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ZAO RANBAXY

Director's Report /Отчет директоров

The management herewith presents to shareholder the annual accounts of ZAO Ranbaxy, Russia (hereinafter Entity) for the year ended December 31, 2010.

Руководство компании настоящим представляет акционерам компании результаты деятельности ЗАО Ранбакси, Россия (в дальнейшем именуемое общество) за год, оканчивающийся 31 декабря 2010 г.

General/Общее положение

The Entity is a Closed Joint Stock Company incorporated under the laws of Russian Federation and acts as an intermediate subsidiary of Ranbaxy Laboratories Limited, India.

Общество, организованное в форме закрытого акционерного общества, действует в соответствии с законодательством Российской Федерации и является дочерней компанией фармацевтической фирмы Ранбакси Лабораториз, Индия.

Overview of Activities/Обзор деятельности компании

Sales of the entity during the year 2010 were 2216 Mn RbIs [In INR 3,310mn] (2009; 1752 Mn RbIs – IN INR 2,617 mn) reflecting a growth of 26%.

Продажи общества по итогам 2010 года составили 2216 млн[In INR 3,310 mn]. рублей (2009;1752 млн. Рблей IN INR 2,617 mn), отражая рост продаж на 26%.

Results/Результаты деятельности общества

The results of the year 2010 amounts to Net Loss of 86 Mn RbIs [IN INR 128 mn] as against Net Profit (after tax provisions) of 197 Mn RbIs [IN INR 294 mn] in 2009. This was due to changes in pricing regulations.

По результатам деятельности за 2010 год общество получило Убыток в размере 86 млн. [IN INR 128 mn] рублей (2009; чистую прибыль компании 197 млн. рублей[IN INR 294 mn]). Это было связано с изменениями ценовой политики государства.

Future Outlook/Перспективы развития

The management is of the opinion that the sales growth will be maintained during the next financial year, with profitable growth.

Руководство компании выражает мнение о том, что рост продаж в следующем году продолжится наряду с ростом прибыльности.

Sd/-

Аман Khanna/Аман Кханна
(General Director)/(Генеральный директор)

February 18, 2011

To the shareholders of
the Closed Joint Stock Company
RANBAXY

Auditors' report

on the financial statements of
the Closed Joint Stock Company
RANBAXY
for the 2010 reporting year

Set out below is an unofficial translation of the auditors' report on the statutory financial statements of the Closed Joint Stock Company RANBAXY as at and for the year ended 31 December 2010. The statutory financial statements to which the auditors' report relates have been prepared in accordance with the accounting and reporting regulations of the Russian Federation. Russian accounting and reporting regulations differ from accounting frameworks in other jurisdictions. Consequently, the accompanying statutory financial statements are not intended to present the financial position, financial performance and cash flows of the Closed Joint Stock Company RANBAXY in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Russian Federation.

Information on the audit firm

Name of the audit firm:	Closed Joint Stock Company KPMG.
Location (legal address):	18/1, Olympiysky prospect, Room 3035, Moscow 129110.
Postal address:	10, Presnenskaya Naberezluiaya, Block C, floor 31, Moscow 123317.
State registration:	Registered by the Moscow Registration Chamber on 25 May 1992, Registration No. 011.585. Included in the Unified State Register of Legal Entities on 13 August 2002 by the Moscow Inter-Regional Tax Inspectorate No.39 of the Ministry for Taxes and Duties of the Russian Federation, Registration No. 1027700125628, Certificate series 77 No. 005721432.
Membership in a self-regulating auditors' organisation	Member of the Non-coimmercial Partnership "Chamber of Auditors of Russia". The Principal Registration Number of the Entry in the State Register of Auditors and Audit Organisations: No.10301000804.

Information on the audited company

Name of audited company:	Closed Joint Stock Company RANBAXY.
Location (legal address):	537/2, 119, Mira avenue, Moscow, 129223.
Postal address:	537/2, 119, Mira avenue, Moscow, 129223.
State registration:	Registered in the Unified State Register of Legal Entities on 20 May 2004 by Interregional taxes and duties inspection of Russian Federation, Registration No.1047796353846, Certificate series 77 No. 006830744.

Auditors' report

To the shareholders of the Closed Joint Stock Company RANBAXY

We have audited the accompanying financial statements of the Closed Joint Stock Company RANBAXY (hereinafter the "Company") for the 2010 reporting year.

The financial statements, set on 25 pages, comprise:

- the balance sheet as at 31 December 2010;
- the income statement for 2010;
- the appendices to the balance sheet and the income statement including:
 - the statement of changes in equity for 2010;
 - the cash flow statement for 2010;
 - the attachments to the balance sheet;
- the explanatory notes to the financial statements.

Management's Responsibility for the Financial Statements

Management of the Company is responsible for the preparation and reliability of the financial statements in accordance with the requirements of the Russian reporting legislation and for the system of internal control necessary for the preparation of the financial statements which are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements in all material respects based on our audit. We conducted our audit in accordance with the Federal Standards on Auditing. These standards require that we comply with relevant ethical requirements and planning and performing the audit in order to obtain sufficient assurance as to whether the financial statements are free from material misstatements.

The audit included performing procedures to obtain audit evidence confirming the amounts and disclosures in the financial statements. The selection of the procedures is a matter of our judgment, which is based on the assessment of risk of material misstatement, whether due to fraud or error. In the process of risk assessment we considered the system of internal control relevant to the preparation and reliability of the financial statements in order to select appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.

The audit also included an assessment of the appropriateness of the Company's accounting policy and the reasonableness of the estimates made by management, as well as the evaluation of 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 on the reliability of the financial statements.

*CJSC RANBAXY
Auditors ' report
on the financial statements for the 2010 reporting year*

Opinion

In our opinion, the accompanying financial statements present reliably, in all material respects, the financial position of the Company as at 31 December 2010 and its financial performance and cash flows for the 2010 reporting year in accordance with the requirements of the Russian reporting legislation.

Sd/-
Director of CJSC KPMG,
(power of attorney dated 1 October 2010 No.
42/10)

Sd/-
Maksimova S.A.

Dated : 18 February 2011

Balance sheet

as of 31.12.2010

		Form №1	Codes 0710001				
		Date	2010	12	31		
Entity	<u>Closed Joint Stock Company Ranbaxy</u>	OKPO	72983356				
Tax number of the entity		INN	7720508094				
Activity	<u>whole sale of pharmaceuticals</u>	OKVED	51.46.1				
Legal form/ form of property			67	23			
<u>closed joint stock company</u>	/ Private	(OPF/OKFS)					
Measure unit	<u>thousands RUR</u>	OKEI	384				
Address	129223, Moscow, prospect Mira 119,537/2,						
							date of approval
							Date of submission
							mopua 0710001 c.1
		Raw code	Opening balance	Closing balance	Opening INR	Closing INR	
Assets							
1		2	3	4			
I. Non Current assets							
Intangible assets		110	-	-			
Fixed assets		120	30,685	20,954	44,861	30635	
Construction in progress		130	-	-			
Fixed assets given in leasing		135	-	-			
Long term investments		140	-	-			
Deferred tax assets		145	3,570	14,714	5,219	21,512	
Other non Current assets		150	-	-			
	Total non current assets	190	34,255	35,668	50,080	52,146	
II. Current assets							
Inventories		210	214,473	598,919	313,557	875,613	
Including:							
Raw materials		211	256	333	374	487	
Animals							
Work in progress		212	-	-			
Finished goods and goods for resale		213	3,153	8,538	4,610	12,482	
Shipped goods		214	202,361	581,173	295,849	849,668	
Deferred expenses		215	2	-	3	-	
Other inventories		216	8,702	8,875	12,722	12,975	
Input VAT on purchases		217	-	-			
Long term accounts receivables		220	-	-			
Including:							
trade accounts receivables		230	-	-			
Short term accounts receivables		231	-	-			
Including:							
trade accounts receivables		240	817,143	884,830	1,194,654	1,293,611	
Short term investments							
Cash and cash equivalents		241	694,083	746,218	1,014,741	1,090,962	
Other current assets		250	-	-			
	Total current assets	260	39,906	147,849	58,342	216,154	
Total assets(SUM of raws 190 + 290)		270	-	-			
		290	1,071,522	1,631,598	1,566,553	2,385,377	
		300	1,105,778	1,667,266	1,616,635	2,437,523	
Equity and liabilities							
1							
III. Capital and reserves							
2							
Share capital							
Own shares purchased from shareholders							
Additional capital		410	3,000	3,000	4,386	4,386	
Reserve capital		411	-	-			
Including:		420	-	-			
Reserves created in accordance with legislation		430	750	750	1,096	1,096	
Reserves created in accordance with constituent documentation		431	-	-			
Retained earnings		432	750	750	1,096	1,096	
		470	180329	94,091	263,639	137,560	

	Total equity III	490	184079	97,841	269,121	143,042
IV. Long term liabilities						
Loans and borrowings		510	-	-	-	-
Deferred tax liabilities		515	3,601	10,944	5,265	16,000
Other long term liabilities		520	-	-	-	-
	Total long term liabilities I VV	590	3,601	10,944	5,265	16,000
V. Short term liabilities						
Loans and borrowings		610	302545	304,876	442,317	445,725
Trade and other accounts payables		620	615,553	1,242,926	899,931	1,817,143
Including:						
Trade payables		621	588,186	1,208,820	859,921	1,767,281
Employee payables		622	8	181	12	265
Unified social tax payables		623	905	0	1,323	-
Tax payables		624	15836	158	23,152	231
Other payables		625	10617	33,767	15,522	49,367
Payables to shareholders		630	-	-	-	-
Deferred income		640	-	-	-	-
Reserves for future expenses		650	-	10,679	-	15,613
Other short term liabilities		660	-	-	-	-
	Total short term liabilities V	690	918,098	1,558,481	1,342,249	2,278,481
Total equity and liabilities (SUM of rows 490 + 590 + 690)		700	1,105, 778	<u>1,667,266</u>	1,616,635	2,437,523
Off balance sheet items (for information purpose only)						
Leased fixed assets		910	3,137	3,137	4,586	4,586
Including finance lease		911	-	-	-	-
Inventories given to consignment		920	-	-	-	-
Inventories received on consignment		930	-	-	-	-
Write off of uncollectible receivables		940	-	40	-	58
Guaranty letters received		950	-	385,789	-	564,019
Guaranty letters given		960	-	-	-	-
Depreciation of off balance sheet assets		970	-	-	-	-
13HOC o6beKTOa BHeWHero 6naroyCTpoNCTBa N gpyTNx		980	-	-	-	-
aHanorN4HbIX 0SbeKTOB						
HEMaTep1anbHble aKTNBbl, nonyieHHble B nOnb3oBaHNe		990	-	-	-	-

Sd/-

Director

(naanxeb)

(pacwntposKa noAnhCN)

Sd/-

Chief accountant

(nopnneb)

(pacwacpposKa noAnhCN)

04 february 2010

STATEMENT OF PROFITS AND LOSSES
for period from 01 January 2010 - 31 December 2010

		Form N22	Codes 0710002		
		Date (year, month, day)	2010	12	31
Entity	<u>Closed Joint Stock Company Ranbaxy</u>	OKPO	72983356		
Tax number of the entity		INN	7720508094		
Activity	<u>whole sale of pharmaceuticals</u>	OKVED	51.46.1		
Legal form/ form of property			67	23	
	<u>closed joint stock company</u> / <u>Private</u>	OKOPF			
Measure unit	thousands RUR	OKEI	384		
	Item		For reporting period	For the same period of previous year	
	<u>Description</u>	Code			
	1	2	3	4	
Income and expenses related to ordinary activities					
	Net revenue from sales of products, goods, works, services (net of VAT, excise tax and other similar mandatory payments)	010	2,216,063	1,751,648	
	Cost of goods (products, works, services) sold	020	(2 105 322)	(1 413 478)	
	Gross profit	029	110,741	338,170	
	Commercial expenses	030	(251 596)	(182 196)	
	Administrative expenses	040		-	
	Profit (loss) from sales	050	(140 855)	155,974	
	Other income and expenses				
	Interest income	060	-	-	
	Interest expense	070	(5 716)	(1 475)	
	Income from participation in other organisations	080	-	-	
	Other income	090	359,097	561,375	
	Other expense	100	(301 676)	(511 098)	
	Profit (loss) before tax	140	<u>9150</u>	<u>204 776</u>	
	Deferred tax assets	141	11 144	(12 197)	
	Deferred tax liabilities	142	(7 343)	3 965	
	Current income tax	150	-	-	
	Prior Period Taxes 2008-2009	151	(889)	-	
	Net profit (loss) for the period	190	(86 238)	196 544	
	for reference				
	Permanent tax liabilities (assets)	200	13 998	(32 723)	
	Basic profit (loss) per share	201	(29)	66	
	Diluted profit (loss) per share	202	-	-	

DESCRIPTION OF CERTAIN INCOME AND EXPENSE ITEMS

Item		For reporting period		For the same period of <u>previous year</u>	
<u>Description</u>	Code	Income	<u>Expense</u>	Income	<u>Expense</u>
1	2	3	4	5	6
Ines, penalty fees and o e i s either admitted or in respect of which recovery is awarded by a court of law (or a court of arbitration)	210	-	200	-	-
Profit (loss) of past years	220	137	477	187	814
Reimbursed amounts o losses cause y default on a obligation or improper fulfilment of an obligation	230	-	-	-	-
Exchange rate differences in respect of foreign currency operations	240	83 345	68 255	344,492	400,870

Estimated reserves	250	X	30070	X	17,138
Written off amounts of receivables and payables on which the period of limitation has expired	260 270	46 -	45 -	-	-

Sd/-

CEO

(nognlcb)

(pacwvCpboaKa nognhch)

04 february 2010

Chief accountant

Elena Malik

(nognw*wN CppoaKa noAnvc)

STATEMENT OF PROFITS AND LOSSES
for period from 01 January 2010 - 31 December 2010

		Form N22	Codes 0710002		
		Date (year, month, day)	2010	12	31
Entity	<u>Closed Joint Stock Company Ranbaxy</u>	OKPO	72983356		
Tax number of the entity		INN	7720508094		
Activity	<u>whole sale of pharmaceuticals</u>	OKVED	51.46.1		
Legal form/ form of property			67	23	
	<u>closed joint stock company</u> / <u>Private</u>	OKOPF			
Measure unit	thousands RUR	OKEI	384		
	Item	For reporting period	For the same period of previous year		
	<u>Description</u>	Code	<u>ypar</u>		
	1	2	3	4	
				Amount In INR	
Income and expenses related to ordinary activities					
	Net revenue from sales of products, goods, works, services (net of VAT, excise tax and other similar mandatory payments)	010	3,311,016	2,617,134	
	Cost of goods (products, works, services) sold	020	(3,145,558)	(2,111,875)	
	Gross profit	029	165,458	505,259	
	Commercial expenses	030	(375,909)	(272,219)	
	Administrative expenses	040		-	
	Profit (loss) from sales	050	(210,451)	233,040	
	Other income and expenses				
	Interest income	060	-	-	
	Interest expense	070	(8,540)	(2,204)	
	Income from participation in other organisations	080	-	-	
	Other income	090	536,526	838,749	
	Other expense	100	(450,734)	(763,631)	
	Profit (loss) before tax	140	(13,671)	305,955	
	Deferred tax assets	141	16,650	(18,224)	
	Deferred tax liabilities	142	(10,971)	5,924	
	Current income tax	150	-	-	
	Prior Period Taxes 2008-2009	151	(1,328)	-	
	Net profit (loss) for the period	190	(128,848)	293,656	
	for reference				
	Permanent tax liabilities (assets)	200	20,914	(48,891)	
	Basic profit (loss) per share	201	(43)	99	
	Diluted profit (loss) per share	202	-	-	

DESCRIPTION OF CERTAIN INCOME AND EXPENSE ITEMS

Item	Code	For reporting period		For the same period of previous year	
		Income	Expense	Income	Expense
<u>Description</u>	2	3	4	5	6
1					
Ines, penalty fees and o e i s either admitted or in respect of which recovery is awarded by a court of law (or a court of arbitration)	210	-	299	-	-
Profit (loss) of past years	220	205	713	279	1,216
Reimbursed amounts o losses cause y default on a obligation or improper fulfilment of an obligation	230	-	-	-	-
Exchange rate differences in respect of foreign currency operations	240	124,526	101,980	514,705	598,939

Estimated reserves	250	X	44,928	X	25,606
Written off amounts of receivables and payables on which the period of limitation has expired	260	69	67	-	-
	270	-	-		

Sd/-

CEO

(nognlcb) (pacwvCpboaKa nognhch)

04 february 2010

Chief accountant

Elena Malik

(nognw*wN CppoaKa noAnvcu)

STATEMENT OF CHANGES IN EQUITY

for year 2010

	Form No. 3 according to OKUD	CODES
	Date (year, month, day)	2010 I 12 31
The organisation <u>Closed joint stock company Ranbaxy</u>	according to OKPO	0710003 72983356
The taxpayer's identification number	INN	7720508094
Type of activity <u>wholesale</u>	according to OKVED	51.46.1
The organizational-legal form / ownership form		
<u>closed joint stock company / private</u>	according to OKOPF/OKFS	67 23
Unit of measurement: ths. RUR	according to OKEI	384

1. Changes in equity

Item	Charter capital	Additional capital	Reserve capital	Retained profits (uncovered loss)	Total	
description	code					
	2	3	4	5	6	7
Balance at 31 December of the year preceding the previous <u>2009</u> (previous year)	110	3,000		750	(16 216)	(12 466)
Changes in accounting policy	111	X	X	X	-	-
Result from the revaluation of fixed assets	112	X	-	X	-	-
	020	X	-	-	-	-
Balance at 1 January of <u>previous year</u>	030	3,000	-	750	(16 216)	(12 466)
Foreign currency translation differences	031	X	-	X	X	-
Net profit [for the period]	032	X	X	X	196,544	196,544
Dividends	033	X	X	X	(-)	-
Allocations to reserve fund	040	X	X	-	(-)	-
Increase in capital due to:						
issue of additional shares	051	-	X	X	X	-
increase in nominal value of shares	052	-	X	X	X	-
reorganisation of legal entity	053	-	X	X	-	-
	054	-	-	-	-	-
Decrease in capital due to:						
reduced nominal value of shares	061	(-)	X	X	X	(-)
reduced number of shares	062	(-)	X	X	X	(-)
reorganisation of <u>legal</u> entity	063	(-)	X	X	-	-
	064	-	-	-	-	-
Balance at 31 December of previous year	070	3,000	-	750	180,329	184,079
<u>2010</u> (reporting year)						
Changes in accounting policy	071	X	X	X	-	-
Result from the revaluation of fixed assets	072	X	-	X	-	-
	080	X	-	-	-	-
Balance at 1 January of the <u>reporting year</u>	100	3,000	-	750	180,329	184,079
Foreign currency translation differences	101	X	-	X	X	-
Net profit [for the period]	102	X	X	X	(86 238)	(86 238)
Dividends	103	X	X	X	(-)	-

1	2	3	4	5	6	7
Allocations to reserve fund	110	X	X	-	(-)	-
Increase in capital due to:						
issue of additional shares	121	-	X	X	X	-
increase in nominal value of shares	122	-	X	X	X	-
reorganisation of legal entity	123	-	X	X	-	-
	124	-	-	-	-	-
Decrease in capital due to:						
reduced nominal value of shares	131	(-)	X	X	X	(-)
reduced number of shares	132	(-)	X	X	X	(-)
reorganisation of legal entity	133	(-)	X	X	-	-
	134	-	-	-	-	-
Balance at 31 December of the reporting year	140	3,000	-	750	94,091	97,841

II. Reserves

Item description	code	Balance	mounts get i	Amounts get out	Balance
1	2	3	4	5	6
Reserves created pursuant to legislation					
(name of reserve)					
<u>previous</u> year data	151	-	-	(-)	-
<u>reporting</u> year data	152	-	-	(-)	-
Reserves created pursuant to the charter documents					
Provision created <u>pursuant</u> to the charter documents					
(name of reserve)					
<u>previous</u> year data	161	750	-	(-)	750
<u>reporting</u> year data	162	750	-	(-)	750
Estimated reserves:					
Provision for reduction cost of goods					
(name of reserve)					
<u>previous</u> year data	171	47,291	10,796	(47,291)	10,796
<u>reporting</u> year data	172	10,796	49,242	(44,588)	15,450
Provision for bad debts					
(name of reserve)					
<u>previous</u> year data	171	20,561	6,342	(1,376)	25,527
<u>reporting</u> year data	172	25,527	32,858	(7,442)	50,943

Form 0710003

1	2	3	4	5	6
Reserve for impending expenses:					
Provision for future vacations <u>payments</u> :					
(name of reserve)					
<u>previous</u> year data	181	-	-	(-)	-
<u>reporting</u> year data	182	-	7,954	(4,256)	3,698
Reserve for impending expenses:					
Provision for future bonuses:					
(name of reserve)					
<u>previous</u> year data	181	-	-	(-)	-
<u>reporting</u> year data	182	-	6,981	(-)	6,981

For reference

Item description	code	Balance at beginning of the reporting period		Balance at the end of the reporting period	
		3	4	5	6
1) Net assets		184,079		97,841	
		From the [state] budget for reporting year		From extra-budget funds for reporting year	
		3	4	5	6
2) Received for: covering expenses incurred in the course of ordinary activities - total	210	-	-	-	-
including:					
	211	-	-	-	-
	212	-	-	-	-
	213	-	-	-	-
making capital investments in non-current assets - total	220	-	-	-	-
including:					
	221	-	-	-	-
	222	-	-	-	-
	223	-	-	-	-

Sd/-

CEO

(signature)

(printed name)

Chief accountant

(signature)

Elena Malik

(printed name)

11 4 "

February

20 10

STATEMENT OF CHANGES IN EQUITY

for year 2010

Form No. 3 according to OKUD

Date (year, month, day)

CODES
0710003
2010 I 12 31

The organisation Closed. joint stock company Ranbaxy according to OKPO 72983356
 The taxpayer's identification number INN 7720508094
 Type of activity wholesale according to OKVED 51.46.1
 The organizational-legal form / ownership form
closed joint stock company / private according to OKOPF/OKFS 67 23
 Unit of measurement: ths. RUR according to OKEI 384

1. Changes in equity

Item description	code	Charter capital	Additional capital	Reserve capital	Retained profits (uncovered loss)	Total
	2	3	4	5	6	7
Balance at 31 December of the year preceding the previous <u>2009</u> (previous year)	110	4,386		1,096	(23,708)	(18,225)
Changes in accounting policy	111	X	X	X	-	-
Result from the revaluation of fixed assets	112 020	X X	- -	X -	- -	- -
Balance at 1 January of <u>previous</u> year	030	4,386	-	1,096	(23,708)	(18,225)
Foreign currency translation differences	031	X	-	X	X	-
Net profit [for the <u>period</u>]	032	X	X	X	287,345	287,345
Dividends	033	X	X	X	(-)	-
Allocations to reserve fund	040	X	X	-	(-)	-
Increase in capital due to:						
issue of additional shares	051	-	X	X	X	-
increase in nominal value of shares	052	-	X	X	X	-
reorganisation of legal entity	053 054	- -	X -	X -	- -	- -
Decrease in capital due to:						
reduced nominal value of shares	061	(-)	X	X	X	(-)
reduced number of shares	062	(-)	X	X	X	(-)
reorganisation of <u>legal</u> entity	063 064	(-) -	X -	X -	- -	- -
Balance at 31 December of previous year	070	4,386	-	1,096	263,639	269,121
<u>2010</u> (reporting year)						
Changes in accounting policy	071	X	X	X	-	-
Result from the revaluation of fixed assets	072 080	X X	- -	X -	- -	- -
Balance at 1 January of the <u>reporting</u> year	100	4,386	-	1,096	263,639	269,121
Foreign currency translation differences	101	X	-	X	X	-
Net profit [for the <u>period</u>]	102	X	X	X	(126,079)	(126,079)
Dividends	103	X	X	X	(-)	-

1	2	3	4	5	6	7
Allocations to reserve fund	110	X	X	-	(-)	-
Increase in capital due to:						
issue of additional shares	121	-	X	X	X	-
increase in nominal value of shares	122	-	X	X	X	-
reorganisation of legal entity	123	-	X	X	-	-
	124	-	-	-	-	-
Decrease in capital due to:						
reduced nominal value of shares	131	(-)	X	X	X	(-)
reduced number of shares	132	(-)	X	X	X	(-)
reorganisation of legal entity	133	(-)	X	X	-	-
	134	-	-	-	-	-
Balance at 31 December of the reporting year	140	4,386	-	1,096	137,560	143,042

II. Reserves

Item description	code	Balance	amounts get i	Amounts get out	Balance
1	2	3	4	5	6
Reserves created pursuant to legislation					
(name of reserve)					
<u>previous</u> year data	151	-	-	(-)	-
<u>reporting</u> year data	152	-	-	(-)	-
Reserves created pursuant to the charter documents					
Provision created pursuant to the charter documents					
(name of reserve)					
<u>previous</u> year data	161	1,096	-	(-)	1,096
<u>reporting</u> year data	162	1,096	-	(-)	1,096
Estimated reserves:					
Provision for reduction cost of goods					
(name of reserve)					
<u>previous</u> year data	171	69,139	15,784	(69,139)	15,784
<u>reporting</u> year data	172	15,784	71,991	(65,187)	22,588
Provision for bad debts					
(name of reserve)					
<u>previous</u> year data	171	30,060	9,272	(2,012)	37,320
<u>reporting</u> year data	172	37,320	48,038	(10,880)	74,478

1	2	3	4	5	6
Reserve for impending expenses:					
Provision for future vacations <u>payments</u> :					
(name of reserve)					
<u>previous</u> year data	181	-	-	(-)	-
<u>reporting</u> year data	182	-	11,629	(6,222)	5,406
Reserve for impending expenses:					
Provision for future bonuses:					
(name of reserve)					
<u>previous</u> year data	181	-	-	(-)	-
<u>reporting</u> year data	182	-	10,206	(-)	10,206

For reference

Item

Balance at beginning of the

Balance at the end of the

description	code	<u>reporting period</u>	
		3	4
1) Net assets	1	269,121	143,042
	2		
		From the [state] budget	From extra-budget funds
		for reporting	for reporting
		for previous	for previous
		<u>year</u>	<u>year</u>
		3	4
		5	6
2) Received for: covering expenses incurred in the course of ordinary activities - total	210	-	-
including:			
	211	-	-
	212	-	-
	213	-	-
making capital investments in non-current assets - total	220	-	-
including:			
	221	-	-
	222	-	-
	223	-	-

CEO

(signature)

(printed name)

Chief accountant

(signature)

Elena Malik

(printed name)

11 4 "

February

20 10

CASH FLOW STATEMENT

for year 2010

	Form No. 4 according to OKUD	CODES		
The organisation <u>Closed joint stock company Ranbaxy</u>	Date (year, month, day) according to OKPO	0710004	2010	I 12 31
The taxpayer's identification number	INN	72983356		
Type of activity	<u>wholesale</u> according to OKVED	7720508094		
The organizational-legal form / ownership form	<u>closed joint stock company / private</u> according to OKOPF/OKFS	51.46.1	67	23
Unit of measurement: ths. RUR	according to OKEI		384	

	Item		For the reporting	For the same period of
<u>description</u>	<u>code</u>		<u>period</u>	<u>previous year</u>
1	2		3	4
Cash balance at beginning of the reporting year	010		39,906	38,927
Cash flow's from current activities				
Cash received <u>from</u> buyers and customers	020		2,265,116	1,422,336
	030			
<u>Other receipts</u>	110		17,624	399,550
Cash <u>spent</u> to pay:	120		(2,176,143)	(2,087,543)
for purchased goods, works, services, for raw materials and other current assets	150		(1,527,742)	(1,744,190)
salaries and wages	160		(80,669)	(47,441)
dividends and interest	170		(5,689)	(-)
taxes and duties	180		(527,772)	(277,771)
	181		()	()
other expenditure	190		(34,271)	(18,141)
Net cash flow <u>from</u> current activities	200		106,597	(265,657)
Cash flows from investing activities				
Proceeds from sale of fixed assets and other non-current assets	210		7,878	400
Proceeds <u>from</u> sale of securities and other financial investments	220		-	-
Dividends received	230		-	-
Interest received	240		-	-
Receipts from the repayment of loans made to other organisations	250		-	-
	260			
<u>Acquisition</u> of subsidiaries	280		()	()
Acquisition of fixed assets, intangible assets and profit bearing investments in <u>tangible</u> assets	290		(6,532)	(36,205)
<u>Acquisition</u> of securities and other financial investments	300			
Loans given to other organisations	310		(-)	(-)
	320			
Net cash flow <u>from</u> <u>investing</u> activities	340		1,346	(35,805)
Cash flows from financing activities				
Proceeds from issuing shares and other <u>equity</u> securities	350		-	-
Borrowed amounts (loans and credits made by other organisations)	360		-	302,441

1	2	3	4
	370		
<u>Repayment</u> of borrowed amounts (net of interest)	390		
<u>Repayment</u> of liabilities related to finance lease	400	(-)	(-)
		(-)	(-)
		(-)	(-)
Net cash flow form financing activities	430	-	302,441
Net increase (decrease) in cash and cash <u>equivalents</u>	440	107.943	979
Cash balance at the end of the <u>reporting period</u>	450	147.849	39,906
Financial effect of changes in foreign currency exchange rates	460	4,056	

CEO

(signature)

(printed name)

Chief accountant

(signature)

Elena Malik

(printed name)

11 04 "

February 20 10

CASH FLOW STATEMENT

for year 2010

	Form No. 4 according to OKUD	CODES	
	Date (year, month, day) according to OKPO	0710004	
The organisation	Closed joint stock company Ranbaxy	2010	I 12 31
The taxpayer's identification number		72983356	
	INN	7720508094	
Type of activity	<u>wholesale</u> according to OKVED		51.46.1
The organizational-legal form / ownership form			
	<u>closed joint stock company / private</u> according to OKOPF/OKFS	67	23
Unit of measurement: ths. RUR	according to OKEI		384

Item	code	For the reporting period	For the same period of previous year
<u>description</u>	<u>1</u>	<u>2</u>	<u>3</u>
Cash balance at beginning of the reporting year	010	58,342	56,911
Cash flow's from current activities			
Cash received <u>from</u> buyers and customers	020	3,311,573	2,079,439
	030		
Other <u>receipts</u>	110	25,766	584,137
Cash <u>spent</u> to pay:	120	(3,181,496)	(3,051,963)
for purchased goods, works, services, for raw materials and other current assets	150	(2,233,541)	(2,549,985)
salaries and wages	160	(117,937)	(69,358)
dividends and interest	170	(8,317)	(-)
taxes and duties	180	(771,596)	(406,098)
	181	()	()
other expenditure	190	(50,104)	(26,522)
Net cash flow <u>from</u> current activities	200	155,844	(388,387)
Cash flows from investing activities			
Proceeds from sale of fixed assets and other non-current assets	210	11,518	585
Proceeds <u>from</u> sale of securities and other financial investments	220	-	-
Dividends received	230	-	-
Interest received	240	-	-
Receipts from the repayment of loans made to other organisations	250	-	-
	260		
<u>Acquisition</u> of subsidiaries	280	()	()
Acquisition of fixed assets, intangible assets and profit bearing investments in <u>tangible</u> assets	290	(9,550)	(52,931)
<u>Acquisition</u> of securities and other financial investments	300		
Loans given to other organisations	310	(-)	(-)
	320		
Net cash flow <u>from</u> <u>investing</u> activities	340	1,968	(52,346)
Cash flows from financing activities			
Proceeds from issuing shares and other <u>equity</u> securities	350	-	-
Borrowed amounts (loans and credits made by other organisations)	360	-	442,165

1	2	3	4
	370		
<u>Repayment</u> of borrowed amounts (net of interest)	390		
<u>Repayment</u> of liabilities related to finance lease	400	(-)	(-)
		(-)	(-)
		(-)	(-)
Net cash flow form financing activities	430	-	442,165
Net increase (decrease) in cash and cash equivalents	440	157,811	1,431
Cash balance at the end of the reporting period	450	216,154	58,342
Financial effect of changes in foreign currency exchange rates	460	5,930	

CEO

(signature)

(printed name)

Chief accountant

(signature)

Elena Malik

(printed name)

11 04 February 2

Explanatory note

to the accounting reporting of ZAO "RANBAXY" for 2010.

1. Information about the joint-stock company

1.1. Company full name: Closed joint-stock company «RANBAXY»

1.2. Juridical address: 129223, Moscow, Prospect Mira, bldg. 119, cstr.537/2

1.3. Actual address: 129223, Moscow, Prospect Mira, bldg. 119, cstr.537/2

1.4. Date of state registration: 20 May 2004, main state number Ns 1047796353846.

1.5. Authorized capital of the enterprise is 3 000 000 roubles. Shareholder's composition: Closed joint-stock company «RANBAXY (NETHERLANDS) B.V.» -99 percent of authorized capital, Private limited liability company «Ranbaxy holdings (Great Britain) Limited» -1 percent. Participating interests in the charter capital are fully paid. Quantity of placed valuable securities -3000 pieces. Nominal value of each valuable security - 1000 roubles.

1.6. The company does not have subsidiaries and affiliates.

1.7. Information about separate subdivisions.

- 19.12.2008 a separate subdivision "Aptechny Sklad" is founded and registered at its location (address: 143521, the Moscow region, the Istra district, Luchinskoe rural settlement, Davidovskoe village, Dachnaya str., cstr.2) in the Inspectorate of the Federal Tax Service of Russia for the town of Istra of the Moscow region.
- 07.05.2009 a separate subdivision is founded and registered at its location (address: 192007, Saint-Petersburg, Tambovskaya str. 12, cstr. B) in the interdistrict inspectorate of the Federal Tax Service N227 for the city Saint-Petersburg.
- 15.09.2009 a separate subdivision is founded and registered at its location (address: 620142, the Sverdlovsk Region, Ekaterinburg, Dekabristov str., bldg.44/17) in the Inspectorate of the Federal Tax Service of Russia for the Leninsky region of the city Ekaterinburg.
- 15.09.2009 a separate subdivision is founded and registered at its location (address: 344006, the Rostov Region, Rostov-on-Don, Pushkinskaya, bldg.104/32, office 9) in the interdistrict inspectorate of the Federal Tax Service N225 for the Rostov Region.

1.8. The enterprise is not attributed to small business entities because the share of other enterprises which are not small exceeds 25 percent.

1.9. The organization is liable to obligatory audit according to the criteria established by article 7 of the Federal law of 7 August 2001 N2119-43 «Concerning Auditing Activities, which is to be performed by ZAO «KPMG».

2.0. The composition of the organization executive and control authority members:

1. General manager - Chhaya Mihir Niranjana (till 30.11.2010);
2. Acting General manager- Arutyunov Valery Orlikovich (from 01.12.2010)
3. General manager - Khanna Aman (from 14.01.2011)
4. Financial director- Sharma Rajiv (till 23.06.2010);

5. Financial director- Kapur Vivek (from 26.07.2010)
6. Chief accountant Arifullina Elmira Raufovna (till 19.04.2010)
7. Acting chief accountant Malisheva Lubov Yurievna (from 20.04.2010 till 11.05.20 10)
8. Chief accountant Malik Elena Vasilyevna (from 12.05.2010).

The enterprise primary activity is the wholesale realization of medical drugs.

2. Main elements of the enterprise accounting policies.

2.1 Accounting policies for the purposes of accounting.

Accounting in the Company is performed according to the Russian Federation legislation on accounting.

Accounting reporting is formed by the Company based on the accounting and reporting rules effective in the Russian Federation.

2.1.1. Accounting in the company is performed by the accounting department as an independent structural subdivision under the supervision of chief accountant.

2.1.2. The useful life in terms of capital assets is determined based on the Classification of capital assets included in amortization groups, approved by the Russian Federation Government decree of 1 January 2002 Nsl.

2.1.3. Accrual of depreciation in terms of capital assets is performed by linear method.

2.1.4. Capital assets low-value objects costing not more than 20000 rub [INR 29,240], and also books, brochures and other publications are charged off during their release to exploitation.

2.1.5. Annual re-evaluation of capital assets is not performed.

2.1.6. The goods charge-off is performed by FIFO method.

2.1.7. Provisions for doubtful debts are formed taking into account the practicability and according to the guideline on accounting records maintenance.

2.1.8. Provision for the decrease of material values cost is created in the end of the year taking into account the essentiality. As essentiality the ending inventory in the warehouse for the end of the year is determined and its price mark-down to market-value in terms of the goods with remaining best before date of not more than 6 months at the rate of 100%, additionally in terms of the goods with remaining best before date of not more than 12 months at the rate of 50% and in terms of the goods with remaining best before date of not more than 18 months, on condition that the remaining best before date as of 01.01.10 is not more than 50%, - at the rate of 25%. Besides, the appreciation of goods according to other bases is performed according to the Accounting Regulations 5/01.

2.1.9. The company uses the Accounting Regulations 18/02. Accrual registers are formed by the software IC YHH.

2.1.10. Any significant changes of accounting policies for the purposes of accounting in 2011 in comparison with 2010 are not contemplated except the changes prescribed by the Russian Federation legislation.

According to the prescribed marketing policy the clients will be provided with awards (bonuses) and discounts the accounting of which is specified in tax legislation in 2011.

2.2. Accounting policies for the purpose of tax accounting.

2.2.1. The company determines the tax base in respect of VAT in proportion to shipment.

2.2.2. For the purpose of recognition of income and expenses when calculating the income tax the company uses the accrual method.

2.2.3. Purchase goods the value of which decreases the income from these goods sales are estimated by FIFO method.

2.2.4. The useful life in terms of capital assets is determined based on the Classification of capital assets included in amortization groups, approved by the Russian Federation Government decree of 1 January 2002 N21.

2.2.5. Accrual of depreciation in terms of capital assets is performed by linear method.

2.2.6. Provisions for doubtful debts are formed taking into account the practicability and according to the Tax Code.

2.2.7. The company forms tax ledgers using a specialized accounting software 1 C YIII.

3. Company financing and operating activities.

3.1. Company activities characteristics, for the reporting year.

3.1.1. The income for 2010 from goods realization in terms of primary activity was 2 216 063 thousand roubles [INR 3,311,016 thousand] (excluding VAT), which is 99,7 percent of the whole sum of realization, the income from the realization of capital assets was 6 676 thousand roubles [INR 9,760 thousand] (excluding VAT) which is 0,3 percent of the whole sum of realization. Gross margin from primary activities is equal to 110741 thousand roubles [INR 165,458 thousand]. For 2009 the income from the realization of goods in terms of the primary activities was 1 751 648 thousand roubles [INR 2,617,134 thousand] (excluding VAT), the gross margin from primary activities was 338 170 thousand roubles [INR 505,259 thousand].

The company does not have any other types of activity.

3.1.2. The sum of the enterprise buyers and orderers accounts receivables (line 241 of statement of balance) as of 31 December 2010 was 746 218 thousand roubles [INR 1,090,962 thousand].

For the end of 2010 the organization created the provision for doubtful debts in the amount of 100% in respect of the following organizations:

- 000 «Kvatro», in the amount of 285 584 (Two hundred eighty five thousand and five hundred eighty four) roubles and 66 kop [INR 417,520].
- ZAO «Genezis», in the amount of 17 929 313 (Seventeen million nine hundred twenty nine thousand and three hundred thirteen) roubles 36 kop [INR 26,212,446].
- 000 «Lifecare», in the amount of 613 701,22 (Six hundred thirteen thousand and seven hundred one) rouble 22 kop [INR 897,224].
- ZAO «Faros», in the amount of 507 676,11 (Five hundred seven thousand and six hundred seventy six) roubles 11 kop [INR 742,217]
- 000 «Biotek», in the amount of 1 671 398,53 (One million six hundred seventy one thousand and three hundred ninety eight) roubles 53 kop [INR 2,443,565].
- ZAO «Shreya Conporational», in the amount of 29 934 968,35 (Twenty nine million nine hundred thirty four thousand and nine hundred sixty eight) roubles 35 kop [INR 43,764,574].

In total, the provision created for the end of 2010 for the purpose of accounting is 50 942 642,23 (Fifty million nine hundred forty two thousand and six hundred forty two) roubles 23 kop [INR 74,477,547].

The sum of the enterprise accounts payable to suppliers and orderers as of 31 December 2010 was 1 208 820 (p. 621 of statement of balance) thousand roubles [INR 1,767,281 thousand]

Main suppliers of ZAO "RANBAXY" in 2010 are the following: «Ranbaxy Laboratories Limited» (India) and «Ranbaxy Terapia» (Romania) (debt to the supplier «Ranbaxy Laboratories Limited» - 980 812 thousand, [INR 1,433,936 thousand]

Ranbaxy Terapia » - 224 911 thousand roubles) [INR 328,817 thousand]

3.1.3. In 2010 according to the results of the company activities the loss was sustained in the amount of 86 237 thousand roubles (line 190 FormN22). [INR 128,847 thousand]

The company in 2010 paid the interest in the amount of 5 716 thousand roubles [INR 8,540 thousand] on the loan obtained in 2009 from Ranbaxy (Netherlands). There was no payment of loan in 2010.

Other company income and expenses reflected in lines 090 and 100 of the Profit and loss statement in 2010 were the following:

Description	Other income (thousand roubles)	Other expenses (thousand roubles)
Exchange differences	83 345	(68 255)
Provision for depreciation of commodity stocks and supplies	32 309	(49 242)
Provision for doubtful debts	6 769	(32 858)
Destruction of pharmaceutical drugs		(8 218)
Suppliers awards fees	226 768	
Retrospective bonuses to buyers		(132 061)
Insurance compensation	2 317	
Taxes		(536)
Others	7 589	(10 505)
Total	359 097	(301 675)

IN INR

Description	Other income (thousand roubles)	Other expenses (thousand roubles)
Exchange differences	124,526	(101,980)
Provision for depreciation of commodity stocks and supplies	48,273	(73,572)
Provision for doubtful debts	10,114	(49,093)
Destruction of pharmaceutical drugs		(12,278)
Suppliers awards fees	338,814	
Retrospective bonuses to buyers		(197,312)
Insurance compensation	3,462	
Taxes		(801)
Others	11,339	(15,696)
Total	536,526	(450,732)

3.1.4. «Ranbaxy Laboratories Limited», being the main supplier of ZAO "RANBAXY" is a related party exercising significant influence on the company.

3.1.5. Current income tax according to the results of 2010 based on the profit and loss statement p.150- is absent because according to the results of tax accounting the company sustained the loss in the amount of 55 608 thousand roubles [INR 83,084 thousand]. In 2010 as a result of field tax inspection of the company for 2008-2009 the expenses in the amount of 9 528 thousand roubles [INR 14,236 thousand] were not admitted. Thus, the remainder of not transferred loss for 2008 in the amount of 17 181 thousand roubles [INR 25,670 thousand] was decreased by 9 528 thousand roubles [INR 14,236 thousand]. The total sum of deferred assets -14 714 thousand roubles [INR 21,512 thousand].

The significant sum on 77 account of deferred liabilities is the difference connected with the fact that in accounting the sums of customs dues and fees are included in the goods price, in tax accounting are immediately marked off to expenses. According to Accounting Regulations 18/02 the sum of deferred liability in terms of the goods is 10 916 thousand roubles [INR 15,959 thousand], total sum of deferred liabilities 10 944 thousand roubles [INR 16,000 thousand].

3.1.6. Does not have any guarantees issued to third persons.

3.1.7. In 2010 as securities for payments under the contract N222 of 01.10.2004, concluded with the company ZAO "SIA INTERNATIONAL LTD" covered irrevocable credits were used, opened by Sberbank of Russia. Credits are executed by the bank within 90 days from the moment of the goods shipment to the Buyer.

4. Social indicators (in thousand roubles)

S.No	Indicator	For the reporting year
1	Average number of workers	131
2	Sum of accrued wages and compensatory payments, thousand roubles	100 065 [INR 149,507]
3	Sum of assessed contribution, thousand roubles	16 105 [INR 24,062]

5. Information about the company own capital (in thousand roubles)

S.No	Indicator	For the reporting year	6	information
1	Authorised fund thousand roubles	3 000 INR 4,386	R	6.1
2	Accumulated surplus	750 INR 1,096	e	Calculation
3	Undistributed profits thousand roubles	94 091 INR 137,560	f	of
			e	company
			e	net assets.
			n	
			c	
			e	

Indicator name

1. Assets

- 1. Intangible assets
- 2. Capital assets
- 3. Construction in progress
- 4. Interest-bearing investments into material values
- 5. Long term and short-term financial investments <1> 6.

Other noncurrent assets <2>

7. Margin

8. Value-added tax for purchased valuables

9. Accounts receivable <3>

10. Monetary means

11. Other current assets

12. Total assets taken for calculation (sum of these items 1-11) II.

Passives

13. Long-term loan and credit obligations

	For the beginning of the reporting year	For the end of the reporting year
	30 685	20 954
	INR 44,861	30,635 INR
	3 570	14714
	INR 5,219	21,512 INR
	<u>214473</u>	598919
	<u>INR 313,557</u>	875,613 INR
	817143	884830
	INR 1,194,654	1,293,611 INR
	39906	147849
	INR 58,342	216,154 INR
	<u>1105778</u>	1667266
	<u>INR 1,616,635</u>	2,437,523 INR

14. Other long-term obligations <4>, <5>		3 601	10944
	IN INR	5,265	16,000
15. Short-term loan and credit obligations		302 545	304 876
	IN INR	442,317	445,725
16. Accounts payable		615 553	1 242 926
	IN INR	899,931	1,817,143
17. Debt to the participants (founders) in terms of income payment			
18. Reserves for future expenses			10 679
	IN INR		15,613
19. Other short-term obligations <5>			
20. Total passives taken for calculation (sum of these items 13-19)		921 699	1 569 425
	IN INR	1,347,513	2,294,481
Value of the joint-stock company net assets (total assets taken for			
21. calculation (line 12), minus total passives, taken for calculation		184 079	97 841
(line 20))	IN INR	269,121	143,042

6.2. Information about leased premises.

As of 31.12.2010 ZAO «RANBAXY» does not have own premises. As of 31.12.2010 the following contracts were concluded:

- with 000 «SP Tecluiopark» for 177,8 sq.m. -office in Moscow. Contract Ns w/o No. of 31.08.09 Contract expiration date till 31.07.10, contract w/o No of 14.07.2010 (monthly payment is 197058,41 roubles excluding VAT) [INR 294,424] Contract expiration date till 30.06.2011
- 000 «Terminal-Vostok» for 1176,2 sq.m.- warehouse in the Istra region. Contract N207/09/09 of 30.11.09. Contract expiration date till 30.11.10 and Contract Ns 01/10/IOKCA of 01.10.2010 (monthly payment is 958 124,68 roubles excluding VAT) [INR 1,431,533]
- 000 «Inzhstroyservis» for 35,3 sq.m.- office in Ekaterinburg city. Contract Ns 01/07 of 01.07.09 (monthly payment is 21 180,00 roubles excluding VAT). [INR 31,645] Contract with automatic prolongation for the next year.
- 000 «Inform-Future» for 44,8 sq.m.- office in Saint-Petersburg. Contract N4 w/o No. of 10.01.09 (monthly payment is 47786,67 roubles) [INR 71,398]. Contract with automatic prolongation for the next year.
- 000 «Inform-Future» for 3,7 sq.m.- side chamber in Saint-Petersburg. Contract Ns w/o No. of 01.04.09 (monthly payment 6 537,53 roubles) [INR 9,768]. Contract with automatic prolongation for the next year.
- 000 «Office-Servis» for 82,6 sq.m.- office in Rostov-on-Don. Contract N227 of 30.07.09 (monthly payment 27 048,00 roubles) [INR 40,4124]. Contract expiration date till 06.07.10. Contract with automatic prolongation for the next year.

6.3 Additional information about the order of goods rejection.

Goods liable to rejection and destruction are differentiated according to the following main criteria:

- shelf life expiration
- non-compliance with ND requirements
- loss of marketable state etc.

For the destruction of rejects the contract is concluded with the company 000 «Techenergohimprom» for the destruction of pharmaceutical drugs Ns 0715768 of 28.06.07, (License N2OT-01-003277 (77) of 01.09.08).

6.4. Information about the company expenses of payment of salary, vacation and rewards to workers.

The structure of paid sums in favor of the company workers in 2010:

Subdivisions		Total charged, thousand roubles	Total paid, %
Head office (Moscow)		69 614	69,4%
	IN INR	104,010	
Separate subdivision in Saint-Petersburg in the region North-West and Volga		15 250	15,2%
	IN INR	22,785	
Separate subdivision in Rostov-on-Don		8 085	8,1%
	IN INR	12,080	
Separate subdivision in Ekaterinburg		5 873	5,9%
	IN INR	8,775	
Separate subdivision Aptechny sklad in the Istra region		1 437	1,4%
	IN INR	2,147	
Total		100 259	100%
	IN INR	149,797	

Particularly in 2010 the following sums were paid in favour of the main managerial personnel: payment for labour -17,30 min. roubles [INR 25.85 MIN]; taxes and other obligatory payments in the amount of 899 thousand roubles [INR 1,343 thousand]; annual paid vacation in the amount of - 686 thousand roubles [INR 1,025 thousand]; award (bonus) following the results of 2009 in the amount of 1,399 min. roubles [INR 2,090 min], other awards 657 thousand roubles [INR 982 thousand]. There were no long-term payments in favour of the main managerial personnel in 2010.

6.5. Information about the company future expenses in terms of payments of vacations and awards to the workers.

According to Accounting Regulations 8/01 the information about the company future expenses is liable to disclosure. Accumulated and unused vacations by the workers as of 31.12.2010: 3698 thousand roubles, employment years awards in the amount of 6 981 thousand roubles [INR 100,076 thousand]

In 2011 it is planned to pay in favour of the main managerial personnel the following sums (short-term remunerations): payment for labour - 20,0 min. roubles [INR 29.88 min]; taxes and other obligatory payments in the amount of 1,1 min. roubles; annual paid vacation in the amount of -1,3 min. roubles [INR 1.94 min]; award (bonus) following the results of 2010 in the amount of 1,5 mln. Roubles [INR 2.24]. There are no long-term payments in favour of the main managerial personnel planned.

6.6. *Explanations to the form 5 appendix to the accounting balance-sheet.*

Interpretation of other accounts receivable (line 613 Form Ns 5)

Type	Sum (thousand roubles)	IN INR
Budget settlements (WHT)	1 309	1,914
Budget settlements (VAT)	40 811	59,665
Budget settlements (Profit advances)	40 042	58,540
Social funds settlements	741	1,083
Advance holders settlements	1 031	1,507
Settlements with employees on accommodated loans	1 428	2,087
Settlements of claims	73	107
Settlements with other obligors	6 207	9,075
Settlements on VAT from advances received	3 059	4,472
Notes receivable (interest-free)	40 000	58,480
TOTAL	134 701	196,931

In the accounting for 2009 in the Form Ns 5 in the graph 4 line 650 The Iona-term liabilities, by mistake the sum of deferred tax liability was stated in the amount of 3 601 thousand roubles [IN INR 5,265]. In the accounting for 2010 the line 650 of graph 3 of form Ne 5 the long-term liabilities are absent.

6.7. *Explanations to the fbrm 4 Statement of cash receipts and disbursements.*

The organization shows in form N24 the presence and movement of funds in foreign currency at the Central Bank of Russia rate on the date of preparation of reporting, i.e. on 31.12.2010. The influence of alteration in rates was 4056 thousand roubles [INR 6,060 thousand]. Payment for delivered goods was also performed by non-monetary assetsbills. The sums received from the payment of Sberbank of Russia bills are 343200 thousand roubles [INR 512,775], which are included in line 020 of form 4 Statement of cash receipts and disbursements.

6.8. *Information about expenses in respect of usual types of activity.*

According to the profit and loss statement for 2010 the sum of expenses in respect of usual types of activity (cost value and selling costs) is 2 356 918 thousand roubles [INR 3,521,467].

The cost value of the realized good is 2105322 thousand roubles [INR 3,145,558]. Selling costs are 251 596 thousand roubles [INR 375,909] of which:

Type	Sum (thousand roubles)	IN INR
Salary, wages and bonus and payments to the social funds	110 984	165,821
Freight, clearing and forwarding	51 576	77,060
Rent expenses	26 553	39,673
Depreciation of assets	8 000	11,953
Provision for vacations payment	3 699	5,527
Provision for payment of awards to workers	6 981	10,430
Insurance	7 976	11,917
Running and maintenance of vehicles	7 193	10,747
Marketing services	3 616	5,403
Expenses of representation	3 614	5,400
Travelling expenses	3 582	5,352
Legal & Professional charges	3 457	5,165
Audit	3 178	4,748
Software products	1 420	2,122
Other expenses	9 767	14,593
Total	251 596	375,909

6.9. Operations with related parties

The volume of operations with related parties for the reporting period was:

<i>Related parties</i>	<i>Types of operations</i>	<i>Used methods of determining the prices in terms of each type of operations with it</i>	<i>Volume of operations</i>
Ranbaxy Laboratories Limited (India)	Goods purchase	According to contract (market price)	1 892 909 thousand roubles [INR 2,828,192]
Ranbaxy Terapia	Goods purchase	According to contract (market price)	8 982 thousand Euros and 21 017 thousand roubles [INR 31,401]
Ranbaxy (Netherlands) by	Payment of interest under the loan agreement	3 months interbank rate + 2% annual interest	186,8 thousand US dollars [INR 8,549 thousands]

The sums of receivables and payables to the related parties of the Company as of 31 December 2010 were:

<i>Related parties</i>	<i>Sum of accounts receivable (accounts payable), thousand roubles.</i>
Ranbaxy Laboratories Limited (India)	(980 812) [INR 1,433,936]
Ranbaxy Terapia (Romania)	(224 911) [INR 328,817]

6.10. Events after the reporting date

The events after the reporting date which would significantly influence the reporting according to Accounting Regulations 7/98 were not identified.

6.11 Contingencies

According to Accounting Regulations 8/01 all the contingencies are fully disclosed.

6.12. Electricity expenses

The company did not pay to the supplier for delivered electric energy. All the bills are included into rental payments.

6.13. Conclusion.

According to the results of the reporting period there was a loss sustained due to the change of the Russian Federation legislation at federal and regional levels with regard to the price formation of pharmaceutical products for the purpose of control over the volume of trade increment. The company had significant stock imported before prices registration. In spite of the company administration measures taken to stimulate the support of planned sales volume, the goods realization decreased. Constant expenses remained at the planned level. The trading stock increased by 180%.

In 2011 the company plans to realize profit by means of increasing the selling prices for non- vital and most important drugs (VMID) and overall increase of turnover.

Appendix: parameters dynamics diagrams.

SD/-

General manager

ZAO «RANBAXY»

Chief accountant

Sd/-

Khanna Aman

Sd/-

Malik Elena Vasilyevna

04 February 2011