RANBAXY
Trusted medicines.Healthier lives

A global commitment towards quality and patients

ANNUAL REPORT 2013-14

A global commitment towards quality and patients

The credo of 'Quality and Patients First' has become a way of life at Ranbaxy. More than a philosophy to live and work by, it is a global commitment to offer high quality, affordable pharmaceuticals to patients around the world.

While multiple initiatives have been rolled out in pursuit of this maxim, we truly believe that quality means continuous improvement. At Ranbaxy, there is a heightened focus on making quality and compliance the hallmark of all our operations.

We are resolute in our determination to live up to the trust that our stakeholders across the globe have reposed in us and will strive ceaselessly to enhance value for all stakeholders.

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Philosophy

Quality and Patients First

Mission

Enriching lives globally, with quality and affordable pharmaceuticals

Values

- Achieving customer satisfaction is fundamental to our business.
- Provide products and services of the highest quality.
- Practice dignity and equity in relationships and provide opportunities for our people to realise their full potential.
- Ensure profitable growth and enhance wealth of the shareholders.
- Foster mutually beneficial relations with all our business partners.
- Manage our operations with high concern for safety and environment.
- Be a responsible corporate citizen.

Quick Facts

Established
1961

Headquarter
Gurgaon, Haryana, India

Global Presence
Ground operations in 43 countries, products sold in over 150 countries, manufacturing facilities in 8 countries

Employees
~15,300 people represented by more than 50 nationalities

Highlights

53%
Contribution of Emerging Markets to global sales

20
Ranbaxy completed 20 successful years in Russia and Ukraine in 2013

271
International Regulatory Filings made across markets

78
Patents filed in India

1Mn
Over one million patients successfully treated in India by new age anti-malarial drug, Synriam™ since its launch in April 2012

4th
Revital was ranked the 4th largest brand in Indian Pharma Market *(IMS Health MAT March 2014)*

Global Accolades

Synriam™
Assocham Excellence Platinum Award 2013

Revital
Readers Digest Trusted Brand

Leed India Gold Rating Certificate
Awarded to Ranbaxy Mohali Divisional Office

Board of Directors

Dr. Tsutomu Une
Chairman

Mr. Akihiro Watanabe

Dr. Anthony H. Wild

Dr. Kazunori Hirokawa

Mr. Percy K. Shroff

Mr. Rajesh V. Shah

Mr. Takashi Shoda

Mr. Arun Sawhney
CEO & Managing Director

COMPANY SECRETARY
Mr. Sushil K. Patawari

REGIONAL HEADQUARTERS
Mumbai [India], Princeton [USA], London [UK]
Johannesburg [South Africa], Bucharest [Romania], Kuala Lumpur [Malaysia]

MARKETING OFFICES
Cameroon, Ukraine, Russia, Vietnam, Lithuania,
Kenya, Lusaka, Cote de Ivoire, Dakar, Myanmar, China,
Kazakhstan, UAE, Bulgaria

STATUTORY AUDITORS
B S R & Co. LLP, Chartered Accountants
Building No. 10, 8th Floor, Tower-B, DLF Cyber City, Phase-II, Gurgaon - 122002,
Haryana [India]

BANKERS
Credit Agricole CIB, Royal Bank of Scotland plc, Citibank NA, Deutsche Bank AG,
The Hongkong & Shanghai Banking Corporation, Punjab National Bank,
Standard Chartered Bank

REGISTERED OFFICE
A-41, Industrial Area Phase - VIII-A, Sahibzada Ajit Singh Nagar, Mohali - 160071,
Punjab [India]
Ph: [91-172] 6678666

CORPORATE OFFICE
Plot No. 90, Sector 32, Gurgaon - 122001, Haryana [India]
Ph: [91-124] 4135000. Fax: [91-124] 4135001

HEAD OFFICE
12th Floor, Devika Tower, 6, Nehru Place, New Delhi - 110019 [India]
Ph: [91-11] 26237508. Fax: [91-11] 26225987

Chairman's Message

Merging competencies, emerging stronger

Dr. Tsutomu Une
Chairman

Dear Valued Shareholders,

I am happy to communicate with you once again on your company. Despite the current economic slowdown, the global demand for generic pharmaceuticals has continued to grow and it is expected to reach 36% of the total global pharmaceutical spending by 2017. At a time when the pharma industry for patented products is growing by only 1-2%, the generics industry is upbeat with double digit growth. This underscores the enormous potential for the generics sector. Ranbaxy, being an established global enterprise in generics, will benefit substantially from this positive trend.

This time, we are reporting your company's performance for a 15-month period from January 2013 to March 2014. This is due to the fact that the company is transitioning its reporting period from calendar year to financial year.

During the period under review, the company recorded consolidated global sales of Rs.130.4 billion. The North America region performed well despite challenges, reflecting a strong growth in the base business. Emerging markets continued their healthy performance. The period also marked the successful completion of 20 years of operations in two of our key markets, Russia and Ukraine.

The domestic market, i.e., India, recorded creditable performance despite the challenges posed by a new pricing system. We received approval from the Indian drug regulator, Central Drugs Standard Control Organisation (CDSCO), to manufacture and market Synriam™ (arterolane maleate and piperaquine phosphate tablet 150+750mg) for the treatment of uncomplicated malaria in adults caused by the *Plasmodium vivax* parasite. This makes Synriam™ one of the few therapies in the world that successfully treats both *Plasmodium vivax* and *Plasmodium falciparum* malaria.

A significant development during the period was the closure of investigation by the US Department of Justice for data integrity and manufacturing processes at certain facilities in India. Under the terms of the final agreement, Ranbaxy and its affiliates agreed to settle by making a total payment of US$ 0.515 billion in aggregate. However, despite this we continued to face some

"Strengthening quality and compliance remains our top priority and it is our global commitment to provide quality and affordable pharmaceuticals to our customers. While we maintain confidence in the quality of all our products, we will do everything we can to ensure that Ranbaxy remains a company that is trusted, respected and highly regarded."

serious regulatory challenges. The US Food and Drug Administration (US FDA) issued an Import Alert on our Mohali plant in September 2013 and, later, subjected the facility to certain terms of the Consent Decree that Ranbaxy had signed in January 2012. In January 2014, our Active Pharmaceutical Ingredient (API) facility at Toansa, Punjab, was also included under the Consent Decree.

The Board and management have taken these developments very seriously and have since made several significant changes. A 'Quality & Integrity Committee' has been constituted at the Board level. Its primary role is to provide oversight over the company's manufacturing and quality operations and systems, their organisation and integrity. The company is also receiving guidance and technical support from Daiichi Sankyo in overcoming these issues.

In my message last year, I had stated that we would always stand by our philosophy of 'Quality and Patients First'. Strengthening quality and compliance remains our top priority and it is our global commitment to provide quality and affordable pharmaceuticals to our customers. While we maintain confidence in the quality of all our products, we will do everything we can to ensure that Ranbaxy remains a company that is trusted, respected and highly regarded. We have remained steadfast in our commitment to our philosophy and will emerge stronger from our recent travails.

In this context, it is heartening that many global regulatory agencies, including the US FDA; the European Medicines Agency (EMA); the Therapeutic Goods Administration (TGA), Australia; Health Canada; and ANVISA, Brazil, have inspected many of our manufacturing plants situated in India and abroad with successful outcomes. We continue to closely work with all the agencies to enhance our policies and processes in a compliant manner. In the USA, our Ohm manufacturing plant successfully cleared regulatory inspections by the US FDA and continues to supply high quality, affordable products to the US healthcare system. These developments bear testimony to the improvements we have been making and demonstrate that we are capable of successfully overcoming such hurdles as may come in our way.

Scientist working at Ranbaxy R&D Centre, Gurgaon, India

Ohm Laboratories Inc., New Jersey, USA

Ranbaxy Board of Directors

Dr. Tsutomu Une **Arun Sawhney** **Takashi Shoda** **Dr. Kazunori Hirokawa**

To further strengthen Ranbaxy's corporate governance standards, new committees have been formed at the Board level. A 'Corporate Social Responsibility (CSR) Committee' has been set up to formulate the company's CSR Policy and monitor its implementation, besides recommending the budget for social activities to the Board. The erstwhile Nomination Committee and Compensation Committee were dissolved and a new committee has been constituted as the 'Nomination and Remuneration Committee'. Its role will be to, inter-alia, identify persons who are qualified to become Directors and who may be appointed in the senior management; recommend to the Board their appointment and removal; evaluate the performance of the Board and senior management; and formulate the Remuneration Policy of the company.

Participating in and promoting the development and welfare of local and under-served communities is a vital part of our social commitment. As a responsible corporate citizen, in the period under review, Ranbaxy continued with its efforts to deliver primary healthcare services to improve the lives of the needy. We are focussing on key issues such as mother & child care, AIDS awareness and management, and adolescent health. Under our '*Maatra Shishu Swasthya Sewa*' (Mother & Child Health Service), a joint initiative of Ranbaxy and Daiichi Sankyo, we are today serving over 100,000 people spread across 100 villages in District Dewas, Madhya Pradesh, India. The Public Private Partnership (PPP) project between Ranbaxy and the state government in Punjab, India is advancing well. Ranbaxy operates 10 well equipped mobile healthcare vans, which go deep into the interior rural areas, covering a population of over 330,000 spread across 98 villages in the state. Additionally, we provide mobile healthcare services around various Ranbaxy plant locations at Mohali, Toansa, Paonta Sahib and Dewas.

To promote scientific endeavours in India, Ranbaxy Science Foundation (RSF) continued with its efforts by rewarding

Dr. Anthony H. Wild **Rajesh V. Shah** **Akihiro Watanabe** **Percy K. Shroff**

excellence in medical and pharmaceutical research and channeling national and international knowledge and expertise. RSF presented research awards to Indian scientists and scholars for outstanding research and held scientific symposia and round table conferences in the country during the period under review.

In the recent past, the global pharmaceutical industry has been witnessing a wave of consolidation with some large strategic mergers and acquisitions among the leading innovator companies. With growing challenges in the innovator sector and huge opportunities in the generics space, the consolidation trend is expected to gain momentum. This can throw up significant opportunities to companies to expand and strengthen footprint across attractive markets and therapeutic segments.

In keeping with this trend, on April 6, 2014, the Board of Directors of Ranbaxy approved the scheme of arrangement for merger of the company with Sun Pharma, a leading international, integrated, speciality pharmaceutical company. As part of the agreement, Ranbaxy shareholders will receive 0.8 share of Sun Pharma for each share of Ranbaxy. It is anticipated that the transaction will close by the end of 2014 calendar year and, upon closing, Daiichi Sankyo will become the second largest shareholder in Sun Pharma.

The Ranbaxy and Sun Pharma combined entity is expected to result in a quantum leap in ranking, creating the fifth-largest speciality generics company in the world with operations extending to 65 countries with 47 manufacturing facilities across 5 continents. It will be the largest generic pharmaceutical company in India. The merged entity will be a global powerhouse that will offer a diverse, highly complementary portfolio of speciality and generic products, covering a spectrum of chronic and acute treatments.

We believe this transaction will shape an even better future for Ranbaxy and will maximise value for all stakeholders by unleashing immense opportunities for long term sustainable and high quality growth.

The merger of Ranbaxy with Sun Pharma was a significant decision made by the Boards of Ranbaxy and Daiichi Sankyo. In executing this transaction, the Ranbaxy Board, the CEO, the CFO and the legal team played a key role. It is our unanimous belief that the independent assets of Ranbaxy and Sun Pharma, be it global footprint, product portfolio or human capital, will complement each other to create a formidable entity that will ultimately build enduring value for all stakeholders.

The Ranbaxy brand, with its strong legacy, will remain the pride of India and a prestigious asset that will continue to deliver its worth in the future.

I would like to thank all my colleagues in Ranbaxy all over the world for their hard work and valued contribution. I am confident the road ahead is bright and promising.

I am grateful to the Board of Directors for their unwavering support and guidance. I take this opportunity to express my gratitude to all our shareholders and partners for their trust and unceasing support.

Sincerely,

Tsutomu Une
Chairman

CEO & Managing Director's Message

Uncompromising quality, envisioning growth

Arun Sawhney
CEO & Managing Director

Dear Shareholders,

The period of 15 months ending March 2014 was very significant for Ranbaxy. We passed through challenging times, but with our collective strength, firmly stood our ground. Notwithstanding the difficulties we faced, Ranbaxy achieved its sales guidance, registering a turnover of Rs.130.4 billion.

The period under review this time has been 15 months as we changed our financial year from January - December to April - March.

The North America region recorded sales of Rs.42 billion, posting significant growth in the base business. The US continued to be the single most important market for Ranbaxy. Emerging markets recorded sales of Rs.68.7 billion, developed markets contributed Rs.54.2 billion and Active Pharmaceutical Ingredients (API), etc. registered sales of Rs.7.5 billion.

During the 15 month period, Ranbaxy had higher net debt primarily due to the payment of US$ 0.515 billion to the US Department of Justice (DOJ) in May 2013 as part of a settlement. Foreign currency option derivatives outstanding as on March 31, 2014 were at US$ 0.568 billion, down from the level of US$ 1.1 billion as on December 31, 2012. Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA) were at Rs.9.7 billion, which was lower than the previous year's EBITDA, primarily due to the US Food and Drug Administration (US FDA) related remediation costs in the current period and revenues from First-to-File (FTF) products being included in the previous period. Our company reported a net loss of Rs.10.7 billion, being impacted by exceptional items of Rs.8.6 billion. These included gain/loss on foreign exchange options derivatives, stock write-off and other costs, goodwill impairment and impairment of investments in associate.

GLOBAL OPERATIONS

At the beginning of 2013, we had set two priorities for the company. The first was to increase our focus on two of our key markets, the US and India; and the second was to spread the culture of quality in every action across the entire value chain.

The sales in the US were high last year (January-December 2012) on account of exclusivity of FTF products. However,

> With our tireless commitment to the best of standards, we are establishing an ecosystem that is single-mindedly driven by our credo, 'Quality & Patients First'. We are proud of being in an industry where the purpose is healing and our mission is "Enriching lives globally, with quality and affordable pharmaceuticals".

performance during the year, in the US, was impacted by the US FDA decision to prohibit two of our plants in India from exporting products to the US market. Ranbaxy's Absorica^{TM} brand (Isotretinoin capsules), indicated for severe recalcitrant acne, has assumed an enviable position in the oral Isotretinoin market with a market share of 22% in the US at the end of March 2014. Absorica^{TM}, along with topical steroid products such as Kenalog® Spray and Halog® Cream and Ointment, further supported the growth of the dermatology franchise. Towards the close of 2013, we received an approval from the US FDA for Felodipine. Though not significant in value, it was a positive development.

Overcoming initial interruptions and challenges because of the central government pricing policy and trade issues, our India business recovered well. The focus was on aligning the brands with the market opportunity. We have reorganised our existing business portfolio to optimise resources and augment therapy focus. During the period under review, a special programme, "I for Rational" was started to create awareness on the 'Rational use of Antibiotics'. As part of this programme, we have engaged with over 50,000 doctors, discussing how the indiscriminate use of antibiotics is increasing resistance in patients.

Our new age anti-malarial product, Synriam^{TM}, has cured more than one million patients in India since its launch in April 2012. We have filed New Drug Applications for marketing Synriam^{TM} in many African countries. We expect to launch the product in some countries in the African continent this year.

The Eastern Europe and CIS region was a key growth driver for the company in these 15 months. A lot of work is being done in Eastern Europe to support governments to create better awareness about generic medicines. This will create opportunities for generic companies to provide affordable pharmaceutical solutions. In Romania, Ranbaxy maintained its No. 1 rank in the represented market. The company grew rapidly, whereas the overall market contracted on account of an unfavourable business environment, price constraints, market access delays and an evolving claw-back tax.

The Regulatory environment has become challenging for business and the administrative burden is increasing

Scientists at a Quality Control Lab, Ranbaxy Plant, Mohali, India

Ranbaxy's Executive Committee

Arun Sawhney
CEO & Managing Director

Rajiv Gulati
President-Global Pharmaceutical Business

Indrajit Banerjee
President & Chief Financial Officer

Dale Adkisson
Executive VP & Head-Global Quality and Compliance

Ashwani Malhotra
Executive VP Global Pharma Manufacturing

Scientist at an Analytical Research Lab, Ranbaxy R&D Centre, Gurgaon, India

in Russia. Nevertheless, the market remains attractive despite many operating challenges. Ranbaxy continues to maintain a leadership position in its represented market in Russia. The recent turmoil in Ukraine has sparked concerns, but in the long term, we expect a fundamental favourable change in the market with the introduction of a health insurance based system in Ukraine.

In Western Europe, the macroeconomic indicators have finally started to show improvement with most major economies, viz Germany, UK, France, demonstrating growth in 2013. We won two contracts in the UK, awarded by the National Health Service (NHS) and new exclusive tender awards given by the Health Funds in Germany. Our plant in Ireland doubled production volumes, starting commercial supplies of Atorvastatin across several countries in the EU.

The company recorded muted performance in Africa, as sales were impacted by reduced tender quantities. The construction of greenfield manufacturing facilities in Nigeria and Egypt is under progress. We see great potential in the African continent and these new plants will enable Ranbaxy to tap the emerging growth opportunities in the region.

REGULATORY CHALLENGES

Ranbaxy faced Regulatory challenges in the period under review as two of our plants in India, at Mohali and Toansa in the state of Punjab, came under Import Alert and were subjected to certain terms of the Consent Decree that was signed with the US FDA in January 2012. We are taking stringent steps to address all concerns raised by the US FDA and our focus is to ensure continued compliance in all areas. On the positive side, the Ohm manufacturing plant in the US successfully cleared two inspections by the US FDA and continues to bring safe, effective and quality medicines to the US market. The products that were formerly manufactured in the Mohali plant that came under the Import

Ranjan Chakravarti
Head-Transformation & Business Consulting

Sanjeev I. Dani
Executive VP & Head-Global Strategy, Corporate and Business Development

Sandeep Girotra
Senior VP & Head-Global Human Resources

Koji Ogawa
Head-Corporate Services

Govind K Jaju
Executive VP & Global Head-Procurement, Supply Chain, API business, API & Contract Manufacturing

Alert issued by the US FDA during the year have been transferred to Ohm in the US.

Earlier, we had successfully settled our long-standing negotiations with the US DOJ for data integrity and manufacturing processes at our Dewas and Paonta Sahib facilities in India. With regard to Consent Decree related to the above mentioned facilities, we have so far met all our obligations and are progressing as per plan.

While the journey has not been easy, there were also encouraging outcomes on the Regulatory front. During the period under review, several global Regulatory agencies conducted their independent inspections at Ranbaxy plants situated in India and overseas and we successfully cleared those inspections. This is a reflection of our determination and maturity that even in the face of adversity, we have the mettle to navigate and stay on course.

Today, it is amply clear that the expectations of Regulatory agencies, all over the world, are increasing. This necessitates some significant changes in the way global pharmaceutical companies operate. We have to consistently raise the standards of our processes to be able to meet the evolving demands of Regulators.

While we have made significant improvements in our quality systems and processes, we believe more needs to be done. We are certain that the efforts underway at Ranbaxy in this regard will enable us to emerge stronger in quality and compliance. We are determined to find our rightful place in the minds and live upto the trust, our stakeholders across the globe, have reposed in us.

With our tireless commitment to the best of standards, we are establishing an ecosystem that is single-mindedly driven by our credo, 'Quality & Patients First'. We are proud of being in an industry where the purpose is healing and our mission is "Enriching lives globally, with quality and affordable pharmaceuticals".

HYBRID BUSINESS MODEL

Our hybrid business model with Daiichi Sankyo completed five years in 2013. It encompasses several synergies on the front end and the back end. In the years ahead, Daiichi Sankyo will continue to expand this hybrid business strategy.

RESEARCH & DEVELOPMENT

Through a well-defined R&D strategy, we are strengthening our research and innovation capabilities to deliver significant value in the future. In addition to generic product development, R&D is making concerted efforts towards identification and development of differentiated product candidates. A differentiated product offers significant advantage over existing treatments by improving patient safety and patient compliance, enhancing the efficacy of the drug or providing new treatment options.

During the 15 month period under review, our R&D team filed 271 product dossiers globally. We filed 10 Abbreviated New Drug Applications (ANDAs) in the USA and 19 in Europe. Our Clinical Pharmacology & Pharmacokinetics (CPP) and Clinical Pharmacology Units (CPUs), located in India, and BA/BE Units, located in Romania, successfully completed inspections by the US FDA in the first quarter of 2014.

PEOPLE POWER

Ranbaxy is going through a journey of transformation, which calls for more passion, resilience and perseverance from its employees. I can proudly say that this commitment from our ~15,300-strong multicultural set of employees has enabled us to endure

and thrive in these challenging and rapidly changing times. To reward, recognise and grow, we have introduced a robust Behavioural Competency Framework that is seamlessly linked to various Human Resources (HR) systems and processes such as Recruitment, Learning & Development, and Performance Management. This will also enable the creation of the right mind-set and behaviour to drive quality and compliance in all spheres of work. In an endeavour to infuse fresh thinking and create a future-ready talent bank, we have launched a Global Leaders Programme. I am confident that these initiatives will harness the true potential of our employees and create an ecosystem where our Human Resources will flourish and grow.

RESTRUCTURING

I mentioned last year that we have rolled out an initiative to design a new organisational structure and prepare it for the future. The primary objective has been to improve efficiencies and productivity, foster greater collaboration and increase accountability. We have already started making the required investments and many identified projects are in the implementation phase and progressing as per plan. We believe once it is fully in place, the new structure will set the stage for long term sustainable growth and profitability.

CORPORATE SOCIAL RESPONSIBILITY

We continue to demonstrate our unwavering commitment towards our communities by committing our resources and energies to social development. True to our core value of 'Health For All', we have been aligning our Corporate Social Responsibility (CSR) programmes and interventions with a clear priority to the health and well-being of women as well as the mother and child duo within the framework of the UN Millennium Development Goals (MDGs). During the period under review, our CSR delivery vehicles, the Ranbaxy Community Healthcare Society (RCHS) and the Ranbaxy Science Foundation (RSF), continued to implement need-based initiatives and programmes. The *Maatra Shishu Swasthya Sewa* (Mother & Child Health Service) project, initiated in November 2011, has gained traction and is contributing towards the achievement of identified MDGs in District Dewas, Madhya Pradesh in

India. With a common vision, our global operations also strive towards conducting activities in response to the needs of local communities.

ROAD AHEAD

In my message last year, I had stated that Ranbaxy's aspiration is to be among the leading global generic pharmaceutical companies by 2017. There has been a development that has the potential to help us realise this ambition with significantly greater agility and speed. On April 6, 2014, the Board of Directors of Ranbaxy approved the scheme of arrangement for merger of the company with Sun Pharma, a leading international, integrated, speciality pharmaceutical company. This deal will herald a new chapter in the history of the Indian pharmaceutical industry, creating an entity that will become the fifth largest generics pharmaceutical company in the world with combined revenue of over US$ 4 billion. The underlying aspiration behind this transaction is to propel growth and productivity that will ultimately generate significant value for all stakeholders.

Ranbaxy Team monitoring plant at Toansa, Punjab, India

As per the scheme of arrangement, Ranbaxy shareholders will receive 0.8 share of Sun Pharma for each share of Ranbaxy. The transaction is anticipated to be completed by the end of December 2014. Upon closing, Daiichi Sankyo, Ranbaxy's majority shareholder, will become a second major shareholder of Sun Pharma and will have the right to nominate one director on Sun Pharma's Board of Directors.

The merged entity will emerge as a clear No. 1 in India with leadership position in 13 specialty segments. It will be the No. 1 Indian generic pharma company in the US, with sales exceeding US$ 2 billion. Ranbaxy's strong presence in emerging markets will be one of the key drivers in realising the true potential that these fast growing markets offer. The combination will extend a strong portfolio of specialty and generic products that will be marketed globally. The intrinsic combined potential will transform our organisation and create winning brands.

On behalf of the company and its leadership team, I would like to thank our shareholders, customers, investors, bankers, partners and all stakeholders for their continued trust and support to Ranbaxy. I would also like to thank all our employees and convey my appreciation for their dedication and contribution. I would also like to place on record my sincere thanks to the Board of Directors for their constant guidance, support and reassurance.

There are many expectations that our stakeholders have from us and we are making earnest efforts to not only meet, but also exceed those expectations. I am confident that Ranbaxy will grow from here to become an even stronger company in the years to come with better performance, productivity and efficiency.

Warm Regards,

Arun Sawhney
CEO & Managing Director

Report of the Directors

Your Directors have pleasure in presenting the 53rd Annual Report and Audited Accounts for the 15 months period ended March 31, 2014.

STANDALONE WORKING RESULTS UNDER INDIAN GAAP

Rs. in Million

	Fifteen Months ended March 31, 2014	**Year ended December 31, 20 12**
Net Sales	**66,570.39**	61,124.43
Expenditure	**80,166.41**	63,437.65
(Loss)/ Profit before exceptional items and tax	**(3,668.84)**	2,169.42
Exceptional Items		
– Settlement provision reversal	**(1,458.05)**	–
– Profit on sale of intellectual property rights	**(4,327.69)**	–
– Product recall expenses	–	2,370.20
– Loss on foreign currency option derivative, net (other than on loans)	**3,279.16**	412.05
– Inventory provision/ write off and other costs	**3,557.92**	–
– Provision in respect of non-current investment in a subsidiary	**3,050.96**	1,030.00
– Provision for other than temporary diminution in the value of non–current investment in an associate	**713.11**	–
(Loss) before Tax	**(8,484.25)**	(1,642.83)
Income Tax Expenses		
– Current tax	**305.70**	(19.44)
– Deferred tax	–	–
(Loss) after Tax for the Year	**(8,789.95)**	(1,623.39)
Balance as per the last Balance Sheet	**(25,312.70)**	(23,689.31)
CONSOLIDATED WORKING RESULTS UNDER INDIAN GAAP		
Net Sales	**130,403.24**	122,528.94
Expenditure	**133,287.41**	112,784.10
Profit before exceptional items and tax	**1,225.75**	14,720.53
Exceptional Items		
– Inventory provision/ write off and other costs	**3,428.73**	–
– Impairment of goodwill	**1,629.76**	–
– Provision for other-than-temporary diminution in the value of non-current investment in an associate	**305.68**	–
– Product recall expenses	–	1,859.54
– Loss on foreign currency option derivative, net (other than on loans)	**3,279.16**	412.05
(Loss)/ profit before tax, share in loss of associate (net) and minority interest	**(7,417.58)**	12,448.94
Income Tax Expenses		
– Current tax	**3,570.25**	2,912.58
– Deferred tax	**(255.77)**	26.46
(Loss)/ profit after tax and before share in loss of associates (net) and minority interest	**(10,732.06)**	9,509.90
Share in loss of associates (net)	**140.41**	185.82
Minority interest in (loss)/ profit for the period (net)	**(19.95)**	96.44
(Loss)/ profit after tax, share in loss of associates (net) and minority interest	**(10,852.52)**	9,227.64
Balance as per the last Balance Sheet	**(7,957.23)**	(17,184.87)

CHANGE IN FINANCIAL YEAR

The Board of Directors of the Company approved change in the financial year of the Company from January-December to April-March effective April 1, 2014. In view of this, the current financial year is for a period of 15 months i.e. January 1, 2013 to March 31, 2014.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements for the 15 months period ended March 31, 2014, under Indian GAAP form part of the Annual Report.

OPERATIONS

The Company continued to be among the top pharmaceutical companies from India with consolidated global sales of Rs.130,403.24 million for the period of fifteen months ended March 31, 2014. Profit before exceptional items, tax, share in loss of associates (net) and minority interest stood at Rs.1,225.75 million. However, the Company incurred a loss of Rs.10,852.52 million primarily due to provision for diminution in the value of investments, impairment of goodwill, stock provision/write off due to inclusion of Mohali and Toansa plants to certain terms of the Consent Decree by the US FDA and loss on foreign currency option derivatives.

During the period, in terms of the settlement with the US DOJ, the Group paid the settlement amount of US$ 515.40 million (including interest expense and other related cost) towards resolution of civil and criminal allegations. During the period, US FDA issued import alerts for the Company's plants at Mohali and Toansa and advised that both these plants will be subject to certain terms of the Consent Decree earlier entered into by the Company. The Company proactively, temporarily stopped API supplies from Toansa and Dewas facilities to the rest of the world pending further internal review. This voluntary decision was taken as a precautionary measure and out of abundant caution to better allow the Company to assess and review the processes and controls at these sites.

In March 2014, US DOJ, United States Attorney's Office for the District of New Jersey has issued an administrative subpoena seeking information primarily related to the Company's API manufacturing facility at Toansa. The Company is fully cooperating with this information request.

The Company is continuing its focus for improving margins through innovative product development, better product mix, emphasis on branded products and control on cost. Significant measures have been taken for simplification of processes and structures which will result in improvement in productivity and efficiency across the organisation.

DIVIDEND

In view of the loss incurred by the Company, no dividend has been proposed for the 15 months period ended March 31, 2014.

SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND SUN PHARMACEUTICAL INDUSTRIES LIMITED

The Board of Directors at its meeting held on April 6, 2014 approved the Scheme of Arrangement for merger of the Company with Sun Pharmaceutical Industries Ltd. (SPIL) with an Appointed Date of April 1, 2014 at a Share Exchange Ratio of 4 Equity Shares of SPIL of Re.1 each fully paid-up for every 5 Equity Shares of the Company of Rs.5 each fully paid-up subject to requisite regulatory approvals in India and overseas as well as the approval of shareholders, creditors and the Courts in India. The transaction will be beneficial to all the stakeholders of the Company. Post-merger, the combined entity is expected to have a leadership position in the Indian Pharmaceutical Market with about 9.2% market share and No.1 Indian pharma company in the USA market, with more than $2 billion in sales. The combined entity will have operations in 65 countries and 47 manufacturing facilities across the globe.

CHANGES IN CAPITAL STRUCTURE

Allotment of shares on exercise of Stock Options by the Employees

During the period, the ESOPs Allotment Committee allotted Equity Shares (on pari-passu basis) pursuant to exercise of stock options granted prior to 2011 under the old ESOP Schemes as summarised below:

Date of Allotment	No. of Shares
January 11, 2013	93,050
April 15, 2013	94,136
July 10, 2013	28,520
October 11, 2013	12,273
January 10, 2014	37,281

The Allotment Committee of Directors on December 11, 2013, allotted 600,000 Equity Shares of Rs.5 each for cash at par to Ranbaxy ESOP Trust (Trust), set up to administer Ranbaxy Employee Stock Option Plan-2011 (ESOP-2011). The Trust allocates the shares to the employees of the Company and of its subsidiaries on exercise of stock options from time to time under ESOP-2011.

SUBSIDIARIES AND JOINT VENTURES

In December 2012, the Company had approved the proposal to integrate the business operations and management of Ranbaxy Unichem Co. Ltd. ('Unichem'), its subsidiary, with Daiichi Sankyo (Thailand) Ltd., a subsidiary of Daiichi Sankyo Company Limited, Japan. The said integration has been completed with effect from October 1, 2013. Pursuant to this, Unichem had become an associate of the Company. During the period, a new wholly owned subsidiary company was incorporated in Thailand by the name of Ranbaxy (Thailand) Co. Ltd. Ranbaxy Pharma AB, Sweden and Ranbaxy (Hong Kong) Limited, non-operating entities were liquidated during the period. The Hon'ble High Courts of Delhi and Punjab & Haryana vide their orders dated 7 December 2012 and 6 February 2013 respectively had approved the scheme of merger of Rexcel Pharmaceuticals Limited, Solus Pharmaceuticals Limited, Ranbaxy Drugs and Chemicals Company, Ranbaxy Life Sciences Research Limited and Ranbaxy SEZ Limited, subsidiaries of the Company with Ranbaxy Drugs Limited another subsidiary of the Company, with an Appointed Date of April 1, 2012. The Scheme became effective on 9 May 2013 upon filing of the Order of the Hon'ble High Court of Delhi and Punjab & Haryana with the Registrar of Companies at Chandigarh, India.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies is attached to the accounts. In terms of the general exemption granted by the Ministry of Corporate Affairs vide its circular no. 02/2011 dated February 8, 2011, the Audited Accounts and Reports of Board of Directors and Auditors of the Company's subsidiaries have not been annexed to this Annual Report. The Company has complied with the requirements as prescribed under the said circular. The consolidated financial statements prepared in accordance with Accounting Standard – 21 issued by the Institute of Chartered Accountants of India forming part of this Annual Report include the financial information of the subsidiary companies.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report, as required under the Listing Agreements with the Stock Exchanges, is enclosed at Annexure 'A'.

EMPLOYEES' STOCK OPTION SCHEMES

Information regarding the Employees' Stock Option Schemes is enclosed at Annexure 'B'.

LISTING AT STOCK EXCHANGE

The Equity Shares of the Company continue to be listed on Bombay Stock Exchange Ltd. and The National Stock Exchange of India Ltd. Global Depository Shares are listed on the Stock Exchange at Luxembourg. The annual listing fees for the year 2013–2014 has been paid to these Exchanges.

DISCLOSURE OF PARTICULARS

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information and data is given at Annexure 'C'.

FIXED DEPOSITS

The Company has not invited / received any fixed deposits during the period.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217 (2AA) of the Companies Act, 1956, ("Act"), your Directors confirm that:

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed, alongwith proper explanation relating to material departures, wherever applicable.

(ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company, as at the end of the accounting year and of the loss of the Company for the period.

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) The Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

As per provisions of the Companies Act, 2013, Mr. Akihiro Watanabe, Dr. Anthony H. Wild, Mr. Percy K. Shroff and Mr. Rajesh V. Shah, Independent Directors, are proposed to be reappointed at the ensuing AGM for a term of five years. Mr. Takashi Shoda, Non-Executive-Non-Independent Director, retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment.

CORPORATE GOVERNANCE

Report on Corporate Governance alongwith the Certificate of the Auditors, M/s. B S R & Co. LLP, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

COST AUDIT

M/s. R. J. Goel & Co., Cost Accountants, were appointed as the Cost Auditor of the Company and their Audit report on the Cost Accounts of the Company for the 15 months period ended March 31, 2014, will be submitted to the Central Government in due course.

In terms of the Companies (Cost Accounting Records and Compliance) Rules, 2011, Cost Audit Report for the year ended December 31, 2012 was filed on June 8, 2013, well before the last date of filing being June 30, 2013.

AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, retire as Auditors of the Company at the conclusion of ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed.

AUDITORS' REPORT

With regard to the comments contained in the Auditors' Report, explanations are given below :-

(i) The accumulated losses of the Company at the end of the current period are more than fifty percent of its net worth (Computed without adjusting accumulated losses) and the Company incurred cash losses in the current period (Clause x of the Annexure to the Auditors' Report)

The accumulated losses are primarily due to provision created (net of reversal) for settlement with the Department of Justice (DOJ) of the United States of America for resolution of civil and criminal allegations by the DOJ (refer to note 8 of the financial statements) in earlier years. The Company has incurred cash losses during the current period primarily due to US FDA related remediation costs and certain exceptional items including loss on foreign exchange option derivatives and inventory provision/ write off and other costs at Toansa and Mohali plants.

(ii) Short Term funds used for long term purposes (Clause xvii of the Annexure to the Auditors' Report)

The Company had created a provision for settlement (net of reversal during the current period) with the DOJ during the year ended December 31, 2011, which is currently reflected as payable of Rs.29,238.60 million to a subsidiary (refer to note 8 of the financial statements). This has resulted in long-term funds being lower by Rs.35,175.73 million compared to long-term assets as at 31 March 2014. Accordingly, short term funds of Rs.35,175.73 million have been used for long-term purposes. The Company expects to overcome the situation in the near future.

(iii) Procedures of physical verification of inventories and maintaining proper records of inventories and fraud reported on the Company (clause (ii)(b), (c) and clause (xxi) of the Annexure to the Auditors' Report)

During the current period, the Company has written-down carrying amount of inventory by Rs.424 million, consequent to the findings of an exercise carried out by the management in response to certain internal information received by it. The findings primarily concluded intentional incorrect inventory management of certain intermediate products by certain manufacturing unit level staff resulting in yield mismanagement and consequent incorrect higher quantity of inventories. Appropriate actions have been taken by the Company including strengthening of internal controls.

(iv) Slight delay in deposit of statutory dues (clause ix(a) of the Annexure to the Auditors' Report).

In few cases, there was slight delay in depositing small amounts of statutory dues. Requisite corrective actions have been taken.

STATEMENT OF EMPLOYEES

Statement of particulars of employees as required under Section 217(2A) of the Companies Act, 1956 ("Act") and Rules framed thereunder forms part of the Annual Report. However, in terms of the provisions of Section 219(1)(b) (iv) of the Act, this Report and Accounts are being sent to all the shareholders excluding the Statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Corporate Office of the Company.

ACKNOWLEDGEMENTS

The Directors hereby wish to place on record their appreciation of the significant contribution made by each and every employee of the Company. The Directors also thank all other stakeholders for their support and encouragement. Your Directors look forward to your continued support in the years to come.

On behalf of the Board of Directors

Gurgaon
May 9, 2014

Dr. Tsutomu Une
Chairman

ANNEXURE A

Management Discussion and Analysis Report

GLOBAL INDUSTRY STRUCTURE AND DEVELOPMENTS

The global expenditure on medicines is expected to exceed US$ 1 trillion for the first time in 2014 and reach almost US$ 1.2 trillion in 2017, up from US$ 956 billion in 2011. The market is forecasted to grow at a compounded annual growth rate (CAGR) of 3-6% over 2013-17. Of this increase, over 70% is expected to come from Pharmerging[1] markets, which are expected to grow at 12-15%, while the rest of the growth is expected from the Developed[3] markets, which could grow at 1-4% per annum. Sales in the largest pharmaceutical market, i.e., the United States of America (USA), is expected to be US$ 350-380 billion by 2017, with growth in the range of 1-4% per annum. Sales in Japan, the second largest pharmaceutical market is expected to be in the range of US$ 105-110 billion by 2017, reflecting a CAGR of 2-5% during the period 2013-17. The top 5 European markets are expected to grow at a CAGR of 0-3% for the period 2013-17, as compared to 2% CAGR for 2008-12, to achieve sales in the range of US$ 145-160 billion. Pharmerging market sales, with their higher rate of growth, are expected to match or slightly exceed those in the USA pharmaceutical market by 2017, in value terms.

The global pharmaceutical industry for patented products continues to remain fragmented and fiercely competitive as it faces increased genericisation. The generics industry, on the other hand, has the opportunity to capitalise on the products going off-patent in the coming years. In its attempt to cope with these challenges, the industry has witnessed consolidation; this may happen across the global market, especially in the generics space. The larger markets[2] of the USA, Germany, France, Italy, the UK, Spain, Japan and China are expected to have a share of 67% of the world pharmaceuticals market in 2017 and to contribute 59% of the global growth in the 5 year period to 2017. The Pharmerging markets are expected to grow at a significantly higher rate than the rest of the world and are expected to account for over 30% of the global pharmaceutical spending by 2017.

GENERICS

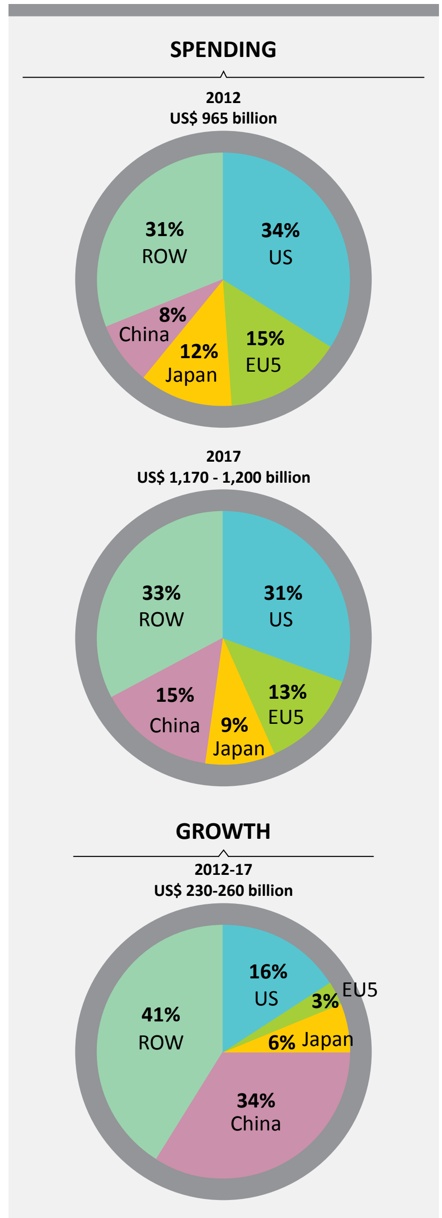
Generics contributed 27% to the total pharmaceutical sales in 2012 and are expected to reach 36% of the total global pharmaceutical spending by 2017, in value terms. The generics segment of the global pharmaceutical market is expected to grow at a rate of 10-12%, as compared to the 1-2% growth rate expected for the patented branded market. The generics market expansion may be led primarily by the increase in genericisation (to the tune of US$ 113 billion) due to losses of exclusivity (patent expiry), slower uptake of new medicines, healthcare cost containment by governments/ payers and relatively low penetration in some major geographies. Generics are expected to continue to dominate growth in spending in Pharmerging markets and will account for 63% of the total incremental market by 2017. Contribution from the Pharmerging markets has gone up, with China, India, Brazil and Russia contributing over 40% of the sales in the generics industry.

United States of America: The prescription sales of patented products continued to decline during the period. In the largest market for generics, the USA, generic prescription growth has accelerated in the last few years. In 2012, generic prescriptions were 84% of prescriptions. Pharmaceutical sales grew by 3% during 2007-11 and are expected to grow at 1-4% CAGR from 2013 to 2017. The USA growth is expected to remain at historically low levels, leading to the country to have a smaller share of the global market through 2017. Patent expiries on small molecules through 2017 is forecasted to result in shifting of brand sales in developed markets of over US$ 113 billion towards generics, which could sell at a fraction of innovator product prices. In the USA, US$ 83 billion, or 34% of 2012 brand spending, is expected to shift to generics at significantly lower prices. Since 2005, growth in the generics market in the country has been ahead of the pharmaceutical market. This trend is expected to continue over the foreseeable future which will reduce the relative importance of the USA pharmaceutical market over time.

Europe: Growth in the major EU markets, which contribute 25% by value of the worldwide generics industry, is expected to slow down to 4% CAGR. European countries are encouraging greater use of generics as they implement austerity programmes across the region.

Pharmaceutical spending growth in the EU is expected to be 0-3% for the period 2013-17 as compared to 2.4% for 2008-12. The West European

Geographic distribution of medicine spending & growth



Source: IMS Health Market Prognosis, September 2013

[1]Pharmerging markets: China, Brazil, Russia, India, Mexico, Turkey, Venezuela, Poland, Argentina, Saudi Arabia, Indonesia, Colombia, Thailand, Ukraine, South Africa, Egypt, Romania, Algeria, Vietnam, Pakistan and Nigeria.
[2]Source: The Global Use of Medicines: Outlook Through 2017: November 2013 (IMS)
[3]Developed markets: USA, Japan, UK, Spain, Germany, France, Italy, South Korea, Canada

markets of Germany, UK, Spain, Italy and France are more competitive leading to a worsening market for generics in the region. While these markets may have high generics penetration, pricing in these markets and the consequent profitability remain challenging. Additionally, all five major European countries have seen a lower uptake of new medicines in the most recent five year period. At Ranbaxy, we view Europe as two different markets: West and East. While the evolution of the West European market is more aligned to that of the developed world, the East European markets allow a branded generics nature of business. In line with the macro factors, from a generic market perspective, East Europe remains a focus market for Ranbaxy.

India: The Indian pharmaceutical industry revenue is expected to expand at a CAGR of 17% during 2008-16 and reach US$ 36 billion. The generics market is expected to grow to US$ 26 billion by 2016.

India's pharmaceutical industry accounts for about 1.4% of the global pharmaceutical industry in value terms and 10% in volume terms. Around 25.5% of the Indian pharmaceutical exports in FY13 were to the USA, making it the single largest destination. Indian exports to the USA have also grown at the highest CAGR of 30% over FY09-FY13 (Source: CMIE). Exports to Africa have increased at a CAGR of 21% during the same period, contributed mainly by export of anti-malarial and anti-retroviral drugs. With a more modest growth rate of 12%, exports to European countries from India have been on the decline. While the pharmaceuticals industry has contributed to the growth of exports in the past, the focus in the future may be on the faster growth Pharmerging markets compared to the developed markets where prices may be greater under threat and the competition may be higher.

The Patient Protection and Affordable Care Act (commonly called Obamacare), implemented in January 2014, is aimed to reduce the cost of healthcare delivery in the USA and boost the usage of generics. It also paves the way for the introduction of more bio-similars. The implementation of this act is likely to benefit the Indian pharmaceutical sector as India is the largest supplier of generic drugs to the USA and has a 40% market share in terms of volume.

The recent Drug Price Control Order (DPCO, notified in May 2013) has brought 348 drugs and their variants in the National List of Essential Medicines (NLEM) from 74 drugs earlier, under price control and will shrink profitability in the domestic market. As per the new order, the prices of drugs have to be fixed as a simple average of all drugs from all manufacturers with >1% market share allowing for annual predefined increase in price; while this will require the higher priced products to be priced lower, the lower priced products can not automatically revise their products upwards. Even though the finalisation of this impending regulation has had an adverse impact on the profitability of the Indian pharmaceutical market, it is helpful as it provides additional clarity for the industry to base its decisions and future growth plans.

RANBAXY PERFORMANCE

Developed markets recorded sales of Rs.54,240 million (41.6% of total sales) during the 15 month ended March 2014. Emerging markets contributed Rs.68,678 million (52.6% of total sales) while API and others account for 5.8% of sales. Sales in both the Developed and Emerging markets were impacted in the period due to API supply constraints from Toansa primarily even while Dosage Form (DF) supply challenges to the USA continued.

UNITED STATES OF AMERICA

The year 2013 was an opportunity for the Company to effectively manage its Generic, Brand and Over the Counter (OTC)-Private Label businesses, all of which have grown over the past few years even while the supply constraints from our four Indian facilities continued to impact the business in the US.

Sales in the 15 month period ending March 2014 was Rs.37,529 million and sales in the Branded division grew to Rs.11,793 million. This was fueled by sales of Absorica™ that gained significant market share after being introduced in November 2012. Absorica™ complemented the entire dermatology product line that made Ranbaxy Laboratories Inc. a recognised player in the therapeutic arena of dermatology. The Absorica™ brand (isotretinoin capsules), has assumed a significant position in the oral isotretinoin market. Absorica™ is indicated for the treatment of severe recalcitrant acne and is not dependent on dietary conditions of the patients taking the medicine, thus providing a clinical advantage appreciated by both prescribers and patients. Absorica™, along with Kenalog® Spray and Halog® Cream and Ointment, further supported the growth of the dermatology franchise marketed by Ranbaxy in the USA.

For Ranbaxy, the private label products under customer's label has grown in prominence and acceptability in the OTC space.

Ranbaxy and APICON set a Guinness World Record by creating a 7 layered vegetables heart mosaic measuring 5,165 sq. ft.

The Company launched two key product formulations in 2013: Arthritis Acetaminophen 650mg Gelatin coated tablets (equivalent to Tylenol brand) and, in the gastrointestinal sector, Ranitidine 150mg tablets (equivalent to Zantac brand).

Sales in our Generic business focused on increasing turnover through creative sales and marketing efforts, for our "base business" of existing products. In 2013, Ranbaxy also entered into some creative business agreements with third parties and successfully launched a variety of products. For some of these outsourced products, Ranbaxy has been able to garner a dominant market share. The Regulatory team submitted a total of 10 filings to the US Food and Drug Administration (US FDA) in 2013.

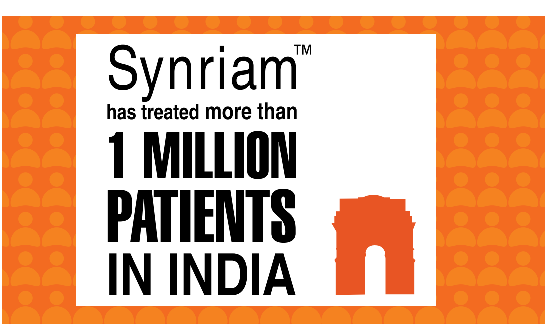
To minimise the impact of internal manufacturing facilities from India not being in a position to supply to the USA market, Ohm Labs located in New Jersey, continued to supply many products to meet the needs of the US healthcare system. Ohm Labs successfully passed a number of FDA inspections during the period. Additionally, multiple alternate plans to source API from FDA approved, third party suppliers have been worked upon. These efforts are expected to yield results in the future as and when the arrangements fall in place and regulatory matters are dealt with.

INDIA

Sales for the India region for the 15 month period ending March 2014 was Rs.22,796 million. The emphasis in 2013 was on accelerating the 'Strategy of Focus'. Market growth during the last few years has primarily been led by Cardiovascular, Diabetes, Gastroenterology, Anti-infective, Oncology and Dermatology therapies. Ranbaxy has consistently established its presence in these therapy areas. Ranbaxy sales growth in the home market was slower than the Indian pharmaceutical market sales growth, affected by a larger part of Ranbaxy products coming under price control (DPCO) and overall slower growth of the acute segment, where Ranbaxy has a stronger presence (>70% of Ranbaxy sales in India), when compared to the chronic and lifestyle segment.

With the objective to further strengthen the growth momentum in India and in order to make an incremental strategic shift in the therapy focus, the Company reorganised its structures. This was done to have a balanced approach on both acute and chronic segments in the existing and newer brands as well as to build on the evolving market opportunities. Such emphasis is even more relevant at a time when sales in India are further affected by the new DPCO which has expanded coverage of drugs under price control. Ranbaxy, with its quality and premium positioning is impacted more than the industry. On an average the sales impact is expected to be in the range of 6-8% of India sales.

Synriam™, the first New Chemical Entity (NCE) from Ranbaxy, the Novel Anti-Malarial Drug received approval for treatment of uncomplicated malaria in adults (*plasmodium falciparum* malaria contributes to 50% of all malaria cases in India). Since its launch in April 2012 Synriam™ has successfully treated more than 1 million patients in India. In recognition of its contribution towards fostering R&D capabilities in the country, Synriam™ won the ASSOCHAM Innovation Excellence Platinum Award in 2013.During the year, Ranbaxy also received approval for Synriam™ for *plasmodium vivax* malaria which is the other major cause contributing to almost half of the malaria cases worldwide.



The Company introduced new products in its key strategic segments. These included Zelgor (for patients of metastatic castration resistant prostate cancer), Sodox (endogenous antioxidant for photo-protection by oral formulation), Tufpro (unique probiotic containing live spores that sustain acidic GI tract undamaged) and Fosaran (to augment the oncology portfolio by preventing chemotherapy induced nausea and vomiting). Various line extensions in different therapy areas were introduced, such as Raciper L (to manage very frequent upper GI motility issues seen in GERD patients), Moisturex Soft (to address the most basic requirement of long term hydration in psoriasis and eczema patients) and Suncros Soft (physical sunscreen for people with sensitive skin). Brand enhancements taken for key brands in chronic therapy segment were Storvas (CFB - Cold form blister pack which enhances the resistance to moisture and keeps the product stable across geographical climates) and Volix CP (Compliance pack to ensure continuation of therapy and patient compliance).

Ranbaxy also undertook initiatives to build customer awareness. One such initiative was to promote the 'Rational use of Antibiotics' through the "I for Rational" programme. As part of this initiative, the Company reached out to 50,000 doctors. Deliberations were held on how the indiscriminate use of antibiotics will increase the resistance to the treatment of infections in future and how the choice of the correct antibiotic can save the future of infection management in India.

Another major initiative was to create awareness of a healthy diet and its role in preventing heart disease, where Ranbaxy partnered with APICON 2014 (69th Annual Conference of the Association of Physicians of India) at Ludhiana in February 2014. Employees and doctors together created a 7 layered vegetable heart mosaic measuring 5,165 sq. ft. by using 19,825 kilograms of vegetables, promoting food for a healthy heart and also registering the initiative in the Guinness Book of World Records.

WESTERN EUROPE

The sale in the region for the 15 month period ending March 2014 was Rs.10,798 million. With the GDP growth picking-up in almost all major countries in 2013, the overall Western European economy is showing positive signs after the recession of the last couple of years. The recent government measures in boosting penetration of generics in France, Italy and Spain have resulted in double digit growth in all three markets in the generic segment in 2013. With health fund tenders going strong in Germany and new tender in Spain, there is a strong growth opportunity for generic companies like Ranbaxy.

Germany registered sales of Rs.2,240 million. The Company launched five new products in the market, namely Candesartan, Clopidogrel, Irbesartan, Levetiracetam and Sildenafil and won many new exclusive tender awards from the biggest health insurers.

In Italy, sales for the 15 month period ending March 2014 was Rs.2,299 million. The implementation of International Non Proprietary Name Prescription (INN) law introduced in August 2012 continues to boost generics prescription in the country. Several of the key products for the Company demonstrated strong performance: Lansoprazole, Pantoprazole, Esomeprazole, Levofloxacin and Co-amoxiclav. The Company maintains strong position in the Atorvastatin market in Italy and continues to hold 27% of the market share along with Mylan as per IMS MAT November 2013. The Company had successful Day-1 launches for Telmisartan and Sildenafil.

The UK market saw a turnover of Rs.1,428 million for the 15 month period ending March 2014. The Company was awarded some major tender contracts by the National Health Service (NHS) including critical care product Meropenem (for two years) and Co-Amoxiclav (two tenders including an emergency one).

Ranbaxy France had sales of Rs.2,763 million in the 15 month period ending in March 2014. Affected by the pricing and trade challenges, the Company has taken an impairment in goodwill of the subsidiary in France. As part of the improvement plan, the Company continues to focus on selling better margin products and lowering sales and promotional spend to improve profitability.

The performance of Atorvastatin in the Netherlands and Sweden has been impressive. The Company also launched Esomeprazole in Belgium and Finland during this period. The Company has been able to double the production volumes from its Ireland plant. This has enabled the plant to start commercial supplies of Atorvastatin across several countries in the EU, thereby resulting in a more effective manufacturing utilisation.

In Spain, the pharmaceuticals market went through a structural change. This led Ranbaxy to realign its business model in December 2013 to significantly reduce the cost base and improve the profitability of the business even as sales in the country contracted during the previous year.

EAST EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES (CIS)

The region is a key growth market for the Company and holds an important position amongst the emerging markets. Sales during the 15 month period ending March 2014 were Rs.19,980 million.

In Romania, Ranbaxy registered a turnover of Rs.8,793 million during the 15 month period ending March 2014. The Romanian market was affected by a host of factors such as a hostile business environment including long cash collection intervals, price constraints, market access delays and an evolving claw-back tax. In such an unpredictable environment, the Company continues to grow through its concerted efforts. The Company increased its market share in the represented market from 9.7% to 10.1% to maintain its leadership position. The Company also gained two positions in the overall pharma market in Romania and is ranked 6th. The Company launched a number of products, both prescription and OTC during the 15 month period ending March 2014 to further cement its leadership position in the market. The new prescription products launched included Amlodipine, Cefaclor, Cerex (Capecitabine), Irbesartan + HCTZ, Levetiracetam, Nebivolol, Nibix (Imatinib), Rosuvastatin, Sildenafil, Solok (Montelukast), Telmisartan, and Zoldronic acid. A number of OTC products have also been added viz. Faringo Hot Drink, Faringo Natur, Loperamid, Luivac (from Daiichi Sankyo), Paduden Forte 400mg, Atroflex and Kebene Plus.

In Poland, the other important market in East Europe, the sales for the 15 month period ending March 2014 were Rs.1,683 million. The Company launched several key products during the period which include Ridlip (Rosuvastatin), Ramoclav (Co-Amoxiclav), Romilast (Montelukast) and Sildenafil. The key brands of the Company are: Klabax (Clarithromycin), Ceroxim (Cefaxetil) and Citabax (Citalopram). The Company received marketing authorisations for Storvas CRT (Atorvastatin) and Telmabax (Telmisartan).

Ranbaxy has been a significant player in the CIS, led by Russia. Sales in Russia during the 15 month period ending

March 2014 was Rs.6,514 million. Ranbaxy continues to be ranked No.1 in the represented market, with 12.8% market share (MAT December 2013). Ranbaxy further strengthened its market share in its leading brands, including Ketanov (Ketorolac), Cifran (Ciprofloxacin) and Norbactin (Norfloxacin). Ranbaxy has a strong presence in the OTC business with products such as Coldact and Faringosept. The Company also further strengthened its foothold in the ARV business segment during the period. The Ministry for Economic Development has proposed state procurement preferences for suppliers from the Customs Union. Companies offering products manufactured in the Customs Union will have a better chance of winning tenders. This development is expected to further put pressure on pricing during the auction process in the country.

Operations in the Ukraine belt registered sales of Rs.2,738 million during the 15 month period ending March 2014. Ranbaxy is the No.1 player in the represented market segment with a market share of 10.3% with key brands occupying high ranks within their respective segments. These brands included Ketanov, Pylobact, Candesar, Cifran, Norbactin and Synerpen, among others. The Company completed 20 years of operations in Ukraine in November 2013.

Over the past two decades, Ranbaxy has established a robust distribution network in Ukraine and now caters to 25 regions. The Company has in the past, bagged the prestigious Panacea Award for Ketanov, Cifran and Faringosept. The recent turmoil in Ukraine has sparked concerns. In the long term, the industry is expected to undergo fundamental changes with the introduction of a health insurance based system.

ASIA PACIFIC AND LATIN AMERICA

Total sales for the region for the 15 month period ending March 2014 were Rs.8,973 million.

Malaysia recorded sales of Rs.1,348 million for the 15 month period ending March 2014. Sales were impacted due to new legislations from the Ministry of Health and support for pharmaceutical purchases from local players to encourage local industries and production related concerns in the country. During the period, new products, namely, Enteca Tablets (Entecavir), Rosart Tablets (Losartan) and Zolpra (Pantoprazole) were launched by the Company. The Company was also successful in obtaining new supply contracts for various products from the government.

Ranbaxy and Daiichi Sankyo integrated their business operations in Thailand. Business from the integrated entity commenced on October 1, 2013. The initiative will enhance the competitiveness while offering both innovative and affordable, high quality generic medicines to the people of Thailand as well as generate cost synergies for both the companies.

In Australia, Ranbaxy seeks to establish itself as one of the major players with the objective of having a broad product range and leveraging Day-1 patent expiry opportunities. In addition to expanding our direct retail presence, we continue to develop a supply agreement business in the country. Australia witnessed sales of Rs.1,715 million for the 15 month period ending March 2014 driven by strong performance of Rosuvastatin and Atorvastatin. During the period, new products namely Irbesartan, Donepezil and Candersartan were launched.

Sales in Myanmar during the 15 month period ending March 2014 were Rs.995 million. The Company launched 2 new products, namely, Olvance and Tevir tablets. During the period, Ranbaxy received 5 new product approvals in Cambodia and launched Gabapentin in the Philippines.

Brazil is an important and fast growing pharmaceuticals market in Latin America with a market size of US$ 27 billion. Brazil's generic pharmaceutical market is valued at US$ 6.3 billion and is growing at 23% in local currency terms. Brazil is Ranbaxy's largest market in Latin America. During the 15 month period ending March 2014, the Company recorded sales of Rs.1,992 million in the country. Esomeprazole, Gliclazide, Telmisartan and Valacyclovir were launched during the period in Brazil.

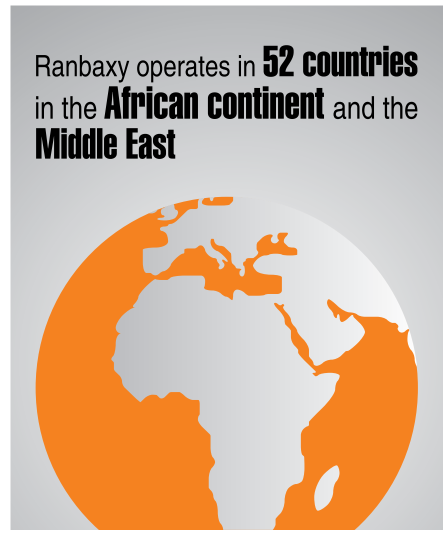
To leverage synergies between Ranbaxy and Daiichi Sankyo, Ranbaxy commenced supplies to Daiichi Sankyo in Brazil and Venezuela.

In Brazil, Ranbaxy would support Daiichi Sankyo augment the branded generic portfolio in addition to their presence in the innovative products business. Ranbaxy too, will independently commercialise its own generic products and subsequently enter the branded generics market in the country.

In Venezuela, the understanding is that Daiichi Sankyo will operate as a distributor for Ranbaxy products in addition to operating on its own in the innovator pharmaceuticals space.

AFRICA AND MIDDLE EAST

Ranbaxy operates in 52 countries in the African continent and the Middle East. The total sales in the region for the 15 month period ending March 2014 was Rs.12,966 million.



In South Africa, the Company recorded sales of Rs.4,992 million for the 15 month period ending March 2014. The Company is currently ranked No.7 in the generic market. The Company launched five new products, viz., Diolo (Valsartan), Tavanic 750mg IV (Levofloxacin), Rosvator (Rosuvastatin), Nudrate (Oral rehydration solution) and Dilair (Monteleukast). The new Prednisone manufacturing facility at Be-Tabs started operations from Q1, 2013. Sales in Nigeria for the 15 month period ending March 2014 was Rs.1,466 million. During the period, 13 product filings were made to the Nigerian Drug Regulatory Authority (NDRA). The Company received approvals for 8 products during the same period. Africa is an important market for Ranbaxy and the Company continues to invest substantially in the region. The Company is strengthening its manufacturing capacities in Nigeria and progress continued on the construction of the greenfield oral solid dosage and liquids facility. The Company started work on a green field manufacturing facility in Egypt in end 2012 with a capacity to produce 50 million tablets per year. The work on the facility progressed during the period.

ANTI-RETRO VIRAL (ARV) BUSINESS

Ranbaxy offers a wide range of World Health Organisation Prequalified (WHO PQ) and tentative US FDA approved ARV products that are supplied in over 80 countries in Africa, Latin America, the CIS and Asia. The Company estimates that close to one million patients worldwide use its ARV products for their daily treatment needs.

Ranbaxy received WHO pre-qualification for Zidovudine 60mg dispersible tablets, further extending its ARV pediatric portfolio. Ranbaxy also received tentative US FDA approval for Tenofovir combination product Tenolam (Tenofovir+lamivudine) which has been recommended as the preferred first line drug for HIV in adults, along with Efavirenz 600mg.

Ranbaxy is currently supplying its ARV products to several large institutional buyers including the United Nations Children's Fund (UNICEF), PEPFAR, Global Fund the United Nations Development Programme (UNDP) and the International Development Association (IDA), among others.

RANBAXY GLOBAL CONSUMER HEALTHCARE

Ranbaxy's Global Consumer Healthcare (CHC) business or the OTC division recorded sales of Rs.13,733 million for the 15 month period ending March 2014. India was the highest contributor with sales of Rs.5,170 million. Romania, Russia and Nigeria were other important markets. The top 5, including India, contributed 91% of the total OTC sales during the 15 month period ending March 2014. Revital was the biggest contributor, with sales of Rs.2,844 million. Volini was the second largest brand. Faringosept (Romania, Poland, Ukraine, Baltics), Aspenter (Romania), Coldact Flu Plus (Russia) were some of the other key OTC products. Within its participating market, the division currently ranks No.1 in India.

Revital, the Company's flagship brand, continues to be the No.1 Vitamin and Mineral supplement and is the 4th largest brand in Indian Pharmaceutical Market (IMS Health MAT March 2014). Within its category of food supplements, it has a strong market share of over 25%. The brand has won several accolades over the years. It was recognised as the "Most prestigious brand of the decade" at the 4th Annual India Leadership Conclave 2013 and received the Readers' Digest's "Most Trusted Brand of the year" award, for the 4th successive time now. Volini, the Company's pain relief brand, recorded sales of Rs.1,995 million during the 15 month period ending March 2014. In the topical analgesic category, Volini was the largest brand (IMS MAT March 2014) and was also recognised as "Star OTC brand" for 2013 by Nicholas Hall.

Other brands such as Revital Woman, Chericof among others also continued to do well during the period. Revital Woman is currently the No.1 food supplement specially meant for women, as per IMS MAT March 2014. Chericof was recognised as "Emerging brand of the year 2013" at the 4th Annual India Leadership Conclave 2013.

CANADA

The Canadian market for generic pharmaceuticals declined in dollar terms for the third consecutive year in 2013. Aggressive pricing regulations implemented by the provincial governments in 2013, coupled with the consolidation of retail customers, makes the Canadian pharmaceuticals market difficult for generic companies. Ranbaxy's sales in the country for the 15 month period ending March 2014 was Rs.4,474 million, impacted by the reduction in prices of generic pharmaceuticals in Canada. The Company launched 14 molecules in different therapy areas. Two of these, Pregabalin and Donepezil, were launched by the Company on the first day of patent expiry along with other generic players.

ACTIVE PHARMACEUTICAL INGREDIENT (API)

The Company supplies APIs and intermediaries to leading innovator and generic pharmaceutical companies

Scientist working at Ranbaxy R&D Centre, Gurgaon, India

covering a wide range of therapeutic segments like Anti Obesity, Cardiovascular, Anti infective, Central Nervous System, Anti Virals and Dermatology.

The Company suffered a setback in January 2014 when its API manufacturing facility in Toansa, Punjab was bought under the terms of Consent Decree signed with the US FDA based on their inspection conducted in January 2014. The terms of Consent Decree did not require the recall of any drugs from the USA market. Ranbaxy voluntarily suspended shipments of API to all markets from its Toansa and Dewas facilities out of abundant caution to review the internal processes and procedures at both the manufacturing facilities. Ranbaxy, as part of its strategy, evaluates alternate viable sourcing of materials on a regular basis without compromising on safety, quality and efficacy of the products. This helped cushion the impact of the voluntary suspension of APIs from its facilities to an extent. The sales of API and others for the 15 month period ending March 2014 were Rs.7,485 million.

GLOBAL CORPORATE DEVELOPMENT

Global Corporate Development worked towards corporate objectives to expand the product portfolio, especially in the specialty areas of bio-similars by initiating focused in-licensing efforts as well as alliances with technology companies. The Company entered into a licensing agreement for a bio-similar version of Infliximab used in the treatment of rheumatoid arthritis. The product will be introduced in India, making it the first bio-similar of Infliximab approved in India, followed by other emerging markets.

Licensing agreement with Alembic to exclusively market Desvenlafaxine Base Extended Release Tablets in the USA healthcare market was also finalised. The product, a bio-equivalent to the innovator drug, Pristiq® by Pfizer (Market size is US$ 610 million) was launched in the USA market in April 2013. Sales of the product have so far been behind expectation.

RESEARCH & DEVELOPMENT

Ranbaxy believes that Quality and Patients come first. Within R&D, this philosophy drives our patient-centric innovation efforts. With nearly 1,000 employees across three continents, Ranbaxy R&D is focused on delivering on near time pipeline opportunities and creating long term value.

In the 15 month period ending March 2014 the Company's R&D efforts yielded over 271 global product dossier submissions, including more than 40 unique product filings that include First to File (FTF)/ First to Launch (FTL) opportunities. Ranbaxy R&D scientists also filed 78 new patent applications across the globe during the same period.

International Regulatory Filings and Approvals – Dosage Forms
January 2013 - March 2014

Markets	Filings	Approvals
USA	10	2#
Europe	19	23
Other Key Markets	242	160
Total	**271**	**185**

International DMF filings (No. of APIs)	**89 (31)**

includes 1 PEPFAR approval

Patent Application Filings and Acceptance/Grant
January 2013 - March 2014

Category	Filings*	Granted Patents**			
	India	India	USA	EU	Total
APIs	43	-	14	2	16
Dosage Forms	32	-	2	-	2
NCEs	-	1	3	-	4
Packaging	3	-	-	-	-
Total	**78**	**1**	**19**	**2**	**22**

* These are first time (fresh) filings in India; international or national filings of earlier applications filed in India are not counted.

** These are unique patents in India, the US and the EU only

The Company's R&D strategy is centred on improving the speed and yield of our generics products pipeline. This is being achieved through improved product selection, focus on value creation through leveraging a single formulation across multiple markets and implementation of an R&D project management system. In addition to generic product development, Ranbaxy R&D has established a clear plan for creating differentiated products (DP). These products are classified into three categories:

- Differentiated Generics (DGx): Incrementally modified drugs developed through equivalence route.
- Super generics (SGx): Drugs with modified route of administration or dosing regimen, requiring abridged clinical trials for development.
- Super-Super generics (SSGx): Drugs with new indication, developed through all phases of preclinical and clinical trials.

Ranbaxy has, as a part of its strategic focus, made concerted efforts to evolve a process for identification and development of DP candidates.

The products identified and developed as DP are expected to offer a significant advantage over existing treatments for a given condition either by improving the patient safety, improving patient compliance to the treatment, enhancing the efficacy of the drug or providing new treatment options. Also, these DPs are expected to compete

successfully with the currently available drugs as well as unlocking the value of the key molecules identified by the Company.

During the period under review, Ranbaxy successfully cleared the US FDA inspection of its four R&D facilities – Noida, Majeedia, Gurgaon (CPP/CPU), and Terapia CPP/CPU.

Synriam™ (Arterolane Maleate + Piperaquine Phosphate) - New age cure for Malaria

Synriam™ continued its momentum, garnering marketing approval in India in October 2013 to expand treatment for patients infected by the *plasmodium vivax* parasite on the basis of a successfully completed Phase III study. The Synriam™ development programme made advances in the 15 month period ending March 2014 through regulatory filings in 15 additional markets (African countries) based on successful phase III clinical studies. Approvals are awaited from these markets.

GLOBAL HYBRID BUSINESS

The Global Hybrid Business model was launched by Ranbaxy and Daiichi Sankyo with a view to collaborate on the front end in key markets as well as the back end in R&D, supply chain, IT and social contribution in order to realise synergies and save costs for both the companies. Irrespective of any other requirement, any synergies that both companies work towards will always be at arm's length and beneficial for both, individually and collectively.

1) **Front End:** With the objective to align front end that would limit duplication wherever possible, the Company continues to explore synergy opportunities in major markets like Japan, Thailand and Brazil.

   Ranbaxy would support Daiichi Sankyo's Brazilian subsidiary, Daiichi Sankyo Brasil Farmaceutica Ltda to enter the branded generics market in addition to its established business of providing innovative products. Ranbaxy's Brazilian subsidiary, Ranbaxy Farmaceutica Ltda, would continue to independently promote Ranbaxy's generic products and also enter into the branded generics market in Brazil.

2) **Back End:** Other than the marketing synergies mentioned, the hybrid business has led to back end synergies, including supply chain, procurement and CMC (Chemistry, Manufacturing and Controls).

3) **Corporate Social Contribution:** Daiichi Sankyo and Ranbaxy have decided to co-promote a joint community programme in India and started the initiative on 'Mother and Child Healthcare' at Dewas, Madhya Pradesh in November 2011. This was the first CSR programme undertaken jointly by the two companies in pursuance of their global social contribution objectives. The main objective of the programme is to contribute towards the achievement of United Nations (UN) Millennium Development Goals (MDGs) with a focus on reducing child mortality, improving maternal health and combating HIV/AIDS, Malaria and other diseases. This initiative is being implemented through the "Ranbaxy Community Healthcare Society".

OUTLOOK ON THREATS, RISKS AND CONCERNS

Other than the risks faced by the pharmaceuticals industry in general, global generic companies face additional risks associated with patent litigations, regulatory challenges and product liability. While the generic companies have an opportunity to genericise patented products in the developed markets, such opportunities reflect the"patent cliff" of products going off-patent and not being replaced by newer patent opportunities. Innovator pharmaceutical companies also continuously work to find ways to "evergreen" their patented drugs to delay the entry of generic versions of innovator medicines.

In addition, due to growth opportunities in off-patent products, with a view to retain market share, the innovator companies have also started to participate in the generics segment through multiple routes, despite the higher competitiveness and price erosion in the generics market. One such route involves innovator companies owning generics subsidiaries and continuing to participate in the business through their subsidiary. Another route has innovator companies agreeing on their own to tie up with generic companies to monetise their product, thereby retaining part of the value.

Further, there is competition in generics is not just in the developed world, but also in the emerging markets, which are projected to grow at a faster growth rate than developed markets. This competition comes not just from generic companies but also from innovator companies that seek to maintain their position post genericisation of patented products. Additionally, as the innovator and the generics companies mature, consolidation could be a key theme in the pharmaceuticals space. During the period under review, there have already been multiple such transactions. Some such deals are listed on page 34.

List of in-organic transactions in the pharmaceuticals industry

2013 (US$ Bn)		
Amgen	Onyx	10.4
Valeant	Bausch + Lomb	8.7
Perrigo	Elan	8.6
Actavis	Warner Chilcott	8.5
Mckesson	Celesio	8.3
Astra Zeneca	Bristol-Myers Squibb diabetes	4.3
Shire	ViroPharma	4.2
Bayer	Algeta	2.9
Salix Pharmaceuticals	Santarus	2.6
Mylan	Agila Specialties	2.0
Astra Zeneca	Pearl Therapeutics	1.2
Total		**61.7**
2014 (US$ Bn)		
Actavis	Forest laboratories	25.0
Carlyle Group	Ortho Clinical Diagnostics (J&J)	4.2
Forest Laboratories	Aptalis (TPG Capital)	2.9
Smith & Nephew	Arthocare	1.7
Novartis	GSK	7.0
Novartis	GSK	16.0
Novartis	Eli Lilly	5.4
Total		**66.4**

Source: Company Research

The manufacture of pharmaceuticals is strictly regulated across the world. Should Ranbaxy, or its suppliers/contractors fail to comply with applicable regulations at any step, there could be regulator enforced shutdown of the concerned production facilities. These could potentially lead to loss of opportunities, higher cost of manufacturing as well as expenses on plant remediation. This has been a repeated challenge for Ranbaxy in the recent past after the Company entered into the Consent Decree with the US FDA. (Please refer section 'Quality' for details).

Other risks include, delay in approval(s) or revocation of drug approvals previously granted, failure or delay in obtaining approvals for new products, product recalls of existing drugs sold in the market and prohibition on the sale or import of non-complying products. Regulators worldwide continue to raise the bar for quality expectation and compliance requirements with increasingly more severe consequences for non-compliance.

QUALITY

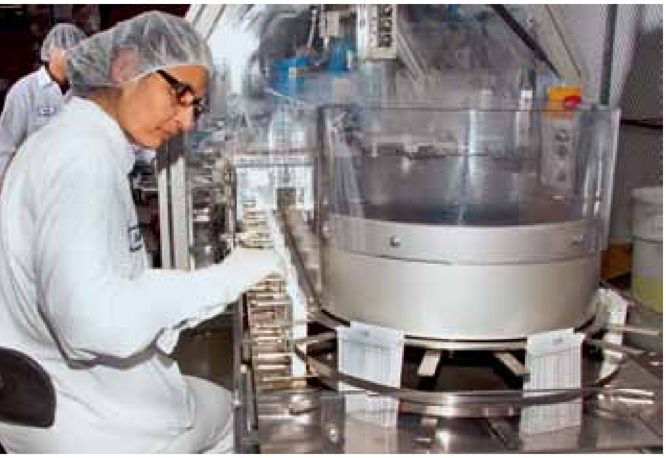
2013-14 was a challenging period for Ranbaxy; while the Company successfully concluded the long-standing matters with the US Department of Justice (DOJ) in May 2013 that removed uncertainty surrounding our USA business. Ranbaxy received further regulatory challenges in 2013 and 2014 with the US FDA imposing import ban on products manufactured from Mohali DF and our Toansa API plant. For details pertaining to challenges in API plants, please refer to API section on page 29.

Ranbaxy proactively reached out to multiple global regulatory agencies including European Medicines Agency, Australia TGA, Brazil ANVISA, South Africa MCC, Nigeria NAFDAC, Canada Health Ministry and India DCGI, to discuss and clarify the Company's quality systems and established manufacturing controls that assure the continuing good quality and safety of Ranbaxy's medicines. None of these agencies, including the US FDA, required Ranbaxy to initiate any market recall actions in their respective countries. The above import bans are particularly difficult for Ranbaxy when one considers that the Company has been working to address the US FDA challenges it faces for its facilities at Paonta Sahib and Dewas.

With regard to the overall progress of the Ranbaxy CD project plan, all deadlines/commitments pertaining to Dewas, Paonta Sahib and Mohali DF, were achieved with no penalties since the Go-Live of our CD programme in January 2012. Inclusion of Mohali DF plant and Toansa API facility expanded the coverage of the Consent Decree. Consent Decree implementation presents a significant financial impact (in the range of ~3% of global sales) but our commitment to provide all required resources remains strong. The Consent Decree GMP Base line audit at Dewas and Mohali DF were completed and the remediation phase initiated during the period. The Company will monitor the correction plan and continue to review the situation.

There was an overall increase in the number of global agency inspections in 2013. While the US FDA imposed an import ban on Ranbaxy Mohali DF facility in 2013 and Toansa facility in the first quarter of 2014, many other Ranbaxy facilities successfully underwent GMP inspections conducted by various global regulatory agencies. Ranbaxy had 65 inspections across 24 global sites/offices by 28 regulatory agencies in the 12 months ending December 2013. In the first quarter of 2014, there were 15 inspections across 12 global sites by 12 different regulatory agencies. Ranbaxy Research and Development Unit of Clinical Pharmacology and Pharmacokinetics (CPP) and CPUs, located in India successfully completed the US FDA inspection with no observations.

Scientist at a Quality Control Lab, Ranbaxy Plant, Mohali, India



Cartoning Line, Ohm Laboratories Inc., New Jersey, USA

Likewise, our Ranbaxy facilities in Romania and the United States continue to perform well with multiple successful US FDA inspection outcomes. Ranbaxy is fully committed to the highest standards of patient safety and quality, and shall constantly endeavour to strengthen its systems and processes. The Company will cooperate with the USFDA and shall comply with the Consent Decree in both letter and spirit. Ranbaxy is committed to drive 'Quality Compliance' across the Company. Our commitment to Quality with respect to various regulatory agencies, including the US FDA, requires us to further strengthen our procedures and policies, ensure data integrity and compliance with current good manufacturing practices.

MANUFACTURING

The Company faced multiple challenges in the manufacturing of API and DF during the 15 month period ending March 2014 including the extension of Consent Decree on Ranbaxy plants in Mohali and Toansa. The Consent Decree was earlier applicable to Paonta Sahib and Dewas facility before being extended to two more plants in the 2013-14 period. These have been detailed under the Quality section on page 35. To address these issues many improvement plans were initiated by Ranbaxy across all plants to calibrate and improve supplies.

As per the new Directorate General of Foreign Trade (DGFT) guidelines, 2D code implementation was done for all secondary packaging of SKUs for all countries. As per our policy of continuous improvement in processes and procedures we implemented Kaizen across all plants.

The facility at Dewas, which is undergoing Consent Decree remediation for the US FDA, successfully completed 12 regulatory and customer inspections without citation of any critical observations. We introduced 124 New products/SKUs and 5 SKUs of Day-1 launches from this facility. All employees at Dewas underwent training sessions aimed at inculcating a culture of quality and compliance.

The Paonta Sahib manufacturing facility, which is also impacted by an import alert and is undergoing Consent Decree remediation, faced multiple regulatory inspections during the period. WHO (Geneva), ANVISA (Brazil) and the regulatory authority of Ivory Cost have cleared the plant for GMP. Joint inspection by Irish Medicines Board, Health Canada, Medicines and Healthcare products Regulatory Agency (MHRA), the WHO and the Singapore regulatory authority concluded that there are no concerns on data integrity. However there were some observations which have been responded to. There were 5 Day-1 launches from Paonta. These were Rosuvastatin, Irbesartan, Irbestaratn-HCTZ, Sildenafil and Donepezil for Australia, France, Italy and Germany.

A new greenfield manufacturing facility is being developed in Nigeria to address some of the supply constraints in the country. The likely date of starting exhibit batches/site addition application/submission of samples is H1 FY 15 and commercial production is expected by end of FY 15.

Egypt is one of the largest pharma markets in Africa where Ranbaxy does not have significant presence. To support the Company's growth in the growth market, a greenfield facility has been initiated. The first slab casting has been completed, application for obtaining 'manufacturing status' from Ministry of Health (MoH) is filed and site inspection by Ministry of Health (MoH) is done. This project was partly delayed due to political unrest in the country.

THERAPY SEGMENTS

Ranbaxy's presence in Respiratory and Nutritionals is marked by the success of leading brands like Faringosept and Revital, respectively. These continue to be our flagship brands in the various branded markets.

Key generic product launches in 2013

Molecule	Markets
Esomeprazole tablet	Brazil
Meropenem injectable	UK, Germany
Desvenlafaxine capsule	USA
Pregabalin capsule	Canada
Donepezil tablet	Canada
Atorvastatin tablet	Spain
Tramadol + Paracetamol tablet	Canada, France
Montelukast tablet	France

Key branded product launches in 2013

Molecule	Markets
Raciper D (Esomeprazole Combinations)	India
Paduden Forte (Ibuprofen and combinations)	Romania
Sotret (Isotretinoin capsules)	Russia
Zelgor (Abiraterone)	India
Luivac Tabs (Bacteria mix)	Romania, Poland
Cepodem AZ (Cefpodoxime + Azithromycin Combination)	India
Ridlip and Rosuvator (Rosuvastatin Tabs)	Poland, South Africa
Sodox capsules (Superoxide Dismutase)	India
Venlafaxine capsules	Poland
Nutrikit (Multivitamin Combinations)	India

Leading generic and branded products

Leading Generic Products	Leading Branded Products
Amlodipine and Atorvastatin	Isotretinoin (Absorica™)
Valacyclovir	Ketorolac (Ketanov)
Fenofibrate and Combinations	Atorvastatin (Storvas, Lipogen, Ridlip)
Atorvastatin and Combinations	Ciprofloxacin (Cifran)
Doxycycline	Rosuvastatin (Rosuvas, Rosuvator)
Hydroxychloroquine	Amoxicillin + Clavulanic Acid (Moxclav, Enhancin, Ranclav and Ramoclav)
Clindamycin	Cephalexin (Sporidex)
Minocycline	Amoxycillin (Mox)
Cevimeline	Clarithromycin (Klabax, Klarithran, Crixan)
Sumatriptan	Levofloxacin (Loxof, Tavanic, Cravit, Eleflox)

Leading therapies in generic and branded markets

Leading Therapies in Generic Markets	Leading Therapies in Branded Markets
Cardiovasculars	Anti Infectives
Anti Infectives	Dermatologicals
Gastroenterology	Cardiovasculars
Central Nervous System	Pain and Musculoskeletal
Pain and Musculoskeletal	Central Nervous System
Nutritionals	Endocrine and Metabolic Agents
Genito Urinary	Gastroenterology
Respiratory	Genito Urinary
Dermatologicals	Respiratory
Oncology	Nutritionals

FINANCIAL PERFORMANCE

The Company met its sales guidance of Rs.130-135 billion with consolidated global sales of Rs.130,403 million during the 15 month period ending March 2014. Earnings before Interest, Tax, Depreciation, Amortisation and exceptional items were Rs.9,732 million. The Company's performance during the period was affected by the following factors:

(i) **Diminution in value of investment:** The macroeconomic environment continued to be challenging in certain countries in Western Europe. Specifically in France, the Generic Pharma industry has been impacted by continuing pricing and trade challenges. Accordingly, the Company made an impairment in goodwill in its subsidiary in France amounting to Rs.1,192 million and other subsidiaries amounting to Rs.438 million.

During this period, the Company also made a provision in respect of its investment in Zenotech Laboratories Limited, an associate, amounting to Rs.306 million and an impairment of Rs.485 million was also charged in respect of the vaccine plant in Bangalore.

(ii) **Stock provision/write- off and related costs:** The inclusion of Mohali and Toansa plants in the Consent Decree by the US FDA led to a sharp increase in the costs incurred during the period on remediation. Further, the Company provided for/wrote off stocks manufactured from these plants. During the period, an amount of Rs.3,429 million was provided towards inventory provision/write off due to Mohali Import alert and Toansa restriction.

The Company is also incurring a higher level of remediation cost for its Consent Decree and related projects. While this is a substantial operating expenditure, the Company is confident that this should begin to wind down once the remediation is well underway.

(iii) **Foreign exchange fluctuations impacting mark to market on the foreign currency option derivatives:** During the period, the US$/Rs. exchange rate was highly volatile; it moved from Rs.54.76 to Rs.59.76 levels per US$ during the year, while in the interim it had depreciated to as much as Rs.69 per US$.

With US$ 1,071 million (un leveraged US$ 430 million) outstanding legacy derivative contracts at the start of the year, the Company's financials were impacted adversely by the weaker Indian rupee. During the period under review, the Company booked a loss of Rs.3,279 million on account of such currency options.

(iv) **Halt of API shipments from Toansa and Dewas:** The Toansa API facility received an import alert and was included under the Consent Decree during Q5, 2014. The Company proactively temporarily suspended API supplies from the Toansa and Dewas facilities pending further internal review. Toansa impact in Q5, FY14 was shown on the income statement as an inventory write off (extraordinary item) to the tune of Rs.159.31 million. During the period, the Company has written-down carrying amount of inventory at Dewas by Rs.424 million, consequent to the findings of an internal exercise carried out by the management. The findings primarily concluded incorrect

We have implemented robust financial controls through extensive use of technology and continue to strengthen processes to meet the needs of expanding operations across the globe

inventory management of certain intermediate products resulting in yield mismanagement and consequent incorrect higher quantity of inventories. Appropriate actions have been taken by the Company including strengthening of internal controls.

As a net export earner with over three-fourths of turnover from overseas markets, volatility in currency has a substantial impact. Consequently, any sharp movements in the foreign exchange rates may have a significant impact on the Company's financial results. The dollar/rupee exchange rate has fluctuated widely during the last 15 months, with the rupee closing at an all-time low of 68.8 during August 2013.

The net debt (i.e. after adjusting for marketable liquid securities and cash) position moved to US$ 845 million from US$ 45 million, at the beginning of the year, primarily due to the payment of US$ 515.4 million to the US Department of Justice (DOJ) during May 2013. The Company in early January 2012 had made a financial provision of US$ 500 million related to expected costs associated with resolving the DOJ investigation.

A report of the Board of Directors on erosion of more than 50% of the Company's peak Net Worth (NW) during the immediately preceding four financial years along with its causes and revival plan has been submitted to the Shareholders of the Company in the annual report for review by them.

The Board of Directors, at its meeting held on April 6, 2014, approved the Scheme of Arrangement of merger between the Company and Sun Pharmaceutical Industries Ltd. (SPIL) at a Share Exchange Ratio of 0.8 Equity Shares of SPIL for every Equity Share of the Company subject to requisite regulatory approvals in India and overseas as well as the approval of shareholders and the Courts in India. Post-merger, the combined entity is expected to have a leadership position in the Indian Pharmaceutical Market with about 9.2% market share and be the No.1 Indian pharma Company in the USA market, with more than US$ 2 billion sales. The combined entity will have operations in 65 countries and 47 manufacturing facilities across the globe.

The prices of certain pharmaceutical products are regulated by the National Pharma Pricing Authority (NPPA). The NPPA in May 2013 came out with the Drug Prices Control Order (DPCO), 2013. The DPCO was based on the simple average prices of all brand generics having >=1% market share which will be open to upward/downward revision on 01 April each year, to the extent of WPI increase or decrease in the previous calendar year. Ranbaxy has been impacted adversely due to the implementation of this policy. The policy addresses concerns regarding stability in the Indian Pharmaceutical Market.

The focus of the Company has been to improve profitability from operations across markets in various ways. Some such measures include:

- **Improvement in base business and key product launches:** The Company has been working on improving its profitability over the last few years. Excluding exceptional items, the margins have continued to strengthen. With focus on branded business, improvement in the product mix and greater marketing synergies, margins are expected to increase. Certain key product launches are scheduled for the future. Subject to obtaining regulatory approvals, these are also expected to help in improving the contribution.

- **Focus on productivity and cost containment:** There has also been greater focus on improvement in productivity, cost efficiency and cost control. This is reflected in the relative control over level of cost of goods sold, manpower and other expenses during the year. Further results of these initiatives would be reflected in the results of the Company in the coming years.

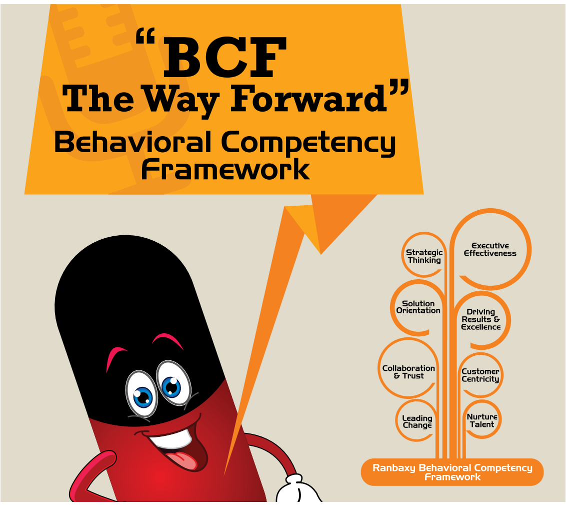
- **Rationalise operations in certain markets:** This would be aimed at retaining more important products and reduce complexity through manufacturing, supply chain and marketing.

As we continue to drive growth in our businesses across geographies, flexibility to finance the potential growth is being maintained to facilitate the Company seize such opportunities as may arise. The Company continues to maintain good relations with its financial partners. We have implemented robust financial controls through extensive use of technology and continue to strengthen processes to meet the needs of expanding operations across the globe and the emerging competitive environment.

HUMAN RESOURCES

Ranbaxy believes that its ~15300 strong dynamic, multicultural and global workforce is the most valuable asset, and this drives the Company's relentless focus towards promoting a work culture that nurtures and develops talent. The Company's consolidated global strategy for succession planning, high-potential talent management and robust individual development planning is aimed at building a strong leadership pipeline.

This is also driven through overall Learning and Development Strategy and Execution plan, which includes Leadership Series for senior management, Skill Enhancement for



all managers and Cultural Transformation initiatives that helps the Company nurture and build its internal leadership talent and pipeline. For the latter, the tenets of Simplicity, Accountability and Collaboration are used as cornerstones of the cultural change workshop.

Ranbaxy's constant endeavour has been to provide its employees with global growth opportunities and therefore it focuses on staffing global roles through internal candidates. The Company's internal job portal VECTOR allows individuals across the world to gain awareness and apply for roles that may excite them and offer them career progression.

The Company also has a Global Leaders Programme through which it inducts promising young talent from leading management schools. In order to leverage and provide similar growth opportunities to the strong internal talent, this programme is extended to the young talent pool within the Company as well.

Ranbaxy ensures that all new employees are inducted seamlessly and consistently into the organisation culture irrespective of the location they join, through its online Global Induction Programme called 'RAPID'.

The Company also has a robust Behavioral Competency Framework that is seamlessly integrated with its key HR processes such as Performance Management System, Talent Review, and Learning & Development. This ensures that Ranbaxy as an organisation encourages, develops and rewards the right set of behaviors and hence builds the right culture within the organisation.

The Company believes that the employee feedback is a vital representation of Ranbaxy's Employee Value Proposition and therefore it seeks employee inputs through a Global Engagement Survey. Basis the inputs received from this survey, the Company launches various initiatives across the globe to constantly help in enhancing employee engagement and build Ranbaxy as an employer of choice.

Productivity and personnel cost management remain high on Ranbaxy's priority list and therefore its annual personnel cost budgeting ensures complete focus on productivity.

These and other such initiatives represent how the HR team strategically partners with the business, ensuring maximisation of the Company's human capital potential and constant growth of Ranbaxy's employer brand.

INTERNAL CONTROL FRAMEWORK

Ranbaxy believes that internal control is a necessary prerequisite of the principle of governance and that freedom should be exercised within a framework of appropriate checks and balances. The management is committed to ensuring an effective internal control environment, commensurate with the size and complexity of the business, which provides assurance on the efficiency of operations and security of assets.

The Company has a strong finance structure both at the Corporate level and a spread out Regional level, which operates as per clearly laid out internal structures and limits while it also follows the accounting and regulatory requirements of the region where it operates.

A strong and independent Global Internal Audit (GIA) Function at the Corporate level carries out risk focused audits across all businesses (both in India & Overseas), enabling identification of areas where process controls are ineffective or may need enhancement. The reviews include financial, operational and compliance controls and risk mitigation. The Audit Committee of the Board periodically reviews GIA's findings and provides strategic guidance. The Operating Management of the Company closely monitors the internal control environment and ensures that GIA's recommendations are effectively implemented. The Company carried out an internal exercise regarding inventory management systems which led to certain write offs that were taken at Dewas. Consequently, the Company further strengthened its internal control systems for inventory management. (For details refer note under Finance).

As a subsidiary of a Japanese Company – Daiichi Sankyo, Ranbaxy has established Rules with respect to internal controls related to financial reporting obligations under the Financial Instruments and Exchange Law (J-SOX). The Company's GIA annually reviews compliance to all such Rules, in close consultation with the Corporate Accounts, the Parent Company & the Statutory Auditors.

Ranbaxy's GIA function is certified as complying with ISO 9001:2008 quality standards in its processes.

CAUTIONARY STATEMENT

The management has prepared and is responsible for the financial statements that are based on informed judgments and estimates. Some of the statements in "Management Discussion and Analysis" describing the Company's objectives, estimates, expectations or projections may be "forward looking statements" within the meaning of applicable laws and regulations. While the management has based these forward looking statements on its current expectations and projections about future events, actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include government regulations, patent laws, tax regimes, economic developments within India and in other countries in which the Company conducts business, litigation and other allied factors. Growth rates, unless otherwise mentioned, are on constant currency.

ANNEXURE B

I. Information regarding Employees' Stock Option Schemes and Plan (As on March 31, 2014)

A. Employees Stock Option Schemes (Granted prior to year 2011)

S. No.	Details	Nos.
1.	Total no. of options in force at the beginning of the period	5,309,401
2.	No. of options vested during the period	878,274
3.	No. of options exercised during the period	265,260
4.	No. of shares arising as a result of exercise of options during the period	265,260
5.	No. of options lapsed and forfeited during the period	1,464,559
6.	Variance in terms of options	N.A.
7.	Money realized by exercise of options during the period	Rs. 78,111,533
8.	Total no. of options in force at the end of the period	3,579,582

Notes:

1. Pricing formula: Closing price of the Equity Shares of the Company prior to the date of meeting of the Compensation Committee in which stock options were granted, on the stock exchange on which the shares of the Company are listed.
2. The shareholders at the Annual General Meeting held on May 9, 2011, approved Ranbaxy Employee Stock Option Plan-2011 (ESOP-2011) of the Company. Hence the Company has discontinued granting of stock options under earlier Schemes.

B. Employee Stock Option Plan - 2011

S. No.	Details	Nos.
1.	Total no. of options in force at the beginning of the period	1,218,174
2.	Options granted during the period	677,155
3.	No. of options vested during the period	939,337
4.	No. of options exercised during the period	666,636
5.	No. of shares arising as a result of exercise of options during the period	666,636
6.	No. of options lapsed and forfeited during the period	241,788
7.	Variance in terms of options	N.A.
8.	Money realized by exercise of options during the period	Rs. 3,333,180
9.	Total no. of options in force at the end of the period	986,905

Exercise Price: Rs.5/- each.

II. Options granted during the period to Senior Managerial Personnel[@]:

Name	Designation (Present)	Nos.
Mr. Arun Sawhney	CEO & Managing Director	13,784
Mr. Rajiv Gulati	President-Global Pharmaceutical Business	7,102
Mr. Indrajit Banerjee	President & Chief Financial Officer	7,522
Mr. Govind K. Jaju	Executive Vice President & Global Head – Procurement, Supply Chain, API Business, API & Contract Manufacturing	5,422
Mr. Ashwani Malhotra	Executive Vice President-Global Pharma Manufacturing	4,870
Mr. Sandeep Girotra	Sr. Vice President & Head-Global Human Resources	2,959
Mr. S.K.Patawari	Vice President & Company Secretary	3,551
Mr. Rajesh Aysola	Vice President & Head-Global Internal Audit	4,439
Mr. Manjeet Bindra	Chief Data Reliability Officer	3,761

[@] Excludes the Senior Managerial Personnel who ceased to be in employment with the Company.

III. Employees who have been granted 5% of more of the options granted during the period : Nil

IV. Employees who have been granted options during any one year equal to or exceeding 1% of the issued capital of the Company at the time of grant : Nil

V. Diluted earnings per share (EPS) : Rs. (20.79)

VI. (a) Method of calculation of employee compensation cost : The Company has calculated the employee compensation cost using the *intrinsic value* of the stock options

(b) Difference between the employee compensation cost so computed at (a) above and the employee compensation cost that shall have been recognized if it had used the *fair value* of the options : Rs. 110.85 Mn

(c) The impact of this difference on profits and on EPS of the Company :

Loss after tax	: Rs. (8,789.95) Mn
Less: additional employee compensation cost based on *fair value* (net of tax)	: Rs. 110.85 Mn
Adjusted Loss after Tax	: Rs. (8,900.81) Mn
Adjusted EPS (diluted)	: Rs. (21.05)

VII. Weighted-average exercise price and fair value of Stock Options granted: (Post split adjusted price)

Stock options granted on	Weighted average exercise price (in Rs.)	Weighted average Fair value (in Rs.)			Closing market price at NSE on the previous day of the grant (in Rs.)
12.01.2001	336.50		145.00		324.15
03.12.2001	297.50		188.50		369.48
01.04.2002	372.50		226.00		449.48
07.02.2003	283.50		132.50		317.45
22.01.2004	496.00		212.50		503.10
17.01.2005	538.50		215.68		534.33
17.01.2006	392.00		194.07		391.15
17.01.2007	430.00		232.57		429.65
16.01.2008	391.00		107.06		390.75
11.06.2008	561.00		172.89		560.75
19.12.2008	219.00		63.31		218.60
21.01.2009	216.00		92.97		215.15
24.02.2010	450.00		218.64		449.60
			Term of Option		
01.07.2011	5.00	1.25 years	2.25 years	3.25 years	541.35
		534.36	532.74	531.09	
21.01.2012	5.00	1.25 years	2.25 years	3.25 years	468.35
		464.49	462.86	461.20	
22.02.2012	5.00	1.25 years	2.25 years	3.25 years	449.20
		441.92	440.29	438.63	
20.01.2013	5.00	1.25 years	2.25 years	3.25 years	482.15
		475.12	473.47	471.81	
25.02.2013	5.00	1.25 years	2.25 years	3.25 years	413.55
		426.83	425.19	423.53	

VIII. Description of the method and significant assumptions used during the period to estimate the fair value of the options, including the following weighted average information

The Black-Scholes option pricing model was developed for estimating fair value of traded options that have no vesting restrictions and are fully transferable. Since Option pricing models require use of substantive assumptions, changes therein can materially affect fair value of Options. The option pricing models do not necessarily provide a reliable measure of fair value of options.

The main assumptions used in the Black- Scholes option pricing model during the period were as follows:

Particulars			Options granted on 20.01.2013			Options granted on 25.02.2013
Dividend yield			0.41%			0.46%
Term of Option	1.25 years	2.25 years	3.25 years	1.25 years	2.25 years	3.25 years
Risk free interest rate	7.73%	7.76%	7.79%	7.89%	7.88%	7.88%
Expected volatility			44.83%			44.35%

ANNEXURE C

Information pursuant to Companies (Disclosure of Particulars in Report of the Board of Directors) Rules, 1988, forming part of the Report of the Directors

1. CONSERVATION OF ENERGY AND ITS IMPACT

Measures for Conservation of Energy	Impact resulting into saving (in Rs. Million)
• Replacement of 10 Hot water tanks with highly energy efficient Plate Type Heat Exchanges.	0.11
• Replacement of existing chilled water pumps with energy efficient pumps thereby saving electrical energy.	0.20
• Replacement of Air Washer Units with Energy Efficient air washer units.	1.48
• Two Induced Draft Cooling Towers replaced with Natural Draft Cooling Towers thereby saving electrical energy.	0.88
• Improved steam efficiency in multi effect thermal evaporators (MEE) employed in effluent management system thereby saving 150 MT Furnace oil.	6.10
• Optimizing the evaporator sizing of two brine units thereby reducing specific power consumption by 40%.	8.98
• Replacement of Hot DI Water tank & distribution loop with ambient system in Plant 1 resulting in fuel (Liquefied Natural Gas -LNG) saving in boiler.	8.89
• Provision of Solar water heater for canteen activities.	0.02
• Steam condensate recovery from all solvent recoveries, ATFD, MEE, Tray dryers etc. thereby saving fuel.	1.51
• Installation of automated engineering controls for 10 cooling tower fans to reduce power consumption.	3.20
• Replacing sodium vapour lampsat site with LED lamps saving electrical energy.	0.71
• Increase in peak load exemption from existing 700 KW to 3500 KW from Punjab State Power Corporation Ltd. to prevent DG sets running during peak load hours. This resulted in saving in HSD consumption.	7.40
• Commissioning of Economizer for heating boiler feed water using boiler flue gases.	3.69
• Replacement of existing cooling tower with energy efficient cooling tower.	0.61
• Replacement of hot water pumps with energy efficient pumps.	0.91
• Optimization in operations of primary pumps of 3 chillers.	0.66
• Replacement of condenser pumps with energy efficient condenser pumps.	0.29
• Replacement of dry air dehumidifier with energy efficient dehumidifier in Revital block thereby saving electrical energy.	0.88
• Replacing halogen lamps with LED lamps to save electricity consumption.	0.15
• Installation of VFD on Air Compressor thereby saving energy.	0.07

2. RESEARCH & DEVELOPMENT

(a) Specific areas in which R&D is carried out

- Develop technology for Active Pharmaceutical Ingredients (APIs), conventional and value added innovative dosage forms (DF) – complying with international quality and regulatory norms.
- Develop "Platform Technologies" and "Products" in the area of Novel Drug Delivery Systems.
- Development of New Chemical Entities.
- GLP/cGCP complying Bioavailability / Bioequivalence,Toxicology and Clinical Studies (Phase–I,II & III).
- Innovation in packaging for improved patient convenience & compliance.
- Upgradation of existing technologies / products on ongoing basis.

(b) Benefits derived as result of R&D activities

- Technology to manufacture APIs and Dosage Forms.
- Oral Controlled Release Dosage Forms leading to better patient convenience and compliance.
- Improved productivity / process efficiencies.
- Internationally competitive prices and product quality.
- Safe and environment friendly processes.
- Generation of Intellectual wealth for the Company in key potential markets.
- Grant of process patents for APIs as well as DF (both conventional and novel drug delivery systems).
- Self reliance and import substitution for conservation of foreign exchange.

- – Foreign exchange earnings / savings.
- – Speed to market place.
- – Enhanced business through Licensing arrangements and strategic alliances.
- – Enhanced Global presence / visibility.

(c) Future plan of action

- – Continue augmenting R&D capabilities and productivity through technological innovations, use of modern scientific and technological techniques, training and development, benchmarking and global networking.
- – Greater thrust in the areas of Novel Drug Delivery Systems and Differentiated Products.
- – Continue developing innovative, commercially viable process know–how for both APIs and Dosage Forms.
- – Continue strengthening the Research infrastructure and capabilities complying international GLP/cGCP norms.
- – Continue improvements in packaging for pharmaceuticals to ensure shelf–life, stability, quality and better patient convenience and compliance.
- – Enhance national and international research networking and strategic alliances.

3. TECHNOLOGY, ABSORPTION, ADAPTATION AND INNOVATION

a) Efforts in brief, made towards technology absorption and innovation–As per 2(a).

b) Benefit derived as a result of the above efforts, e.g. product improvement, cost reduction, product development–As per 2(b) above.

Future Course of action

a) To continue developing innovative and commercially viable process knowhow for API and Dosage Forms (Conventional and Novel Drug Delivery System).

b) Information in case of imported technology (imports during the last five years)–Not applicable.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports; development of new export markets of products and export plans –

- – The international sales for the period ended March 31, 2014 were Rs.101,776 Million. The export sales by Ranbaxy for its Indian operations were Rs.37,863 million for the period ended March 31, 2014.
- – The Company continued to file Drug Master Files (DMFs) for APIs and Dosage Forms in the U.S., Europe and Rest of the World with the respective regulatory authorities.
- – The Company continued to receive income by way of royalty, technical and management service fee and dividend from overseas subsidiaries/ affiliates.
- – Exports continued to be key focus for the Company and initiatives include alliances in international markets.
- – The Company successfully launched authorized generic (AG) of Actos®, Pioglitazone Hydrochloride, Absorica®, NDA in the USA during the year. The other key products sold in the USA, the largest international market for Ranbaxy are Atorvastatin, generic of Lipitor® (largest product in the U.S.) and AG Caduet®, i.e. Amlodipine + Atorvastatin.
- – The Company made several new Dosage Formulations/ product launches including Atorvastatin in Australia and in several other European countries viz. Italy, Netherlands, Sweden and Germany. The Company launched RAN™–Rosuvastatin in Canada during the year.
- – In pursuit of its Hybrid Business Model with Daiichi Sankyo (DS), the Company started marketing Sevikar® (Olmesartan)
- – Medoxomil + Amlodipine Besylate) tablets in Romania and AG Evoxac® (Cevimeline Hydrochloride) in the USA during the year. The Company continues to supply various DS products in other international markets such as Singapore, Africa, Italy, Romania and Malaysia.

(in Rs. Million)

Foreign Exchange	15 months period ended March 31, 2014	For the year ended December 31, 2012
Earnings	50,938.92	39,515.72
Outgo	23,504.50	21,826.90

Form - A

Form for disclosure of particulars with respect to conservation of energy

A. Electricity and Fuel Consumption

	15 Months Period ended March 31, 2013	Previous Year ended December 31, 2012
1. Electricity		
(a) Purchased Units (KWH)	**197,442,322**	161,112,316
Total Amount (Rs. Million)	**1,256.00**	899.31
Rate/Unit (Rs.)	**Rs. 6.36**	Rs. 5.58
(b) Own Generation		
i) Through Diesel Generator Unit (KWH)	**7,177,351**	11,601,674
Unit per Ltr. of Diesel Oil	**3.39**	3.60
Cost/Unit	**Rs. 16.50**	Rs. 10.97
ii) Through Steam Turbine/Generator	**Not Applicable**	Not Applicable
2. Coal (Specify quality and where used)	**Not Applicable**	Not Applicable
3. Steam		
(a) Furnace Oil Qty. (K. Ltrs.)	**12,353**	10,305
Total Amount (Rs Million)	**577.32**	429.21
Average Rate (Rs. per Ltr.)	**Rs. 46.73**	Rs. 41.65
(b) LNG Qty (1000's SCM)	**9,464**	7,625
Total Amount (Rs Million)	**346.60**	Rs. 251.32
Average Rate (Rs. per SCM.)	**Rs. 36.62**	Rs. 32.96
(c) HSD Qty (K. Ltrs.)	**2,238**	2,982
Total Amount (Rs. Million)	**116.99**	117.97
Average Rate (Rs. per Ltr.)	**Rs. 52.27**	Rs. 39.56
(d) Briquettes* (Tonnes)	**2,356**	–
Total Amount (Rs. Million)	**16.75**	–
Average Rate (Rs. per Kg.)	**Rs. 7.11**	–
4. Others/internal generation	**Not Applicable**	Not Applicable

*New initiative introduced during the period

B. Consumption per unit of production

	Units	Standards (if any)	**15 Months Period**	Previous Year
Electricity				
Active Pharmaceutical Ingredients	(kwh per kg)	No specific standards - consumption per unit depends on product mix	**204.19**	136.25
Dosage Forms	(kwh per 1000 packs)		**202.13**	185.30
Furnace Oil				
Active Pharmaceutical Ingredients	(Ltrs per kg)		**17.33**	11.19
Dosage Forms	(K.Ltrs per 1000 packs)		**0.01**	0.01
LNG				
Active Pharmaceutical Ingredients	(SCM per kg)		**11.55**	7.20
Dosage Forms	(1000's SCM per 1000 packs)		**0.01**	0.01
Briquettes				
Dosage Forms	(MT per 1000 packs)		**0.004**	–
Coal			**Not Applicable**	Not Applicable
Others			**Not Applicable**	Not Applicable

Report on Corporate Governance

1. THE COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

In order to ensure sustainable returns to all stakeholders of the business, it is imperative, especially for large organizations, to adopt and follow certain policies, procedures and processes, which together constitute a "Code of Corporate Governance". It is important that such a Code is institutionalized, to ensure transparency, consistency and uniformity of decision making processes and actions. Ranbaxy has always believed in such a "Sound" Code of Corporate Governance, as a tool for highest standards of management and business integrity.

2. BOARD OF DIRECTORS

The details of Directors on the Board of the Company as on March 31, 2014, are as under:

Name of the Director	Category	Number of Directorships held in other companies @	Number of Board Committee memberships held in other companies ^	Number of Chairmanship of Board Committees held in other companies^
Dr. Tsutomu Une, Chairman	Non-Executive-Non-Independent	–	–	–
Mr. Takashi Shoda	Non-Executive-Non-Independent	–	–	–
Dr. Kazunori Hirokawa #	Non-Executive-Non-Independent	–	–	–
Dr. Anthony H. Wild	Non-Executive-Independent	–	–	–
Mr. Akihiro Watanabe	Non-Executive-Independent	–	–	–
Mr. Percy K. Shroff	Non-Executive-Independent	–	–	–
Mr. Rajesh V. Shah	Non-Executive-Independent	5	2	–
Mr. Arun Sawhney, CEO & Managing Director	Executive	–	–	–

@ Excludes private and foreign companies and companies registered under Section 25 of the Companies Act, 1956.

^ Includes only the membership of Audit and Shareholders/Investors' Grievance and Share Transfer Committees of Indian public limited companies.

The Shareholders of the Company at their Annual General Meeting (AGM) held on May 7, 2013, approved the appointment of Dr. Kazunori Hirokawa as a Director of the Company who was appointed by the Board as an Additional Director effective May 9, 2012 and whose term had expired at the said AGM.

Note: None of the Directors are related inter-se.

The Board of Directors of the Company had approved the change of financial year from January – December to April – March effective April 1, 2014. In view of this, the financial year under review was for a period of fifteen months i.e. January 1, 2013 to March 31, 2014. Accordingly, wherever required, the information for the current period of fifteen months has been provided.

3. BOARD MEETINGS

Dates of Board meetings are fixed in advance. Agenda papers are circulated to Directors in advance through a specifically designed portal for the Board of Directors and hard copies are also made available to the Directors.

Meetings and Attendance

During the period of fifteen months, **eight** Board meetings were held on January 20, February 26, May 3, May 8, August 7 and October 29, 2013, February 5 and March 4, 2014.

Attendance of Directors at Board Meetings and at the Annual General Meeting (AGM)		
Name of the Director	**No. of Board Meetings attended**	**Whether attended the AGM held on May 7, 2013**
Dr. Tsutomu Une	8	Yes
Mr. Takashi Shoda	7	Yes
Dr. Anthony H. Wild	7	Yes
Mr. Akihiro Watanabe	8	Yes
Mr. Percy K. Shroff	8	Yes
Mr. Rajesh V. Shah	8	Yes
Dr. Kazunori Hirokawa	7	Yes
Mr. Arun Sawhney	8	Yes

Mr. Akihiro Watanabe and Mr. Takashi Shoda attended the Board meeting held on October 29, 2013 through Video-conference.

Mr. Indrajit Banerjee, President & Chief Financial Officer (CFO) is a permanent invitee at the Board meetings.

4. COMMITTEES OF THE BOARD

(i) Audit Committee

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchanges. The terms of reference include:-

- Overseeing financial reporting processes.
- Reviewing periodic financial results, financial statements and adequacy of internal control systems.
- Approving internal audit plans and reviewing efficacy of the function.
- Discussion and review of periodic audit reports.
- Discussions with external auditors about the scope of audit including the observations of the auditors.
- Recommend to the Board, appointment of the statutory auditors and fixation of audit fees.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board of Directors of the Company.
- Reviewing with the management the performance of statutory and internal auditors.
- To review status of statutory compliance.
- To review the reports of the Whistle Blower mechanism.
- To review:
    a. Management discussion and analysis of financial condition and results of operations.
    b. Management letters / letters of internal control weaknesses issued by the statutory auditors.
    c. Internal audit reports relating to internal control weaknesses.
    d. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

Minutes of meetings of the Audit Committee are circulated to members of the Committee, Board and the invitees.

Composition and Attendance

During the period of fifteen months, **six** meetings of the Audit Committee were held on February 25, May 7, August 6 and October 28, 2013, February 4 and March 4, 2014. The composition of the Committee and details of the meetings attended by the members during the period, are as under:

Name of the Member	No. of Meetings attended
Mr. Akihiro Watanabe, Chairman	6*
Dr. Tsutomu Une	6
Dr. Anthony H. Wild	6
Mr. Percy K. Shroff	6
Mr. Rajesh V. Shah	6
Permanent Invitee Mr. Arun Sawhney	6

* Attended the meeting held on October 28, 2013 through Video- conference.

Mr. Takashi Shoda and Dr. Kazunori Hirokawa attended all the meetings of the Committee as invitees.

Members of the Audit Committee are financially literate and have held or hold senior positions in reputed organizations. The Chairman of the Audit Committee has accounting and financial management expertise.

The Statutory Auditors, Internal Auditor, Cost Auditor and the CFO are invited to attend and participate at meetings of the Committee.

The Company Secretary acts as the Secretary to the Committee.

The Chairman of the Audit Committee was present at the Annual General Meeting held on May 7, 2013.

(ii) Compensation Committee

The terms of reference of the Committee included :-

- Administration and superintendence of Employee Stock Option Schemes (ESOS).
- Formulation of the detailed terms and conditions of the ESOS.
- Grant of stock options.
- Recommendation for fixation and periodic revision of compensation of the CEO & Managing Director and Executive Directors to the Board for approval, review and approve compensation policy (including performance bonus, incentives, perquisites and benefits) for senior management personnel.

Composition and Attendance

During the period of fifteen months, **three** meetings of the Compensation Committee were held on January 20 and February 25, 2013 and on February 4, 2014. The composition of the Committee and details of the meetings attended by the members during the period are as under:

Name of the Member	No. of Meetings attended
Mr. Rajesh V. Shah, Chairman	3
Dr. Tsutomu Une	3
Mr. Percy K. Shroff	3
Dr. Anthony H. Wild	3
Permanent Invitee Mr. Arun Sawhney	3

Mr. Takashi Shoda and Mr. Akihiro Watanabe attended all the three meetings and Dr. Kazunori Hirokawa attended two meetings of the Compensation Committee as invitees.

Mr. Sandeep Girotra, Senior Vice President & Head – Global Human Resources, participated in all the meetings of the Committee as invitee. Mr. Indrajit Banerjee, President & CFO attended one meeting of the Committee.

Minutes of meetings of the Compensation Committee were circulated to members of the Committee, Board and the invitees.

As explained in (iv) below, the Compensation Committee was dissolved w.e.f. February 5, 2014 and a combined Nomination & Remuneration Committee was constituted.

(iii) Nomination Committee

The Company had constituted a Nomination Committee, on January 20, 2013, with the following composition:

Name of the Member
Dr. Tsutomu Une, Chairman
Mr. Rajesh V. Shah
Mr. Percy K. Shroff
Dr. Anthony H. Wild

The terms of reference of Committee included:-

- To identify persons who are qualified to become Directors and who may be appointed in Senior Management – Members of Excom, in accordance with the criteria laid down, recommend to the Board their appointment and removal;
- To carry out evaluation of every Director’s performance;
- To formulate the criteria for determining qualifications, positive attributes and independence of a director.

No meeting of the Committee was held during the period.

As explained in (iv) below the Nomination Committee was dissolved w.e.f. February 5, 2014 and a combined Nomination & Remuneration Committee was constituted.

(iv) Nomination & Remuneration Committee

The Company had two separate committees i.e. Compensation Committee and Nomination Committee. In view of the provisions of the Companies Act, 2013, the Board of Directors of the Company at their meeting held on February 5, 2014 dissolved the existing Compensation Committee and Nomination Committee and constituted a combined Committee i.e. Nomination & Remuneration Committee.

Terms of Reference of the Committee include:

- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down and to recommend to the Board their appointment and removal.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director as well as formulate and recommend to the Board a Remuneration Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- Evaluate the performance of Non-Executive Directors and recommend to the Board their remuneration.
- Evaluate the performance of Chief Executive Officer, Managing Director, Whole-time Directors and fixation and periodic revision of remuneration to them and direct reports of CEO & Managing Director and fix and revise their remuneration periodically within the framework of the Remuneration Policy of the Company.
- Administration and superintendence of ESOS including grant of stock options from time to time.

  The composition of the Committee is as under:

Name of the Member
Mr. Rajesh V. Shah, Chairman
Dr. Tsutomu Une
Dr. Anthony H. Wild
Mr. Percy K. Shroff

The first meeting of the Committee was held on May 8, 2014.

Remuneration Policy

The Remuneration Policy of the Company for managerial personnel is primarily based on the following criteria:

- Performance of the Company, its divisions and units;
- Track record, potential and performance of individual managers; and
- External competitive environment.

Remuneration to CEO & Managing Director

The shareholders of the Company at the Annual General Meeting held on May 8, 2012 (AGM) approved the reappointment of Mr. Arun Sawhney as CEO & Managing Director for a period of five years effective January 1, 2012. Remuneration has been paid to Mr. Arun Sawhney, pursuant to the approvals of the Shareholders, Board of Directors and Compensation Committee / Nomination & Remuneration Committee for the period from January 1, 2013 to March 31, 2014 as under:

Name of the Director	Salary, Allowances & Incentive	Commission	Perquisites	Retiral Benefits	Stock Options (Number)	Service Contract	
						Tenure	Notice Period
	-------------------- Rs. Lacs -----------------------						
Mr. Arun Sawhney	1,227.47@	–	87.18*	45.83	13,784	5 years	6 months

@ Excludes Retention Bonus, which the Board is authorized to pay to Mr. Arun Sawhney on completion of three years of service.

* Includes cost of stock options.

Notes:

1. The appointment and payment of remuneration to Mr. Arun Sawhney is in accordance with the conditions stipulated under Notification No. GSR 534 (E) dated July 14, 2011 read with the clarification dated August 16, 2012, issued by the Ministry of Corporate Affairs.
2. Mr. Arun Sawhney was granted 13,784 stock options pursuant to Employee Stock Option Plan-2011 of the Company on February 25, 2013, which will vest over a period of three years from the date of grant. Under the said Plan, each option is exercisable for one equity share of the Company at the face value of Rs.5/- each.
3. Retiral benefits are exclusive of provision for future liabilities in respect of retirement benefits (which are based on actuarial valuation done on overall Company basis).

Remuneration to Non-Executive Directors

The Company benefits from diverse professional expertise and experience of the Non-Executive Directors as they make valuable contributions at the Board and Committee meetings, review the operations and advise on the major issues and strategy of the Company.

The Shareholders of the Company at the Annual General Meeting (AGM) held on May 8, 2012 unanimously approved the payment of remuneration of Rs. 50 Lacs to each of the Non-Executive Non-Independent Director and Rs.100 Lacs to each of the Non-Executive Independent Director for the years 2011, 2012 and 2013 subject to requisite approval of the Central Government. On the appointment of Dr. Kazunori Hirokawa as Non-Executive Non-Independent Director effective May 9, 2012, the shareholders at the AGM held on May 7, 2013, approved the payment of remuneration of Rs. 32.5 Lacs for the period from May 9, 2012 to December 31, 2012 and Rs. 50 lacs for the financial year 2013 to him.

In view of the loss incurred in the year 2012, the Company applied to the Central Government for payment of remuneration to the Non-Executive Directors. Central Government approved the payment of remuneration of Rs. 48 lacs for the year ended December 31, 2012 to each of the Non-Executive Director.

Details of remuneration and sitting fees paid to the Non-Executive Directors are as under:

Name of the Director	Remuneration for the year 2012 (Rs. Lacs)	Sitting Fees (Rs. Lacs) (For the 15 months period)
Dr. Tsutomu Une	48.00	4.20
Mr. Takashi Shoda	48.00	1.60
Mr. Rajesh V. Shah	48.00	3.40
Mr. Percy K. Shroff	48.00	4.05
Dr. Anthony H. Wild	48.00	3.80
Mr. Akihiro Watanabe	48.00	2.80
Dr. Kazunori Hirokawa	31.17	2.00
(Remuneration paid on Pro-rata basis from May 9, 2012 to December 31, 2012)		

As mentioned above, the shareholders of the Company had approved the payment of remuneration to Non-Executive Directors from January–December 2013. However as the Company had changed its financial year to April – March, therefore the financial year under review was for fifteen months. Accordingly the approval of the shareholders is now being sought for payment of remuneration to Non-Executive Directors on a pro-rata basis for the period of three months i.e. January 2014 – March 2014 subject to requisite approval. Further, approval of the shareholders is also being sought for payment of remuneration to the Non-Executive Directors for the year 2014-15.

None of the Non-Executive Director holds any shares in the Company.

(v) Science Committee

The terms of reference of Science Committee include review focus areas of research and monitoring progress on generic development.

Minutes of meeting of the Science Committee are circulated to members of the Committee, Board and the invitees.

Composition and Attendance

During the period of fifteen months, **one** meeting of the Science Committee was held on October 28, 2013. The composition of the Committee and details of the meeting attended by the members are as under:

Name of the Member	No. of Meetings attended
Dr. Kazunori Hirokawa, Chairman	1
Dr. Tsutomu Une	1
Dr. Anthony H. Wild	1
Mr. Takashi Shoda	1
Mr. Arun Sawhney	1

Mr. Takashi Shoda (member) and Mr. Akihiro Watanabe (invitee) attended the meeting through Video-conference.

Mr. Subodh Deshmukh, Senior Vice President- R&D, attended the meeting of Science Committee as an invitee.

(vi) Shareholders'/ Investors' Grievance and Share Transfer Committee

The Shareholders'/ Investors' Grievance and Share Transfer Committee has been constituted as per the provisions set out in the Listing Agreement. The terms of reference of the Committee include:

- Approve transfers, transmissions, issue of duplicate certificates, transpositions; change of names etc., and to do all such acts, deeds, matters and things as connected therewith.
- Review complaints of the shareholders and action taken by the Company.

Minutes of meetings of the Shareholders'/ Investors' Grievance and Share Transfer Committee are circulated to members of the Committee and the Board.

Composition and Attendance

During the period of fifteen months, **five** meetings of the Committee were held on January 10, May 16, July 5 and August 29, 2013 and March 5, 2014. Apart from the above meetings, the Committee from time to time through circular resolution approved the matters related to the transfer, transmission etc. The composition of the Committee and details of the meetings attended by the members during the period are as under:

Name of the Member	No. of Meetings attended
Mr. Percy K. Shroff, Chairman	5
Dr. Tsutomu Une	4
Mr. Arun Sawhney	3

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent/issues resolved usually within 15 days except in case of dispute over facts or other legal constraints.

The Company received 15 shareholders' complaints which inter-alia included non-receipt of dividend, annual report, share certificates etc. The complaints were duly attended to and the Company has furnished necessary documents/ information to the shareholders. There are no complaints pending as on March 31, 2014.

The Shareholders'/ Investors' Grievance and Share Transfer Committee reviews complaints received and action taken by the Company in this regard.

No requests for share transfers are pending except those that are disputed or sub-judice.

Mr. S.K. Patawari, Company Secretary, is the Compliance Officer of the Company.

(vii)Quality and Integrity Committee

The Quality and Integrity Committee of the Board of Directors was constituted on January 24, 2014. The terms of reference of this Committee include:

- Oversight of the Company's manufacturing and quality operations, systems, organization and their integrity to help assure that resources are appropriate and implementation is timely and thorough.
- Review the structure and process of internal quality audits, plans, findings and updates.
- Review the updates on Consent Decree Management and Application Integrity Policy (AIP).
- Discussion with FDA and other regulatory authorities.
- Review data integrity of R&D.
- Review resources and budget allocations for manufacturing and quality functions and to recommend to the Board for approval.

Composition and Attendance

Two meetings of the Committee were held on February 4 and March 4, 2014. The composition of the Committee and details of the meetings attended by the members are as under:

Name of the Member	No. of Meetings attended
Dr. Anthony H. Wild, Chairman	2
Dr. Tsutomu Une	2
Mr. Percy K. Shroff	2
Dr. Kazunori Hirokawa	2
Mr. Arun Sawhney	2
Permanent Invitees	
Ms. Kate Beardsley, Legal Counsel, Beardsley Law PLLC, USA	2
Dr. Toshiaki Tojo, Head of Quality & Safety Management Division, Daiichi Sankyo Co., Ltd.	2

Apart from the above meetings, the Committee's members and invitees discussed the issues related to quality and integrity through tele/video conference.

Mr. Takashi Shoda, Mr. Rajesh V. Shah and Mr. Akihiro Watanabe, Directors and Mr. Yuki Sato, Member of the Board & Head of Supply Chain, Legal and CSR of Daiichi Sankyo Co., Ltd., attended the meetings of the Committee as invitees. Mr. Lavesh K. Samtani, Vice President & Head-Legal Americas, acts as the Secretary to the Committee.

(viii)Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board of Directors was constituted on February 5, 2014, in terms of the provisions of the Companies Act, 2013. The terms of reference of the Committee are as under:

- Formulate and recommend to the Board, Corporate Social Responsibility (CSR) Policy of the Company listing out the CSR activities to be undertaken and recommend to the Board Annual Budget for CSR activities of the Company;
- Identify key Social Responsibility issues that may affect the business operations, brand image or reputation of the Company and monitoring system for effective implementation of CSR activities undertaken by the Company and review the implementation status thereof.
- Collaborate with Non-profit Organizations, NGOs, Societies, Government bodies and institutions for undertaking CSR initiatives within the framework of the CSR Policy of the Company.

The composition of the Committee is as under:

Name of the Member
Mr. Percy K. Shroff, Chairman
Dr. Anthony H. Wild
Dr. Kazunori Hirokawa
Mr. Arun Sawhney
Permanent Invitee
Dr. Tsutomu Une

No meeting of the Committee was held during the period.

5. **GENERAL BODY MEETINGS**

Details of the General Meetings held in the last three years are as under:

ANNUAL GENERAL MEETINGS

Year	Date	Day	Time	Venue	Special Resolutions Passed
2011	9-5-2011	Monday	11.00 A.M.	The National Institute of Pharmaceutical Education & Research, Sector 67, S.A.S. Nagar, Punjab	• Approval under Section 81(1A) of the Companies Act, 1956 for allotment of 3,000,000 Equity Shares to the eligible employees, including any Director of the Company under Ranbaxy Employee Stock Option Plan-2011. • Approval under Section 81(1A) of the Companies Act, 1956 for allotment of Equity Shares within the aforesaid overall ceilings of 3,000,000 Equity Shares to the eligible employees including any Director of any current or future subsidiaries of the Company under Ranbaxy Employee Stock Option Plan-2011.
2012	8-5-2012	Tuesday	11.00 A.M.	The National Institute of Pharmaceutical Education & Research, Sector 67, S.A.S. Nagar, Punjab	• Approval for payment of remuneration to the Non-Executive Directors for the years 2011, 2012 and 2013. • Approval for waiver of recovery of excess remuneration paid to Mr. Arun Sawhney for the year 2011. • Approval for re-appointment of Mr. Arun Sawhney as CEO & Managing Director of the Company for a period of five years with effect from January 1, 2012 and fixation of ceiling of remuneration for a period of three years.
2013	7-5-2013	Tuesday	11.00 A.M.	The National Institute of Pharmaceutical Education & Research, Sector 67, S.A.S. Nagar, Punjab	Approval for payment of remuneration to Dr. Kazunori Hirokawa, Director of the Company, amounting to Rs. 3.25 million for the period from May 9, 2012 to December 31, 2012 and Rs. 5 million for financial year 2013.

No resolution was passed through the Postal Ballot.

6. **CODE OF CONDUCT**

The Code of Conduct for the Directors and Employees of the Company is posted on the website of the Company.

Declaration as required under Clause 49 of the Listing Agreement

All Directors and Senior Management personnel of the Company who were in the employment as on March 31, 2014 have affirmed compliance with the provisions of the Ranbaxy Code of Conduct for the 15 months period ended March 31, 2014.

Arun Sawhney
CEO & Managing Director

Gurgaon (Haryana)
May 1, 2014

7. **Certificate from CEO and CFO**

Certificate from CEO and CFO of the Company, for the fifteen months period ended March 31, 2014, forms part of the Annual Report.

8. **DISCLOSURES**

A. **Related Party Transactions**

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the Company.

B. **Disclosure of Compliances by the Company**

During the last three years there has been no instance of non-compliance and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on matters related to capital markets.

C. **Disclosure of Accounting Treatment**

There have not been any significant changes in accounting policies during the fifteen months period requiring disclosure in the notes to the financial statements except as mentioned in Note No. 2 (k) of the financial statements with respect to treatment of shares issued to ESOP Trust. The same has been done as per the recent opinion of the Expert Advisory Committee (‘EAC’) of The Institute of Chartered Accountants of India.

D. Risk Management

The Board of Directors is apprised about Risk Management framework, methodology for categorization of risk and mitigation plans.

E. The Company has complied with all the mandatory requirements and has adopted non-mandatory requirements as per details given below:

(1) The Board

The Company maintains the Office of the Chairman at its Corporate Office at Plot No. 90, Sector 32, Gurgaon-122001 (Haryana) and also reimburses the expenses incurred in performance of his duties.

In terms of the provisions of the revised clause 49 of the Listing Agreement (effective from October 1, 2014) read with Companies Act, 2013, Independent Directors shall hold office for a term up to five consecutive years on the Board of a company and shall be eligible for reappointment for another term of up to five consecutive years on passing of a special resolution by the Company.

(2) Nomination and Remuneration Committee

The Company earlier had two separate committees i.e. Compensation Committee and Nomination Committee. In view of the provisions of proposed Companies Act 2013, the Board of Directors of the Company at their meeting held on February 5, 2014 dissolved the Compensation Committee and Nomination Committee and constituted a combined Committee i.e. "Nomination & Remuneration Committee".

(3) Shareholders Rights

The quarterly financial results are published in the newspapers as mentioned under the heading "Means of Communication" at Sl. No. 10 herein below and also displayed on the website of the Company. Press Releases on quarterly results are sent through email to the shareholders.

(4) Audit qualifications

With regard to comments contained in the Auditors' Report, explanations are given below:

(i) The accumulated losses of the Company at the end of the current period are more than fifty percent of its net worth (without adjusting accumulated losses) and the Company incurred cash losses in the current period(Clause x of the Annexure to the Auditors' Report)

The accumulated losses are primarily due to provision created (net of reversal) for settlement with the Department of Justice (DOJ) of the United States of America for resolution of civil and criminal allegations by the DOJ (refer to note 8 of the financial statements) in earlier years. The Company has incurred cash losses during the current period primarily due to US FDA related remediation costs and certain exceptional items including loss on foreign exchange option derivatives and inventory provision/ write off and other costs at Toansa and Mohali plants.

(ii) Short Term funds used for long term purposes (Clause xvii of the Annexure to the Auditors' Report)

The Company had created a provision for settlement (net of reversal during the current period) with the DOJ during the year ended December 31 2011, which is currently reflected as payable of Rs. 29,238.60 million to a subsidiary (refer to note 8 of the financial statements). This has resulted in long-term funds being lower by Rs. 35,175.73 million compared to long-term assets as at 31 March 2014. Accordingly, short term funds of Rs. 35,175.73 million have been used for long-term purposes. The Company expects to overcome the situation in the near future.

(iii) Procedures of physical verification of inventories and maintaining proper records of inventories and fraud reported on the Company (clause (ii)(b), (c) and clause (xxi) of the Annexure to the Auditors' Report)

During the current period, the Company has written-down carrying amount of inventory by Rs. 424 million, consequent to the findings of an exercise carried out by the management in response to certain internal information received by it. The findings primarily concluded intentional incorrect inventory management of certain intermediate products by certain manufacturing unit level staff resulting in yield mismanagement and consequent incorrect higher quantity of inventories. Appropriate actions have been taken by the Company including strengthening of internal controls.

(iv) Slight delay in deposit of statutory dues (clause ix(a) of the Annexure to the Auditors' Report).

In few cases, there was slight delay in depositing small amounts of statutory dues. Requisite corrective actions have been taken.

(5) Training of Board Members

Presentations on business, operations, key markets, strategy, regulatory frameworks, risk assessment & management are made to the Board of Directors from time to time. Further, Directors are updated about the regulatory developments. The Directors also visit the important locations of the Company for understanding and review of the Company's operations.

(6) Mechanism for evaluating Non-Executive Board Members

The Company benefits from diverse professional expertise and experience of Non-Executive Directors. The Directors make contributions at the Board / Committee meetings, review the operations and advise on the major issues and strategy of the Company from time to time. The Company also benefits from the advice of Non-Executive Directors sought by the management on critical issues from time to time. The contributions made and the time devoted by the Non-Executive Directors are recognized by the Company. The Board of Directors at its meeting held on February 5, 2014 constituted a Nomination & Remuneration Committee. The terms of reference of the Nomination Committee & Remuneration Committee inter-alia include evaluation of performance of the Directors.

(7) Whistle Blower Policy

With an objective to further strengthen the process of conducting the business in a fair, transparent and ethical manner, the Company has set up a mechanism of Whistle Blower Policy. This Policy is intended to govern reporting and investigation of allegations on violations of the Code of Conduct of the Company, for which a dedicated email id ombudsperson.whistleblower@ranbaxy.com has been established. Mr. Akihiro Watanabe, Chairman of the Audit Committee of the Company has been nominated by the Board as Ombudsperson for this purpose. No employee was denied access to the Audit Committee during the period of fifteen months.

9. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES, 2009

In December 2009, the Ministry of Corporate Affairs had issued the Guidelines on the voluntary adoption of Corporate Governance Practices. The Company has endeavored to adopt these Guidelines and follows the Guidelines such as separation of office of Chairman and Managing Director, taking certificate of independence from Independent Directors, constitution of Nomination and Remuneration Committee which determines remuneration policy, providing timely information to Board of Directors for quality decision making, identification of risks, review of internal controls, constitution and functioning of Audit Committee, adoption of Whistle Blower Policy and training to Directors.

10. MEANS OF COMMUNICATION

(a) The Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges immediately after these are taken on record by the Board. These financial results are normally published in the Business Standard/Financial Express, the Punjabi Tribune/ Rozana Spokesman and are displayed on the website of the Company www.ranbaxy.com. Further in compliance of the Listing Agreement, the above information and other communication sent to Stock Exchanges are also uploaded on the websites established by the stock exchanges i.e. https://www.connect2nse.com/LISTING/ and http://listing.bseindia.com/.

In accordance with the Circulars issued by the Ministry of Corporate Affairs on the Green Initiatives and amendment in Clause 32 of the Listing Agreements with the Stock Exchanges, the Company sends Annual Reports and Notice of Annual General Meeting alongwith Proxy Form electronically/ physically. Press Releases on quarterly results and updates on other important developments are sent through email to the shareholders.

The official news releases and the presentations made to the investors/analysts are also displayed on the Company's website.

(b) Management Discussion and Analysis Report forms part of the Report of the Directors.

11. SHAREHOLDER INFORMATION

Annual General Meeting

Date : July 28, 2014

Time : 10.30 A.M.

Venue : The National Institute of Pharmaceutical Education and Research (NIPER), Sector-67, S.A.S. Nagar, (Mohali)- 160 062 (Punjab).

Financial Calendar

Adoption of Quarterly Results for the quarter ending	Tentative Schedule
June 30, 2014	3rd /4th week of July,2014
September 30, 2014	3rd/4th week of October 2014
December 31, 2014	3rd /4th week of January, 2015
March 31, 2015	2nd /3rd week of May, 2015

Book Closure Dates

July 19, 2014 to July 28, 2014

(both days inclusive)

LISTING ON STOCK EXCHANGES

The equity shares of the Company as on March 31, 2014 were listed on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. Global Depository Receipts (GDRs) are listed on the Stock Exchange at Luxembourg.

The Company confirms that it has paid annual listing fees due to the Stock Exchanges for the year 2013-2014.

STOCK CODE

1.	The National Stock Exchange of India Ltd.	-	Ranbaxy
2.	Bombay Stock Exchange Ltd.	-	359 (Physical)
			500359 (Demat)

REGISTRAR AND TRANSFER AGENTS

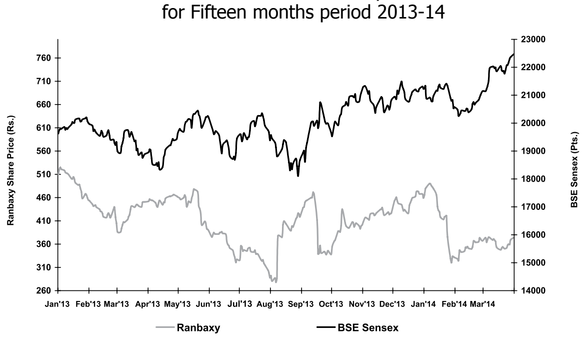
M/s. Alankit Assignments Ltd. (Alankit), 2E/21, Alankit House, Jhandewalan Extension, New Delhi-110055 is the Registrar and Share Transfer Agent for physical shares of the Company. Alankit is also the depository interface of the Company with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

However, keeping in view the convenience of shareholders, documents relating to shares will continue to be received by the Company at Corporate Office of the Company at Plot No. 90, Sector 32, Gurgaon-122001 (Haryana) Tel No. 91-124-4135000, Registered Office at A- 41, Industrial Area Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali – 160 071 (Punjab) and Head Office at 12th Floor, Devika Tower, 6, Nehru Place, New Delhi-110019, Tel. No. 91-11-26237508; email address: secretarial@ranbaxy.com.

Market Price Data (Rs.)

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	(High)	(Low)	(High)	(Low)
January, 2013	525.00	441.00	522.90	440.50
February, 2013	453.20	375.25	453.00	374.50
March, 2013	450.50	370.50	450.80	370.80
April, 2013	466.55	425.15	466.35	425.00
May, 2013	478.00	373.50	478.00	373.30
June, 2013	386.50	301.75	386.80	301.50
July, 2013	356.00	270.30	356.85	270.60
August, 2013	426.30	253.95	426.60	253.65
September, 2013	471.40	297.25	471.40	302.00
October, 2013	435.00	331.40	431.90	331.30
November, 2013	438.40	386.40	438.35	386.10
December, 2013	472.80	416.10	473.45	415.55
January, 2014	490.15	306.05	490.00	305.20
February, 2014	373.40	308.00	373.85	307.50
March, 2014	375.00	335.00	374.90	335.00

Stock Price Performance - Ranbaxy Vs BSE Sensex
for Fifteen months period 2013-14



SHARE TRANSFER SYSTEM

With a view to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfer to some of the Directors with appropriate individual limits. The delegated Director(s) attend(s) to the share transfer formalities once in a fortnight. The shares for transfers received in physical form are transferred expeditiously, provided the documents are complete and the shares under transfer are not under any dispute. The share certificates duly endorsed are returned immediately to shareholders. Confirmation in respect of the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL expeditiously.

DEMATERIALISATION OF SHARES

The shares of the Company are in compulsory demat segment and are available for trading in the depository systems of both NSDL and CDSL. As on March 31, 2014, 418,632,746 equity shares of the Company, forming 98.79% of the share capital of the Company, stand dematerialized.

International Securities Identification Number - INE015A01028
(with NSDL and CDSL)

Shareholding Pattern as on March 31, 2014

Category	No. of Shares held	Percentage of Shareholding (%)
Promoters-Daiichi Sankyo Company, Ltd., Japan	268,711,323	63.41
Mutual Funds & UTI	1,999,560	0.47
Insurance Companies	31,578,971	7.45
FIIs	49,962,611	11.79
Banks & Financial Institutions	1,590,739	0.38
Bodies Corporate	6,930,131	1.64
Public shareholding	53,261,881	12.57
NDCOs	1,229,808	0.29
Non-Residents	2,219,958	0.52
GDRs	6,294,081	1.49
Grand Total	**423,779,063**	**100.00**

Distribution of Shareholding as on March 31, 2014

From To	No. of Shareholders		No. of Shares	
	Number	% Total	Number	% Total
1 - 1000	172,968	94.66	18,182,217	4.29
1001 - 2000	5,035	2.76	7,282,983	1.72
2001 - 4000	2,671	1.46	7,507,273	1.77
4001 - 6000	839	0.46	4,112,196	0.97
6001 - 8000	353	0.19	2,453,478	0.58
8001 - 10000	218	0.12	1,987,601	0.47
10001 - 20000	313	0.17	4,300,101	1.01
20001& above	324	0.18	377,953,214	89.19
Total	**182,721**	**100.00**	**423,779,063**	**100.00**

Liquidity of Shares

The equity shares of the Company are traded on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

Outstanding Stock Options

Number of Stock Options outstanding as on March 31, 2014 - 4,566,487

Outstanding GDRs

6,294,081 GDRs representing 6,294,081 equity shares of Rs.5 each constituting 1.49% of the issued, subscribed and paid-up share capital of the Company were outstanding as on March 31, 2014.

Outstanding Unclaimed Shares

Pursuant to the provision of Clause 5A (II) of the Listing Agreements with the Stock Exchanges, the Company during previous year had sent three reminders to those shareholders whose shares were lying unclaimed in the physical form and then transferred the unclaimed shares to the "RANBAXY LABORATORIES LIMITED-UNCLAIMED SHARES SUSPENSE ACCOUNT". The voting rights on these shares shall remain frozen till the rightful owner of such shares, claims these shares. The details of the shares in the said Suspense Account are as under:

Particulars	No. of Share-holders	No. of equity shares of Rs.5/- each
Aggregate number of shareholders and the outstanding shares in the Unclaimed Suspense Account as on December 31, 2012.	1,165	531,328
Number of shareholders who approached the Company for transfer of shares from the said Unclaimed Suspense Account during the period from January 1, 2013 up to March 31, 2014.	15*	15,472
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the said period.	17**	19,880
Aggregate number of Shareholders and the Outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2014.	1,148	511,448

* Excludes 3 requests for 4,510 shares, which were received towards end of the last year and processed during the fifteen months period.

** Excludes 1 request for 102 shares received during the period but which has not been processed as necessary documents, have not been received from the shareholder.

Plant Locations of the Company

1. Village Toansa,
   P.O. Railmajra Distt. Nawansahar- 144533
   (Punjab).
2. Industrial Area 3
   A.B. Road, Dewas-455 001
   Madhya Pradesh.
3. Village Batamandi
   Tehsil Paonta Sahib-173 025
   Distt. Sirmour, (Himachal Pradesh)
4. Plot No. B-2
   Madkaim Industrial Estate
   Ponda, Goa.
5. A-41, Industrial Area Phase VIII-A
   Sahibzada Ajit Singh Nagar
   Mohali – 160 071 (Punjab)
6. Village & P.O. Ganguwala
   Tehsil. Paonta Sahib 173 025,
   Distt. Sirmour (Himachal Pradesh)
7. Plot No. 1341 & 1342 EPIP-1,
   Hill Top Industrial Area,
   Village-Bhatolikalan (Barotiwala)
   Baddi –174103, (Himachal Pradesh)
8. K-5, 6,7,10 Ghirongi Malanpur
   Dist. Bhind-477116, (Madhya Pradesh)

Address for Correspondence

Shareholders are requested to contact –

Mr. S.K. Patawari
Company Secretary
Ranbaxy Laboratories Ltd.
Plot No. 90, Sector 32, Gurgaon-122001, Haryana.
Tel.No.: 91-124-4185888, 4135000
Fax No.91-124-4106490
Email address: secretarial@ranbaxy.com

Certificate

To the Members of
Ranbaxy Laboratories Limited

We have examined the compliance of conditions of Corporate Governance by Ranbaxy Laboratories Limited ("the Company") for the fifteen months ended 31 March 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Akhil Bansal
Partner
Membership No.: 090906

Place : Gurgaon
Dated : 9 May 2014

REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS OF RANBAXY LABORATORIES LTD. UNDER SECTION 23(1)(b) OF SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.

To the Shareholders of Ranbaxy Laboratories Limited,

In terms of requirements under section 23 (1) (b) of the Sick Industrial Companies (Special Provisions) Act, 1985("SICA"), a report of the Board of Directors with regard to accumulated loss being in excess of 50% of the Company's peak Net Worth during the immediately preceding four financial years alongwith its causes and revival plan is being submitted herewith to the Shareholders of the Company.

As per audited standalone financial accounts of the Company for the 15 months period ended March 31, 2014, the accumulated loss stood at Rs.34,102.65 million which is more than 50% of its peak Net Worth of Rs.51,280.17 million during the four preceding financial years. Year-wise details of standalone net worth and accumulated loss are given as under :

(Rs. Mn)

For the year ended	Net Worth*	Accumulated Profits/(Loss)	Remarks
31-Dec-2009	42,073.35	(2,532.23)	
31-Dec-2010	51,280.17	6,828.68	Peak Net Worth during immediately preceding 4 financial years
31-Dec-2011	42,893.86	(23,689.31)	
31-Dec-2012	44,489.72	(25,312.70)	
31-Mar-2014#	45,028.80	(34,102.65)	Accumulated loss more than 50% of peak Net Worth

** Excluding accumulated loss and including capital reserve*

 # 15 months accounting period

Causes of Loss

The Company, together with its subsidiaries achieved consolidated global sales of Rs. 130,403.24 million during the fifteen months period ended March 31, 2014. However, during the last three years, the Company has faced multiple exceptional situations that has adversely affected its earnings particularly on standalone basis. At the same time, the Company has made investments in products and processes that are expected to render benefits in the coming years. The impact of the exceptional items on the profitability of the Company for the last three years in standalone accounts is summarized as under:

(Rs. Mn)

For the year ended	Profit/(Loss) before exceptional items and tax	Exceptional items	Loss after exceptional items and tax
31-Dec-2011	7,236.15	(37,722.85)	(30,520.49)
31-Dec- 2012	2,169.42	(3,812.25)	(1,623.39)
31-Mar-2014#	(3,668.84)	(4,815.41)	(8,789.95)

 # 15 months accounting period

Further details of these exceptional items during the aforesaid period are given hereunder:

1. **Settlement with US Department of Justice (DOJ):**

   The Company has settled with the US DOJ for resolution of civil and criminal allegations as per the decree of the court of Maryland and has paid a settlement amount of US$ 489.27 million (including interest expense and other related cost). The settlement amount has been apportioned between the Company and its US subsidiaries. Exceptional items include settlement amount apportioned to the Company. Interest expense, loss on account of changes in exchange rate and other related cost are presented in the relevant heads of Statement of Profit and Loss.

2. Loss on foreign currency derivatives:

The Company has outstanding foreign currency derivative contracts transacted in years 2007 and 2008. There has been significant depreciation in the value of Rupee versus the US $ during the last 3 years; as a consequence of which the Company has incurred loss amounting to Rs. 11,242.85 million, Rs. 412.05 million and Rs.3,279.16 million during the accounting years 2011, 2012 and 2013-14 respectively.

3. Stock provision /write off:

In the year 2012, the Company had made a voluntary recall of Atorvastatin tablets in US market due to potential presence of small foreign particles. Accordingly, the Company had to provide for an amount of Rs. 2,370.20 million in the year 2012. Further, in the fifteen months period 2013-14, US FDA imposed certain terms of the Consent Decree on Mohali and Toansa plants. As a result of this an amount of Rs. 3,557.92 million was provided for towards stock provision/write off.

4. Provision for Diminution in the value of Investments:

The Company made a provision for diminution in the value of investments in its subsidiaries and an associate company amounting to Rs. 1,030 million in the year 2012 and Rs. 3,764.07 million in the 15 months period ended March 31, 2014. Further, the depreciation and impairment expense for the 15 months period ended March 31, 2014 include a charge of Rs. 485.26 million on account of impairment of the vaccine plant at Bangalore due to prevalent adverse market conditions.

Measures initiated by the Company to improve financial performance:

1. Exceptional charges not expected to recur:

The exceptional charges incurred during the last three years are not likely to recur. The management has taken a number of corrective measures for improving its business and manufacturing processes thereby ensuring the quality and compliances.

2. Improvement in base business and key product launches:

Focus on branded business, improvement in the product mix and greater marketing synergies are expected to result in increased margins. Certain key product launches scheduled for the future should also help improve profitability, subject to obtaining regulatory approvals.

3. Focus on cost containment:

The management has taken many initiatives for cost containment. The result of this is reflected in reduction of costs under various heads viz. cost of goods sold, manpower and other costs etc. These initiatives would yield results for the Company in the coming years.

4. Rationalizing operations

The Company, with the advice of experts, has initiated an action plan to rationalize and simplify its processes which would result in further efficiencies from its operations.

5. Research & Development (R&D)

The Company's R&D strategy is focused on improving the speed and yield of generic product pipeline while curtailing the cost and overheads simultaneously. This will be achieved through improved product selection, focus on value creation through leveraging a single formulation across markets and implementation of R&D project management system. In addition to generic product development, the Company's R&D has established a plan for creating certain differentiated products.

Business Responsibility Report

Section A: General Information about the Company

Ranbaxy Laboratories Limited (Ranbaxy/Company), amongst India's largest pharmaceutical companies, is an integrated, research based, international pharmaceutical Company, producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies.

The Company is engaged in activities under NIC (National Industrial Classification) Codes given below:

- 2100 (Manufacture of pharmaceuticals, medicinal chemicals and botanical products)
- 46497 (Wholesale of pharmaceuticals and medicinal goods)

Ranbaxy has a presence in top 25 pharmaceutical markets of the world. The Company has a direct global footprint in 43 countries, world-class manufacturing facilities in 8 countries and it serves customers in over 150 countries. The Company has 8 manufacturing locations in India. The major 5 markets (by sales) are the USA, India, Romania, Russia and South Africa. The top three molecules manufactured by Ranbaxy are Amlodipine & Atorvastatin, Valacyclovir and Fenofibrate & combinations.

Other Details:

Corporate Identification Number (CIN): L24231PB1961PLC003747

Registered Address: A-41, Industrial Area Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali - 160 071 (Punjab), India

Website: www.ranbaxy.com

E-mail id: secretarial@ranbaxy.com

Financial period reported: January 2013 - March 2014 *(From Year 2013 onwards, Ranbaxy has changed its financial year from January – December to April – March w.e.f. April 1, 2014. In view of this, the financial year under review is for a period of 15 months (i.e. January 2013 – March 2014).*

Section B: Financial Details of the Company (as on March 31, 2014)

1. Paid up Capital : Rs.2,116.60 million
2. Total Turnover : Rs.66,570.39 million
3. Total Profit / (Loss) after taxes: Rs.(8,789.95) million
4. Total Spending on Corporate Social Responsibility (CSR) : Rs.70.58 million
5. List of activities in which expenditure in above 4 has been incurred:-

   Ranbaxy Community Healthcare Society (RCHS), Ranbaxy Sanjeevan Swasthya Sewa, Maatra Shishu Swasthya Sewa and Ranbaxy Science Foundation (RSF) are the main delivery vehicles for CSR initiatives of the Company.

   The various CSR activities undertaken are listed hereunder:

   a. **RCHS** conducts basic programmes based on an integrated approach of preventive, promotive and curative services spanning areas of maternal child health, family planning, reproductive health, adolescent health, health education including HIV/AIDS awareness.

   b. **Ranbaxy Sanjeevan Swasthya Sewa**, a public private partnership between Ranbaxy and Government of Punjab focuses on primary healthcare and prevention, and early detection of commonly found cancers.

   c. **Maatra Shishu Swasthya Sewa**, a joint programme between Ranbaxy and Daiichi Sankyo with focus on reducing child mortality, improving maternal health and combating diseases such as HIV/AIDS, malaria and other diseases. The objective is to contribute towards the achievement of the UN Millennium Development Goals 4, 5 and 6 (http://www.un.org/millenniumgoals/).

   d. **RSF** promotes scientific endeavours in the country by encouraging, rewarding and channelling national and international knowledge and expertise on subjects connected with treatment of diseases afflicting mankind. To achieve these objectives, the RSF conducts Round Table Conferences on topics concerning public health and symposia on subjects at the cutting edge of research in medical sciences to explore the latest in the selected area of specialty and its potential application for the benefit of mankind. RSF has also initiated awards for scientists to recognise original research work in the fields of Medical and Pharmaceutical Sciences. The Foundation also presents awards to brilliant and up and coming young researchers with the aim of discovering young talent in scientific research.

   e. Other contributions are made at various plant locations.

Section C: Other Details

Ranbaxy is amongst India's largest pharmaceutical companies with subsidiaries across the globe. The various sustainability initiatives undertaken are aligned to the Sustainable Development and CSR Policy of the Company. Going forward, the Company intends to provide awareness on Sustainable Development and CSR to the relevant stakeholders.

Section D: Business Responsibility (BR) Information

1) Details of Director responsible for BR

a) Details of the Director responsible for implementation of the BR policy

DIN	01929668
Name	Mr. Arun Sawhney
Designation	CEO & Managing Director

b) Details of the BR head

S. No.	Particulars	Details
1	DIN (if applicable)	NA
2	Name	Mr. Govind K. Jaju
3	Designation	Executive Vice President & Global Head – Procurement, Supply Chain, API business, API & Contract Manufacturing
4	Telephone number	0124 – 4135000
5	e-mail id	InfoBusinessResponsibility@ranbaxy.com

2) Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy /policies for....	Yes								
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes								
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Ranbaxy's Sustainable Development and CSR Policy, including its governance, is based on the National Voluntary Guidelines on Social, Environmental and Economical Responsibilities of Business as issued by Ministry of Corporate Affairs, Government of India, in July 2011.								
4.	Has the policy being approved by the Board?	Yes								
5.	If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	The policy has been signed by the CEO & Managing Director								
6.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	The Company has constituted a Sustainability Committee of the officials headed by the BR Head.								
7.	Indicate the link for the policy to be viewed online?	http://www.ranbaxy.com/wp-content/uploads/2013/03/ranbaxy_sustainable_development_csr_policy.pdf								
8.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy has been communicated to employees through the Intranet and external stakeholders through the Company's website (www.ranbaxy.com)								
9.	Does the company have in-house structure to implement the policy/policies.	Yes								
10.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes								
11.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Company plans to have an independent assessment carried out in due course of time.								

3) Governance related to BR

The Sustainability Committee of the Company meets twice during the year to assess the aspects related to BR, Sustainable Development and CSR.

The BR report is published on an annual basis and forms a part of the Annual Report. The BR report for the Company for the period January 2013 - March 2014 is available at:

http://www.ranbaxy.com/investor-relations/corporate-governance/

Section E: Principle-wise performance

Principle 1 – Corporate Governance

Ranbaxy's Code of Conduct (CoC) is a shared commitment by the Company and its employees for ethical conduct and business integrity. The Code aims to promote better self-governance at all levels, and improve risk mitigation and management. The Company has also implemented a robust CoC for its Board of Directors to ensure utmost integrity and accountability. The Sustainable Development and CSR Policy, which was rolled out last year also addresses aspects related to ethics, bribery and corruption. These policies and CoC are applicable to all the operations of the Company.

The Company ensures that its policies relating to ethics, bribery and corruption are effectively implemented and related grievances of stakeholders, if any, are dealt with utmost priority. There were no stakeholder concerns.

Principle 2 – Safe and Sustainable Products and Services

Ranbaxy is in the business of manufacturing high quality, affordable pharmaceutical products that are used by people around the world. Besides others, Ranbaxy's products today benefit people suffering from deadly diseases such as AIDS and Malaria. The product/product range addressing global social concerns are:

i. Synriam™, India's first new drug, and a new age anti-malarial is emerging as an effective, well-tolerated, convenient and affordable treatment available today also to the under-privileged sections of the society. The Company received the ASSOCHAM Innovation Excellence Platinum Award for 2013 for Synriam™.

ii. Generic Antiretroviral (ARV) drugs - Basket of high quality, affordable pharmaceuticals for the treatment of HIV/AIDS that are supplied in over 80 countries in Africa, Latin America, CIS and Asia. It is estimated that close to a million patient worldwide use Ranbaxy's ARV products for their daily treatment needs.

The key aspect under sustainable sourcing for Ranbaxy is the quality of raw materials purchased from its suppliers. Hence, selection of the right suppliers is of paramount importance. The Company has in place, a robust vendor selection and evaluation mechanism covering various aspects. It has internal processes and procedures to ensure adequate safety during transportation of raw materials and also strives for optimisation of logistics, which in turn helps to mitigate climate change.

Ranbaxy's procurement policy ensures that procurement is conducted in a transparent & ethical manner. Ranbaxy accords priority to local procurement. Over 50% of raw and packaging materials were locally sourced during the reporting period.

*** The Company has identified India-based suppliers as 'Local'.*

Ranbaxy employs the 5R principles – Reduce, Reuse, Recover, Recycle and Rethink. Various input materials like solvents and catalysts etc., used in the manufacturing of APIs are recovered and recycled back in the process. The other items that get recycled includes spent oil, e-waste, battery wastes etc. to the authorised recyclers.

Principle 3 – Well-being of Employees

As on 31st March, 2014, Ranbaxy had a total of 11,784 (including 704 women) permanent employees in India.

Ranbaxy is an equal opportunity employer and does not discriminate on the grounds of race, religion, nationality, ethnic origin, colour, gender, age, citizenship, sexual orientation, veteran status, marital status or any disability not affecting the functional requirements of the position held. The Company does not record information regarding employee disabilities.

Ranbaxy is a multi-location organisation. The Company has registered and recognised worker unions at its large manufacturing sites while other sites have well represented Works Committee to handle worker related issues. A reasonable number of the permanent employees are part of the recognised associations.

The employees are provided training on relevant skill up-gradation, Environment, Health and Safety aspects, besides others. The employees are also encouraged to undergo relevant training programmes.

There were no cases related to Child Labour/ Forced Labour/ Involuntary Labour, Sexual Harassment and Discriminatory Employment during the reporting period.

Principle 4 – Responsiveness to all stakeholders

The Company has identified its key stakeholders and plans to initiate a formal process of stakeholder engagement. The Company, through its CSR vehicles, works to uplift the under-privileged sections of the society.

The Company recognised that together with the challenges of drug resistance, poor health systems, lack of affordable, safe and convenient treatment options, malaria treatment represents one of the largest unmet medical needs in the developing countries. To cater to the needs of these patients, the Company had developed and launched in April 2012 India's first new drug, Synriam™, for the treatment of uncomplicated malaria in adults. The same is being received well by the medical fraternity.

Principle 5 – Human Rights of stakeholders

As stated in Ranbaxy's CoC, the Company opposes all illegal and unfair labour practices. Exploitation of children and child labour is strictly prohibited at Ranbaxy.

It is Ranbaxy's policy not to work with any supplier or contractor known to operate with unacceptable labour practices such as exploitation of children, physical punishment, female abuse, involuntary servitude or any other form of unacceptable behaviour. If any violation of these sort comes to the notice of the Company, it would initiate appropriate action.

Ranbaxy is committed to respecting universal human rights worldwide. To that end, the Company practices and seeks to work with business associates who believe and promote these standards. The Company is committed to provide equal opportunities at all levels, safe and healthy workplaces and protecting human health and environment. There were no concerns from stakeholders in this regard.

Principle 6 – Protecting the Environment

As a good corporate citizen, Ranbaxy is committed to continually improve its environmental performance and minimise any adverse impact arising out of its operations. To that effect, the Company has a comprehensive environmental policy. Ranbaxy imparts awareness on environmental aspects to its employees and contractors who work at the Company's facilities. The Company intends to create awareness amongst its key vendors in due course of time.

The Company accords great emphasis on identifying opportunities to conserve resources by managing them more effectively. Ranbaxy is committed to design, construct and operate all its sites, in a manner that results in conservation of resources, including water and energy by efficient use. Aiming at sustainable development, it has always been the Company's endeavour to acquire learning from latest technological advancements and deploy them in these efforts. As a part of annual planning, the sites undertake various positive initiatives towards environmental conservation.

In this journey of sustainable development, Ranbaxy has also formed an Energy Conservation Committee with a key objective to drive energy conservation and efficiency initiatives within the Company and reduce specific carbon footprint. The implementation of the positive initiatives through technology absorption has resulted in savings of Rs.46.7 million during the reporting period. The details can be read in Annexure - C of the Directors Report forming part of this Annual Report.

The Divisional Office - Manufacturing building (Registered Office) at Mohali was awarded **'LEED India Gold Rating Certificate'** by the Indian Green Building Council (IGBC) certifying the Leadership in Energy and Environment Design (LEED) in New Construction (NC) category.

All the major manufacturing sites in India are certified to ISO 14001:2004 and BS OHSAS 18001:2007 through implementation of an Integrated EHS Management System. As an integral part of EMS implementation, Ranbaxy diligently identifies and assess environmental risks, carries out aspect-impact assessment and executes mitigation plans.

All sites comply with the applicable EHS regulations. There are no pending/unresolved show cause/legal notices.

Principle 7 – Responsible Policy Advocacy

Ranbaxy has been an active member of many Trade bodies, Chambers and Associations, working on National and International issues focusing on Pharmaceutical Business, International Trade Policies, Healthcare, Sustainability, Corporate Citizenship and Skill Development. These include:

a. Federation of Indian Chambers of Commerce and Industry (FICCI)

b. Confederation of Indian Industry (CII)

c. The Associated Chambers of Commerce and Industry (ASSOCHAM)

d. PHD Chambers of Commerce & Industry (PHD CCI)

e. Indian Pharmaceutical Association (IPA)

f. Organisation of Pharmaceutical Producers of India (OPPI)

g. Pharmaceutical Export Promotion Council of India (PHARMEXCIL)

Ranbaxy has been advocating many issues for the improvement of public health. The key issues advocated by Ranbaxy during the reporting period are:

a. Manufacturing:
- India's self-sufficiency in critical Active Pharmaceutical Ingredients/ Raw-material;
- Generic Medicines Promotion - Building "Brand India" for Generic Medicines manufactured in India.

b. Export:
- Foreign Trade Policy 2014-19
- Tariff & Non Tariff Barriers
- Country Specific Visa Policies
- Mutual Recognition of Degrees

c. Research & Development:
- Education & Skill Development
- Industry - Academia Partnership

d. Drug Regulatory Reforms in India:
- New Drug approval process
- Regulatory Harmonisation

e. Corporate Social Responsibility

Principle 8 – Inclusive Growth & Equitable Development

Ranbaxy spent an amount of Rs.70.58 million (including Rs.6.6 million from Ranbaxy's parent company, Daiichi Sankyo) on community development and CSR activities during the reporting period. The Company undertakes its CSR initiatives through various delivery vehicles that include Ranbaxy Community Healthcare Society (RCHS), Maatra Shishu Swasthya Sewa (MSSS), Ranbaxy Sanjeevan Swasthya Sewa (RSSS) and Ranbaxy Science Foundation (RSF). Under the aegis of RCHS, the Company is currently implementing several need based projects in the states of Punjab, Haryana, Himachal Pradesh, Madhya Pradesh and Delhi through 18 well equipped mobile healthcare vans.

Ranbaxy Community Healthcare Society (RCHS)

RCHS is a three decade old independent, registered, non-profit body dedicated to providing healthcare among the under-privileged sections of the society. RCHS provides a blend of preventive, promotive and curative services covering areas of maternal neonatal child health, family planning, reproductive health, adolescent health, prevention & control of HIV/AIDS, malaria, tuberculosis and other chronic non-communicable diseases. Health education is one of the prime components of this programme. In addition, RCHS also undertakes awareness programmes to promote community action against the social menace of female foeticide.

As part of RCHS initiative, six mobile healthcare vans provide primary healthcare services to a population of 120,000 from 61 villages and urban slums at Mohali, Toansa, Paonta Sahib, Gurgaon, Dewas and Beas. A team of 26 personnel, including 7 doctors and 12 ANMs besides other support staff are engaged full time in this programme.

A total of 59,900 patients availed these mobile clinical and diagnostic services for treatment of various diseases. Other beneficiaries include 2225 pregnant women for antenatal care and 4248 eligible couples for family planning services. In addition, 8889 children in the age group 0-5 years were immunised and 927 children were detected to be suffering from malnutrition. There is significant reduction of IMR from 20.1 in 2012 to 11.9 per 1000 live births in 2013. MMR has also declined from 95.9 in 2012 to 70.4 per 100000 live births in 2013. The indicators in RCHS project areas are also much better as compared to the state level vital indicators.

Ranbaxy Urban Family Welfare Centre: Started in 1990, Ranbaxy is running the centre with the help of grant in aid by Delhi government. It serves 50,000 urban slum dwellers of Delhi. The main objective of the programme is to increase the Contraceptive Prevalence Rate (CPR) among the eligible couples through education and motivation. During the reporting period, 560 eligible couples were motivated to accept various family planning methods.

Maatra Shishu Swasthya Sewa (MSSS)

MSSS is a joint CSR initiative between Ranbaxy's parent company, Daiichi Sankyo and Ranbaxy for contributing towards the achievement of United Nations (UN) Millennium Development Goals (MDGs). The focus is on reducing child mortality, improving maternal health, combating HIV/AIDS, malaria, tuberculosis and other diseases. This initiative is being implemented through RCHS. MSSS aims to benefit a target population of 100,000 spread across 100 villages in district Dewas, Madhya Pradesh. The project has already benefitted more than 70,000 people spread across 60 villages in the area.

As indicated in the repeat population based sample survey, there is a significant improvement in the general health profile of the community in respect of their knowledge, attitude and practices for antenatal care, institutional deliveries, breast feeding, neonatal care, immunisation, prevention of malnutrition and family planning etc. There is a substantial reduction of infant mortality rate from 53.2 in 2011 to 32.7 per 1000 live births in 2013. The neonatal mortality rate has also started showing a declining trend which is attributed to home based neonatal care by Accredited Social Health Activists (ASHAs).

Ranbaxy Sanjeevan Swasthya Seva (RSSS)

This project is a unique CSR Public Private Partnership (PPP) model between Ranbaxy and the Punjab State Government in the area of healthcare. It serves the most backward districts of Bathinda, Mansa, Muktsar, Nawanshehar and Mohali in Punjab. The main objective of this project is to provide need based, quality medical and primary healthcare services for prevention and early detection of cancer cervix, breast and oral cavity to the underprivileged rural population of Punjab. Ranbaxy is operating 10 well equipped mobile health care vans in these districts under this project managed by a professional team of 21 doctors, 20 paramedical nurses and other support staff. These vans penetrate deep into the interior rural areas covering a population of about 3.3 lacs spread across 98 villages.

Ranbaxy is the only organisation that provides such organised and free-of-cost cancer related services to the underprivileged population on a regular basis at their doorstep.

The project has started delivering the intended results. The findings show an increased level of awareness on issues like HIV/AIDS, Reproductive Tract Infections (RTIs)/Sexually Transmitted Infections (STIs) and better understanding about the significance of prevention and early detection of cancer cervix, breast and oral cavity.

RSSS has also contributed significantly towards the Cancer Registry Programme of the Punjab State Government by notifying 152 cases suffering from various cancers to the concerned district health authorities since its inception. This would help the government to determine the magnitude of cancer problem in the state and for subsequent planning of control measures.

Ranbaxy Science Foundation (RSF)

RSF promotes scientific endeavours in the country by encouraging, rewarding and channelising national and international knowledge and expertise on subjects connected with treatment of diseases afflicting mankind. To achieve these objectives, RSF conducts Round Table Conferences on topics concerning public health and symposia on subjects at the cutting edge of research in medical sciences to explore the latest in the selected area of specialty and its potential application for the benefit of mankind.

RSF has also initiated awards for scientists to recognise original research work in the fields of Medical and Pharmaceutical Sciences. The Foundation also presents awards to brilliant and up and coming young researchers with the aim of discovering young talent in scientific research. RSF has so far organised 20 symposia, 30 round-table conferences and honoured 139 scientists and 31 young scientists with the Scholarship awards.

Principle 9 – Providing Value to Customer

The Company's Sustainable Development and CSR policy provides for mentioning complete factual information about products through adequate labelling in conformance with applicable packaging and labelling standards and regulations. The implementation is ensured through adherence to established systems related to product labelling.

Ranbaxy's product label captures the statutory information as per local regulations. In some of the labels, general information is also captured in order to create awareness in patients with respect to dosage compliances and guidance on taking complete course of prescribed treatment, e.g., in Moxclav, guidance on dosage and administration was provided to address the growing concerns on antibiotic resistance. In Zanocin suspension, dose reminder windows were provided to complete the treatment dose. This was appreciated by the prescribing physicians.

The Company has a well-defined system of addressing customer complaints whereby all complaints are accorded priority, appropriately addressed and resolved. There is an insignificant percentage of pending customer complaints. The Company's robust governance and commitment on fair trade practices, external communications and fair competition behaviour have proven to be strong with no concerns from stakeholders for the past five years.

Note: All the facts and figures reported above, unless stated otherwise, pertain to Ranbaxy's India operations.

CEO AND CFO CERTIFICATE

To the Board of Directors of Ranbaxy Laboratories Ltd.

We, Arun Sawhney, CEO & Managing Director and Indrajit Banerjee, President & CFO certify that :

(a) We have reviewed financial statements and the cash flow statement for the 15 months period ended March 31, 2014 and that to the best of our knowledge and belief :

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee that -

   (i) there have not been any significant changes in internal control over financial reporting during the year under reference;

   (ii) there have not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements except as mentioned in Note No. 2 (k) of the financial statements with respect to treatment of shares issued to ESOP Trust. The same has been done as per the recent opinion of the Expert Advisory Committee ('EAC') of The Institute of Chartered Accountants of India; and

   (iii) there have not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting. Insofar as the matter mentioned in Note No. 41 c) of the financial statements is concerned, the Company has taken appropriate actions including strengthening of internal controls.

Arun Sawhney
CEO & Managing Director

Indrajit Banerjee
President & CFO

Place : Gurgaon
Date : May 9, 2014

Ten Years at A Glance

Rs. Millions

Result for the year	2004	2005	2006	2007	2008	2009	2010	2011	2012	Fifteen months ended 31 March 2014
Sales	36143.4	35366.5	40587.1	41844.9	43083.6	45211.8	52514.9	74759.0	61124.4	**66570.4**
Index	1.0	1.0	1.1	1.2	1.2	1.3	1.5	2.1	1.7	**1.8**
Exports	24562.4	23371.1	27175.7	26411.2	28109.8	28377.5	34435.5	54996.5	39092.9	**37863.1**
Index	1.0	1.0	1.1	1.1	1.1	1.2	1.4	2.2	1.6	**1.5**
Profit before Tax	6283.4	2013.6	4429.8	7744.1	(16190.8)	10619.2	15652.5	(30486.7)	(1642.8)	**(8484.3)**
Index	1.0	0.3	0.7	1.2	(2.6)	1.7	2.5	(4.9)	(0.3)	**(1.4)**
Profit after Tax	5284.7	2237.0	3805.4	6177.2	(10448.0)	5719.8	11487.3	(30520.5)	(1623.4)	**(8790.0)**
Index	1.0	0.4	0.7	1.2	(2.0)	1.1	2.2	(5.8)	(0.3)	**(1.7)**
Equity Dividend	3162.6	3166.7	3168.9	3171.5	–	–	842.1	0.7	–	**–**
Index	1.0	1.0	1.0	1.0	–	–	0.3	–	–	**–**
Equity Dividend (%)	170	170	170	170	–	–	40	–	–	**–**
Earning per share (Rs.)	28.26	5.68 ^	9.87 ^	11.31	(27.29)	10.74	23.75	(72.42)	(3.85)	**(20.79)**
Year-end Position										
Gross Block +	16669.4	22321.6	24354.5	25889.0	28155.1	30358.4	31878.2	33166.9	34183.9	**36848.9**
Index	1.0	1.3	1.5	1.6	1.7	1.8	1.9	2.0	2.1	**2.2**
Net Block +	11417.4	16328.1	17359.1	17969.4	18854.4	20083.2	20423.0	20946.2	21531.2	**21957.7**
Index	1.0	1.4	1.5	1.6	1.7	1.8	1.8	1.8	1.9	**1.9**
Net Worth	25095.1	23773.0	23500.1	25383.9	37167.7	41346.1	51323.9	19248.3	19220.8	**10969.9**
Index	1.0	0.9	0.9	1.0	1.5	1.6	2.0	0.8	0.8	**0.4**
Share Capital	1858.9	1862.2	1863.4	1865.4	2101.9	2102.1	2105.2	2110.0	2114.6	**2116.6**
Reserve & Surplus #	23236.2	21910.8	21636.7	23518.6	35065.8	39244.0	49218.7	17138.3	17106.2	**8853.3**
Book value per share (Rs.)	135.0	63.8 ^	63.1 ^	68.0	88.4	98.3	121.9	45.6	45.4	**25.9**
No. of Employees	7195	7174	8020	8141	8536	9655	9933	10435	10983	**11784**

Index : No. of times

\+ Includes Capital Work-in-Progress

^ After Share split

\# Includes share application money pending allotment

Sales are stated net of excise duty and discount for 2008

Sales are stated net of excise duty, discount and replacement of breakages from 2009 onwards

Independent Auditors' Report

To the Members of **Ranbaxy Laboratories Limited**

1. **Report on the Financial Statements**

   We have audited the accompanying financial statements of Ranbaxy Laboratories Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2014, and the Statement of Profit and Loss and the Cash Flow Statement for the fifteen months ended 31 March 2014 ("current period"), and a summary of significant accounting policies and other explanatory information.

2. **Management's Responsibility for the Financial Statements**

   Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. **Auditors' Responsibility**

   Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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.

4. **Opinion**

   In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;

   (b) in the case of the Statement of Profit and Loss, of the loss for the fifteen months ended on that date; and

   (c) in the case of the Cash Flow Statement, of the cash flows for the fifteen months ended on that date.

5. **Emphasis of Matter**

   Without qualifying our opinion, we draw attention to note 41 b) of the financial statements which explains in detail the prohibition imposed by the Food and Drug Administration of the United States of America on the Toansa manufacturing unit of the Company, and the communications received from/ actions taken by other regulators including the Department of Justice of the United States of America and regulators in European Union countries. Consequently, the Company has made provisions, to the extent of Rs. 2,862.78 million, on the basis of best information and estimates presently available with the Company. The basis and assumptions used by the management in calculating these provisions involve significant judgment and estimates (including those relating to inventories, sales return, trade commitments, realisability of tax assets, etc.). There are inherent uncertainties regarding the future actions of the regulators, the impact of which is not ascertainable at this stage and therefore, the actual amounts may eventually differ.

6. **Report on Other Legal and Regulatory Requirements**

   (i) As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

   (ii) As required by provisions of section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

   e. on the basis of written representations received from the directors as on 31 March 2014 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Akhil Bansal
Partner
Membership No.: 090906

Place : Gurgaon, India
Dated : 9 May 2014

Annexure referred to in paragraph 6 of the Independent Auditors' Report

The Annexure referred to in our report to the members of Ranbaxy Laboratories Limited ("the Company") for the fifteen months ended 31 March 2014. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets through which all fixed assets are verified, in a phased manner, over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification as carried out under the above programme during the current period.

(c) Fixed assets disposed off during the current period were not substantial, and therefore, do not affect the going concern assumption.

(ii) (a) The inventories, except goods-in-transit, have been physically verified by the management during the current period. In our opinion, the frequency of such verification is reasonable.

(b) *Subject to our comments in clause (xxi) below,* in our opinion, the procedures of physical verification of inventories followed by the management during the current period are reasonable and adequate in relation to the size of the Company and the nature of its business. According to further information and explanations provided to us, the management has also carried out a physical verification of its inventory as at the period-end, wherein no instances of incorrect inventory management, as referred to in clause (xxi), below were noticed at the period end.

(c) *Subject to our comments in clause (xxi) below,* the Company is maintaining proper records of inventories and the discrepancies observed on verification between the physical stocks and the book records were not material. The findings referred to in clause (xxi) below have been adequately dealt with in the book records.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act').

(iv) In our opinion, and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of inventories and fixed assets are for the Company's specialised requirements, and similarly, certain goods sold and services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets, and for the sale of goods and services. In our opinion, and according to the information and explanations given to us, we have not observed any major weakness during the course of audit.

(v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements, the particulars of which need to be entered into the register maintained under section 301 of the Act.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Act, in respect of its products and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(ix) (a) According to the information and explanations given to us, and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues have generally been regularly deposited during the current period by the Company with the appropriate authorities, *though there has been a slight delay in a few cases.*

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date those became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax and Customs Duty which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanations given to us, the following dues of Excise Duty, Entry Tax, Value Added Tax, Service Tax and Sales Tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (Rs. in millions)	Period to which the amount relates to	Forum where dispute is pending
Central Excise Act,1944	Excise Duty	20.51	2001-02, May 2003 to December 2007, 2004 and 2005, 2007, 2008 and 2006 to 2010	Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Delhi
Central Excise Act,1944	Service Tax	4.48	2006 to 2011	CESTAT, Delhi
Central Excise Act,1944	Excise Duty	1.95	2004 to 2007	CESTAT, Mumbai
Central Excise Act,1944	Excise Duty	3.77	2005 to 2009	Commissioner (Appeals), Chandigarh
Central Excise Act,1944	Excise Duty	0.34	2011 to 2012	Commissioner (Appeals), Chandigarh

Name of the Statute	**Nature of the dues**	**Amount (Rs. in millions)**	**Period to which the amount relates to**	**Forum where dispute is pending**
Uttar Pradesh Commercial Tax Act, 1948	Value Added Tax	6.17	2011-12 and 2012-13	Additional Commissioner (Appeals), Commercial Tax Lucknow
Madhya Pradesh Value Added Tax Act, 2002	Value Added Tax	0.14	2008-09	Additional Commissioner of Commercial Tax, Indore
Madhya Pradesh Value Added Tax Act, 2002	Entry Tax	2.59	2009-10	Madhya Pradesh Commercial Tax Appellate Board, Bhopal
The Rajasthan Value Added Tax Act, 2003	Value Added Tax	0.45	2008-09	Deputy Commissioner Appeals Commercial Taxes, Jaipur
West Bengal Value Added Tax Act, 2003	Value Added Tax	0.14	2010-11	Senior Joint Commissioner, Kolkata
Delhi Value Added Tax Act, 2004	Value Added Tax	0.10	2007-08	Joint commissioner Trade and Tax Department, Delhi
Bihar Value Added Tax Act, 2005	Value Added Tax	10.79	2005-06, 2006-07	Joint Commissioner, Commercial Tax Appeal, Patna
The Odisha Entry Tax Act,1999	Sales Tax	0.34	April 2005 to January 2007	Orissa Sales Tax Tribunal
Punjab Value Added Tax Act, 2005	Value Added Tax	18.54	2009-10	Punjab and Haryana High Court
Uttar Pradesh Trade Tax Act, 1948	Value Added Tax	1.21	2008-09	Member Tribunal Commercial Tax, Lucknow

(x) *The accumulated losses of the Company at the end of the current period are not less than fifty percent of its net worth (without adjusting accumulated losses). As explained to us, these are primarily due to provision created (net of reversal) for settlement with the Department of Justice (DOJ) of the United States of America for resolution of civil and criminal allegations by the DOJ (refer to note 8 of the financial statements) in earlier years. The Company has incurred cash losses in the current period, though it had not incurred cash losses in the immediately preceding financial year.*

(xi) In our opinion, and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers, debentureholders and financial institutions.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund / society.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has issued letters of comfort and given guarantees for loans taken from banks by subsidiaries and an associate company respectively, are not prejudicial to the interests of the Company.

(xvi) In our opinion and according to the information and explanations given to us, except for term loans lying unutilised as at 31 March 2014, the term loans taken by the Company have been applied for the purpose for which these were raised.

(xvii) *According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31 March 2014, we are of the opinion that short term funds of Rs. 35,175.73 million have been used for long-term purposes primarily on account of accumulated losses including those related to settlement with the DOJ of the United States of America for resolution of civil and criminal allegations by the DOJ (refer to note 8 of the financial statements).*

(xvii) The Company has not made any preferential allotment of shares during the current period to companies/parties covered in the register maintained under section 301 of the Act.

(xviii) According to the information and explanations given to us, the Company has not issued debentures during the current period.

(xix) The Company has not raised any money by public issues during the current period.

(xxi) *As explained in note 41 c) of the financial statements; during the current period, the Company has written-down carrying amount of inventory by Rs. 424 million, consequent to the findings of an exercise carried out by the management in response to certain internal information received by it. The findings primarily concluded intentional incorrect inventory management of certain intermediate products by certain manufacturing unit level staff resulting in yield mismanagement and consequent incorrect higher quantity of inventories. Being a pharmaceutical quality related technical matter, we have relied on the management's assessment of the said adjustment. As informed to us, appropriate actions have been taken by the Company including strengthening of internal controls. Subject to these comments, according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.*

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

Akhil Bansal
Partner
Membership No.: 090906

Place : Gurgaon, India
Dated : 9 May 2014

Balance Sheet as at 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

	Note	As at 31 March 2014	As at 31 December 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	**3**	**2,116.60**	2,114.57
Reserves and surplus	**4**	**8,848.27**	17,095.10
		10,964.87	19,209.67
Share application money pending allotment	**5**	**5.03**	11.10
Non-current liabilities			
Long-term borrowings	**6**	**24,721.88**	19,568.10
Other long-term liabilities	**7**	**3,719.44**	10,363.48
Long-term provisions	**8**	**1,314.54**	2,739.04
		29,755.86	32,670.62
Current liabilities			
Short-term borrowings	**9**	**35,188.77**	28,067.95
Trade payables	**10**	**9,751.86**	8,588.11
Other current liabilities	**11**	**43,495.90**	13,320.78
Short-term provisions	**8**	**1,888.08**	27,831.11
		90,324.61	77,807.95
TOTAL		**131,050.37**	129,699.34
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	**12**	**19,460.46**	19,308.43
Intangible fixed assets	**13**	**660.88**	626.85
Capital work-in-progress		**1,791.80**	1,465.37
Intangible fixed assets under development		**44.53**	130.59
Non-current investments	**14**	**40,789.89**	31,281.37
Deferred tax assets (net)	**15**	**–**	–
Long-term loans and advances	**16**	**10,779.89**	10,107.12
Other non-current assets	**17**	**1,741.14**	215.70
		75,268.59	63,135.43
Current assets			
Current investments	**18**	**18.95**	30.32
Inventories	**19**	**16,951.44**	17,318.39
Trade receivables	**20**	**12,374.65**	14,358.88
Cash and bank balances	**21**	**7,905.72**	28,347.73
Short-term loans and advances	**16**	**12,732.86**	5,041.48
Other current assets	**22**	**5,798.16**	1,467.11
		55,781.78	66,563.91
TOTAL		**131,050.37**	129,699.34
Significant accounting policies	**2**		

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

As per our report of even date attached

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

Akhil Bansal
Partner
Membership No.: 090906

Place: Gurgaon
Date: 9 May 2014

For and on behalf of the Board of Directors of **Ranbaxy Laboratories Limited**

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Place: Gurgaon
Date: 9 May 2014

Statement of Profit and Loss for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

	Note	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
INCOME			
Revenue from operations	23		
Sale of products (gross)		**67,010.59**	61,403.57
Less: Excise duty		**440.20**	279.14
Sale of products (net)		**66,570.39**	61,124.43
Other operating revenues		**2,078.98**	1,911.01
		68,649.37	63,035.44
Other income	24	**7,848.20**	2,571.63
Total revenue		**76,497.57**	65,607.07
EXPENSES			
Cost of materials consumed	25	**20,653.28**	15,286.61
Purchases of stock-in-trade	26	**9,826.43**	8,090.01
Change in inventories of finished goods, work-in-progress and stock-in-trade	27	**(1,751.22)**	(492.45)
Employee benefits expense	28	**12,747.28**	10,195.89
Finance costs	29	**5,470.48**	2,969.82
Depreciation and impairment	12	**2,474.18**	1,610.70
Amortisation and impairment	13	**327.54**	250.91
Other expenses	30	**30,418.44**	25,526.16
Total expenses		**80,166.41**	63,437.65
(Loss)/ profit before exceptional items and tax		**(3,668.84)**	2,169.42
Exceptional items:			
Profit on sale of intellectual property rights	43	**4,327.69**	–
Settlement provision reversal	8	**1,458.05**	–
Provision in respect of non-current investment in a subsidiary	14	**(3,050.96)**	(1,030.00)
Provision for other-than-temporary diminution in value of non-current investment in an associate	14	**(713.11)**	–
Inventory provision/ write off and other costs	41	**(3,557.92)**	–
Loss on foreign currency option derivatives, net (other than on loans)		**(3,279.16)**	(412.05)
Product recall expenses	40	**–**	(2,370.20)
Loss before tax		**(8,484.25)**	(1,642.83)
Income tax expense			
Current tax expense/ (benefit)	31	**305.70**	(19.44)
Loss after tax for the period		**(8,789.95)**	(1,623.39)
Loss per equity share [par value of Rs. 5 (previous year Rs. 5) per equity share]	32		
Basic and diluted		**(20.79)**	(3.85)
Significant accounting policies	2		

The notes referred to above form an integral part of these 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. LLP**
Chartered Accountants
Registration No.: 101248W

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Akhil Bansal
Partner
Membership No.: 090906

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Place: Gurgaon
Date: 9 May 2014

Place: Gurgaon
Date: 9 May 2014

Cash Flow Statement for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
A. Cash flow from operating activities		
Net loss before taxes	**(8,484.25)**	(1,642.83)
Adjustments for:		
Depreciation and impairment	**2,474.18**	1,610.70
Amortisation and impairment	**327.54**	250.91
Fixed assets written off	**25.58**	35.34
Employee stock option expense	**326.59**	222.47
Loss/ (profit) on sale of fixed assets, net	**44.14**	(9.54)
Provision for diminution in value of current investments	**1.53**	5.99
Provision in respect of non-current investment in a subsidiary	**3,050.96**	1,030.00
Provision for other-than-temporary diminution in value of non-current investment in an associate	**713.11**	–
Finance costs	**5,470.48**	2,969.82
Provision/ write-off of doubtful trade receivables and loans and advances	**34.44**	45.54
Non-compete fee	**–**	(210.00)
Foreign exchange gain, net (Refer to note 4 below)	**(2,729.68)**	(1,557.93)
Unrealised foreign exchange gain, net on currency options	**(4,712.73)**	(5,341.23)
Dividend on non-current investments with overseas subsidiaries	**(6,121.32)**	(10.04)
Profit on disposal/ sale of non-current investment	**(169.71)**	(13.76)
Unclaimed balances/ excess provision written back	**(296.50)**	(26.76)
Interest income	**(1,390.22)**	(2,236.64)
	(2,951.61)	(3,235.13)
Operating cash flow before working capital changes	**(11,435.86)**	(4,877.96)
Adjustments for:		
Decrease/ (increase) in inventories	**366.95**	(766.08)
Decrease in trade receivables	**2,076.25**	24,500.39
(Increase)/ decrease in loans and advances and other assets	**(4,275.75)**	520.58
Increase/ (decrease) in trade payables, other liabilities and provisions	**1,193.28**	(12,272.32)
	(639.27)	11,982.57
Cash (used in)/ generated from operations before taxes	**(12,075.13)**	7,104.61
Income taxes paid	**(95.84)**	(483.81)
Net cash (used in)/ provided by operating activities	**(12,170.97)**	6,620.80
B. Cash flow from investing activities		
Purchase of fixed assets	**(3,478.99)**	(2,701.17)
Proceeds from sale of fixed assets	**70.25**	74.27
Investments in overseas subsidiaries	**(12,200.74)**	–
Decrease/ (increase) in deposit accounts (having original maturity of more than three months)	**24,627.50**	(16,038.18)
Proceeds from disposal of non-current investment	**179.55**	–
Increase in loans and advances to subsidiaries/ associate	**(7,384.96)**	(34.48)
Interest received	**1,709.88**	1,980.63
Tax deducted at source on interest income	**(117.68)**	(208.40)
Dividend on non-current investments with overseas subsidiaries	**6,121.32**	10.04
Tax deducted at source on dividend income	**(305.70)**	–
Net cash provided by/ (used in) investing activities	**9,220.43**	(16,917.29)
C. Cash flow from financing activities		
Proceeds from issue of equity share capital (including share application money and securities premium)	**72.75**	159.33
Increase in other short term bank borrowings (net)	**972.03**	3,270.37
Proceeds from long-term bank borrowings	**5,651.00**	5,196.38
Long-term borrowings from redeemable non-convertible debentures	**–**	5,000.00
Re-payment of long-term borrowings (Refer to note 5 below)	**(486.88)**	(3,241.67)
Proceeds from issue of commercial papers	**22,366.93**	3,879.93
Re-payment of commercial papers	**(17,803.11)**	(9,800.00)
Finance costs paid (including premium paid on derivative instruments relating to borrowings)	**(3,599.96)**	(1,318.84)
Net cash provided by financing activities	**7,172.76**	3,145.50
Increase/ (decrease) in cash and cash equivalents	**4,222.22**	(7,150.99)
Cash and cash equivalents at the beginning of the period	**665.71**	7,811.93
Effect of exchange gain on cash and cash equivalents	**(8.64)**	4.77
Cash and cash equivalents at the end of the period	**4,879.29**	665.71

Notes to Cash Flow Statement:

1. Components of cash and cash equivalents (Refer to note 21):

Cash on hand	**6.43**	3.95
Cheques on hand	**15.53**	–
Balances with banks in:		
Current accounts	**397.25**	111.76
Deposit accounts	**4,460.08**	550.00
Cash and cash equivalents at the end of the period	**4,879.29**	665.71
Add: other bank balances		
Unclaimed dividend	**26.43**	39.90
Fixed deposits with original maturity of more than three months but remaining maturity of less than twelve months	**3,000.00**	27,642.12
Cash and bank balances at the end of the period	**7,905.72**	28,347.73

2. The Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Accounting Standard 3, Cash Flow Statement, notified by Central Government in the Companies (Accounting Standard) Rules, 2006.
3. Refer to note 21 for cash and cash equivalents balances held by the Company that are not freely remissible to the Company on account of statutory regulations.
4. Includes realised loss/ (gain) on items in investing and financing activities.
5. Include impact of related derivative instruments/ forward contracts.

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

As per our report of even date attached

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

Akhil Bansal
Partner
Membership No.: 090906

Place: Gurgaon
Date: 9 May 2014

For and on behalf of the Board of Directors of **Ranbaxy Laboratories Limited**

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Place: Gurgaon
Date: 9 May 2014

1. Company overview

Ranbaxy Laboratories Limited ('the Company') together with its subsidiaries and associates, operates as an integrated international pharmaceutical organisation with businesses encompassing the entire value chain in the marketing, production and distribution of pharmaceutical products.

The Company's shares are listed for trading on the National Stock Exchange Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE") in India. Its Global Depository Shares (representing equity shares of the Company) are listed on the Luxembourg Stock Exchange. The Company has also issued redeemable non-convertible debentures which are listed for trading on the NSE in India.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements except as specified in note 2(k) below.

a. Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013 (which has superseded section 211(3C) of the Companies Act, 1956 w.e.f. 12 September 2013), the other relevant provisions of the Companies Act, 1956 (including the new notified sections under Companies Act, 2013, to the extent applicable), pronouncements of the Institute of Chartered Accountants of India, guidelines issued by the Securities and Exchange Board of India ("SEBI") and other accounting principles generally accepted in India, to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest million.

The Board of Directors vide their resolution dated 29 October 2013 has approved the change of financial year of the Company from January-December to April-March effective 01 April 2014. In view of this, the current financial year 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 Profit and Loss, Cash Flow Statement and related notes.

b. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of the financial statements. Examples of such estimates include transfer pricing related adjustments, provision against litigations and regulatory actions, provisions of future obligation under employee benefit plans, useful lives of fixed assets, provision in respect of non-current investments, provision for sales return, recoverability of tax assets, provision for customer claims, provision for inventory obsolescence including expiry of drugs and impairment of assets. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Current/ non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is expected to be realised within 12 months after the reporting date; or
d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a. it is expected to be settled in the Company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is due to be settled within 12 months after the reporting date; or
d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current financial assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

d. Fixed assets

Tangible fixed assets and depreciation

Tangible fixed assets are stated at the cost of acquisition or construction, less accumulated depreciation and impairment losses, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid towards acquisition of tangible fixed assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the period end, are shown as capital work-in-progress.

Subsequent expenditure related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation on tangible fixed assets, except leasehold land, leasehold improvements (included in furniture and fixtures) and certain vehicles which are depreciated over their estimated useful life of 4 years, is provided on a pro-rata basis, using the straight-line method and at the rates specified in Schedule – XIV to the Companies Act, 1956. Leasehold improvements (included in furniture and fixtures) are depreciated over their estimated useful life, or the remaining period of lease from the date of capitalization, whichever is shorter. Leasehold land are being amortised over the period of respective leases. In the opinion of the management, these rates are currently reflective of the estimated useful lives of the fixed assets.

Depreciation on additions is provided on a pro-rata basis from the date of acquisition/ installation. Depreciation on sale/ deduction from tangible fixed assets is provided for up to the date of sale/ disposal, as the case may be. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

A tangible fixed asset is eliminated from the financial statements on disposal, or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and are shown under 'Other current assets'.

Losses arising from retirement, or gains or losses arising from disposal of tangible fixed assets which are carried at cost are recognized in the Statement of Profit and Loss.

Assets costing individually Rs. 5,000 (in absolute amount) or less are depreciated at the rate of 100% p.a.

Intangible fixed assets and amortisation

Intangible fixed assets comprise brands, trademarks and computer software, which are stated at cost less accumulated amortization and impairment losses, if any. The cost of an item of intangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid towards acquisition of intangible fixed assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the period end, are shown as intangible fixed assets under development.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Intangible assets are amortised in the Statement of Profit and Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Presently, these are being amortised on a straight line basis.

The amortisation rates for Brands and Trademarks and Computer software are 20% and 16.21% per annum respectively.

An intangible asset is derecognised on disposal or when no future economic benefit is expected from its use and disposal. Losses arising from retirement, and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which these are incurred.

e. Impairment of assets

Fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Impairment losses are recognised in the Statement of Profit and Loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

f. Revenue recognition

Revenue from sale of goods in the course of ordinary activities is recognised when the property in the goods, or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods as well as regarding its collection. Revenue includes excise duty and is net of sales tax, value added tax and applicable discounts and allowances. Allowances for sales returns are estimated and provided for in the period of sales.

Income from royalty, milestone payments, technical know-how arrangements, exclusivity and patents settlement and licensing arrangements is recognised on an accrual basis in accordance with the terms of the relevant agreement. Any non-compete fee is recognised over the term of the agreement on a straight line basis.

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Profit on disposal/ sale of investments is recognised as income in the period in which the investment is sold/ disposed off.

Dividend income is recognised when the right to receive the income is established. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Discount or premium on debt securities held is accrued over the period to maturity.

g. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is presented under 'current assets' in consonance with the current/ non-current classification scheme of revised Schedule VI.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, preference shares etc.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss. Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

h. Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade and stores and spares are carried at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Work in progress also includes Active pharmaceutical ingredients ('API') and Drug intermediates lying at plants for captive consumption.

In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work-in-progress, fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty liability is included in the valuation of closing inventory of finished goods.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

i. Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash balance with bank, and highly liquid investments with original maturities, at the date of purchase/ investment, of three months or less.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

j. Research and development costs

Expenditure on research is expensed off under the respective heads of account in the period in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Statement of Profit and Loss as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy as stated above.

Materials identified for use in research and development process are carried as inventories and charged to the Statement of Profit and Loss on issuance of such materials for research and development activities.

k. Employee stock option based compensation

The Company follows SEBI guidelines for accounting of employee stock options. The cost is calculated based on the intrinsic value method i.e. the excess of market price of underlying equity shares as of the date of the grant of options over the exercise price of such options is regarded as employee compensation and in respect of the number of options that are expected to ultimately vest, such cost is recognised on a straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares. The cost recognised at any date at least equals the intrinsic value of the vested portion of the option at that date. Adjustment, if any, for difference in initial estimate for number of options that are expected to ultimately vest and related actual experience is recognised in the Statement of Profit and Loss of that period. In respect of vested options that expire unexercised, the cost is reversed in the Statement of Profit and Loss of that period.

During the current period, the Company has changed its policy with respect to treatment of shares issued to Ranbaxy ESOP trust ('ESOP trust'). As per a recent opinion of the Expert Advisory Committee ('EAC') of The Institute of Chartered Accountants of India, as on the reporting date, the shares issued to an ESOP trust but yet to be allotted to employees be shown as a deduction from the Share Capital with a corresponding adjustment to the loan receivable from ESOP Trust. Accordingly, the Company has shown shares held by the ESOP Trust on the reporting date as a deduction from the share capital (refer to note 3).

l. Foreign currency transaction, derivatives and hedging

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the period are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at period end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

Representative offices located outside India are classified as integral foreign operation as those carry on their operations as if they were an extension of Company's operation. The financial statements of an integral foreign operation are translated into Indian rupees as if the transactions of the foreign operation were those of Company itself.

The Company uses various forms of derivative instruments such as foreign exchange forward contracts, options, currency swaps, currency cum interest rate swaps and interest rate swaps to hedge its exposure on account of movements in foreign exchange and interest rates. These derivatives are generally entered with banks and not used for trading or speculation purposes. These derivative instruments are accounted as follows:

- For forward contracts (including instruments which are in substance forward contracts) which are entered into to hedge the foreign currency risk of the underlying existing assets on the date of entering into that forward contract, the premium or discount on such contracts is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as an income or expense for the period in the Statement of Profit and Loss. The exchange difference on such a forward exchange contract is calculated as the difference between:

  a) the foreign currency amount of the contract translated at the exchange rate at the Balance Sheet date, or the settlement date where the transaction is settled during the reporting period; and

  b) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date.

  Such exchange differences are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

Notes to the financial statements for the fifteen months ended 31 March 2014

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- Pursuant to early adoption of Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" and AS 31 "Financial Instruments: Presentation", other derivatives such as forward contracts to hedge highly probable forecasted transactions, option contracts, currency swaps, interest rate swaps etc. which are outside the scope of AS 11, The Effects of Changes in foreign exchange rates, are fair valued at each Balance Sheet date. The resultant gain or loss (except relating to the effective portion of cash flow hedges) from these transactions are recognised in the Statement of Profit and Loss. The gain or loss on effective portion of cash flow hedges is recorded in the Hedging Reserve (reported under the head "Reserves and Surplus") which is transferred to the Statement of Profit and Loss in the same period in which the hedged item affects the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in hedging reserve is reclassified in the Statement of Profit and Loss. To designate a derivative instrument as an effective cash flow hedge, the management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract and throughout the period of hedge relationship whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. The gain or loss on ineffective portion of cash flow hedge is recognised in the Statement of Profit and Loss.

m. Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards superannuation fund scheme and employee state insurance scheme ('ESI') which are defined contribution plans. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

Defined benefit plans of the Company comprise gratuity, provident fund and pension plans.

Gratuity (Funded)

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Company makes annual contributions to gratuity fund established as a trust. In respect of gratuity, the Company fully contributes all ascertained liabilities in the respective employee trusts. Trustees administer contributions made to the Trusts and contributions are invested in specific instruments, as permitted by the law.

Provident fund (Funded)

The Company makes specified monthly contribution towards the employees' provident fund to the provident fund trust administered by the Company. The minimum interest payable by the provident fund trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on respective investments of the trust and the notified interest rate.

Pension (Unfunded)

Upto the previous year, the Company had an obligation towards pension, a defined benefit retirement plan covering eligible employees. The plan provided for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurred after completion of a specified number of years of service with the Company.

During the current period, with effect from 1 March 2013, the Company has discontinued pension to eligible employees by settling the liability with such employees on a lump sum basis except for employees who had already retired as at 1 March 2013 (refer to note 35 for impact of discontinuation). Employees, who had retired as at 1 March 2013, will continue to receive the pension per the pension plan.

Actuarial valuation

The contributions made to provident fund trust are charged to the Statement of Profit and Loss as and when these become payable. In addition, the Company recognizes liability for shortfall in the plan assets vis-à-vis the fund obligation, if any, on the basis of actuarial valuation.

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The liability in respect of all defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost

Past service cost is recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Other long term employee benefits

Compensated absences

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on retirement/ early retirement, on withdrawal of scheme, at resignation and upon death of the employee. The value of benefits is determined based on the seniority and the employee's salary.

Long service award

As per the Company's policy, employees of the Company are eligible for an award after completion of a specified number of years of service with the Company.

Actuarial valuation

The Company records an obligation for such compensated absences and long service award in the period in which the employee renders the services that increase the entitlements. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Termination benefits

Termination benefits are recognised as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

n. Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the Statement of Profit and Loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised. Deferred tax consequences of timing differences that originate in the tax holiday period and reverse after the tax holiday period are recognised in the period in which the timing differences originate. Timing differences that originate and reverse within the tax holiday period are not considered for deferred tax purposes.

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised

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(Rupees in millions except share data, per share data and unless otherwise stated)

as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

o. Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The provisions are measured on an undiscounted basis.

Sales return

The Company as a trade practice accepts returns from market which are primarily in the nature of expired or near expiry products. Provisions for such returns are estimated on the basis of historical experience, market conditions and specific contractual terms and are provided for.

Onerous contracts

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

p. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not a probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

q. Operating leases

Leases where the lessor effectively returns substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term.

Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

r. Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

	As at 31 March 2014	As at 31 December 2012
3. Share capital		
Authorised		
598,000,000 (previous year 598,000,000) equity shares of Rs. 5 each	**2,990.00**	2,990.00
100,000 (previous year 100,000) cumulative preference shares of Rs. 100 each	**10.00**	10.00
	3,000.00	3,000.00
Issued, subscribed and paid-up		
423,779,063 (previous year 422,913,803) equity shares of Rs. 5 each fully paid	**2,118.90**	2,114.57
Less: 459,602 equity shares of Rs. 5 each fully paid held by the Ranbaxy ESOP Trust ("ESOP Trust")	**2.30**	–
423,319,461 (previous year 422,913,803) equity shares of Rs. 5 each fully paid (Refer to note 2 k and Para f below)	**2,116.60**	2,114.57

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a. Rights, preferences and restrictions attached to shares

As per the Memorandum of Association, the Company's authorised share capital consists of equity shares and preference shares.

All equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid-up equity capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Preference shares shall be entitled for such rate of dividend as may be decided by the Directors of the Company at the time of issue of such shares and shall rank in priority to the equity shares including arrears, if any, in the event of the winding up of the Company, but shall not be entitled to any further participation in the profits or surplus assets of the Company. Preference shares are entitled to one vote per share at meetings of the Company only in respect of resolutions directly affecting their rights. However, a cumulative preference shareholder acquires voting rights on par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years.

b. Reconciliation of equity shares outstanding at the commencement and at the end of the period

	As at 31 March 2014		As at 31 December 2012	
	Number of equity shares	Amount	Number of equity shares	Amount
At the commencement of the period	**422,913,803**	**2,114.57**	421,999,724	2,110.00
Add: Shares issued on exercise of employee stock options by the Company/ ESOP Trust	**405,658**	**2.03**	474,079	2.37
Add: Shares issued to the Trust under Employees Stock Option Plan 2011 - ('ESOP 2011') (Refer to para f below)	**–**	**–**	440,000	2.20
At the end of the period	**423,319,461**	**2,116.60**	422,913,803	2,114.57

c. Equity shares held by holding/ ultimate holding company

	As at 31 March 2014		As at 31 December 2012	
	Number of equity shares	Amount	Number of equity shares	Amount
Daiichi Sankyo Company Limited, Japan (Daiichi Sankyo), the holding company, also being the ultimate holding company	**268,711,323**	**1,343.56**	268,711,323	1,343.56

d. Particulars of shareholders holding more than 5% shares of issued, subscribed and paid-up capital of equity shares

	As at 31 March 2014		As at 31 December 2012	
	Number of equity shares	% Holding	Number of equity shares	% Holding
Daiichi Sankyo	**268,711,323**	**63.41**	268,711,323	63.54
Life Insurance Corporation of India, India	**25,494,745**	**6.02**	26,726,570	6.32

e. Equity shares reserved for issue under employee stock options:

Refer to note 34 for number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant scheme.

f. During the current period, the Company has issued 600,000 (previous year 440,000) equity shares of Rs. 5 (previous year Rs. 5) each issued for cash at par to the ESOP Trust, set up to administer the ESOP - 2011. Out of the total equity shares issued to the ESOP Trust, 666,636 (previous year 238,762) equity shares have been allotted by the ESOP Trust to the respective employees upon exercise of stock options from time to time under ESOP - 2011. As at 31 March 2014, 459,602 (previous year 526,238) equity shares are pending to be allotted to the employees upon exercise of stock options (For ESOP - 2011 details, refer to note 34).

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

Pursuant to change in accounting policy (Refer to note 2 k), as at 31 March 2014, the Company has shown share capital net of 459,602 equity shares amounting to Rs. 2.30 held by the ESOP Trust. The Company has not restated the comparative figures. The movement of shares held by the ESOP trust is as follows:-

	As at 31 March 2014		As at 31 December 2012	
	Number of equity shares	**Amount**	**Number of equity shares**	**Amount**
At the commencement of the period	**526,238**	**2.63**	325,000	1.62
Add: Shares allotted to the ESOP Trust	**600,000**	**3.00**	440,000	2.20
Less: Shares issued on exercise of employee stock options by the ESOP Trust	**666,636**	**3.33**	238,762	1.19
At the end of the period	**459,602**	**2.30**	526,238	2.63

g. During the five years immediately preceding the current period and previous year, neither any bonus shares or shares issued for consideration other than cash that have been issued nor any shares that have been bought back.

h. Issued, subscribed and paid-up share capital includes 6,294,081 (previous year 8,963,108) Global Depository Shares (GDSs) representing 6,294,081 (previous year 8,963,108) equity shares of Rs. 5 (previous year Rs. 5) each constituting 1.49% (previous year 2.12%) of the issued, subscribed and paid-up share capital of the Company.

	As at 31 March 2014	As at 31 December 2012
4. Reserves and surplus		
(a) Capital reserve		
At the commencement and at the end of the period	**1,762.00**	1,762.00
(b) Amalgamation reserve		
At the commencement and at the end of the period	**43.75**	43.75
(c) Securities premium account		
At the commencement of the period	**35,014.84**	34,732.51
Add: Received during the period	**76.79**	150.32
Add: Transferred from employees stock option outstanding account on exercise of employee stock options	**328.75**	132.01
At the end of the period	**35,420.38**	35,014.84
(d) Hedging reserve *(net of tax)* *		
At the commencement of the period	**(139.74)**	(1,353.80)
Add: Addition during the period	**–**	3.61
Less: Reversal during the period #	**139.74**	1,210.45
At the end of the period	**–**	(139.74)
* Refer to note 36		
# Represents amount taken to the Statement of Profit and Loss		
(e) Employees stock options outstanding account		
At the commencement of the period	**623.76**	445.43
Add: Options granted during the period	**324.80**	374.07
Less: Options forfeited during the period	**108.73**	51.30
Less: Options lapsed during the period	**33.15**	12.43
Less: Options exercised during the period	**328.75**	132.01
At the end of the period (i)	**477.93**	623.76
Deferred employee stock option expense		
At the commencement of the period	**416.09**	328.22
Add: Options granted during the period	**324.80**	374.07
Less: Amortisation during the period ##	**468.47**	286.20
At the end of the period (ii)	**272.42**	416.09
(i)-(ii)	**205.51**	207.67
## Employee stock option expense, net off impact of options forfeited and lapsed during the period (Refer to note 28)	**326.59**	222.47

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	As at 31 March 2014	As at 31 December 2012
(f) General reserve		
At the commencement and at the end of the period	**5,519.28**	5,519.28
(g) (Deficit)/ surplus (Profit and Loss balance)		
At the commencement of the period	**(25,312.70)**	(23,689.31)
Loss after tax for the period	**(8,789.95)**	(1,623.39)
At the end of the period	**(34,102.65)**	(25,312.70)
Total reserves and surplus	**8,848.27**	17,095.10
5. Share application money pending allotment	**5.03**	11.10
	5.03	11.10

Share application money pending allotment represents amounts received from employees exercising the vested stock options as per the terms and conditions of respective employee stock option scheme as mentioned in note 34. Equity shares are to be issued with rights, preferences and restrictions as given in note 3 a.

Other information is as follows:

a. Number of shares to be issued	**21,842**	34,810
b. Amount of premium	**4.92**	10.92
c. The period before which shares are to be allotted	In the next meeting of ESOP's allotment committee (held on 14 April 2014)	In the next meeting of ESOP's allotment committee (held on 11 January 2013)

d. The Company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money.

e. The Company has no share application money pending beyond the period for allotment and hence no interest is accrued.

	Non–current portion		Current portion	
	As at 31 March 2014	As at 31 December 2012	As at 31 March 2014	As at 31 December 2012
6. Long-term borrowings				
Debentures				
Secured				
5,000 (previous year 5,000) redeemable non-convertible debentures of the face value of Rs. 1,000,000 each ** ^	**5,000.00**	5,000.00	**–**	–
Term loans				
Unsecured				
From banks				
External commercial borrowings (ECBs) @^	**17,210.88**	12,046.10	**1,912.32**	456.66
Other $ ^	**2,500.00**	2,500.00	**–**	–
From other party # ^	**11.00**	22.00	**5.50**	5.50
	24,721.88	19,568.10	**1,917.82** *	462.16 *

* Amount disclosed under the head "Other current liabilities" (Refer to note 11).

** On 23 November 2012, the Company had issued redeemable non-convertible debentures for a period of 36 months at a coupon rate of 9.20% p.a. Such debentures are secured by a pari-passu first ranking charge on the Company's fixed assets so as to provide a fixed asset cover of 1.25x and are listed on the NSE.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

@ ECBs include 7 loans for USD 320 million equivalent to Rs. 19,123.20 (previous year 7 loans for USD 228.34 million equivalent to Rs. 12,502.76). For the loans outstanding as at the Balance Sheet date, terms of repayment and rate of interest for borrowings are as follows :

(i) USD 100 million equivalent to Rs. 5,976 (previous year Nil), which carries interest at applicable LIBOR plus margin (95 basis points). The loan was taken on 4 June 2013 and is repayable on 3 June 2018.

(ii) USD 50 million equivalent to Rs. 2,988 (previous year USD 50 million equivalent to Rs. 2,737.75), which carries interest at applicable LIBOR plus margin (100 basis points). The loan was taken on 20 September 2012 and is repayable on 19 September 2017.

(iii) USD 30 million equivalent to Rs. 1,792.80 (previous year USD 30 million equivalent to Rs. 1,642.65), which carries interest at applicable LIBOR plus margin (200 basis points). The loan was taken on 30 June 2011 and is repayable on 29 June 2017.

(iv) USD 30 million equivalent to Rs. 1,792.80 (previous year USD 30 million equivalent to Rs. 1,642.65), which carries interest at applicable LIBOR plus margin (100 basis points). The loan was taken on 9 September 2010 and is repayable on 8 September 2015.

(v) USD 50 million equivalent to Rs. 2,988 (previous year USD 50 million equivalent to Rs. 2,737.75), which carries interest at applicable LIBOR plus margin (150 basis points). The loan was taken on 12 August 2010 and is repayable on 11 August 2015.

(vi) USD 40 million equivalent to Rs. 2,390.40 (previous year USD 40 million equivalent to Rs. 2,190.20), which carries interest at applicable LIBOR plus margin (175 basis points). The loan was taken on 25 March 2011 and is repayable fully by 24 March 2017 in 3 installments viz; 30 % of the drawn amount at the end of 4th year and 5th year each and 40% of the drawn amount at the end of the 6th year.

(vii) USD 20 million equivalent to Rs. 1,195.20 (previous year USD 20 million equivalent Rs. 1,095.10), which carries interest at applicable LIBOR plus margin (195 basis points). The loan was taken on 10 June 2011 and is repayable on 9 June 2014.

(viii) USD Nil equivalent to Rs. Nil (previous year USD 8.34 million equivalent to Rs. 456.66), which carries interest at applicable LIBOR plus margin (53 basis points). The loan was taken on 30 April 2007 and was repayable in 3 equal annual installments commencing 29 April 2011.

$ Represents a loan of Rs. 2,500 (previous year Rs. 2,500) which carries interest at applicable bank base rate plus margin (60 basis point). The loan was taken on 3 October 2012 and is repayable on 2 October 2015.

Represents a term loan taken for research and development from Department of Science and Technology on 31 May 2007, which carries interest of 3% per annum and is repayable in 10 annual installments of Rs. 5.50 each along with interest.

^ The Company has not defaulted on repayment of loan and interest during the period.

	As at 31 March 2014	As at 31 December 2012
7. Other long-term liabilities		
Security deposits received	**120.26**	65.86
Payable towards unrealised loss on derivative instruments/ forward contracts (Refer to note 36)	**3,599.18**	10,297.62
	3,719.44	10,363.48

	Long–term		Short–term	
	As at 31 March 2014	As at 31 December 2012	As at 31 March 2014	As at 31 December 2012
8. Provisions				
Provision for employee benefits				
Gratuity ##	**–**	–	**–**	45.81
Compensated absences	**388.80**	388.38	**100.54**	101.74
Pension ##	**866.57**	2,289.10	**90.39**	174.46
Long service award	**59.17**	61.56	**16.16**	16.23

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	Long–term		Short–term	
	As at 31 March 2014	**As at 31 December 2012**	**As at 31 March 2014**	**As at 31 December 2012**
Other provisions				
Provision in respect of losses of a subsidiary ###	**–**	–	**1,071.85**	–
Provision for sales return @@	**–**	–	**125.71**	115.37
Provision for trade commitments ^^	**–**	–	**483.43**	–
Settlement provision $$	**–**	–	**–**	27,377.50
	1,314.54	2,739.04	**1,888.08**	27,831.11

Additional disclosures relating to certain provisions (as per AS 29 - Provisions, Contingent Liabilities and Contingent Assets)

	Settlement provision		Provision for sales return	
	As at 31 March 2014	**As at 31 December 2012**	**As at 31 March 2014**	**As at 31 December 2012**
At the commencement of the period	**27,377.50**	26,625.00	**115.37**	112.22
Add: Provision (reversed) / made during the period	**(1,458.05)**	–	**125.71**	115.37
Less: Provision utilised during the period	**–**	–	**115.37**	112.22
Add: Exchange loss on re-statement	**1,787.50**	752.50	**–**	–
Less: Transferred to "Other current liabilities"	**27,706.95**	–	**–**	–
At the end of the period	**–**	27,377.50	**125.71**	115.37

	Provision in respect of losses of a subsidiary		Provision for trade commitments	
	As at 31 March 2014	**As at 31 December 2012**	**As at 31 March 2014**	**As at 31 December 2012**
At the commencement of the period	**–**	–	**–**	–
Add: Provision made during the period	**1,071.85**	–	**483.43**	–
At the end of the period	**1,071.85**	**–**	**483.43**	–

Refer to note 35

Refer to note 14

^^ Refer to note 41

@@ A provision is estimated for expected sales return in sale of products made during the period on the basis of past experience and contractual obligation with the customer. It is expected that the entire provision towards sales return will be utilised over the next twelve months.

$$ The Company has negotiated and settled with the Department of Justice of the United States of America ('USA') ('US DOJ') for resolution of civil and criminal allegations on 13 May 2013 as per the decree of the court of Maryland. The Company had recorded a provision of Rs. 26,480 (USD 500 million) 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 costs) in compliance with the terms of settlement is subject to regulatory/ statutory provisions. The above mentioned decreetal amount of liability (along with related interest and other costs) has been paid by the Company's US subsidiaries including Ranbaxy Pharmaceuticals Inc. (RPI), USA, 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 the Company and its US subsidiaries. The resultant accounting adjustment for reversal of earlier provision to the extent of apportionment to the US subsidiaries amounting to Rs. 1,458.05 (USD 26.1 million) has been disclosed as an exceptional item in the Statement of Profit and Loss. The balance amount payable to US subsidiaries has been transferred to 'other current liabilities' in note 11 and the same will be paid after requisite regulatory approvals are received.

Loss on account of changes in exchange rate amounting to Rs. 1,787.50 (previous year loss of Rs. 752.50), related interest expense amounting to Rs. 152.83 (previous year Rs. 307.43) and other claim and contractual expense amounting to Rs. 110.09 (previous year Rs. 273.78) are presented in the relevant heads in the Statement of Profit and Loss.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

		As at 31 March 2014	As at 31 December 2012
9.	**Short-term borrowings**		
	Loans repayable on demand		
	Secured		
	From banks * # ^	**574.24**	–
	Unsecured		
	From banks # ^	**1,022.70**	–
	Other loans and advances		
	Secured		
	From banks * $ ^	**4,543.29**	4,441.80
	Unsecured		
	From banks $ ^	**21,298.54**	20,626.15
	Commercial paper $$ ^ ##	**7,750.00**	3,000.00
		35,188.77	28,067.95

* The Company has created a first charge, on a pari-passu basis, by hypothecation of inventories, trade receivables, outstanding money receivables, claims and bills and other receivables (included under loans and advances and other assets), both present and future.

\# The Company has taken overdraft facilities from banks which carries interest rate ranging between 10% to 10.75% per annum.

$ The Company has taken packing credit facilities from banks which carry interest rate ranging between applicable LIBOR plus 70 basis points to 200 basis points per annum (previous year applicable LIBOR plus 75 basis point to 185 basis points per annum) and working capital facilities which carry interest rate ranging between 9.6% to 10.15% per annum (previous year 8.9% to 9% per annum).

^ The Company has not defaulted on repayment of loan and interest during the period.

$$ Commercial papers carries discount rate ranging between 10.45% to 10.55% per annum (previous year 8.76% per annum).

##	Related unamortised discount is included under "Prepaid expenses" in "Short-term loans and advances" in note 16.	**237.00**	50.82

		As at 31 March 2014	As at 31 December 2012
10.	**Trade payables**		
	Dues to micro and small enterprises **	**13.66**	13.28
	Others	**9,738.20**	8,574.83
		9,751.86	8,588.11
**	Disclosures as required under the Micro, Small and Medium Enterprises Development Act, 2006 based on the information available with the Company are given below		
	The principal amount remaining unpaid to any supplier as at the end of the period	**13.66**	13.28
	The interest due on the principal remaining outstanding as at the end of the period	**–**	–
	The amount of interest paid under the Act, along with the amounts of the payment made beyond the appointed day during the period	**–**	–
	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the Act	**–**	–
	The amount of interest accrued and remaining unpaid at the end of the period	**–**	–
	The amount of further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the Act	**–**	–

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	As at 31 March 2014	As at 31 December 2012
11. Other current liabilities		
Current maturities of long-term borrowings (Refer to note 6)		
From banks - ECBs	**1,912.32**	456.66
From other party	**5.50**	5.50
Book overdraft	**–**	188.62
Payable towards purchase of fixed assets	**132.72**	272.50
Interest accrued but not due on borrowings	**253.90**	129.83
Unclaimed dividend @	**26.43**	39.90
Payable towards unrealised loss on derivative instruments/ forward contracts (Refer to note 36)	**8,158.36**	5,392.36
Advance from customers	**259.98**	2,421.80
Payable to employees	**1,394.42**	1,179.10
Statutory liabilities	**816.83**	850.00
Security deposits received	**1.92**	66.10
Payable towards product recall expenses (also refer to note 40)	**1,115.01**	1,269.90
Payable towards settlement with US DOJ (Refer to note 8)	**29,238.60**	–
Other payables @@	**179.91**	1,048.51
	43,495.90	13,320.78

@ Not due for deposit to Investor Education and Protection Fund.

@@ Previous year figures include amount payable towards a portion of profit payable to another party in relation to sales of a product.

12. Tangible fixed assets

	Freehold land #	Leasehold land	Buildings ##	Plant and equipments	Furniture and fixtures $	Office equipments	Vehicles	Total
Gross block								
Balance as at 1 January 2012	248.97	264.07	5,349.68	20,562.30	720.38	463.08	465.61	**28,074.09**
Additions *	–	–	611.08	2,244.14	68.23	54.57	140.61	**3,118.63**
Disposals	–	–	–	552.13	–	18.13	67.13	**637.39**
Balance as at 31 December 2012	**248.97**	**264.07**	**5,960.76**	**22,254.31**	**788.61**	**499.52**	**539.09**	**30,555.33**
Balance as at 1 January 2013	248.97	264.07	5,960.76	22,254.31	788.61	499.52	539.09	**30,555.33**
Additions *	1.07	214.64	218.84	1,990.75	37.66	55.68	126.47	**2,645.11**
Disposals	–	–	1.84	300.19	12.84	16.79	151.60	**483.26**
Balance as at 31 March 2014	**250.04**	**478.71**	**6,177.76**	**23,944.87**	**813.43**	**538.41**	**513.96**	**32,717.18**
Depreciation and impairment								
Balance as at 1 January 2012	–	22.40	1,100.26	8,549.52	232.99	155.01	131.36	**10,191.54**
Depreciation for the year ^	–	2.67	164.60	1,305.70	64.70	25.76	47.27	**1,610.70**
Impairment loss during the year @ ^	–	–	–	–	–	–	–	**–**
Accumulated depreciation on disposals	–	–	–	515.59	–	7.15	31.81	**554.55**
Re-classification to assets held for sale	–	–	0.79	–	–	–	–	**0.79**
Balance as at 31 December 2012	**–**	**25.07**	**1,264.07**	**9,339.63**	**297.69**	**173.62**	**146.82**	**11,246.90**
Balance as at 1 January 2013	–	25.07	1,264.07	9,339.63	297.69	173.62	146.82	**11,246.90**
Depreciation for the period ^	–	3.87	200.69	1,604.06	77.84	44.43	81.37	**2,012.26**
Impairment loss during the period @ ^	–	–	147.93	195.08	4.65	–	–	**347.66**
Accumulated depreciation on disposals	–	–	1.84	271.32	7.48	8.32	61.14	**350.10**
Re-classification to assets held for sale	–	–	–	–	–	–	–	**–**
Balance as at 31 March 2014	**–**	**28.94**	**1,610.85**	**10,867.45**	**372.70**	**209.73**	**167.05**	**13,256.72**
Net block								
As at 31 December 2012	248.97	239.00	4,696.69	12,914.68	490.92	325.90	392.27	19,308.43
As at 31 March 2014	**250.04**	**449.77**	**4,566.91**	**13,077.42**	**440.73**	**328.68**	**346.91**	**19,460.46**

\# Freehold land includes land valued at Rs. 25.48 (previous year Rs. 25.48) pending registration in the name of the Company.

\## Refer to note 24 for rental income earned on operating lease arrangement .

$ Include leasehold improvements.

* Additions include Rs. 306.39 (previous year Rs. 438.87) towards assets located at research and development facilities.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

@ The impairment loss recognised for each class of asset is given hereunder:

Asset description	For the fifteen months ended 31 March 2014				For the year ended 31 December 2012			
	Gross block	**Accumulated depreciation**	**Impairment recognised**	**Net block**	Gross block	Accumulated depreciation	Impairment recognised	Net block
Buildings	**171.21**	**9.00**	**147.93**	**14.28**	–	–	–	–
Plant and equipment	**242.87**	**40.26**	**195.08**	**7.53**	–	–	–	–
Furniture and fixtures	**6.01**	**0.91**	**4.65**	**0.45**	–	–	–	–
Total	**420.09**	**50.17**	**347.66**	**22.26**	–	–	–	–
Capital work-in-progress^	**125.28**	**–**	**114.26**	**11.02**	–	–	–	–
Total	**545.37**	**50.17**	**461.92**	**33.28**	–	–	–	–

The impairment loss has been determined on the basis of net selling price (determined on the basis of expected salvage value/ market value) in respect of a CGU representing specific process plant. The impairment loss has been recognised owing to the prevalent market conditions of certain products which were to be manufactured from the specific process plant.

^ The total amount of depreciation and impairment amounting to Rs. 2,474.18 (previous year Rs. 1,610.70) presented in the Statement of Profit and Loss comprises depreciation for the current period amounting to Rs. 2,012.26 (previous year Rs. 1,610.70) and impairment loss of Rs. 461.92 (previous year Nil).

	Brands and trade marks $$	Computer software $$	Total
13. Intangible fixed assets			
Gross block			
Balance as at 1 January 2012	885.69	1,314.36	**2,200.05**
Additions @@	–	91.91	**91.91**
Disposals	–	259.40	**259.40**
Balance as at 31 December 2012	**885.69**	**1,146.87**	**2,032.56**
Balance as at 1 January 2013	885.69	1,146.87	**2,032.56**
Additions @@	–	368.38	**368.38**
Disposals	90.00	15.55	**105.55**
Balance as at 31 March 2014	**795.69**	**1,499.70**	**2,295.39**
Amortisation and impairment			
Balance as at 1 January 2012	654.15	758.48	**1,412.63**
Amortisation for the year ^^	90.20	160.71	**250.91**
Impairment loss during the year ** ^^	–	–	**–**
Accumulated amortisation on disposals	–	257.83	**257.83**
Balance as at 31 December 2012	**744.35**	**661.36**	**1,405.71**
Balance as at 1 January 2013	744.35	661.36	**1,405.71**
Amortisation for the period ^^	91.87	212.33	**304.20**
Impairment loss during the period ** ^^	23.17	0.17	**23.34**
Accumulated amortisation on disposals	90.00	8.74	**98.74**
Balance as at 31 March 2014	**769.39**	**865.12**	**1,634.51**
Net block			
As at 31 December 2012	141.34	485.51	626.85
As at 31 March 2014	**26.30**	**634.58**	**660.88**

** The impairment loss recognised for each class of asset is given hereunder:

Asset description	For the fifteen months ended 31 March 2014				For the year ended 31 December 2012			
	Gross block	**Accumulated amortisation**	**Impairment recognised**	**Net block**	Gross block	Accumulated amortisation	Impairment recognised	Net block
Brands and trademarks	**89.68**	**64.27**	**23.17**	**2.24**	–	–	–	–
Computer software	**0.36**	**0.17**	**0.17**	**0.02**	–	–	–	–
Total	**90.04**	**64.44**	**23.34**	**2.26**	–	–	–	–

Refer to note 12 @ above

^^ The total amount of amortisation and impairment amount to Rs. 327.54 (previous year Rs. 250.91) presented in the Statement of Profit and Loss comprises amortisation for the current period amounting to Rs. 304.20 (previous year Rs. 250.91) and impairment loss of Rs. 23.34 (previous year Nil).

@@ Additions include Rs. 101.17 (previous year Rs. 7.74) towards assets located at research and development facilities.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

$$ Remaining useful lives of intangible assets are as under:

Asset description	**As at 31 March 2014**	As at 31 December 2012
Brands and trademarks	**Less than 1 year - 3 years**	Less than 1 year - 4 years
Computer software	**Less than 1 year - 6 years**	Less than 1 year - 6 years

14. Non-current investments

(Valued at cost less any other-than-temporary diminution in value, if any)

Investments in shares of companies (fully paid-up)

	Class of shares	**Face value per share**	**Number of shares**		**As at 31 March 2014**	**As at 31 December 2012**
			As at 31 March 2014	**As at 31 December 2012**		
Trade:						
Quoted						
Zenotech Laboratories Limited, an associate	Equity shares	Rs. 10	**16,127,293**	16,127,293	**2,463.53**	2,463.53
Less: Provision for other-than-temporary diminution in value of non-current investment ^					**(2,157.11)**	(1,444.00)
					306.42	1,019.53
Unquoted						
Subsidiary companies:						
Domestic						
Vidyut Investments Limited	Equity shares	Rs. 10	**25,008,400**	25,008,400	**250.08**	250.08
Less: Provision for other-than-temporary diminution in value of non-current investment					**(239.00)**	(239.00)
Ranbaxy Drugs Limited $	Equity shares	Rs. 10	**3,100,020**	3,100,020	**31.00**	31.00
Ranbaxy Drugs Limited	10% NCRP **	Rs. 10	**250**	250	*****	*
Gufic Pharma Limited	Equity shares	Rs. 100	**4,900**	4,900	**535.22**	535.22
Overseas						
Ranbaxy (Netherlands) B.V., The Netherlands	Ordinary shares	EUR 100	**5,473,340**	3,939,716	**39,839.40**	28,947.75
Ranbaxy Pharmacie Generiques SAS, France	Equity shares	EUR 1	**24,116,505**	800,000	**4,709.11**	3,400.02
Less: Provision for other-than-temporary diminution in value of non-current investment @		(Previous year EUR 9)			**(4,709.11)**	(2,730.00)
Ranbaxy Malaysia Sdn. Bhd., Malaysia	Ordinary shares	RM 1	**3,189,248**	3,189,248	**36.56**	36.56
Ranbaxy Nigeria Limited, Nigeria	Ordinary shares	Naira 1	**13,070,648**	13,070,648	**7.40**	7.40
Daiichi Sankyo (Thailand) Ltd. (formerly known as Ranbaxy Unichem Co. Ltd., Thailand) ^^	Ordinary shares	Bahts 100	**–**	206,670	**–**	21.20
Associate						
Daiichi Sankyo (Thailand) Limited (formerly known as Ranbaxy Unichem Co. Ltd., Thailand) ^^	Ordinary shares	Bahts 100	**206,670**	–	**21.20**	–
					40,481.86	30,260.23
Others:						
Unquoted						
Shimal Research Laboratories Limited	Equity shares	Rs. 10	**9,340,000**	9,340,000	**934.00**	934.00

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	Class of shares	Face value per share	Number of shares As at 31 March 2014	Number of shares As at 31 December 2012	As at 31 March 2014	As at 31 December 2012
Less: Provision for other-than-temporary diminution in value of non-current investment					**(934.00)**	(934.00)
Shivalik Solid Waste Management Limited	Equity shares	Rs. 10	**20,000**	20,000	**0.20**	0.20
Biotech Consortium India Limited	Equity shares	Rs. 10	**50,000**	50,000	**0.50**	0.50
Less: Provision for other-than-temporary diminution in value of non-current investment					**(0.50)**	(0.50)
Nimbua Greenfield (Punjab) Limited	Equity shares	Rs. 10	**140,625**	140,625	**1.41**	1.41
					1.61	1.61
					40,789.89	31,281.37
Aggregate book value of quoted non-current investments (net of provision for other-than-temporary diminution)					**306.42**	1,019.53
Aggregate market value of quoted non current investments					**266.10**	483.82
Aggregate book value of unquoted non-current investments (net of provision for other-than-temporary diminution)					**40,483.47**	30,261.84
Aggregate provision for other-than-temporary diminution in value of non-current investments					**8,039.72**	5,347.50
Aggregate carrying amount of 'long-term investments' within the meaning of AS 13 "Accounting for Investments".					**40,789.89**	31,281.37

Notes:

* Rounded off to Rs. Nil.

** NCRP denotes non convertible redeemable preference shares.

^ During the current period, the Company has created a provision for other-than-temporary diminution of Rs. 713.11 (previous year Nil) in the value of its non-current investment in Zenotech Laboratories Limited (an associate of the Company). The calculation of provision involves usage of assumptions and significant judgement based on valuation methodologies/ judgement. Due to change in market conditions and considering actual performance, decline in market value and future projections of the business, the management has recognised the provision, to the extent of aforesaid amount. This amount has been disclosed as an exceptional item in the Statement of Profit and Loss.

$ During the previous year, the Company had sold its investments in Ranbaxy Drugs and Chemicals Company, Ranbaxy Life Sciences Research Limited, Ranbaxy SEZ Limited, Solus Pharmaceuticals Limited and Rexcel Pharmaceuticals Limited to Ranbaxy Drugs Limited ("RDL") for a total consideration of Rs. 1,774.01 (resulting into a profit amounting to Rs. 13.76 to the Company). As at 31 December 2012, the consideration was expected to be recovered on a deferred basis and was disclosed as "Loans and advances to subsidiaries" under Short-term loans and advances in note 16. As at 31 March 2014, the remaining amount to be received is Rs. 288.95.

With the receipt of all requisite approvals and filing of the returns with the respective Registrar of Companies, the Company's five wholly owned Indian subsidiaries, as aforementioned, had been merged with Ranbaxy Drugs Limited, effective 9 May 2013, with an appointed date of 1 April 2012.

@ During the current period, the Company (in addition to provision for other-than-temporary diminution amounting to Rs. 2,730 as at 31 December 2012) has created a further provision for other-than-temporary diminution of Rs. 1,979.11 **(A)** (previous year Rs. 1,030) in the value of its non-current investment in Ranbaxy Pharmacie Generiques SAS, France (a wholly owned subsidiary of the Company). Due to change in market conditions and considering actual performance and future projections of the business, the management has decided to recognise the provision for the balance carrying amount of the investment. Further, the Company has also created a provision of Rs. 1,071.85 **(B)** (previous year Nil) towards its obligation in respect of losses incurred by the said subsidiary till 31 March 2014. The calculation of provision involves usage of assumptions and significant judgement based on valuation methodologies/ judgement. The total amount (A + B) of Rs. 3,050.96 (previous year Rs. 1,030) has been presented as an exceptional item in the Statement of Profit and Loss. Further, the provision of Rs. 1,071.85 (previous year Nil) has been presented as "Other provisions" in note 8.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

^^ In December 2012, the Company had approved the proposal to integrate the business operations and management of Ranbaxy Unichem Co. Ltd., Thailand ('Unichem'), its subsidiary, with Daiichi Sankyo (Thailand) Ltd, a subsidiary of Daiichi Sankyo Company Limited, Japan. The said integration has been completed with effect from 01 October 2013. Pursuant to this, Unichem had become an associate of the Company. Subsequently, Unichem has changed its name to Daiichi Sankyo (Thailand) Limited, Thailand.

	As at 31 March 2014	As at 31 December 2012
15. Deferred tax assets (net)		
Deferred tax assets arising on account of:		
Tax losses carried forward	**9,733.73**	7,468.75
Provision for diminution in the value of non-current investments	**1,333.00**	844.33
Provision for employee benefits	**224.34**	159.02
Provision for doubtful trade receivables and loans and advances	**183.52**	164.37
Revaluation/ Interest of ECBs	**23.02**	163.04
Others	**1.02**	1.38
	11,498.63	8,800.89
Less: Deferred tax liabilities arising on account of:		
Fixed assets, net	**2,472.35**	2,670.31
Others	**165.94**	158.40
	2,638.29	2,828.71
Deferred tax assets (net)	**8,860.34**	5,972.18
Less: Deferred tax assets not carried forward	**8,860.34**	5,972.18
Deferred tax assets (net)	**-**	-

As at 31 March 2014 and as at 31 December 2012, in view of accumulated tax losses and absence of virtual certainty, deferred tax assets have been recognised only to the extent of deferred tax liabilities (primarily arising from fixed assets). Deferred tax assets not carried forward include Rs. 1,929 (previous year Rs. 1,929) relating to premium on redemption of Foreign Currency Convertible Bonds recorded through securities premium account which has been claimed as allowable deduction in the year ended 31 December 2011 on payment basis. Accordingly, utilization/ recognition thereof in future period will be recorded by crediting securities premium account.

	Long–term		Short–term	
	As at 31 March 2014	As at 31 December 2012	As at 31 March 2014	As at 31 December 2012
16. Loans and advances				
(Considered good, unless stated otherwise)				
To parties other than related parties				
Unsecured				
Capital advances for purchase of fixed assets	**50.50**	79.41	**–**	–
Security deposits	**215.44**	216.79	**70.37**	27.32
Loans to employees	**44.54**	56.42	**53.86**	59.61
MAT credit entitlement	**8,363.86**	8,363.86	**–**	–
Advance income-tax including tax deducted at source [net of provision for tax Rs. 8,282.66 (previous year Rs. 8,282.66)]	**964.58**	751.06	**–**	–
Balances with and advances recoverable from statutory authorities	**–**	–	**2,174.73**	2,127.65
Prepaid expenses	**105.43**	77.97	**618.23**	443.25
Advances to employees	**–**	–	**84.33**	102.37
Advances and deposits with suppliers	**–**	–	**458.06**	377.33
Other advances				
Considered good	**541.49**	488.86	**4.39**	59.45
Considered doubtful	**–**	–	**164.25**	169.56
Less: Provision for doubtful advances	**–**	–	**(164.25)**	(169.56)

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	Long–term		Short–term	
	As at 31 March 2014	**As at 31 December 2012**	**As at 31 March 2014**	**As at 31 December 2012**
Secured				
Loans to employees #	**52.60**	72.75	**8.25**	10.12
To related parties (unsecured)				
Loan to domestic subsidiary **	**–**	–	**288.95**	1,783.65
Advances to domestic subsidiary	**3.96**	–	**–**	–
Loan to overseas subsidiary ***	**–**	–	**8,962.50**	–
Advances to overseas subsidiary	**–**	–	**0.48**	9.59
Loans and advances to an associate ***	**437.49**	–	**8.71**	41.14
	10,779.89	10,107.12	**12,732.86**	5,041.48
# Include due from an officer of the Company	**2.92**	3.21	**0.32**	0.32

$ Include amount deposited under protest to relevant authorities.
** Refer to note 14 and note 48
*** Refer to note 48

	As at 31 March 2014	As at 31 December 2012
17. Other non-current assets		
(Unsecured and considered good)		
Receivable towards unrealised gain on derivative instruments/ forward contracts (Refer to note 36)	**1,740.28**	214.82
Deposit accounts (due to mature after twelve months of the reporting date) (Refer to note 21) ##	**0.86**	0.88
	1,741.14	215.70

Represent deposit receipts pledged with Government authorities.

	Class of shares	Face value per share	Number of shares As at 31 March 2014	Number of shares As at 31 December 2012		
18. Current investments						
(Carried at lower of cost and fair value)						
Quoted (fully paid-up)						
Krebs Biochemicals and Industries Limited	Equity shares	Rs. 10	**1,050,000**	1,050,000	**18.95**	20.48
					18.95	20.48
Unquoted						
Subsidiary companies (overseas):						
Ranbaxy (Hong Kong) Limited, Hong Kong $$	Equity shares	HK $ 1	**–**	2,400,000	**–**	9.84
					–	9.84
					18.95	30.32
Aggregate book value of quoted current investments					**18.95**	20.48
Aggregate market value of quoted current investments					**18.95**	20.48
Aggregate book value of unquoted current investments					**–**	9.84
Aggregate write down to valuation to current investments at fair value					**70.31**	68.78
Quoted investment (both current and non-current)						
Aggregate book value (net of provision for diminution)					**325.37**	1,040.01
Aggregate market value					**285.05**	504.30
Aggregate book value (net of provision for other-than-temporary diminution) of unquoted investments (both current and non-current)					**40,483.47**	30,271.68

$$ As at 31 December 2012, the investment was classified as current since the entity had filed for Members' Voluntary Liquidation in December 2012. During the current period, the entity has been liquidated.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	As at 31 March 2014	As at 31 December 2012
19. Inventories		
Raw materials @	**5,223.91**	5,309.06
Work-in-progress	**5,800.53**	6,286.12
Finished goods	**4,328.83**	4,080.17
Stock-in-trade @	**1,071.22**	1,075.88
Stores and spares @	**97.77**	92.79
Packing materials @	**429.18**	474.37
	16,951.44	17,318.39
@ Include goods in transit:		
- Raw materials	**286.41**	478.84
- Stock-in-trade	**62.56**	34.81
- Stores and spares	**16.71**	2.53
- Packing materials	**6.53**	8.74
20. Trade receivables		
(Unsecured and considered good, unless stated otherwise)		
Receivables outstanding for a period exceeding six months from the date they became due for payments		
Considered good	**3,218.28**	1,437.35
Considered doubtful	**375.68**	337.05
	3,593.96	1,774.40
Less: Provision for doubtful trade receivables	**375.68**	337.05
	3,218.28	1,437.35
Other receivables	**9,156.37**	12,921.53
	9,156.37	12,921.53
	12,374.65	14,358.88
21. Cash and bank balances		
Cash and cash equivalents		
Cash on hand	**6.43**	3.95
Cheques on hand	**15.53**	–
Balances with banks:		
On current accounts @	**397.25**	111.76
On deposit accounts (with original maturity of three or less than three months) @	**4,460.08**	550.00
	4,879.29	665.71
Other bank balances # @	**3,026.43**	27,682.02
	7,905.72	28,347.73
#Include amounts held at foreign branches which are not freely remissible to the Company on account of statutory regulations	**–**	2,866.34
@**Details of bank balances/ deposits**		
Bank balances available on demand/ deposit with original maturity of three months or less included under ' Cash and cash equivalents'	**4,857.33**	661.76
Bank deposits due to mature within twelve months of the reporting date included under 'Other bank balances'	**3,000.00**	27,642.12
Unclaimed dividend accounts included under 'Other bank balances'	**26.43**	39.90
Bank deposits due to mature after twelve months of the reporting date included under 'Other non-current assets' (Refer to note 17)	**0.86**	0.88
	7,884.62	28,344.66

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

		As at 31 March 2014	As at 31 December 2012
22.	**Other current assets**		
	(Unsecured and considered good)		
	Tangible fixed assets held for sale	**34.39**	34.39
	Export incentives accrued	**770.43**	931.15
	Receivable towards unrealised gain on derivative instruments/ forward contracts (Refer to note 36)	**522.88**	51.95
	Insurance claims receivable	**6.97**	11.38
	Interest accrued but not due on loans and deposit accounts	**85.43**	438.24
	Interest accrued and due on loans (Refer to note 48)	**33.15**	–
	Receivable towards sale of intellectual property rights (Refer to note 43)	**4,299.63**	–
	Others	**45.28**	–
		5,798.16	1,467.11

		For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
23.	**Revenue from operations**		
	Sale of products		
	Domestic	**29,147.53**	22,310.68
	Export *	**37,863.06**	39,092.89
	Gross #	**67,010.59**	61,403.57
	Less: Excise duty	**440.20**	279.14
	Net	**66,570.39**	61,124.43
	Other operating revenues		
	Royalty, milestone, technical know-how and product development ^	**503.39**	538.18
	Export incentives	**886.39**	837.95
	Unclaimed balances / excess provision written back	**296.50**	26.76
	Non-compete fee	**–**	210.00
	Scrap sales	**122.85**	82.40
	Insurance claims	**10.24**	37.31
	Others	**259.61**	178.41
		2,078.98	1,911.01
		68,649.37	63,035.44

* Sale of products - exports include sales relating to First-To-File (FTF) products in the USA. Pursuant to the accounting policy followed by the Company, sale of products - exports for the aforesaid period include transfer pricing adjustment with group companies for materials/ products already supplied to its subsidiaries determined on the basis of significant judgement and estimates.

\# **Break-up of revenue from sale of products (Gross)**

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
Classification		
Manufactured goods		
Formulations:		
Tablets	**22,850.33**	19,178.82
Capsules	**7,007.81**	5,392.25
Vials	**3,172.99**	2,867.37
Ointments	**1,854.79**	861.63
Others	**4,536.12**	3,405.39
API and drugs intermediates	**9,003.62**	14,245.47
	48,425.66	45,950.93

Notes to the financial statements for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
Traded goods		
Formulations:		
Tablets	**9,036.19**	6,483.17
Capsules	**1,395.77**	967.03
Vials	**2,145.42**	1,665.29
Ointments	**1,372.20**	1,564.15
Others	**1,847.46**	1,198.85
API and drugs intermediates	**2,787.89**	3,574.15
	18,584.93	15,452.64
	67,010.59	61,403.57
^ Includes prior period income	**–**	55.42

24. Other income

Interest *	**1,390.22**	2,236.64
Dividend on non-current investments with overseas subsidiaries ^	**6,121.32**	10.04
Profit on sale of fixed assets, net	**–**	9.54
Profit on disposal/ sale of non-current investment	**169.71**	13.76
Rental income from property leases #	**166.95**	126.00
Net gain on account of foreign exchange fluctuations on loans	**–**	175.65
	7,848.20	2,571.63
* Interest income on:		
Short term deposits with banks	**1,175.05**	2,195.67
Others	**215.17**	40.97
	1,390.22	2,236.64

^ Includes dividend received from Ranbaxy (Netherlands) B.V., The Netherlands, a subsidiary of the Company, amounting to Rs. 6,113.97 (previous year Nil).

The Company has given a part of its premises under cancellable operating lease arrangement to a related party. Lease rentals amounting to Rs. 166.95 (previous year Rs. 126.00) has been recognised in the Statement of Profit and Loss. As only a portion of these premises has been let out, the gross carrying amount and the accumulated depreciation of leased premises/ assets is not separately identifiable.

25. Cost of materials consumed

Inventory of materials at the commencement of the period			
Raw materials		**5,309.06**	5,044.37
Packing materials		**474.37**	474.74
		5,783.43	5,519.11
Purchases			
Raw materials		**18,079.71**	13,238.41
Packing materials		**2,797.59**	2,312.52
		20,877.30	15,550.93
Less: Inventory of materials at the end of the period			
Raw materials		**5,223.91**	5,309.06
Packing materials		**429.18**	474.37
		5,653.09	5,783.43
Raw materials consumed		**18,164.86**	12,973.72
Packing materials consumed		**2,842.78**	2,312.89
	(A)	**21,007.64**	15,286.61

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

		For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
Less: Raw material stock written off (separately included as exceptional item)^		**349.22**	–
Less: Packing materials stock written off (separately included as exceptional item)^		**5.14**	–
	(B)	**354.36**	–
Raw materials consumed $ @		**17,815.64**	12,973.72
Packing materials consumed		**2,837.64**	2,312.89
Cost of materials consumed	**(A)-(B)**	**20,653.28**	15,286.61
$ Include site variation costs paid to subsidiaries		**316.38**	105.65

@ Broad heads for raw materials has not disclosed as none of the individual items is more than 10% of the total cost of materials consumed.

^ Refer to note 41

26. Purchases of stock-in-trade #	**9,826.43**	8,090.01
	9,826.43	8,090.01
# Break-up of purchases of stock-in-trade		
Classification		
Formulations:		
Tablets	**4,061.31**	2,258.16
Capsules	**686.49**	472.97
Vials	**1,393.32**	1,167.85
Ointments	**605.34**	634.57
Others	**1,229.87**	820.44
API and drugs intermediates	**1,850.10**	2,736.02
	9,826.43	8,090.01

27. Change in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the commencement of the period		
Work-in-progress ##	**6,286.12**	6,175.94
Finished goods @	**4,080.17**	3,772.56
Stock-in-trade @@	**1,075.88**	1,001.22
	11,442.17	10,949.72
Less:		
Inventories at the end of the period		
Work-in-progress ##	**5,800.53**	6,286.12
Finished goods @	**4,328.83**	4,080.17
Stock-in-trade @@	**1,071.22**	1,075.88
	11,200.58	11,442.17
Decrease/ (increase)	**241.59**	(492.45)
Less: Stock written off (separately included as exceptional item) (Refer to note 41)	**(1,992.81)**	–
Net increase $	**(1,751.22)**	(492.45)
$ Includes prior period adjustment	**113.51**	–

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

		For the fifteen months ended 31 March 2014	For the year ended 31 December 2012	For the year ended 31 December 2011
## Break-up of inventories - work-in-progress				
Classification				
Formulations:				
Tablets		**490.51**	410.47	776.17
Capsules		**114.64**	106.49	127.21
Vials		**183.09**	14.35	65.90
Ointments		**14.10**	8.78	6.46
Others		**101.38**	90.57	64.28
API and drugs intermediates $$		**4,896.81**	5,655.46	5,135.92
		5,800.53	6,286.12	6,175.94
$$ Include materials to be used for captive consumption				
Net decrease/ (increase) in inventories of work-in-progress	**A**	**485.59**	(110.18)	(1,349.73)
@ Break-up of inventories - finished goods				
Classification				
Formulations:				
Tablets		**1,502.79**	1,580.20	1,478.62
Capsules		**623.69**	297.49	236.61
Vials		**307.38**	226.48	259.84
Ointments		**93.30**	65.99	66.22
Others		**338.13**	316.74	193.71
API and drugs intermediates		**1,463.54**	1,593.27	1,537.56
		4,328.83	4,080.17	3,772.56
Net increase in inventories of finished goods	**B**	**(248.66)**	(307.61)	(133.42)
@@ Break-up of inventories - stock-in-trade				
Classification				
Formulations:				
Tablets		**455.20**	397.89	328.42
Capsules		**82.11**	86.58	67.23
Vials		**205.48**	232.94	201.37
Ointments		**89.69**	102.23	171.73
Others		**209.05**	155.50	202.42
API and drugs intermediates		**29.69**	100.74	30.05
		1,071.22	1,075.88	1,001.22
Net decrease/ (increase) in inventories of stock-in-trade	**C**	**4.66**	(74.66)	125.93
Net decrease/ (increase) in inventories before stock written off	**A+B+C**	**241.59**	(492.45)	(1,357.22)

Notes to the financial statements for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
28. Employee benefits expense		
Salaries, wages and bonus *	**11,116.05**	8,825.20
Contribution to provident, gratuity and other funds # (Refer to note 35)	**763.86**	721.65
Employee stock option expense (Refer to note 4 e and 34)	**326.59**	222.47
Workmen and staff welfare expenses	**540.78**	426.57
	12,747.28	10,195.89

* Salaries, wages and bonus is net of reversal of Rs. 398.21 (previous year Nil) representing impact of discontinuation in a defined benefit plan applicable to certain employees of the Company. (Also refer to note 2 m and note 35)

# Include contribution to following defined contribution plans:		
Superannuation fund and ESI scheme	**146.27**	109.28
Fund schemes for overseas representative offices	**214.74**	164.37

29. Finance costs		
Interest expense	**2,130.22**	1,300.56
Other borrowing costs	**503.14**	429.52
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	**2,837.12**	1,239.74
	5,470.48	2,969.82

30. Other expenses		
Stores and spare parts consumed	**1,345.66**	1,154.27
Power and fuel	**3,042.68**	2,309.07
Repairs and maintenance		
– Buildings	**101.13**	71.84
– Plant and machinery	**359.50**	249.31
– Others	**778.01**	588.80
Processing charges	**1,515.88**	1,072.54
Advertising and sales promotion	**3,620.05**	3,036.14
Freight, clearing and forwarding	**2,135.91**	1,784.57
Business support and market research	**1,360.34**	967.34
Brokerage and commission	**490.97**	446.52
Conferences and meetings	**290.40**	223.60
Legal and professional fees *	**6,654.16**	3,097.24
Claims and contractual expense @	**173.82**	3,842.89
Clinical trials	**581.87**	327.27
Regulatory filing fees	**248.01**	217.82
Analytical charges	**376.32**	321.05
Insurance	**501.48**	364.63
Rates and taxes	**374.02**	198.27
Travelling and conveyance	**1,825.70**	1,525.83
Rent #	**662.37**	495.48
Communication	**377.83**	299.92
Recruitment and training	**288.94**	181.39
Running and maintenance of vehicles	**216.73**	181.84
Remuneration to non-executive directors	**31.92**	50.00
Printing and stationery	**130.46**	106.14
Net loss on account of foreign exchange fluctuations on deposit accounts	**14.62**	1.19
Net loss on account of foreign exchange fluctuations (others than on loans and deposit accounts)	**1,903.94**	1,563.30
Provision for doubtful trade receivables and loans and advances	**33.32**	22.24
Trade receivables and loans and advances written off	**1.12**	23.30

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
Fixed assets written off	**25.58**	35.34
Provision for diminution in the value of current investment	**1.53**	5.99
Excise duty related to (decrease)/ increase in inventory of finished goods	**(1.60)**	126.26
Loss on sale of fixed assets, net	**44.14**	–
Miscellaneous	**911.63**	634.77
	30,418.44	25,526.16

@ Includes amount accrued towards a portion of profit payable to another party in relation to sales of a product.

* Include payment to auditors (exclusive of service tax)

As auditor		
Statutory audit fee	**9.95**	11.05
Tax audit fee	**2.98**	3.50
Limited review fees of quarterly results	**18.87**	16.74
For other services	**9.12**	15.15
Reimbursement of expenses	**3.19**	2.71
	44.11	49.15

The Company has taken certain facilities under cancellable and non-cancellable operating lease arrangements with lease term ranging from 11 months to 10 years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The future minimum lease payments in respect of non-cancellable operating leases as at 31 March 2014 and 31 December 2012 are:

	As at 31 March 2014	As at 31 December 2012
a] not later than one year	**121.58**	168.47
b] later than one year but not later than five years	**138.79**	260.22
c] later than five years	**12.28**	19.35
	272.65	448.04

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
31. Income tax expense		
Current tax ^	**305.70**	–
Current tax for earlier years, net	**–**	(19.44)
	305.70	(19.44)

^ Represents tax deducted at source by the overseas subsidiary from dividend distributed to the Company in the current period. Though the Company has incurred losses in the current period, per applicable taxation laws, the amount can not be carried forward for set-off in future and hence written off.

32. Loss per equity share

Net loss attributable to equity shareholders			
Net loss attributable for equity shareholders	**(A)**	**(8,789.95)**	(1,623.39)
Number of weighted average equity shares			
Basic and diluted	**(B)**	**422,885,280**	421,960,943
Nominal value of equity share (Rs. - not in millions)		**5.00**	5.00
Loss per equity share (Rs. - not in millions)			
Basic and diluted #	**(A) / (B)**	**(20.79)**	(3.85)

Since the Company has incurred losses during the current period and previous year, the ESOP outstanding are considered to be anti-dilutive. Therefore, the basic and diluted loss per share are the same.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
33. Research and development expenses **		
Raw materials consumed $	**992.52**	787.57
Salaries, wages and bonus	**1,519.08**	1,538.25
Contribution to provident, gratuity and other funds	**76.61**	116.13
Workmen and staff welfare expenses	**68.08**	53.67
Stores and spare parts consumed	**466.56**	490.68
Power and fuel	**471.24**	355.91
Repairs and maintenance		
- Buildings	**11.80**	8.43
- Plant and machinery	**54.28**	38.74
- Others	**197.33**	185.70
Processing charges	**106.75**	2.58
Legal and professional fees	**48.28**	20.94
Clinical trials	**561.34**	313.19
Analytical charges	**41.20**	52.96
Insurance	**54.91**	40.67
Travelling and conveyance	**97.70**	84.20
Rent	**159.78**	130.74
Communication	**47.19**	50.51
Recruitment and training	**13.28**	11.38
Running and maintenance of vehicles	**32.18**	29.92
Printing and stationery	**22.60**	17.28
Miscellaneous	**236.06**	160.96
	5,278.77	4,490.41
** Excluding finance costs, depreciation, amortisation and impairment		
$ Include site variation costs paid to subsidiaries	**316.38**	105.65

34. Employee share-based payment plans

The Company's Employee Stock Option Schemes ("ESOSs") provide for the grant of stock options to eligible employees and Directors of the Company and its subsidiaries. The ESOSs are administered by the Compensation Committee ("Committee") of the Board of Directors of the Company. Options are granted at the discretion of the committee to selected employees depending upon certain criterion. As at 31 March 2014, there were four ESOSs, namely, "ESOS I", "ESOS II", "ESOS 2005" and "ESOP 2011".

The ESOSs limits the maximum grant of options to an employee at 25,000 for ESOS I, 40,000 for ESOS II and 300,000 for ESOS 2005 in any given year. ESOS I and II provide that the grant price of options is to be determined at the average of the daily closing price of the Company's equity shares on the NSE during a period of 26 weeks preceding the date of the grant. ESOS 2005 provides that the grant price of options will be the latest available closing price on the stock exchange on which the shares of the Company are listed, prior to the date of the meeting of the Committee in which the options are granted. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered. The options vests evenly over a period of five years from the date of grant. Options lapse, if they are not exercised prior to the expiry date, which is ten years from the date of grant.

During the year ended 31 December 2011, the Company had introduced a new ESOS scheme namely Ranbaxy Employees Stock Option Plan 2011 "ESOP - 2011" with effect from 1 July 2011. This scheme limits the maximum grant of options to an employee or a director at 30,000 in any given year. ESOP - 2011 provides that the grant price will be the face value of the equity share. The options vests evenly over a period of three years from the date of grant. Options lapse, if they are not exercised prior to the expiry date, which is three months from the date of the vesting. The Company has formed the ESOP Trust to administer ESOP - 2011 scheme. The Company will issue shares to the Trust which will allocate the shares to the respective employees upon exercise of stock options from time to time under ESOP - 2011.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

The Shareholders' have approved issuance of options under the ESOS as per details given below:

Date of approval	No. of options approved
29 June 2002	2,500,000
25 June 2003	4,000,000
30 June 2005	4,000,000
09 May 2011	3,000,000

In accordance with the above approval of issuance of options, stock options have been granted from time to time.

The stock options outstanding as on 30 June 2005 are proportionately adjusted in view of the sub-division of equity shares of the Company from the face value of Rs.10 each into 2 equity shares of Rs. 5 each

The movement of the options (post split) granted under ESOS I, ESOS II and ESOS 2005 for the current period is given below:

	Stock options (numbers)	Range of exercise prices (Rs.)	Weighted-average exercise prices (Rs.)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the period	**5,309,401**	**216.00-561.00**	**429.61**	**4.02**
Forfeited during the period	**(88,073)**	**216.00-450.00**	**392.83**	
Exercised during the period	**(265,260)**	**216.00-496.00**	**294.47**	
Lapsed during the period	**(1,376,486)**	**216.00-538.50**	**466.96**	
Outstanding at the end of the period $	**3,579,582**	**216.00-561.00**	**426.16**	**3.37**
Exercisable at the end of the period $	**3,412,928**	**216.00-561.00**	**425.00**	**3.24**

$ Includes options exercised, pending allotment

The movement of the options (post split) granted under ESOP - 2011 for the current period is given below:

	Stock options (numbers)	Range of exercise prices (Rs.)	Weighted-average exercise prices (Rs.)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the period	**1,218,174**	**5.00**	**5.00**	**1.28**
Granted during the period	**677,155**	**5.00**	**5.00**	
Forfeited during the period	**(221,439)**	**5.00**	**5.00**	
Exercised during the period#	**(666,636)**	**5.00**	**5.00**	
Lapsed during the period	**(20,349)**	**5.00**	**5.00**	
Outstanding at the end of the period @	**986,905**	**5.00**	**5.00**	**0.88**
Exercisable at the end of the period @	**272,681**	**5.00**	**5.00**	**0.09**

@ Includes options exercised, pending allotment

Shares allotted by the ESOP Trust against these exercises (Refer to note 3 f)

The movement of the options (post split) granted under ESOS I, ESOS II and ESOS 2005 for the previous year is given below:

	Stock options (numbers)	Range of exercise prices (Rs.)	Weighted-average exercise prices (Rs.)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	6,253,100	216.00-561.00	422.78	5.01
Forfeited during the year	(92,134)	216.00-450.00	374.54	
Exercised during the year**	(457,642)	216.00-538.50	333.66	
Lapsed during the year	(393,923)	216.00-538.50	445.64	
Outstanding at the end of the year*	5,309,401	216.00-561.00	429.61	4.02
Exercisable at the end of the year*	4,176,400	216.00-561.00	445.96	3.34

*Includes options exercised, pending allotment

** excluding 16,437 shares issued towards additional entitlement

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

The movement of the options (post split) granted under ESOP 2011 for the previous year is given below:

	Stock options (numbers)	Range of exercise prices (Rs.)	Weighted-average exercise prices (Rs.)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the year	765,718	5.00	5.00	1.74
Granted during the year	807,968	5.00	5.00	
Forfeited during the year	(102,780)	5.00	5.00	
Exercised during the year #	(238,762)	5.00	5.00	
Lapsed during the year	(13,970)	5.00	5.00	
Outstanding at the end of the year*	1,218,174	5.00	5.00	1.28
Exercisable at the end of the year*	20,329	5.00	5.00	0.56

*Includes options exercised, pending allotment

Shares allotted by the ESOP Trust against these exercises (Refer to note 3 f)

35. Employee benefits expense

The Company primarily provides the following retirement benefits to its employees:

(a) Pension

(b) Provident fund

(c) Gratuity

The following tables sets out the disclosures relating to pension, provident fund and gratuity benefits as required by AS 15 'Employee Benefits':

	Pension (Unfunded)	Provident fund (Funded)	Gratuity (Funded)
Change in the present value of obligations:			
Present value of obligation as at the commencement of the period	**2,463.56**	**3,599.18**	**1,072.11**
	2,068.66	*3,196.40*	*842.89*
Add: Current service cost	**–**	**238.06**	**107.10**
	102.24	*172.41*	*69.52*
Add: Interest cost	**97.21**	**375.24**	**89.74**
	167.82	*271.33*	*64.91*
Add: Employees contribution	**–**	**472.03**	**–**
	–	*335.39*	*–*
Add: Transfer in	**–**	**157.07**	**–**
	–	*182.54*	*–*
Add/ (less): Past service cost/ (credit) $	**–**	**–**	**–**
	71.33	*(1.18)*	*3.94*
Less: Settlement credit #	**398.21**	**–**	**–**
	–	*–*	*–*
Less: Benefits paid/ settlement	**1,171.84**	**583.50**	**136.35**
	81.97	*509.82*	*57.52*
Add/ (less): Actuarial loss/ (gain) on obligations	**(33.76)**	**22.69**	**1.51**
	278.14	*(50.25)*	*156.25*
Present value of obligation as at the end of the period	**956.96**	**4,280.77**	**1,134.11**
	2,463.56	*3,599.18*	*1,072.11*

$ Past service credit is due to revision in the retirement age from 58 years to 60 years during previous year except for few employees who have opted for retirement age of 58 years

During the current period, with effect from 1 March 2013, the Company has decided to discontinue the pension scheme for its employees (except for employees which were already retired as at 1 March 2013). The impact of such discontinuation of pension scheme is Rs. 398.21. (Also refer to note 2 m)

Notes to the financial statements for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

	Provident fund (Funded)	Gratuity (Funded)
Change in the fair value of plan assets:		
Fair value of plan assets as at the commencement of the period	**3,679.61**	**1,026.30**
	3,228.86	*846.76*
Add: Expected return on plan assets	**420.98**	**124.89**
	274.10	*76.51*
Add: Company's contributions	**234.97**	**258.29**
	166.03	*156.34*
Add: Employees contributions	**472.03**	**–**
	335.39	*–*
Add: Transfer in fund	**157.07**	**–**
	182.54	*–*
Less: Benefits paid/ settlement	**583.50**	**136.35**
	509.82	*57.52*
Add/ (less): Actuarial gain/ (loss) on plan assets	**18.38**	**(1.34)**
	2.51	*4.21*
Fair value of plan assets as at the end of the period	**4,399.54**	**1,271.79**
	3,679.61	*1,026.30*

	Provident fund (Funded)	Gratuity (Funded)
Return on plan assets:		
Expected return on plan assets	**420.98**	**124.89**
	274.10	*76.51*
Add/ (less): Actuarial gain/ (loss) on plan assets	**18.38**	**(1.34)**
	2.51	*4.21*
Actual return on plan assets	**439.36**	**123.55**
	276.61	*80.72*

Figures in italics are for the previous year

	Provident fund (Funded)	Gratuity (Funded)
Reconciliation of present value of defined benefit obligation and the fair value of plan assets:		
Present value of funded obligation as at 31 March 2014	**4,280.77**	**1,134.11**
	3,599.18	*1,072.11*
Less: Fair value of plan assets as at 31 March 2014	**4,399.54**	**1,271.79**
	3,679.61	*1,026.30*
Funded status as at 31 March 2014 - (asset)/ liability	**(118.77)**	**(137.68)**
	(80.43)	*45.81*
Net liability/ (asset) recognised in Balance Sheet as at 31 March 2014	**–**	**(137.68)**
	–	*45.81*
Net (asset)/ liability unrecognised in Balance Sheet as at 31 March 2014	**(118.77)**	**–**
	(80.43)	*–*

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

Gratuity and provident fund contribution expected to be paid in the next year is Rs. 56.99 (previous year Rs. 167.00) and Rs. 206.70 (previous year Rs. 182.50) respectively.

	Pension (Unfunded)	Provident fund $ (Funded)	Gratuity (Funded)
Expenses recognised in the Statement of Profit and Loss:			
Current service cost	**–**	**238.06**	**107.10**
	102.24	*172.41*	*69.52*
Add: Interest cost	**97.21**	**375.24**	**89.74**
	167.82	*271.33*	*64.91*
Less: Past service credit *	**–**	**–**	**–**
	71.33	*(1.18)*	*3.94*
Less: Settlement credit	**398.21**	**–**	**–**
	–	*–*	*–*
Add: Expected return on plan assets	**–**	**(420.98)**	**(124.89)**
	–	*(274.10)*	*(76.51)*
(Less)/ add: Net actuarial (gain)/ loss recognised	**(33.76)**	**4.31**	**2.85**
	278.14	*(52.76)*	*152.04*
Add: Increase in unrecognised asset	**–**	**38.34 #**	**–**
	–	*47.97 #*	*–*
Amount to be recognised	**(334.76)**	**234.97**	**74.80**
	476.87	*166.03*	*206.02*
Less: Amount capitalised on projects	**–**	**–**	**3.61**
	13.09	*–*	*3.39*
Expense recognised in the Statement of Profit and Loss	**(334.76)**	**234.97**	**71.19**
	463.78	*166.03*	*202.63*

* Past service credit is due to revision in the retirement age from 58 years to 60 years except for few employees who have opted for retirement age of 58 years

$ Further, during the current period, the Company has recognised an expense of Rs. 96.69 (previous year Rs. 79.34) pertaining to portion of employers' contribution paid to the statutory authorities and provident fund administration charges, which is included in "Employee benefits expense" in note 28

\# Represents increase in surplus, which in the absence of any right to claim the surplus as refund or expected reduction in future contribution to the plan, is unrecognised.

Figures in italics are for the previous year

The major categories of plan assets as a percentage of total plan assets are as under:

Particulars	Provident fund	Gratuity
Central government securities	**21%**	**2%**
	21%	*2%*
State government securities	**15%**	**1%**
	15%	*1%*
Bonds and securities of public sector/ financial institutions	**62%**	**14%**
	63%	*19%*
Insurer managed funds	**0%**	**83%**
	0%	*78%*
Surplus fund lying uninvested	**2%**	**0%**
	1%	*0%*

Percentages in italics are for the previous year

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

The following table sets out the assumptions used in actuarial valuation of provident fund, pension and gratuity:

Particulars	Pension (Unfunded)	Provident fund (Funded)	Gratuity (Funded)
Discount rate	**9.00%**	**9.00%**	**9.00%**
	8.20%	*8.20%*	*8.20%*
Rate of increase in compensation levels ##	**N.A.**	**N.A.**	**10.00%**
	10.00%	*N.A.*	*10.00%*
Interest rate guarantee	**N.A.**	**8.75%**	**N.A.**
	N.A.	*8.50%*	*N.A.*
Rate of return of plan assets **	**N.A.**	**8.98% - 9.08%**	**9.00%**
	N.A.	*9.03%*	*9.00%*
Expected average remaining working lives of employees (years)	**N.A.**	**21.17-27.87**	**21.06-26.12**
	19.51	*21.52-26.88*	*21.48-26.39*

The salary increase takes account of inflation, seniority, promotion and other relevant factors on long term basis

** On the basis of average rate of earnings expected on the funds invested

Figures/ percentages in italics are for the previous year

Demographic assumptions

Mortality	**Indian assured lives mortality (2006-08) ultimate/ Annuitants - LIC (a) (1996-98) ultimate rates**
	Indian assured lives mortality (1994-96) modified ultimate
Disability	**5% of mortality rate**
	5% of mortality rate
Withdrawal	**15% - 18%**
	15% - 18%
Retirement age	**58 and 60 years**
	58 and 60 years

Amount for the current period and previous four years are as follows:

Pension plan:

	For the fifteen months ended 31 March	For the year ended 31 December			
	2014	**2012**	**2011**	**2010**	**2009**
Present value of defined benefit obligation	**(956.96)**	(2,463.56)	(2,068.66)	(1,992.95)	(1,701.50)
Experience adjustment loss/ (gain) for plan liability	**22.27**	96.92	78.93	(17.89)	23.29

Gratuity plan:

	For the fifteen months ended 31 March	For the year ended 31 December			
	2014	**2012**	**2011**	**2010**	**2009**
Present value of defined benefit obligation	**(1,134.11)**	(1,072.11)	(842.89)	(734.19)	(525.07)
Fair value of plan assets	**1,271.79**	1,026.30	846.76	665.86	439.29
Surplus/ (deficit)	**137.68**	(45.81)	3.87	(68.33)	(85.78)
Experience adjustment loss for plan liability	**39.80**	46.60	65.87	117.66	52.30
Experience adjustment (gain)/ loss for plan assets	**(1.34)**	4.24	(1.06)	2.95	–

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(Rupees in millions except share data, per share data and unless otherwise stated)

Provident fund ##

	For the fifteen months ended 31 March	For the year ended 31 December		
	2014	**2012**	**2011**	**2010**
Present value of defined benefit obligation	**(4,280.77)**	(3,599.18)	(3,196.40)	(2,975.90)
Fair value of plan assets	**4,399.54**	3,679.61	3,228.86	2,931.95
Surplus/(deficit)	**118.77**	80.43	32.46	(43.95)
Experience adjustment loss/ (gain) for plan liability	**110.51**	(64.78)	8.16	22.97
Experience adjustment loss for plan assets	**18.38**	2.51	11.66	16.90

Information presented for four periods since 31 December 2010 was the first year of actuarial valuation.

36. Hedging and derivatives

a) The Company uses various forms of derivative instruments such as foreign exchange forward contracts (including instruments which are in substance forward contracts), options, currency swaps, currency cum interest rate swaps and interest rate swaps to hedge its exposure to movements in foreign exchange and interest rates. These derivatives are not used for trading or speculation purposes.

b) The Company classifies some of its derivative contracts that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. As at 31 March 2014, there are no such derivative contracts which are classified as cash flow hedges. As at 31 December 2012, these highly probable forecasted transactions were expected to occur over a period from January 2013 to July 2013 years which also approximated/ coincided with maturity of hedging instruments. The effective portion of such cash flow hedges was recorded as part of reserves and surplus within "hedging reserve" and re-classified in the Statement of Profit and Loss in the period corresponding to the occurrence of the highly probable forecasted transactions. The ineffectiveness arising from cash flow hedges which was recognised in Statement of Profit and Loss was not material.

The following are the outstanding derivative contracts entered into by the Company:

As at 31 March 2014

Category	Currency	Cross Currency	Amount (in millions)	Buy/ Sell	Purpose
Forward contracts for loans (PCFC) $ ^	**USD**	**INR**	**USD 282.00**	**Buy**	**Hedging**
Currency swaps (ECBs) $	**USD**	**INR**	**USD 120.00**	**Buy**	**Hedging**
Currency options (ECBs) > # @	**USD**	**INR**	**USD 100.00**	**Buy**	**Hedging**
Currency options > # ** @	**USD**	**INR**	**USD 227.00**	**Sell**	**Hedging**
Currency cum interest rate swaps (ECBs) > # @	**USD**	**INR**	**USD 100.00**	**Buy**	**Hedging**

As at 31 December 2012

Category	Currency	Cross Currency	Amount (in millions)	Buy/ Sell	Purpose
Forward contracts for loans (PCFC) $ ^	USD	INR	USD 137.30	Buy	Hedging
Forward contracts for loans (ECBs) $	USD	INR	USD 8.34	Buy	Hedging
Currency swaps (ECBs) $	USD	INR	USD 120.00	Buy	Hedging
Forward contracts > # * @	USD	INR	USD 20.00	Sell	Hedging
Forward contracts > # @	EUR	USD	EUR 4.00	Sell	Hedging
Currency options > # ** @	USD	INR	USD 430.00	Sell	Hedging
Currency cum interest rate swaps (ECBs) > # @	USD	INR	USD 100.00	Buy	Hedging

$ accounted for in accordance with AS 11, "The Effects of Changes in foreign exchange rates"

^ PCFC represents packing credit loans taken in foreign currency

> accounted for in accordance with AS 30, "Financial Instruments-Recognition and Measurement", to the extent not covered under AS 11

Cumulative mark to market loss (net), on above instruments, of Rs. 9,867.37 (previous year Rs. 15,608.91) which has been determined based on valuation provided by banks i.e. counter party

** structured options @ 2.00 to 2.50 times

* designated as cash flow hedge instruments

@ The Statement of Profit and Loss includes loss of Rs. 2,965.27 (previous year Rs. 1,529) in respect of derivative instruments accounted as per the provision of AS 30, "Financial Instruments-Recognition and Measurement"

Notes to the financial statements for the fifteen months ended 31 March 2014

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c) The Company's unhedged foreign currency exposures on account of receivables/ payables (net of respective derivatives and forward contracts) are as follows:

	As at 31 March 2014		As at 31 December 2012	
	(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
	(in millions)		(in millions)	
Receivables (net of provision for doubtful receivables)				
– EUR ##	**69.71**	**5,725.43**	30.57	2,210.95
– ZAR	**161.97**	**911.77**	289.38	1,867.79
– RUB	**317.23**	**529.68**	1,375.45	2,477.23
– GBP	**1.03**	**102.31**	0.33	28.98
– AUD	**16.24**	**894.93**	22.33	1,271.00
– SEK	**1.91**	**17.52**	3.88	32.59
– NZD	**0.43**	**22.35**	0.33	14.74
– MYR	**2.26**	**41.22**	2.49	44.51
– JPY	**16.56**	**9.62**	0.09	0.05
– THB	**–**	**–**	17.53	31.32
– NGN	**11.28**	**4.33**	11.14	3.92
– CAD	**1.89**	**102.09**	2.90	159.50
– MXN	**10.63**	**48.56**	36.90	155.30
– PLN	**0.72**	**14.22**	–	–
– USD ^^	**–**	**–**	–	–
– USD <	**150.00**	**8,962.50**	–	–

\## Net of forward contracts of EUR Nil million (previous year EUR 4 million) irrespective of the maturities.

^^ Represents trade receivables net of currency options of USD 227 million (previous year USD 430 million) and forward contracts of USD Nil (previous year USD 20 million) irrespective of the maturities of currency options.

< Represents loan receivable from overseas subsidiary.

Payables				
– USD	**571.41**	**34,147.69**	581.53	31,841.81
– EUR	**17.94**	**1,473.91**	3.02	218.55
– GBP	**1.74**	**172.81**	0.64	56.26
– CAD	**0.01**	**0.66**	0.11	5.95
– JPY	**85.23**	**49.53**	49.90	31.78
– RUB	**84.46**	**141.16**	102.37	184.62
– UAH	**1.47**	**8.28**	2.78	18.91
– AED	**0.88**	**14.31**	0.73	10.87
– KZT	**33.57**	**11.03**	5.01	1.83
– CFR	**374.00**	**46.86**	111.70	12.32
– AUD	**0.01**	**0.47**	0.48	27.27
– VND	**1,333.79**	**3.79**	1,176.96	3.10
Others $$		**27.67**		20.40
Bank balances (include interest accrued but not due on bank deposits)				
– AED	**0.12**	**1.90**	0.21	3.12
– USD	**1.66**	**99.02**	53.12	2,908.12
– LTL	**0.30**	**7.23**	0.46	9.60
– CFR	**156.77**	**19.48**	196.81	21.56
– RUB	**12.39**	**20.68**	1.22	2.21
– PLN	**–**	**–**	0.02	0.38
– UAH	**0.35**	**1.81**	0.29	1.99
– RMB	**0.31**	**3.00**	0.39	3.44
– KZT	**25.47**	**8.35**	3.16	1.15

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	As at 31 March 2014		As at 31 December 2012	
	(in original currency)	(in Rupees)	(in original currency)	(in Rupees)
	(in millions)		(in millions)	
– KES	**0.80**	**0.55**	2.84	1.80
Others $$		**4.19**		2.51
Loans (include interest accrued but not due on borrowings)				
– USD @@	**98.03**	**5,858.28**	309.32	16,936.75

$$ Exposures in other currencies which are not significant has been aggregated for this disclosure.

@@ Net of forward contracts of USD 282 million (previous year USD 145.64 million), currency swaps of USD 120 million (previous year USD 120 million), currency options of USD 100 million (previous year USD Nil) and currency cum interest rate swaps of USD 100 million (previous year USD 100 million).

37. Related party disclosures

A] Names of related parties

Related parties (where control exists) with whom no transactions have taken place during the current period or previous year:

i) Subsidiaries including step down subsidiaries

Vidyut Investments Limited, India

Ranbaxy Signature LLC, USA

Be-Tabs Investments (Proprietary) Ltd, South Africa

S.C. Terapia Distributie S.R.L., Romania (Merged with S.C. Terapia S.A., Romania w.e.f. 7 February 2012)

Office Pharmaceutique Industriel et Hospitalier SARL, France

Ranbaxy Holdings (UK) Ltd., United Kingdom ('U.K.')

Ranbaxy Do Brazil Ltda., Brazil (Liquidated on 7 November 2012)

Ranbaxy Pharma AB, Sweden (Liquidated on 2 January 2014)

Ranbaxy GmbH, Germany (from 9 November 2012)

Ranbaxy Laboratories Inc., USA

Ranbaxy (Thailand) Co., Limited (from 20 February 2013)

Related parties with whom transactions have taken place during the current period or previous year:

i) Holding company (also being the ultimate holding company)

Daiichi Sankyo Company Limited, Japan

ii) Fellow subsidiaries

Daiichi Sankyo India Pharma Private Limited, India

Daiichi Sankyo Development Limited, U.K.

Daiichi Sankyo Propharma Co., Ltd., Japan

Daiichi Sankyo Espha Co. Ltd., Japan

Daiichi Sankyo, Inc., USA

Daiichi Sankyo Venezuela S.A., Venezuela

Daiichi Sankyo Chemical Pharma Co., Ltd., Japan

Ranbaxy Mexico S.A.de C.V., Mexico

Daiichi Sankyo Europe GmbH, Germany

iii) Subsidiaries including step down subsidiaries / partnership firms

Ranbaxy Drugs and Chemicals Company, India (Company with unlimited liability) #

Solus Pharmaceuticals Limited, India #

Ranbaxy SEZ Limited, India #

Rexcel Pharmaceuticals Limited, India #

Ranbaxy Life Sciences Research Limited, India #

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

Gufic Pharma Limited, India
Ranbaxy Drugs Limited, India
Solrex Pharmaceuticals Company, India (a Partnership firm)
Ranbaxy (Hong Kong) Limited, Hong Kong @
Ranbaxy Inc., USA
Ranbaxy USA, Inc., USA
Ranbaxy Egypt (L.L.C.), Egypt
Ranbaxy Farmaceutica Ltda., Brazil
Ranbaxy PRP (Peru) SAC, Peru
Ranbaxy Australia Proprietary Ltd., Australia
Daiichi Sankyo (Thailand) Limited, Thailand [formerly known as Ranbaxy Unichem Co. Ltd., Thailand (subsidiary upto 30 September 2013)] $
Ranbaxy Italia S.p.A, Italy
Ranbaxy Malaysia Sdn. Bhd., Malaysia
Ranbaxy Poland S.P. Zoo, Poland
Ranbaxy Nigeria Limited, Nigeria
Ranbaxy Europe Limited, U.K.
Ranbaxy (UK) Limited, U.K.
Basics GmbH, Germany
ZAO Ranbaxy, Russia
S.C. Terapia S.A., Romania
Ranbaxy Pharmaceuticals, Inc., USA
Ohm Laboratories, Inc., USA
Ranbaxy Ireland Limited, Ireland
Ranbaxy South Africa Proprietary Limited, South Africa
Laboratorios Ranbaxy S.L., Spain
Ranbaxy Pharmacie Generiques SAS, France
Ranbaxy Pharmaceuticals Canada Inc., Canada
Sonke Pharmaceuticals (Proprietary) Ltd, South Africa
Ranbaxy Portugal - Com E Desenvolv DeProd Farmaceuticos Unipessoal Lda, Portugal
Ranbaxy Belgium N.V., Belgium
Be-Tabs Pharmaceuticals (Proprietary) Ltd, South Africa
Rexcel Egypt (L.L.C.), Egypt
Ranbaxy Morocco LLC, Morocco
Ranbaxy Pharmaceuticals Ukraine LLC, Ukraine (from 13 June 2012)
Ranbaxy (Netherlands) B.V., The Netherlands

iv) Associate company

Zenotech Laboratories Limited, India
Daiichi Sankyo (Thailand) Limited, Thailand [formerly known as Ranbaxy Unichem Co. Ltd., Thailand, (an associate w.e.f. 1 October 2013)] $

v) Key management personnel

Mr. Arun Sawhney, CEO and Managing Director

\# Refer to note 14 for details on merger of these subsidiaries with RDL
@ Refer to note 18 for details of liquidation of the entity during the current period
$ Refer to note 14 for details on business integration with Daiichi Sankyo (Thailand) Ltd.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

B] Transactions with the related parties

Sr. No.	Transactions	Holding company	Fellow subsidiaries	Subsidiaries	Associate	Key management personnel	Total
1	Sale of products - export	130.04	374.38	19,816.09	162.82	–	20,483.33
		(29.93)	(459.71)	(23,680.70)	–	–	(24,170.34)
2	Sale of products - domestic (gross)	–	–	102.21	–	–	102.21
		–	–	(53.46)	–	–	(53.46)
3	Royalty, milestone, technical know-how and product development (income)	–	–	337.39	–	–	337.39
		–	–	(263.95)	–	–	(263.95)
4	Non-compete fee (income recognised)	–	–	–	–	–	–
		–	(210.00)	–	–	–	(210.00)
5	Dividend on non-current investments with overseas subsidiaries	–	–	6,121.32	–	–	6,121.32
		–	–	(10.04)	–	–	(10.04)
6	Proceeds from disposal/ sale of non-current investments	–	–	179.55	–	–	179.55
		–	–	(1,774.01)	–	–	(1,774.01)
7	Profit on sale of fixed assets	–	–	–	0.44	–	0.44
		–	–	–	–	–	–
8	Profit on disposal/ sale of non-current investment	–	–	169.71	–	–	169.71
		–	–	(13.76)	–	–	(13.76)
9	Rental income from property leases	–	166.95	–	–	–	166.95
		–	(126.00)	–	–	–	(126.00)
10	Other operating revenues - others	59.22	118.66	44.63	–	–	222.51
		(36.55)	(47.11)	–	(4.92)	–	(88.58)
11	Interest income	–	–	162.18	36.62	–	198.80
		–	–	–		–	–
12	Unclaimed balances / excess provision written back	–	–	254.04	–	–	254.04
		–	–	–	–	–	–
13	Recharge of information technology ('IT') related cost	–	–	76.62	–	–	76.62
		–	–	(24.57)	–	–	(24.57)
14	Purchases of stock-in-trade	22.71	0.19	1,137.66	53.36	–	1,213.92
		–	(0.48)	(1,235.48)	(14.98)	–	(1,250.94)
15	Rent expense	–	–	9.90	–	–	9.90
		–	–	–	–	–	–
16	Business support and market research	7.74	2.56	1,284.36	–	–	1,294.66
		(5.51)	(1.51)	(930.80)	–	–	(937.82)
17	Claims and contractual expense	–	–	24.16	–	–	24.16
		–	–	(83.39)	–	–	(83.39)
18	Procurement cost of exhibit batches (included in cost of materials consumed)	–	–	316.38	–	–	316.38
		–	–	(106.40)	–	–	(106.40)
19	Regulatory filing expenses	–	–	141.18	–	–	141.18
		–	–	(167.62)	–	–	(167.62)
20	Analytical charges	–	–	235.63	–	–	235.63
		–	–	(145.87)	–	–	(145.87)
21	Processing charges	–	–	13.13	–	–	13.13
		–	–	(13.17)	–	–	(13.17)

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

Sr. No.	Transactions	Holding company	Fellow subsidiaries	Subsidiaries	Associate	Key management personnel	Total
22	Clinical trials	–	–	234.23	–	–	234.23
		–	(9.95)	(88.69)	–	–	(98.64)
23	Royalty expenses	2.73	–	0.57	–	–	3.30
		(1.75)	–	(0.24)	–	–	(1.99)
24	Employee benefits expense *	–	–	–	–	149.80	149.80
		–	–	–	–	(108.21)	(108.21)
25	Reimbursement of employee benefits expense paid	89.25	23.84	–	–	–	113.09
		(82.04)	(22.95)	–	–	–	(104.99)
26	Settlement with US DOJ (including related interest and other costs) (Refer to note 8)	–	–	28,538.95	–	–	28,538.95
		–	–	–	–	–	–
27	Reimbursement of other expenses paid	1.11	0.08	295.40	–	–	296.59
		(1.67)	–	(310.97)	–	–	(312.64)
28	Reimbursement of other expenses received	2.56	40.37	69.85	0.87	–	113.65
		–	(20.03)	–	(0.43)	–	(20.46)
29	Security deposit paid	–	–	3.96	–	–	3.96
		–	–	–	–	–	–
30	Loans and advances given	–	–	8,480.05	455.02	–	8,935.07
		–	–	(1,789.70)	(41.14)	–	(1,830.84)
31	Loans and advances received back	–	–	1,495.00	49.96	–	1,544.96
		–	–	(22.34)	–	–	(22.34)
32	Advance received from customer	8.02	–	–	85.64	–	93.66
		–	–	(2,340.24)	–	–	(2,340.24)
33	Advance refunded to customer	–	–	1,596.64	–	–	1,596.64
		–	–	–	–	–	–
34	Investments made in equity shares	–	–	12,200.73	–	–	12,200.73
		–	–	–	–	–	–
35	Letter of comforts given on behalf of subsidiaries	–	–	2,744.18	–	–	2,744.18
		–	–	–	–	–	–
36	Withdrawal of letter of comforts given on behalf of subsidiaries	–	–	51.84	–	–	51.84
		–	–	(344.83)	–	–	(344.83)
37	Guarantees given on behalf of an associate company	–	–	–	–	–	–
		–	–	–	(120.00)	–	(120.00)
38	Withdrawal of guarantees given on behalf of an associate company	–	–	–	120.00	–	120.00
		–	–	–	–	–	–
39	Exceptional items:						
	a) Profit on sale of intellectual property rights	–	–	4,327.69	–	–	4,327.69
		–	–	–	–	–	–
	b) Claims towards inventory provision/ write off and other costs	–	–	1,093.68	–	–	1,093.68
		–	–	–	–	–	–
	c) Product recall expenses	–	–	–	–	–	–
		–	–	(2,058.72)	–	–	(2,058.72)

Current period figures are for fifteen months ended 31 March 2014 and figures in brackets are for the previous year.

* Does not include expense in respect of gratuity, pension and compensated absences as the same is determined on an actuarial basis for the Company as a whole

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

C) Transaction in excess of 10% of the total related party transactions

Sr. No.	Transactions	Related party relationship	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
1	**Sale of products - export**			
	Ohm Laboratories Inc., USA	Subsidiary company	**2,969.57**	9,252.14
	ZAO Ranbaxy, Russia	Subsidiary company	**2,607.84**	2,394.55
	Ranbaxy Ireland Limited, Ireland	Subsidiary company	**2,468.57**	1,361.79
2	**Sale of products - domestic (gross)**			
	Solrex Pharmaceuticals Company, India (A Partnership firm)	Subsidiary entity	**102.21**	53.46
3	**Royalty, milestone, technical know-how and product development (income)**			
	Ranbaxy Pharmaceuticals, Inc., USA	Subsidiary company	**257.17**	181.20
	Ranbaxy Malaysia Sdn. Bhd., Malaysia	Subsidiary company	**54.33**	61.36
4	**Non-compete fee (income recognised)**			
	Daiichi Sankyo India Pharma Private Limited, India	Fellow subsidiary	**–**	210.00
5	**Dividend on non-current investments with overseas subsidiaries**			
	Ranbaxy (Netherlands) B.V., The Netherlands	Subsidiary company	**6,113.97**	–
	Ranbaxy Malaysia Sdn. Bhd., Malaysia	Subsidiary company	**5.98**	5.59
	Ranbaxy Nigeria Limited, Nigeria	Subsidiary company	**1.37**	1.81
	Ranbaxy Unichem Co. Ltd., Thailand	Subsidiary company	**–**	2.64
6	**Proceeds from disposal/ sale of non-current investments**			
	Ranbaxy (Hong Kong) Limited, Hong Kong	Subsidiary company	**179.55**	–
	Ranbaxy Drugs Limited, India (Refer to note 14)	Subsidiary company	**–**	1,774.01
7	**Profit on sale of fixed assets**			
	Zenotech Laboratories Limited, India	Associate company	**0.44**	–
8	**Profit on disposal/ sale of non-current investment**			
	Ranbaxy (Hong Kong) Limited, Hong Kong	Subsidiary company	**169.71**	–
	Ranbaxy Drugs and Chemicals Company, India	Subsidiary company	**–**	13.76
9	**Rental income from property leases**			
	Daiichi Sankyo India Pharma Private Limited, India	Fellow subsidiary	**166.95**	126.00
10	**Other operating revenues - others**			
	Daiichi Sankyo India Pharma Private Limited, India	Fellow subsidiary	**43.55**	47.11
	Daiichi Sankyo Company Limited, Japan	Holding company	**59.22**	36.55
	Basics GmbH, Germany	Subsidiary company	**37.34**	–
	Daiichi Sankyo Espha Co. Ltd., Japan	Fellow subsidiary	**72.95**	–
11	**Interest income**			
	Ranbaxy (Netherlands) B.V., The Netherlands	Subsidiary company	**162.18**	–
	Zenotech Laboratories Limited, India	Associate company	**36.62**	–
12	**Unclaimed balances / excess provision written back**			
	Ranbaxy Pharmaceuticals, Inc., USA	Subsidiary company	**254.04**	–
13	**Recharge of information technology ('IT') related cost**			
	Ranbaxy Pharmaceuticals, Inc., USA	Subsidiary company	**34.49**	12.74
	S.C. Terapia S.A., Romania	Subsidiary company	**16.83**	4.89
14	**Purchases of stock-in-trade**			
	Solrex Pharmaceuticals Company, India (A Partnership firm)	Subsidiary entity	**1,042.92**	1,143.40

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

Sr. No.	Transactions	Related party relationship	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
15	**Rent expense**			
	Solrex Pharmaceuticals Company, India (A Partnership firm)	Subsidiary entity	**9.90**	–
16	**Business support and market research**			
	Ranbaxy Inc., USA	Subsidiary company	**629.48**	425.60
	S.C. Terapia S.A., Romania	Subsidiary company	**132.15**	13.38
	Ranbaxy Europe Limited, U.K.	Subsidiary company	**383.84**	409.23
	Ranbaxy Malaysia Sdn. Bhd., Malaysia	Subsidiary company	**134.32**	77.09
17	**Claims and contractual expense**			
	Ranbaxy Farmaceutica Ltda., Brazil.	Subsidiary company	**6.54**	15.60
	Basics GmbH, Germany	Subsidiary company	**10.26**	15.61
	Ranbaxy PRP (Peru) S.A.C, Peru	Subsidiary company	**2.97**	–
	ZAO Ranbaxy, Russia	Subsidiary company	**2.99**	–
	Ranbaxy Malaysia Sdn. Bhd., Malaysia	Subsidiary company	**–**	51.92
18	**Procurement cost of exhibit batches (included in cost of materials consumed)**			
	Ohm Laboratories Inc., USA	Subsidiary company	**316.38**	105.65
19	**Regulatory filing expenses**			
	Ranbaxy (UK) Limited, U.K.	Subsidiary company	**82.72**	84.30
	Ranbaxy Italia S.p.A, Italy	Subsidiary company	**25.51**	27.79
	Laboratorios Ranbaxy S.L., Spain	Subsidiary company	**13.14**	19.17
	S.C. Terapia S.A., Romania	Subsidiary company	**17.90**	17.30
20	**Analytical charges**			
	Ranbaxy Ireland Limited, Ireland	Subsidiary company	**129.74**	86.35
	S.C. Terapia S.A., Romania	Subsidiary company	**49.91**	36.34
	Solrex Pharmaceuticals Company, India (A Partnership firm)	Subsidiary entity	**49.15**	23.18
21	**Processing charges**			
	Solrex Pharmaceuticals Company, India (A Partnership firm)	Subsidiary entity	**13.13**	13.17
22	**Clinical trials**			
	S.C. Terapia S.A., Romania	Subsidiary company	**216.63**	88.69
	Ranbaxy Mexico S.A.de C.V., Mexico	Fellow subsidiary	**–**	9.95
23	**Royalty expenses**			
	Daiichi Sankyo Company Limited, Japan	Holding company	**2.73**	1.75
	Gufic Pharma Limited, India	Subsidiary company	**0.30**	0.24
	S.C. Terapia S.A., Romania	Subsidiary company	**0.27**	–
24	**Employee benefits expense**			
	Mr. Arun Sawhney	Key management personnel	**149.80**	108.21
25	**Reimbursement of employee benefits expense paid**			
	Daiichi Sankyo Company Limited, Japan	Holding company	**89.25**	82.04
	Daiichi Sankyo, Inc., USA	Fellow subsidiary	**12.00**	16.07
	Daiichi Sankyo Propharma Co., Ltd., Japan	Fellow subsidiary	**11.84**	6.88
26	**Settlement with US DOJ (including related interest and other costs) (Refer to note 8)**			
	Ranbaxy Pharmaceuticals, Inc., USA	Subsidiary company	**19,392.81**	–
	Ranbaxy USA, Inc., USA	Subsidiary company	**9,146.14**	–

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

Sr. No.	Transactions	Related party relationship	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
27	**Reimbursement of other expenses paid**			
	Ranbaxy Australia Proprietary Ltd., Australia	Subsidiary company	**253.67**	231.06
	Ranbaxy Inc., USA	Subsidiary company	**–**	44.94
28	**Reimbursement of other expenses received**			
	Daiichi Sankyo India Pharma Private Limited, India	Fellow subsidiary	**37.75**	20.03
	Ranbaxy Nigeria Limited, Nigeria	Subsidiary company	**32.44**	–
	ZAO Ranbaxy, Russia	Subsidiary company	**21.23**	–
	Ranbaxy Egypt (L.L.C), Egypt	Subsidiary company	**11.36**	–
29	**Security deposit paid**			
	Solrex Pharmaceuticals Company, India (A Partnership firm)	Subsidiary entity	**3.96**	–
30	**Loans and advances given**			
	Ranbaxy (Netherlands) B.V., The Netherlands	Subsidiary company	**8,479.75**	–
	Ranbaxy Drugs Limited, India	Subsidiary company	**0.30**	1,780.11
31	**Loans and advances received back**			
	Ranbaxy Drugs Limited, India	Subsidiary company	**1,495.00**	–
	Rexcel Pharmaceuticals Limited, India	Subsidiary company	**–**	17.94
	Solus Pharmaceuticals Limited, India	Subsidiary company	**–**	2.40
32	**Advance received from customer**			
	Daiichi Sankyo (Thailand) Limited	Associate company	**85.64**	–
	Ranbaxy Pharmaceuticals, Inc., USA	Subsidiary company	**–**	2,340.24
33	**Advance refunded to customer**			
	Ranbaxy Pharmaceuticals, Inc., USA	Subsidiary company	**1,596.64**	–
34	**Investments made in equity shares**			
	Ranbaxy (Netherlands) B.V., The Netherlands	Subsidiary company	**10,891.65**	–
	Ranbaxy Pharmacie Generiques SAS, France	Subsidiary company	**1,309.08**	–
35	**Letter of comforts given on behalf of subsidiaries**			
	Ranbaxy Egypt (L.L.C), Egypt	Subsidiary company	**389.22**	–
	S.C. Terapia S.A., Romania	Subsidiary company	**2,354.96**	–
36	**Withdrawal of letter of comforts given on behalf of subsidiaries**			
	Ranbaxy Unichem Co. Ltd., Thailand	Subsidiary company	**51.84**	–
	Ranbaxy Italia S.p.A, Italy	Subsidiary company	**–**	344.83
37	**Guarantees given on behalf of an associate company**			
	Zenotech Laboratories Limited, India	Associate company	**–**	120.00
38	**Withdrawal of guarantees given on behalf of an associate company**			
	Zenotech Laboratories Limited, India	Associate company	**120.00**	–
39	**Exceptional items:**			
	a) Profit on sale of intellectual property rights			
	S.C. Terapia S.A., Romania	Subsidiary company	**4,327.69**	–
	b) Claims towards inventory provision/ write off and other costs			
	Ranbaxy Pharmaceuticals, Inc., USA	Subsidiary company	**466.90**	–
	Ohm Laboratories Inc., USA	Subsidiary company	**626.78**	–
	c) Product recall expenses			
	Ranbaxy Pharmaceuticals Inc., USA	Subsidiary company	**–**	1,432.31
	Ohm Laboratories Inc., USA	Subsidiary company	**–**	626.41

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

D] Balances due from / to the related parties as at 31 March 2014

Sr. No.	Particulars	Holding company	Fellow subsidiaries	Subsidiaries	Associate	Total
1	Trade receivables	23.05	118.49	8,277.10	4.61	8,423.25
		(0.57)	(77.69)	(9,305.07)	(4.61)	(9,387.94)
2	Trade payables - others	43.91	26.29	1,464.74	2.85	1,537.79
		(27.94)	(17.91)	(1,168.01)	–	(1,213.86)
3	Short-term provision - other provisions	–	–	333.58	–	333.58
		–	–	–	–	–
4	Other long-term liabilities - security deposit received	–	63.00	–	–	63.00
		–	–	–	–	–
5	Other current liabilities - security deposit received	–	–	–	–	–
		–	(63.00)	–	–	(63.00)
6	Other current liabilities - advance from customers	8.02	–	–	85.64	93.66
		–	–	(2,122.33)	–	(2,122.33)
7	Other current liabilities - payable towards product recall expenses	–	–	1,115.01		1,115.01
		–	–	(1,269.90)	–	(1,269.90)
8	Other current liabilities - payable towards settlement with DOJ (refer to note 8)	–	–	29,238.60		29,238.60
		–	–	–	–	–
9	Other current liabilities - other payables	–	–	98.14	–	98.14
		–	–	(179.55)	–	(179.55)
10	Short-term loans and advances- loan to domestic subsidiary	–	–	288.95	–	288.95
		–	–	(1,783.65)	–	(1,783.65)
11	Short-term loans and advances - loan to overseas subsidiary	–	–	8,962.50		8,962.50
		–	–	–	–	–
12	Short-term loans and advances - advance to suppliers	–	–	0.48	8.71	9.19
		–	–	(9.59)	(41.14)	(50.73)
13	Long-term loans and advances (to an associate)	–	–	–	437.49	437.49
		–	–	–	–	–
14	Long term loans and advances - advance paid	–	–	3.96	–	3.96
		–	–	–	–	–
15	Other current assets - receivable towards sale of intellectual property rights	–	–	4,299.63	–	4,299.63
		–	–	–	–	–
16	Other current assets - receivables towards interest on loan given	–	–	60.13	33.15	93.28
		–	–	–	–	–
17	Letter of comforts on behalf of subsidiaries	–	–	6,443.81	–	6,443.81
		–	–	(3,470.41)	–	(3,470.41)
18	Guarantees given on behalf of an associate company	–	–	–	–	–
		–	–	–	(120.00)	(120.00)

Figures in brackets are for the previous year

Key management personnel

As at 31 March 2014, amount payable to key management personnel is Rs. 26.60 (previous year Rs. 13.41) included under 'Payable to employees' in 'Other current liabilities' in note 11.

Further, during the current period and earlier years, the Company has granted stock options to Arun Sawhney, key management personnel in respect of which Rs. 7.95 (previous year Rs. 4.35) has been recognised as an expense under "Employee stock option expense" in note 28 of the Statement of Profit and Loss. The deferred employee stock option expense in respect of such stock options as at 31 March 2014 is Rs. 6.36 (previous year Rs. 8.48)

38. The Board of Directors at their meeting held on 6 April 2014, approved the Scheme of Arrangement providing inter-alia reduction of capital and merger of the Company with M/s. Sun Pharmaceutical Industries Limited (SPIL) with effect from the appointed date of 1 April 2014. As per the Scheme, the share exchange ratio has been proposed as 0.8 share of SPIL for each share of the Company. The scheme is subject to requisite approvals from Hon'ble High Courts of Gujarat and Punjab & Haryana and various other statutory authorities, as may be required.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

39. As at 31 March 2014, the accumulated losses of the Company have exceeded 50% of the peak net worth of the Company in the immediately preceding four financial years. Hence, the Company has become a potentially sick company in terms of the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and requisite compliances under this Act would be made by the Company.

40. During the previous year, the Company had made a voluntary recall of Atorvastatin Calcium Tablets from the USA market. The amount recognised in the Statement of Profit and Loss represents consequential cost (sales return, inventory write off and customer claim) recognised by the Company.

41. a) The Company has, during the fifteen months ended 31 March 2014, received an 'import alert' from the Food and Drug Administration of the USA ('US FDA') on its manufacturing facility located in Mohali consequent to their inspection in 2012, whereby US FDA regulated drugs could not be supplied there from. The US FDA also advised that the Mohali manufacturing facility will be subject to certain terms of the Consent Decree of permanent injunction entered into by the Company in January 2012 ('Consent Decree'). Consequently, stock write off and other costs of Rs. 695.14 has been recognised in these financial statements. It is expected that the concerns of US FDA would be resolved within a reasonable period leading resumption of supply to US market.

b) (i) The US FDA conducted an inspection at the Company's manufacturing facility located in Toansa in January 2014. Consequent to the findings of the inspection, on 23 January 2014, the US FDA invoked the Consent Decree prohibiting the Company from manufacturing and distributing APIs from its Toansa manufacturing facility and finished drug products containing APIs manufactured at this facility into the US regulated market. The Company has since progressed in investigating the findings of the US FDA (as contained in Form 483) and has submitted its response to the US FDA.

(ii) Subsequent to the imposition of the Consent Decree at the Toansa manufacturing facility as mentioned above, regulators in some jurisdictions including those of European Union ('EU') countries have sought clarifications/ took actions in respect of shipments from Toansa manufacturing facility. The Company is in dialogue with these regulatory agencies and is addressing their concerns. The Company expects to resume API bulk shipments to EU countries from Toansa manufacturing facility upon receipt of clearances from relevant regulatory authorities.

(iii) The Department of Justice of the USA ('US DOJ'), United States Attorney's Office for the District of New Jersey has issued an administrative subpoena dated 13 March 2014 to the Company seeking information primarily related to the Company's API Toansa manufacturing facility in India for which a Form 483 was issued by US FDA in January 2014 (as explained in (i) above). The Company is fully cooperating with this information request and is in dialogue with the US DOJ for submission of the requisite information.

(iv) During the quarter ended 31 March 2014, the Company has temporarily put on hold its operations from API manufacturing facilities at Toansa to examine the manufacturing and quality processes and controls, voluntarily as a precautionary measure. The same is expected to be resumed shortly.

(v) The management is taking all necessary steps to resolve the above matters to the satisfaction of the concerned authorities. However, considering the above matters relating to the Toansa manufacturing facility, provisions (primarily relating to inventories, trade commitments, sales return etc.), amounting to Rs. 2,862.78 have been recognised in these financial statements. In calculating these provisions, the management has used the best information and estimates, presently available. Since the matter involves significant judgement and in view of the inherent uncertainty of the present situation, the actual amounts may differ eventually.

c) During the quarter ended 31 March 2014, the Company has temporarily put on hold its operations from API manufacturing facility at Dewas to examine the manufacturing and quality processes and controls, consequent to receipt of certain internal information. Consequent to the findings of the above exercise, the carrying amount of inventory has been written down by Rs. 424. The attribution of this amount to any particular period/ year is not possible. The Company expects to resume the operations shortly.

42. **Contingent liabilities and commitments**

(to the extent not provided for)

	As at 31 March 2014	As at 31 December 2012
Contingent liabilities		
i) Guarantees		
(a) Letter of comfort on behalf of subsidiaries, to the extent of limits	**6,443.81**	3,470.41
(b) Corporate bank guarantee on behalf of an associate, to the extent of limits	**–**	120.00

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	As at 31 March 2014	As at 31 December 2012
ii) Claims against the Company not acknowledged as debts, under dispute:		
(a) DPCO *	**3,052.88**	2,290.41
(b) European Commission **	**843.57**	–
(c) Trade commitments	**582.61**	–
(d) Service tax matters $	**156.00**	–
(e) Octroi tax matters #	**171.00**	171.00
(f) Other matters ##	**228.93**	195.12

* The Company has received demands for payment to the credit of the Drug Prices Equalisation Account under Drugs (Price Control) Order, 1995 ('DPCO') which is being contested by the Company in respect of its various products. Further, the Company has deposited Rs. 325.59 (previous year Rs. 325.59) under protest. The amount is excluding interest and penalty, if any. It also includes a demand of Rs. 565.48 received by the Company in April 2014, under DPCO in respect of a product.

** Fine imposed on Ranbaxy Laboratories Limited, India and Ranbaxy (UK) Limited, U.K. for anti-competitive settlement agreement by European Commission.

$ The Company has received show cause notice demanding service tax on certain services performed outside India under reverse charge basis.

\# The Company has been contesting a case with the Municipal Corporation of Mohali (MCM) under which MCM is contesting that Octroi has to be paid by the Company at 1% as against 0.5% being paid by the Company. The amount above represents the difference payable.

\#\# These represent cases pending at various forums on account of employee / worker related cases, State electricity board, Punjab Land Preservation Act, Sales tax, Excise duty related matters etc.

iii) In respect of matters in ii) above, the amount represents the demands received under the respective demand/ show cause notices/ legal claims, wherever applicable.

iv) Based on direction received in relation to the draft assessment order of Assessment Year (AY) 2008-09, Dispute Resolution Panel ("DRP") under the provisions of section 144C of the Income Tax Act, 1961, had instructed the Assessing Officer ("AO") to make additions/ disallowances on various issues including Transfer Pricing and deductions claimed under section 80-IB/IC of the Act to taxable income of the Company. The Company received the final assessment order from the AO in November 2012 whereby demand of Rs 443.39 has been raised against the Company, which has been paid by the Company under protest in full. The Company has challenged the order before the Hon'ble Income Tax Appellate Tribunal ("ITAT") and pending disposal of the matter, the management considers the amount of tax liability as unascertainable.

During January 2014, the Company has received assessment order for AY 2009-10 from the AO making certain additions/ disallowances on various issues including Transfer Pricing and deductions claimed under section 80-IB/IC of the Income Tax Act, 1961, which has the effect of reducing the business loss for the referred year. Since, these additions/disallowances have been made pursuant to directions received from DRP, the Company has challenged the order before the Hon'ble ITAT. Pending disposal of the matter, the management considers the impact as unascertainable.

During March 2014, the Company has received a draft assessment order for AY 2010-11 from the AO proposing certain additions/ disallowances including deductions claimed under section 80-IB/IC of the Income Tax Act, 1961, to its taxable income for the referred year, which has the effect of reducing the carry forward accumulated tax losses. The Company has not accepted the same and has filed its objections before the DRP. Pending disposal of the matter, the management considers the impact as unascertainable.

v) The Company, directly or indirectly through its subsidiaries, severally or jointly is also involved in certain patents and product liability disputes as at the period end. Due to the nature of these disputes and also in view of significant uncertainty of outcome, the Company believes that the amount of exposure cannot be currently determinable.

Commitments

i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**470.54**	757.97
ii) Non cancellable lease commitments (Refer to note 30)	**272.65**	448.04

43. During the current period, the Company has transferred all significant risks and rewards of ownership of the Intellectual Property of its branded generic product 'Ketanov' (including technology/ know-how, brand, marketing, authorisations, dossiers etc.) to its subsidiary in Romania. The sales consideration of Rs. 4,327.69 has been determined by the management on the basis of a valuation report by an expert, using best estimates. Pursuant to the transaction, the Company has recorded a gain of Rs. 4,327.69 (previous year Nil), which has been disclosed as exceptional item in the Statement of Profit and Loss.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

44. Details of imported and indigenous raw materials, packing materials and stores and spare parts consumed during the period

		For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
a) Consumption of raw materials			
Indigenous	Amount (Rs.)	**7,599.36**	4,679.10
	As % of total	**42.66%**	36.07%
Imported	Amount (Rs.)	**10,216.28**	8,294.62
	As % of total	**57.34%**	63.93%
	Total amount (Rs.)	**17,815.64**	12,973.72
	Total %	**100.00%**	100.00%
b) Consumption of packing materials			
Indigenous	Amount (Rs.)	**2,598.03**	2,000.43
	As % of total	**91.56%**	86.49%
Imported	Amount (Rs.)	**239.61**	312.46
	As % of total	**8.44%**	13.51%
	Total amount (Rs.)	**2,837.64**	2,312.89
	Total %	**100.00%**	100.00%
c) Consumption of store and spares parts			
Indigenous	Amount (Rs.)	**1,237.29**	1,013.79
	As % of total	**91.95%**	87.83%
Imported	Amount (Rs.)	**108.37**	140.48
	As % of total	**8.05%**	12.17%
	Total amount (Rs.)	**1,345.66**	1,154.27
	Total %	**100.00%**	100.00%

45. Value of imports on CIF basis

Raw materials (including packing materials)	**8,567.04**	7,179.75
Components, stores and spare parts	**123.40**	145.75
Capital goods	**457.25**	472.49
	9,147.69	7,797.99

46. Expenditure in foreign currency

Royalty	**4.94**	3.81
Legal and professional	**5,168.92**	2,101.78
Interest	**996.51**	1,119.38
Claims and contractual expense (including amount shown under exceptional item)	**1,416.42**	3,904.16
Product recall (refer to note 40)	**–**	2,058.72
Others *	**6,770.02**	4,841.06
	14,356.81	14,028.91

* Others include overseas personnel expenses, advertisement and sales promotion, regulatory filling fees, brokerage and commission, business support and market research, rent, clinical trials, clearing and handling charges, analytical charges, travelling and conveyance etc.

Notes to the financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
47. Earnings in foreign currency		
Exports on F.O.B. basis (excluding sales made to customers located in Nepal)	**36,621.78**	37,856.87
Dividend on non-current investments with overseas subsidiaries @	**6,121.32**	10.04
Profit on sale of intellectual property rights	**4,327.69**	–
Settlement provision reversal	**1,458.05**	–
Royalty, milestone, technical know-how and product development	**503.39**	538.17
Interest	**177.99**	104.54
Others (freight/ insurance recoveries/ profit on disposal of non-current investment and other operating revenues)	**1,728.70**	1,006.10
	50,938.92	39,515.72

@ Gross of tax deducted at source by the subsidiaries amounting to Rs. 305.70 (previous year Nil)

48. Information pursuant to clause 32 of the listing agreements with stock exchanges

Loans and advances in the nature of loans to associates are as under:

	Balance as at 31 March 2014	Balance as at 31 December 2012	Maximum balance during the fifteen months ended 31 March 2014	Maximum balance during the year ended 31 December 2012
Interest bearing with specified payment schedule: Zenotech Laboratories Limited, India *	**470.64**	–	**470.64**	–
	470.64	–	**470.64**	–

* includes interest accrued and due on loans amounting to Rs. 33.15 (previous year Nil)

Loans and advances in the nature of loans to wholly owned subsidiary companies are as under:

	Balance as at 31 March 2014	Balance as at 31 December 2012	Maximum balance during the fifteen months ended 31 March 2014	Maximum balance during the year ended 31 December 2012
Interest free with no specified payment schedule:				
a) Ranbaxy Drugs Limited	**288.95**	1,783.65	**1,783.95**	1,783.65
b) Rexcel Pharmaceuticals Limited	**–**	–	**–**	17.94
c) Solus Pharmaceuticals Limited	**–**	–	**–**	2.40
d) Ranbaxy Life Sciences Research Limited	**–**	–	**–**	2.00
	288.95	1,783.65	**1,783.95**	1,805.99
Interest bearing with specified payment schedule:				
a) Ranbaxy (Netherlands) BV, The Netherlands	**8,962.50**	–	**8,962.50**	–
	8,962.50	–	**8,962.50**	–
	9,251.45	1,783.65	**10,746.45**	1,805.99

49. Segment information

In accordance with AS 17, "Segment Reporting", segment information has been given in the consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these financial statements.

As per our report of even date attached

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

Akhil Bansal
Partner
Membership No.: 090906

Place: Gurgaon
Date: 9 May 2014

For and on behalf of the Board of Directors of **Ranbaxy Laboratories Limited**

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Place: Gurgaon
Date: 9 May 2014

Statement Regarding Subsidiary Companies Pursuant to Sections 212(3) of the Companies Act, 1956

Name of Subsidiary Company	Financial period / year to which accounts relates	Holding Company's interest as at close of financial period / year of subsidiary company	Net aggregate amount of subsidiary company's profits after deducting its losses or vice–versa, so far as it concerns members of Holding Company which are not dealt within the Company's account		Net aggregate amount of subsidiary company's profit after deducting its losses or vice–versa, dealt within the Company's accounts		Holding Company's interest as at March 31, 2014 incorporating changes since close of financial period / year of Subsidiary Company
		Shareholding %age	**For the current financial period {Profit / (Loss)} Rs. Million**	For the previous financial year {Profit / (Loss)} Rs. Million	**For the current financial period Rs. Million**	For the previous financial year Rs. Million	
Domestic :							
Solus Pharmaceuticals Limited @	15 months period ended 31 March 2014	100.00	**NA**	141.56	**NA**	Nil	Refer note below
Vidyut Investments Limited	15 months period ended 31 March 2014	100.00	**1.52**	1.01	**Nil**	Nil	No change
Ranbaxy Drugs and Chemicals Company @ (A public company with unlimited liability)	15 months period ended 31 March 2014	100.00	**NA**	5.88	**NA**	Nil	Refer note below
Ranbaxy Drugs Limited	15 months period ended 31 March 2014	100.00	**(325.72)**	(0.23)	**Nil**	Nil	No change
Ranbaxy SEZ Limited @	15 months period ended 31 March 2014	100.00	**NA**	(0.11)	**NA**	Nil	Refer note below
Rexcel Pharmaceuticals Limited @	15 months period ended 31 March 2014	100.00	**NA**	141.18	**NA**	Nil	Refer note below
Gufic Pharma Limited	15 months period ended 31 March 2014	100.00	**(0.23)**	0.35	**Nil**	Nil	No change
Ranbaxy Life Sciences Research Ltd.@	15 months period ended 31 March 2014	100.00	**NA**	18.77	**NA**	Nil	Refer note below
Overseas :							
Ranbaxy Malaysia Sdn. Bhd. Malaysia	15 months period ended 31 March 2014	71.22	**(426.56)**	117.99	**5.98**	5.59	No change
Ranbaxy (Hong Kong) Limited@@ Hong Kong	15 months period ended 31 March 2014	Nil	**–**	(0.39)	**Nil**	Nil	Liquidated during the year
Basics GmbH Germany	15 months period ended 31 March 2014	100.00	**48.07**	(63.53)	**Nil**	Nil	No change
Ranbaxy GmbH Germany	15 months period ended 31 March 2014	100.00	**0.08**	(0.07)	**Nil**	Nil	No change
Ranbaxy (S.A.) (Proprietory) South Africa	15 months period ended 31 March 2014	100.00	**(73.04)**	173.87	**Nil**	Nil	No change
Sonke Pharmaceuticals (Pty) Ltd South Africa	15 months period ended 31 March 2014	70.00	**5.73**	119.08	**Nil**	Nil	Change from 68.4% to 70%
Ranbaxy Egypt (L.L.C.) Egypt	15 months period ended 31 March 2014	100.00	**9.73**	42.99	**Nil**	Nil	No change

Name of Subsidiary Company	Financial period / year to which accounts relates	Holding Company's interest as at close of financial period / year of subsidiary company	Net aggregate amount of subsidiary company's profits after deducting its losses or vice–versa, so far as it concerns members of Holding Company which are not dealt within the Company's account		Net aggregate amount of subsidiary company's profit after deducting its losses or vice–versa, dealt within the Company's accounts		Holding Company's interest as at March 31, 2014 incorporating changes since close of financial period / year of Subsidiary Company
		Shareholding %age	**For the current financial period {Profit / (Loss)} Rs. Million**	For the previous financial year {Profit / (Loss)} Rs. Million	**For the current financial period Rs. Million**	For the previous financial year Rs. Million	
Rexcel Egypt (L.L.C.) Egypt	15 months period ended 31 March 2014	100.00	**1.13**	5.83	**Nil**	Nil	No change
Ranbaxy (U.K.) Ltd. United Kingdom	15 months period ended 31 March 2014	100.00	**347.07**	52.29	**Nil**	Nil	No change
Ranbaxy Poland S.P. Z.o.o. Poland	12 months period ended 31 December 2013	100.00	**20.18**	12.62	**Nil**	Nil	No change
Ranbaxy Nigeria Ltd. Nigeria	15 months period ended 31 March 2014	85.31	**142.04**	50.81	**1.37**	1.81	No change
Ranbaxy Unichem Company Ltd. $ Thailand	15 months period ended 31 March 2014	26.90	**NA**	12.59	**Nil**	2.64	Refer note below
Ranbaxy (Thailand) Company Ltd. (w.e.f. 20 February 2013) Thailand	15 months period ended 31 March 2014	100.00	**(2.31)**	NA	**Nil**	NA	Incorporated during the period
Ranbaxy Pharmaceuticals Ukraine LLC Ukraine	12 months period ended 31 December 2013	100.00	**30.50**	(10.09)	**NA**	NA	No change
Ranbaxy Morocco LLC Morocco	15 months period ended 31 March 2014	100.00	**(37.13)**	(34.36)	**Nil**	Nil	No change
Ranbaxy Farmaceutica Ltda. Brazil	15 months period ended 31 March 2014	100.00	**(655.17)**	(261.83)	**Nil**	Nil	No change
Ranbaxy-PRP (Peru) S.A.C. Peru	15 months period ended 31 March 2014	100.00	**(22.66)**	(72.06)	**Nil**	Nil	No change
Ranbaxy Europe Ltd. United Kingdom	15 months period ended 31 March 2014	100.00	**21.70**	24.60	**Nil**	Nil	No change
Ranbaxy Pharmaceutical, Inc. USA	15 months period ended 31 March 2014	100.00	**976.57**	3,045.95	**Nil**	Nil	No change
Ranbaxy, Inc, USA	15 months period ended 31 March 2014	100.00	**7,595.55**	(9.34)	**Nil**	Nil	No change
Ranbaxy USA, Inc. USA	15 months period ended 31 March 2014	100.00	**(187.00)**	10.48	**Nil**	Nil	No change
Ohm Laboratories Inc. USA	15 months period ended 31 March 2014	100.00	**84.62**	1,920.23	**Nil**	Nil	No change
Ranbaxy Laboratories Inc. USA	15 months period ended 31 March 2014	100.00	**2,600.32**	(239.66)	**Nil**	Nil	No change

Name of Subsidiary Company	Financial period / year to which accounts relates	Holding Company's interest as at close of financial period / year of subsidiary company	Net aggregate amount of subsidiary company's profits after deducting its losses or vice–versa, so far as it concerns members of Holding Company which are not dealt within the Company's account		Net aggregate amount of subsidiary company's profit after deducting its losses or vice–versa, dealt within the Company's accounts		Holding Company's interest as at March 31, 2014 incorporating changes since close of financial period / year of Subsidiary Company
		Shareholding %age	**For the current financial period {Profit / (Loss)} Rs. Million**	For the previous financial year {Profit / (Loss)} Rs. Million	**For the current financial period Rs. Million**	For the previous financial year Rs. Million	
Ranbaxy Signature LLC USA	15 months period ended 31 March 2014	67.50	**103.15**	(0.02)	**Nil**	Nil	No change
Ranbaxy (Netherlands) B.V. ("RNBV") The Netherlands	15 months period ended 31 March 2014	100.00	**4,754.63**	1,645.31	**6,113.97**	Nil	No change
Ranbaxy Holdings (U.K.) Ltd. United Kingdom	15 months period ended 31 March 2014	100.00	**1.31**	(1.84)	**Nil**	Nil	No change
Ranbaxy Ireland Ltd. Ireland	15 months period ended 31 March 2014	100.00	**458.39**	136.54	**Nil**	Nil	No change
ZAO Ranbaxy Russia	12 months period ended 31 December 2013	100.00	**345.71**	292.90	**Nil**	Nil	No change
Ranbaxy Pharmacie Generiques SAS France	15 months period ended 31 March 2014	100.00	**(1,283.95)**	(965.04)	**(1,071.85)**	Nil	No change
Ranbaxy Portugal - Com E Desenvolv De Prod Farmaceuticos Unipessoal Lda Portugal	12 months period ended 31 December 2013	100.00	**(15.85)**	(59.24)	**Nil**	Nil	No change
Laboratorios Ranbaxy, S.L. Spain	12 months period ended 31 December 2013	100.00	**(602.02)**	43.79	**Nil**	Nil	No change
Office Pharmaceutique Industriel Et Hospitalier SARL ("OPIH SARL") France	15 months period ended 31 March 2014	100.00	**(5.12)**	(2.13)	**Nil**	Nil	No change
Ranbaxy Australia Pty. Ltd. Australia	15 months period ended 31 March 2014	100.00	**(134.37)**	(452.11)	**Nil**	Nil	No change
Ranbaxy Pharmaceuticals Canada Inc. Canada	15 months period ended 31 March 2014	100.00	**(287.00)**	(38.46)	**Nil**	Nil	No change
Ranbaxy Italia S.p.A Italy	15 months period ended 31 March 2014	100.00	**10.57**	1.98	**Nil**	Nil	No change
Terapia S.A. Romania	12 months period ended 31 December 2013	96.70	**1,920.07**	1,492.75	**Nil**	Nil	No change
Ranbaxy Belgium N.V. Belgium	15 months period ended 31 March 2014	100.00	**(1.07)**	10.94	**Nil**	Nil	No change
Ranbaxy Pharma AB @@ Sweden	15 months period ended 31 March 2014	–	**–**	6.81	**Nil**	Nil	Liquidated during the period

Name of Subsidiary Company	Financial period / year to which accounts relates	Holding Company's interest as at close of financial period / year of subsidiary company	Net aggregate amount of subsidiary company's profits after deducting its losses or vice–versa, so far as it concerns members of Holding Company which are not dealt within the Company's account		Net aggregate amount of subsidiary company's profit after deducting its losses or vice–versa, dealt within the Company's accounts		Holding Company's interest as at March 31, 2014 incorporating changes since close of financial period / year of Subsidiary Company
		Shareholding %age	**For the current financial period {Profit / (Loss)} Rs. Million**	For the previous financial year {Profit / (Loss)} Rs. Million	**For the current financial period Rs. Million**	For the previous financial year Rs. Million	
Be-Tabs Pharmaceuticals (Proprietary) Ltd. South Africa	15 months period ended 31 March 2014	100.00	**(416.26)**	(408.14)	**Nil**	Nil	No change
Be-Tabs Investments (Proprietary) Ltd. South Africa	15 months period ended 31 March 2014	100.00	**6.44**	(0.13)	**Nil**	Nil	No change

The Board of Directors vide resolution dated 29 October 2013 has approved the change of financial year of the Company from January-December to April-March effective 01 April 2014. In view of this, the current financial year is for a period of 15 months i.e. 01 January 2013 to 31 March 2014.

Note:

In terms of general exemption granted by the Ministry of Corporate Affairs vide its circular no. 02/2011 dated February 8, 2011 and approval of the Board of Directors of the Company at its meeting held on May 9, 2014, the annual accounts of the subsidiary companies and the related detailed information will be made available upon request by the investors of the Company and of its subsidiary companies. These documents will also be available for inspection by any investor at the Head Office of the Company at 12th Floor, Devika Tower, 6, Nehru Place, New Delhi - 110019, and that of the subsidiary companies concerned.

@ The Hon'ble High Court of Delhi and the Hon'ble High Court of Punjab & Haryana vide their order 7 December 2012 & 6 February 2013 respectively had approved the scheme of merger of these companies with Ranbaxy Drugs Limited. The appointed date for merger was 1 April 2012. The scheme became effective on 9 May 2013 upon approval of the Order of the Hon'ble High Court of Delhi and Punjab & Haryana and by Registrar of Companies at Chandigarh, India.

$ In December 2012, the Company had approved the proposal to integrate the business operations and management of Ranbaxy Unichem Co. Ltd. ('Unichem'), its subsidiary, with Daiichi Sankyo (Thailand) Ltd, a subsidiary of Daiichi Sankyo Company Limited, Japan. The said integration has been completed with effect from 01 October 2013. Pursuant to this, Unichem has become an associate of the Company and subsequently, it has changed its name to Daiichi Sankyo (Thailand) Ltd.

@@ Liquidated during the period
Ranbaxy (Hong Kong) Limited
Ranbaxy Pharma AB

For and on behalf of the Board of Directors of **Ranbaxy Laboratories Limited**

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Place: Gurgaon
Date: 9 May 2014

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Statement Regarding Subsidiary Companies Pursuant to Sections 212(5) of the Companies Act, 1956

S. No.	Name of the Subsidiary	Change in the Holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and that of the Holding Company	Material Changes that have occurred between the end of the financial year of the subsidiary and that of the Holding Company pertaining to following items of subsidiaries : Rs. Million			
			Fixed Assets	Investments	Amount lent	Amount borrowed (other than that of meeting current liabilities)
1	Ranbaxy Poland S.P. Z.o.o.	Nil	Nil	Nil	Nil	Nil
2	Ranbaxy Pharmaceuticals Ukraine LLC	Nil	Nil	Nil	Nil	Nil
3	ZAO Ranbaxy	Nil	Nil	Nil	Nil	Nil
4	Ranbaxy Portugal - Com E Desenvolv De Prod	Nil	Nil	Nil	Nil	Nil
5	Laboratorios Ranbaxy, S.L.	Nil	Nil	Nil	Nil	Nil
6	Terapia S.A.	Nil	195.99	Nil	Nil	Nil

For and on behalf of the Board of Directors of **Ranbaxy Laboratories Limited**

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Place: Gurgaon
Date: 9 May 2014

Consolidated Financial Statements – Indian GAAP

Independent Auditors' Report to the Board of Directors of **Ranbaxy Laboratories Limited**

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ranbaxy Laboratories Limited ("the Company"), its subsidiaries and associates (collectively referred to as 'the Group') which comprises the Consolidated Balance Sheet as at 31 March 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the fifteen months ended 31 March 2014 ("current period"), and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting policies generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

4. Opinion

In our opinion, and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements as noted below, and on consideration of the unaudited financial statements and on other relevant financial information of the components as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;

(b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the fifteen months ended on that date; and

(c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the fifteen months ended on that date.

5. Emphasis of Matter

Without qualifying our opinion, we draw attention to note 39 b) of the consolidated financial statements which explains in detail the prohibition imposed by the Food and Drug Administration of the United States of America on the Toansa manufacturing unit of the Company, and the communications received from/ actions taken by other regulators including the Department of Justice of the United States of America and regulators in European Union countries. Consequently, the group has made provisions, to the extent of Rs. 2,733.59 million, on the basis of best information and estimates presently available with the group. The basis and assumptions used by the management in calculating these provisions involve significant judgment and estimates (including those relating to inventories, sales return, trade commitments, realisability of tax assets, etc.). There are inherent uncertainties regarding the future actions of the regulators, the impact of which is not ascertainable at this stage and therefore, the actual amounts may eventually differ.

6. Other Matter

We did not audit the financial statements and other financial information of certain subsidiaries and associates, (interests in which have been incorporated in these consolidated financial statements). These subsidiaries and associates account for 25% of total assets as at 31 March 2014, 35% of total revenue and 29% of net cash outflows, as shown in these consolidated financial statements. Of the above:

(a) The financial statements and other financial information of some of the subsidiaries incorporated outside India, as drawn up in accordance with the generally accepted accounting principles of those respective countries ('the local GAAP'), have been audited by other auditors duly qualified to act as auditors in those countries. These subsidiaries account for 22% of total assets as at 31 March 2014, 31% of total revenue and 34% of net cash outflows as shown in these consolidated financial statements. For the purpose of preparation of the consolidated financial statements, the aforesaid local GAAP financial statements have been restated by the management of the said entities so that these conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to the consolidated financial statements under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports of those other auditors have been furnished to us. Our opinion on the consolidated financial statements, insofar as it relates to these entities, is solely based on the aforesaid audit reports of those other auditors.

(b) The financial statements and other financial information of the remaining subsidiaries and associates have not been subjected to audit either by us or by other auditors, and therefore, unaudited financial statements for the fifteen months ended 31 March 2014 of these entities have been furnished to us by the management. These subsidiaries and associates account for 3% of total assets as at 31 March 2014, 4% of total revenue and 5% of net cash inflows as shown in these consolidated financial statements, and therefore are not material to the consolidated financial statements, either individually or in the aggregate.

Our opinion is not qualified in respect of this matter.

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

Akhil Bansal
Partner
Membership No.: 090906

Place : Gurgaon, India
Dated : 9 May 2014

Consolidated Balance Sheet as at 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	Note	As at 31 March 2014	As at 31 December 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	**2,116.60**	2,114.57
Reserves and surplus	4	**30,909.02**	38,717.59
		33,025.62	40,832.16
Share application money pending allotment	5	**5.03**	11.10
Minority interest		**858.10**	889.52
Non-current liabilities			
Long-term borrowings	6	**24,743.82**	19,712.83
Deferred tax liabilities (net)	15	**123.86**	132.04
Other long-term liabilities	7	**3,891.31**	10,510.84
Long-term provisions	8	**1,493.82**	2,909.02
		30,252.81	33,264.73
Current liabilities			
Short-term borrowings	9	**39,206.44**	28,749.07
Trade payables	10	**14,715.78**	16,213.71
Other current liabilities	11	**19,070.87**	14,871.49
Short-term provisions	8	**2,766.53**	29,820.21
		75,759.62	89,654.48
TOTAL		**139,901.18**	164,651.99
ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	12	**30,204.69**	28,566.87
Intangible fixed assets	13	**20,608.58**	21,510.69
Capital work-in-progress		**2,958.52**	1,934.62
Intangible fixed assets under development		**66.84**	143.57
Non-current investments	14	**703.38**	769.92
Deferred tax assets (net)	15	**756.82**	488.67
Long-term loans and advances	16	**12,435.63**	10,812.70
Other non-current assets	17	**1,810.00**	301.62
		69,544.46	64,528.66
Current assets			
Current investments	18	**18.95**	20.48
Inventories	19	**27,606.81**	27,313.54
Trade receivables	20	**20,698.98**	20,367.84
Cash and bank balances	21	**15,496.70**	46,004.45
Short-term loans and advances	16	**4,709.75**	4,595.32
Other current assets	22	**1,825.53**	1,821.70
		70,356.72	100,123.33
TOTAL		**139,901.18**	164,651.99
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 **B S R & Co. LLP**
Chartered Accountants
Registration No.: 101248W

Akhil Bansal
Partner
Membership No.: 090906

Place: Gurgaon
Date: 9 May 2014

For and on behalf of the Board of Directors of **Ranbaxy Laboratories Limited**

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Place: Gurgaon
Date: 9 May 2014

Consolidated Statement of Profit and Loss for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	Note	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
INCOME			
Revenue from operations	23		
Sale of products (gross)		**129,855.22**	121,942.33
Less: Excise duty		**440.20**	279.14
Sale of products (net)		**129,415.02**	121,663.19
Sale of services		**988.22**	865.75
Other operating revenues		**2,281.61**	2,068.33
		132,684.85	124,597.27
Other income	24	**1,828.31**	2,907.36
Total revenue		**134,513.16**	127,504.63
EXPENSES			
Cost of materials consumed	25	**28,277.22**	20,609.33
Purchases of stock-in-trade	26	**22,885.49**	18,863.07
Change in inventories of finished goods, work-in-progress and stock-in-trade	27	**(2,880.21)**	1,128.77
Employee benefits expense	28	**25,774.56**	19,284.15
Finance costs	29	**5,572.60**	3,036.00
Depreciation and impairment	12	**3,966.69**	2,647.71
Amortisation and impairment	13	**794.95**	554.76
Other expenses	30	**48,896.11**	46,660.31
Total expenses		**133,287.41**	112,784.10
Profit before exceptional items, tax, share in loss of associates (net) and minority interest		**1,225.75**	14,720.53
Exceptional items:			
Inventory provision/ write off and other costs	39	**(3,428.73)**	–
Impairment of goodwill	13	**(1,629.76)**	–
Loss on foreign currency option derivatives, net (other than on loans)		**(3,279.16)**	(412.05)
Provision for other than temporary diminution in the value of non-current investment in an associate	14	**(305.68)**	–
Product recall expenses	40	**–**	(1,859.54)
(Loss)/ profit before tax, share in loss of associates (net) and minority interest		**(7,417.58)**	12,448.94
Income tax expense			
Current tax	31	**3,570.25**	2,912.58
Deferred tax	31	**(255.77)**	26.46
(Loss)/ profit after tax and before share in loss of associates (net) and minority interest		**(10,732.06)**	9,509.90
Share in loss of associates (net)	32	**140.41**	185.82
Minority interest in (loss)/ profit for the period (net)	33	**(19.95)**	96.44
(Loss)/ profit after tax, share of loss of associates (net) and minority interest		**(10,852.52)**	9,227.64
(Loss)/ earnings per equity share [par value of Rs. 5 (previous year Rs. 5) per equity share]	34		
Basic		**(25.66)**	21.87
Diluted		**(25.66)**	21.78
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. LLP**
Chartered Accountants
Registration No.: 101248W

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Akhil Bansal
Partner
Membership No.: 090906

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Place: Gurgaon
Date: 9 May 2014

Place: Gurgaon
Date: 9 May 2014

Consolidated Cash Flow Statement for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
A. Cash flow from operating activities		
Net (loss)/ profit before taxes	**(7,417.58)**	12,448.94
Adjustments for:		
Depreciation and impairment	**3,966.69**	2,647.71
Amortisation and impairment	**2,424.71**	554.76
Fixed assets written off	**58.89**	45.58
Employee stock option expense	**326.59**	222.47
Provision for diminution in value of current investments, net	**1.53**	5.99
Provision for diminution in the value of investment in associate	**305.68**	–
Finance costs	**5,572.60**	3,036.00
Provision/ write-off of doubtful trade receivables, loans and advances and other assets	**134.01**	280.03
Loss/ (profit) on sale of fixed assets, net	**41.27**	(35.96)
Non-compete fee	**–**	(210.00)
Foreign exchange (gain)/ loss, net (Refer to note 4 below)	**(1,035.66)**	843.75
Unrealised foreign exchange (gain)/ loss, net on currency options	**(4,712.73)**	(5,341.23)
Gain on conversion of subsidiary into associate	**(95.59)**	–
Unclaimed balances/ excess provision written back	**(346.14)**	(26.76)
Other non-operating income - bad debts recovered	**(28.15)**	–
Interest income	**(1,420.00)**	(2,549.80)
	5,193.70	(527.46)
Operating cash flow before working capital changes	**(2,223.88)**	11,921.48
Adjustments for:		
Decrease/ (increase) in inventories	**185.02**	(881.57)
Decrease in trade receivables	**807.12**	10,856.67
(Increase)/ decrease in loans and advances and other assets	**(549.90)**	1,081.59
(Decrease) in trade payables, other liabilities and provisions	**(29,807.54)**	(4,027.22)
	(29,365.30)	7,029.47
Cash (used in)/ generated by operations before taxes	**(31,589.18)**	18,950.95
Income taxes paid, net of refund	**(4,034.79)**	(3,129.95)
Net cash (used in)/ generated by operating activities	**(35,623.97)**	15,821.00
B. Cash flow from investing activities		
Purchase of fixed assets	**(7,809.26)**	(4,767.10)
Proceeds from sale of fixed assets	**81.06**	117.85
Cash paid for acquisition of minority interest	**(5.43)**	(20.71)
Increase in loans and advances to associate	**(405.06)**	–
Decrease/ (increase) in deposit accounts (having original maturity of more than three months)	**24,642.70**	(15,853.57)
Interest received	**1,815.66**	2,320.35
Net cash provided by/ (used in) investing activities	**18,319.67**	(18,203.18)
C. Cash flow from financing activities		
Proceeds from issue of equity share capital (including share application money and securities premium)	**72.75**	159.33
Proceeds from issue of commercial papers	**22,366.93**	3,879.93
Re-payment of commercial papers	**(17,803.11)**	(9,800.00)
Increase in other short term bank borrowings (net)	**4,177.28**	2,645.98
Proceeds from long term bank borrowings	**5,651.00**	5,196.38
Re-payment of long-term borrowings (Refer to note 5 below)	**(608.32)**	(3,319.00)
Long-term borrowings from redeemable non-convertible debentures	**–**	5,000.00
Finance costs paid (including premium paid on derivative instruments relating to borrowings)	**(3,694.91)**	(1,393.38)
Net cash provided by financing activities	**10,161.62**	2,369.24
(Decrease) in cash and cash equivalents	**(7,142.68)**	(12.94)
Cash and cash equivalents at the beginning of the period	**18,307.06**	18,829.56
Effect of exchange gain/ (loss) on cash and cash equivalents	**1,261.69**	(509.56)
Cash and cash equivalents at the end of the period	**12,426.07**	18,307.06
Notes to Consolidated Cash Flow Statement:		
1. Components of cash and cash equivalents (Refer to note 21):		
Cash on hand	**7.95**	11.26
Cheques on hand	**16.58**	0.48
Balances with banks in:		
Current accounts	**6,485.47**	5,848.34
Deposit accounts	**5,916.07**	12,446.98
Cash and cash equivalents at the end of the period	**12,426.07**	18,307.06
Add: Other bank balance		
Unclaimed dividend	**26.43**	39.90
Fixed deposits with original maturity of more than three months but remaining maturity of less than twelve months	**3,044.20**	27,657.49
Cash and bank balances at the end of the period	**15,496.70**	46,004.45

2. The Consolidated Cash Flow Statement has been prepared in accordance with the 'Indirect Method' specified in Accounting Standard 3, Cash Flow Statement, notified by Central Government in the Companies (Accounting Standard) Rules, 2006.
3. Refer to note 21 for cash and cash equivalents balances held by the Company that are not freely remissible to the Company because of statutory regulations.
4. Foreign exchange (gain)/ loss, net includes realised (gain)/ loss on items in investing and financing activities.
5. Include impact of related derivative instruments/ forward contracts.

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. LLP**
Chartered Accountants
Registration No.: 101248W

Akhil Bansal
Partner
Membership No.: 090906

Place: Gurgaon
Date: 9 May 2014

For and on behalf of the Board of Directors of **Ranbaxy Laboratories Limited**

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Place: Gurgaon
Date: 9 May 2014

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

1. Company overview

Ranbaxy Laboratories Limited ('the Company' or 'Parent Company') together with its subsidiaries and associates (collectively referred to as 'the Group'), operates as an integrated international pharmaceutical organisation with businesses encompassing the entire value chain in the marketing, production and distribution of pharmaceutical products.

The Group presently owns manufacturing facilities in seven countries, namely India, the United States of America, Ireland, Malaysia, Nigeria, Romania and South Africa. The Group's major markets include the United States of America, India, Europe, Russia/ CIS and South Africa. The research and development activities of the Group are principally carried out at its facilities in Gurgaon, near New Delhi, India.

The Company's shares are listed for trading on the National Stock Exchange Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE") in India. Its Global Depository Shares (representing equity shares of the Company) are listed on the Luxembourg Stock Exchange. The Company has also issued redeemable non-convertible debentures which are listed for trading on the NSE in India.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements except as specified in note 2(l) below.

a. Basis of preparation of financial statements

These consolidated financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, which as per a clarification issued by the Ministry of Corporate Affairs continue to apply under section 133 of the Companies Act, 2013 (which has superseded section 211(3C) of the Companies Act, 1956 w.e.f. 12 September 2013), the other relevant provisions of the Companies Act, 1956 (including the new notified sections under Companies Act, 2013, to the extent applicable), pronouncements of the Institute of Chartered Accountants of India, guidelines issued by the Securities and Exchange Board of India ("SEBI") and other accounting principles generally accepted in local laws, to the extent applicable. The consolidated financial statements are presented in Indian rupees rounded off to the nearest million, in the same format as that adopted by the Parent Company for its standalone financial statements.

The Board of Directors vide their resolution dated 29 October 2013 has approved the change of financial year of the Company from January-December to April-March effective 01 April 2014. In view of this, the current financial year 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 Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement and related notes.

b. Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/ transactions and unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the Balance Sheet of the Parent Company and its share in the post-acquisition increase/ decrease in the reserves of the consolidated entities.

Investments in associates have been accounted for by the equity method of consolidation from the date on which it falls within the definition of associates in accordance with Accounting Standard (AS) -23 "Accounting for Investments in Associates in Consolidated Financial Statements".

The excess/ deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which investment in such entities was made is recognized in the consolidated financial statements as goodwill on consolidation/ capital reserve. The Parent Company's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

Entities acquired/ sold during the period have been consolidated from/ up to the respective date of their acquisition/ disposal.

The details of the consolidated entities are as follows:

Name of subsidiaries / associates	Country of incorporation	Effective group shareholding (%)
Subsidiaries		
Ranbaxy Australia Proprietary Ltd.	Australia	100.00
Ranbaxy Belgium N.V.	Belgium	100.00
Ranbaxy Farmaceutica Ltda.	Brazil	100.00
Ranbaxy Do Brazil Ltda. (liquidated on 7 November 2012)	Brazil	100.00
Ranbaxy Pharmaceuticals Canada Inc.	Canada	100.00
Ranbaxy Egypt (L.L.C.)	Egypt	100.00
Rexcel Egypt (L.L.C.)	Egypt	100.00
Ranbaxy Pharmacie Generiques SAS	France	100.00
Office Pharmaceutique Industriel et Hospitalier SARL	France	100.00
Basics GmbH	Germany	100.00
Ranbaxy GmbH (w.e.f. 9 November 2012)	Germany	100.00
Ranbaxy (Hong Kong) Limited (liquidated w.e.f. 17 December 2013)	Hong Kong	100.00
Ranbaxy Drugs and Chemicals Company (Company with unlimited liability) @@	India	100.00
Ranbaxy Drugs Limited	India	100.00
Rexcel Pharmaceuticals Limited @@	India	100.00
Solus Pharmaceuticals Limited @@	India	100.00
Solrex Pharmaceuticals Company #	India	100.00
Vidyut Investments Limited	India	100.00
Ranbaxy SEZ Limited @@	India	100.00
Gufic Pharma Limited (98% till 21 March 2012)	India	100.00
Ranbaxy Life Sciences Research Limited (80.07% till 29 February 2012) @@	India	100.00
Ranbaxy Ireland Limited	Ireland	100.00
Ranbaxy Italia S.p.A	Italy	100.00
Ranbaxy Malaysia Sdn. Bhd.	Malaysia	71.22
Ranbaxy Nigeria Limited	Nigeria	85.31
Ranbaxy PRP (Peru) SAC.	Peru	100.00
Ranbaxy Poland S.P. Zoo	Poland	100.00
Ranbaxy Portugal - Com E Desenvolv DeProd Farmaceuticos Unipessoal Lda %	Portugal	100.00
S.C Terapia S.A.	Romania	96.70
S.C Terapia Distributie S.R.L. (merged with S.C Terapia S.A. w.e.f. 7 February 2012)	Romania	96.70
ZAO Ranbaxy	Russia	100.00
Ranbaxy South Africa Proprietary Limited	South Africa	100.00
Be-Tabs Pharmaceuticals (Proprietary) Ltd.	South Africa	100.00
Be-Tabs Investments (Proprietary) Ltd.	South Africa	100.00
Sonke Pharmaceuticals (Proprietary) Ltd.	South Africa	70.00
Laboratorios Ranbaxy, S.L.	Spain	100.00
Ranbaxy Pharma AB (liquidated on 2 January 2014)	Sweden	100.00
Ranbaxy (Netherlands) B.V.	The Netherlands	100.00
Daiichi Sankyo (Thailand) Ltd. (formerly known as Ranbaxy Unichem Co. Ltd (till 30 September 2013) ^	Thailand	89.09

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

Name of subsidiaries / associates	Country of incorporation	Effective group shareholding (%)
Ranbaxy (UK) Limited.	United Kingdom	100.00
Ranbaxy Holdings (UK) Ltd.	United Kingdom	100.00
Ranbaxy Europe Limited	United Kingdom	100.00
Ranbaxy Inc.	United States of America	100.00
Ranbaxy Pharmaceuticals, Inc.	United States of America	100.00
Ranbaxy (Thailand) Co., Limited (w.e.f. 20 February 2013)	Thailand	100.00
Ranbaxy USA, Inc.	United States of America	100.00
Ohm Laboratories, Inc.	United States of America	100.00
Ranbaxy Laboratories, Inc.	United States of America	100.00
Ranbaxy Signature LLC	United States of America	67.50
Ranbaxy Morocco LLC	Morocco	100.00
Ranbaxy Pharmaceuticals Ukraine LLC (w.e.f. 13 June 2012)	Ukraine	100.00
Associates		
Zenotech Laboratories Limited	India	46.84
Daiichi Sankyo (Thailand) Limited, Thailand (Formerly known as Ranbaxy Unichem Co. Ltd., Thailand) (w.e.f. 1 October 2013) ^	Thailand	26.90

\# A partnership firm, in which two subsidiaries of the Parent Company are partners.

@@ The Hon'ble High Court of Delhi and the Hon'ble High Court of Punjab & Haryana vide their orders dated 7 December 2012 and 6 February 2013 respectively had approved the scheme of merger of these companies with Ranbaxy Drugs Limited. The appointed date for merger was 1 April 2012. The scheme became effective on 9 May 2013 upon approval of the Order of the Hon'ble High Court of Delhi and Punjab & Haryana by Registrar of Companies at Chandigarh, India.

% The entity has closed its operation in previous year and has filed for liquidation in 2013.

^ In December 2012, the Company had approved the proposal to integrate the business operations and management of Ranbaxy Unichem Co. Ltd. ('Unichem'), its subsidiary, with Daiichi Sankyo (Thailand) Ltd, a subsidiary of Daiichi Sankyo Company Limited, Japan. The said integration has been completed with effect from 1 October 2013. Pursuant to this, Unichem has become an associate of the Company and subsequently, it has changed its name to Daiichi Sankyo (Thailand) Limited, Thailand.

c. Use of estimates

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent liabilities on the date of the consolidated financial statements. Examples of such estimates include provision against litigations and regulatory actions, provisions of future obligation under employee benefit plans, useful lives of fixed assets, provision in respect of non-current investments, provision for sales return, recoverability of tax assets, provision for customer claims, provision for inventory obsolescence including expiry of drugs and impairment of assets.

Further, in the United States of America, certain rebates and allowances including charge-backs and price equalization etc. which are given to customers are recorded as reductions from the gross revenues. The computation of the estimate for these rebates and allowances involves significant judgment based on various factors including historical experience, estimated inventory levels and expected sell-through levels in supply chain. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

d. Current/ non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle of each entity of the Group and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

Assets

An asset is classified as current when it satisfies any of the following criteria:

a. it is expected to be realised in, or is intended for sale or consumption in, the normal operating cycle of each entity of the Group;

b. it is held primarily for the purpose of being traded;

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c. it is expected to be realised within 12 months after the reporting date; or

d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

a. it is expected to be settled in the Company's normal operating cycle of each entity of the Group;

b. it is held primarily for the purpose of being traded;

c. it is due to be settled within 12 months after the reporting date; or

d. the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current financial assets/ liabilities respectively. All other assets/ liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

e. Fixed assets

Tangible fixed assets and depreciation

Tangible fixed assets, except assets which are revalued, are stated at the cost of acquisition or construction, less accumulated depreciation and impairment losses, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid towards acquisition of tangible fixed assets outstanding at each Balance Sheet date are shown under long-term loans and advances and cost of assets not ready for intended use before the period end, are shown as capital work-in-progress.

Subsequent expenditure related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Revalued tangible fixed assets are carried at fair value less accumulated depreciation/ impairment. In case of revaluation of tangible fixed assets, any increase in net book value arising on revaluation is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized as a charge in the Consolidated Statement of Profit and Loss, in which case the increase is credited to the Consolidated Statement of Profit and Loss. A decrease in net book value arising on revaluation is recognized as a charge in the Consolidated Statement of Profit and Loss, except to the extent it offsets an existing surplus on the same asset recognized in the revaluation reserve, in which case the decrease is recognized directly in that reserve.

Depreciation for the period is recognized in the Consolidated Statement of Profit and Loss. However for revalued assets, the additional depreciation relating to revaluation is adjusted by transfer from revaluation reserve to Consolidated Statement of Profit and Loss.

Depreciation on tangible fixed assets, except leasehold land, leasehold improvements (included in furniture and fixtures) and certain vehicles which are depreciated over their estimated useful life of 4 years, is provided on a pro-rata basis, using the straight-line method and at the rates reflective of estimated useful lives of tangible fixed assets, not lower than the minimum rates prescribed by respective local laws. Leasehold improvements (included in furniture and fixtures) are depreciated over their estimated useful life, or the remaining period of lease from the date of capitalization, whichever is shorter. Leasehold land are being amortised over the period of respective leases. In the opinion of the management, these rates are currently reflective of the estimated useful lives of the fixed assets.

Depreciation on additions is provided on a pro-rata basis from the date of acquisition/ installation. Depreciation on sale/ deduction from tangible fixed assets is provided for up to the date of sale/ disposal, as the case may be. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

A tangible fixed asset is eliminated from the consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and are shown under 'Other current assets'.

Losses arising from retirement or gains or losses arising from disposal of tangible fixed assets which are carried at cost are recognized in the Consolidated Statement of Profit and Loss.

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The management's estimate of the useful lives for various categories of tangible fixed assets are given below:-

Tangible Asset description	Years
Leasehold Land*	60-99
Building*	10-61
Plant and equipment*	3-33
Furniture and fixtures*	3-17
Office equipment*	3-17
Vehicles*	4-10

* For leased assets, refer accounting policy on finance lease.

Assets costing individually Rs. 5,000 (in absolute amount) or less are depreciated at the rate of 100% p.a.

Intangible fixed assets and amortisation

Intangible fixed assets comprise goodwill, patents, brands, trademarks, licenses and computer software. These intangible assets are stated at cost less accumulated amortization and impairment losses, if any, except in case of goodwill. The cost of an item of intangible fixed asset (except goodwill) comprises its purchase price, including import duties and other non-refundable taxes or levies and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Goodwill arising on acquisition reflects the excess of cost of acquisition over the book value of net asset acquired on the date of acquisition. Advances paid towards acquisition of intangible fixed assets outstanding at each Balance Sheet date, are shown under long-term loans and advances and cost of assets not ready for intended use before the period end, are shown as intangible fixed assets under development.

Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Intangible assets (except goodwill) are amortised in the Consolidated Statement of Profit and Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Presently, these are being amortised on a straight line basis.

The management estimates the useful lives for the amortizable intangible assets, based on expected usage, legal/ contractual rights and other relevant factors, as below:

Intangible Asset description	Years
Patents	3
Brands and trademarks	1-15
Technical know-how	15
Licenses	1-15
Computer software	1-6

Goodwill is not amortised but tested for impairment at least once in a year.

An intangible asset is derecognised on disposal or when no future economic benefit is expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss.

Borrowing costs

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Group in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which these are incurred.

f. Impairment of assets

Fixed assets other than goodwill are reviewed at each reporting date to determine if there is any indication of impairment. Goodwill is tested for impairment at least once in year. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (Cash Generating Unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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An impairment loss (other than impairment loss on goodwill) is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss for goodwill is reversed only if the impairment loss was caused due to specific external events of an exceptional nature, that is not expected to reoccur and subsequent external events have occurred that reverse the effect of that event.

Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

g. Revenue recognition

Revenue from sale of goods in the course of ordinary activities is recognised when the property in the goods, or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods as well as regarding its collection. Revenue includes excise duty and is net of sales tax, value added tax and applicable discounts and allowances. Allowances for sales returns are estimated and provided for in the period of sales.

Revenue from sale of services is recognised as per the terms of contracts with customers when the related services are rendered. Income from royalty, milestone payments, technical know-how arrangements, exclusivity and patents settlement and licensing arrangements is recognised on an accrual basis in accordance with the terms of the relevant agreement. Any non-compete fee is recognised over the term of the agreement on a straight line basis.

Export incentive entitlements are recognised as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Profit on disposal/ sale of investments is recognised as income in the period in which the investment is sold/ disposed off.

Dividend income is recognised when the right to receive the income is established. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Discount or premium on debt securities held is accrued over the period to maturity.

h. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realised within 12 months after the reporting date is presented under 'current assets' in consonance with the current/ non-current classification scheme of revised Schedule VI.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, preference shares etc.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Consolidated Statement of Profit and Loss. Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

i. Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stock-in-trade and stores and spares are carried at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Work in progress also includes Active pharmaceutical ingredients ('API') and Drug intermediates lying at plants for captive consumption.

In determining the cost, weighted average cost method is used. In the case of manufactured inventories and work-in-progress, fixed production overheads are allocated on the basis of normal capacity of production facilities. Excise duty liability is included in the valuation of closing inventory of finished goods.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

j. Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash balance with bank, and highly liquid investments with original maturities, at the date of purchase/ investment, of three months or less.

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k. Research and development costs

Expenditure on research is expensed off under the respective heads of account in the period in which it is incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Consolidated Statement of Profit and Loss as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy as stated above.

Materials identified for use in research and development process are carried as inventories and charged to the Consolidated Statement of Profit and Loss on issuance of such materials for research and development activities.

l. Employee stock option based compensation

The Company follows SEBI guidelines for accounting of employee stock options. The cost is calculated based on the intrinsic value method i.e. the excess of market price of underlying equity shares as of the date of the grant of options over the exercise price of such options is regarded as employee compensation and in respect of the number of options that are expected to ultimately vest, such cost is recognised on a straight line basis over the period over which the employees would become unconditionally entitled to apply for the shares. The cost recognised at any date at least equals the intrinsic value of the vested portion of the option at that date. Adjustment, if any, for difference in initial estimate for number of options that are expected to ultimately vest and related actual experience is recognised in the Consolidated Statement of Profit and Loss of that period. In respect of vested options that expire unexercised, the cost is reversed in the Consolidated Statement of Profit and Loss of that period.

During the current period, the Company has changed its policy with respect to treatment of shares issued to Ranbaxy ESOP trust ('ESOP trust'). As per a recent opinion of the Expert Advisory Committee ('EAC') of The Institute of Chartered Accountants of India, as on the reporting date, the shares issued to an ESOP trust but yet to be allotted to employees be shown as a deduction from the Share Capital with a corresponding adjustment to the loan receivable from ESOP Trust. Accordingly, the Company has shown shares held by the ESOP Trust on the reporting date as a deduction from the share capital (refer to note 3).

m. Foreign currency transaction, derivatives and hedging

The reporting currency of the Group is the Indian Rupee. However, the local currencies of non-integral overseas subsidiaries are different from the reporting currency of the Group.

Foreign currency transaction, derivatives and hedging

Transactions in foreign currency are recorded at the exchange rate prevailing at the date of the transaction. Exchange differences arising on foreign currency transactions settled during the period are recognised in the Consolidated Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date, are translated at period end rates. The resultant exchange differences are recognised in the Consolidated Statement of Profit and Loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

Representative offices located outside India are classified as integral foreign operation as those carry on their operations as if they were an extension of Company's operation. The financial statements of an integral foreign operation are translated into Indian rupees as if the transactions of the foreign operation were those of Company itself.

The Company uses various forms of derivative instruments such as foreign exchange forward contracts, options, currency swaps, currency cum interest rate swaps and interest rate swaps to hedge its exposure on account of movements in foreign exchange and interest rates. These derivatives are generally entered with banks and not used for trading or speculation purposes. These derivative instruments are accounted as follows:

- For forward contracts (including instruments which are in substance forward contracts) which are entered into to hedge the foreign currency risk of the underlying existing assets on the date of entering into that forward contract, the premium or discount on such contracts is amortised as income or expense over the life of the contract. Any profit or loss arising on the cancellation or renewal of forward contracts is recognised as an income or expense for the period in the Consolidated Statement of Profit and Loss. The exchange difference on such a forward exchange contract is calculated as the difference between:
  a) the foreign currency amount of the contract translated at the exchange rate at the Balance Sheet date, or the settlement date where the transaction is settled during the reporting period; and
  b) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date.

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Such exchange differences are recognised in the Consolidated Statement of Profit and Loss in the reporting period in which the exchange rates change.

- Pursuant to early adoption of AS- 30 "Financial Instruments: Recognition and Measurement" and AS- 31 "Financial Instruments: Presentation", other derivatives such as forward contracts to hedge highly probable forecasted transactions, option contracts, currency swaps, interest rate swaps etc. which are outside the scope of AS- 11, The Effects of Changes in foreign exchange rates, are fair valued at each Balance Sheet date. The resultant gain or loss (except relating to the effective portion of cash flow hedges) from these transactions are recognised in the Consolidated Statement of Profit and Loss. The gain or loss on effective portion of cash flow hedges is recorded in the Hedging Reserve (reported under the head "Reserves and Surplus") which is transferred to the Consolidated Statement of Profit and Loss in the same period in which the hedged item affects the Consolidated Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in hedging reserve is reclassified in the Consolidated Statement of Profit and Loss. To designate a derivative instrument as an effective cash flow hedge, the management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract and throughout the period of hedge relationship whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. The gain or loss on ineffective portion of cash flow hedge is recognised in the Consolidated Statement of Profit and Loss.

Integral and non-integral operations

The consolidated financial statements of the foreign integral operations are translated into Indian rupees as follows:-

- Non-monetary Balance Sheet items, are translated using the exchange rate at the date of transaction i.e., the date when they were acquired.
- Monetary Balance Sheet items are translated using closing rates at Balance sheet date.
- Profit and Loss items are translated using the exchange rate prevailing at the date of respective transaction or at the respective quarterly average rates, if the rates approximate the actual rate as at the date of the transaction.
- Contingent liabilities are translated at the closing rate.
- The net exchange difference resulting from the translation of items in the financial statements of foreign integral operations is recognised as income or expense for the period.

The financial statements of the foreign non integral operation are translated into Indian Rupees as follows:-

- Share capital and opening reserves and surplus are carried at historical cost.
- All assets and liabilities, both monetary and non-monetary, (excluding share capital, opening reserves and surplus) are translated using closing rates at Balance Sheet date.
- Profit and Loss items are translated using the exchange rate prevailing at the date of respective transaction or at the respective quarterly average rates, if the rates approximate the actual rate as at the date of the transaction.
- Contingent liabilities are translated at the closing rates at Balance sheet date.
- The resulting net exchange difference is credited or debited to the foreign currency translation reserve.

Exchange differences which have been deferred in foreign currency translation reserve are not recognised as income or expenses until the disposal of that entity.

Goodwill on consolidation is considered as denominated in the currency of the Parent Company.

The items of Consolidated Cash Flow Statement are translated using the exchange rate prevailing at the date of respective transaction or at the respective quarterly average rates, if the rates approximate the actual rate as at the date of the transaction. The effect of changes in exchange rates on cash and cash equivalents held in a foreign currency is reported separately as part of the reconciliation of the changes in cash and cash equivalents during the period.

n. Employee benefits

Short-term employee benefits

All employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Group makes specified monthly contributions towards superannuation fund scheme and employee state insurance scheme ('ESI') and other similar schemes which are defined contribution plans. The Group's contribution is recognised as an expense in the Consolidated Statement of Profit and Loss during the period in which the employee renders the related service.

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Defined benefit plans

Defined benefit plans of the Group comprise gratuity, provident fund, pension and other retirement plans.

<u>Gratuity (Funded)</u>

Indian entities of the Group have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. These entities make annual contributions to gratuity fund established as a trust. In respect of gratuity, these entities fully contributes all ascertained liabilities in the respective employee trusts. Trustees administer contributions made to the Trusts and contributions are invested in specific instruments, as permitted by the law.

<u>Provident fund (Funded)</u>

The Company makes specified monthly contribution towards the employees' provident fund to the provident fund trust administered by the Parent Company. The minimum interest payable by the provident fund trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return on respective investments of the trust and the notified interest rate.

<u>Pension (Unfunded)</u>

Upto the previous year, the Company had an obligation towards pension, a defined benefit retirement plan covering eligible employees. The plan provided for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurred after completion of a specified number of years of service with the Company.

During the current period, with effect from 1 March 2013, the Company has discontinued pension to eligible employees by settling the liability with such employees on a lump sum basis except for employees who had already retired as at 1 March 2013 (refer to note 37 for impact of discontinuation). Employees, who had retired as at 1 March 2013, will continue to receive the pension per the pension plan.

<u>Retirement pension payment plan</u>

Ranbaxy Pharmacie Generiques SAS and one of its subsidiary company in France has a retirement pension payments plan as per collective agreement. The payment is made at the time of retirement.

<u>Actuarial valuation</u>

The contributions made to provident fund trust are charged to the Consolidated Statement of Profit and Loss as and when these become payable. In addition, the Company recognizes liability for shortfall in the plan assets vis-à-vis the fund obligation, if any, on the basis of actuarial valuation.

The liability in respect of all defined benefit plans is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses are recognised immediately in the Consolidated Statement of Profit and Loss. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs.

Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

<u>Past service cost</u>

Past service cost is recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately in the Consolidated Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

Other long term employee benefits

<u>Compensated absences</u>

In respect of certain entities of the Group, as per that entity's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or encashed. Encashment can be made during service, on retirement/ early retirement, on withdrawal of scheme, at resignation and upon death of the employee. The value of benefits is determined based on the seniority and the employee's salary.

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Long service award

As per the Parent Company's policy, employees of the Parent Company are eligible for an award after completion of a specified number of years of service with the Parent Company.

Actuarial valuation

The entities records an obligation for such compensated absences and long service award in the period in which the employee renders the services that increase the entitlements. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Termination benefits

Termination benefits are recognised as an expense when, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

o. Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income tax expense is recognised in the Consolidated Statement of Profit and Loss except that tax expense related to items recognised directly in reserves is also recognised in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods of each entity in the Group. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised. Deferred tax consequences of timing differences that originate in the tax holiday period and reverse after the tax holiday period are recognised in the period in which the timing differences originate. Timing differences that originate and reverse within the tax holiday period are not considered for deferred tax purposes.

The break-up of the major components of the deferred tax assets and liabilities as at Balance Sheet date has been arrived at after setting off deferred tax assets and liabilities where the entity has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

For Indian entities, Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Consolidated Statement of Profit and Loss. The credit available under the Income tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the respective entities will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

p. Provisions

A provision is recognised if, as a result of a past event, the group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The provisions are measured on an undiscounted basis.

Sales return

The Group as a trade practice accepts returns from market which are primarily in the nature of expired or near expiry products. Provisions for such returns are estimated on the basis of historical experience, market conditions and specific contractual terms and are provided for.

Onerous contracts

A contract is considered as onerous when the expected economic benefits to be derived by the group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

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q. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not a probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

r. Leases

Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Consolidated Statement of Profit and Loss on a straight line basis over the lease term.

Assets given by the Group under operating lease are included in fixed assets. Lease income from operating leases is recognised in the Consolidated Statement of Profit and Loss on a straight line basis over the lease term. Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

Finance Leases

Assets taken on finance lease are capitalised at an amount equal to the fair value of the leased assets or the present value of minimum lease payments at the inception of the lease, whichever is lower. Such leased assets are depreciated over the lease tenure or the useful life (as stated in accounting policy for 'Tangible fixed assets and depreciation'), whichever is shorter. The lease payment is apportioned between the finance charges and reduction of outstanding liability. The finance charge is allocated to the periods over the lease tenure to produce a constant periodic rate of interest on the remaining liability.

s. Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date.

	As at 31 March 2014	As at 31 December 2012
3. Share capital		
Authorised		
598,000,000 (previous year 598,000,000) equity shares of Rs. 5 each	**2,990.00**	2,990.00
100,000 (previous year 100,000) cumulative preference shares of Rs. 100 each	**10.00**	10.00
	3,000.00	3,000.00
Issued, subscribed and paid-up		
423,779,063 (previous year 422,913,803) equity shares of Rs. 5 each fully paid	**2,118.90**	2,114.57
Less: 459,602 equity shares of Rs. 5 each fully paid held by the Ranbaxy ESOP Trust ("ESOP Trust")	**2.30**	–
423,319,461 (previous year 422,913,803) equity shares of Rs. 5 each fully paid (Refer to note 2(l) and Para f below)	**2,116.60**	2,114.57

a. Rights, preferences and restrictions attached to shares

As per the Memorandum of Association, the Company's authorised share capital consists of equity shares and preference shares.

All equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on show of hand or through proxy shall be in proportion to his share of the paid-up equity capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Preference shares shall be entitled for such rate of dividend as may be decided by the Directors of the Company at the time of issue of such shares and shall rank in priority to the equity shares including arrears, if any, in the event of the winding up of the Company, but shall not be entitled to any further participation in the profits or surplus assets of the Company. Preference shares are entitled to one vote per share at meetings of the Company only in respect of resolutions

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directly affecting their rights. However, a cumulative preference shareholder acquires voting rights on par with an equity shareholder if the dividend on preference shares has remained unpaid for a period of not less than two years.

b. Reconciliation of equity shares outstanding at the commencement and at the end of the period

	As at 31 March 2014		As at 31 December 2012	
	Number of equity shares	**Amount**	Number of equity shares	Amount
At the commencement of the period	**422,913,803**	**2,114.57**	421,999,724	2,110.00
Add: Shares issued on exercise of employee stock options by the Company/ ESOP Trust	**405,658**	**2.03**	474,079	2.37
Add: Shares issued to the Trust under Employee stock option plan (ESOP - 2011) (Refer to para f below)	**-**	**-**	440,000	2.20
At the end of the period	**423,319,461**	**2,116.60**	422,913,803	2,114.57

c. Equity shares held by holding/ ultimate holding company

	As at 31 March 2014		As at 31 December 2012	
	Number of equity shares	**Amount**	Number of equity shares	Amount
Daiichi Sankyo Company Limited, Japan (Daiichi Sankyo), the holding company, also being the ultimate holding company	**268,711,323**	**1,343.56**	268,711,323	1,343.56

d. Particulars of shareholders holding more than 5% shares of issued, subscribed and paid-up capital of equity shares

	As at 31 March 2014		As at 31 December 2012	
	Number of equity shares	**% Holding**	Number of equity shares	% Holding
Daiichi Sankyo	**268,711,323**	**63.41**	268,711,323	63.54
Life Insurance Corporation of India, India	**25,494,745**	**6.02**	26,726,570	6.32

e. Equity shares reserved for issue under employee stock options:

Refer to note 35 for number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant scheme.

f. During the current period, the Company has issued 600,000 (previous year 440,000) equity shares of Rs. 5 (previous year Rs. 5) each issued for cash at par to ESOP Trust, set up to administer the ESOP - 2011. Out of the total equity shares issued to the ESOP Trust, 666,636 (previous year 238,762) equity shares have been allotted by the ESOP Trust to the respective employees upon exercise of stock options from time to time under ESOP - 2011. As at 31 March 2014, 459,602 (previous year 526,238) equity shares are pending to be allotted to the employees upon exercise of stock options (For ESOP - 2011 details, refer to note 35).

Pursuant to change in accounting policy (Refer to note 2 (l)), as at 31 March 2014, the Company has shown share capital net of 459,602 equity shares amounting to Rs. 2.30 held by ESOP Trust. The Company has not restated the comparative figures. The movement of shares held by the ESOP Trust is as follows:

	As at 31 March 2014		As at 31 December 2012	
	Number of equity shares	**Amount**	Number of equity shares	Amount
At the commencement of the period	**526,238**	**2.63**	325,000	1.62
Add: Shares allotted to ESOP Trust	**600,000**	**3.00**	440,000	2.20
Less: Shares issued on exercise of employee stock options by the ESOP Trust	**666,636**	**3.33**	238,762	1.19
At the end of the period	**459,602**	**2.30**	526,238	2.63

g. During the five years immediately preceding the current period and previous year, neither any bonus shares or shares issued for consideration other than cash that have been issued nor any shares that have been bought back.

h. Issued, subscribed and paid-up share capital includes 6,294,081 (previous year 8,963,108) Global Depository Shares (GDSs) representing 6,294,081 (previous year 8,963,108) equity shares of Rs. 5 (previous year Rs. 5) each constituting 1.49% (previous year 2.12%) of the issued, subscribed and paid-up share capital of the Company.

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		As at 31 March 2014	As at 31 December 2012
4.	**Reserves and surplus**		
	(a) Capital reserve		
	At the commencement of the period	**1,842.35**	1,831.06
	Add: Created upon acquisition of minority interest	**–**	11.29
	Less: Disposal of a subsidiary (Refer to note 14)	**3.29**	–
	At the end of the period	**1,839.06**	1,842.35
	(b) Amalgamation reserve		
	At the commencement and at the end of the period	**43.75**	43.75
	(c) Revaluation reserve		
	At the commencement of the period	**49.16**	65.98
	Less: Utilised during the period	**5.29**	16.82
	At the end of the period	**43.87**	49.16
	(d) Securities premium account		
	At the commencement of the period	**35,014.84**	34,732.51
	Add: Received during the period	**76.79**	150.32
	Add: Transferred from employees stock option outstanding account on exercise of employee stock options	**328.75**	132.01
	At the end of the period	**35,420.38**	35,014.84
	(e) Hedging reserve *(net of tax)**		
	At the commencement of the period	**(139.74)**	(1,353.80)
	Add: Addition during the period	**–**	3.61
	Less: Reversal during the period #	**139.74**	1,210.45
	At the end of the period	**–**	(139.74)
	* Refer to note 36		
	# Represents amount taken to the Consolidated Statement of Profit and Loss		
	(f) Employees stock options outstanding account		
	At the commencement of the period	**623.76**	445.43
	Add: Options granted during the period	**324.80**	374.07
	Less: Options forfeited during the period	**108.73**	51.30
	Less: Options lapsed during the period	**33.15**	12.43
	Less: Options exercised during the period	**328.75**	132.01
	At the end of the period (i)	**477.93**	623.76
	Deferred employee stock option expense		
	At the commencement of the period	**416.09**	328.22
	Add: Options granted during the period	**324.80**	374.07
	Less: Amortisation during the period ##	**468.47**	286.20
	At the end of the period (ii)	**272.42**	416.09
	(i)-(ii)	**205.51**	207.67
	## Employee stock option expense, net off impact of options forfeited and lapsed during the period (Refer to note 28)	**326.59**	222.47
	(g) Foreign currency translation reserve		
	At the commencement of the period	**4,137.51**	2,806.04
	Add: Addition during the period	**2,509.41**	1,331.47
	At the end of the period	**6,646.92**	4,137.51
	(h) General reserve		
	At the commencement and at the end of the period	**5,519.28**	5,519.28
	(i) (Deficit)/ surplus (Consolidated Profit and Loss balance) @		
	At the commencement of the period	**(7,957.23)**	(17,184.87)
	(Loss)/ profit after tax for the period	**(10,852.52)**	9,227.64
	At the end of the period	**(18,809.75)**	(7,957.23)
	Total reserves and surplus	**30,909.02**	38,717.59

@ Includes legal reserve amounting to Nil (previous year Rs. 8.82) created in Ranbaxy Unichem Co. Ltd, Thailand and Rs. 30.51 (previous year Rs. 30.51) created in S.C. Terapia S.A., Romania as per the requirements of local regulations. This reserve is not available for distribution.

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		As at 31 March 2014	As at 31 December 2012
5.	**Share application money pending allotment**	**5.03**	11.10
		5.03	11.10

Share application money pending allotment represents amounts received from employees exercising the vested stock options as per the terms and conditions of respective employee stock option scheme as mentioned in note 35. Equity shares are to be issued with rights, preferences and restrictions as given in note 3 a.

Other information is as follows:

		As at 31 March 2014	As at 31 December 2012
a.	Number of shares to be issued	**21,842**	34,810
b.	Amount of premium	**4.92**	10.92
c.	The period before which shares are to be allotted	In the next meeting of ESOP's allotment committee (held on 14 April 2014)	In the next meeting of ESOP's allotment committee (held on 11 January 2013)

d. The Company has sufficient authorised share capital to cover the share capital amount on allotment of shares out of share application money.

e. The Company has no share application money pending beyond the period for allotment and hence no interest is accrued.

	Non–current portion		Current portion	
	As at 31 March 2014	As at 31 December 2012	As at 31 March 2014	As at 31 December 2012
6. Long-term borrowings				
Debentures				
Secured				
5,000 (previous year 5,000) redeemable non-convertible debentures of the face value of Rs. 1,000,000 each ** ^	**5,000.00**	5,000.00	**–**	–
Term loans				
Unsecured				
From banks				
External commercial borrowings (ECBs)@^	**17,210.88**	12,046.10	**1,912.32**	456.66
Other $ ^	**2,500.00**	2,500.00	**–**	–
From other party # ^	**11.00**	22.00	**5.50**	5.50
Finance lease obligations (Secured) $$	**21.94**	144.73	**110.54**	88.98
	24,743.82	19,712.83	**2,028.36** *	551.14 *

* Amount disclosed under the head "Other current liabilities" (Refer to note 11).

** On 23 November 2012, the Company had issued redeemable non-convertible debentures for a period of 36 months at a coupon rate of 9.20% p.a. Such debentures are secured by a pari-passu first ranking charge on the Company's fixed assets so as to provide a fixed asset cover of 1.25x and are listed on the NSE.

@ ECBs include 7 loans for USD 320 million equivalent to Rs. 19,123.20 (previous year 7 loans for USD 228.34 million equivalent to Rs. 12,502.76). For the loans outstanding as at the Balance Sheet date, terms of repayment and rate of interest for borrowings are as follows :

(i) USD 100 million equivalent to Rs. 5,976 (previous year Nil), which carries interest at applicable LIBOR plus margin (95 basis points). The loan was taken on 4 June 2013 and is repayable on 3 June 2018.

(ii) USD 50 million equivalent to Rs. 2,988 (previous year USD 50 million equivalent to Rs. 2,737.75), which carries interest at applicable LIBOR plus margin (100 basis points). The loan was taken on 20 September 2012 and is repayable on 19 September 2017.

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(iii) USD 30 million equivalent to Rs. 1,792.80 (previous year USD 30 million equivalent to Rs. 1,642.65), which carries interest at applicable LIBOR plus margin (200 basis points). The loan was taken on 30 June 2011 and is repayable on 29 June 2017.

(iv) USD 30 million equivalent to Rs. 1,792.80 (previous year USD 30 million equivalent to Rs. 1,642.65), which carries interest at applicable LIBOR plus margin (100 basis points). The loan was taken on 9 September 2010 and is repayable on 8 September 2015.

(v) USD 50 million equivalent to Rs. 2,988 (previous year USD 50 million equivalent to Rs. 2,737.75), which carries interest at applicable LIBOR plus margin (150 basis points). The loan was taken on 12 August 2010 and is repayable on 11 August 2015.

(vi) USD 40 million equivalent to Rs. 2,390.40 (previous year USD 40 million equivalent to Rs. 2,190.20), which carries interest at applicable LIBOR plus margin (175 basis points). The loan was taken on 25 March 2011 and is repayable fully by 24 March 2017 in 3 installments viz; 30 % of the drawn amount at the end of 4th year and 5th year each and 40% of the drawn amount at the end of the 6th year.

(vii) USD 20 million equivalent to Rs. 1,195.20 (previous year USD 20 million equivalent Rs. 1,095.10), which carries interest at applicable LIBOR plus margin (195 basis points). The loan was taken on 10 June 2011 and is repayable on 9 June 2014.

(viii)USD Nil equivalent to Rs. Nil (previous year USD 8.34 million equivalent to Rs. 456.66), which carries interest at applicable LIBOR plus margin (53 basis points). The loan was taken on 30 April 2007 and was repayable in 3 equal annual installments commencing 29 April 2011.

$ Represents a loan of Rs. 2,500 (previous year Rs. 2,500) which carries interest at applicable bank base rate plus margin (60 basis point). The loan was taken on 3 October 2012 and is repayable on 2 October 2015.

Represents a term loan taken for research and development from Department of Science and Technology on 31 May 2007, which carries interest of 3% per annum and is repayable in 10 annual installments of Rs. 5.50 each along with interest.

$$ Secured against assets taken on finance lease by Ranbaxy Pharmaceuticals Inc. United States of America. The finance lease obligation is in relation to building and certain items of plant and equipment. The legal title to these items vests with their lessors. The lease term for such building is 10 years and for plant and equipments ranges between 4 years to 5 years with equated monthly payments beginning from the month subsequent to the commencement of lease. The total future minimum lease payments at the balance sheet date and the present value of these minimum lease payments are as follows:

	Future minimum lease payments		**Present value of future minimum lease payments**	
	As at 31 March 2014	**As at 31 December 2012**	**As at 31 March 2014**	**As at 31 December 2012**
i) not later than one year	**117.48**	104.72	**110.54**	88.98
ii) later than one year but not later than five years	**22.37**	153.96	**21.94**	144.73
	139.85	258.68	**132.48**	233.71

The rate of interest implicit in the above is in the range of 4.88% to 8.18% (previous year 4.88% to 8.18%)

^ The Group has not defaulted on repayment of loan and interest during the period.

	As at 31 March 2014	**As at 31 December 2012**
7. Other long-term liabilities		
Security deposits received	**120.26**	65.93
Payable towards unrealised loss on derivative instruments/ forward contracts (Refer to note 36)	**3,599.18**	10,297.62
Payable to employees	**84.03**	74.99
Other payables	**87.84**	72.30
	3,891.31	10,510.84

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	Long–term		Short–term	
	As at 31 March 2014	**As at 31 December 2012**	**As at 31 March 2014**	**As at 31 December 2012**
8. Provisions				
Provision for employee benefits				
Gratuity ###	**–**	–	**–**	47.38
Compensated absences	**389.10**	393.12	**241.68**	200.45
Pension ###	**901.38**	2,341.58	**90.39**	174.46
Others	**186.56**	158.96	**22.20**	18.47
Other provisions				
Income-tax ***	**16.78**	15.36	**783.55**	969.21
Provision for sales return @@	**–**	–	**1,145.28**	1,032.74
Settlement provision $$$	**–**	–	**–**	27,377.50
Provision for trade commitments ^^^	**–**	–	**483.43**	–
	1,493.82	2,909.02	**2,766.53**	29,820.21

Refer to note 37

Additional disclosures relating to certain provisions (as per AS 29 - Provisions, Contingent Liabilities and Contingent Assets)

	Provision for sales return		Settlement provision		Provision for trade commitments	
	As at 31 March 2014	**As at 31 December 2012**	**As at 31 March 2014**	**As at 31 December 2012**	**As at 31 March 2014**	**As at 31 December 2012**
At the commencement of the period	**1,032.74**	970.71	**27,377.50**	26,625.00	**–**	–
Add: Provision made during the period	**1,140.97**	1,008.34	**–**	–	**483.43**	–
Add: Exchange loss on re-statement/ payment	**69.13**	28.11	**1,787.50**	752.50	**–**	–
Less: Provision utilised during the period	**1,097.56**	974.42	**29,165.00**	–	**–**	–
At the end of the period	**1,145.28**	1,032.74	**–**	27,377.50	**483.43**	–

*** Net of advance tax of respective tax jurisdictions to the extent permissible.

@@ A provision is estimated for expected sales return in sales of products made during the period on the basis of past experience and contractual obligation with the customer. It is expected that the entire provision towards sales return will be utilised over the next twelve months.

$$$ The Company has negotiated and settled with the Department of Justice of the United States of America, (USA) ('US DOJ') for resolution of civil and criminal allegations on 13 May 2013 as per the decree of the court of Maryland. The Company had recorded a provision of Rs. 26,480 (USD 500 million) 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 costs) in compliance with the terms of settlement is subject to regulatory/ statutory provisions. The above mentioned decreetal amount of liability (along with related interest and other costs) has been paid by the Company's US subsidiaries including Ranbaxy Pharmaceuticals Inc. (RPI), USA, 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 the Company and its US subsidiaries. Accordingly, accounting adjustments arising from apportionment of the total settlement amount between the Company and its US subsidiaries, including the impact of apportionment on provision for taxation, have been carried out.

Loss on account of changes in exchange rate amounting to Rs. 1,787.50 (previous year loss of Rs. 752.50), related interest expense amounting to Rs. 152.83 (previous year Rs. 307.43) and other claim and contractual expense amounting to Rs. 110.09 (previous year Rs. 273.78) are presented in the relevant items in the Consolidated Statement of Profit and Loss.

^^^ Refer to note 39

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

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		As at 31 March 2014	As at 31 December 2012
9.	**Short-term borrowings**		
	Loans repayable on demand		
	Secured		
	From banks * ## ^	**574.24**	–
	Unsecured		
	From banks ## ^	**1,022.70**	–
	Other loans and advances		
	Secured		
	From banks * $ ^	**4,959.51**	4,887.29
	Unsecured		
	From banks $ ^	**24,899.99**	20,861.78
	Commercial paper # $$ ^	**7,750.00**	3,000.00
		39,206.44	28,749.07

* In respect of loan and overdraft facilities, amounting to Rs. 5,117.53 (previous year Rs. 4,441.80) taken by the parent company, the parent company has created a first charge, on a pari-passu basis, by hypothecation of inventories, trade receivables, outstanding money receivables, claims and bills and other receivables (included under loans and advances and other assets), both present and future. Further, loan taken by Ranbaxy Pharmacie Generiques SAS amounting to Rs. 416.22 (previous year Rs. 445.49) is secured against its trade receivables.

The Group has taken overdraft facility from banks which carries interest rate ranging between 10% to 10.75% per annum.

$ The parent company has taken packing credit facilities from banks which carry interest rate ranging between applicable LIBOR plus 70 basis points to 200 basis points per annum (previous year applicable LIBOR plus 75 basis point to 185 basis points per annum) and working capital facilities which carry interest rate ranging between 9.6% to 10.15% per annum (previous year 8.9% to 9% per annum). Further, other overseas entities of the group have also taken working capital facilities which carry interest rate ranging between applicable LIBOR/ EURIBOR/ PLR plus 80 basis points to 200 basis points per annum (previous year LIBOR/ EURIBOR/ PLR plus 150 basis points per annum).

^ The Group has not defaulted on repayment of loan and interest during the period.

$$ Commercial papers carries discount rate ranging between 10.45% to 10.55% per annum (previous year 8.76% per annum).

#	Related unamortised discount is included under "prepaid expenses" in "Short-term loans and advances" in note 16.	**237.00**	50.82

10.	**Trade payables**		
	Trade payables	**14,715.78**	16,213.71
		14,715.78	16,213.71
11.	**Other current liabilities**		
	Current maturities of long-term borrowings (Refer to note 6)		
	From banks - ECBs	**1,912.32**	456.66
	From other party	**5.50**	5.50
	Finance lease obligations	**110.54**	88.98
	Income received in advance	**15.43**	5.18
	Book overdraft	**220.58**	245.82
	Payable towards purchase of fixed assets	**274.96**	365.67
	Interest accrued but not due on borrowings	**261.45**	130.21
	Unclaimed dividend **	**26.43**	39.90
	Payable towards unrealised loss on derivative instruments/ forward contracts (Refer to note 36)	**8,158.36**	5,392.36
	Advance from customers	**401.65**	579.54
	Payable to employees	**2,436.13**	1,905.61
	Statutory liabilities	**2,301.02**	1,951.86
	Other payables @	**2,946.50**	3,704.20
		19,070.87	14,871.49

** Not due for deposit to Investor Education and Protection Fund.

@ Includes amount payable towards royalty and rebates under healthcare schemes. Besides this, previous year figure also includes amount payable towards a portion of profit payable to another party in relation to sales of a product.

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12. Tangible fixed assets

	Owned						Leased					
	Freehold land #	Buildings ##	Plant and equipments	Furniture and fixtures $	Office equipments	Vehicles	Land	Equipments	Building	Plant and equipments	Vehicles	Total
Gross block												
Balance as at 1 January 2012	656.91	10,260.47	28,612.45	1,494.42	744.42	922.49	285.41	12.25	663.40	11.14	0.14	**43,663.50**
Additions	–	864.46	2,754.68	240.17	72.04	178.66	56.37	–	–	2.09	–	**4,168.47**
Disposals	–	1.19	702.95	8.18	22.19	157.11	–	–	–	4.78	–	**896.40**
Translation	4.51	126.48	179.63	13.61	7.70	5.23	2.91	0.04	17.82	0.55	–	**358.48**
Other adjustments *	(3.14)	(18.66)	(145.16)	4.05	(94.81)	3.88	–	(12.29)	–	11.63	(0.14)	**(254.64)**
Balance as at 31 December 2012	**658.28**	**11,231.56**	**30,698.65**	**1,744.07**	**707.16**	**953.15**	**344.69**	**–**	**681.22**	**20.63**	**–**	**47,039.41**
Balance as at 1 January 2013	658.28	11,231.56	30,698.65	1,744.07	707.16	953.15	344.69	–	681.22	20.63	–	**47,039.41**
Additions	1.07	1,158.33	3,497.09	145.57	75.22	209.32	214.65	–	–	0.42	–	**5,301.67**
Disposals	–	12.24	556.07	27.16	33.45	220.37	–	–	0.91	–	–	**850.20**
Translation	22.36	294.65	504.66	61.76	16.37	17.63	5.39	–	62.30	1.87	–	**986.99**
Other adjustments *	34.02	(33.90)	102.33	(78.82)	(22.91)	0.01	(9.77)	–	–	–	–	**(9.04)**
Balance as at 31 March 2014	**715.73**	**12,638.40**	**34,246.66**	**1,845.42**	**742.39**	**959.74**	**554.96**	**–**	**742.61**	**22.92**	**–**	**52,468.83**
Depreciation and impairment												
Balance as at 1 January 2012	–	1,939.70	12,661.30	699.69	358.07	469.03	27.07	7.57	452.72	3.09	0.14	**16,618.38**
Depreciation for the year ^	–	297.28 $$	1,998.62	146.73	42.32	89.61	9.62	–	61.85	4.51	–	**2,650.54**
Impairment loss during the year @ ^	–	–	–	–	–	–	–	–	–	–	–	**–**
Accumulated depreciation on disposals	–	0.36	657.60	6.93	11.98	120.27	–	–	–	3.33	–	**800.47**
Translation	–	23.31	120.95	12.01	5.67	2.59	0.26	0.02	13.43	0.36	–	**178.60**
Other adjustments *	–	(11.00)	(90.33)	2.73	(82.20)	3.40	3.45	(7.59)	–	7.17	(0.14)	**(174.51)**
Balance as at 31 December 2012	**–**	**2,248.93**	**14,032.94**	**854.23**	**311.88**	**444.36**	**40.40**	**–**	**528.00**	**11.80**	**–**	**18,472.54**
Balance as at 1 January 2013	–	2,248.93	14,032.94	854.23	311.88	444.36	40.40	–	528.00	11.80	–	**18,472.54**
Depreciation for the period ^	–	367.69 $$	2,631.53	209.89	61.95	140.78	5.39	–	85.67	4.53	–	**3,507.43**
Impairment loss during the period @ ^	–	147.93	196.90	5.38	0.07	0.01	–	–	–	–	–	**350.29**
Accumulated depreciation on disposals	–	1.94	509.21	20.07	23.94	127.19	–	–	0.91	–	–	**683.26**
Translation	–	80.89	412.31	45.62	10.81	17.18	0.07	–	49.11	1.18	–	**617.17**
Other adjustments *	–	0.05	84.67	(67.39)	(9.63)	–	(7.73)	–	–	–	–	**(0.03)**
Balance as at 31 March 2014	**–**	**2,843.55**	**16,849.14**	**1,027.66**	**351.14**	**475.14**	**38.13**	**–**	**661.87**	**17.51**	**–**	**22,264.14**
Net block												
As at 31 December 2012	658.28	8,982.63	16,665.71	889.84	395.28	508.79	304.29	–	153.22	8.83	–	28,566.87
As at 31 March 2014	**715.73**	**9,794.85**	**17,397.52**	**817.76**	**391.25**	**484.60**	**516.83**	**–**	**80.74**	**5.41**	**–**	**30,204.69**

* Includes adjustments made in relation to reclassification within class of assets and towards assets held for sale. Previous year also includes reclassification of assets in accordance with disclosure requirements of Revised Schedule VI.

\# Freehold land includes land valued at Rs. 25.48 (previous year Rs. 25.48) pending registration in the name of the Company.

\#\# Refer to note 24 for rental income earned on operating lease arrangement.

$ Include leasehold improvements.

$$ Includes Rs. 5.29 (previous year Rs. 2.83) which has been adjusted against revaluation reserve

@ The impairment loss recognised for each class of asset is given hereunder:

Asset Description	**For the fifteen months ended 31 March 2014**				For the year ended 31 December 2012			
	Gross block	**Accumulated depreciation**	**Impairment recognised**	**Net block**	Gross block	Accumulated depreciation	Impairment recognised	Net Block
Buildings	**171.21**	**9.00**	**147.93**	**14.28**	–	–	–	–
Plant and equipments	**257.96**	**49.46**	**196.90**	**11.60**	–	–	–	–
Furniture and fixtures	**9.85**	**3.44**	**5.38**	**1.03**	–	–	–	–
Office equipment	**0.57**	**0.45**	**0.07**	**0.05**	–	–	–	–
Vehicles	**1.30**	**0.30**	**0.01**	**0.99**	–	–	–	–
Total	**440.89**	**62.65**	**350.29**	**27.95**	–	–	–	–
Capital work-in-progress	**125.28**	**–**	**114.26**	**11.02**	–	–	–	–
Grand Total	**566.17**	**62.65**	**464.55**	**38.97**	–	–	–	–

The impairment loss has been determined on the basis of net selling price (determined on the basis of expected salvage value/ market value) in respect of a CGU representing specific process plant. The impairment loss has been recognised owing to the prevalent market conditions of certain products which were to be manufactured from the specific process plant.

^ The total amount of depreciation and impairment amounting to Rs. 3,966.69 (previous year Rs. 2,647.71) presented in the Consolidated Statement of Profit and Loss comprises depreciation for the current period amounting to Rs. 3,507.43 (previous year Rs. 2,650.54) and impairment loss of Rs. 464.55 (previous year Nil) and is net off Rs. 5.29 (previous year Rs. 2.83) which has been adjusted against revaluation reserve.

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

13. Intangible fixed assets

	Patents #	Computer software #	Technical knowhow #	Brands and trademarks #	Goodwill *	Licences #	Total
Gross block							
Balance as at 1 January 2012	87.05	1,455.81	913.84	1,825.10	21,547.90	2,741.36	**28,571.06**
Additions	–	142.18	–	–	14.57	514.12	**670.87**
Disposals	–	266.72	–	–	–	354.32	**621.04**
Translation	2.45	7.12	23.11	29.97	53.74	131.78	**248.17**
Other adjustments **	–	236.49	2.71	0.73	–	(1.03)	**238.90**
Balance as at 31 December 2012	**89.50**	**1,574.88**	**939.66**	**1,855.80**	**21,616.21**	**3,031.91**	**29,107.96**
Balance as at 1 January 2013	89.50	1,574.88	939.66	1,855.80	21,616.21	3,031.91	**29,107.96**
Additions	–	455.25	–	7.47	3.96	774.14	**1,240.82**
Disposals	–	90.25	–	0.28	–	169.15	**259.68**
Translation	8.20	32.49	85.89	89.76	197.62	352.87	**766.83**
Other adjustments **	–	9.07	–	(0.50)	–	0.47	**9.04**
Balance as at 31 March 2014	**97.70**	**1,981.44**	**1,025.55**	**1,952.25**	**21,817.79**	**3,990.24**	**30,864.97**
Amortisation							
Balance as at 1 January 2012	87.05	881.34	279.23	1,371.46	2,383.45	2,310.95	**7,313.48**
Amortisation for the year ^^	–	202.49	61.78	110.21	–	180.28	**554.76**
Impairment loss during the year	–	–	–	–	–	–	**–**
Accumulated amortisation on disposals	–	265.06	–	–	–	337.56	**602.62**
Translation	2.45	4.64	7.92	24.44	14.01	105.57	**159.03**
Other adjustments **	–	167.90	0.83	0.14	–	3.75	**172.62**
Balance as at 31 December 2012	**89.50**	**991.31**	**349.76**	**1,506.25**	**2,397.46**	**2,262.99**	**7,597.27**
Balance as at 1 January 2013	89.50	991.31	349.76	1,506.25	2,397.46	2,262.99	**7,597.27**
Amortisation for the period ^^	–	276.32	84.66	121.76	–	288.87	**771.61**
Impairment loss during the period @ ^^	–	0.17	–	23.17	1,629.76	–	**1,653.10**
Accumulated amortisation on disposals	–	82.90	–	0.28	–	161.14	**244.32**
Translation	8.20	25.74	32.77	70.76	48.05	293.17	**478.69**
Other adjustments **	–	–	–	(0.49)	–	0.52	**0.03**
Balance as at 31 March 2014	**97.70**	**1,210.64**	**467.19**	**1,721.17**	**4,075.27**	**2,684.41**	**10,256.39**
Net block							
As at 31 December 2012	–	583.57	589.90	349.55	19,218.75	768.92	21,510.69
As at 31 March 2014	**–**	**770.80**	**558.36**	**231.08**	**17,742.52**	**1,305.83**	**20,608.58**

* Includes goodwill on consolidation.

** Includes adjustments made in relation to reclassification within class of assets. Previous year also includes reclassification of assets in accordance with disclosure requirements of Revised Schedule VI.

@ The impairment loss recognised for each class of asset is given hereunder:

Asset description	For the fifteen months period ended 31 March 2014					For the year ended December 2012			
	Gross block	Accumulated amortisation	Impairment recognised	Net block		Gross block	Accumulated amortisation	Impairment recognised	Net block
Computer software $	**0.36**	**0.17**	**0.17**	**0.02**		–	–	–	–
Brands and trademarks $	**89.68**	**64.27**	**23.17**	**2.24**		–	–	–	–
Goodwill	**–**	**–**	**–**	**–**		–	–	–	–
– Ranbaxy Pharmacie Generiques SAS. France ^	**2,891.65**	**1,700.00**	**1,191.65**	**–**		–	–	–	–
– Solrex Pharmaceuticals Company, India (a partnership firm) ^	**1,627.99**	**–**	**420.00**	**1,207.99**	$$	–	–	–	–
– Ranbaxy- PRP- (Peru) S.A.C. Peru ^	**19.11**	**1.00**	**18.11**	**–**		–	–	–	–
	4,628.79	**1,765.44**	**1,653.10**	**1,210.25**		–	–	–	–

$ Refer to note 12 @

^ Direct and indirect subsidiaries of the Company and considered as separate cash generating units. Impairment loss has been recognised due to changes in market conditions and considering actual performance and future projections of the respective businesses.

$$ The recoverable amount has been derived on the basis of value in use using projected cash flows discounted at 14.30%.

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

Remaining useful lives of intangible assets as at 31 March 2014 are as under:

Asset description	As at 31 March 2014	As at 31 December 2012
Patents	NIL	NIL
Computer software	Less than 1 year - 6 years	Less than 1 year - 6 years
Technical knowhow	8 years	9 years
Brands and trademarks	Less than 1 year - 9 years	Less than 1 year - 9 years
Licences	Less than 1 year - 10 years	Less than 1 year - 10 years

^^ The amortisation and impairment presented in the Consolidated Statement of Profit & Loss amounting to Rs. 794.95 (previous year Rs. 554.76), comprises amortisation for the current period amounting to Rs. 771.61 (previous year Rs. 554.76) and impairment loss of Rs. 23.34 (previous year Nil).

Note: The aggregate amount of research and development expenditure recognised as an expense during the period amounts to Rs. 6,379.72 (previous year Rs. 5,116.01).

14. Non-current investments

(Valued at cost less any other-than-temporary diminution in value, if any)

Investments in shares of companies (fully paid-up)

	Class of shares	Face value per share	Number of shares As at 31 March 2014	Number of shares As at 31 December 2012	As at 31 March 2014	As at 31 December 2012
Trade:						
Quoted						
Zenotech Laboratories Limited, an associate	Equity shares	Rs. 10	**16,127,293**	16,127,293	**1,841.68**	1,997.89
Less: Provision for other-than-temporary diminution in value of non-current investment ^					**(1,535.26)**	(1,229.58)
Unquoted						
Daiichi Sankyo (Thailand) Limited (formerly known as Ranbaxy Unichem Co. Ltd., Thailand), an associate ^^	Ordinary shares	Bahts 100	**890,874**	–	**395.35**	–
					701.77	768.31
Others:						
Unquoted						
Shimal Research Laboratories Limited	Equity shares	Rs. 10	**9,340,000**	9,340,000	**986.62**	986.62
Less: Provision for other-than-temporary diminution in value of non-current investment					**(986.62)**	(986.62)
Shivalik Solid Waste Management Limited	Equity shares	Rs. 10	**20,000**	20,000	**0.20**	0.20
Biotech Consortium India Limited	Equity shares	Rs. 10	**50,000**	50,000	**0.50**	0.50
Less: Provision for other-than-temporary diminution in value of non-current investment					**(0.50)**	(0.50)
Nimbua Greenfield (Punjab) Limited	Equity shares	Rs. 10	**140,625**	140,625	**1.41**	1.41
					1.61	1.61
					703.38	769.92

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	As at 31 March 2014	As at 31 December 2012
Aggregate book value of quoted non-current investments (net of provision for other-than-temporary diminution)	**306.42**	768.31
Aggregate market value of quoted non current investments	**266.10**	483.82
Aggregate book value of unquoted non-current investments (net of provision for other-than-temporary diminution)	**396.96**	1.61
Aggregate provision for other-than-temporary diminution in value of non-current investments	**2,522.38**	2,216.70
Aggregate carrying amount of 'long-term investments' within the meaning of AS 13 "Accounting for Investments".	**703.38**	769.92

^ During the current period, the Company has created a provision for other-than-temporary diminution of Rs. 305.68 (previous year Nil) in the value of its non-current investment in Zenotech Laboratories Limited (an associate of the Company). The calculation of provision involves usage of assumptions and significant judgement based on valuation methodologies/ judgement. Due to change in market conditions and considering actual performance, decline in market value and future projections of the business, the management has recognised the provision, to the extent of aforesaid amount. This amount has been disclosed as an exceptional item in the Consolidated Statement of Profit and Loss.

^^ In December 2012, the Company had approved the proposal to integrate the business operations and management of Ranbaxy Unichem Co. Ltd., Thailand ('Unichem'), its subsidiary, with Daiichi Sankyo (Thailand) Ltd., a subsidiary of Daiichi Sankyo Company Limited, Japan. The said integration has been completed with effect from 1 October 2013. Pursuant to this, Unichem has become an associate of the Company and gain of Rs. 95.59 arising out of this integration has been included in Other income for the period ended 31 March 2014. Subsequently, Unichem has changed its name to Daiichi Sankyo (Thailand) Limited, Thailand.

	As at 31 March 2014	As at 31 December 2012
15. Deferred tax assets (net)		
Deferred tax asset arising on account of:		
Provision for diminution in the value of non-current investments	**1,333.00**	844.33
Tax losses carried forward (only to the extent test of virtual certainty is met)	**1,086.19**	1,535.14
Provision for doubtful trade receivables, loans and advances and other current assets	**535.95**	624.68
Provision for employee benefits	**227.73**	159.02
Revaluation/ Interest of ECBs	**23.02**	163.04
Others	**489.37**	538.19
	3,695.26	3,864.40
Less: Deferred tax liability arising on account of:		
Fixed assets, net	**2,892.67**	3,207.69
Others	**169.63**	300.08
	3,062.30	3,507.77
Deferred tax assets (net)	**632.96**	356.63
Aggregate of net deferred tax assets jurisdictions	**756.82**	488.67
Aggregate of net deferred tax liabilities jurisdictions	**(123.86)**	(132.04)
Deferred tax assets (net)	**632.96**	356.63

In respect of entities with accumulated tax losses as at period end, no deferred tax asset (net) is recognized as at 31 March 2014 and as at 31 December 2012 in excess of amount arrived on test of virtual certainty. Deferred tax assets not carried forward include Rs.1,929 (previous year Rs.1,929) relating to premium on redemption of FCCBs recorded through securities premium account which has been claimed as allowable deduction in the year ended 31 December 2011 on payment basis. Accordingly, utilization/ recognition thereof in future period will be recorded by crediting securities premium account.

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	Long–term		Short–term	
	As at 31 March 2014	**As at 31 December 2012**	**As at 31 March 2014**	**As at 31 December 2012**
16. Loans and advances				
(Considered good, unless stated otherwise)				
To parties other than related parties				
Unsecured				
Capital advances for purchase of fixed assets				
Considered good	**673.82**	479.65	**–**	–
Considered doubtful	**82.11**	73.40	**–**	–
Less: Provision for doubtful capital advances	**(82.11)**	(73.40)	**–**	–
Security deposits	**283.97**	291.15	**83.37**	34.85
Loan to employees	**44.74**	57.72	**60.17**	66.04
Balances with and advances recoverable from statutory authorities	**12.26**	23.18	**2,480.88**	2,566.16
MAT credit entitlement	**8,363.86**	8,364.96	**–**	–
Advance income-tax including tax deducted at source*	**1,030.74**	801.22	**250.93**	292.59
Prepaid expenses	**152.33**	116.95	**1,102.47**	787.80
Advances to employees	**–**	–	**107.02**	125.18
Advances and deposits with suppliers	**–**	–	**603.56**	611.28
Other advances				
Considered good $	**1,383.82**	495.61	**4.39**	60.16
Considered doubtful	**–**	–	**164.25**	169.56
Less: Provision for doubtful advances	**–**	–	**(164.25)**	(169.56)
Secured				
Loans to employees	**52.60**	72.75	**8.25**	10.12
To related parties (unsecured)				
Loan to a fellow subsidiary	**–**	109.51	**–**	–
Loans and advances to an associate	**437.49**	–	**8.71**	41.14
	12,435.63	10,812.70	**4,709.75**	4,595.32

* Net of provision for tax of respective tax jurisdictions to the extent permissible.

$ Includes amount deposited under protest with relevant authorities.

	As at 31 March 2014	**As at 31 December 2012**
17. Other non-current assets		
(Unsecured and considered good)		
Receivable towards unrealised gain on derivative instruments/ forward contracts (Refer to note 36)	**1,740.28**	214.82
Deposit accounts (due to mature after twelve months of the reporting date) (Refer to note 21) #	**39.30**	83.07
Others	**30.42**	3.73
	1,810.00	301.62
# Represent deposit receipts pledged with Government authorities.	**39.30**	83.07

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

	Class of shares	Face value per share	Number of shares As at 31 March 2014	Number of shares As at 31 December 2012	As at 31 March 2014	As at 31 December 2012
18. Current investments						
(Carried at lower of cost and fair value)						
Quoted (fully paid-up)						
Krebs Biochemicals and Industries Limited	Equity shares	Rs. 10	**1,050,000**	1,050,000	**18.95**	20.48
					18.95	20.48
Aggregate book value of quoted current investments					**18.95**	20.48
Aggregate market value of quoted current investments					**18.95**	20.48
Aggregate write down to valuation to current investments at fair value					**70.31**	68.78
Quoted investment (both current and non-current)						
Aggregate book value (net of provision for diminution)					**325.37**	788.78
Aggregate market value					**285.05**	504.30
Aggregate book value (net of provision for other-than-temporary diminution) of unquoted investment (both current and non-current)					**396.96**	1.61

	As at 31 March 2014	As at 31 December 2012
19. Inventories		
Raw materials **	**6,823.84**	7,166.76
Work-in-progress	**7,063.48**	7,530.53
Finished goods	**8,943.71**	7,521.99
Stock-in-trade **	**3,560.03**	3,901.85
Stores and spares **	**302.62**	281.17
Packing materials **	**913.13**	911.24
	27,606.81	27,313.54
** Include goods in transit:		
– Raw materials	**297.06**	523.01
– Stock–in–trade	**62.56**	38.75
– Stores and spares	**16.78**	2.54
– Packing materials	**7.30**	11.04
20. Trade receivables		
(Unsecured and considered good, unless stated otherwise)		
Considered good	**20,698.98**	20,367.84
Considered doubtful	**1,507.11**	1,382.87
	22,206.09	21,750.71
Less: Provision for doubtful trade receivables	**(1,507.11)**	(1,382.87)
	20,698.98	20,367.84
	20,698.98	20,367.84

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

		As at 31 March 2014	As at 31 December 2012
21.	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	**7.95**	11.26
	Cheques on hand	**16.58**	0.48
	Balances with banks:		
	On current accounts @	**6,485.47**	5,848.34
	On deposit accounts (with original maturity of three or less than three months) @	**5,916.07**	12,446.98
		12,426.07	18,307.06
	Other bank balances #@	**3,070.63**	27,697.39
		15,496.70	46,004.45
#	Include amounts held which are not freely remissible to the Company on account of statutory regulations:	–	2,866.34
@	**Details of bank balances/ deposits**		
	Bank balances available on demand/ deposit with original maturity of three months or less included under 'Cash and cash equivalents'	**12,401.54**	18,229.91
	Bank deposits due to mature within twelve months of the reporting date included under 'Other bank balances'	**3,044.20**	27,657.49
	Unclaimed dividend accounts included under 'Other bank balances'	**26.43**	39.90
	Bank deposits due to mature after twelve months of the reporting date included under 'Other non-current assets' (Refer to note 17)	**39.30**	83.07
		15,511.47	46,010.37
22.	**Other current assets**		
	(Unsecured and considered good)		
	Tangible fixed assets held for sale	**301.95**	271.01
	Export incentives accrued	**770.43**	931.15
	Receivable towards unrealised gain on derivative instruments/ forward contracts (Refer to note 36)	**522.88**	51.95
	Interest accrued but not due on loans and deposit accounts	**28.73**	453.87
	Interest accrued and due on loans	**33.15**	3.67
	Others	**168.39**	110.05
		1,825.53	1,821.70

		For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
23.	**Revenue from operations**		
	Sale of products*	**129,855.22**	121,942.33
	Less: Excise duty	**440.20**	279.14
	Net	**129,415.02**	121,663.19
	Sale of services	**988.22**	865.75
	Other operating revenues		
	Royalty, milestone, technical know-how and product development ^	**265.99**	383.53
	Export incentives	**886.39**	837.95
	Unclaimed balances / excess provision written back	**346.14**	–
	Non-compete fee	**–**	210.00
	Others	**783.09**	636.85
		2,281.61	2,068.33
		132,684.85	124,597.27

* Sale of products for the year ended 31 December 2012 include sales relating to First-To-File (FTF) products in the USA.

^ Includes prior period income	**–**	55.42

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

		For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
24. Other income			
Interest **		**1,420.00**	2,549.80
Profit on sale of fixed assets, net		**–**	35.96
Rental income from property leases #		**167.13**	126.98
Net gain on account of foreign exchange fluctuations on loans		**–**	175.65
Gain on conversion of subsidiary into associate^^		**95.59**	–
Other non-operating income		**145.59**	18.97
		1,828.31	2,907.36
** Interest income on:			
Short term deposits with banks		**1,175.05**	2,195.67
Others		**244.95**	354.13
		1,420.00	2,549.80

\# The Company has given a part of its premises under cancellable operating lease arrangement to a related party. Lease rentals amounting to Rs. 166.95 (previous year Rs. 126.00) has been recognised in the Consolidated Statement of Profit and Loss. As only a portion of these premises has been let out, the gross carrying amount and the accumulated depreciation of leased premises/ assets is not separately identifiable.

^^ Refer to note 14

25. Cost of materials consumed			
Inventory of materials at the commencement of the period			
Raw materials		**7,166.76**	5,831.42
Packing materials		**911.24**	808.43
		8,078.00	6,639.85
Purchases			
Raw materials		**23,522.77**	18,080.67
Packing materials		**4,812.79**	3,888.30
		28,335.56	21,968.97
Less: Inventory of materials at the end of the period			
Raw materials		**6,823.84**	7,166.76
Packing materials		**913.13**	911.24
		7,736.97	8,078.00
Foreign currency translation impact on movement in raw materials and packing materials		**122.44**	78.51
Raw materials consumed		**23,865.69**	16,745.33
Packing materials consumed		**4,810.90**	3,785.49
	(A)	**28,799.03**	20,609.33
Less: Raw materials stock written off (separately included as exceptional item) ##		**486.40**	–
Less: Packing materials stock written off (separately included as exceptional item) ##		**35.41**	–
	(B)	**521.81**	–
Cost of materials consumed	**(A)-(B)**	**28,277.22**	20,609.33
## Refer to note 39			
26. Purchases of stock-in-trade		**22,885.49**	18,863.07
		22,885.49	18,863.07

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
27. Change in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the commencement of the period		
Work-in-progress	**7,530.53**	8,021.97
Finished goods	**7,521.99**	7,432.14
Stock-in-trade	**3,901.85**	3,791.98
	18,954.37	19,246.09
Less:		
Inventories at the end of the period		
Work-in-progress	**7,063.48**	7,530.53
Finished goods	**8,943.71**	7,521.99
Stock-in-trade	**3,560.03**	3,901.85
	19,567.22	18,954.37
(Increase)/ decrease	**(612.85)**	291.72
Foreign currency translation impact on movement in finished goods, work-in-progress and stock-in-trade	**177.98**	837.05
Less: Stock written off (separately included as exceptional item) (Refer to note 39)	**2,445.34**	–
Net (increase)/ decrease ^	**(2,880.21)**	1,128.77
^ includes prior period adjustment	**113.51**	–
28. Employee benefits expense		
Salaries, wages and bonus *	**21,988.81**	16,406.32
Contribution to provident, gratuity and other funds (Refer to note 37)	**1,829.13**	1,444.25
Employee stock option expense (Refer to note 4 e and 35)	**326.59**	222.47
Workmen and staff welfare expenses	**1,630.03**	1,211.11
	25,774.56	19,284.15

* Salaries, wages and bonus is net of reversal of Rs. 398.21 (Previous year Nil) representing impact of discontinuation of a defined benefit plan applicable to certain employees of the Company. (Also refer to note 2 n and note 37)

29. Finance costs		
Interest expense	**2,232.34**	1,366.74
Other borrowing costs	**503.14**	429.52
Net loss on foreign currency transactions and translations to the extent regarded as borrowing costs	**2,837.12**	1,239.74
	5,572.60	3,036.00
30. Other expenses		
Stores and spare parts consumed	**2,012.75**	1,604.34
Power and fuel	**3,796.93**	2,799.25
Repairs and maintenance		
– Buildings	**138.29**	131.57
– Plant and machinery	**721.47**	488.24
– Others	**1,049.74**	750.65
Processing charges	**2,486.63**	1,673.05
Advertising and sales promotion	**9,693.62**	7,698.14
Freight, clearing and forwarding	**3,413.52**	2,783.66
Business support and market research	**204.52**	60.59
Brokerage and commission	**1,410.32**	1,093.82
Conferences and meetings	**651.13**	374.53

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	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
Legal and professional fees	**8,445.35**	4,164.52
Claims and contractual expense @	**538.38**	11,795.04
Clinical trials	**461.94**	331.40
Regulatory filing fees	**1,169.19**	830.23
Analytical charges	**426.22**	352.47
Insurance	**919.97**	734.10
Rates and taxes	**853.94**	594.39
Travelling and conveyance	**2,298.29**	1,889.44
Rent #	**1,348.90**	924.85
Communication	**655.45**	511.93
Recruitment and training	**421.54**	260.72
Running and maintenance of vehicles	**612.96**	471.58
Remuneration to non-executive directors	**31.92**	50.00
Printing and stationery	**238.79**	177.63
Net loss on account of foreign exchange fluctuations on loans	**252.97**	–
Net loss on account of foreign exchange fluctuations on deposit accounts	**14.62**	1.19
Net loss on account of foreign exchange fluctuations (other than loans and deposit accounts)	**578.39**	1,326.14
Provisions for doubtful trade receivable and loans and advances	**134.01**	280.03
Cash discounts	**97.39**	75.62
Fixed assets written off	**58.89**	45.58
Clawback charges	**774.21**	481.43
Provision for diminution in the value of current investment	**1.53**	5.99
Excise duty related to (decrease)/ increase in inventory of finished goods	**(1.60)**	126.26
Loss on sale of assets, net	**41.27**	–
Miscellaneous	**2,942.67**	1,771.93
	48,896.11	46,660.31

@ During the current period and previous year, the Group has accrued an expense as claims and contractual expense towards a portion of profit payable to another party in relation to sales of a product.

The Group has taken certain facilities under cancellable and non-cancellable operating lease arrangements with lease term ranging from 11 months to 10 years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The future minimum lease payments in respect of non-cancellable operating leases as at 31 March 2014 and 31 December 2012 are:

	As at 31 March 2014	As at 31 December 2012
a] not later than one year	**431.06**	419.73
b] later than one year but not later than five years	**627.66**	803.48
c] later than five years	**72.77**	105.86
	1,131.49	1,329.07

	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
31. Income tax expense		
Current tax	**3,664.00**	2,939.83
Deferred tax charge	**(255.77)**	26.46
Current tax for earlier years, net	**(93.75)**	(27.25)
	3,314.48	2,939.04

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		For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
32. Share of the group in loss/ (profit) of associates is as under:			
Name of entity			
Zenotech Laboratories Limited		**156.21**	185.82
Daiichi Sankyo (Thailand) Limited (Refer to note 14)		**(15.80)**	–
		140.41	185.82
33. Minority interest in (loss)/ profit for the period (net)			
Name of entity			
Ranbaxy Malaysia Sdn. Bhd		**(122.05)**	33.92
Ranbaxy Nigeria Limited		**19.36**	4.41
S.C Terapia S.A.		**79.67**	51.68
Daiichi Sankyo (Thailand) Limited (Refer to note 14)		**1.60**	1.11
Sonke Pharmaceuticals (Proprietary) Limited		**1.47**	5.32
		(19.95)	96.44
34. (Loss)/ earnings per equity share			
Net (loss)/ profit attributable for equity shareholders			
Net (loss)/ profit attributable for equity shareholders	**(A)**	**(10,852.52)**	9,227.64
Number of weighted average equity shares			
Basic	**(B)**	**422,885,280**	421,960,943
Add: Effect of dilutive equity shares on account of employees stock options outstanding		**–**	1,637,824
Diluted	**(C)**	**422,885,280**	423,598,767
Nominal value of equity share (Rs. - not in millions)		**5.00**	5.00
(Loss)/ earnings per equity share (Rs. - not in millions)			
Basic	**(A)/(B)**	**(25.66)** #	21.87
Diluted	**(A)/(C)**	**(25.66)** #	21.78

Since the Group has incurred losses during the current period, the ESOP outstanding are considered to be anti-dilutive. Therefore, the basic and diluted loss per share are the same for the current period.

35. Employee share-based payment plans

The Company's Employee Stock Option Schemes ("ESOSs") provide for the grant of stock options to eligible employees and Directors of the Company and its subsidiaries. The ESOSs are administered by the Compensation Committee ("Committee") of the Board of Directors of the Company. Options are granted at the discretion of the committee to selected employees depending upon certain criterion. As at 31 March 2014, there were four ESOSs, namely, "ESOS I", "ESOS II", "ESOS 2005" and "ESOP 2011".

The ESOSs limits the maximum grant of options to an employee at 25,000 for ESOS I, 40,000 for ESOS II and 300,000 for ESOS 2005 in any given year. ESOS I and II provide that the grant price of options is to be determined at the average of the daily closing price of the Company's equity shares on the NSE during a period of 26 weeks preceding the date of the grant. ESOS 2005 provides that the grant price of options will be the latest available closing price on the stock exchange on which the shares of the Company are listed, prior to the date of the meeting of the Committee in which the options are granted. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered. The options vests evenly over a period of five years from the date of grant. Options lapse, if they are not exercised prior to the expiry date, which is ten years from the date of grant.

During the year ended 31 December 2011, the Company had introduced a new ESOS scheme namely Ranbaxy Employees Stock Option Plan 2011 "ESOP 2011" with effect from 1 July 2011. This scheme limits the maximum grant of options to an employee or a director at 30,000 in any given year. ESOP - 2011 provides that the grant price will be the face value of the equity share. The options vests evenly over a period of three years from the date of grant. Options lapse, if they are not exercised prior to the expiry date, which is three months from the date of the vesting. The Company has formed the ESOP Trust to administer ESOP-2011 scheme. The Company will issue shares to the ESOP Trust which will allocate the shares to the respective employees upon exercise of stock options from time to time under ESOP-2011.

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The Shareholders' have approved issuance of options under the ESOS as per details given below:

Date of approval	No. of options approved
29 June 2002	2,500,000
25 June 2003	4,000,000
30 June 2005	4,000,000
09 May 2011	3,000,000

In accordance with the above approval of issuance of options, stock options have been granted from time to time.

The stock options outstanding as on 30 June 2005 are proportionately adjusted in view of the sub-division of equity shares of the Company from the face value of Rs.10 each into 2 equity shares of Rs. 5 each.

The movement of the options (post split) granted under ESOS I, ESOS II and ESOS 2005 for the current period is given below:

	Stock options (numbers)	Range of exercise prices (Rs.)	Weighted-average exercise prices (Rs.)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the period	**5,309,401**	**216.00-561.00**	**429.61**	**4.02**
Forfeited during the period	**(88,073)**	**216.00-450.00**	**392.83**	
Exercised during the period	**(265,260)**	**216.00-496.00**	**294.47**	
Lapsed during the period	**(1,376,486)**	**216.00-538.50**	**466.96**	
Outstanding, end of the period*	**3,579,582**	**216.00-561.00**	**426.16**	**3.37**
Exercisable at the end of the period*	**3,412,928**	**216.00-561.00**	**425.00**	**3.24**

*Includes options exercised, pending allotment.

The movement of the options (post split) granted under ESOP - 2011 for the current period is given below:

	Stock options (numbers)	Range of exercise prices (Rs.)	Weighted-average exercise prices (Rs.)	Weighted-average remaining contractual life (years)
Outstanding at the commencement of the period	**1,218,174**	**5.00**	**5.00**	**1.28**
Granted during the period	**677,155**	**5.00**	**5.00**	
Forfeited during the period	**(221,439)**	**5.00**	**5.00**	
Exercised during the period #	**(666,636)**	**5.00**	**5.00**	
Lapsed during the period	**(20,349)**	**5.00**	**5.00**	
Outstanding, end of the period $	**986,905**	**5.00**	**5.00**	**0.88**
Exercisable at the end of the period $	**272,681**	**5.00**	**5.00**	**0.09**

$ Includes options exercised, pending allotment.

Shares allotted by the ESOP Trust against these exercises (Refer to note 3f)

The movement of the options (post split) granted under ESOS I, ESOS II and ESOS 2005 for the previous year is given below:

	Stock options (numbers)	Range of exercise prices (Rs.)	Weighted-average exercise prices (Rs.)	Weighted-average remaining contractual life (years)
Outstanding, commencement of the year	6,253,100	216.00-561.00	422.78	5.01
Forfeited during the year	(92,134)	216.00-450.00	374.54	
Exercised during the year**	(457,642)	216.00-538.50	333.66	
Lapsed during the year	(393,923)	216.00-538.50	445.64	
Outstanding, end of the year @	5,309,401	216.00-561.00	429.61	4.02
Exercisable at the end of the year @	4,176,400	216.00-561.00	445.96	3.34

@ Includes options exercised, pending allotment.

** excluding 16,437 shares issued towards additional entitlement.

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The movement of the options (post split) granted under ESOP 2011 for the previous year is given below:

	Stock options (numbers)	Range of exercise prices (Rs.)	Weighted-average exercise prices (Rs.)	Weighted-average remaining contractual life (years)
Outstanding, commencement of the year	765,718	5.00	5.00	1.74
Granted during the year	807,968	5.00	5.00	
Forfeited during the year	(102,780)	5.00	5.00	
Exercised during the year #	(238,762)	5.00	5.00	
Lapsed during the year	(13,970)	5.00	5.00	
Outstanding, end of the year *	1,218,174	5.00	5.00	1.28
Exercisable at the end of the year *	20,329	5.00	5.00	0.56

* Includes options exercised, pending allotment.

\# Shares allotted by the ESOP Trust against these exercises (Refer to note 3 f).

36. Hedging and derivatives

a) The Group uses various forms of derivative instruments such as foreign exchange forward contracts (including instruments which are in substance forward contracts), options, currency swaps, currency cum interest rate swaps and interest rate swaps to hedge its exposure to movements in foreign exchange and interest rates. These derivatives are not used for trading or speculation purposes.

b) The Group classifies some of its derivative contracts that hedge foreign currency risk associated with highly probable forecasted transactions as cash flow hedges and measures them at fair value. As at 31 March 2014, there are no such derivative contracts which are classified as cash flow hedges. As at 31 December 2012, these highly probable forecasted transactions were expected to occur over a period from January 2013 to July 2013 years which also approximated/ coincided with maturity of hedging instruments. The effective portion of such cash flow hedges was recorded as part of reserves and surplus within "hedging reserve" and re-classified in the Consolidated Statement of Profit and Loss in the period corresponding to the occurrence of the highly probable forecasted transactions. The ineffectiveness arising from cash flow hedges which was recognised in Consolidated Statement of Profit and Loss was not material.

The following are the outstanding derivative contracts entered into by the Group:

As at 31 March 2014

Category	Currency	Cross Currency	Amount (in millions)	Buy/ Sell	Purpose
Forward contracts for loans (PCFC) $ ^	**USD**	**INR**	**USD 282.00**	**Buy**	**Hedging**
Currency swaps (ECBs) $	**USD**	**INR**	**USD 120.00**	**Buy**	**Hedging**
Currency Options(ECBs) > # @	**USD**	**INR**	**USD 100.00**	**Buy**	**Hedging**
Currency options > # ** @	**USD**	**INR**	**USD 227.00**	**Sell**	**Hedging**
Currency cum interest rate swaps (ECBs) > # @	**USD**	**INR**	**USD 100.00**	**Buy**	**Hedging**

As at 31 December 2012

Category	Currency	Cross Currency	Amount (in millions)	Buy/ Sell	Purpose
Forward contracts for loans (PCFC) $ ^	USD	INR	USD 137.30	Buy	Hedging
Forward contracts for loans (ECBs) $	USD	INR	USD 8.34	Buy	Hedging
Currency swaps (ECBs) $	USD	INR	USD 120.00	Buy	Hedging
Forward contracts > # * @	USD	INR	USD 20.00	Sell	Hedging
Forward contracts > # @	EUR	USD	EUR 4.00	Sell	Hedging
Currency options > # ** @	USD	INR	USD 430.00	Sell	Hedging
Currency cum interest rate swaps (ECBs) > # @	USD	INR	USD 100.00	Buy	Hedging

$ accounted for in accordance with AS 11, "The Effects of Changes in foreign exchange rates"

^ PCFC represents packing credit loans taken in foreign currency.

\> accounted for in accordance with AS 30, Financial Instruments-recognition and measurement, to the extent not covered under AS 11.

\# Cumulative mark to market loss (net), on above instruments, of Rs. 9,867.37 (previous year Rs. 15,608.91) which has been determined based on valuation provided by banks i.e. counter party.

** structured options @ 2.00 to 2.50 times.

* designated as cash flow hedge instruments.

@ The Consolidated Statement of Profit and Loss includes loss of Rs. 2,965.27 (previous year Rs. 1,529.00) in respect of derivative instruments accounted as per the provision of AS 30, "Financial Instruments: Recognition and Measurement".

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37. Employee benefits expense

The Group primarily provides the following retirement benefits to its employees:

(a) Pension

(b) Retirement pension payment plan

(c) Provident fund

(d) Gratuity

The following tables sets out the disclosures relating to pension, retirement pension payment plan, provident fund and gratuity benefits as required by AS - 15 "Employee Benefits":

	Pension (Unfunded)	Retirement pension payment plan (Unfunded)	Provident fund (Funded)	Gratuity (Funded)
Change in the present value of obligations:				
Present value of obligation as at the commencement of the period	**2,463.56**	**52.48**	**3,599.18**	**1,080.71**
	2,068.66	*47.71*	*3,196.40*	*850.17*
Add: Current service cost	**–**	**4.32**	**238.06**	**108.46**
	102.24	*2.33*	*172.41*	*70.51*
Add: Interest cost	**97.21**	**1.28**	**375.24**	**90.47**
	167.82	*0.84*	*271.33*	*65.46*
Add: Employees contribution	**–**	**–**	**472.03**	**–**
	–	–	*335.39*	–
Add: Transfer in	**–**	**–**	**157.07**	**–**
	–	–	*182.54*	–
Add/ (less): Past service (cost)/ credit *	**–**	**–**	**–**	**–**
	71.33	–	*(1.18)*	*3.97*
Less: Settlement credit #	**398.21**	**–**	**–**	**–**
	–	–	–	–
Less: Benefits paid/ settlement	**1,171.84**	**–**	**583.50**	**137.75**
	81.97	–	*509.82*	*58.74*
Add/ (less): Actuarial loss/ (gain) on obligations	**(33.76)**	**(29.37)**	**22.69**	**3.11**
	278.14	*(0.98)*	*(50.25)*	*157.28*
Translation adjustment - (gain)/ loss	**–**	**6.10**	**–**	**–**
	–	*2.58*	–	–
Present value of obligation as at the end of the period	**956.96**	**34.81**	**4,280.77**	**1,145.00**
	2,463.56	*52.48*	*3,599.18*	*1,080.71*

* Past service credit is due to revision in the retirement age from 58 years to 60 years during previous year except for few employees who have opted for retirement age of 58 years.

\# During the current period, with effect from 1 March 2013, the Company has decided to discontinue the pension scheme for its employees (except for employees which were already retired as at 1 March 2013). The impact of such discontinuation of pension scheme is Rs. 398.21. (Also, refer to note 2n).

	Provident fund (Funded)	Gratuity (Funded)
Change in the fair value of plan assets:		
Fair value of plan assets as at the commencement of the period	**3,679.61**	**1,033.33**
	3,228.86	*853.39*
Add: Expected return on plan assets	**420.98**	**125.83**
	274.10	*77.07*
Add: Group's contributions	**234.97**	**259.19**
	166.03	*157.32*
Add: Employees' contributions	**472.03**	**–**
	335.39	–

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	Provident fund (Funded)	Gratuity (Funded)
Add: Transfer in fund	**157.07**	**–**
	182.54	*–*
Less: Benefits paid/ settlement	**583.50**	**137.75**
	509.82	*58.74*
Add/ (less): Actuarial gain/ (loss) on plan assets	**18.38**	**(1.36)**
	2.51	*4.29*
Fair value of plan assets as at the end of the period	**4,399.54**	**1,279.24**
	3,679.61	*1,033.33*
Return on plan assets:		
Expected return on plan assets	**420.98**	**125.83**
	274.10	*77.07*
Add/ (less): Actuarial gain/ (loss) on plan assets	**18.38**	**(1.36)**
	2.51	*4.29*
Actual return on plan assets	**439.36**	**124.47**
	276.61	*81.36*

Figures in italics are for the previous year.

	Provident fund (Funded)	Gratuity (Funded)
Reconciliation of present value of defined benefit obligation and the fair value of plan assets:		
Present value of funded obligation as at 31 March 2014	**4,280.77**	**1,145.00**
	3,599.18	*1,080.71*
Less: Fair value of plan assets as at 31 March 2014	**4,399.54**	**1,279.24**
	3,679.61	*1,033.33*
Funded status as at 31 March 2014 - (asset)/ liability	**(118.77)**	**(134.24)**
	(80.43)	*47.38*
Net liability/ (asset) recognised in Balance Sheet as at 31 March 2014	**–**	**(134.24)**
	–	*47.38*
Net (asset) unrecognised in Balance Sheet as at 31 March 2014	**(118.77)**	**–**
	(80.43)	*–*

Gratuity and provident fund contribution expected to be paid in the next year is Rs. 56.99 (previous year Rs. 167.00) and Rs. 206.70 (previous year Rs. 182.50) respectively.

Figures in italics are for the previous year.

	Pension (Unfunded)	Retirement pension payment plan (Unfunded)	Provident $ fund (Funded)	Gratuity (Funded)
Expenses recognised in the Consolidated Statement of Profit and Loss:				
Current service cost	**–**	**4.32**	**238.06**	**108.46**
	102.24	*2.33*	*172.41*	*70.51*
Add: Interest cost	**97.21**	**1.28**	**375.24**	**90.47**
	167.82	*0.84*	*271.33*	*65.46*
Less: Past service credit *	**–**	**–**	**–**	**–**
	71.33	*–*	*(1.18)*	*3.97*
Less: Settlement credit	**398.21**	**–**	**–**	**–**
	–	*–*	*–*	*–*
Add: Expected return on plan assets	**–**	**–**	**(420.98)**	**(125.83)**
	–	*–*	*(274.10)*	*(77.07)*

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	Pension (Unfunded)	Retirement pension payment plan (Unfunded)	Provident $ fund (Funded)	Gratuity (Funded)
(Less)/ add: Net actuarial (gain)/ loss recognised	**(33.76)**	**(29.37)**	**4.31**	**4.47**
	278.14	*(0.98)*	*(52.76)*	*152.99*
Add: Increase in unrecognised asset	**–**	**–**	**38.34** #	**–**
	–	–	*47.97 #*	–
Amount to be recognised	**(334.76)**	**(23.77)**	**234.97**	**77.57**
	476.87	*2.19*	*166.03*	*207.92*
Less: Amount capitalised on projects	**–**	**–**	**–**	**3.61**
	13.09	–	–	*3.39*
Expense recognised in the Consolidated Statement of Profit and Loss	**(334.76)**	**(23.77)**	**234.97**	**73.96**
	463.78	*2.19*	*166.03*	*204.53*

* Past service credit is due to revision in the retirement age from 58 years to 60 years except for few employees who have opted for retirement age of 58 years.

$ Further, during the period, the Company has recognised an expense of Rs. 96.69 (previous year Rs. 79.34) pertaining to portion of employers' contribution paid to the statutory authorities and provident fund administration charges, which is included in "Employee benefits expense" in note 28 .

\# Represents increase in surplus, which in the absence of any right to claim the surplus as refund or expected reduction in future contribution to the plan, is unrecognised.

Figures in italics are for the previous year.

The major categories of plan assets as a percentage of total plan assets are as under:

Particulars	Provident fund (Funded)	Gratuity (Funded)
Central government securities	**21%**	**2%**
	21%	*2%*
State government securities	**15%**	**1%**
	15%	*1%*
Bonds and securities of public sector/ financial institutions	**62%**	**14%**
	63%	*19%*
Insurer managed funds	**0%**	**83%**
	0%	*78%*
Surplus fund lying uninvested	**2%**	**0%**
	1%	*0%*

Percentages in italics are for the previous year.

The following table sets out the assumptions used in actuarial valuation of provident fund, pension, retirement pension payment plan and gratuity:

Particulars	Pension (Unfunded)	Retirement pension payment plan (Unfunded)	Provident fund (Funded)	Gratuity (Funded)
Discount rate	**9.00%**	**3.00%**	**9.00%**	**9.00%-9.15%**
	8.20%	*3.00%*	*8.20%*	*8.00%-8.20%*
Rate of increase in compensation levels ##	**N.A.**	**2.00%-3.00%**	**N.A.**	**10.00%**
	10.00%	*2.00%-3.00%*	*N.A.*	*8.50%-10.00%*
Interest rate guarantee	**N.A.**	**N.A.**	**8.75%**	**N.A.**
	N.A.	*N.A.*	*8.50%*	*N.A.*
Rate of return of plan assets **	**N.A.**	**N.A.**	**8.98% - 9.08%**	**9.00%-9.15%**
	N.A.	*N.A.*	*9.03%*	*9.00%*
Expected average remaining working lives of employees (years)	**N.A.**	**16.52-19.76**	**21.17-27.87**	**21.06-26.12**
	19.51	*19.40-26.90*	*21.52-26.88*	*21.48-26.39*

\## The salary increase takes account of inflation, seniority, promotion and other relevant factors on long term basis.

** On the basis of average rate of earnings expected on the funds invested.

Figures/ percentages in italics are for the previous year.

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Demographic assumptions

	Pension, gratuity and provident fund	Retirement pension payment plan
Mortality	**Indian assured lives mortality (2006-08) ultimate/ Annuitants - LIC (a) (1996-98) ultimate rates**	**Table INSEE F 2008 - 2010**
	Indian assured lives mortality (1994-96) modified ultimate	*Table INSEE F 2004 - 2006*
Disability	**5% of mortality rate**	**–**
	5% of mortality rate	*–*
Withdrawal	**15% - 18%**	**0% - 20%**
	15% - 18%	*0% - 30%*
Retirement age	**58 - 60 years**	**62 - 65 Years**
	58 - 60 years	*62 - 65 Years*

Amount for the current period and previous four years are as follows:

Pension plan:

	For the fifteen months ended 31 March	For the year ended 31 December			
	2014	**2012**	**2011**	**2010**	**2009**
Present value of defined benefit obligation	**(956.96)**	(2,463.56)	(2,068.66)	(1,992.95)	(1,701.50)
Experience adjustment loss/ (gain) for plan liability	**22.27**	96.92	78.93	(17.89)	23.29

Gratuity plan:

	For the fifteen months ended 31 March	For the year ended 31 December			
	2014	**2012**	**2011**	**2010**	**2009**
Present value of defined benefit obligation	**(1,145.00)**	(1,080.71)	(850.17)	(740.03)	(530.19)
Fair value of plan assets	**1,279.24**	1,033.33	853.39	671.91	444.31
Surplus/ (deficit)	**134.24**	(47.38)	3.22	(68.12)	(85.88)
Experience adjustment loss/ (gain) for plan liability	**41.01**	47.38	66.25	117.81	52.44
Experience adjustment (gain)/ loss for plan assets	**(1.36)**	4.32	(0.97)	2.97	0.02

Provident fund ##

	For the fifteen months ended 31 March	For the year ended 31 December		
	2014	**2012**	**2011**	**2010**
Present value of defined benefit obligation	**(4,280.77)**	(3,599.18)	(3,196.40)	(2,975.90)
Fair value of plan assets	**4,399.54**	3,679.61	3,228.86	2,931.95
Surplus/ (deficit)	**118.77**	80.43	32.46	(43.95)
Experience adjustment loss/ (gain) for plan liability	**110.51**	(64.78)	8.16	22.97
Experience adjustment loss/ (gain) for plan assets	**18.38**	2.51	11.66	16.90

Information presented for four periods since 31 December 2010 was the first year of actuarial valuation.

Retirement pension payment plan:

The experience adjustment for retirement pension payment plan over current and previous four years have not been given as the amounts are immaterial.

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

Defined contribution plans

a) The Company and its certain subsidiaries (other than USA based subsidiaries) also have defined contribution plans, which are largely governed by local statutory laws of the respective countries and cover the eligible employees of the specific entity(s). These plans are funded by the members and/ or by the entity(s) contributions, primarily based on a specified percentage of the employees' salary. The total contributions to these schemes during the period ended 31 March 2014 is Rs. 1,321.29 (previous year Rs. 925.58).

b) Further, USA based subsidiaries participates in a savings 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 specified under respective law on a pre-tax basis through voluntary contributions to the plan.

The plan provides that these subsidiaries can make optional contributions in an amount up to the maximum allowable by respective law. Employees achieve a 25 percent vested status after one year of service and fully vested status after three years of service. During the period ended 31 March 2014 the contributions to the plan is Rs. 102.22 (previous year Rs. 68.77).

38. Related party disclosures

A] Name of related parties

Related parties with whom transactions have been taken place during the current period or previous year:

i) Holding company (also being the ultimate holding company)

Daiichi Sankyo Company Limited, Japan

ii) Fellow subsidiary

Daiichi Sankyo India Pharma Private Limited, India

Daiichi Sankyo Chemical Pharma Co., Ltd., Japan

Daiichi Sankyo Development Limited, UK

Daiichi Sankyo Propharma Co., Ltd., Japan

Ranbaxy Mexico S.A.de C.V., Mexico

Daiichi Sankyo, Inc., USA

Daiichi Sankyo Mexico S.A. de C.V., Mexico

Daiichi Sankyo Italia S.p.A., Italy

Daiichi Sankyo Europe GmbH., Germany

Daiichi Sankyo Deuschland GmbH, Germany

Daiichi Sankyo Venezuela, S.A., Venezuela

Daiichi Sankyo Brasil Farmaceutica Ltda., Brasil

Daiichi Sankyo Espha Co., Ltd., Japan

Daiichi Sankyo (Thailand) Ltd., Thailand

iii) Associate company

Zenotech Laboratories Limited, India

Daiichi Sankyo (Thailand) Limited (formerly known as Ranbaxy Unichem Co. Ltd, Thailand) (subsidiary upto 30 September 2013 and associate with effect from 1 October 2013) $

iv) Key management personnel

Mr. Arun Sawhney, CEO and Managing Director

$ Refer to note 14 for details on the business integration with Daiichi Sankyo (Thailand) Ltd.

B] Transactions with the related parties

Transactions	Holding company	Fellow subsidiaries	Associate	Key management personnel	Total
Sale of products (net)	**130.04**	**631.25**	**175.12**	**–**	**936.41**
	(29.93)	(467.95)	–	–	(497.88)
Interest income	**–**	**3.41**	**36.62**	**–**	**40.03**
	–	–	–	–	–
Non-compete fee (income recognised)	**–**	**–**	**–**	**–**	**–**
	–	(210.00)	–	–	(210.00)

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

Transactions	Holding company	Fellow subsidiaries	Associate	Key management personnel	Total
Rental income from property leases	**–**	**166.95**	**–**	**–**	**166.95**
	–	(126.00)	–	–	(126.00)
Profit on sale of fixed assets	**–**	**–**	**0.44**	**–**	**0.44**
	–	–	–	–	–
Other operating revenues- others	**59.22**	**143.68**	**–**	**–**	**202.90**
	(36.55)	(68.24)	(4.92)	–	(109.71)
Purchases of raw material	**–**	**–**	**12.97**	**–**	**12.97**
	–	–	–	–	–
Purchases of packing material	**–**	**–**	**8.78**	**–**	**8.78**
	–	–	–	–	–
Purchases of stock-in-trade	**261.28**	**897.70**	**53.36**	**–**	**1,212.34**
	(129.70)	(825.06)	(14.98)	–	(969.74)
Business support and market research	**7.74**	**2.56**	**–**	**–**	**10.30**
	(5.51)	(1.51)	–	–	(7.02)
Clinical trials	**–**	**–**	**–**	**–**	**–**
	–	(9.95)	–	–	(9.95)
Royalty expenses	**2.73**	**–**	**0.24**	**–**	**2.97**
	(1.75)	–	–	–	(1.75)
Freight, clearing and forwarding	**–**	**49.08**	**–**	**–**	**49.08**
	–	–	–	–	–
Employee benefits expense*	**–**	**–**	**–**	**149.80**	**149.80**
	–	–	–	(108.21)	(108.21)
Reimbursement of employee benefits expense paid	**89.25**	**23.84**	**–**	**–**	**113.09**
	(82.04)	(22.95)	–	–	(104.99)
Reimbursement of other expenses paid	**1.11**	**0.08**	**–**	**–**	**1.19**
	(1.67)	–	–	–	(1.67)
Reimbursement of other expenses received	**2.56**	**40.37**	**0.87**	**–**	**43.80**
	–	(20.03)	(0.43)	–	(20.46)
Other expenses-Miscellaneous	**4.00**	**120.10**	**–**	**–**	**124.10**
	(2.53)	(7.92)	–	–	(10.45)
Loans and advances given	**–**	**–**	**455.02**	**–**	**455.02**
	–	–	(41.14)	–	(41.14)
Loans and advances received back	**–**	**109.51**	**49.96**	**–**	**159.47**
	–	–	–	–	–
Advance received from customer (net)	**8.02**	**–**	**170.27**	**–**	**178.29**
	–	–	–	–	–
Guarantees given on behalf of an associate company	**–**	**–**	**–**	**–**	**–**
	–	–	(120.00)	–	(120.00)
Withdrawal of guarantees given on behalf of an associate company	**–**	**–**	**120.00**	**–**	**120.00**
	–	–	–	–	–

Current period figures are for fifteen months ended 31 March 2014 and figures in brackets are for the previous year.

* Does not includes liabilities in respect of gratuity, pension and compensated absences as the same is determined on an actuarial basis for the Company as a whole.

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

C] Transaction in excess of 10% of the total related party transactions

Sr. No.	Transactions	Related party relationship	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
1	**Sale of products (net)**			
	Daiichi Sankyo Propharma Co., Ltd., Japan	Fellow subsidiary	**–**	274.38
	Daiichi Sankyo Chemical Pharma Co., Ltd., Japan	Fellow subsidiary	**162.73**	161.21
	Daiichi Sankyo Company Limited, Japan	Holding company	**130.04**	29.93
	Daiichi Sankyo (Thailand) Limited, Thailand	Associate company	**169.72**	–
	Daiichi Sankyo Brasil Farmacêutica Ltda., Brasil	Fellow subsidiary	**262.28**	–
	Daiichi Sankyo Mexico S.A. de C.V., Mexico	Fellow subsidiary	**108.72**	–
	Daiichi Sankyo Venezuela, S.A., Venezuela	Fellow subsidiary	**94.55**	–
2	**Interest income**			
	Zenotech Laboratories Limited, India	Associate company	**36.62**	–
3	**Non compete fee (Income recognised)**			
	Daiichi Sankyo India Pharma Private Limited, India	Fellow subsidiary	**–**	210.00
4	**Rental income from property leases**			
	Daiichi Sankyo India Pharma Private Limited, India	Fellow subsidiary	**166.95**	126.00
5	**Profit on sale of fixed assets**			
	Zenotech Laboratories Limited, India	Associate company	**0.44**	–
6	**Other operating revenues- others**			
	Daiichi Sankyo India Pharma Private Limited, India	Fellow subsidiary	**43.55**	47.11
	Daiichi Sankyo Company Limited, Japan	Holding company	**59.22**	36.55
	Daiichi Sankyo Italia S.p.A., Italy	Fellow subsidiary	**–**	15.55
	Daiichi Sankyo Europe GmbH., Germany	Fellow subsidiary	**22.36**	5.57
	Daiichi Sankyo Espha Co., Ltd., Japan	Fellow subsidiary	**72.95**	–
7	**Purchases of raw material**			
	Daiichi Sankyo (Thailand) Limited, Thailand	Associate company	**12.97**	–
8	**Purchases of packing material**			
	Daiichi Sankyo (Thailand) Limited, Thailand	Associate company	**8.78**	–
9	**Purchases of stock-in-trade**			
	Daiichi Sankyo Italia S.p.A., Italy	Fellow subsidiary	**131.63**	466.56
	Daiichi Sankyo Inc., USA	Fellow subsidiary	**656.83**	316.32
	Daiichi Sankyo Company Limited, Japan	Holding company	**261.28**	129.70
	Daiichi Sankyo Europe GmbH., Germany	Fellow subsidiary	**–**	41.70
10	**Business support and market research**			
	Daiichi Sankyo Company Limited, Japan	Holding company	**7.74**	5.51
	Daiichi Sankyo India Pharma Private Limited, India	Fellow subsidiary	**–**	1.51
	Daiichi Sankyo Mexico S.A. de C.V., Mexico	Fellow subsidiary	**2.56**	–
11	**Clinical trials**			
	Ranbaxy Mexico S.A. de C.V., Mexico	Fellow Subsidiary	**–**	9.95
12	**Royalty expenses**			
	Daiichi Sankyo Company Limited, Japan	Holding company	**2.73**	1.75
13	**Freight, clearing and forwarding**			
	Daiichi Sankyo Deuschland GmbH, Germany	Fellow subsidiary	**49.08**	–
14	**Employee benefits expense**			
	Mr. Arun Sawhney	Key management personnel	**149.80**	108.21
15	**Reimbursement of other expenses paid**			
	Daiichi Sankyo Company Limited, Japan	Holding company	**1.11**	1.67

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

Sr. No.	Transactions	Related party relationship	For the fifteen months ended 31 March 2014	For the year ended 31 December 2012
16	**Reimbursement of employee benefits expense paid**			
	Daiichi Sankyo Company Limited, Japan	Holding company	**89.25**	82.04
	Daiichi Sankyo Inc., USA	Fellow subsidiary	**12.00**	16.07
	Daiichi Sankyo Propharma Co., Ltd., Japan	Fellow subsidiary	**11.38**	–
17	**Reimbursement of other expenses received**			
	Daiichi Sankyo India Pharma Private Limited, India	Fellow subsidiary	**37.75**	20.03
18	**Other expenses-miscellaneous**			
	Daiichi Sankyo Inc., USA	Fellow subsidiary	**120.10**	7.92
19	**Loans and advances given**			
	Zenotech Laboratories Limited, India	Associate company	**455.02**	41.14
20	**Advance received from customer (net)**			
	Daiichi Sankyo (Thailand) Limited, Thailand	Associate company	**170.27**	–
21	**Loans and advances received back**			
	Ranbaxy Mexico S.A. de C.V., Mexico	Fellow subsidiary	**109.51**	–
	Zenotech Laboratories Limited, India	Associate company	**49.96**	–
22	**Guarantees given on behalf of an associate company**			
	Zenotech Laboratories Limited, India	Associate company	**–**	120.00
23	**Withdrawal of guarantees given on behalf of an associate company**			
	Zenotech Laboratories Limited, India	Associate company	**120.00**	–

D] Balances due from/to the related parties as at 31 March 2014

Sr. No.	Particulars	Holding company	Fellow subsidiaries	Associates	Total
1	**Trade receivables**	**23.05**	**204.07**	**4.61**	**231.73**
		(0.57)	(80.67)	(4.61)	(85.85)
2	**Trade payables - Others**	**68.72**	**128.26**	**24.84**	**221.82**
		(60.47)	(428.90)	–	(489.37)
3	**Long-term loans and advances**	**–**	**–**	**437.49^**	**437.49**
		–	(109.51)	–	(109.51)
4	**Other current liabilities - other payables**	**–**	**72.31**	**–**	**72.31**
		–	(71.11)	–	(71.11)
5	**Other current liabilities - advance from customers**	**8.02**	**–**	**170.27**	**178.29**
		–	–	–	–
6	**Other long-term liabilities- security deposit received**	**–**	**63.00**	**–**	**63.00**
		–	–	–	–
7	**Other current liabilities- security deposit received**	**–**	**–**	**–**	**–**
		–	(63.00)	–	(63.00)
8	**Other current assets - receivables towards interest on loan given**	**–**	**–**	**33.15^**	**33.15**
		–	–	–	–
9	**Guarantees given on behalf of an associate company**	**–**	**–**	**–**	**–**
		–	–	(120.00)	(120.00)
10	**Short-term loans and advances - advance to suppliers**	**–**	**–**	**8.71^**	**8.71**
		–	–	(41.14)	(41.14)

Figures in brackets are for the previous year.

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

During the period, one of the subsidiaries (i.e. Ranbaxy Unichem Co. Ltd., Thailand) ("Unichem") of the Company acquired the business operations from its fellow subsidiary Daiichi Sankyo (Thailand) Ltd., Thailand. The consideration amounting to Rs. 1,120.17 towards this acquisition was discharged by issuance of shares of Unichem to Daiichi Sankyo Company Limited, Japan being the shareholders of Daiichi Sankyo (Thailand) Ltd., Thailand. Also refer to note 14.

^ The total amount of loan outstanding (including interest accrued and due) as at 31 March 2014 from Zenotech Laboratories Limited, an associate, is Rs. 470.64 (previous year Nil). The maximum amount due during the period was Rs. 470.64 (previous year Nil).

Key management personnel

As at 31 March 2014, amount payable to key management personnel is Rs. 26.60 (previous year Rs. 13.41) included under 'Payable to employees in Other current liabilities'.

Further, during the current period and earlier years, the Company has granted stock options to Arun Sawhney, key management personnel in respect of which Rs. 7.95 (previous year Rs. 4.35) has been recognised as an expense which is included in "Employee stock option expense" in note 28 of the Statement of Consolidated Profit and Loss. The deferred employee stock option expense in respect of such stock options as at 31 March 2014 is Rs. 6.36 (previous year Rs. 8.48).

39. a) The Company has, during the fifteen months ended 31 March 2014, received an 'import alert' from the Food and Drug Administration of the USA ('US FDA') on its manufacturing facility located in Mohali consequent to their inspection in 2012 whereby US FDA regulated drugs could not be supplied there from. The US FDA also advised that the Mohali manufacturing facility will be subject to certain terms of the Consent Decree of permanent injunction entered into by the Company in January 2012 ('Consent Decree'). Consequently, stock write off and other costs of Rs. 695.14 has been recognised in these financial statements. It is expected that the concerns of US FDA would be resolved within a reasonable period leading resumption of supply to US market.

b) (i) The US FDA conducted an inspection at the Company's manufacturing facility located in Toansa in January 2014. Consequent to the findings of the inspection, on 23 January 2014, the US FDA invoked the Consent Decree prohibiting the Company from manufacturing and distributing APIs from its Toansa manufacturing facility and finished drug products containing APIs manufactured at this facility into the US regulated market. The Company has since progressed in investigating the findings of the US FDA (as contained in Form 483) and has submitted its response to the US FDA.

(ii) Subsequent to the imposition of the Consent Decree at the Toansa manufacturing facility as mentioned above, regulators in some jurisdictions including those of European Union ('EU') countries have sought clarifications/ took actions in respect of shipments from Toansa manufacturing facility. The Company is in dialogue with these regulatory agencies and is addressing their concerns. The Company expects to resume API bulk shipments to EU countries from Toansa manufacturing facility upon receipt of clearances from relevant regulatory authorities.

(iii) The Department of Justice of the USA ('US DOJ'), United States Attorney's Office for the District of New Jersey has issued an administrative subpoena dated 13 March 2014 to the Company seeking information primarily related to the Company's API Toansa manufacturing facility in India for which a Form 483 was issued by US FDA in January 2014 (as explained in (i) above). The Company is fully cooperating with this information request and is in dialogue with the US DOJ for submission of the requisite information.

(iv) During the quarter ended 31 March 2014, the Company has temporarily put on hold its operations from API manufacturing facilities at Toansa to examine the manufacturing and quality processes and controls, voluntarily as a precautionary measure. The same is expected to be resumed shortly.

(v) The management is taking all necessary steps to resolve the above matters to the satisfaction of the concerned authorities. However, considering the above matters relating to the Toansa manufacturing facility, provisions (primarily relating to inventories, trade commitments, sales return etc.), amounting to Rs. 2,733.59 have been recognised in these financial statements. In calculating these provisions, the management has used the best information and estimates, presently available. Since the matter involves significant judgement and in view of the inherent uncertainty of the present situation, the actual amounts may differ eventually.

c) During the quarter ended 31 March 2014, the Company has temporarily put on hold its operations from API manufacturing facility at Dewas to examine the manufacturing and quality processes and controls, consequent to receipt of certain internal information. Consequent to the findings of the above exercise, the carrying amount of inventory has been written down by Rs. 424. The attribution of this amount to any particular period/ year is not possible. The Company expects to resume the operations shortly.

40. During the previous year, the Company had made a voluntary recall of Atorvastatin Calcium Tablets from the USA market. The amount recognised in the Consolidated Statement of profit and loss represents consequential cost (sales return, inventory write off and customer claims) recognised by the Company.

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014
(Rupees in millions except share data, per share data and unless otherwise stated)

	As at 31 March 2014	As at 31 December 2012
41. Contingent liabilities and commitments		
(to the extent not provided for)		
Contingent liabilities		
i) Corporate bank guarantee by parent company on behalf of an associate, to the extent of limits	**–**	120.00
ii) Claims against the Group not acknowledged as debts, under dispute:		
(a) DPCO *	**3,052.88**	2,290.41
(b) European Commission**	**843.57**	–
(c) Trade commitments	**582.61**	–
(d) Alleged breach of social security code contested by French subsidiary (maximum penalty amount)	**498.64**	–
(e) Service tax matters $	**156.00**	–
(f) Octroi tax matters #	**171.00**	171.00
(g) Other matters ##	**288.62**	264.40

* The Company has received demands for payment to the credit of the Drug Prices Equalisation Account under Drugs (Price Control) Order, 1995 ('DPCO') which is being contested by the Company in respect of its various products. Further, the Company has deposited Rs. 325.59 (previous year Rs. 325.59) under protest. The amount is excluding interest and penalty, if any. It also includes a demand of Rs. 565.48 received by the Company in April 2014, under DPCO in respect of a product.

** Fine imposed on Ranbaxy Laboratories Limited, India and Ranbaxy (UK) Limited, UK for anti-competitive settlement agreement by European Commission.

$ The Company has received show cause notice demanding service tax on certain services performed outside India under reverse charge basis.

The Company has been contesting a case with the Municipal Corporation of Mohali (MCM) under which MCM is contesting that Octroi has to be paid by the Company at 1% as against 0.5% being paid by the Company. The amount above represents the difference payable.

These represent cases pending at various forums on account of employee/ worker related cases, State Electricity Board, Punjab Land Preservation Act and tax contingencies etc.

iii) In respect of matters in ii) above, the amount represents the demands received under the respective demand/ show cause notices/ legal claims, wherever applicable.

iv) Based on direction received in relation to the draft assessment order of Assessment Year (AY) 2008-09, Dispute Resolution Panel ("DRP") under the provisions of section 144C of the Income Tax Act, 1961, had instructed the Assessing Officer ("AO") to make additions/ disallowances on various issues including Transfer Pricing and deductions claimed under section 80-IB/IC of the Act to taxable income of the Company. The Company received the final assessment order from the AO in November 2012 whereby demand of Rs 443.39 has been raised against the Company, which has been paid by the Company under protest in full. The Company has challenged the order before the Hon'ble Income Tax Appellate Tribunal ("ITAT") and pending disposal of the matter, the management considers the amount of tax liability as unascertainable.

During January 2014, the Company has received assessment order for AY 2009-10 from the AO making certain additions/ disallowances on various issues including Transfer Pricing and deductions claimed under section 80-IB/IC of the Income Tax Act, 1961, which has the effect of reducing the business loss for the referred year. Since, these additions/disallowances have been made pursuant to directions received from DRP, the Company has challenged the order before the Hon'ble ITAT. Pending disposal of the matter, the management considers the impact as unascertainable.

During March 2014, the Company has received a draft assessment order for AY 2010-11 from the AO proposing certain additions/ disallowances including deductions claimed under section 80-IB/IC of the Income Tax Act, 1961, to its taxable income for the referred year, which has the effect of reducing the carry forward accumulated tax losses. The Company has not accepted the same and has filed its objections before the DRP. Pending disposal of the matter, the management considers the impact as unascertainable.

v) The Company, directly or indirectly through its subsidiaries, severally or jointly is also involved in certain patents and product liability disputes as at the period end. Due to the nature of these disputes and also in view of significant uncertainty of outcome, the Company believes that the amount of exposure cannot be currently determinable.

	As at 31 March 2014	As at 31 December 2012
Commitments		
i) Estimated amount of contracts remaining to be executed on capital on account and not provided for (net of advances)	**1,658.00**	2,210.25
ii) Non cancellable lease commitments (Refer to note 30)	**1,131.49**	1,329.07

Notes to the consolidated financial statements for the fifteen months ended 31 March 2014

(Rupees in millions except share data, per share data and unless otherwise stated)

42 Segment information

Business Segments

The Group's business activity falls within a single primary business segment viz. 'Pharmaceutical'.

Geographical segment

The Group's business is organised into key geographic segments. Revenues are attributable to individual geographic segments based upon the location of the customers. Segment assets are attributable to individual geographic segments based upon the location of the respective assets. Segment assets do not include income tax assets and interest/ dividend generating assets.

Other Information

The accounting policies consistently used in the preparation of the consolidated financial statements are also applied to revenues and expenditure of individual segments.

a) Primary Segment information

The Group's business activity falls within a single primary business segment viz. 'Pharmaceutical'.

b) Secondary Segment information- Geographical

	India	Europe	North America	Asia Pacific	Africa	Others	Total
Segment revenue #	**29,884.39**	**25,656.03**	**42,554.16**	**6,648.35**	**12,183.18**	**15,758.74**	**132,684.85**
	(23,349.92)	(20,958.51)	(53,797.74)	(8,360.56)	(7,879.11)	(10,251.43)	(124,597.27)
Segment assets ##	**53,646.69**	**30,570.26**	**21,024.42**	**3,234.89**	**8,376.55**	**3,100.10**	**119,952.90**
	(52,972.03)	(28,540.14)	(17,586.60)	(2,928.40)	(8,423.83)	(3,546.48)	(113,997.48)
Capital expenditure ##*	**3,346.34**	**774.71**	**2,192.43**	**173.71**	**909.71**	**92.75**	**7,489.65**
	(2,771.95)	(279.32)	(875.97)	(196.38)	(359.67)	(164.35)	(4,647.64)

Figures in brackets are for the previous year.

on the basis of location of customers

on the basis of location of assets

* Net of impairment of Rs 114.26 (previous year Nil). Also refer to note 12.

43. The Board of Directors at their meeting held on 6 April 2014, approved the Scheme of Arrangement providing inter-alia reduction of capital and merger of the Company with M/s. Sun Pharmaceutical Industries Limited ('SPIL') with effect from the appointed date of 1 April 2014. As per the Scheme, the share exchange ratio has been proposed as 0.8 share of SPIL for each share of the Company. The scheme is subject to requisite approvals from Hon'ble High Courts of Gujarat and Punjab & Haryana and various other statutory authorities, as may be required.

44. As per the standalone financial statements of the Company, the accumulated losses as at 31 March 2014 have exceeded 50% of the peak net worth of the Company in the immediately preceding four financial years. Hence, the Company has become a potentially sick company in terms of the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and requisite compliances under this Act would be made by the Company.

As per our report of even date attached

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

Akhil Bansal
Partner
Membership No.: 090906

Place: Gurgaon
Date: 9 May 2014

For and on behalf of the Board of Directors of **Ranbaxy Laboratories Limited**

Dr. Tsutomu Une
Chairman

Arun Sawhney
CEO and Managing Director

Indrajit Banerjee
President and Chief Financial Officer

Sushil K. Patawari
Company Secretary

Place: Gurgaon
Date: 9 May 2014

Financial Details of the Subsidiary Companies

FOR THE 15 MONTHS PERIOD ENDED MARCH 31, 2014

		Rs. in Million									
Sr. No.	Name of Subsidiary	Capital	Reserves	Total assets	Total liabilities	Investments (except in case of investments in subsidiaries)*	Turnover	Profit before tax	Provision for tax expense / (reversal)	Profit after tax	Proposed dividend
	Domestic :										
1	Solus Pharmaceuticals Limited @	–	–	–	–	–	–	–	–	–	–
2	Vidyut Investments Limited	250.08	(227.70)	23.24	0.86	–	–	2.23	0.71	1.52	–
3	Ranbaxy Drugs and Chemicals Company @ (A public company with unlimited liability)	–	–	–	–	–	–	–	–	–	–
4	Ranbaxy Drugs Limited	31.00	1,669.14	1,990.10	289.96	1,949.29	–	(313.55)	12.17	(325.72)	–
5	Ranbaxy SEZ Limited @	–	–	–	–	–	–	–	–	–	–
6	Rexcel Pharmaceuticals Limited @	–	–	–	–	–	–	–	–	–	–
7	Gufic Pharma Limited	0.50	3.31	3.84	0.03	3.05	0.30	(0.14)	0.09	(0.23)	–
8	Ranbaxy Life Sciences Research Ltd. @	–	–	–	–	–	–	–	–	–	–
	Overseas :										
9	Ranbaxy Malaysia Sdn. Bhd. Malaysia	145.99	895.89	2,077.61	1,035.73	–	1,422.31	(458.83)	(32.27)	(426.56)	14.90
10	Ranbaxy (Hong Kong) Limited @@ Hong Kong	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
11	Basics GmbH Germany	399.59	233.69	2,514.06	1,880.78	–	2,147.94	48.07	–	48.07	–
12	Ranbaxy GmbH Germany	2.05	(0.09)	124.49	122.53	–	25.01	0.08	–	0.08	–
13	Ranbaxy (S.A.) (Proprietory) South Africa	2.04	597.80	1,395.77	795.93	–	1,781.58	(89.83)	(16.79)	(73.04)	–
14	Sonke Pharmaceuticals (Pty) Ltd South Africa	–	19.91	998.53	978.62	–	2,223.86	7.95	2.22	5.73	–
15	Ranbaxy Egypt (L.L.C.) Egypt	41.60	119.93	506.41	344.88	–	410.84	14.20	4.47	9.73	–
16	Rexcel Egypt (L.L.C.) Egypt	2.06	(1.65)	61.18	60.77	–	40.17	2.29	1.16	1.13	–
17	Ranbaxy (U.K.) Ltd. United Kingdom	2,153.47	(1,428.11)	2,234.37	1,509.01	–	2,462.82	346.96	(0.11)	347.07	–
18	Ranbaxy Poland S.P. Z.o.o. ^^ Poland	88.11	119.05	292.28	85.12	–	666.64	27.05	6.87	20.18	–
20	Ranbaxy Nigeria Ltd. Nigeria	15.35	1,055.14	2,164.54	1,094.05	–	1,464.38	203.49	61.45	142.04	4.45
21	Ranbaxy Unichem Company Ltd. $ Thailand	–	–	–	–	–	–	–	–	–	–

Sr. No.	Name of Subsidiary	Capital	Reserves	Total assets	Total liabilities	Investments (except in case of investments in subsidiaries)*	Turnover	Profit before tax	Provision for tax expense / (reversal)	Profit after tax	Proposed dividend
		Rs. in Million									
22	Ranbaxy Pharmaceuticals Ukraine LLC ^^ Ukraine	299.31	20.48	512.04	192.25	–	1,470.65	49.00	18.50	30.50	–
23	Ranbaxy Morocco LLC Morocco	89.18	(92.60)	429.03	432.45	–	388.91	(36.66)	0.47	(37.13)	–
24	Ranbaxy Farmaceutica Ltda. Brazil	458.23	(762.77)	924.27	1,228.81	–	1,790.62	(321.67)	333.50	(655.17)	–
25	Ranbaxy–PRP (Peru) S.A.C. Peru	92.19	(116.84)	90.76	115.41	–	102.05	(22.66)	–	(22.66)	–
26	Ranbaxy Europe Ltd. United Kingdom	0.82	120.60	238.75	117.33	–	649.52	30.93	9.23	21.70	–
27	Ranbaxy Pharmaceutical, Inc. USA	$$	6,053.19	39,559.76	33,506.57	–	20,287.45	1,763.06	786.49	976.57	4,437.87
28	Ranbaxy, Inc. USA	778.44	13,568.39	29,354.08	15,007.25	–	2,408.72	7,653.08	57.53	7,595.55	–
29	Ranbaxy USA, Inc. USA	$$	9,383.89	10,277.70	893.81	–	149.69	(218.41)	(31.41)	(187.00)	–
30	Ohm Laboratories Inc. USA	14.29	5,334.27	19,171.92	13,823.36	–	13,797.43	100.80	16.18	84.62	3,254.44
31	Ranbaxy Laboratories Inc. USA	$$	2,423.44	12,775.52	10,352.08	–	11,416.32	4,041.90	1,441.58	2,600.32	–
32	Ranbaxy Signature LLC USA	$$	(645.96)	7.52	653.48	–	199.11	103.15	–	103.15	–
33	Ranbaxy (Netherlands) B.V. ("RNBV") The Netherlands	45,058.38	6,749.86	64,990.11	13,181.87	–	–	4,761.43	6.80	4,754.63	5,917.16
34	Ranbaxy Holdings (U.K.) Ltd. United Kingdom	3,025.37	138.90	3,171.96	7.69	–	–	1.31	–	1.31	–
35	Ranbaxy Ireland Ltd. Ireland	582.91	828.68	2,105.96	694.37	–	4,791.86	524.77	66.38	458.39	317.46
36	ZAO Ranbaxy ^^ Russia	5.63	815.44	3,184.72	2,363.65	–	5,183.42	436.53	90.82	345.71	–
37	Ranbaxy Pharmacie Generiques SAS France	2,044.95	(3,146.37)	1,158.75	2,260.17	–	3,021.67	(1,283.95)	–	(1,283.95)	–
38	Ranbaxy Portugal – Com E Desenvolv De Prod Farmaceuticos Unipessoal Lda ^^ Portugal	0.42	3.61	38.34	34.31	–	0.01	(15.51)	0.34	(15.85)	–
39	Laboratorios Ranbaxy, S.L. ^^ Spain	423.73	(689.67)	306.70	572.64	–	456.19	(602.02)	–	(602.02)	–
40	Office Pharmaceutique Industriel Et Hospitalier SARL ("OPIH SARL") France	109.02	(37.22)	258.71	186.91	–	511.79	(5.12)	–	(5.12)	–

		Rs. in Million									
Sr. No.	Name of Subsidiary	Capital	Reserves	Total assets	Total liabilities	Investments (except in case of investments in subsidiaries)*	Turnover	Profit before tax	Provision for tax expense / (reversal)	Profit after tax	Proposed dividend
41	Ranbaxy Australia Pty. Ltd. Australia	508.29	(1,564.80)	1,117.03	2,173.54	–	1,478.46	(134.37)	–	(134.37)	–
42	Ranbaxy Pharmaceuticals Canada Inc. Canada	121.63	570.21	1,936.34	1,244.50	–	4,487.11	(411.07)	(124.07)	(287.00)	–
43	Ranbaxy Italia S.p.A Italy	16.95	22.78	1,237.02	1,197.29	–	2,263.61	21.47	10.90	10.57	–
44	Terapia S.A. ^^ Romania	474.79	10,265.04	12,943.50	2,203.67	–	8,813.90	2,218.68	298.61	1,920.07	–
45	Ranbaxy (Thailand) Company Ltd. (w.e.f. 20 February 2013) Thailand	30.36	(2.24)	167.84	139.72	–	12.30	(2.31)	–	(2.31)	–
46	Ranbaxy Belgium N.V. Belgium	46.05	(0.70)	67.46	22.11	–	–	(1.07)	–	(1.07)	–
47	Ranbaxy Pharma AB @@ Sweden	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
48	Be–Tabs Pharmaceuticals (Proprietary) Ltd. South Africa	$$	389.06	2,681.54	2,292.48	–	2,326.81	(416.26)	–	(416.26)	–
49	Be–Tabs Investments (Proprietary) Ltd. South Africa	$$	20.09	22.83	2.74	–	8.94	6.44	–	6.44	–

$$ Rounded off to nil

***Detail of Investments**

Name of the subsidiary	Particulars	Nature of investment	Face value	Amount (Rs. Million)
Ranbaxy Drugs Limited	Solrex Pharmaceuticals Company	A Partnership Firm	Capital Contribution	1,949.29
Gufic Pharma Limited	Solrex Pharmaceuticals Company	A Partnership Firm	Capital Contribution	3.05

The Board of Directors vide resolution dated 29 October 2013 has approved the change of financial year of the Company from January–December to April–March effective 01 April 2014. In view of this, the current financial year is for a period of 15 months i.e. 01 January 2013 to 31 March 2014

Notes:

In terms of general exemption granted by the Ministry of Corporate Affairs vide its circular no. 02/2011 dated February 8, 2011 and approval of the Board of Directors of the Company at its meeting held on May 09, 2014, the annual accounts of the subsidiary companies and the related detailed information will be made available upon request by the investors of the Company and of its subsidiary companies. These documents will also be available for inspection by any investor at the Head Office of the Company at 12th Floor, Devika Tower, 6, Nehru Place, New Delhi – 110019, and that of the subsidiary companies concerned.

@ The Hon'ble High Court of Delhi and the Hon'ble High Court of Punjab & Haryana vide their order 7 December 2012 & 6 February 2013 respectively had approved the scheme of merger of these companies with Ranbaxy Drugs Limited. The appointed date for merger was 1 April 2012. The scheme became effective on 9 May 2013 upon approval of the Order of the Hon'ble High Court of Delhi and Punjab & Haryana and by Registrar of Companies at Chandigarh, India.

$ In December 2012, the Company had approved the proposal to integrate the business operations and management of Ranbaxy Unichem Co. Ltd. ('Unichem'), its subsidiary, with Daiichi Sankyo (Thailand) Ltd, a subsidiary of Daiichi Sankyo Company Limited, Japan. The said integration has been completed with effect from 1 October 2013. Pursuant to this, Unichem has become an associate of the Company and subsequently, it has changed its name to Daiichi Sankyo (Thailand) Ltd.

^^ Data represents 12 months period ended 31 December 2013

@@ Liquidated during the period
Ranbaxy (Hong Kong) Limited
Ranbaxy Pharma AB

Notes

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