

# **RANBAXY SEZ LIMITED**

Head Office : 12<sup>th</sup> Floor, Devika Tower, Nehru Place, New Delhi-110 019

## **REPORT OF THE DIRECTORS**

Your Directors have pleasure in presenting Third Annual Report of the Company and Audited Accounts for the year ended December 31, 2010.

### **Operations**

The Company is not carrying any business activity. During the year under review, the Company has recorded a loss of Rs. 31,842.

### **Particulars with respect of Conservation of Energy/Technology Absorption and Foreign Exchange Earnings and Outgo**

There are no particulars relevant to be furnished pertaining to conservation of energy/ technology absorption as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. Foreign exchange earnings and outgo was nil, during the year.

### **Fixed Deposits**

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

### **Particulars of Employees**

As the Company did not pay any remuneration during the year, there are no particulars to be furnished under Section 217 (2A) of the Companies Act, 1956, and the Rules made thereunder.

### **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 that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this 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.

# **RANBAXY SEZ LIMITED**

Head Office : 12<sup>th</sup> Floor, Devika Tower, Nehru Place, New Delhi-110 019

## **Directors**

In accordance with Articles of Association of the Company, Mr. Sandeep Mehandroo, Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

## **Auditors**

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

On behalf of the Board of Directors

Place: Gurgaon  
Dated: March 22, 2011

Sd/-  
(S. K. PATAWARI)  
DIRECTOR

Sd/-  
(SANDEEP MEHANDROO)  
DIRECTOR

# BSR & Co.

(Registered)

Chartered Accountants

Building No.10, 8th Floor, Tower-B  
DLF Cyber City, Phase - II  
Gurgaon - 122 002 (India)

Telephone:+91-124-2549191

Fax: +91-124-2549101

## Auditors' Report

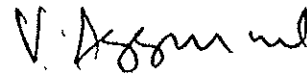
To the Members of  
**Ranbaxy SEZ Limited**

- a) We have audited the attached Balance Sheet of Ranbaxy SEZ Limited ('the Company') as at 31 December 2010 and also the Profit and Loss Account and the Cash Flow Statement (collectively referred to as 'financial statements') of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- b) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
- c) As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
- d) Further to our comments in the annexure referred to above, we report that:
- i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) 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;
  - iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
  - v) on the basis of written representations received from the Directors of the Company as at 31 December 2010, and taken on record by the Board of directors, we report that none of the directors is disqualified as at 31 December 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

V. Aggarwal

- vi) in our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Act, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2010;
  - (ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

*For BSR & Co.*  
*Chartered Accountants*  
Registration No.: 101248W



**Vikram Aggarwal**  
*Partner*  
Membership No.: 089826

Place: *Cuttack*  
Date: *22/02/2011*

**Annexure to the Auditors' Report**  
(Referred to in our report of even date)

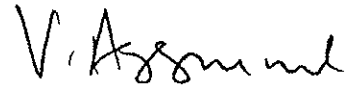
- i) The Company does not have any fixed assets. Accordingly, the provisions of clause 4(i) of the Order are not applicable.
- ii) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- iii) The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- iv) The activities of the Company do not involve purchase of inventories and sale of goods and services. There was no purchase of fixed assets during the year. Accordingly, provisions of clause (iv) of the Order are not applicable.
- v) In our opinion, and according to the information and explanations given to us, there are no contracts or 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) The paid-up capital and reserves of the Company do not exceed Rs. 50 lakhs as at the commencement of the financial year concerned and it does not have an average annual turnover exceeding five crores rupees for a period of three consecutive financial years immediately preceding the financial year concerned. Accordingly, the provisions of clause (vii) of the Order are not applicable.
- viii) The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the activities carried out by the Company.
- 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 Income-tax have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' state insurance, Investor Education and Protection Fund, Sales-tax, Custom duty, Wealth tax, Excise duty, Service tax and other material statutory dues.  
  
There are no dues on account of Cess under Section 441A of the Act, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.  
  
According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax were in arrears as at 31 December 2010 for a period of more than six months from the date they became payable.  
  
(b) In our opinion and according to the information and explanations given to us, there are no dues of Income-tax which has not been deposited with the appropriate authorities on account of any dispute.
- x) The Company has been registered for a period less than 5 years. Accordingly, the provisions of clause (x) of the Order are not applicable.
- xi) The Company did not have any dues to financial institution, bankers and debenture holders during the year.
- 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.

V. Aggarwal

BSR & Co.

- 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) In our opinion and 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 Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) The Company did not have any term loans outstanding during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by public issues.
- xxi) In our opinion and 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 BSR & Co.*  
*Chartered Accountants*  
Registration No.: 101248W



**Vikram Aggarwal**  
*Partner*  
Membership No.: 089826

Place: *Guwahati*  
Date: *22/02/2011*

**Ranbaxy SEZ Limited**  
**Balance Sheet as at 31 December 2010**  
**(Amount in Rupees)**

	Schedule / Note	As at 31 December 2010	As at 31 December 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital	1	500,000	500,000
<b>Total</b>		<u>500,000</u>	<u>500,000</u>
<b>APPLICATION OF FUNDS</b>			
<b>Current assets, loans and advances</b>			
Cash and bank balances	2	423,879	455,012
Loans and advances	3	2,827	-
Other current assets	4	1,465	4,558
		<u>428,171</u>	<u>459,570</u>
<b>Less: Current liabilities and provisions</b>			
Current liabilities	5	34,607	34,164
		<u>34,607</u>	<u>34,164</u>
<b>Net current assets</b>		<b>393,564</b>	<b>425,406</b>
<b>Profit and Loss Account (Debit Balance)</b>		<b>106,436</b>	<b>74,594</b>
<b>Total</b>		<u>500,000</u>	<u>500,000</u>
<b>Significant accounting policies</b>	6		
<b>Notes to the financial statements</b>	7		

The schedules referred to above form an integral part of the Balance Sheet

As per our report attached

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

For and on behalf of the Board of Directors

Sd/-  
**Vikram Aggarwal**  
Partner  
Membership No.: 089826

Sd/-  
**S. K. Patawari**  
Director

Sd/-  
**Sandeep Mehandroo**  
Director

Place: Gurgaon  
Date: 22/02/2011

Place: Gurgaon  
Date: 22/02/2011

**Ranbaxy SEZ Limited**  
**Profit and Loss Account for the year ended 31 December 2010**  
**(Amount in Rupees)**

Schedule / Note	For the year ended 31 December 2010	For the year ended 31 December 2009
<b>INCOME</b>		
Interest (Gross of tax deducted at source Rs. 2,827 (previous year Rs. Nil))	23,709	4,558
Provision no longer required written back	247	-
<b>Total</b>	<u><u>23,956</u></u>	<u><u>4,558</u></u>
<b>EXPENDITURE</b>		
Rates and taxes	600	1,500
Auditors' remuneration (including service tax)		
- Statutory audit fees	20,681	20,681
- Other services	6,894	-
Professional charges	17,097	10,480
Bank charges	10,368	993
Miscellaneous expenses	158	-
<b>Total</b>	<u><u>55,798</u></u>	<u><u>33,654</u></u>
<b>Loss before tax</b>	<u>(31,842)</u>	<u>(29,096)</u>
Balance brought forward from previous year	<u>(74,594)</u>	<u>(45,498)</u>
<b>Loss carried forward to Balance Sheet</b>	<u><u>(106,436)</u></u>	<u><u>(74,594)</u></u>
<b>Loss per equity share</b>		
Basic and Diluted (refer to note 2 of Schedule 7)	0.64	0.58
<b>Significant accounting policies</b>	6	
<b>Notes to the financial statements</b>	7	

The schedules referred to above form an integral part of the Profit and Loss Account

As per our report attached

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

For and on behalf of the Board of Directors

Sd/-  
**Vikram Aggarwal**  
Partner  
Membership No.: 089826

Sd/-  
**S. K. Patawari**  
Director

Sd/-  
**Sandeep Mehandroo**  
Director

Place: Gurgaon  
Date: 22/02/2011

Place: Gurgaon  
Date: 22/02/2011

**Ranbaxy SEZ Limited**  
**Cash Flow Statement for the year ended 31 December 2010**  
**(Amount in Rupees)**

	<b>For the year ended 31 December 2010</b>	<b>For the year ended 31 December 2009</b>
<b>A. Cash flow from operating activities</b>		
<b>Profit before taxes</b>	<b>(31,842)</b>	(29,096)
Adjustment for:		
Interest income	<b>(23,709)</b>	(4,558)
Provision no longer required written back	<b>(247)</b>	-
<b>Operating loss before working capital changes</b>	<b>(55,798)</b>	(33,654)
Adjustments for:		
Increase in current liabilities	<b>690</b>	20,681
<b>Cash used in operation</b>	<b>(55,108)</b>	(12,973)
Direct taxes paid	<b>(2,827)</b>	-
<b>Net cash used in operating activities</b>	<b>(57,935)</b>	(12,973)
<b>B. Cash flow from investing activities</b>		
Interest received	<b>26,802</b>	-
Increase in fixed deposit with original maturity of more than 90 days	<b>-</b>	(400,000)
<b>Net cash from/(used) in investing activities</b>	<b>26,802</b>	(400,000)
<b>C. Cash flow from financing activities</b>	<b>-</b>	-
<b>Net decrease in cash and cash equivalents</b>	<b>(31,133)</b>	(412,973)
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>55,012</b>	467,985
<b>Cash and cash equivalents as at the end of the year</b>	<b>23,879</b>	55,012
<b>Add: Restricted cash</b>		
Fixed deposit with original maturity of more than 90 days	<b>400,000</b>	400,000
<b>Cash and bank balance as at year end</b>	<b>423,879</b>	455,012

Note :

The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 'Cash Flow Statement' specified in the Companies ( Accounting Standards) Rules, 2006.

As per our report attached

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

*For and on behalf of the Board of Directors*

Sd/-  
**Vikram Aggarwal**  
*Partner*  
 Membership No.: 089826

Sd/-  
**S. K. Patawari**  
*Director*

Sd/-  
**Sandeep Mehandroo**  
*Director*

Place: Gurgaon  
 Date: 22/02/2011

Place: Gurgaon  
 Date: 22/02/2011

**Ranbaxy SEZ Limited**  
**Schedules forming part of the financial statements**  
**For the year ended 31 December 2010**  
**(Amount in Rupees)**

	As at 31 December 2010	As at 31 December 2009
<b>SCHEDULE - 1</b>		
<b>Share capital</b>		
Authorised 50,000 (previous year 50,000) equity shares of Rs. 10 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid up 50,000 (previous year 50,000) equity shares of Rs. 10 each fully paid up (the above shares are held by Ranbaxy Laboratories Limited, the holding Company along with its nominees. Daiichi Sankyo Co., Ltd., Japan is the ultimate holding Company.)	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
<b>SCHEDULE - 2</b>		
<b>Cash and bank balances</b>		
Bank balances with a scheduled bank		
- Current account	23,879	55,012
- Deposit account	400,000	400,000
	<u>423,879</u>	<u>455,012</u>
<b>SCHEDULE - 3</b>		
<b>Loans and advances</b>		
(Unsecured, considered good)		
Tax deducted at source	2,827	-
	<u>2,827</u>	<u>-</u>
<b>SCHEDULE - 4</b>		
<b>Other current assets</b>		
(Unsecured, considered good)		
Interest accrued but not due on deposits	1,465	4,558
	<u>1,465</u>	<u>4,558</u>
<b>SCHEDULE - 5</b>		
<b>Current liabilities</b>		
Sundry creditors (refer to note 5 of schedule 7)	34,607	34,164
	<u>34,607</u>	<u>34,164</u>

**Ranbaxy SEZ Limited**  
**Schedules to the financial statements**  
(Amount in Rupees)

**SCHEDULE - 6**

**Significant accounting policies**

***Basis of accounting***

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and comply with the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India, and the relevant provisions of the Companies Act, 1956, to the extent applicable.

***Use of estimates***

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

***Revenue Recognition***

Interest income is recognised using time proportion method.

***Taxes on income***

Income tax expense comprises current tax (i.e amount of tax for the year determined in accordance with the Income-tax law) and deferred tax charge or credit.

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates 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 carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

***Provisions, contingent liabilities and contingent assets***

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognise assets which are of contingent nature until there is virtual certainty of realisability of such assets. However, if it become virtually certain that an inflow of economic benefits will arise, asset and related income is recognised in the financial statements of the period in which the change occurs.

***Earnings per share***

**Ranbaxy SEZ Limited**  
**Schedules to the financial statements**  
(Amount in Rupees)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue and share split. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year 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 year, unless they have been issued at a later date.

**Ranbaxy SEZ Limited**  
**Schedules to the financial statements**

(Amount in Rupees)

**SCHEDULE – 7**

**Notes to the financial statements**

**1. Background**

The Company was incorporated on 7 March 2008 and was granted a certificate for commencement of business on 10 June 2008. The Company has been set up to carry on the business to promote, develop, establish, acquire, collaborate and maintain Special Economic Zone(s) (SEZs) and/or Infrastructure projects and to set up and collaborate manufacturing and commercial activities thereon and to carry on all such activities that may be required for the operation of such SEZs and infrastructure projects. The Company is yet to commence any business activity.

**2. Loss per share**

<b>Particulars</b>	<b>For the year ended 31 December 2010</b>	<b>For the year ended 31 December 2009</b>
Weighted average number of shares	50,000	50,000
Net loss after tax attributable to equity shareholders	(31,842)	(29,096)
Basic and diluted loss per share	(0.64)	(0.58)
Nominal value per equity share	10	10

**3. Segment information**

The Company is yet to commence any business activity. Accordingly, there is no business segment as per AS – 17 “Segment Reporting”, prescribed under the Companies (Accounting Standards) Rules, 2006.

**4. Related party disclosures**

(a) Relationship

- |                             |                                 |
|-----------------------------|---------------------------------|
| 1. Ultimate holding company | Daiichi Sankyo Co., Ltd., Japan |
| 2. Holding company          | Ranbaxy Laboratories Limited    |

(b) There are no transactions with related parties during the year and during the previous year.

**Ranbaxy SEZ Limited**  
**Schedules to the financial statements**  
(Amount in Rupees)

**SCHEDULE – 7 (cont'd)**

5. The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with the management, there are no overdues outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act.

*For and on behalf of Board of Directors*

Sd/-  
**S. K. Patawari**  
*Director*

Sd/-  
**Sandeep Mehandroo**  
*Director*

Place: Gurgaon  
Date: 22/02/2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Corporate Identity No. U 4 5 2 0 9 P B 2 0 0 8 P L C 0 3 1 7 4 2

Balance Sheet Date 3 1 1 2 2 0 1 0  
Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Right Issue
N I L	N I L
Bonus Issue	Private Placement
N I L	N I L

III. Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
5 3 5	5 3 5

Source of Funds

Paid-up Capital	Reserves & Surplus
5 0 0	N I L

Secured Loans	Unsecured Loans
N I L	N I L

Application of Funds

Net Fixed Assets	Investments
N I L	N I L

Net Current Assets	Miscellaneous Expenditure
3 9 4	N I L

Accumulated Losses  
1 0 6

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	2 4	Total Expenditure	5 6
Loss Before Tax	- 3 2	Loss After Tax	- 3 2
Earning Per Share	- 0 . 6 4	Dividend Rate %	N I L

V. Generic Names of Three Principal Products/Services of the Company ( as per Monetary terms )

Product Description N O A C T I V I T I E S D U R I N G  
T H E Y E A R

For and on behalf of the Board of Directors