

Ranbaxy Ireland Limited

Directors and other information

Directors

D. Das Gupta (UK)
A. Sawhney (India)
S. Mehandroo (India)

Secretary

S. Moloney

Registered office

Spafield
Cork Road
Cashel
Co. Tipperary

Auditor

KPMG
Chartered Accountants
90 South Mall
Cork

Bankers

Ulster Bank Limited
49 Liberty Square
Thurles
Co. Tipperary

Allied Irish Bank
66 Main Street
Cashel
Co. Tipperary

Ranbaxy Ireland Limited

Directors report

The directors present their annual report and the audited financial statements for the year ended 31 December 2010.

Principal activities, business review and future developments

The principal activity of the company is the manufacture, processing and selling of pharmaceutical products. One of largest sales market for the company is Poland and a Ranbaxy group company performs promotion and marketing activities on behalf of the company in this region. The costs of these activities are recharged to the company.

The directors are satisfied with the performance of the company during the year.

Principal risks and uncertainties

The directors consider that the following are the principal risk factors that could materially and adversely affect the company, which are similar risks to those of the parent company Ranbaxy Laboratories Limited.

Economic risk:

The risk of unrealistic increases in wages or infrastructure cost impacting adversely on competitiveness of the group and its principal customers.

These risks are managed by innovative product sourcing and strict control of costs.

Competition risk:

The directors of the company and subsidiaries manage competition risk through close attention to customer service levels and product innovation.

Financial risk:

Each of the companies within the group has budgetary and financial reporting procedures, supported by appropriate key performance indicators, to manage credit, liquidity and other financial risk.

People in our business:

The continued success of the group has been achieved by the people working in it. Each of the subsidiaries is managed separately but reflects the group philosophy and ethos. There are many long serving members of staff and the relatively low turnover of personnel reflects the general policy of providing good terms and conditions of employment while dealing with staff as well as the other stakeholders in the business, in a fair and consistent manner. Their continued loyalty and hard work is much appreciated.

Results and dividends

The profit for the year after taxation amounted to €645,876 [In INR 38,908,193(2009: €702,495 IN INR42,318,976).

The directors have paid an interim dividend of €2,500,000 [IN INR 150,602,410] and they do not recommend the payment of a final dividend.

Ranbaxy Ireland Limited

Directors report *(continued)*

Directors and secretary and their interests

In accordance with the company's Articles of Association the directors are not required to retire by rotation.

On 24 June 2010, Omesh Sethi resigned as Director of the company and Sandeep Mehandroo was appointed in his place.

The directors and secretary who held office at 31 December 2010 had no interests in the shares of the company or other group companies.

Post balance sheet events

There have been no significant events affecting the company since 31 December 2010.

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account are maintained at Spafield, Cork Road, Cashel, Co. Tipperary.

Auditor

In accordance with Section 160 (2) of the Companies Act, 1963, the auditor, KPMG, Chartered Accountants, will continue in office.

Sd/-
Arun Sawhney
Director

Sd/-
Sandeep Mehandroo
Director

11th Feb 2011

Ranbaxy Ireland Limited

Statement of directors responsibilities

The directors are responsible for preparing the Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of its profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts, 1963 to 2009.

On behalf of the board

Sd/-
Arun Sawhney
Director

Sd/-
Sandeep Mehandroo
Director

11th Feb 2011

Independent auditor's report to the members of Ranbaxy Ireland Limited

We have audited the financial statements of Ranbaxy Ireland Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you whether, in our opinion: proper books of account have been kept by the company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Independent auditor's report to the members of Ranbaxy Ireland Limited (*continued*)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs at 31 December 2010 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations which we considered necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 2 and 3 is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2010 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

Sd/-
Chartered Accountants
Registered Auditor

16 February 2011

Ranbaxy Ireland Limited

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified to include the revaluation of land and buildings, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in Ireland.

Turnover

Turnover represents amounts invoiced excluding value added tax in respect of the sale of goods and supply of services which have been carried out during the year. Turnover for sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Transfer occurs when the product is received at the customer's warehouse. Turnover for provision of services is recognised when services rendered to customers are completed and the right to reserve payment is established.

Intangible fixed assets

Licences purchased by the Company are recorded at cost and are amortised to nil. Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Product licences	5 - 10 Years
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Tangible fixed assets and depreciation

Plant and machinery are stated at cost less accumulated depreciation.

Land and buildings are carried at revalued amount less accumulated depreciation. Formal valuations are undertaken by independent professional valuers at least every five years. Interim valuations are undertaken as required to ensure that there is no material difference between carrying values and current values.

Revaluation gains are recognised in the revaluation reserve except to the extent that they reverse revaluation losses that were previously charged to the profit and loss account when they are charged to the profit and loss account. Revaluation losses which represent a clear consumption of economic benefit inherent in the asset are recognised in the profit and loss account.

Ranbaxy Ireland Limited

Statement of accounting policies *(continued)*

Tangible fixed assets and depreciation *(continued)*

Other revaluation losses are recognised;

- in the statement of total recognised gains and losses until the carrying amount reaches its depreciated historical cost; and
- thereafter, in the profit and loss account unless it can be demonstrated that the recoverable amount of the asset is greater than its revalued amount, in which case the loss is recognised in the statement of total recognised gains and losses to the extent that the recoverable amount of the asset is greater than its revalued amount.

The charge for depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values by equal annual instalments over their expected useful lives as follows:

Land and buildings	-	50 Years Straight Line
Plant and machinery	-	15 Years Straight Line

Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of finished goods and work in progress, cost is defined as the aggregate cost of raw material, direct labour and the attributable proportion of direct production overheads.

Provision is made for slow moving, obsolete or defective stock where appropriate.

Pensions

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Ranbaxy Ireland Limited

Statement of accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at a contracted rate. The resulting monetary assets and liabilities are translated at the balance sheet rate or the contracted rate and the exchange differences are dealt with in the profit and loss account.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Ranbaxy Ireland Limited

Profit and loss account

for the year ended 31 December 2010

	Notes	2010 €	2009 €
Turnover - continuing operations	1	32,233,666	26,994,607
Cost of sales		(19,869,496)	(16,782,370)
Gross profit		12,364,170	10,212,237
Administration expenses		(11,654,258)	(9,383,817)
Operating profit - continuing operations	2	709,912	828,420
Interest receivable and similar income	3	44,325	32,704
Profit on ordinary activities before taxation		754,237	861,124
Tax on profit on ordinary activities	5	(108,361)	(158,629)
Profit for the financial year	18	645,876	702,495

Amounts IN INR

Turnover - continuing operations	1	1,941,787,108	1626,181,145
Cost of sales		(1,196,957,590)	(1,010,986,145)
Gross profit		744,829,518	615,195,000
Administration expenses		(702,063,735)	(565,290,181)
Operating profit - continuing operations	2	42,765,783	49,904,819
Interest receivable and similar income	3	2,670,181	1,970,120
Profit on ordinary activities before taxation		45,435,964	51,874,940
Tax on profit on ordinary activities	5	(6,527,771)	(9,555,964)
Profit for the financial year	18	38,908,193	42,318,976

Ranbaxy Ireland Limited

Profit and loss account

for the year ended 31 December 2010

The company had no gains or losses in the financial year or the preceding financial year other than those shown in the profit and loss account.

On behalf of the board

Sd/-
Director

Sd/-
Director

11 February 2011

Ranbaxy Ireland Limited

Balance sheet

as at 31 December 2010

	<i>Notes</i>	2010 €	2009 €
Fixed assets			
Intangible assets	7	128,896	257,740
Tangible assets	8	7,021,159	7,182,151
		<u>7,150,055</u>	<u>7,439,891</u>
Current assets			
Stocks	9	2,211,806	2,914,340
Debtors	10	5,751,750	10,499,421
Cash at bank and in hand		2,945,095	1,341,746
		<u>10,908,651</u>	<u>14,755,507</u>
Creditors: amounts falling due within one year	11	(4,569,456)	(6,836,810)
Net current assets		<u>6,339,195</u>	<u>7,918,697</u>
Total assets less current liabilities		<u>13,489,250</u>	<u>15,358,588</u>
Creditors: amounts falling due after more than one year	12	(443,792)	(462,800)
Provision for liabilities	15	(272,017)	(268,223)
Net assets		<u>12,773,441</u>	<u>14,627,565</u>
Capital and reserves			
Called up share capital	16	7,111,465	7,111,465
Revaluation reserve	17	1,474,472	1,474,472
Capital redemption reserve	17	54,964	54,964
Profit and loss account	17	4,132,540	5,986,664
Shareholders' funds	18	<u>12,773,441</u>	<u>14,627,565</u>

Ranbaxy Ireland Limited

Balance sheet

as at 31 December 2010

		2010	2009
Amounts in INR			
Intangible assets	7	7,718,323	15,433,533
Tangible assets	8	420,428,683	430,068,922
		428,147,006	445,502,455
Current assets			
Stocks	9	132,443,473	174,511,377
Debtors	10	344,416,168	628,707,844
Cash at bank and in hand		176,352,994	80,344,072
		653,212,635	883,563,293
Creditors: amounts falling due within one year	11	(273,620,120)	(409,389,820)
Net current assets		379,592,515	474,173,473
Total assets less current liabilities		807,739,521	919,675,928
Creditors: amounts falling due after more than one year	12	(26,574,371)	(27,712,575)
Provision for liabilities	15	(16,288,443)	(16,061,257)
Net assets		764,876,707	875,902,096
Capital and reserves			
Called up share capital	16	425,836,228	425,836,228
Revaluation reserve	17	88,291,737	88,291,737
Capital redemption reserve	17	3,291,257	3,291,257
Profit and loss account	17	247,457,485	358,482,874
Shareholders' funds	18	764,876,707	875,902,096

On behalf of the board

Sd/-
Director

Sd/-
Director

11 February 2011

Ranbaxy Ireland Limited

Cash flow statement

for the year ended 31 December 2010

	Note	2010 €	2009 €
Net cash inflow from operating activities	23	4,223,528	2,647,146
Servicing of finance and returns on investment	24	44,325	32,704
Taxation	24	194,763	296,959
Capital expenditure and financial investment	24	(359,267)	(94,138)
		<u>4,103,349</u>	<u>2,882,671</u>
Equity dividends paid		(2,500,000)	(5,000,000)
Increase (decrease) in cash		<u>1,603,349</u>	<u>(2,117,329)</u>
Reconciliation of net cash flow to movement in net funds for the year ended 31 December 2010			
Net decrease in cash		1,603,349	(2,117,329)
Net funds at beginning of year		1,341,746	3,459,075
Net funds at end of year	25	<u>2,945,095</u>	<u>1,341,746</u>
		2010	2009

Amounts in INR

Net cash inflow from operating activities	23	252,905,868	158,511,737
Servicing of finance and returns on investment	24	2,654,192	1,958,323
Taxation	24	11,662,455	17,781,976
Capital expenditure and financial investment	24	(21,512,994)	(5,637,006)
		<u>245,709,521</u>	<u>172,615,030</u>
Equity dividends paid		(149,700,599)	(299,401,198)
Increase (decrease) in cash		<u>96,008,922</u>	<u>(126,786,168)</u>
Reconciliation of net cash flow to movement in net funds for the year ended 31 December 2010			
Net decrease in cash		96,008,922	(126,786,168)
Net funds at beginning of year		80,344,072	207,130,240
Net funds at end of year	25	<u>176,352,994</u>	<u>80,344,072</u>

Ranbaxy Ireland Limited

Notes

forming part of the financial statements

1 Turnover

An analysis of turnover by class of business and geographic market has not been supplied as the directors believe this to be prejudicial to the interests of the company.

2 Statutory and other information	2010	2009
	€	€
<i>Operating profit is stated:</i>		
<i>after crediting:</i>		
Profit on disposal of intangible fixed assets	-	36,594
Profit on disposal of fixed assets	1,710	-
Gain on foreign exchange	85,120	595,681
	<hr/>	<hr/>
<i>after charging:</i>		
Amortisation of intangible assets	128,844	176,961
Depreciation of tangible assets	521,969	559,820
Auditor's remuneration from statutory audit work	35,000	36,480
Auditors' remuneration from other audit work	26,000	11,400
	<hr/>	<hr/>
	Amounts in INR	
	2010	2009
<i>Operating profit is stated:</i>		
<i>after crediting:</i>		
Profit on disposal of intangible fixed assets	-	2,204,458
Profit on disposal of fixed assets	103,012	-
Gain on foreign exchange	5,127,711	35,884,398
	<hr/>	<hr/>
<i>after charging:</i>		
Amortisation of intangible assets	7,761,687	10,660,301
Depreciation of tangible assets	31,443,916	33,724,096
Auditor's remuneration from statutory audit work	2,108,434	2,197,590
Auditors' remuneration from other audit work	1,566,265	686,747
	<hr/>	<hr/>
3 Interest received and other similar income	2010	2009
	€	€
Bank interest receivable	44,325	32,704
	<hr/>	<hr/>
		Amount in INR
Bank interest receivable	2,670,181	1,970,120
	<hr/>	<hr/>

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Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including executive directors) during the year, analysed by category, was as follows:

	Number of employees	
	2010	2009
Administration	13	13
Laboratory Technicians	18	15
Production	42	42
Management	10	10
	<u>83</u>	<u>80</u>
	<u><u>83</u></u>	<u><u>80</u></u>

The aggregate payroll costs of these persons were as follows:

	2010	2009
	€	€
Wages and salaries	2,923,456	2,803,364
Social welfare costs	319,709	285,641
Pension costs (note 13)	31,423	22,560
	<u>3,274,588</u>	<u>3,111,565</u>
	<u><u>3,274,588</u></u>	<u><u>3,111,565</u></u>

	2010	2009
	Amount in INR	
Wages and salaries	176,111,807	168,877,349
Social welfare costs	19,259,578	17,207,289
Pension costs (note 13)	1,892,952	1,359,036
	<u>197,264,337</u>	<u>187,443,675</u>
	<u><u>197,264,337</u></u>	<u><u>187,443,675</u></u>

Ranbaxy Ireland Limited

Notes (continued)

5 Tax on profit on ordinary activities	2010	2009
	€	€
<i>Current tax</i>		
Irish corporation tax on the profit for the year on ordinary activities	104,567	73,148
Adjustment relating to an earlier period	-	12,583
Total current tax	<u>104,567</u>	<u>85,731</u>
<i>Deferred tax (see note 15)</i>		
Origination/reversal of timing differences	3,794	72,898
Tax on profit on ordinary activities	<u>108,361</u>	<u>158,629</u>
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>754,237</u>	<u>861,124</u>
Current tax at 12.50% (2009 - 12.50%)	94,280	107,641
<i>Effects of:</i>		
Difference between capital allowances and depreciation	(924)	(57,341)
Manufacturing relief	(8,685)	(5,604)
Adjustments to tax charge in respect of previous periods	-	12,583
Additional tax arising on profits chargeable at 25%	5,541	8,707
Amortisation not deductible for tax purposes	13,730	19,745
Balancing charges	626	-
Total current tax charge	<u>104,567</u>	<u>85,731</u>
	IN INR	IN INR
5. Tax on profit on ordinary activities	2010	2009
	€	€
<i>Current tax</i>		
Irish corporation tax on the profit for the year on ordinary activities	6,299,217	4,406,506
Adjustment relating to an earlier period	-	758,012
Total current tax	<u>6,299,217</u>	<u>5,164,518</u>
<i>Deferred tax (see note 15)</i>		
Origination/reversal of timing differences	228,554	4,391,446
Tax on profit on ordinary activities	<u>6,527,771</u>	<u>9,555,964</u>
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>45,435,964</u>	<u>51,874,940</u>

Ranbaxy Ireland Limited

Notes (continued)

	<u> </u>	<u> </u>
Current tax at 12.50% (2009 - 12.50%)	5,679,518	6,484,398
<i>Effects of:</i>		
Difference between capital allowances and depreciation	(55,663)	(3,454,277)
Manufacturing relief	(523,193)	(337,590)
Adjustments to tax charge in respect of previous periods	-	758,012
Additional tax arising on profits chargeable at 25%	333,795	524,518
Amortisation not deductible for tax purposes	827,108	1,189,458
Balancing charges	37,711	-
Total current tax charge	<u>6,299,217</u>	<u>5,164,518</u>
6 Dividends	2010	2009
	€	€
Dividends paid on Ordinary Shares	2,500,000	5,000,000
	<u> </u>	<u> </u>
	Amounts in INR	
Dividends paid on Ordinary Shares	150,002,410	301,204,819
	<u> </u>	<u> </u>

Ranbaxy Ireland Limited

Notes (continued)

7 Intangible fixed assets	Regulatory Approval Costs €	Company Developed Product Licences €	Total €
<i>Cost</i>			
At beginning and end of year	181,173	1,594,598	1,775,771
<i>Amortisation</i>			
At beginning of year	181,173	1,336,858	1,518,031
Charge for year	-	128,844	128,844
At end of year	181,173	1,465,702	1,646,875
<i>Net book values</i>			
At 31 December 2010	-	128,896	128,896
At 31 December 2009	-	257,740	257,740

7 Intangible fixed assets	Regulatory Approval Costs	Company Developed Product Licences	Total
Amount in INR			
<i>Cost</i>			
At beginning and end of year	10,848,683	95,484,910	106,333,593
<i>Amortisation</i>			
At beginning of year	10,848,683	80,051,377	90,900,060
Charge for year	-	7,715,210	7,715,210
At end of year	10,848,683	87,766,587	98,615,269
<i>Net book values</i>			
At 31 December 2010	-	7,718,323	7,718,323
At 31 December 2009	-	15,433,533	15,433,533

The directors consider that the value of the product licences is not less than the cost as stated above as all the company's licenses have been renewed annually and can generate revenues from either manufacture by the company or any of its group companies. Additionally, the company can enter into arrangements with third parties in respect of these licences.

8 Tangible fixed assets	Freehold land and	Plant and
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Ranbaxy Ireland Limited

Notes (continued)

	buildings €	machinery €	CIP €	Total €
<i>Cost or valuation</i>				
At beginning of year	4,192,000	8,804,678	-	12,996,678
Additions in year	-	216,686	152,178	368,864
Disposals in year	-	(65,905)	-	(65,905)
At end of year	4,192,000	8,955,459	152,178	13,299,637
<i>Depreciation</i>				
At beginning of year	-	5,814,527	-	5,814,527
Eliminated on disposals	-	(58,018)	-	(58,018)
Charge for year	49,308	472,661	-	521,969
At end of year	49,308	6,229,170	-	6,278,478
<i>Net book value</i>				
At 31 December 2010	4,142,692	2,726,289	152,178	7,021,159
At 31 December 2009	4,192,000	2,990,151	-	7,182,151
8 Tangible fixed assets	Freehold land and buildings	Plant and machinery	CIP	Total Amounts in INR
<i>Cost or valuation</i>				
At beginning of year	251,017,964	527,226,228	-	778,244,192
Additions in year	-	12,975,210	9,112,455	22,087,665
Disposals in year	-	(3,946,407)	-	(3,946,407)
At end of year	251,017,964	536,255,030	9,112,455	796,385,449
<i>Depreciation</i>				
At beginning of year	-	348,175,269	-	348,175,269
Eliminated on disposals	-	(3,474,132)	-	(3,474,132)
Charge for year	2,952,575	28,303,054	-	31,255,629
At end of year	2,952,575	373,004,192	-	375,956,766
<i>Net book value</i>				
At 31 December 2010	248,065,389	163,250,838	9,112,455	420,428,683
At 31 December 2009	251,017,964	179,050,958	-	430,068,922

Ranbaxy Ireland Limited

Notes (continued)

8 Tangible fixed assets (continued)

The land and buildings were valued as at December 2009 by HWBC Chartered Surveyors using market value and depreciated replacement cost as the valuation basis respectively. Market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Depreciated replacement cost is the gross replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence and environmental and other relevant factors. The loss arising on valuation of €2,431,488 (In INR 145,598, was debited to the revaluation reserve at 31 December 2009.

Particulars relating to revalued land and buildings are given below:

	2010 €	2009 €
At open market valuation/depreciated replacement cost	4,192,000	4,192,000
Aggregate depreciation thereon	(49,308)	-
Net book value	4,142,692	4,192,000
Historical cost of revalued assets	3,824,064	3,824,064
Aggregate depreciation thereon	(1,128,377)	(1,079,069)
Historical cost net book value	2,695,687	2,744,995
	2010	2009
	Amounts in INR	
At open market valuation/depreciated replacement cost	251,017,964	251,017,964
Aggregate depreciation thereon	(2,952,575)	-
Net book value	248,065,389	251,017,964
Historical cost of revalued assets	228,985,868	228,985,868
Aggregate depreciation thereon	(67,567,485)	(64,614,910)
Historical cost net book value	161,418,383	164,370,958

9 Stocks

2010 €	2009 €
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Ranbaxy Ireland Limited

Notes (continued)

Raw materials and consumables	513,096	997,854
Work in progress	585,894	316,775
Finished goods	1,112,816	1,599,711
	<u>2,211,806</u>	<u>2,914,340</u>
	2010	2009
		Amount in INR
Raw materials and consumables	30,724,311	59,751,737
Work in progress	35,083,473	18,968,563
Finished goods	66,635,689	95,791,078
	<u>132,443,473</u>	<u>174,511,377</u>

There are no material differences between the replacement cost of stock and the balance sheet amounts.

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Notes (continued)

10 Debtors	2010	2009
	€	€
<i>Amounts falling due within one year</i>		
Trade debtors	3,548,776	3,706,826
Amounts owed by group undertakings	2,062,844	6,520,948
Corporation tax repayable	-	268,261
Prepayments and accrued income	140,130	3,386
	<u>5,751,750</u>	<u>10,499,421</u>

Amount in INR

<i>Amounts falling due within one year</i>		
Trade debtors	212,501,557	221,965,629
Amounts owed by group undertakings	123,523,593	390,475,928
Corporation tax repayable	-	16,063,533
Prepayments and accrued income	8,391,018	202,754
	<u>344,416,168</u>	<u>628,707,844</u>

Amounts owed by group undertakings are payable on demand, unsecured and interest free.

11 Creditors: amounts falling due within one year	2010	2009
	€	€
Trade creditors	300,746	273,449
Other creditors	42,291	93,423
Amounts owed to group undertakings	2,704,782	5,760,240
PAYE/PRSI	95,120	73,873
Accruals	1,395,448	635,825
Corporation tax payable	31,069	-
	<u>4,569,456</u>	<u>6,836,810</u>

Amounts in INR

Trade creditors	18,008,743	16,374,192
Other creditors	2,532,395	5,594,192
Amounts owed to group undertakings	161,962,994	344,924,551
PAYE/PRSI	5,695,808	4,423,533
Accruals	83,559,760	38,073,353
Corporation tax payable	1,860,419	-
	<u>273,620,120</u>	<u>409,389,820</u>

Ranbaxy Ireland Limited

Notes (continued)

Amounts owed to group undertakings are payable on demand, unsecured and interest free.

12 Creditors: amounts falling due after one year	2010	2009
	€	€
Government grants deferred (note 14)	443,792	462,800
	<u> </u>	<u> </u>
		Amount in INR
Government grants deferred (note 14)	26,574,371	27,712,575
	<u> </u>	<u> </u>

13 Pension information

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge for the year is €1,423 (2009: €22,560) Amt. in INR 1,892,952 (2009 Amt. in INR 1,359,036)

Contributions amounting to nil (2009: €111) (2009 Amt. in INR 6,687) were payable to the scheme and are included in creditors.

14 Government grants deferred	2010	2009
	€	€
At beginning of year	462,800	481,808
Amortised in year	(19,008)	(19,008)
At end of year	443,792	462,800
	<u> </u>	<u> </u>
		Amount in INR
At beginning of year	27,712,575	28,850,778
Amortised in year	(1,138,204)	(1,138,204)
At end of year	26,574,371	27,712,575
	<u> </u>	<u> </u>

Ranbaxy Ireland Limited

Notes (continued)

15 Provisions for liabilities	Deferred taxation €	Amounts in INR
At beginning of year	268,223	16,061,257
Charged during year	3,794	227,186
At end of year	<u>272,017</u>	<u>16,288,443</u>

The deferred tax liability above principally relates to temporary differences between the accounting and tax basis for property, plant and equipment.

16 Called up share capital	2010 €	2009 €
<i>Authorised</i>		
10,000,000 ordinary shares of €1.26 each	<u>12,600,000</u>	<u>12,600,000</u>
<i>Allotted, called up and fully paid equity</i>		
5,644,020 ordinary shares of €1.26 each	<u>7,111,465</u>	<u>7,111,465</u>
		Amount in INR
<i>Authorised</i>		
10,000,000 ordinary shares	<u>754,491,018</u>	<u>754,491,018</u>
<i>Allotted, called up and fully paid equity</i>		
5,644,020 ordinary shares	<u>425,836,228</u>	<u>425,836,228</u>

17 Reserves	Revaluation reserve	Profit and loss account	Capital redemption reserve	Total
	€	€	€	€
At beginning of year	1,474,472	5,986,664	54,964	7,516,100
Dividends		(2,500,000)		(2,500,000)
Retained profit for the year	-	645,876	-	645,876
At end of year	<u>1,474,472</u>	<u>4,132,540</u>	<u>54,964</u>	<u>5,661,976</u>

Ranbaxy Ireland Limited

Notes (continued)

	Amount in INR			
At beginning of year	88,291,737	358,482,874	3,291,257	450,065,868
Dividends		(149,700,599)		(149,700,599)
Retained profit for the year		- 38,675,210		- 38,675,210
At end of year	88,291,737	247,457,485	3,291,257	339,040,479

The re-nominalisation of the company's share capital from ordinary shares of €1.269738 each to €1.26 each, on 31 December 2001, resulted in a transfer of €54,964 (Amt. in INR 3,291,257) from share capital to the capital redemption reserve fund.

Ranbaxy Ireland Limited

Notes (continued)

18 Reconciliation of movements in shareholders' funds	2010	2009
	€	€
Opening shareholders' funds	14,627,565	21,356,558
Profit for the financial year	645,876	702,495
Dividends	(2,500,000)	(5,000,000)
Movement in revaluation reserve	-	(2,431,488)
Closing shareholders' funds	12,773,441	14,627,565

Amounts in INR

Opening shareholders' funds	875,902,096	1,278,835,808
Profit for the financial year	38,675,210	42,065,569
Dividends	(149,700,599)	(299,401,198)
Movement in revaluation reserve	-	(145,598,084)
Closing shareholders' funds	764,876,707	875,902,096

19 Capital commitments	2010	2009
	€	€

Future capital expenditure approved by the directors but not provided for in these financial statements is as follows:

Contracted	-	106,904
Authorised but not contracted	-	-
	-	106,904

Amounts in INR

Future capital expenditure approved by the directors but not provided for in these financial statements is as follows:

Contracted	-	6,401,437
Authorised but not contracted	-	-
	-	6,401,437

20 Contingent liabilities

There are no contingencies at the balance sheet date that required provision or disclosure by the company.

21 Related party transactions

Ranbaxy Ireland Limited

Notes *(continued)*

The company has availed of the exemption in FRS 8 - Related Party disclosures from the requirement to disclose details of transactions with fellow group undertakings. Other than transactions with related group undertakings there are no related party transactions requiring disclosure.

22 Ultimate parent undertaking

The company is a wholly owned subsidiary of Ranbaxy (Netherlands) BV a company registered in the Netherlands, whose ultimate parent company is Ranbaxy Laboratories Limited based in SAS Nagar, Dist, Ropar, Punjab, India. On the 20th October 2008, Ranbaxy Laboratories Limited became a subsidiary of Daiichi Sankyo Limited, Japan.

The largest group in which the results of the company are consolidated is that headed by Daiichi Sankyo Limited, Japan. The consolidated financial statements of Daiichi Sankyo Limited are available to the public and may be obtained from www.daiichisankyo.com. The smallest group in which the results of the company are consolidated is that headed by Ranbaxy Laboratories Limited. The consolidated financial statements of Ranbaxy Laboratories Limited are available to the public and may be obtained from Ranbaxy Laboratories Limited Head Office, India.

Ranbaxy Ireland Limited

Notes (continued)

23	Reconciliation of operating profit to net cash inflow from operating activities	2010	2009
		€	€
	Operating profit	709,912	828,420
	Depreciation of tangible fixed assets	521,969	559,820
	Amortisation of intangible fixed assets	128,844	176,961
	Profit on disposal of tangible fixed assets	(1,710)	-
	Profit on disposal of intangible fixed assets	-	(36,594)
	Decrease (increase) in stocks	702,534	(909,587)
	Decrease in operating debtors	4,479,410	2,204,265
	Decrease in operating creditors	(2,298,423)	(157,131)
	Government grants released	(19,008)	(19,008)
	Net cash inflow from operating activities	4,223,528	2,647,146

Amounts in INR

	Operating profit	42,509,701	49,605,988
	Depreciation of tangible fixed assets	31,255,629	33,522,156
	Amortisation of intangible fixed assets	7,715,210	10,596,467
	Profit on disposal of tangible fixed assets	(102,395)	-
	Profit on disposal of intangible fixed assets	-	(2,191,257)
	Decrease (increase) in stocks	42,067,904	(54,466,287)
	Decrease in operating debtors	268,228,144	131,991,916
	Decrease in operating creditors	(137,630,120)	(9,409,042)
	Government grants released	(1,138,204)	(1,138,204)
	Net cash inflow from operating activities	252,905,868	158,511,737

24	Gross cash flows	2010	2009
		€	€
	Servicing of finance and returns on investments		
	Interest and similar income received	44,325	32,704
	Taxation		
	Corporation tax received (paid)	194,763	296,959
	Capital expenditure		
	Payments to acquire tangible fixed assets	(368,864)	(130,732)
	Receipts from sales of tangible fixed assets	9,597	-
	Receipts from sales of intangible fixed assets	-	36,594
		(359,267)	(94,138)

Ranbaxy Ireland Limited

Notes (*continued*)

	Amounts in INR		
Servicing of finance and returns on investments			
Interest and similar income received		2,654,192	1,958,323
		<u> </u>	<u> </u>
Taxation			
Corporation tax received (paid)		11,662,455	17,781,976
		<u> </u>	<u> </u>
Capital expenditure			
Payments to acquire tangible fixed assets		(22,087,665)	(7,828,263)
Receipts from sales of tangible fixed assets		574,671	-
Receipts from sales of intangible fixed assets		-	2,191,257
		<u> </u>	<u> </u>
		(21,512,994)	(5,637,006)
		<u> </u>	<u> </u>
25	Analysis of changes in net funds during the year		
	Opening balance €	Cash flows €	Closing balance €
Cash at bank and in hand	1,341,746	1,603,349	2,945,095
	<u> </u>	<u> </u>	<u> </u>
		Amounts in INR	
Cash at bank and in hand	80,344,072	96,008,922	176,352,994
	<u> </u>	<u> </u>	<u> </u>

26 Approval of financial statements

The directors approved the financial statements on 11 February 2011.