

**RANBAXY MOROCCO LLC**  
**SOCIETE A RESPONSABILITE LIMITEE D'ASSOCIE UNIQUE**  
Au capital de 12.235.300,00 Dirhams  
Siège social : 169 Bd Hassan I  
Casablanca  
R.C Casablanca 231.541 – Identifiant fiscal 40256039

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**MANAGEMENT REPORT**

-Fiscal Year 2014-15

Sir,

The present Management Report has been established in conformity with the provisions of the law 5-96 relating in particular to limited liability companies and to the bylaws of the company in order to present you the activities of the company during the fiscal year ended on March 31<sup>st</sup> 2015, results of these activities and its economic outlook in view to submit to your approval the balance sheet and the annual accounts.

**1- ANALYSIS AND COMMENTS REGARDING THE ACTIVITIES**

During the year, the company strengthened its market presence in Morocco pharmaceutical market led by strong growth in business of its existing products. The company is now ranked 49<sup>th</sup> in the private pharmaceutical market of Morocco as per IMS Feb 2015. Further the company launched Nine new brands – Romilast (Monteleukast), Baxmune (Mycophenolate Mofetil), Femolet (Letrozole), Ran-Simva (Simvastatin), Corpril (Ramipril), Ranpirole (Ropinorole), Oxovasin (Sodium chlorite), Ranozyp OD (Olanzapine Oro dispersible), Contiflo OD (Tamsulosin) in market.

During the latter part of year, the company also got Market Authorizations for 4 more brands from Ministry of Health – Ranclast (Acid Zoledronic acid), Alyvir (Valalciclovir), Starval (Valsartan), Raciper (Esomeprazole). All the brands will be launched in next financial year.

The Company undertook a loan of 1 Million USD from its shareholder towards working capital of the expanding business.

During the year, the Moroccan currency has depreciated significantly against USD from 8.17 to 9.99 which is a 22.2% deprecation . This has led to the increase in cost of the imported purchases thereby reducing the margin significantly. The total forex loss during the year on account of currency fluctuation is 13,341,623.22 MAD.

The losses after tax incurred during FY 2014-15 are 24,601,919.15 MAD which resulted in an accumulated loss of 37,306,759.07 MAD funded by equity to the tune of 12,235,300,00 MAD and loan from parent company to the tune of 44,936,070.68 MAD.

We ask you to approve the annual accounts of fiscal year ended on March 31<sup>st</sup> 2015 as they are presented to you which show a accumulated loss of 37,306,759.07 MAD.

## **2- EXAMINATION OF ANNUAL ACCOUNTS AND RESULTS**

Hereinafter we present to you in details the summary of financial statements of the fiscal year ended on March 31<sup>st</sup> 2015 which we submit for your acceptance.

Presentation rules and accounting methods of evaluation for the establishment of these documents are in compliance with the legislation in force.

In the course of fiscal year 2014-15

- The company has realized a turnover of MAD 50,325,572.61;
- Total operating incomes are of MAD 69,329,048.43;
- Total operating and administrative charges are of MAD 79,431,455.75;
- Net operating income of (10,102,407.32);
- Fiscal year ended on March 31<sup>st</sup> 2015 shows a loss after tax of MAD 24,601,919.15;

## **3- REGULATED AGREEMENTS REGARDS TO THE ARTICLE 64 OF THE LAW 5-96**

During the fiscal year, the company did not conclude any regulated agreement with the mother company.

## **4- PROPOSAL OF RESULTS ALLOCATION**

We propose to decide to carry forward the loss of fiscal year ended on March 31<sup>st</sup> 2015 for an amount of 24,601,919.15.

Moreover, we suggest you to decide the continuation of the company despite the existence of the losses that make the net equity of the company less than on quarter of the registered share capital.

## 5- ECONOMIC OUTLOOK

In 2015/16, the company will get more Market Authorizations which are under approval process at the ministry of Health, to increase its sales and profitability. This will allow Ranbaxy Morocco LLC to strengthen its presence in Morocco.

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We are staying at your disposal for any clarification requests and for any further information.

At last, we hope that you shall agree with previous elements and that you shall vote positively the following resolutions which are now presented to you.

Casablanca, 15<sup>TH</sup> April 2015

A Manager

**Atul CHHABRA**

RANBAXY MOROCCO LLC SARLAU

REPORT OF THE INDEPENDENT AUDITOR

FISCAL YEAR ENDED MARCH 31, 2015

## Report of independent auditor

As of March 31, 2015

To the Shareholder of RANBAXY MOROCCO LLC SARLAU

We have audited the financial statements of RANBAXY MOROCCO LLC SARLAU which include the balance sheet, the income statement here attached for the year ended as at March 31, 2015. These financial statements show a negative net equity of 25 071 thousands of Moroccan Dirhams including a net loss of 24 601 thousands of Moroccan Dirhams.

### Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles and standards in Morocco. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are

appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statements presentation.

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

## **Opinion on the financial statements**

In our opinion the financial statements mentioned in the first paragraph above give, in all their significant aspects, a fair view of the financial situation of the company **RANBAXY MOROCCO LLC SARLAU** as at March 31, 2015 as well as the result of its operations for the year then ended, in accordance with Moroccan accounting standards.

Without disputing the above opinion, we bring to your attention the following situation.

### **o Initial situation (reminder)**

In our report dated on May 2, 2014, we have issued the following observation:

'We bring your attention to article 86 of the law 5-96 (Law on LLCs) according to which the shareholder has decided on April, 20th 2012 not to liquidate the company and to continue operations despite the negative equity. Therefore, and according to the same law, the shareholder has proceeded to an increase of capital of **11435 thousands** of Moroccan dirhams to clear the situation with respect to year ended December, 31st 2011. The balance sheet and the profit and loss account as at March 31, 2014 have been prepared assuming that **Ranbaxy Morocco LLC SARLAU** will continue its operations despite the negative equity of **469 thousands** of Moroccan Dirhams. The management of the company considers that the shareholder will continue to provide the necessary support to Ranbaxy Morocco LLC SARLAU so that it will be able to continue operations.

As of March, 31<sup>st</sup> 2014 equity has become negative which brings the company in the same situation as December, 31st 2011 with respect to article 86 of the law 5-96 (Law on LLCs). Consequently, the shareholder must decide within 3 months of the decision which approves accounts here attached whether the company should be liquidated. If the shareholder decides the company should not be liquidated, he must, before the year

ended March, 31st 2015, either reduce share capital by the amount of losses, or create reserves through earnings or an increase of capital, so that equity becomes at least equal to one fourth (25%) of share capital".

o **Update as at March 31, 2015**

We bring your attention to the fact that no action has been taken to remediate to the situation described above before the deadline of March 31st 2015.

Given the loss of this year and the situation above, the sole shareholder must decide whether the company should be liquidated. If the sole shareholder decides the company should not be liquidated, then he must either creates reserves through either earnings or an increase of capital, so that equity becomes at least equal to one fourth (25%) of share capital.

**Casablanca, April 22th 2015**

**THE INDEPENDENT AUDITOR**

Revisea Casablanca SARL

## Balance Sheet (Assets)

Period ended March 31, 2015

In Moroccan Dirhams

	ASSETS	CURRENT YEAR			PRIOR YEAR
		Gross Amount	Amortisation or depreciation	Net amount	Net amount
	<b>CAPITALIZED EXPENSES (A)</b>	<b>163,353.00</b>	<b>84,541.21</b>	<b>78,811.79</b>	<b>111,482.40</b>
	Preliminary expenses	163,353.00	84,541.21	78,811.79	111,482.40
F	Deferred expenses on several years				
I	Premium of debentures refund				
X	<b>INTANGIBLE FIXED ASSETS (B)</b>	<b>16,165.00</b>	<b>1,474.70</b>	<b>14,690.30</b>	<b>2,505.00</b>
E	Research and development				
D	Patents, Trademarks, and similar rights	16,165.00	1,474.70	14,690.30	2,505.00
	Goodwill				
A	Other Intangible Assets				
S	<b>TANGIBLE FIXED ASSETS(C)</b>	<b>1,101,002.15</b>	<b>270,947.99</b>	<b>830,054.16</b>	<b>780,909.17</b>
S	Land				
E	Buildings				
T	Industrial fixtures and equipment	79,806.05	22,159.27	57,646.78	20,968.26
S	Transportation equipment				
	Office equipment and furniture	1,021,196.10	248,788.72	772,407.38	759,940.91
	Other tangible fixed assets				
	Tangible fixed assets in progress				
	<b>LONG TERM INVESTMENTS (D)</b>	<b>799,774.56</b>	<b>0.00</b>	<b>799,774.56</b>	<b>525,572.74</b>
	Long term loans				
	Other financial assets	799,774.56	0.00	799,774.56	525,572.74
	Investments				
	Other investments				
	<b>UNREALISED EXCHANGE RATE LOSSES (Non Current)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Unrealised exchange rate losses (from long term assets)				
	Unrealised exchange rate losses (from long term liabilities)				
	<b>TOTAL I (A+B+C+D+E)</b>	<b>2,080,294.71</b>	<b>356,963.90</b>	<b>1,723,330.81</b>	<b>1,420,469.31</b>
	<b>INVENTORIES (F)</b>	<b>21,010,254.39</b>	<b>1,020,954.24</b>	<b>19,989,300.15</b>	<b>10,048,029.08</b>
C	Merchandises	201,693.32	0.00	201,693.32	1,483,904.90
U	Raw materials and furnitures	8,070,411.82	1,020,954.24	7,049,457.58	5,227,150.32
R	Work in progress	0.00	0.00	0.00	135,865.46
R	Intermediate and residual products				
E	Finished products	12,738,149.25		12,738,149.25	3,201,108.40
N	<b>CURRENT ASSETS(G)</b>	<b>33,754,064.99</b>	<b>0.00</b>	<b>33,754,064.99</b>	<b>30,250,175.64</b>
T	Advances payments to suppliers and other debtors	1,727,389.02	0.00	1,727,389.02	552,599.91
	Trade accounts receivable	27,262,322.16	0.00	27,262,322.16	26,245,694.58
A	Personnel	510,359.23	0.00	510,359.23	229,162.14
S	Taxes	4,209,545.66	0.00	4,209,545.66	3,185,034.01
S	Shareholders Current accounts				
E	Others debtors	36,800.00	0.00	36,800.00	36,420.00
T	Deferral accounts	7,648.92	0.00	7,648.92	1,265.00
	<b>MARKETABLE SECURITIES (H)</b>				
	<b>UNREALISED EXCHANGE RATE LOSSES (I)</b>	<b>11,445,463.22</b>	<b>0.00</b>	<b>11,445,463.22</b>	<b>48,301.00</b>
	(Current)				
	<b>TOTAL II (F+G+H+I)</b>	<b>66,209,782.60</b>	<b>1,020,954.24</b>	<b>65,188,828.36</b>	<b>40,346,505.72</b>
C	<b>CASH AND CASH EQUIVALENTS (Assets)</b>	<b>10,371,955.11</b>	<b>0.00</b>	<b>10,371,955.11</b>	<b>17,095,833.14</b>
A	Checks and other instruments to be cashed				
S	Cash on Bank	10,350,960.50	0.00	10,350,960.50	17,084,132.55
H	Cash on hand	20,994.61	0.00	20,994.61	11,700.59
	<b>TOTAL III</b>	<b>10,371,955.11</b>	<b>0.00</b>	<b>10,371,955.11</b>	<b>17,095,833.14</b>
	<b>TOTAL ASSETS I+II+III</b>	<b>78,662,032.42</b>	<b>1,377,918.14</b>	<b>77,284,114.28</b>	<b>58,862,808.17</b>





Société : RANBAXY MOROCCO LLC SARLAU  
INCOME STATEMENT

Period ended March 31, 2015

	ITEM	CURRENT YEAR			PRIOR YEAR
		related to the period	related to the prior periods	Net amount	Net amount
		1	2	3=2+1	4
O P E R A T I N G	<b>I OPERATING REVENUE</b>				
	Sales of merchandise	50,325,572.04		50,325,572.04	54,875,707.78
	Sales of goods and services				
	<b>Turnover</b>	<b>50,325,572.04</b>		<b>50,325,572.04</b>	<b>54,875,707.78</b>
	Finished Goods inventory change (+/-) (1)	9,105,468.19		9,105,468.19	2,028,888.34
	Self constructed capital asset				
	Opertaing Subsidy				
	Others operating income				6,739,832.81
	Reversal of operating provisions-charges transfer	9,898,008.20		9,898,008.20	943,984.17
	<b>TOTAL I</b>	<b>69,329,048.43</b>		<b>69,329,048.43</b>	<b>64,588,413.10</b>
	<b>II OPERATING EXPENSES</b>				
	Purchase of goods for resale (2)	47,761,682.14		47,761,682.14	28,324,794.58
	Purchase of materials and supplies (2)	3,769,847.36	97,010.77	3,866,858.13	10,079,492.34
Other external expenses	15,065,120.90	247,233.93	15,312,354.83	19,036,988.28	
Taxes	1,635,715.65		1,635,715.65	1,584,701.21	
Personnel expenses	10,222,980.03		10,222,980.03	10,045,521.89	
Other operating expenses					
Operating allowances (for depreciation and risks)	631,864.98		631,864.98	1,153,356.66	
<b>TOTAL II</b>	<b>79,087,211.05</b>	<b>344,244.70</b>	<b>79,431,455.75</b>	<b>70,224,854.96</b>	
<b>III OPERATING INCOME / LOSS (I - II)</b>			<b>-10,102,407.32</b>	<b>-5,636,441.86</b>	
F I N A N C I A L	<b>IV FINANCIAL REVENUE</b>				
	Revenue from investment and others				
	Exchange gains	85,177.21		85,177.21	1,178,977.67
	Interests and other financial revenue				
	Reversal of financial provisions - charges transfer	48,301.00		48,301.00	57,665.22
	<b>TOTAL IV</b>	<b>133,478.21</b>	<b>0.00</b>	<b>133,478.21</b>	<b>1,236,642.89</b>
	<b>V FINANCIAL EXPENSES</b>				
	Interests expenses	928,477.52		928,477.52	699,695.32
	Exchange losses	2,029,811.52		2,029,811.52	21,107.94
	Other fianancial expenses				
Financial allowances	11,445,289.91		11,445,289.91	0.00	
<b>TOTAL V</b>	<b>14,403,578.95</b>		<b>14,403,578.95</b>	<b>720,803.26</b>	
<b>VI FINANCIAL INCOME (IV-V)</b>			<b>-14,270,100.74</b>	<b>515,839.63</b>	
<b>VII ORDINARY INCOME (III+VI)</b>			<b>-24,372,508.06</b>	<b>-5,120,602.23</b>	

1)Change in inventories: final inventories - initial inventories, increase (+) decrease (-)

2) Cost: purchases - inventories change

	ITEM				
	<b>VII ORDINARY INCOME (report)</b>			<b>-24,372,508.06</b>	<b>-5,120,602.23</b>
	<b>VIII EXCEPTIONAL REVENUE</b>				
	Revenue from assets disposal	2,895.46		2,895.46	
	Balancing Subsidy	0.00		0.00	0.00
	Reversal of Investment Subsidy	0.00		0.00	0.00
	Other extraordinary revenue	33,757.55	0.00	33,757.55	467.20
	Reversal of extraordinary provisions- charges transfer	0.00		0.00	0.00
	<b>TOTAL VIII</b>	<b>36,653.01</b>	<b>0.00</b>	<b>36,653.01</b>	<b>467.20</b>
N O N C U R R E N T	<b>IX EXCEPTIONAL EXPENSES</b>				
	Net value of sold assets	0.00	0.00	0.00	0.00
	Granted Subsidies	0.00	0.00	0.00	0.00
	Others extraordinary expenses	13,826.10	0.00	13,826.10	53,184.03
	Extraordinary allowances	0.00	0.00	0.00	0.00
	<b>TOTAL IX</b>	<b>13,826.10</b>		<b>13,826.10</b>	<b>53,184.03</b>
<b>X EXCEPTIONAL INCOME / LOSS (VIII - IX)</b>				<b>22,826.91</b>	<b>-52,716.83</b>
<b>XI INCOME / LOSS BEFORE TAXES(VII + X)</b>				<b>-24,349,681.15</b>	<b>-5,173,319.06</b>
<b>XII INCOME TAX</b>				<b>252,238.00</b>	<b>65,865.00</b>
<b>XIII NET INCOME / LOSS (XI - XII)</b>				<b>-24,601,919.15</b>	<b>-5,239,184.06</b>

<b>XIV TOTAL OF REVENUES (I+IV+VII)</b>				<b>69,499,179.65</b>	<b>65,825,523.19</b>
<b>XV TOTAL OF EXPENSES ( II+V+IX+XIII )</b>				<b>94,101,098.80</b>	<b>71,064,707.25</b>
<b>XVI NET INCOME</b>				<b>-24,601,919.15</b>	<b>-5,239,184.06</b>