075	1,3%	83.122	0,3%	-1.145.862	-6,9%

As you can see the profit indicators have improved

The sales reduction of 2013 vs 2012 is due to the end of the cooperation with Daiichi Sankyo

In any case the sales of Ranbaxy Products increased by 18% vs 2012

The expectations for 2014 are positive as well, considering the trend of growth of the generics market in Italy.

Balance Sheet

To better understand the company assets and the financial situation, the chart below shows the Balance Sheet reclassification.

Assets

	31.03.2014	%	31.12.2012	%	Variaz.	31.12.2011
WORKING CAPITAL	12.274.205	84%	13.909.204	83%	-1.634.999	12.736.479
Cash & Bank Balances	708.228	5%	1.071.632	6%	-363.404	368.631
Cash & Bank balances	708.228	5%	1.071.632	6%	-363.404	368.631
Current Assets	8.576.993	59%	9.535.975	57%	-958.982	9.388.773
Sundry Debtors	-	0%	-	0%	-	-
Deferred Tax Assets	7.592.961	52%	8.510.053	51%	-917.092	8.209.605
Accrued Income and Prepaid Expenses	935.210	6%	961.333	6%	-26.123	898.373
INVENTORY	-	0%	-	0%	-	-
FIXED ASSETS	48.822	0%	64.589	0%	-15.767	280.795
INTANGIBLE ASSETS	2.988.984	20%	3.301.597	20%	-312.613	2.979.075
TANGIBLE ASSETS	2.322.662	16%	2.934.020	17%	-611.358	3.471.767
FINANCIAL ASSETS	-	0%	-	0%	0	0
TOTAL ASSETS	14.596.867	100%	16.843.224	100%	-2.246.357	16.208.246

Liabilities

	31.03.2014	%	31.12.2012	%	Variaz.	31.12.2011
THIRD PARTIES CAPITAL	14.128.020	97%	16.510.669	98%	-2.382.649	15.904.640
Current liabilities	6.784.990	46%	9.234.275	55%	-2.449.286	8.395.030
Short-term payables (Debts)	6.235.419	43%	8.681.103	52%	-2.445.684	8.308.750
Accrued Exp and Deferred Income	549.571	4%	553.172	3%	-3.602	86.280
Loan Funds & Provision	7.343.031	50%	7.276.394	43%	66.637	7.509.611
Medium -term IC Loan	6.862.112	47%	6.844.135	41%	17.977	7.152.837
Provision	108.772	1%	46.853	0%	61.919	40.272
Provision for retirement benefits	372.146	3%	385.405	2%	-13.259	316.501
NET EQUITY	468.847	3%	332.555	2%	136.292	303.605
Share capital	200.000	1%	200.000	1%	0	200.000
Reserves	132.555	1%	103.605	1%	28.950	1.280.071
Retained Earnings	-	0%	-	0%	-	-
Profit (loss) for the period	136.292	1%	28.950	0%	107.342	-1.176.466

TOTAL SOURCES	14.596.867	100%	16.843.224	100%	-2.246.357	16.208.246
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Information ex art 2428 C.C.

Here below are analysed in detail the information required by the provisions of art. 2428 of the Civil Code.

Main risks and uncertainties for the company

According to the first paragraph of art. 2428 of the Civil Code, it was not considered necessary to provide further information on this subject as, given the size of the company, the memo accounts and the information specified in the supplementary notes, are already properly expressed on any risk and uncertainty related with the corporate business.

Non-financial main ratios

According to the second paragraph of art. 2428 of the Civil Code, for a better understanding of the company current position, of the business trend and result, indicating the non-financial ratios was considered irrelevant.

Environment information

The company has not proceeded with any particular environmental policy, as unnecessary to its business.

Personnel information

There is no relevant information concerning personnel management.

Also during this financial year, training continued to play an important role for the company, that continuously applying for training courses for its agents and employees.

High emphasis was given to education in order to spread proper procedures and to avoid and prevent fraudulent behaviours, according to Legislative Decree 8 June 2001, n°23. The relevant training was provided.

The personnel on the payroll at 31 March 2014 consisted of 40 units.

1. R&D activity

According to and setting forth on point 1) of the third paragraph of art. 2428 from Civil Code, no R&D activity was performed during this financial year.

2. Relationships with subsidiaries, associated and parent companies

According to the provisions on point 2) of the third paragraph of art. 2428 from Civil Code the company holds no interests. Ranbaxy Italia has a sole shareholder of 100%, Ranbaxy NBV, which is a subsidiary of Ranbaxy Laboratories Limited.

The company currently has not entered into any type of agreement with subsidiaries, associated or parent companies, but for a sole shareholder's loan accounting for € 6,800,000.

The agreements were governed by normal market conditions.

3. Own shares

According to art. 2428, paragraphs 3 nn. 3 and 4 from the Civil Code, the company has no own shares.

4. Shares/interests of parent company

According to art. 2428, paragraphs 3 nn. 3 and 4 from the Civil Cod, the company holds no interests of parent company.

5. Relevant events occurred after the financial year-end

No relevant events occurred after the financial year-end.

6. Business forecast

According to the provisions on point 6) of the third paragraph of art. 2428 from the Civil Code currently it's hard to forecast the evolution of the business; but the trend of positive results and continuous improvement is likely to be confirmed. The current economic situation anyhow drives the company to continue with the cost saving practices.

6. bis Use of relevant financial tools for assessment of financial position and results

The company currently makes no use of financial tools for manage its exposure to market price risks, credit risks, cash risks and other risks arising from swing of cash flows.

Other information

Document on Privacy Policy

According to Legislative Decree n. 196/2003 (Code on privacy policy), the Managing Director acknowledges that the company is compliant with privacy policy according to Legislative Decree n. 196/2003 and to the terms and conditions of it. Especially it should be noted that the Privacy Policy, kept at the operational office is available for reading.

* * *

Dear Shareholder,

In the light of the forgoing in the above paragraphs and in the Supplementary Notes, please:

- Approve the Financial Statements for the financial year ended at 31/03/2014;
- Allocate the net profit of the financial year amount € 136,292 to the legal reserves (5%) and retained earnings (95%); as a consequence of that the Net Equity of the Company will be € 468,847.

Milan, _____

Ranbaxy Italia S.p.a.
For the Board of Directors
The Managing Director
(Mr. Massimo versace)

EURO

Assets

	Total 2013	Total 2012
B) FIXED ASSETS		
I - INTANGIBLE ASSETS		
1) Formation expenses	0	0
2) Research, development, and advertising costs	0	3.587
3) Industrial patent rights and others	19.230	19.096
4) Concessions, licenses, trademarks and similar rights	717.797	1.183.921
5) Goodwill	1.510.675	1.671.388
6) Assets under construction and part payments		
7) Other intangible assets	19.176	602
TOTAL INTANGIBLE ASSETS	2.266.878	2.878.594
II - TANGIBLE ASSETS		
2) Equipment and machinery	1.044	1.831
4) Other tangible assets	54.741	53.595
TOTAL TANGIBLE ASSETS	55.784	55.426
TOTAL FIXED ASSETS (B)	2.322.662	2.934.020
C) CURRENT ASSETS		
I - INVENTORY		
1) Raw materials and consumables	222.908	252.908
4) Finished goods and goods for resale	2.766.076	3.048.690
TOTAL INVENTORY	2.988.984	3.301.597
II - RECEIVABLES		
1) Trade receivables	7.367.833	8.116.092
Trade receivables within 12 months		
Trade receivables beyond 12 months		
4-bis) Tax credits	93	106
Tax credits within 12 months		
Tax credits beyond 12 months		
4-ter) Advanced taxes	935.210	961.333
Advanced taxes within 12 months		
Advanced taxes beyond 12 months		
5) Other receivables from third parties	225.035	393.855
Other receivables from third parties within 12 months		
Other receivables from third parties beyond 12 months		
TOTAL RECEIVABLES	8.528.171	9.471.386
IV - CASH AND BANKS		
1) Bank and postal deposits	707.401	1.069.412
3) Cash	827	2.220
TOTAL CASH AND BANKS	708.228	1.071.632
TOTAL CURRENT ASSETS (C)	12.225.383	13.844.615
D) DEFERRALS AND ACCRUALS - ASSETS		
Prepayments and deferred expenditures	48.822	64.589
TOTAL DEFERRALS AND ACCRUALS - ASSETS (D)	48.822	64.589
TOTAL ASSETS	14.596.867	16.843.224

INR

Assets

	Total 2013	Total 2012
B) FIXED ASSETS		
I - INTANGIBLE ASSETS		
1) Formation expenses	0	0
2) Research, development, and advertising costs	0	259.938
3) Industrial patent rights and others	1.579.374	1.383.776
4) Concessions, licenses, trademarks and similar rights	58.954.336	85.791.409
5) Goodwill	124.075.308	121.115.051
6) Assets under construction and part payments		
7) Other intangible assets	1.574.995	43.587
TOTAL INTANGIBLE ASSETS	186.184.014	208.593.762
II - TANGIBLE ASSETS		
2) Equipment and machinery	85.712	132.685
4) Other tangible assets	4.495.980	3.883.718
TOTAL TANGIBLE ASSETS	4.581.692	4.016.403
TOTAL FIXED ASSETS (B)	190.765.706	212.610.165
C) CURRENT ASSETS		
I - INVENTORY		
1) Raw materials and consumables	18.307.940	18.326.651
4) Finished goods and goods for resale	227.184.362	220.919.530
TOTAL INVENTORY	245.492.302	239.246.180
II - RECEIVABLES		
1) Trade receivables	605.137.478	588.122.617
Trade receivables within 12 months		
Trade receivables beyond 12 months		
4-bis) Tax credits	7612	7705
Tax credits within 12 months		
Tax credits beyond 12 months		
4-ter) Advanced taxes	76.811.015	69.661.823
Advanced taxes within 12 months		
Advanced taxes beyond 12 months		
5) Other receivables from third parties	18.482.612	28.540.191
Other receivables from third parties within 12 months		
Other receivables from third parties beyond 12 months		
TOTAL RECEIVABLES	700.438.717	686.332.336
IV - CASH AND BANKS		
1) Bank and postal deposits	58.100.474	77.493.608
3) Cash	67.950	160.852
TOTAL CASH AND BANKS	58.168.424	77.654.460
TOTAL CURRENT ASSETS (C)	1.004.099.444	1.003.232.977
D) DEFERRALS AND ACCRUALS - ASSETS		
Prepayments and deferred expenditures	4.009.847	4.680.346
TOTAL DEFERRALS AND ACCRUALS - ASSETS (D)	4.009.847	4.680.346
TOTAL ASSETS	1.198.874.996	1.220.523.488

EURO

Liabilities

	Total 2013	Total 2012
A) SHAREHOLDERS' EQUITY		
I - Share capital	200.000	200.000
IV - Legal Reserves	1.448	
VII - Other reserves		103.605
VIII - Retained Earnings	131.107	0
IX - Profit (loss) for the period	136.292	28.950
TOTAL SHAREHOLDERS' EQUITY (A)	468.847	332.555
B) CONTINGENCY RESERVES		
1) Reserve for pensions and similar obligations	106.000	44.081
2) Deferred taxes	2.772	2.772
TOTAL CONTINGENCY RESERVES (B)	108.772	46.853
C) STAFF LEAVE INDEMNITY	372.146	385.405
D) PAYABLES		
3) Debts towards members for financing	6.862.112	6.844.135
Debts towards members for financing within 12 months		
Debts towards members for financing beyond 12 months		
4) Bank overdrafts, advances and loans	0	0
Bank overdrafts, advances and loans within 12 months		
Bank overdrafts, advances and loans beyond 12 months		
7) Trade payables	2.073.363	4.597.193
Trade payables within 12 months		
Trade payables beyond 12 months		
11) Payables to parent companies	3.704.731	3.490.924
Payables to parent companies within 12 months		
Payables to parent companies beyond 12 months		
12) Taxes payables	35.344	225.882
Taxes payables within 12 months		
Taxes payables beyond 12 months		
13) Social security payables	170.326	173.645
Social security payables within 12 months		
Social security payables beyond 12 months		
14) Other payables	251.654	193.459
Other payables within 12 months		
Other payables beyond 12 months		
TOTAL PAYABLES (D)	13.097.531	15.525.239
E) DEFERRALS AND ACCRUALS - LIABILITIES		
Accruals and deferred income	549.571	553.172
TOTAL DEFERRALS AND ACCRUALS - LIABILITIES (E)		
TOTAL LIABILITIES	14.596.867	16.843.224

Liabilities

	Total 2013	Total 2012
A) SHAREHOLDERS' EQUITY		
I - Share capital	16.426.470	14.492.754
IV - Legal Reserves	118.887	
VII - Other reserves		7.507.609
VIII - Retained Earnings	10.768.167	0
IX - Profit (loss) for the period	11.193.954	2.097.828
TOTAL SHAREHOLDERS' EQUITY (A)	38.507.477	24.098.190
B) CONTINGENCY RESERVES		
1) Reserve for pensions and similar obligations	8.706.029	3.194.263
2) Deferred taxes	227.709	200.904
TOTAL CONTINGENCY RESERVES (B)	8.933.739	3.395.167
C) STAFF LEAVE INDEMNITY		
	30.565.256	27.927.889
D) PAYABLES		
3) Debts towards members for financing	563.601.385	495.951.847
Debts towards members for financing within 12 months		
Debts towards members for financing beyond 12 months		
4) Bank overdrafts, advances and loans	0	0
Bank overdrafts, advances and loans within 12 months		
Bank overdrafts, advances and loans beyond 12 months		
7) Trade payables	170.290.201	333.129.962
Trade payables within 12 months		
Trade payables beyond 12 months		
11) Payables to parent companies	304.278.287	252.965.493
Payables to parent companies within 12 months		
Payables to parent companies beyond 12 months		
12) Taxes payables	2.902.895	16.368.283
Taxes payables within 12 months		
Taxes payables beyond 12 months		
13) Social security payables	13.989.293	12.582.942
Social security payables within 12 months		
Social security payables beyond 12 months		
14) Other payables	20.668.929	14.018.770
Other payables within 12 months		
Other payables beyond 12 months		
TOTAL PAYABLES (D)	1.075.730.990	1.125.017.296
E) DEFERRALS AND ACCRUALS - LIABILITIES		
Accruals and deferred income	45.137.535	40.084.945
TOTAL DEFERRALS AND ACCRUALS - LIABILITIES (E)		
TOTAL LIABILITIES	1.198.874.996	1.220.523.488

In EURO

Profit and loss account

	Partial 2013	Total 2013	Total 2012
A) PRODUCTION VALUE			
1) Net sales from products and services		29.200.565	26.330.310
2) Variation of inventory products		-312.613	322.522
5) Other operating income		929.864	1.063.081
Other operating revenues	929.864		
TOTAL PRODUCTION VALUE		29.817.816	27.715.912
B) PRODUCTION COSTS			
6) Costs of raw materials, auxiliary materials, merchandise and other goods		12.684.721	14.787.895
7) Costs of services		11.145.302	8.015.669
8) Costs for use of third parties assets		613.026	493.866
9) Labour costs		3.467.103	2.604.974
a) Salaries and wages	2.480.132		
b) Costs of social security	796.912		
c) Staff leave indemnity	150.749		
e) Other labour costs	39.310		
10) Depreciation and write downs		856.941	788.551
a) Depreciation of intangible fixed assets	726.405		
b) Depreciation of tangible fixed assets	28.818		
d) Current assets written off	101.718		
11) Variation of inventory of raw materials, consumables and goods for resale			
14) Other operating expenses		764.616	790.343
TOTAL PRODUCTIONS COSTS		29.531.709	27.481.296
Net income from operating activities (A - B)		286.107	234.616
C) FINANCIAL INCOME AND EXPENSES			
16) Other financial income		591	532
d) Other financial income from other companies	0 591		
17) Interests payable and other financial expenses to parent companies to other companies		-130.427	-166.157
	-130.427		
17-bis) Profit and loss on exchange		28.005	-21.003
NET FINANCIAL INCOME (LOSS) (15+16-17+-17bis)		-101.831	-186.628
E) EXTRAORDINARY INCOME AND EXPENSES			
20) Extraordinary income		92.645	35.134
Difference from rounding-off to Euro unit			
Other extraordinary income	92.645		
21) Extraordinary expenses			
Other extraordinary expenses			
NET EXTRAORDINARY INCOME (LOSS) (20 - 21)		92.645	35.134
Result before taxes (A-B+-C+-D+-E)		276.921	83.122
22) Current, deferred and advanced income taxes for the period		-140.630	-54.172
Income taxes for the period		-140.630	-54.172
23) Net income (loss) for the year		136.292	28.950

In INR

Profit and loss account

	Partial 2013	Total 2013	Total 2012
A) PRODUCTION VALUE			
1) Net sales from products and services		2.310.699.661	1.803.445.857
2) Variation of inventory products		-24.737.699	22.090.547
5) Other operating income		73.582.022	72.813.735
Other operating revenues	73.582.022		
TOTAL PRODUCTION VALUE		2.359.543.984	1.898.350.138
B) PRODUCTION COSTS			
6) Costs of raw materials, auxiliary materials, merchandise and other goods		1.003.767.588	1.012.869.494
7) Costs of services		881.950.220	549.018.395
8) Costs for use of third parties assets		48.510.003	33.826.410
9) Labour costs		274.358.859	178.422.843
a) Salaries and wages	196.257.872		
b) Costs of social security	63.061.218		
c) Staff leave indemnity	11.929.100		
e) Other labour costs	3.110.669		
10) Depreciation and write downs		67.811.496	54.010.352
a) Depreciation of intangible fixed assets	57.481.895		
b) Depreciation of tangible fixed assets	2.280.433		
d) Current assets written off	8.049.168		
11) Variation of inventory of raw materials, consumables and goods for resale			
14) Other operating expenses		60.505.592	54.133.060
TOTAL PRODUCTIONS COSTS		2.336.903.758	1.882.280.555
Net income from operating activities (A - B)		22.640.226	16.069.584
C) FINANCIAL INCOME AND EXPENSES			
16) Other financial income		46770	36416
d) Other financial income	0		
from other companies	46770		
17) Interests payable and other financial expenses		-10.320.937	-11.380.592
to parent companies			
to other companies	-10.320.937		
17-bis) Profit and loss on exchange		2.216.106	-1.438.595
NET FINANCIAL INCOME (LOSS) (15+16-17+-17bis)		-8.058.062	-12.782.770
E) EXTRAORDINARY INCOME AND EXPENSES			
20) Extraordinary income		7.331.171	2.406.458
Difference from rounding-off to Euro unit			
Other extraordinary income	7.331.171		
21) Extraordinary expenses			
Other extraordinary expenses			
NET EXTRAORDINARY INCOME (LOSS) (20 - 21)		7.331.171	2.406.458
Result before taxes (A-B+-C+-D+-E)		21.913.335	5.693.271
22) Current, deferred and advanced income taxes for the period		-11.128.301	-3.710.393
Income taxes for the period		-11.128.301	-3.710.393
23) Net income (loss) for the year		10.785.034	1.982.879

RANBAXY ITALIA S.P.A.

Registered office: Piazza Filippo Meda N. 3 Milan (MI)
Registered with the Registrar of Trading Companies in Milan
Tax payer Code and registration no. 04974910962
Registered in the R.E.A. of Milan no.1787791
Share capital subscribed € 200.000 fully paid-in
VAT number: 04974910962
Sole shareholder

Supplementary Notes to the Financial Statements

Financial Statements at 31/03/2014

Introduction to the Supplementary Notes

Dear Shareholder,

With reference to the Financial Statements of your company closed at March 31, 2014 we set out below the data and information required by the relevant provisions of the law.

These Supplementary Notes are an integral part to the Financial Statements closed at March 31, 2014: in fact, the fiscal year 2013 has been extended till March 31, 2014 to adequate it to the transition to the new financial year in accordance with the instructions of the parent Company and as discussed during the extraordinary meeting of December 9, 2013.

Since this Financial Statements counts a Fiscal year of 15 months, it is not possible to compare exactly the income statement with the one of last year.

To compare on 12 months basis the Fiscal Year 2013 with the Fiscal Year 2012, please refer to the Management report.

These Supplementary Notes disclose the result of the Company's ninth year of activity, as it was set up in 2005.

The Financial Statements were drawn up in compliance with article 2423 and subsequent articles of the Civil Code, the Accounting Standards and relevant interpretation of the Italian Accounting Institution (hereinafter OIC). They convey a true and fair view of the assets, financial situation and result for the period of the company.

The Balance Sheet and the Income statement have been drafted according to the provisions of art. 2424 and 2425 of the Civil Code.

The Notes to the Financial Statements, drawn up pursuant to art. 2427 of the Civil Code, disclose all the information that is deemed necessary to provide a true and fair view of the Financial Statements.

Please refer to the enclosed Management's Report for a detailed description of the company's activity, of the events occurred after the end of the FY, of the relationships with related parties and the foreseeable future trend of the company's management.

Drafting information

Financial Statements drafting

With reference to what indicated in the introduction of these Supplementary Notes, we point out that, pursuant to art. 2423, par. 3 of the Civil Code, all the additional information deemed necessary to provide a true and fair view of the corporate situation has been disclosed.

No extraordinary events occurred, which made it necessary to make exceptions as under art. 2423, par. 4 and art. 2423-bis, par. 2 of the Italian Civil Code.

Values in these Financial Statements as well as in these Supplementary Notes are expressed in Euros, in compliance with the provisions laid down in the Italian Civil Code.

Financial Statements drafting principles

The valuation of the posted items was carried out according to the standard of prudence and on an accrual-basis, with a view to the going-concern of the company. In compliance with the provisions of art. 2423-bis, no. 1, last paragraph of the Italian Civil Code, in posting the assets and liabilities the substantial aspects were given priority with respect to the formal ones.

On drawing up these Financial Statements, costs and revenues have been entered on an accrual basis, independently from their actual cash occurrence (collection and payments).

The company incurred losses during prior years in connection with the development and growth of the business. The 2012 is a marked improvement compared to previous years because we have reached a positive result recording a profit for € 136.291,65. In this regard, reference is made to the report on operations included in the Financial Statements to verify the evolution of key indicators over the last three years and the prospects for 2014.

At March 31, 2014, the equity is positive and equal to € 468.847.

The Financial debt as at March 2014, 31 amounts to € 6.862.112/INR 562 mn represented entirely by debt to the parent company (Ranbaxy Netherlands BV).

The debt to the banking system was completely paid off for the month of April 2011.

Net financial debt amounts to € 6.153.884/INR 504 mn represented by the balance of cash (€ 708.228) and the debt to the parent company (Ranbaxy Netherlands BV), as above.

It should be noted that the sole shareholder has confirmed by letter dated 09/04/2014 its commitment to financially support the company, and please note that Ranbaxy Italy is in line with the financial planning agreed with the parent company to early 2011; planning agreed as a caveat to obtain coverage of losses from previous years by the controlling company.

Based on the commitment of the partner, the substantial improvement in business performance and a positive outlook for 2013, this budget was drawn up assuming business continuity.

Draft Financial Statements structure and contents

The Balance sheet, the Income statement and the other accounting information contained in these notes comply with the accounting records from which they have been directly derived.

In drafting the Balance sheet and the Income statement, no items preceded by Arabic numbers have been grouped together, as optionally provided for by art. 2423 ter of the Italian Civil Code.

In order to give a clearer view of the Financial Statements, no items preceded by Arabic numbers or by lower-case letters whose corresponding value is nul, either for the current fiscal year or for the previous one.

According to art. 2423-ter of the Italian Civil Code, all items were comparable with those of the previous fiscal year, so that no adjustment was necessary.

According to art. 2424 of the Italian Civil Code, we confirm that there are no items among assets or liabilities posted under different entries of the draft Financial Statements.

1. Evaluation Criteria

The criteria applied to evaluate the items posted and the value adjustments comply with the provisions of the Italian Civil Code. These items have not changed with respect to the previous FY.

In compliance with the new provisions introduced by the company law reform, the accounting values expressed in foreign currency have been entered – after being converted in Euros according to the exchange rate in force at the moment of the entry.

The assets and liabilities which do not constitute fixed assets and capitalised financial receivables have been entered according to the spot cash exchange rate on the closing date of the FY. The profits and losses resulting from the exchange have been entered in the income statement under item 17 bis - profits and losses on currency exchange. On this point, it is noted that there are no tangible assets to the balance sheet date.

Between the closing of the FY and the reporting date there have been no significant changes in the foreign currency exchange rates.

Fixed assets

Fixed assets are posted at their purchase cost and/or production cost.

Production costs also include direct costs for the share that may be reasonably charged to each fixed asset, relating to the manufacturing period and until the asset is objectively available for use.

According to art. 10 of the law dated March 19, 1983, No. 72, and as recalled by the following monetary revaluation laws, we point out that no monetary revaluation have been carried out for tangible and intangible assets still registered in the company's equity.

Intangible assets

Intangible assets are entered among the assets in the Balance sheet, upon the prior consent by the Board of Statutory Auditors as necessary, at their purchase and/or manufacturing cost and they are depreciated on a straight-line basis according to their remaining useful life.

The assets value is entered net of amortisation and depreciation funds.

The depreciations were made in compliance with the following pre-arranged scheme, which is thought to properly allocate the cost borne during the intangible fixed assets' useful life:

Voci immobilizzazioni immateriali	Periodo
Start-up and expansion costs	{20,00}%
Concessions, licenses and trademarks (software)	{33,33}%
Concessions, licenses and trademarks (marketing authorisations, "AIC")	{20,00}%
Concessions, licenses and trademarks (trademarks)	{5,56}%
Goodwill	{5,00}%
Other fixed assets (improvement of third parties' assets)	{10,00}%

The depreciation criteria of intangible assets have not been changed with reference to the past FY.

Please notice that the depreciation of goodwill, starting from 2008, has been spread over 20 years instead of 5 years. Consequently, the goodwill depreciation rate has been reduced, from a previous 20% to the current 5%.

Since the goodwill was acquired against payment and entered among the assets in the Balance sheet with the approval of the Board of Statutory Auditors, pursuant to art. 2426, par. 1 n. 6 of the Italian Civil Code, it has been considered as appropriate to depreciate it over a 20-years period, once ascertained that period does not exceed its useful life.

For information purposes required by art. 2426, par. 1 point 2 of the Italian Civil Code, we also underline that the change of the depreciation rates applied to the goodwill derives from a review of the company's plans on the utilisation of assets, resulting from a continuation of the return on investment that confirm the usefulness of higher future 5 years initially planned.

Start-up and expansion costs

Start-up and expansion costs have been posted among the assets in the Balance sheet with the approval of the Board of Statutory Auditors, since their useful life can be estimated to cover many years according to the standard of prudence; said costs will be depreciated within five years at the longest.

R&D and advertising costs

These costs only comprise advertising costs. They have been posted among the assets in the Balance sheet with the approval of the Board of statutory Auditors, since their useful life can be estimated to cover many years according to the standard of prudence; these costs will be depreciated within five years at the longest.

Goodwill

As previously noticed, the goodwill, acquired against payment and entered among the assets in the Balance sheet with the approval of the Board of Statutory Auditors – starting from FY 2008 - are depreciated over a 20-years period, i.e. beyond the five-year term established by art. 2426, par. 1, n. 6 of the Italian Civil Code, considering its useful life, which can be estimated to cover many years, and its use, as resulting from the business plans prepared by management.

Tangible assets

Tangible assets have been registered in the Financial statements at the purchase and/or manufacturing cost, increased by additional charges paid until the assets became operative. The production cost is equal to all the manufacturing costs paid until the good became operative, either direct or common manufacturing costs.

The amortisation criteria of tangible assets have not changed with respect to those applied in the previous FY.

We point out that it was not necessary to operate any impairment pursuant to art. 2426 comma 1 n.3 of the Italian Civil Code.

Current assets

Stocks

Stocks only include finished goods. These have been registered at the lowest value between the purchase and the fair value as it can be inferred from market trends.

The purchase cost includes the possible additional direct charges.

Il costo delle rimanenze dei prodotti finiti, di natura fungibile, e' stato calcolato adottando il metodo Costo Medio Ponderato, al fine di rispecchiare l'andamento dei prezzi di mercato, valutando il magazzino ai costi più recenti.

The value so calculated has been duly compared with the fair value that can be inferred from the market trend, as explicitly required by art. 2426 of the Civil Code.

For the provisions for stocks devaluation the Ranbaxy Group policy has been followed, based on the following rule:

- 100% devaluation rate for the stock value of the expired products;
- 100% devaluation rate for the stock value of product with expiry dates within 1 to 6 months;
- 50% devaluation rate for the stock value of products with expiry dates from 6 to 12 months.
- 25% of the value of stock products with expiry date more than 12 months but with a residual maturity of less than 50% of the 'shelf life'.

Receivables

Receivables have been entered in the Financial Statements at the net book value in compliance with the provisions of art. 2426 n.8 of the Italian Civil Code; the adjustment to this value has been made by creating a provision for bad debts, whose total amount and movements have been detailed under point 4 of these Supplementary notes.

Deferred tax assets

Deferred tax assets result being posted among tax credits that will be used during next yeats for an amount equal to € 935.210 thanks to the improvement of company performance, commercial contracts, company budget for the year 2014 and business plan 2014-2017.

For the relevant details, please refer to the paragraph on deferred taxation in these Supplementary Notes.

Prepayments and accrued income

Prepayments and accrued income have been posted in the Financial statements on an accrual basis i.e. on the basis of the FY costs and revenues are related to.

Provisions for liabilities and charges

Provisions for liabilities and charges

The balance of the provisions for risks is equal to € 106.000 and refers to FISC at March 31, 2014.

During the FY no certain or possible cost entries have been registered, whose total amount and occurrence date are unknown.

Deferred tax liabilities

The deferred tax liabilities are referred to temporary differences arisen in the previous FYs.

The provision for deferred taxes is equal to € 2.772.113.

Please refer to the deferred taxation paragraph of these Supplementary notes for details.

Employees leaving indemnity

Employees leaving indemnity has been calculated in accordance with art. 2120 of the Italian Civil Code, considering the provisions of the law, the distinctive features of contracts and professional categories and it comprises all the annual accruals and the revaluations calculated on the basis of the ISTAT (Central Statistics Institute) rates.

The amount of the provision is registered net of advance payments and accruals paid for the termination of employment during the FY and it represents the certain amounts due to subordinate employees at the closing date of the Financial Statements.

Payables

Payables are entered in the Financial Statements at their nominal value, eventually adjusted on the occasion of following variations. At the reporting date of Financial Statements, there are neither payables with a period longer than five years, and debts secured by mortgages on real special.

Deferred income and accrued liabilities

Accruals and deferred income has been budgeted in accordance with the actual accrual of costs and revenues to which they relate.

Determination of revenues

The revenues for products sales or services supply have been registered on transfer of ownership on the basis of the delivery or sending criteria and of returns respectively. The financial revenues, instead, have been registered on an accrual-basis.

The revenues and profits, as well as the costs and charges relevant to operations in foreign currency have been determined at the foreign exchange rate on the date in which the operation was carried out.

Translation criteria for values expressed in foreign currency

The assets and liabilities, which do not represent intangible assets, have been entered at the exchange rate of the closing date of the FY. The profits and losses on currency exchange have been posted in the Income statement under entry 17 bis Exchange profits and losses. These are referred mainly to ordinary intercompany operations.

There are no intangible assets in foreign currency at the date of FY closing.

From the FY closing to the reporting date, no significant effects in foreign currency fluctuations have been registered.

2. Assets changes

In this paragraph of the Supplementary notes, the changes in tangible and intangible assets have been analysed. There are no financial assets at the closing date of these Financial Statements.

For each entry of the assets it was specified, where applicable:

- The historical cost;
- The previous devaluations and depreciations existing at the beginning of the FY;
- The acquisitions, shifting from an entry to another one, the disposal or removal occurred during the FY;
- The devaluations and depreciations made during the FY;
- The final value of the asset.

We would also like to specify, as stated above, that no revaluations have been made during the current FY, nor in the previous ones.

Changes in intangible assets

Intangible assets amounted to € 2.266.878/ /INR 185,809,872.

It refers to primarily goodwill and licenses (marketing authorization) purchased from third parties outside the group.

During 2013/2014 was revealed a depreciation of licenses for € 95.584/INR 7,586,031 given by the absence trade interests of some molecules for Ranbaxy Italia S.p.A. (Anastrozolo, Pramipexolo, Quinapril).

The impact on total income at March 2014, 31 and amortization of intangible assets amounted to € 630.821./INR 50,065,158.

For a thorough evaluation and analysis of changes occurred in intangible assets, please refer to what set out in detail in the enclosures to these Supplementary notes.

Changes in tangible assets

Tangible assets gross of the relevant accumulated depreciations are equal to € 193.786/ INR 15,884,098; and the relevant provisions for depreciation are equal to € 138.002/INR 11,311,639.

For a thorough evaluation and analysis of changes occurred in tangible assets, please refer to what set out in detail in the enclosures to these Supplementary notes.

3. Composition of assets

The following chart included the composition of start-up and expansion costs, as well as of R&D and advertising costs.

The entries below have been posted among the assets with the approval of the Board of Statutory Auditors, as according to the standard of prudence their useful life is estimated to cover many years and they are depreciated over the maximum

period of 5 years.

The depreciation criteria of these entries have been set out in the previous paragraph "Evaluation criteria".

According to art. 2426, point 5) of the Italian Civil Code, until depreciation has been completed, dividends can be distributed only if sufficient available reserves are allocated to cover the amount of non-depreciated costs.

R&D and advertising costs

The following chart sets out the composition of R&D and advertising costs.

Description	Items	31.03.2014	31.12.2012	31.12.2011	Change in figures
<i>R&D and advertising costs</i>					
	Advertising costs	49.089	49.089	49.089	-
	Provision for the depreciation of advertising costs	47.140-	45.502-	35.684-	1.638-
	Write Off	1.949-			1.949-
	Totale	-	3.587	13.405	3.587-

IN INR

Description	Items	31.03.2014	31.12.2012	31.12.2011	Change in figures
<i>R&D and advertising costs</i>					
	Advertising costs	3,895,952	3,362,260	3,187,597	-
	Provision for the depreciation of advertising costs	3,741,270	3,116,575	2,317,143	130,000
	Write Off	154,683			154,683
	Totale	-	245,685	870,455	284,683

As from the above table, this entry included only advertising costs. These costs have been recorded with the consent of the Board of Statutory auditors, as costs lasting many years.

Particularly, these advertising costs are related to the purchase of "shopping bags" with the corporate logo, which will be used over the next FYs.

4. Changes in the value of other items among assets and liabilities

Regarding the closing FY and in compliance with the provisions of art. 2427, par. 1, n. 4 of the Italian Civil Code, the following charts included for each entry among assets and liabilities the initial balance, the changes occurred during the FY and the relevant final balance.

Stocks

As previously said, stocks are only made up of finished products and raw materials.

Below are the amounts required by art. 2427 of the Italian Civil Code.

Description	Items	Initial value	Increase	Under the same ent	To other entries	Decrease	Final value
<i>Raw and subsidiary materials</i>							
	<i>Raw and subsidiary materials</i>	252.908		-	-	30.000-	222.908
	Total A	252.908		-	-	30.000-	222.908
<i>Finished products and goods</i>							
	Finished products	3.222.824		-	-	175.204-	3.047.620
	Write-downs of finished products	174.134-	107.409-	-			281.543-
	Totale B	3.048.690	107.409-	-	-	175.204-	2.766.077
	Totale A+B	3.301.598	107.409-	-	-	205.204-	2.988.985

IN INR

Description	Items	Initial value	Increase	Under the same entry	To other entries	Decrease	Final value
<i>Raw and subsidiary materials</i>							
	<i>Raw and subsidiary materials</i>	20,730,163.93		-	-	2,459,016.39	18,271,147.54
	Total A	20,730,163.93		-	-	2,459,016.39	18,271,147.54
<i>Finished products and goods</i>							
	Finished products	264,165,901.64		-	-	14,360,983.61	249,804,918.03
	Write-downs of finished products	14,273,278.69	8,804,016.39	-			23,077,295.08
	Totale B	249,892,623	8,804,016	-	-	14,360,984	226,727,623
	Totale A+B	270,622,787	8,804,016	-	-	16,820,000	244,998,770

Raw materials are the stickers (bollino) applied to finished products.

The stock level of finished product is lower than last year because of the interruption of collaboration with Daiichi Sankyo Italia S.p.A.. On April 1st 2013 Ranbaxy interrupted the distribution and sales of Lopresor and Congescor, with the consequent impact on working capital

The stock rotation ratios are substantially unchanged from the previous year.

Receivables

Description	Items	Initial Value	Increase.	Decrease	Final value
<i>Trade Receivables</i>					
	Credit notes to be issued to third party clients	384.738-	209.828-	-	594.566-
	Bills receivable	2.768.616	19.378	-	2.787.994
	Third parties Italy	5.712.586	-	426.418-	5.286.168
	Invoices to be issued to third party clients	119.628	-	31.390-	88.238
	Bad debt provision fund	100.000-	100.000-	-	200.000-
	Total	8.116.092	290.450-	457.808-	7.367.834
<i>Tax credit</i>					
	Withholdings on interest receivable	106	-	13-	93
	IRES tax	0	-	-	0
	VAT	0	-	-	0
	Total	106	-	13-	93
<i>Advance income taxes</i>					
	Tax credit for advance income taxes	961.333	-	26.123-	935.210
	Totale	961.333	-	26.123-	935.210
<i>Accounts receivable from other undertakings</i>					
	Advance payments to third party suppliers	352.507	-	175.653-	176.854
	Sundry guarantee deposits	31.789	4.208	-	35.997
	Receivables for reimbursements	-	-	-	-
	Credit for INAIL	9.558	2.626	-	12.184
	Totale	393.854	6.834	175.653-	225.035

IN INR

Description	Items	Initial Value	Increase.	Decrease	Final value
<i>Trade Receivables</i>					
	Credit notes to be issued to third party clients	31,535,901.64	17,199,016.39	-	48,734,918.03
	Bills receivable	226,935,737.70	1,588,360.66	-	228,524,098.36
	Third parties Italy	468,244,754.10	-	34,952,295.08	433,292,459.02
	Invoices to be issued to third party clients	9,805,573.77	-	2,572,950.82	7,232,622.95
	Bad debt provision fund	8,196,721.31	8,196,721.31	-	16,393,442.62
	Total	744,718,688.52	26,984,098.36	37,525,245.90	734,177,540.98
<i>Tax credit</i>					
	Withholdings on interest receivable	8,688.52	-	1,065.57	7,622.95
	IRES tax	0	-	-	0
	VAT	0	-	-	0
	Total	8,688.52	-	1,065.57	7,622.95
<i>Advance income taxes</i>					
	Tax credit for advance income taxes	78,797,786.89	-	2,141,229.51	76,656,557.38
	Totale	78,797,786.89	-	2,141,229.51	76,656,557.38
<i>Accounts receivable from other undertakings</i>					
	Advance payments to third party suppliers	28,894,016.39	-	14,397,786.89	14,496,229.51
	Sundry guarantee deposits	2,605,655.74	344,918.03	-	2,950,573.77
	Receivables for reimbursements	-	-	-	-
	Credit for INAIL	783,442.62	215,245.90	-	998,688.52
	Totale	32,283,114.75	560,163.93	14,397,786.89	18,445,491.80

The increase of the item "Credit notes to be issued to third parties" revealed the fisiological increase of allocation of risk for returns due to the increase in turnover of the company; particularly for the sales to wholesalers.

Ranbaxy products have had a considerable turnover increase in 2013/2014.

The decrease compared vs prior year, visible in item "Third Parties Italy", is due to the interruption of collaboration with Daiichi Sankyo Italia S.p.A , even though the increase of the turnover of Ranbaxy products.

The average money collection time is 120 days a remarkable improve compared to last years and confirm the trend of improving cash flow management due both to an accurate management of credit and an efficient system of credit control.

Regarding the item "Tax credit for advance income taxes" refers to what is stated in paragraph 13.

Cash at bank and in hand

Description	Items	Initial value	Increase	Decrease	Final value
<i>Current bank accounts and post-office deposits</i>					
	Bank	1.069.412	-	362.011-	707.401
<i>Cash and cash equivalents</i>					
	Cash in hand	2.220	-	1.393-	827
	Total	1.071.632	-	363.404-	708.228

The evolution of cash is described in the financial statements.

Description	Items	Initial value	Increase	Decrease	Final value
<i>Current bank accounts and post-office deposits</i>					
	Bank	87,656,721.31	-	29,673,032.79	57,983,688.52
<i>Cash and cash equivalents</i>					
	Cash in hand	181,967.21	-	114,180.33	67,786.89
	Total	87,838,688.52	-	29,787,213.11	58,051,475.41

Accrued income and prepayments

Description	Items	Initial value	Increase	Decrease	Final value
<i>Accrued income and prepayments</i>					
	Accrued income	33.517	-	33.517-	-
	Prepayments	31.072	17.750	-	48.822
	Total	64.589	17.750	33.517-	48.822

Description	Items	Initial value	Increase	Decrease	Final value
<i>Accrued income and prepayments</i>					
	Accrued income	2,747,295	-	2,747,295	-
	Prepayments	2,546,885	1,454,918	-	4,001,803
	Total	5,294,180	1,454,918	2,747,295	4,001,803

Shareholders' equity

Description	Items	Initial value	Increase	Decrease	Final value
<i>Share Capital</i>					
	Share capital	200.000	-	-	200.000
	Total	200.000	-	-	200.000
<i>Other reserves</i>					
	Legal Reserve	0	1.448	-	1.448
	Other Reserves	103.605	-	103.605-	0
	Retained Earnings	0	131.107	-	131.107
	Totale	103.605	132.555	103.605-	132.555
<i>Utile/Perdita dell'esercizio</i>					
	Profit of the FY	28.950	136.292	28.950-	136.292
	Total	28.950	136.292	28.950-	136.292
	Total Equity	332.555	268.847	132.555-	468.847

IN INR

Description	Items	Initial value	Increase	Decrease	Final value
<i>Share Capital</i>					
	Share capital	16,393,442.62	-	-	16,393,442.62
	Total	16,393,442.62	-	-	16,393,442.62
<i>Other reserves</i>					
	Legal Reserve	-	118,688.52	-	118,688.52
	Other Reserves	8,492,213.11	-	8,492,213.11	-
	Retained Earnings	-	10,746,475.41	-	10,746,475.41
	Totale	8,492,213.11	10,865,163.93	8,492,213.11	10,865,163.93
<i>Utile/Perdita dell'esercizio</i>					
	Profit of the FY	2,372,950.8197	11,171,475.41	2,372,950.82	11,171,475.41
	Total	2,372,950.82	11,171,475.41	2,372,950.82	11,171,475.41
	Total Equity	27,258,606.56	22,036,639.34	10,865,163.93	38,430,081.97

For the second year in a row Ranbaxy Italy closed with a profit; this is the result of the hard work done from financial and business perspectives.

The 2014/2015 budget and multi-year business plan confirms the positive trend in the years ahead.

Provisions for liabilities and charges

Descrizione	Dettaglio	Consist. iniziale	Increment.	Decrem.	Consist. Finale
<i>Provision for income taxes – including deferred taxes</i>					
	Severance & retirement pension fund	44.081	61.919	-	106.000
	Provision for deferred income taxes	2.772	-		2.772
	Total	46.853	61.919	-	108.772

IN INR

Descrizione	Dettaglio	Consist. iniziale	Increment.	Decrem.	Consist. Finale
<i>Provision for income taxes – including deferred taxes</i>					
	Severance & retirement pension fund	3,613,197	5,075,328	-	8,688,525
	Provision for deferred income taxes	227,213	-		227,213
	Total	3,840,410	5,075,328	-	8,915,738

Subordinate employees' leaving indemnity

Descrizione	Dettaglio	Consist. iniziale	Accanton.	Utilizzi	Consist. Finale
<i>Subordinate employees' leaving indemnity</i>					
	Provision for subordinate employees' leaving indemnity	385.405	135.866	149.125-	372.146
	Totale	385.405	135.866	149.125-	372.146

IN INR

Descrizione	Dettaglio	Consist. iniziale	Accanton.	Utilizzi	Consist. Finale
<i>Subordinate employees' leaving indemnity</i>					
	Provision for subordinate employees' leaving indemnity	31,590,573.7	11,136,557.38	12,223,360.66	30,503,770.49
	Totale	31,590,573.7	11,136,557.38	12,223,360.66	30,503,770.49

Debts

Descrizione	Dettaglio	Consist. Iniziale	Increment.	Decrem.	Consist. Finale
<i>Amounts owed to shareholders for loans</i>					
	Interest-bearing loan from shareholders	6.800.000	-	-	6.800.000
	Interests on interest-bearing loan from shareholders	44.135	17.977	-	62.112
	Total	6.844.135	17.977	-	6.862.112
<i>Bank loans</i>					
	Bank	-	-	-	-
	Total	-	-	-	-
<i>Trade creditors</i>					
	Invoices to be received from third party suppliers	2.084.706	-	1.186.500-	898.206
	Foreign third party suppliers	1.540.646	-	1.064.247-	476.399
	Italian third party suppliers	971.841		273.082-	698.759
	Total	4.597.193	-	2.523.829	2.073.363
<i>Amounts owed to subsidiaries</i>					
	Amounts owed to subsidiaries	3.490.924	213.807		3.704.731
	Total	3.490.924	213.807	-	3.704.731
<i>Taxation</i>					
	VAT due	61.524	-	92.750-	31.226-
	Withholding taxes on subordinate employment income	67.656	-	30.843-	36.813
	Withholding taxes on business agents income	10.522	4.786	-	15.308
	Substitute tax	291	7.540	-	7.831
	Withholding taxes on IRAP	85.889		79.271-	6618
	Total	225.882	12.326	202.864-	35.344
<i>Social security</i>					
	Amounts due to INPS (subordinate employees)	90.339	-	45.770-	44.569
	Amounts due to INAIL (subordinate employees/collaborators)	10.433	4.103	-	14.536
	Amounts due to ENASARCO	9.148	6.513	-	15.661
	Amounts due to INPS (for deferred remunerations)	59.897	13.386	-	73.283
	Other social security funds	-	481	-	481
	FONTE fund	3.368	3.972	-	7.340
	Sundry social security contributions	460	13.997	-	14.457
	Total	173.645	42.452	45.770-	170.327
<i>Other debts</i>					

Descrizione	Dettaglio	Consist. Iniziale	Increment.	Decrem.	Consist. Finale
	Amounts owed to third parties	-	-	-	-
	Bills of expenses	-10	30		20
	Clients advance payments	-	-	-	-
	Personnel remunerations	-246	246	-	-
	Amounts owed to personnel	193.715	57.919	-	251.634
	Total	193.459	58.195	-	251.654

IN INR

Descrizione	Dettaglio	Consist. Iniziale	Increment.	Decrem.	Consist. Finale
<i>Amounts owed to shareholders for loans</i>					
	Interest-bearing loan from shareholders	557,377,049.18	-	-	557,377,049.18
	Interests on interest-bearing loan from shareholders	3,617,622.95	1,473,524.59	-	5,091,147.54
	Total	560,994,672.13	1,473,524.59	-	562,468,196.72
<i>Bank loans</i>					
	Bank	-	-	-	-
	Total	-	-	-	-
<i>Trade creditors</i>					
	Invoices to be received from third party suppliers	170,877,540.98	-	97,254,098.36	73,623,442.62
	Foreign third party suppliers	126,282,459.02	-	87,233,360.66	39,049,098.36
	Italian third party suppliers	79,659,098.36		22,383,770.49	57,275,327.87
	Total	376,819,098.36	-	206,871,229.51	169,947,868.85
<i>Amounts owed to subsidiaries</i>					
	Amounts owed to subsidiaries	286,141,311.48	17,525,163.93		303,666,475.41
	Total	286,141,311.48	17,525,163.93	-	303,666,475.41
<i>Taxation</i>					
	VAT due	5,042,950.82		7,602,459.02	2,559,508.20
	Withholding taxes on subordinate employment income	5,545,573.77		2,528,114.75	3,017,459.02

Withholding taxes on business agents income	862,459.02	392,295.08		1,254,754.10
Substitute tax	23,852.46			641,885.25
Withholding taxes on IRAP	7,040,081.97	-	6,497,622.95	542,459.02
Total	18,514,918.03	392,295.08	16,628,196.72	8,016,065.57
<i>Social security</i>				
Amounts due to INPS (subordinate employees)	7,404,836.07	-	3,751,639.34	3,653,196.72
Amounts due to INAIL (subordinate employees/collaborators)	855,163.93	336,311.48	-	1,191,475.41
Amounts due to ENASARCO	749,836.07	533,852.46	-	1,283,688.52
Amounts due to INPS (for deferred remunerations)	4,909,590.16	1,097,213.11	-	6,006,803.28
Other social security funds		39,426.23	-	39,426.23
FONTE fund	276,065.57	325,573.77	-	601,639.34
Sundry social security contributions	37,704.92	1,147,295.08	-	1,185,000.00
Total	14,233,196.72	3,479,672.13	3,751,639.34	13,961,229.51
<i>Other debts</i>				
Amounts owed to third parties	-	-	-	-
Bills of expenses	(819.67)	2,459.02		1,639.34
Clients advance payments	-	-	-	-
Personnel remunerations	(20,163.93)	20,163.93	-	-
Amounts owed to personnel	15,878,278.69	4,747,459.02	-	20,625,737.70
Total	15,857,295.08	4,770,081.97	-	20,627,377.05

5. Investments in subsidiaries or associated companies

The company does not hold any participating interest in either subsidiaries or associated undertakings.

6. Accounts receivable and payable classified on the basis of their remaining duration and debts secured by collaterals

Neither receivables nor payables with residual validity longer than five years are posted, nor debts secured by mortgages on company assets.

6. bis Currency Exchange profits and losses

Description	Initial value	value at the date of preparation of financial statements	Change in figures
US Dollars cash	493	471	22-
GBP Pounds cash	171	128	43-
Euro Dollars cash	1.556	228	1.328-
Total	2.220	827	1.393-

6. ter Leaseback operations

During the FY the company did not carry out any lease back operation.

7. Accruals and prepayments, other provisions and reserves: composition

Accrued income and prepayments

The chart below shows the items posted under this entry, as they appear to be recorded in the company's financial statements: accrued costs to maintain and recharge prepaid amounts related to performance in between the two years (rent, school courses, etc.)

Descrizione	Dettaglio	Importo esercizio corrente
<i>Accrued income and prepayments</i>		
	Accrued income	-
	Prepayments	48.822
	Total	48.822

Descrizione	Dettaglio	Importo esercizio corrente
<i>Accrued income and prepayments</i>		
	Accrued income	-
	Prepayments	4,001,803
	Total	4,001,803

For other Reserves, please refer to Net Equity details (pag. 13 of these Notes).

7. bis Shareholders' equity: composition

The charts enclosed to these Supplementary Notes show the items posted under the shareholders' equity in detail, with separate indication for each item of the origin, possible use and distribution as well as of the amount used in the past years.

Changes in the shareholders' equity

For a complete evaluation and analysis of the changes occurred in the shareholders' equity, we refer to details in the charts enclosed to these Supplementary Notes.

8. Capitalised financial charges

All interest and financial charges were entirely posted in the Income Statement during the FY. Therefore, no capitalised financial charges are posted pursuant to art. 2427, par. 1, n. 8 of the Italian Civil Code.

9. Breakdown of the turnover from sales and services

The company operates only on the Italian market. Therefore, no geographical break-down of revenues from sales and service supply is provided. Also, no partitioning into categories of activities has been recorded as the company solely distributes generic drugs.

10. Income from investments other than dividends

No proceeds from investments as under art. 2425, art. 15 of the Italian Civil Code are posted.

11. Composition of interest and other financial charges

The following chart enclosed interests and other financial charges as under art. 2425, n. 17 of the Italian Civil Code, with indication for each item of debenture loans, bank loans and other loans they are related to.

Description	Items	Amount	Debenture loans	Bank loans	Other loans
<i>Other loans</i>					
	Bank interest payable	49	-	49	-
	Interest payable on shareholders' loans	130.378	-	-	130.378
	Sundry financial charges	-	-	-	-
	Total	130.427	-	49	130.378

12. Composition of extraordinary income and charges

During the financial year the Company recorded extraordinary incomes for € 92.645./INR 7,352,777.

13. Deferred tax assets and deferred tax liabilities

Below is the information required by art. 2427, par. 1, point 14, letter a) and b), i.e.:

- a) a description of the temporary differences that have given rise to deferred taxes, with separate indication of the applied rate, of changes with reference to the previous FY and of the amounts entered into the Income Statement or the Shareholders' equity. No item was left out from this calculation;
- b) the amount of the deferred tax assets posted in the Financial Statements, in relation to the losses occurring during this FY and the past FYs and the reasons for recording.

Deferred tax assets and deferred tax liabilities have been calculated by applying the following rates:

Rates	FY 2008	FY 2009	FY 2010	FY 2011	Beyond
IRES	27.50%	27.50%	27.50%	27.50%	27.50%
IRAP	3.9%	3.9%	3.9%	3.9%	3.9%

The chart below itemises the temporary differences originating deferred income taxes:

Deferred tax assets: IRES

Descrizione	Es. 2005	Es. 2009	Es. 2010	Es. 2011	Es. 2012	Es. 2013/2014	Totale
Temporary deductible differences							
Bad debt provision						60.906	
Stock write off provision						134.550	
Sales returns provision					704.731	144.871	849.603
Finance costs							
Loss on exchange rate					51.046	-49.769	1.277
Tax losses	121.731	3.147.937					3.269.668
Total temporary differences	121.731	3.147.937			755.777	290.559	4.316.004
Deferred IRES tax assets 27.50%	33.476	865.683			207.839	79.904	1.186.901
Reversal	33.476	251.349					284.826
Total - Deferred IRES tax assets 27.50%	0	614.333	0	0	207.839	79.904	902.076

IN INR

Descrizione	Es, 2005	Es, 2009	Es, 2010	Es, 2011	Es, 2012	Es, 2013/2014	Totale
Temporary deductible differences							
Bad debt provision						4,992,295.08	
Stock write off provision						11,028,688.52	
Sales returns provision					57,764,836.07	11,874,672.13	69,639,590.16
Finance costs							
Loss on exchange rate					4,184,098.36	(4,079,426.23)	104,672.13
Tax losses	9,977,950.82	258,027,622.95					268,005,573.77
Total temporary differences	9,977,950.82	258,027,622.95			61,948,934.43	23,816,311.48	353,770,819.67
Deferred IRES tax assets 27,50%	2,743,934.43	70,957,622.95			17,035,983.61	6,549,508.20	97,286,967.21
Reversal	2,743,934.43	20,602,377.05					23,346,393.44
Total - Deferred IRES tax assets 27,50%	0	50,355,163.93	0	0	17,035,983.61	6,549,508.20	73,940,655.74

Deferred tax asset: IRAP

Descrizione	Es. 2005	Es. 2009	Es. 2011	Es. 2012	Es. 2013/2014	Totale
Temporary deductible differences						
Bad debt provision						
Stock write off provision						
Sales returns provision				704.731	144.871	849.602
Goodwill amortization						
Total temporary differences IRAP	0	0		704.731	144.871	849.602
Deferred IRAP tax assets 3,9%	0	0	0	27.485	5.650	33.135

IN INR

Descrizione	Es. 2005	Es. 2009	Es. 2011	Es. 2012	Es. 2013/2014	Totale
Temporary deductible differences						
Bad debt provision						
Stock write off provision						
Sales returns provision				57,764,836.07	11,874,672.13	69,639,508.20
Goodwill amortization						
Total temporary differences IRAP	0	0		57,764,836.07	11,874,672.13	69,639,508.20
Deferred IRAP tax assets 3,9%	0	0	0	2252868.852	463114.7541	2715983.607

Deferred tax assets for an amount of € 935.210 were allocated as :

- Allocated in respect of the tax losses made by the company in previous years (net of utilizations of 2013/2014)
- The deferred tax assets for the year 2013/2014
-

The accounting treatment of deferred taxes was made as set forth by Accounting Standard 25 of the Board of Certified Chartered Accountants and Registered Auditors as it is reasonably certain to achieve taxable income over the future FYs and that said losses can be indefinitely carried forward.

Reconciliation between actual tax liability and estimated tax liability

In compliance with the provisions of Accounting Standard n. 25 laid down by the National Association of Certified Chartered Accountants, we report here below the detail of the reconciliation between the statutory tax liability resulting from the Financial Statements and the estimated tax liability.

IRES

Descrizione	Importi	Imposte differite
Profit before tax	<u>276.921</u>	
Tax (theoretical)	76.153	
<u>Permanent increase variances</u>	<u>229.117</u>	
<u>Temporary increase variances</u>	<u>822.298</u>	
Total increase variances	1.051.415	
<u>Permanent decrease variances</u>	<u>-410.749</u>	-
<u>Temporary decrease variances</u>	<u>-502.929</u>	
Total decrease variances	-913.678	
Total variances	137.737	
Tax loss use	-379.762	
Donations	1.643	
Taxable Income	33.253	
Current Tax IRES	9.145	
IRES deferred tax asset		902.076

IN INR

Descrizione	Importi	Imposte differite
Profit before tax	<u>21977857.14</u>	
Tax (theoretical)	6043888.889	
<i><u>Permanent increase variances</u></i>	<u>18,183,888.89</u>	
<i><u>Temporary increase variances</u></i>	<u>65,261,746.03</u>	
Total increase variances	83,445,634.92	
<i><u>Permanent decrease variances</u></i>	<u>(32,599,126.98)</u>	-
<i><u>Temporary decrease variances</u></i>	<u>(39,915,000.00)</u>	
Total decrease variances	<u>(72,514,126.98)</u>	
Total variances	10,931,507.94	
Tax loss use	(30,139,841.27)	
Donations	130,396.83	
Taxable Income	2,639,126.98	
Current Tax IRES	725,793.65	
IRES deferred tax asset		10,931,507.94

IRAP

Descrizione	Importi	Imposte differite
Difference between production value and production costs	467.107	
<i>Non deductible costs IRAP</i>	3.529.511	
Taxable Income IRAP	3.996.619	
Theoretical Tax (rate 3,9%)	155.868	
<u>Permanent increase variances</u>	<u>27.831</u>	-
<u>Temporary increase variances</u>	<u>594.566</u>	-
Total increase variances	622.397	
<u>Permanent decrease variances</u>	<u>-86.538</u>	-
<u>Temporary decrease variances</u>	<u>-449.694,94</u>	
Total decrease variances	-536.233	
Total adjustments	-1.381.186	
Taxable Income	<u>2.701.597</u>	
IRAP current Tax	105.362	
IRAP deferred tax asset		<u>33.134</u>

Also we point out that:

- Deferred tax assets and liabilities were calculated on the basis of the average rates expected for the FY when temporary differences will be reversed;
- Deferred tax assets are recorded because it is reasonably certain that during the FY when the aforesaid temporary differences are reversed, the taxable income will not be lower than said losses;

In INR

Descrizione	Importi	Imposte differite
Difference between production value and production costs	37,071,984	
<i>Non deductible costs IRAP</i>	280,119,921	
Taxable Income IRAP	317,191,984	
Theoretical Tax (rate 3,9%)	12,370,476	
<u><i>Permanent increase variances</i></u>	2,208,810	-
<u><i>Temporary increase variances</i></u>	47,187,778	-
Total increase variances	49,396,587.30	
<u><i>Permanent decrease variances</i></u>	(6,868,095.24)	-
<u><i>Temporary decrease variances</i></u>	(35,690,074.60)	
Total decrease variances	(42,558,174.60)	
Total adjustments	(109,617,936.51)	
Taxable Income	214,412,460.32	
IRAP current Tax	8,362,063.49	
IRAP deferred tax asset		2,629,683

14. Number of employees

The chart below shows the average number of employees at 31/03/2014, grouped in categories:

	Unità
Category	
Managers	3
Executives	12
Office workers	25

Total	40
--------------	-----------

The average number of employees on the payroll for every category was calculated on the basis of the average daily number of workers at 31/03/2014.

15. Remuneration of directors and of statutory auditors

No remuneration is provided for the Board of Directors

The remunerations due to the Board of Statutory Auditors come to € 13.977.

The remuneration due to the auditors (KPMG) is equal to € 25.000.

16. Number and nominal value of the company shares

The number of company's shares is 200,000.00 and their nominal value is € 1 each.

No movements were made either during the FY as at March 2014, 31 or the preceding FYs. There are no share classes other than the ordinary ones. The Company's sole shareholder is the only holder of all the shares since the Company was set up. All shares were subscribed and fully paid up.

17. Dividend-bearing shares, convertible bonds/debentures, and similar securities

The company has not issued any dividend-bearing shares, convertible bonds/debentures, similar securities.

18. Issue of financial instruments

The company has not issued any financial instruments.

18. bis Shareholders' loans

The company has a shareholder loan amounting to € 6.800.000 /INR 557 mn at 31/03/2014.

This is an interest-bearing loan (at the Libor rate for 6 months + a spread of 0.125 %), granted to the sole shareholder, RANBAXY NETHERLANDS B.V.

Interest accrued but not yet paid on the loan in question amounted to € 62.112 compared € 44.135 at 31/12/2012.

19. Resources allocated to a single specific operation

No resources allocated to a single specific operation were recorded by the reporting date.

20. Loans allocated to a single specific operation

No loans allocated to a single specific operation were recorded by the reporting date.

21. Finance Leasing

The company does not have any asset on lease, therefore there is no information to be provided in compliance with art. 2427, n 22 of the Italian Civil Code, as amended by the new provisions laid down by the OIC.

21-bis Operations with associated parties

As per the amended art. 2427, par. 1, point 22-*bis*), we point out that the company during the FY carried out operations with associated parties.

During the year, several transaction were entertained with Ranbaxy Laboratories Limited, a company 'which exercises' management and coordination of Ranbaxy Italy SpA

In this regard, the table below provides the balance of Ranbaxy Laboratories Limited (the latest available) to 31-12-2012:

Consolidated Statement of Profit and Loss for the year ended 31 December 2012**(Rupees in millions except share data, per share data and if otherwise stated)**

	Note	For the year ended 31 December 2012	For the year ended 31 December 2011
INCOME			
Revenue from operations			
Sale of product (gross)	23	121,942.33	99,864.07
Less: Excise duty		-279.14	-190.48
Sale of products (net)		121,663.19	99,673.59
Sale of services		865.75	26.43
Other operating revenues		2,068.33	3,589.88
		124,597.27	103,289.90
Other income	24	2,907.36	2,559.18
Total revenue		127,504.63	105,849.08
EXPENSES			
Cost of materials consumed	25	20,609.33	22,994.56
Purchases of stock-in-trade	26	18,863.07	13,220.11
Change in inventories of finished goods, work-in-progress and stock-in-trade	27	1,128.77	-2,879.15
Employee benefits expense	28	19,284.15	16,450.83
Finance costs	29	3,036.00	3,064.24
Depreciation and impairment	12	2,647.71	3,438.59
Amortisation	13	554.76	501.57
Other expenses	30	46,660.31	38,578.29
Total expenses		112,784.10	95,369.04
Profit before exceptional items, tax, share in loss of associates (net) and minority interest		14,720.53	10,480.04
Exceptional items:			
Settlement provision	8	-	-26,480.00
Product recall	39	-1,859.54	-
(Profit) on sale of subsidiaries	40	-	377.99
Loss on foreign currency option derivatives, net (other than on loans)		-412.05	-11,242.85
Profit/ (loss) before tax, share in loss of associates (net) and minority interest		12,448.94	-26,864.82
Income tax expense			
Current tax	31	2,912.58	1,959.62
Deferred tax	31	26.46	9.72
Profit/ (loss) after tax and before share in loss of associates (net) and minority interest		9,509.90	-28,834.16
Less:			
Share in loss of associates (net)	32	185.82	65.90
Minority interest in profit for the year (net)	33	96.44	97.23
Profit/ (loss) after tax, share of loss of associates (net) and minority interest		9,227.64	-28,997.29
Earnings/ (loss) per equity share [par value of Rs. 5 (previous year Rs. 5) per equity share]			
Basic		21.87	-68.81
Diluted		21.78	-68.81

Significant accounting policies

The notes referred to above form an integral part of these consolidated financial statements

As per our report of even date attached
For **B S R & Co.**Registration No.: 101248W
Vikram Aggarwal
Partner
Membership No.: 089826
Place: Gurgaon
Date: 26 February 2013For and on behalf of the Board of Directors of Ranbaxy Laboratories Limited
Dr. Tsutomu Une
ChairmanArun Sawhney
CEO and Managing Director

Indrajit Banerjee

Sushil K. Patawari

President and Chief Financial Officer

Company Secretary

Place: Gurgaon

Date: 26 February 2013

Consolidated Balance Sheet as at 31 December 2012
(Rupees in millions except share data, per share data and if otherwise stated)

EQUITY AND LIABILITIES

Shareholders' funds

	Note	As at 31 December 2012	As at December 2011
Share capital	3	2,114.57	2,110.00
Reserves and surplus	4	38,717.59	26,577.16
		40,832.16	28,687.16
Share application money pending allotment	5	11.10	6.66
Minority interest		889.52	809.66
Non-current liabilities			
Long-term borrowings	6	19,712.83	9,749.54
Deferred tax liabilities (net)	15	132.04	76.57
Other long-term liabilities	7	10,510.84	16,104.40
Long-term provisions	8	2,909.02	2,463.31
		33,264.73	28,393.82
Current liabilities			
Short-term borrowings	9	28,749.07	30,577.60
Trade payables	10	16,213.71	14,230.88
Other current liabilities	11	14,871.49	26,189.81
Short-term provisions	8	29,820.21	28,305.42
		89,654.48	99,303.71
TOTAL		164,651.99	157,201.01

ASSETS

Non-current assets

Fixed assets			
Tangible fixed assets	12	28,566.87	27,045.12
Intangible fixed assets	13	21,510.69	21,257.58
Capital work-in-progress		1,934.62	2,183.58
Intangible fixed assets under development		143.57	86.31
Non-current investments	14	769.92	955.74
Deferred tax assets (net)	15	488.67	451.67
Long-term loans and advances	16	10,812.70	10,052.32
Other non-current assets	17	301.62	55.27
		64,528.66	62,087.59

Current assets

Current investments	18	20.48	26.46
Inventories	19	27,313.54	26,107.14
Trade receivables	20	20,367.84	30,053.08
Cash and bank balances	21	46,004.45	30,636.68
Short-term loans and advances	16	4,595.32	4,711.09
Other current assets	22	1,821.70	3,578.97
		100,123.33	95,113.42
TOTAL		164,651.99	157,201.01

Significant accounting policies

2

The notes referred to above form an integral part of these consolidated financial statements.

As per our report of even date attached For and on behalf of the Board of Directors of **Ranbaxy Laboratories Limited**

For **B S R & Co. Dr. Tsutomu Une Arun Sawhney** Chartered Accountants Chairman CEO and Managing Director Registration No.: 101248W.

Vikram Aggarwal Indrajit Banerjee Sushil K. Patawari

Partner President and Chief Financial Officer Company Secretary Membership No.: 089826

Place: Gurgaon Place: Gurgaon Date: 26 February 2013 Date: 26 February 2013

These transactions have been carried out at market conditions and the relevant revenues are in line with those that could have been realised in transactions with third parties.

The chart below summarises the accounts receivables and payables, revenues and costs deriving from those operations:

Company	Description	Amount
<i>Accounts payable</i>		
Ranbaxy Laboratories Limited	Purchase of finished goods	1.701.592
Ranbaxy Europe	Management fees	414.897
Ranbaxy Uk	Chargeback of regulatory costs	21.732
Ranbaxy NBV	Intercompany loan	6.800.000
Ranbaxy NBV	Interests on intercompany loan	62.112
Terapia	Purchase of finished goods and management service	99.509
Ranbaxy Ireland	Purchase of finished goods	1.479.193
Ranbaxy Ireland	Management Services	1.375
Basics	Management Services	1.620
Laboratorios Ranbaxy	HR Fees	9.445
Total		10.591.475

IN INR

Company	Description	Amount
<i>Accounts payable</i>		
Ranbaxy Laboratories Limited	Purchase of finished goods	139,474,754
Ranbaxy Europe	Management fees	34,007,951
Ranbaxy Uk	Chargeback of regulatory costs	1,781,311
Ranbaxy NBV	Intercompany loan	557,377,049
Ranbaxy NBV	Interests on intercompany loan	5,091,148
Terapia	Purchase of finished goods and management service	8,156,475
Ranbaxy Ireland	Purchase of finished goods	121,245,328
Ranbaxy Ireland	Management Services	112,705
Basics	Management Services	132,787
Laboratorios Ranbaxy	HR Fees	774,180
Total		868,153,689

Società	Descrizione	Importo \$	Importo €
<i>Costs</i>			
Ranbaxy Laboratories Limited	Purchase of finished goods from RLL		2.853.476
Ranbaxy Laboratories Limited	Business Support Service	14.247	10.333
Ranbaxy Europe	Management fees		316.979
Terapia	Purchase of finished goods		125.167
Terapia	Management Service		6.450
Ranbaxy Ireland	Purchase of finished goods		5.040.175
Ranbaxy Ireland	Management Service		1.375
Ranbaxy Neth NBV	Interests on Intercompany loan		130.377
Laboratorios Ranbaxy	HR Fees		38.097
Basics	Quality Charges		10.980
Daiichi Sankyo	Purchase of finished goods from DS		1.657.385
	Totale		10.190.794

In INR

Società	Descrizione	Importo \$	Importo €
<i>Costs</i>			
Ranbaxy Laboratories Limited	Purchase of finished goods from RLL		226,466,349
Ranbaxy Laboratories Limited	Business Support Service	14,247	820,079
Ranbaxy Europe	Management fees		25,157,063
Terapia	Purchase of finished goods		9,933,889
Terapia	Management Service		511,905
Ranbaxy Ireland	Purchase of finished goods		400,013,889
Ranbaxy Ireland	Management Service		109,127
Ranbaxy Neth NBV	Interests on Intercompany loan		10,347,381
Laboratorios Ranbaxy	HR Fees		3,023,571
Basics	Quality Charges		871,429
Daiichi Sankyo	Purchase of finished goods from DS		131,538,492
	Totale		808,793,175

Società	Descrizione	Importo
<i>Revenues</i>		
Basics	HR fees	56.234
Laboratorios Ranbaxy	HR fees	50.968
Ranbaxy Europe	Management fees	147.294
Ranbaxy Pharmacie Generique	Recharge Regulatory cost	378
Ranbaxy Laboratories Limited	Recharge Regulatory cost	324.942
Daiichi Sankyo	Distribution Fees	42.605
	Total	622.421

21-ter Operations not resulting from the Balance Sheet

As per art. 2427, par. 1, point 22-ter) of the Italian Civil Code the company did not carry out operations not resulting from the Balance Sheet.

22. Other information

Income Statement

Here below are the main data of the income statement compared with those of the previous FY.

Production value

The value of production amounts as a whole to € 29.817.816/INR 2,366,493,333., Here are the composition and changes in figures with respect to the previous FY.

Descrizione	31/12/2012	Variazioni	31/03/2014
Sales	26.330.310	2.870.255	29.200.565
Variazione delle Rimanenze di prodotti finiti	322.522	635.135-	312.613-
Other operating income	1.063.081	133.217-	929.864
Totale	27.715.912	2.101.904	29.817.816

In INR

Descrizione	31/12/2012	Variazioni	31/03/2014
Sales	2,089,707,143	227,798,016	2,317,505,159
Variazione delle Rimanenze di prodotti finiti	25,596,984	50,407,540	24,810,556
Other operating income	84,371,508	10,572,778	73,798,730
Totale	2,199,675,556	166,817,778	2,366,493,333

The item “Other operating income” refers to the sale of concessions for the sale of Ranbaxy to third parties and re-invoicing of regulatory costs to companies related to the Group.

Production costs

The overall production costs amount to € 29.531.709, here below are the composition and changes in figures with respect to the previous FY.

Descrizione	31/12/2012	Variance	31/03/2014
Raw materials, subsidiary materials, consumables and goods for resale	14.787.895	-2.103.174	12.684.721
Services	8.015.669	3.129.633	11.145.302
Hire and leases	493.866	119.160	613.026
Personnel costs	2.604.974	862.129	3.467.103
Depreciation and other amounts written off tangible and intangible fixed assets;	788.551	68.390	856.941
Other operating charges	790.343	-25.727	764.616
Total	27.481.296	2.050.413	29.531.709

The decrease of costs of good is related to the interruption of collaboration with Daiichi Sankyo Italia S.p.A.

The increase of services is related to wholesalers' fees for the distribution of Ranbaxy products, as a direct consequence of the increased sales.

In INR

Descrizione	31/12/2012	Variance	31/03/2014
Raw materials, subsidiary materials, consumables and goods for resale	1,173,642,460	-	1,006,723,889
Services	636,164,206	248,383,571	884,547,778
Hire and leases	39,195,714	9,457,143	48,652,857
Personnel costs	206,743,968	68,422,937	275,166,905
Depreciation and other amounts written off tangible and intangible fixed assets;	62,583,413	5,427,778	68,011,190
Other operating charges	62,725,635	-2,041,825	60,683,810
Total	2,181,055,238	162,731,190	2,343,786,429

Final Remarks

Dear Shareholder,

In the light of what expounded in the previous points, the Board of Directors proposes you:

- to pay up 5% of net profit –€ 6.815 /INR 558,606– to Legal Reserve
- to pay up to Retained Earnings the remaining part of Net Profit (€ 129.477)/INR 10,612,868
- to confirm the reclassification of the amount of Other Reserves as of 31/03/2014 (€ 131.107)/INR 10,746,475 into Retained Earnings

Total Net Equity as of 31 March 31st 2014 will be € 468.847./INR 38,430,081.

Ranbaxy Italy business plan for 2014 and following years and the availability of important sales orders in its portfolio does not make necessary additional requests of capital reserves increase in the short term.

Finally we confirm that these Financial Statements, made up of the Balance Sheet, the Income Statement and the Supplementary Notes to the statements provide a true and fair view of the financial situation of the company and match the accounting records and we invite you to approve these draft Financial Statements as at 31/03/2014, so as drafted by the Board of Directors.

Ranbaxy Italia S.p.a.

For the Board of Directors

The Managing Director

(Dr. Massimo Versace)

Enclosures: Assets changes

Movimenti delle Immobilizzazioni Immateriali

Descrizione	Dettaglio	Costo storico	Consist. iniziale	Spostamento nella voce dalla voce	Acquisiz. / Alienaz.	Rivalutaz. / Svalutaz.	Ammort.	Consist. Finale
<i>Start-up costs</i>								
	Corporate expenses	8.467	-		-	-	-	8.467
	Provision for depreciation of corporate expenses	-	8.467-		-	-	-	8.467-
<i>R&D and advertising costs</i>								
	ADV costs	49.089			-	8.980-	-	40.109
	Provision for depreciation of advertising costs	-	45.502-		-	7.032	1.639-	40.109-
<i>Patents and copyrights</i>								
	Capitalised own software	96.820			11.768			108.587
	Provision for depreciation of capitalised software	-	77.724-		-	-	11.634-	89.358-
<i>Concessions, licences, trademarks and similar rights and assets</i>								

Descrizione	Dettaglio	Costo storico	Consist. iniziale	Spostamento nella voce dalla voce	Acquisiz. / Alienaz.	Rivalutaz. / Svalutaz.	Ammort.	Consist. Finale
	Marketing Authorisation svil	198.789	-	178.291-	82.098	-	-	61.966
	Marketing Authorisation Dev	3.985.795		178.921	41.423	162.105-		4.044.034
	Marketing Authorisation acquisition	2.599						2.599
	Concessions and licences	-	3.002.679-	-	-	69.098	456.478-	3.390.059-
	Provision for depreciation of Mark Auth acquisition	-	582-		-	-	180-	762-
<i>Goodwill</i>								
	Goodwill	3.560.410			-	-		3.560.410
	Provision for depreciation of goodwill	-	1.889.023-		-	-	160.712-	2.049.735
<i>Other intangible assets</i>								
	Depreciated maintenance expenses	16.915			23.403			40.318
	Provision for depreciation of maintenance expenses for third parties' goods	-	16.314-		-	-	4.827-	21.141-

Descrizione	Dettaglio	Costo storico	Consist. iniziale	Spostamento nella voce dalla voce	Acquisiz. / Alienaz.	Rivalutaz. / Svalutaz.	Ammort.	Consist. Finale
<i>Start-up costs</i>								
	Corporate expenses	694,016	-		-	-	-	694,016
	Provision for depreciation of corporate expenses	-	694,016		-	-	-	694,016
<i>R&D and advertising costs</i>								
	ADV costs	4,023,689			-	736,066	-	3,287,623
	Provision for depreciation of advertising costs	-	3,729,672		-	576,393	134,344	3,287,623
<i>Patents and copyrights</i>								
	Capitalised own software	#VALUE!			964,590			8,900,574
	Provision for depreciation of capitalised software	-	6,370,820		-	-	953,607	7,324,426
<i>Concessions, licences, trademarks and similar rights and assets</i>								
	Marketing Authorisation svil	16,294,180	-	14,614,016	6,729,344	-	-	5,079,180
	Marketing Authorisation Dev	326,704,508		14,665,656	3,395,328	13,287,295		331,478,197
	Marketing Authorisation acquisition	213,033						2,599
	Concessions and licences		246,121,230	-	-	5,663,770	37,416,230	277,873,689
	Provision for depreciation of Mark Auth acquisition	-	47,705		-	-	14,754	62,459
<i>Goodwill</i>								
	Goodwill	291,836,885			-	-		291,836,885
	Provision for depreciation of goodwill	-	154,837,951		-	-	13,173,115	168,011,066
<i>Other intangible assets</i>								
	Depreciated maintenance expenses	1,386,475			1,918,279			3,304,754
	Provision for depreciation of maintenance expenses for third parties' goods	-	1,337,213		-	-	395,656	1,732,869

Descrizione	Dettaglio	Costo storico	Consist. Iniziale	Spostamento nella voce dalla voce	Acquisiz. / Alienaz.	Rivalutaz. / Svalutaz.	Ammort.	Consist. Finale
<i>Plant and machinery</i>								
	Other plants and machinery	3.744				1.044-		2.700
	Provision for depreciation of plants and machinery	-	1.913-	-	-	605	349-	1.656-
<i>Other tangible assets</i>								
	Furniture and fitting	56.389			1.500			57.889
	Electronic office machinery	104.112			20.617			124.729
	Mobile telephone services	8.469						8.469
	Provision for depreciation of furniture and fitting	-	42.081-	-	-	-	7.106-	49.187-
	Provision for depreciation of electronic office machinery	-	66.117-	-	2.848	-	15.738-	79.007-
	Provision for depreciation of mobile telephone services	-	7.176-	-	-	-	975-	8.151-

In INR

Descrizione	Dettaglio	Costo storico	Consist. Iniziale	Spostamento nella voce dalla voce	Acquisiz. / Alienaz.	Rivalutaz. / Svalutaz.	Ammort.	Consist. Finale
<i>Plant and machinery</i>								
	Other plants and machinery	306,885				85,574		221,311
	Provision for depreciation of plants and machinery	-	156,803	-	-	49,590	28,607	135,738
<i>Other tangible assets</i>								
	Furniture and fitting	4,622,049			122,951			4,745,000
	Electronic office machinery	8,533,770			1,689,918			10,223,689
	Mobile telephone services	694,180						694,180
	Provision for depreciation of furniture and fitting	-	3,449,262		-	-	582,459	4,031,721
	Provision for depreciation of electronic office machinery	-	5,419,426		233,443	-	1,290,000	6,475,984
	Provision for depreciation of mobile telephone services	-	588,197		-	-	79,918	668,115

Enclosure: Changes in the Shareholders' equity

Description	Share capital	Legal reserve	Retained earnings	Other reserves	Operating result	Total
Balance at 31/12/10	200.000			3.028.908	-4.748.837	-1.519.929
Allocation of the result of FY 2010:				-4.748.837	4.748.837	0
- Allocation of dividends						
- Other Allocations						
Other Changes				3.000.000		3.000.000
Operating Result of the current FY					-1.176.466	-1.176.466
Balance at 31/12/11	200.000			1.280.071	-1.176.466	303.605

Description	Share capital	Legal reserve	Retained earnings	Other reserves	Operating result	Totale
Allocation of the result of FY 2011:				-1.176.466	1.176.466	0
- Allocation of dividends						
- Other Allocations						
Other Changes						
Operating Result of the current FY					28.950	28.950
Balance at 31/12/12	200.000			103.605	28.950	332.555

Description	Share capital	Legal reserve	Retained earnings	Other reserves	Operating result	Totale
Allocation of the result of FY 2012:		1.448		27.502	-28.950	0
- Allocation of dividends						
- Other Allocations						
Other Changes						
Operating Result of the current FY					136.292	136.292
Balance at 31/03/14	200.000	1.448		131.107	136.292	468.847

Description	Share capital	Legal reserve	Retained earnings	Other reserves	Operating result
Share capital	200.000		--	--	--
Share-premium reserve	--	--	--	--	--
Revaluation reserves	--	--	--	--	--
Legal reserve	1.448	--	--	--	--
Statutory reserves	--	--	--	--	--
Reserve for future loss coverage	--	--	--	--	--
Shareholders c/share capital increase (1)	131.107	A-B-C	131.107	19.296.391	--
Non-distributable share(2)	--	--	--	--	--

(*) Legend(Key) : A – for share capital increase purposes; B – for losses coverage purposes; C – for dividend distribution purposes.

(1) The other reserves are referred to payments made by the shareholder on future share capital increases. These include the part resulting from the rounding to Euro unit.

(2) Unavailable reserve share according to art. 2426, par. 5 of the Italian Civil Code.

In INR

Description	Share capital	Legal reserve	Retained earnings	Other reserves	Operating result	Total
Balance at 31/12/10	16,393,442.62			248,271,147.54	(389,248,934.43)	(124,584,344.26)
Allocation of the result of FY 2010:				(389,248,934.43)	389,248,934.43	-
- Allocation of dividends						
- Other Allocations						
Other Changes				245,901,639.34		245,901,639.34
Operating Result of the current FY					(96,431,639.34)	(96,431,639.34)
Balance at 31/12/11	16,393,442.62			104,923,852.46	(96,431,639.34)	24,885,655.74

Description	Share capital	Legal reserve	Retained earnings	Other reserves	Operating result	Totale
Allocation of the result of FY 2011:				(96,431,639.34)	96,431,639.34	-
- Allocation of dividends						
- Other Allocations						
Other Changes						
Operating Result of the current FY					2,372,950.82	2,372,950.82
Balance at 31/12/12	16,393,442.62			8,492,213.11	2,372,950.82	27,258,606.56

Description	Share capital	Legal reserve	Retained earnings	Other reserves	Operating result	Totale
Allocation of the result of FY 2012:		118,688.52		2,254,262.30	2,372,950.82	-
- Allocation of dividends						
- Other Allocations						
Other Changes						
Operating Result of the current FY					11,171,475.41	11,171,475.41
Balance at 31/03/14	16,393,442.62	118,688.52		10,746,475.41	11,171,475.41	38,430,081.97

Description	Share capital	Legal reserve	Retained earnings	Other reserves	Operating result
Share capital	16,393.44		--	--	--
Share-premium reserve	--	--	--	--	--
Revaluation reserves	--	--	--	--	--
Legal reserve	118,688.52	--	--	--	--
Statutory reserves	--	--	--	--	--
Reserve for future loss coverage	--	--	--	--	--
Shareholders c/share capital increase (1)	10,746,475.41	A-B-C	10,746,475.41	1,581,671,393.44	--
Non-distributable share(2)	--	--	--	--	--

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 Euro= 0.0126 [2012: 1 Euro =0.0146]
- ii) Items relating to Balance sheet at Closing rate: 1 Euro = 0.0122 [2012: 1 Euro=0.0138]