

B S R & Co.

(Registered)

Chartered Accountants

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To the Board of Directors
Ranbaxy Laboratories Limited

1. We have audited the accompanying Consolidated Financial Results ('Statement') of Ranbaxy Laboratories Limited ('the Company') for the year ended 31 December 2011, attached herewith, being submitted by the Company pursuant to the requirement of clause 41 of the Listing Agreement, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. Attention is drawn to the fact that the figures for the quarter ended 31 December 2011 and the corresponding quarter ended in the previous year as reported in the Statement are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the relevant financial year. Also the figures up to the end of the third quarter had only been reviewed and not subjected to audit.
2. The Statement has been prepared on the basis of the annual consolidated financial statements and reviewed consolidated quarterly financial results upto the end of the third quarter. Management is responsible for the preparation of the Statement that gives a true and fair view of the net loss and other financial information in accordance with the recognition and measurement principles laid down in the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956 and other accounting principles generally accepted in India, and in compliance with Clause 41 of the Listing Agreement.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

3. Our responsibility is to express an opinion on the Statement based on our audit of the annual consolidated financial results. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement is free of material misstatement(s).

An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

4. We did not audit the financial results of certain subsidiaries and an associate, interests in which have been incorporated in the Statement. These subsidiaries and associate account 20% of total assets as at 31 December 2011 and 30% of total operating income and profit included in exceptional items for the year ended 31 December 2011, as shown in the Statement. Of the above:
 - (a) The financial results of some of the subsidiaries incorporated outside India as drawn up in accordance with the generally accepted accounting principles of the respective countries ('local GAAP') have been audited by other auditors duly qualified to act as auditors in



those countries. These subsidiaries account for 18% of total assets and 27% of total operating income and profit included in exceptional items for the year ended on that date, as shown in the Statement. The aforesaid local GAAP financial results have been restated by the management of the said entities so that they conform to the generally accepted accounting principles in India. This has been done on the basis of a reporting package prepared by the Company which covers accounting and disclosure requirements applicable to the Statement under the generally accepted accounting principles in India. The reporting packages made for this purpose have been audited by the other auditors and reports of those other auditors have been furnished to us. Our opinion on the Statement, insofar as it relates to these entities, is based on the aforesaid audit reports of those other auditors.

- (b) The financial results of the remaining subsidiaries and associate have not been subjected to audit either by us or by other auditors, and therefore, the unaudited financial results for the year ended 31 December 2011 of these entities have been furnished to us by the management. These subsidiaries and associate account for 2% of total assets and 3% of total operating income and profit included in exceptional items for the year ended on that date, as shown in the Statement, and therefore are not material to the Statement, either individually or in the aggregate.
5. *As stated in Note 6 of the attached Statement, the managerial remuneration paid by the Company to its Chief Executive Officer and Managing Director during the year ended 31 December 2011 exceeded the limits specified in the relevant provisions of the Companies Act, 1956 ("the Act") by Rs. 47.55 million. We are informed, that as required by the relevant provisions of the Act, the Company is taking necessary steps to seek approval from the Shareholders of the Company and the Central Government for excess remuneration paid. Pending the said approvals in the regard, the impact thereof on the attached Statement cannot be determined.*
6. *As stated in Note 7 of the attached Statement, the claims and contractual payment expense included in other operating expenses for the quarter and year ended 31 December 2011 qualifies for a separate line item disclosure in accordance with clause 41 of the Listing Agreement with the Stock Exchange as the same is more than 10% of total expenditure for the quarter ended 31 December 2011. As informed to us, the Company has not disclosed the said amount as a separate line item in view of certain terms of agreement between the parties.*
7. Without qualifying our opinion, we draw attention to Note 5 (a) of the attached Statement, wherein it has been stated that the management is negotiating towards a settlement with the Department of Justice ("DOJ") of the United States of America for resolution of potential civil and criminal allegations by the DOJ. Accordingly, a provision of Rs. 26,480 million has been recorded which the management believes will be sufficient to resolve all potential civil and criminal liability. Consequent upon the development leading towards a settlement and the Company making a provision as above, the comments made in our review report of the quarter and nine months ended 30 September 2011 on the matter stand resolved.
8. In our opinion and to the best of our information and according to the explanations given to us the Statement:
- (i) *Subject to our comments in paragraph (6) above, is presented in accordance with the requirements of clause 41 of the Listing Agreement in this regard; and*
- (ii) *Subject to our comment in paragraph (5) above, the effect of which is not ascertainable, gives a true and fair view of the net loss and other financial information of the Group for the year ended 31 December 2011.*


V. Aggarwal

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9. Further, we also report that we have, on the basis of the books of account and other records and information and explanations given to us by the management, also verified the number of shares as well as percentage of shareholdings in respect of aggregate amount of public shareholdings, as furnished by the Company in terms of clause 35 of the Listing Agreement and found the same to be correct.

Place: Gurgaon, India
Date: 23 February 2012

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


Vikram Aggarwal
Partner
Membership No: 089826