

# Ranbaxy do Brazil Ltda.

## Management Report

Your management has the pleasure in presenting the Financial Statements for the year ended December 31,2010.

amount in Brazilian Reals

General Balance St December 31,2010					
Current Assets	IN Brazilian	IN INR	Current Liabilities	IN Brazilian	IN INR
Cash and Cash Equivalents	-	-	Accounts payable - Local	0	-
Trade Securities Receivables	-	-	Accounts payable intercompany	0	-
Investories	-	-	Taxes and social charges payable	0	-
Recoverable Taxes	-	-	other accounts payable	0	-
<b>Total Current Assets</b>	-	-	<b>Total Current Liabilities</b>	-	-
<b>Non Current Assets</b>			<b>Non Current Assets</b>		-
Deferred Expenses	-	-	Accrual for contingencies	-	
<b>Total Non Current Assets</b>	-	-	<b>Total Non Current Liabilities</b>	-	-
			<b>Shareholders equity</b>		
			Subcribed capital	750,000	20,215,633
			Unpaid capital	(156,434) -	4,216,550
			Accunukated Losses	(593,566) -	15,999,084
<b>Total Assets</b>	-	-	<b>Total Liabilities</b>	-	-

## Ranbaxy do Brazil Ltda.

amount in Brazilian Reals

### Profit and Loss Accounts

Operating Revenues	Amount in Brazilian Reals	Amount in INR
Revenue from sale of Goods	-	-
Revenues from services rendered	-	-
(-) Taxes sales and services and sales return	-	-
<b>(=) Net Operating Revenues</b>	-	-
(-) Cost of goods sold	-	-
<b>(=) Gross Income</b>	-	-
Operating expenses and revenues		
General and administrative expenses	- 534,356	- 14,025,092
Financial expenses	- 103	- 2,703
Financial revenues	178,067	4,673,675
Other operating income		-
<b>(=) Net Income (losses) before tax provisions</b>	- 356,392	- 9,354,121
(-) Income and social contribution taxes	-	-
(+) Income and social contribution taxes - Deferred	-	-
<b>(=) Net loss for the year</b>	- 356,392	- 9,354,121

### Dividend

No dividend have been declared for the year

### Changes in Capital Structure

There was no change in the Company's capital structure in 2010.

### Managment:

Mr. Alok Shubkar Kapoor - Director - RFL and Walter Wiesmueller - Country Finance Manager are the representatives of the Company.

### Acknowledgement

The management commands the continued commitment and dedication of employees at all levels. The Management also wishes to acknowledge with thanks all other shareholders for their valuable subttained and encouragement and they look forward to receiving similar support and encouragement in the year ahead.

Sd/-  
Alok Shubhkar Kapoor  
Head Office - RFL

Sd/-  
Walter Wiesmueller  
Country Finance Manager

Dated : March 23, 2011

# The independent auditors' reports

To the Directors of  
Ranbaxy do Brasil Ltda.  
Rio de Janeiro - RJ

We have examined the financial statements of Ranbaxy do Brasil Ltda. (“Ranbaxy”), which include the balance sheet at December 31, 2010 and the related statements of income, changes in quotaholders’ equity and cashflows for the year then ended and a summary of the main accounting practices and other explanatory information to the financial statements.

## **Management’s responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit, conducted in accordance with Brazilian auditing standards. These 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 for the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risk of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments we considers internal control relevant to the preparation and fair presentation of the Company’s 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 the accounting practices 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 opinion

## **Opinion**

In our opinion, the aforementioned financial statements give a true and fair view of the financial position of Ranbaxy do Brasil Ltda as of December 31, 2010, its financial performance, and its cash flows for the year then ended, in conformity with accounting practices adopted in Brazil.

## **Emphasis of matter**

Without qualifying our opinion, we draw attention that the financial statements were prepared in accordance with accounting practices applicable for a company on a going concern basis. In accordance with Note 1 to the financial statements, the Company is in the process of closing down its operations and which has already been initiated at the board of trade in the State of Rio de Janeiro; consequently, upon completion of this process the Company will no longer exist. The financial statements do not include any adjustments due to this uncertainty.

São Paulo, March 23, 2011

KPMG Auditores Independentes  
CRC SP-014428/O-6 F-RJ

Sd/-

Wagner Bottino  
Accountant CRC SP-196907 /O-7 S-RJ

**Ranbaxy do Brasil Ltda.**

Financial statements  
on December 31, 2010 and 2009

# Ranbaxy do Brasil Ltda.

## Balance sheets

December 31, 2010 and 2009

(In thousands of Reais)

Assets	Note	2010	2,010 In INR	2009	2,009 IN INR	Liabilities	Note	2010	2010 - IN Inr	2009
<b>Current</b>						<b>Current liabilities</b>				
Cash and cash equivalents		-	0	74	1,995	Others accounts payable		-	-	1,884
Recoverable taxes		-	8,118	218,814		Taxes payable		-	-	513
		-	8,192	220,809		Salaries and vacation pay		-	-	4,358
						Related parties	5	-	-	145,045
								-	-	151,800
<b>Noncurrent assets</b>						<b>Shareholders' equity</b>				
Deferred - Pre operating expenses	4	-	500,000	13,477,089		Capital	6	750,000	20,215,633	750,000
						Unpaid capital		(156,434)	(4,216,550)	(156,434)
						Retained earnings		(593,566)	(15,999,084)	(237,174)
								-	-	356,392
<b>Total assets</b>		<u>-</u>	<u>508,192</u>	<u>13,338,373</u>		<b>Total liability and shareholders' equity</b>		<u>-</u>	<u>-</u>	<u>508,192</u>

See the accompanying notes to the financial statements.

## Ranbaxy do Brasil Ltda.

### Statements of income

#### Years ended December 31, 2010 and 2009

(In thousands of Reais, except net income per quotas)

	Note	2010	2009	2010 - IN INR	2009 - IN Inr
<b>Revenues</b>	8	-	70,470	-	1,849,606
<b>Cost of goods sold</b>		<u>-</u>	<u>(56,376)</u>	<u>-</u>	<u>(1,479,685)</u>
<b>Gross profit</b>		-	14,094	-	369,921
<b>Operating (expenses) income</b>					
Selling		-	(1,827)	-	(47,953)
Administrative and general	9	(534,356)	(104,536)	(14,025,096)	(2,743,727)
Financial expenses		(103)	(435)	(2,693)	(11,417)
Financial income		<u>21</u>	<u>69</u>	<u>550</u>	<u>1,811</u>
		(82)	(366)	(2,143)	(9,606)
				-	-
Debt forgiveness		<u>178,046</u>	<u>-</u>	<u>4,673,121</u>	<u>-</u>
				-	-
<b>Loss for the year</b>		<u>(356,392)</u>	<u>(92,635)</u>	<u>(9,354,118)</u>	<u>(2,431,365)</u>

See the accompanying notes to the financial statements.

Ranbaxy do Brasil Ltda.

Statements of changes in stockholders' equity

Years ended December 31, 2010 and 2009

(In thousands of Reais)

	Capital	Unpaid capital	Retained earnings	Total	IN Inr Capital	IN Inr Unpaid capital	IN Inr Retained earnings	IN Inr Total
<b>Balances at January 1st, 2009</b>	750,000	(156,434)	(144,539)	449,027	20,215,633	(4,216,550)	(3,895,930)	12,103,154
Loss for the year			<u>(92,635)</u>	<u>(92,635)</u>	<u>-</u>	<u>-</u>	<u>(2,496,900)</u>	<u>(2,496,900)</u>
<b>Balances at December 31, 2009</b>	750,000	(156,434)	(237,174)	356,392	20,215,633	(4,216,550)	(6,392,830)	9,606,253
Loss for the year	<u>-</u>	<u>-</u>	<u>(356,392)</u>	<u>(356,392)</u>	<u>-</u>	<u>-</u>	<u>(9,606,251)</u>	<u>(9,606,251)</u>
<b>Balances at December 31, 2010</b>	<u>750,000</u>	<u>(156,434)</u>	<u>(593,566)</u>	<u>-</u>	<u>20,215,633</u>	<u>(4,216,550)</u>	<u>(15,999,081)</u>	<u>-</u>

See the accompanying notes to the financial statements.

# Ranbaxy Farmacêutica Ltda

## Statements of cash flows - Indirect method

Years ended on December 31, 2010 and 2009

(In thousands of Reais)

	2010	2009	2010 IN INR	2009 IN INR
<b>Cash flows from operating activities</b>				
Net loss before income and social contribution taxes	(356,392)	(92,635)	(9,606,251)	(2,496,900)
Adjustment				
Legal expenses - (Taxes and fees)	8,139	-	219,378	-
Pre Operating expenses	500,000	55,571	13,477,089	1,497,871
Debt Forgiveness	(178,045)	-	(4,799,057)	-
Income from recoverable taxes and social contributions	(21)	-	(564)	-
	<u>(26,319)</u>	<u>(37,064)</u>	<u>(709,404)</u>	<u>(999,030)</u>
<b>(Increase) decrease in assets</b>				
Other recoverable taxes	-	(7,393)	-	(199,272)
Other credits	-	1,746	-	47,062
<b>(Decrease) increase in liabilities</b>				
Related parties	-	(80,393)	-	(2,166,927)
Taxes payable	(513)	(17)	(13,827)	(458)
Salaries and vacation pay	(4,358)	(4,358)	(117,466)	(117,466)
Other accounts payable	<u>(1,884)</u>	<u>(5,000)</u>	<u>(50,782)</u>	<u>(134,771)</u>
<b>Net cash used in operating activities</b>	<u>(33,074)</u>	<u>(132,479)</u>	<u>(891,480)</u>	<u>(3,570,863)</u>
<b>Cash flows from financing activities</b>				
Proceeds from loans	<u>33,000</u>	<u>130,045</u>	<u>889,488</u>	<u>3,505,256</u>
<b>Net cash used in financing activities</b>	<u>33,000</u>	<u>130,045</u>	<u>889,488</u>	<u>3,505,256</u>
	<u>(74)</u>	<u>(2,434)</u>	<u>(1,992)</u>	<u>(65,606)</u>
<b>Decrease in cash and cash equivalents</b>				
At beginning of the year	74	2,508	1,995	67,601
At end of the year	<u>-</u>	<u>74</u>	<u>-</u>	<u>1,995</u>
	<u>(74)</u>	<u>(2,434)</u>	<u>(1,995)</u>	<u>(65,606)</u>

See the accompanying notes to the financial statements.



Ranbaxy do Brasil Ltda

Explanatory Notes to the financial statements

*(in Reais)*

Carlos Alberto Almeida  
Accountant CRC RJ103509/0-1

# Ranbaxy do Brasil Ltda.

## Explanatory notes to the financial statements

### Fiscal Periods ended on December 31, 2010 and 2009

(In Reais) **Reais**.

#### 1 Operational context

Ranbaxy do Brasil Ltda. ("Ranbaxy") is an entity domiciled in the State of Rio de Janeiro and its administration is located in the State of São Paulo. It was incorporated on March 10, 1998, and its country of origin is India. The Company's administration is located at Avenida Maria Coelho Aguiar, 215, 8º Andar [8th Floor], Bloco A, Jardim São Luiz, Santo Amaro, São Paulo. The financial statements for the year ended December 31, 2010, only refer to Ranbaxy, whose main activity is the distribution and reselling of pharmaceutical products. Ranbaxy do Brasil Ltda. was set up with the purpose of registering exclusive molecules. Since that period, the Company's operations have been significantly reduced and have remained inactive for some years. Since 2009, the Company started participating of some bidding processes.

In 2010, due to the management plan, it was decided by the Company's administration, that the Company be closed down and the process is already with the board of trade of in the State of Rio de Janeiro.

#### 2 Basis of preparation

##### *Statement of compliance in accordance with the Accounting Pronouncements Committee norms (CPC)*

The financial statements have been prepared in accordance with accounting practices adopted in Brazil, which are derived from the pronouncements and interpretations issued by the Committee for Accounting Pronouncements (CPC).

The financial statements were authorised for conclusion by the management on March 18, 2011.

##### *a. Basis for measurement*

The financial statements have been prepared on the historical cost basis, except for financial instrument at fair value through profit and loss, which are measured at fair value.

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

*(in Reais)*

### ***b. Functional currency***

These financial statements are presented in Reais, which is the Company's functional currency. All of the financial information presented in Reais has been rounded to the nearest thousand, unless otherwise stated.

### ***c. Explanation of the main effects of adoption of new CPCs standards***

The Company adopted the new CPC's for the year ended December 31, 2010, and also for the comparative year ended December 31, 2009. The application of these new pronouncements did not have an impact on the Company's financial statements.

## **3 Significant accounting policies**

The accounting policies described in detail below have been applied consistently for all of the periods presented in these financial statements. The financial statements were prepared in accordance with accounting practices adopted in Brazil, derived from the pronouncements, guidance and interpretations of the Committee for Accounting Pronouncements (CPC), and the rules issued by the Federal Accounting Council (CFC).

### ***a. Statement of income***

Income and expenses are recognized on the accruals basis.

### ***b. Accounting estimates***

The preparation of financial statements in accordance with standards issued by the Committee for Accounting Pronouncements (CPC) requires management to make judgments, estimates and assumptions which affect the use of accounting policies and the amounts reported of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

(in Reais)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### *c. Transactions in foreign currency*

Transactions in foreign currency are translated to the Company's functional currencies at the exchange rate on the dates of each transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non monetary assets and liabilities denominated in foreign currencies that are measured at fair values are retranslated to the functional currency at the exchange rate on the date that the fair value was determined. The foreign currency differences arising on retranslation are recognized to profit or loss, with the exception of difference arising from the retranslation of financial instruments available for sale. Non monetary items that are measured in terms of historic costs in foreign currency are translated at the exchange rate on the transaction date.

### *d. Deferred*

The deferred asset refers to the payment of pre-operating administrative expenses in the years 2001 to 2008, amounting to R\$ 555 thousand [ IN INR 14,960 thousands], of which R\$500 thousand [ IN INR 13,477 thousands] was amortised in 2010 and R\$ 55 thousand[ IN INR 1,482 thousands] in 2009.

The Company adopted the amortisation period of 10% p.a. in 2009.

**Due to the management plan,** it was decided by the Company's administration, that the Company be closed down and the process is already with the board of trade of in the State of Rio de Janeiro.

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

(in Reais)

### *e. Financial instruments*

Non-derivative financial instruments include other receivables, cash and equivalent to cash, loans, as well as accounts payable and other debts.

- *Non-derivative financial assets and liabilities*

The Company recognizes the loans, receivables and deposits initially on the date they were originated. All the other financial assets are recognized initially on the negotiation date in which the Company becomes one of the parties of the instrument contractual provisions.

The Company does not recognize a financial asset when the contractual rights to the cash flows of the assets expire, or when they transfer the rights to the receiving of the contractual cash flows on the financial assets in a transaction in which essentially all risks and benefits of ownership of the financial asset are transferred. Eventual participation created or kept in the financial assets is recognized as an individual asset or liability.

- *Financial assets registered by the fair value through the income*

A financial asset is classified by the fair value through the income if classified as kept for negotiation and is designated as such at the initial recognition. The financial assets are designated by the fair value through the result if the Company manages such investments and make decisions of purchase and sale based on their fair values according to the management of documented risks and the strategy of investments. The transaction costs, after the initial recognition, are recognized in income as having incurred. Financial assets registered by the fair value through the income are measured by the fair value, and changes to the fair value of these assets are recognized in the result of the fiscal period.

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

*(in Reais)*

- *Derivative financial assets and liabilities*

The Company did not operate or have any outstanding derivative financial instrument transactions as at December 31, 2010 and 2009

#### **4 Financial risk management**

##### *General overview*

The Company is exposed to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

##### *Risk Management Structure*

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to define appropriate limits and controls for risks, and to monitor risks and adhere to limits. Risk management policies and systems are frequently revised to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

*(in Reais)*

### ***Credit risk***

Credit risk is the risk of a financial loss to the Company in the event a customer or counterparty to a financial instrument fails to meet its contractual obligations, arising mainly from the Company's trade accounts receivable and investment securities.

### ***Liquidity risk***

Liquidity risk is the risk that the Company will encounter difficulties in fulfilling its obligations associated with its financial liabilities that are settled through cash payments or with other financial assets. The Company's approach to manage liquidity is to guarantee, as far as possible, that there is always sufficient liquidity to fulfill the obligations that fall due, under normal and stressed conditions, without creating unacceptable losses or the risk of the Company's reputation being affected.

### ***Market risk***

Market risk refers to the risks from alterations to market prices, such as foreign exchange rates and interest rates, on the Company's gains or on the value of its investments in financial instruments. The objective of market risk management is to manage and control exposure to market risks, within acceptable parameters and at the same time optimize return.

### ***Currency risk***

The Company is subject to currency risk on the sales, purchases and loans made in currencies other than its functional currency, which is the Real (R\$). The currencies in which these transactions are denominated are mainly: USD (dollar) and Euro (€). Currently, there is no significant exposure in currencies that differ from its functional currency, since the volumes of arrivals and dispatches in foreign currency are equivalent. Thus, the Company does not undertake any form of financial operations aimed at reducing these exposures, such as exchange hedging.

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

(in Reais)

### **Operational risk**

Operational risks can represent direct or indirect losses arising from all of the group's operations, related to the company's processes, staff, technologies and infra-structure, and also external factors, except credit, market and liquidity risks.

The Company's objective is to manage operational risk to avoid incurring financial losses and damage to its reputation.

The Company adopts initiatives to manage risks in the following areas:

- Compliance with regulatory and legal requirements;
- Documentation of controls and procedures;
- Preparation of contingency plans;
- Training and professional development;
- Ethical and moral standards through a code of conduct;
- Mitigation of risks through insurance plans.

The aforementioned measures are analyzed and accompanied by the Compliance, legal and Regulatory areas and by the Company's Executive Committee.

### **5 Deferred - pre operation expenses**

	<b>2010</b>	<b>IN INR</b>	<b>2009</b>	<b>IN INR</b>
Services rendered	142,049	3,728,320	142,049	3,728,320
Personnel expenses	128,846	3,381,785	128,846	3,381,785
Tax and social contribution	58,574	1,537,375	58,574	1,537,375
Depreciation and amortization	40,336	1,058,688	40,336	1,058,688
Rent	96,349	2,528,845	96,349	2,528,845
Telephone and electric expenses	34,766	912,493	34,766	912,493

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

(in Reais)

		2,528,845		912,493
Other expenses	54,651	912,493	54,651	1,434,409
Accumulated amortization	<u>(500,000)</u>	1,434,409	<u>(55,571)</u>	(1,458,556)

The deferred asset refers to the payment of pre-operating administrative expenses in the years 2001 to 2008, amounting to R\$ 555 [ IN INR 14,960 thousands] thousand, of which R\$500 thousand [ IN INR 13,477 thousand] was amortised in 2010 and R\$ 55 thousand [ IN INR 1,482 thousand] in 2009.

The Company adopted the amortisation period of 10% p.a. in 2009.

**Due to the management plan**, it was decided by the Company's administration, that the Company's operations be closed down and the process is already with the board of trade of in the State of Rio de Janeiro.

### 6 Related parties

As at December 31, 2010 and 2009, there was only one operation with a related party, and related to a loan made by associate company, Ranbaxy Farmacêutica Ltda. With the aim of financing the payment of administrative expenses. In 2010, the Company received a debt forgiveness from Ranbaxy Farmacêutica Ltda. for the outstanding amount of R\$ 178,045 [ IN INR 4,799,057].

<u>2010</u>		<u>2009</u>		<u>2010</u>	<u>2009</u>
<u>Transactions / result</u>		<u>Transactions / result</u>		<u>Current Assets</u>	<u>Current Liabilities</u>
Loan	Loan	Loan	Loan		

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

(in Reais)

	interests		interest		Amount	Amount
Ranbaxy Farmacêutica Ltda.	<u>33,000</u>	=	<u>60,045</u>	<u>4</u>	=	<u>145,045</u>
Total	<u>33,000</u>	=	<u>60,045</u>	<u>4</u>	=	<u>145,045</u>

IN INR

	2010		2009		2010	2009
	Transações/resultado		Transações/resultado		Passivo circulante	Passivo circulante
	Empréstimo transação	Juros empréstimo	Empréstimo transação	Juros empréstimo	Valor	Valor
Ranbaxy Farmacêutica Ltda.	<u>866,142</u>	=	<u>1,575,984</u>	<u>4</u>	=	<u>3,806,955</u>
Total	<u>866,142</u>	=	<u>1,575,984</u>	<u>4</u>	=	<u>3,806,955</u>

## 7 Capital

Capital is comprises of 750,000 shares with a nominal value of R\$ 1.00 each [ IN INR 26.95] , of which an amount of R\$ 156,434 [ IN INR 4,215,5550] will remain as unpaid given the Company's decision to close down its operations. The shares forming the capital stock are distributed as follows:

Shareholder	Amount of shares
Ranbaxy (Netherlands) B.V.	749,999
Ranbaxy Holdings UK Limited	<u>1</u>
	<u>750,000</u>

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

(in Reais)

On December 31, 2010 the foreign capital registered at the Brazilian Central Bank, base for remittance of dividends and capital repatriation, totalled US\$ 277.100 [ IN INR v7,469,002] .

### 8 Revenues

	2010	2010 - In Inr	2009	2009 IN INR
<b>Gross revenues</b>				
Sale of products	-	-	87.000	2,283,465
<b>Deductions</b>				
Sales taxes	<u>-</u>	<u>-</u>	<u>(16.530)</u>	<u>(433,858)</u>
Net revenues	<u>-</u>	<u>-</u>	<u>70.470</u>	<u>1,849,606</u>

### 9 Administrative Expenses

	2010	IN INR 2010	2009	IN INR - 2009
Costs of registered pharmasist	12,843	337,087	23,768	626,430
Rent, light and water	6,567	172,362	22,135	580,971
Accumulated amortization	500,000	13,123,360	55,571	1,458,556
Tax and rates	13,688	359,265	3,062	80,367
Others	<u>1,258</u>	<u>33,018</u>	<u>-</u>	<u>-</u>
	<u>534,356</u>	<u>14,025,092</u>	<u>104,536</u>	<u>2,743,727</u>

# Ranbaxy do Brasil Ltda

## Explanatory Notes to the financial statements

(in Reais)

### 10 Carryforward losses

On December 31, 2010 the Company presented accumulated fiscal losses and negative base of social contribution amounting to R\$ 593,566, [ IN INR 15,579,160] for which no deferred income tax asset was not constituted due to the Company's closing process.

### 11 Insurance coverage

The Company adopts the policy of insurance coverage for goods subject to risks for amounts considered enough to cover eventual casualties, considering the nature of its activity. The adopted premises of risks, due to its nature, are not part of the scope of an auditing of financial statements, consequently they were not examined by our independent auditors.

Note: Conversion rate against Indian Rupees for the year 2010 and 2009 have been used :

- i) Items relating to Profit and Loss account at Average Rate : 1 Brazilian Real = 0.0381
- ii) Items relating to Balance Sheet at Clsoing rate : 1 Brazilian Real = 0.0371

\* \* \*

Sd/-  
Candido Luiz Barbosa  
Director

Sd/-  
Walter Wiesmueller Coelho Filho  
Financial Manager

Sd/-