

Audit Report of Certified Public Accountant

To the shareholders of Ranbaxy (Thailand) Company Limited

I have audited the accompanying financial statements of Ranbaxy (Thailand) Company Limited which comprise the statement of financial position as at March 31, 2014, and the related statements of income and changes in shareholders' equity for the period January 1, 2014, to March 31, 2014, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I 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, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ranbaxy (Thailand) Company Limited as at March 31, 2014, and its financial performance for the period January 1, 2014, to March 31, 2014, in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

(Miss. Nongnuch Ouitrakul)
Certified Public Accountant
Registration No. 2241

Bangkok
April 25, 2014

RANBAXY (THAILAND) COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2014

	ASSETS		
	Notes	Baht	INR
		2014	2014
CURRENT ASSETS			
Cash and cash equivalents	4	65,502,506.49	120,519,791.15
Trade and other receivables	5	7,466,220.67	13,737,296.54
Inventories, net	6	14,030,130.65	25,814,407.82
Total Current Assets		86,998,857.81	160,071,495.51
NON-CURRENT ASSETS			
Equipment, net	7	102,611.90	188,798.34
Intangible assets, net	8	3,947,518.10	7,263,142.78
Refundable deposit		171,950.00	316,375.34
Total Non-Current Assets		4,222,080.00	7,768,316.47
TOTAL ASSETS		91,220,937.81	167,839,811.98

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

RANBAXY (THAILAND) COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2014

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht	INR
	Notes	2014	2014
CURRENT LIABILITIES			
Trade and other payables	9	26,264,789.97	48,325,280.53
Advance from customer		48,693,093.64	89,591,708.63
Income tax payable	10	405.06	745.28
Total Current Liabilities		<u>74,958,288.67</u>	<u>137,917,734.44</u>
NON-CURRENT LIABILITIES			
Employee benefit obligations		979,107.00	1,801,484.82
Total Non-Current Liabilities		<u>979,107.00</u>	<u>1,801,484.82</u>
Total Liabilities		<u>75,937,395.67</u>	<u>139,719,219.26</u>
SHAREHOLDERS' EQUITY			
Share capital			
Authorized share capital			
165,000 ordinary shares of Baht 100 each		16,500,000.00	30,358,785.65
Issued and paid-up share capital			
165,000 ordinary shares of Baht 100 each		16,500,000.00	30,358,785.65
Deficit		(1,216,457.86)	(2,238,192.93)
Total shareholders' equity		<u>15,283,542.14</u>	<u>28,120,592.71</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>91,220,937.81</u>	<u>167,839,811.98</u>

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

RANBAXY (THAILAND) COMPANY LIMITED
STATEMENT OF INCOME
FOR THE PERIOD JANUARY 1, 2014 TO MARCH 31, 2014

	Baht	INR
	2014	2014
REVENUES		
Revenue from sales	6,460,947.00	12,297,196.42
Other income	170,809.49	325,103.71
Total revenues	<u>6,631,756.49</u>	<u>12,622,300.13</u>
EXPENSES		
Cost of sales	4,685,771.31	8,918,483.65
Administrative expenses	1,093,859.77	2,081,956.17
Total expenses	<u>5,779,631.08</u>	<u>11,000,439.82</u>
Profit (loss) before income tax expense	852,125.41	1,621,860.32
Income tax expense	876.28	1,667.83
NET PROFIT (LOSS)	<u><u>851,249.13</u></u>	<u><u>1,620,192.48</u></u>

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

RANBAXY (THAILAND) COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD JANUARY 1, 2014 TO MARCH 31, 2014

	Baht		
	Issued and paid-up share capital	Deficit	Total
Balance as at February 20, 2013	-	-	-
Paid-up share capital during the period	16,500,000.00	-	16,500,000.00
Net loss for the period February 20, 2013, to December 31, 2013	-	(2,067,706.99)	(2,067,706.99)
Balance as at December 31, 2013	16,500,000.00	(2,067,706.99)	14,432,293.01
Net profit for the period January 1, 2014, to March 31, 2014	-	851,249.13	851,249.13
Balance as at March 31, 2014	16,500,000.00	(1,216,457.86)	15,283,542.14

	INR		
	Issued and paid-up share capital	Deficit	Total
Balance as at February 20, 2013	-	-	-
Paid-up share capital during the period	31,067,595.56	-	31,067,595.56
Net loss for the period February 20, 2013, to December 31, 2013	-	(3,893,253.61)	(3,893,253.61)
Balance as at December 31, 2013	31,067,595.56	(3,893,253.61)	27,174,341.95
Net profit for the period January 1, 2014, to March 31, 2014	-	1,655,059.75	1,655,059.75
Balance as at March 31, 2014	31,067,595.56	(2,238,192.93)	28,829,401.70

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

RANBAXY (THAILAND) COMPANY LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1, 2014 TO MARCH 31, 2014

1. GENERAL INFORMATION

Ranbaxy (Thailand) Company Limited was incorporated as a limited company in Thailand on February 20, 2013. The registered office of the company is located at No. 31 Phayathai Building, Room 313-314, Phayathai Road, Ratchathevi, Bangkok.

These financial statements were authorized to issue by the Company's directors on April 25, 2014.

2. BASIS OF FINANCIAL STATEMENT PREPARATION

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and has been made in compliance with the Thai Financial Reporting Standards for Non-Publicly Accountable Entities ("TFRS for NPAEs"), and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared under the historical cost convention except as stated in the accounting policies.

The preparation of financial statements in conformity with TFRS for NPAEs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash consists of cash in hand, and deposit held on call at financial institutions. Cash equivalents are short-term, highly liquid investments that are ready convertible to known amounts of cash and be subject to an insignificant risk of change in value, and without restriction of use.

3.2 Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

3.3 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by the weighted average cost method.

3.4 Equipment and depreciation

Equipment are stated at cost, net of accumulated depreciation.

Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Office equipment	5
Computer	3
Furniture and fixtures	5

3.5 Intangible assets

Intangible assets consist of trademarks and computer software.

Intangible assets are stated at costs less accumulated amortization. Amortization is recognized in the statement of income on the straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows:

	<u>Years</u>
Trademarks	10
Computer software	3

3.6 Revenue recognition

Sale of goods

Revenue comprises the invoiced value for the sales of goods net of output tax, rebates and discounts. Revenue from the sales of goods is recognized when significant risks and rewards of ownerships have been transferred to the buyer.

Interest and other income

Interest and other income are recognized in the statement of income on an accrual basis.

3.7 Provisions

Provisions is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provision for employee benefit

Obligations for retired benefits are recognized using the best estimate method at the reporting date.

4. CASH AND CASH EQUIVALENTS

	<u>Baht</u>	
	<u>2014</u>	<u>2013</u>
Cash on hand	249.00	-
Cash at bank - current account	770,033.47	-
Cash at bank - saving account	64,732,224.02	15,139,786.23
Total	<u>65,502,506.49</u>	<u>15,139,786.23</u>

	2014(INR)
Cash on hand	458
Cash at bank - current account	1,416,805
Cash at bank - saving account	119,102,528
Total	120,519,791

5. TRADE AND OTHER RECEIVABLES

	Baht
	2014
Trade accounts receivable	6,913,213.29
Other accounts receivable	132,345.28
Advance payment	414,085.20
Prepaid expenses	6,576.60
Total	7,466,220.67
	INR
	2014 (INR)
Trade accounts receivable	12,719,803.66
Other accounts receivable	243,505.57
Advance payment	761,886.84
Prepaid expenses	12,100.46
Total	13,737,296.54

6. INVENTORIES

	Baht	
	2014	
Raw materials	6,573,773.36	
Packaging	4,616,416.01	
Work in process	3,059,532.28	
Total	14,249,721.65	
Provision for obsolete stock	(219,591)	
Inventories, net	14,030,130.65	
	INR	
	2014(INR)	
Raw materials	12,095,259.17	
Packaging	8,493,865.70	
Work in process	5,629,314.22	
Total	26,218,439.10	
Provision for obsolete stock	(404,031.28)	
Inventories, net	25,814,407.82	-

7. EQUIPMENT

	Baht			
	Balance as at February 20, 2013	Additions	Deductions	Balance as at March 31, 2014
At Cost:				
Office equipment	-	3,140.74	-	3,140.74
Computer	-	108,977.28	-	108,977.28
Furniture and fixtures	-	6,038.30	-	6,038.30
	-	118,156.32	-	118,156.32
Less Accumulated depreciation:				
Office equipment	-	251.18	-	251.18
Computer	-	14,810.80	-	14,810.80
Furniture and fixtures	-	482.44	-	482.44
	-	15,544.42	-	15,544.42
Equipment, net	-	102,611.90	-	102,611.90

		INR			
		Balance as at		Balance as at	
		February 20, 2013	Additions	Deductions	March 31, 2014
At Cost:					
	Office equipment	-	5,778.73	-	5,778.73
	Computer	-	200,510.17	-	200,510.17
	Furniture and fixtures	-	11,110.03	-	11,110.03
		<u>-</u>	<u>217,398.93</u>	<u>-</u>	<u>217,398.93</u>
Less Accumulated depreciation:					
	Office equipment	-	462.15	-	462.15
	Computer	-	27,250.78	-	27,250.78
	Furniture and fixtures	-	887.65	-	887.65
		<u>-</u>	<u>28,600.59</u>	<u>-</u>	<u>28,600.59</u>
	Equipment, net	<u>-</u>	<u>188,798.34</u>	<u>-</u>	<u>188,798.34</u>

8. INTANGIBLE ASSETS

		Baht			
		Balance as at		Balance as at	
		February 20, 2013	Additions	Deductions	March 31, 2014
At Cost:					
	Trademarks	-	3,947,000.00	-	3,947,000.00
	Computer software	-	34,000.00	-	34,000.00
	Total	<u>-</u>	<u>3,981,000.00</u>	<u>-</u>	<u>3,981,000.00</u>
Accumulated amortizations :					
	Trademarks	-	32,892.00	-	32,892.00
	Computer software	-	589.90	-	589.90
	Total	<u>-</u>	<u>33,481.90</u>	<u>-</u>	<u>33,481.90</u>
	Intangible assets - net	<u>-</u>	<u>3,947,518.10</u>	<u>-</u>	<u>3,947,518.10</u>

INR				
	Balance as at February 20, 2013	Additions	Deductions	Balance as at March 31, 2014
At Cost:				
Trademarks	-	7,262,189.51	-	7,262,189.51
Computer software	-	62,557.50	-	62,557.50
Total	-	7,324,747.01	-	7,324,747.01
Accumulated amortizations :				
Trademarks	-	60,518.86	-	60,518.86
Computer software	-	1,085.37	-	1,085.37
Total	-	61,604.23	-	61,604.23
Intangible assets - net	-	7,263,142.78	-	7,263,142.78

9. TRADE AND OTHER PAYABLES

Baht	
	2014
Trade accounts payable	23,601,856.24
Other accounts payable	25,354.50
Value added tax payable	2,259,071.73
Accrued withholding tax	8,557.50
Accrued social security fund	3,820.00
Accrued expenses	366,130.00
Total	26,264,789.97

	INR
	2014
Trade accounts payable	43,425,678.45
Other accounts payable	46,650.41
Value added tax payable	4,156,525.72
Accrued withholding tax	15,745.17
Accrued social security fund	7,028.52
Accrued expenses	673,652.25
Total	48,325,280.53

10. INCOME TAX

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation.

11. CONTINGENT LIABILITIES AND COMMITMENTS

The company has entered into lease agreement and service agreement covering its office premises for a period of three (3) years commencing November 1, 2013, with annual rental and service charge of Baht 516,600 (INR 983,251).

Under the terms of the agreements, the Company is required to pay deposit in amount of Baht 129,150 (INR 245,813) to the lesser which presented under "Refundable Deposit" in the statement of financial position.

Note : Conversion rate used against Indian Rupees for the year 2014 are:

- i) Items relating to Profit and Loss account at Average rate: 1 Baht= 0.5254
- ii) Items relating to Balance sheet at Closing rate: 1 Baht = 0.5435