Ranbaxy Laboratories, Inc.

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

WORKING RESULTS	**USD in Thousand**	
	Audited	***Audited***
Ranbaxy Laboratories, Inc.	**Period ended**	Period ended
	03/31/14	12/31/12
Net Sales	**$193,487**	$31,217
Profit/(Loss) before Interest, Depreciation, Amortization and Impairment	**72,549**	(4,206)
Interest expense/(income)	**-**	-
Exchange Loss/(Gain)- (Net) on Loans	-	-
Depreciation, Amortization and Impairment	**4,241**	2,630
Profit/(Loss) before Tax	**68,308**	(6,836)
Income Tax (benefit)/expense	**24,363**	(2,354)
Profit/(Loss) after Tax	**43,945**	(4,482)
Balance as per last balance sheet	**(33,511)**	(29,029)
ESOP, net of tax	**-**	**-**
Balance after ESOP adjustment	**(33,511)**	(29,029)
Excess tax benefit upon exercise of stock options	**-**	-
Balance available for appropriation	**10,434**	(33,511)

	INR in Thousand	
Ranbaxy Laboratories, Inc.	**Period ended**	Period ended
	03/31/14	12/31/12
Net Sales	**11,448,935**	1,669,358
Profit/(Loss) before Interest, Depreciation, Amortization and Impairment	**4,292,840**	(224,920)
Interest expense/(income)	**-**	-
Exchange Loss/(Gain)- (Net) on Loans	-	-
Depreciation, Amortization and Impairment	**250,947**	140,642
Profit/(Loss) before Tax	**4,041,893**	(365,561)
Income Tax (benefit)/expense	**1,441,598**	(125,882)
Profit/(Loss) after Tax	**2,600,296**	(239,679)
Balance as per last balance sheet	**(1,982,899)**	(1,552,353)
ESOP, net of tax	**-**	**-**
Balance after ESOP adjustment	**(1,982,899)**	(1,552,353)
Excess tax benefit upon exercise of stock options	**-**	-
Balance available for appropriation	**617,396**	(1,792,032)

Net Revenue

The Company recorded sales of $193.4 [INR 11,444] million, driven by the sales of branded product *Absorica* which was introduced in November 2012. During the past fifteen (15) months, *Absorica* has reached $165.5 [INR 9,793] million in revenue, net of $56.2 [3,325] million in coupons and capturing 22% market-share offset by the decline in sales of Topical products. Topical sales contributed $22.1 [INR 1,308] million during the fifteen (15) months ended March 31, 2014.

During the quarterly sales, *Absorica* jumped 93% to $56.5 [INR 3,325] million in Q514 compared to the average quarterly sales of $29.3 [INR 1,734] million in 2013.

Selling, General and Administrative Expense

Selling, General and Administrative expense increased $53.4 [INR 3,160] million (excluding I/C impact) resulting from an increase in spending for a DOJ fee, marketing and promotional expenditures as well as legal and promotional fees pertaining to the following:

1.) $26.1 [INR 1,544] million fee paid in May 2013 associated with settlement agreement with Department of Justice (DOJ).
2.) $15.6 million [INR 923] increase in sales force expenses to promote Absorica with physicians.
3.) $7.5 [INR 444] million increases in legal and professional and regulatory filing fees partially contributed by a $2.3 [INR 136] million credit in Q212 from Versa Pharm Inc. associated with the iPledge Program.
4.) $6.0 [INR 355] million settlement fee and legal expenditures associated with the Louisiana court.

Depreciation, Amortization and Impairment

Depreciation, amortization and impairment increased $0.3 [INR 18] million during fifth quarter of 2014, largely due to amortization expense, or $0.3 [INR 18] million per quarter for amortization expense of $250 [INR 14,793] K per quarter for Cipher milestone payment of $10 [INR 592] million on reaching a sales target for branded drug *Absorica* and amortization expense of $50 [INR 2,959] K per quarter, or $1.0 [INR 59] million for license and distribution rights to sell *Desvenlafaxine*, an antidepressant medication, over a period of five years.

Reclassifications

Certain reclassifications have been made in the Directors′ financial statements of prior period to confirm to the classifications used in the current year. These changes had no impact on previously reported net income or stockholders′ equity.

Dividend

No dividends have been declared for the quarter ended March 31, 2014.

Changes in Capital Structure
There were no changes to the Company's capital structure during the fifteen (15) months ended March 31, 2014.

Directors
The Board constitutes of: Venkat Krishnan, and John P. Reilly.

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

Sd/-
Director

Dated: 19 May 2014

RANBAXY LABORATORIES INC.

Financial Statements

March 31, 2014 and December 31, 2012

(With Independent Auditors’ Report Thereon)

Independent Auditors' Report

To

The Board of Directors
Ranbaxy Laboratories Limited

At your request, we have audited the accompanying special purpose financial statements ('referred to as financial statements') of Ranbaxy Laboratories Inc. ('the Company') which comprises the Balance Sheet as at March 31, 2014 and December 31, 2012, the related Statement of Operations for the period then ended and notes, comprising a summary of significant accounting policies and certain other explanatory information to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the 'basis of accounting' as described in note 1(b) of theses financial statements and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 our 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, we consider internal controls 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 presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above are prepared, in all material respects, in accordance with the 'basis of accounting' as described in note 1(b) of these financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 4 of the financial statements which explains that pursuant to change during the current period with regard to presentation of expense towards patient voucher, the previous year amounts have been restated wherein an amount of USD 5,789,334 [INR 309,590,053] has been netted off from net sales with a corresponding adjustment to selling, general and administration expenses. This restatement has no impact on the net loss in the previous year and on the retained earnings as at the end of previous year.

Basis of Accounting and restriction on use and distribution

Without modifying our opinion, we draw attention to note 1(b) to the financial statements which describes the 'basis of accounting' and that these financial statements are prepared for the limited purpose of the information and use of the Board of Directors of Ranbaxy Laboratories Limited ('the intermediate holding company') within India. Accordingly, the Company has not presented all of the disclosures including Statement of Cash Flows, and Statement of Changes in Stockholders 'Equity and Comprehensive Income/Loss that are required to present fairly the financial statements in conformity with U.S. generally accepted accounting principles. As a result, these financial statements will not be suitable for another purpose. Our report is intended solely for the Board of Directors of Ranbaxy Laboratories Limited and should not be used or distributed to any other party.

For **B S R & Co. LLP**
Chartered Accountants
Registered No.:101248W

Pravin Tulsyan
Partner
Membership No.:108044

Place: Gurgaon, India
Date: 19 May 2014

RANBAXY LABORATORIES INC.
Balance Sheet

March 31 2014 and December 31, 2012
(All amount in United States dollars, unless otherwise stated)

	March 31, 2014	December 31, 2012
ASSETS		
Current assets :		
Trade accounts receivable, net	38,690,324	4,055,174
Due from related parties	-	24,133
Inventories	5,443,971	2,879,748
Other current assets	1,436,023	2,723,269
Deferred tax assets	1,182,424	1,419,815
Total current assets	**46,752,742**	**11,102,139**
Property, plant and equipment, net	633	880
Intangible assets ,net	31,482,378	25,722,782
Due from related parties (Refer to note 5 and note 7)	129,764,832	302,312,798
Deferred tax assets	5,350,524	2,942,829
Other assets	-	10,000
Total assets	**$ 213,351,109**	**$ 342,091,428**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	3,867,270	3,282,845
Accrued expenses and other current liabilities	24,246,964	7,782,667
Allowances for sales return	5,064,470	4,339,087
Due to related parties (Refer to note 5)	5,080,856	-
	38,259,560	**15,404,599**
Total current liabilities		
Due to related parties (Refer to note 5 and note 7)	134,536,158	329,866,676
Other liabilities	83,947	303,462
Total liabilities	**172,879,665**	**345,574,737**
Stockholders' equity		
Common Stock, USD 1 Par value, Authorized 100 shares ; issued and outstanding 10 shares as at March 31, 2014 and December 31, 2012	10	10
Additional paid in capital (Refer to note 6)	30,036,671	30,027,329
Retained earnings	10,434,763	(33,510,648)
Total stockholders' equity	**40,471,444**	**(3,483,309)**
Total liabilities and stockholders' equity	**$ 213,351,109**	**$ 342,091,428**

See accompanying notes to the financial statements

RANBAXY LABORATORIES INC.
Balance Sheet

March 31 2014 and December 31, 2012
(All amount in Indian Rupees, unless otherwise stated)

	March 31, 2014	December 31, 2012
ASSETS		
Current assets :		
Trade accounts receivable, net	2,316,785,892	221,594,184
Due from related parties	-	1,318,743
Inventories	325,986,303	157,363,294
Other current assets	85,989,413	77,585,519
Deferred tax assets	70,803,828	148,812,495
Total current assets	**2,799,565,436**	**660,674,234**
Property, plant and equipment, net	37,904	48,094
Intangible assets ,net	1,885,172,335	1,405,616,503
Due from related parties	7,770,349,222	16,519,825,010
Deferred Tax Assets	320,390,659	160,810,328
Other assets	-	546,448
Total assets	**12,775,515,556**	**18,693,520,617**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	231,573,067	179,390,429
Accrued expenses and other current liabilities	1,451,914,038	425,282,349
Allowances for sales return	303,261,662	237,108,579
Due to related parties	304,242,874	-
Total current liabilities	**2,290,991,641**	**841,781,357**
Due to related parties	8,056,057,365	18,025,501,421
Other liabilities	5,026,765	16,582,643
Total liabilities	**10,352,075,772**	**18,883,865,421**
Stockholders' equity		
Common Stock, $ 1 Par value,Authorized 100 shares ; issued and outstanding 10 shares as at March 31 2014 and December 31, 2012	314	314
Additional paid in capital	1,798,603,054	1,640,837,650
Retained earnings	1,411,810,014	(1,188,510,235)
Accumulative other comprehensive (loss) income	(786,973,597)	(642,672,532)
Total stockholders' equity	**2,423,439,784**	**(190,344,803)**
Total liabilities and stockholders' equity	**12,775,515,556**	**18,693,520,617**

See accompanying notes to the financial statements

RANBAXY LABORATORIES INC.
Statements of Operations

Fifteen months ended March 31, 2014 and year ended December 31, 2012
(All amount in United States dollars, unless otherwise stated)

	Fifteen months ended March 31, 2014	(As Restated- refer note 4) Year ended December 31, 2012
Net sales (Refer to note 4)	192,935,799	30,841,232
Other operating income	550,847	375,963
Total revenue	**$ 193,486,646**	**$ 31,217,195**
Cost of goods sold (exclusive of depreciation and amortization)	46,671,264	7,304,416
Selling, general and administration expenses (exclusive of depreciation and amortization) (Refer to note 3 and note 4)	63,305,915	25,348,745
Research and development (exclusive of depreciation and amortization)	10,960,690	2,769,405
Depreciation and amortization	4,240,652	2,630,239
Operating income/(loss)	**$ 68,308,125**	**$ (6,835,610)**
Income/(loss) before tax	**68,308,125**	**(6,835,610)**
Income taxes expense/(benefit)	24,362,714	(2,354,031)
Net income/(loss)	**43,945,411**	**(4,481,579)**
Retained earnings, beginning	(33,510,648)	(29,029,069)
Retained earnings, ending	**$ 10,434,763**	**$ (33,510,648)**

See accompanying notes to the financial statements

RANBAXY LABORATORIES INC.
Statements of Operations

Fifteen months ended March 31, 2014 and year ended December 31, 2012
(All amount in Indian Rupees, unless otherwise stated)

	Fifteen months ended March 31, 2014	(As Restated) Year ended December 31, 2012
Net sales	11,416,319,493	1,649,263,743
Other operating income	32,594,497	20,104,973
Total revenue	**11,448,913,990**	**1,669,368,717**
Cost of goods sold (exclusive of depreciation and amortization)	2,761,613,229	390,610,481
Selling, general and administration expenses (exclusive of depreciation and amortization) (Refer to note 3)	3,745,912,130	1,355,547,861
Research and development (exclusive of depreciation and amortization)	648,561,518	148,096,523
Depreciation and amortization	250,926,154	140,654,492
Operating income/(loss)	**4,041,990,959**	**(365,540,640)**
Income/(loss) before tax	**4,041,990,959**	**(365,540,640)**
Income taxes expense/(benefit)	1,441,580,710	125,884,011
Net income/(loss)	**2,600,320,249**	**(239,656,629)**
Retained earnings, beginning	(1,188,510,235)	(948,853,606)
Retained earnings, ending	**1,411,810,014**	**(1,188,510,235)**

See accompanying notes to the financial statements

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Incorporation and history

Ranbaxy Laboratories Inc. ('the Company or RLI') was incorporated on January 1, 2005 in the State of Florida. It is a wholly-owned subsidiary of Ranbaxy Inc., which is a wholly-owned subsidiary of Ranbaxy (Holdings) U.K. Limited ('RHUK'), which is a wholly owned subsidiary of Ranbaxy Holdings (Netherlands) BV ('RNBV'), which in turn is a wholly owned subsidiary of Ranbaxy Laboratories Limited ('an intermediate holding company') ('RLL'). RLL is a subsidiary of Daiichi Sankyo Company Limited, Japan, which is also the ultimate holding company. The Company is a distributor of branded and prescription pharmaceuticals. The Company obtains its products from its affiliates, RLL and third parties. The Company conducts its operations from a distribution facility in Jacksonville, Florida and sells to customers throughout the United States of America ('USA'). The Company distributes its products pursuant to rights obtained through Abbreviated New Drug Application ('ANDA') approvals in USA, licensing rights obtained from RLL and third parties. The Company's products are subject to the regulatory approval of the United States Food and Drug Administration ('US FDA').

(b) Basis of accounting

The financial statements have been prepared in accordance with the recognition and measurement principles of US generally accepted accounting principles (US GAAP) and include only the following:

- Balance Sheet as at March 31 2014, and December 31, 2012;
- Statement of Operations for the fifteen months period ended 31 March 2014 and twelve months period ended 31 December 2012 ; and
- Significant accounting policies and related notes to the financial statements, to the extent considered required by the managemet.

These financial statements have been prepared for the limited purpose of the information and use of the management of RLL within India and hence contain only limited disclosures. Accordingly, certain disclosures (including Statement of Cash Flows and Statement of Changes in Stockholders' Equity and Comprehensive Income/Loss) that are required to present fairly the financial statements in conformity with US GAAP have been omitted.

The financial year of the Company has been changed from January-December to April-March effective 01 April 2014. In view of this, the current financial year of the Company is for a period of 15 months i.e. 01 January 2013 to 31 March 2014 ('current period') and, accordingly, the figures for the current period are not comparable with figures for the year ended 31 December 2012 ('previous year') presented in the statement of operations and related notes.

(c) Use of estimates

The preparation of financial statements in conformity with 'basis of accounting' as discussed in 1(b) above requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. The Company's most significant estimates relate to the determination of sales return and allowances for accounts receivables, accrued liabilities, valuation of inventory balances, intangible assets and other long lived assets for impairment and deferred tax. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management become aware of changes in circumstances surrounding the estimates. Any change in estimates is recognized prospectively.

(d) Functional currency

Operations of the Company are carried out in USA and accordingly, functional currency of the Company is determined as U.S. Dollar ('USD' or '$').

(e) *Revenue recognition*

Revenue is earned when persuasive evidence of an arrangement exists, delivery has occurred, the seller's price to the buyer is fixed or determinable, and collectability is reasonably assured. The Company records revenue from product sales when title and risk of ownership have been transferred to the customer, which is typically upon delivery to the customer.

Revenues are shown net of applicable cash discounts, volume discounts, rebates, chargebacks, expense incurred towards patient coupons and other credits/allowances as applicable.

Allowances for sales return are estimated and provided for in the year of sales. Such allowances are made based on the historical trends. The Company has the ability to make a reasonable estimate of the amount of future returns due to large volumes of homogeneous transactions and historical experience with similar types of sales of products. In respect of new products launched or expected to be launched, the sales returns are not expected to be different from the existing products as such products relate to categories where established products exist and are sold in the market. Further, the Company evaluates the sales returns of all the products at the end of each reporting period and necessary adjustments, if any, are made.

A chargeback represents an amount payable in the future to a wholesaler for the difference between the invoice price paid to the Company by a wholesaler for a particular product and the negotiated contract price that the wholesaler pays for that product. The Company estimates the amount of expected chargeback primarily based on historical experience regarding expected wholesaler inventories and current contract prices.

The Company has a patient coupon programme in relation to its certain products. These patient coupons enable the eligible customers to avail a discount at the time of dispensing of prescriptions and the related cost of such patient coupons is borne by the Company. Such discount is estimated based on historical experience including usage of such coupon by the eligible customers and is netted off from revenue. Also refer to note 4.

When the Company received advance payments from customers for sale of products, such payments are reported as advances from customers until all conditions for revenue recognition are met.

(f) Inventories

Inventories consist of traded goods which are stated at the lower of cost and market value. The cost of purchased goods is determined using their 'moving weighted average' cost. A write down of inventory to the lower of cost and market value at the close of a fiscal period creates a new cost basis and is not marked up based on changes in underlying facts and circumstances. Inventories are reviewed on a periodic basis for identification and write-off of slow moving and obsolete inventory. Such write-downs, if any, are included in the cost of goods sold.

(g) Other current assets

Other current assets comprises prepaid expenses, prepaid insurance, advance to suppliers, deposits with suppliers etc.

(h) Shipping and handling expenses

Shipping and handling expenses incurred to transport products to customers are included in selling, general and administrative expenses.

(i) Research and development expenses

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on equipment and facilities that are acquired or constructed for research and development activities and having alternative future uses is capitalized as tangible assets when acquired or constructed.

(j) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. The Company depreciates property, plant and equipment over the estimated useful life using the straight-line method. Upon retirement or disposal of assets, the cost of the asset and the related accumulated depreciation and impairment are eliminated from the accounts and the resulting gain or loss is credited or charged to statement of operations.

The estimated useful lives of assets are as follows:

Office equipment	8 years
Furniture and fixtures	8 years

Expenditure for repairs and maintenance is expensed as incurred. Expenditure for major renewals, betterments and additions are capitalized.

(k) Intangibles

Intangible assets are amortized over their respective individual estimated useful lives in proportion to the economic benefits consumed in each period. The estimated useful lives of the intangible assets are as follows:

Licenses	10 to 15 years
Trademarks	15 years
Technical knowhow	15 years
Software	4 years

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

(l) Impairment of long-lived assets

Long-lived assets and finite life intangibles are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Each impairment test is based on a comparison of the undiscounted cash flows expected to be generated from the use of the asset to its recorded value. If impairment is indicated the asset is written down to its fair value. Long-lived assets, to be disposed are reported at the lower of the carrying value or fair value less cost to sell.

(m) Employee benefit plan

The Company participates in a retirement plan under Section 401(k) of the Internal Revenue Code ("Code") covering substantially all eligible employees. The plan allows for employees to defer up to 15% of their annual earnings (within limitations prescribed in the code) on a pre-tax basis through voluntary contributions to the plan. The plan provides that the entity can make optional contributions in an amount up to the maximum allowable by Section 404 of the Code. The contribution of the Company are recognised as an expense as incurred.

(n) Income taxes

Ranbaxy Inc., the Parent company files a consolidated federal tax return including income/ losses of its subsidiaries. The tax expense / benefit has been allocated to respective entities using separate return method and the amount payable/ (receivable) is included in due to / due from related parties in the financial statements.

Under the separate return method, the current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance of any tax benefits of which future realization is uncertain at consolidated level.

Uncertain tax positions are recognized and measured using the two step approach. The first step is to evaluate the tax position for recognition by determining, based on technical merits, that the position will be sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement. Interest and penalities related to unrecognized tax benefits is included income taxes expense/ benefits for the period.

(o) Stockholder's Equity

Holders of common stock are entitled to one vote per share, and to receive dividends and, upon liquidation or dissolution, are entitled to receive all assets available for distribution to stockholders. The holders have no preemptive or other subscription rights and there are no redemption or sinking fund provisions with respect to such shares.

2) CONTINGENCIES AND COMMITMENTS

The Company is involved in lawsuits, claims and proceedings, which arise in the ordinary course of business. While the amounts claimed may be substantial, the ultimate liability is not currently determinable because of considerable uncertainties that exist. Therefore, it is possible that results of operations or liquidity in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a material adverse effect on the financial statements.

3) SETTLEMENT WITH US DOJ

During the current period, RLL Group has negotiated and settled with the Department of Justice of USA (‘US DOJ’) for resolution of civil and criminal allegations on 13 May 2013 as per the decree of the court of Maryland. RLL had recorded a provision of USD 500,000,000 [INR 26,595,744,681] in the year ended 31 December 2011, to cover all civil and criminal liabilities. The settlement of this liability (along with related interest and other cost) in compliance with the terms of settlement was subject to regulatory/statutory provisions. The above mentioned decreetal amount of liability has been paid by the US fellow subsidiaries of the Company including Ranbaxy Pharmaceuticals Inc.('RPI'), a limited risk distributor. Under the said agreement of distribution, RPI has invoked indemnity for itself and inter alia its affiliates. The settlement amount has, accordingly, been apportioned between RLL and its US subsidiaries. Accordingly, accounting adjustments arising from apportionment of the total settlement amount between RLL and its US subsidiaries, including the impact of apportionment on provision for taxation, have been carried out and therefore USD 26,100,000 [INR 1,544,378,698] was apportioned to the US subsidiaries of which USD 3,400,000 [INR 218,934,911] has been allocated to the Company and is included under selling, general and administrative expenses.

4) RESTATEMENT OF PREVIOUS YEAR

During the current period, considering the nature of the expense towards patient vouchers, the management reassessed its accounting policy with regard to presentation thereof and considered it more appropriate, based on substance over form principle, to net off the said expense against net sales as compared to including it in selling, general and administration expense till the previous year. Accordingly, an amount of USD 5,789,334 [INR 309,590,053] representing expense incurred towards such patient vouchers in the previous year has been netted off from net sales of the previous year with a corresponding adjustment to selling, general and administration expense in order to conform to current period presentation. Accordingly, the balances for the year ended 31 December 2012, of net sales and selling, general and administration expense have been restated to USD 30,841,232 [INR 1,649,263,743] and USD 25,348,745 [INR 1,355,547,861] respectively (from USD 36,630,566 [INR 1,958,853,797] and USD 31,138,079 [INR 1,665,137,914] respectively as reported in previous year). This restatement has no impact on the net loss in the previous year and on the retained earnings as at the end of previous year.

5) DUE TO/ FROM RELATED PARTIES

During the current period, the subsidiaries of the Parent company have agreed to offset their respective receivable and payable balances and accordingly the resultant net receivable/ payable from the respective subsidiaries has been included under due from/to related parties in the financial statements as at 31 March 2014.

6) SHARE BASED COMPENSATION

During the current period, the Company has recorded stock option expense of USD 9,342 [INR 552,781] (previous year USD 7,248 [INR 387,594]) with a corresponding credit to the additional paid in capital.

7) INCOME TAX PAYABLE

The liability towards income tax payable amounting to USD 13,366,505 [INR 800,389,521] (previous year income tax receivable of USD 13,156,433 [INR 718,930,765]) is included under due to/due from related parties (non - current) as at the balance sheet date. Also refer to note 1(n).

8) EMPLOYEE BENEFIT PLAN

The Company's contribution towards employee benefit plan is USD 21,760 [INR 1,287,574] (previous year USD 15,970 [INR 854,011]).

9) SUBSEQUENT EVENTS

The Company has evaluated that there are no subsequent events which require any adjustment/disclosures in the financial statements.

Note : Conversion rate used against Indian Rupees for the year 2014 and 2012 are:

i) Items relating to Profit and Loss account at Average rate: 1 USD= 0.0169 [2012: 1 USD =0.0187]

ii) Items relating to Balance sheet at Closing rate: 1 USD = 0.0167 [2012: 1 USD=0.0183]