

LUPIN AUSTRALIA PTY LTD

AUDITED ACCOUNTS

FOR THE YEAR ENDED

MARCH 31, 2010

Deloitte Haskins & Sells

Chartered Accountants
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai - 400 018
India

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To the Board of Directors of
Lupin Australia Pty. Limited.

We have audited the Balance Sheet of Lupin Australia Pty. Limited ("the Company") as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended as at that date (the financial statements) attached hereto, which have been prepared in accordance with the Generally Accepted Accounting Principles in India.

This report is issued solely for the purpose of consolidation of accounts by the holding company, Lupin Limited and to comply with the provisions of Section 212 of the Companies Act, 1956 and should not be used for other purposes.

This report does not include a statement on the matters specified in paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company.

Respective Responsibilities of the Management and Auditors

The management of the Company is responsible for the preparation of these financial statements. It is our responsibility to form an independent opinion, based on our audit of the financial statements and to express our opinion thereon.

Basis of Opinion

We conducted our audit in accordance with the auditing standards issued by the Institute of Chartered Accountants of India. 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 judgments made by the management in the preparation of the financial statements and whether the accounting policies are appropriate to the circumstances related to the Company, consistently applied and adequately disclosed. We planned and performed audit so as to obtain all information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

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RSK

Deloitte Haskins & Sells

Opinion

- a) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report, are in agreement with the books of accounts of the Company and comply with the accounting standards referred to Section 211(3C) of the Companies Act, 1956.
- b) In our opinion and to the best of our information and according to the explanations given to us, the financial statements read with the accounting policies and notes thereon give a true and fair view;
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
- (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No 117366W)



M. S. Dharmadhikari
Partner
Membership Number: 30802

Mumbai
Dated: 28th April, 2010

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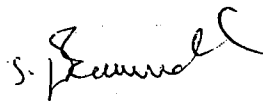
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Australia Pty Limited
Balance Sheet as at 31st March, 2010

| | Schedules | As at 31.03.2010 AU \$ | As at 31.03.2010 Rs. | As at 31.03.2009 AU \$ | As at 31.03.2009 Rs. |
|---|-----------|------------------------------|----------------------------|------------------------------|----------------------------|
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | 1 | 500,000 | 16,940,068 | 500,000 | 16,940,068 |
| Share Capital | | | | | |
| Reserve and Surplus | 2 | 9,114 | 3,971,803 | 8,229 | 908,951 |
| Total | | 509,114 | 20,911,871 | 508,229 | 17,849,019 |
| APPLICATION OF FUNDS | | | | | |
| Current Assets, Loans and Advances and Bank Balances | 3 | 459,576 | 18,877,067 | 409,057 | 14,366,085 |
| Provisions and Advances | 4 | 91,329 | 3,751,342 | 112,590 | 3,954,168 |
| | | 550,905 | 22,628,409 | 521,647 | 18,320,253 |
| Provisions : Current Liabilities and Provisions | 5 | 41,503 | 1,704,725 | 13,418 | 471,234 |
| Current Liabilities | | 288 | 11,813 | - | - |
| Current Assets | | 41,791 | 1,716,538 | 13,418 | 471,234 |
| Total | | 509,114 | 20,911,871 | 508,229 | 17,849,019 |
| Significant Accounting Policies and Notes forming part of Accounts | 10 | | | | |

Terms of our report attached

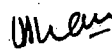
Jelotte Haskins & Sells
Chartered Accountants



Dharmadhikari
Partner

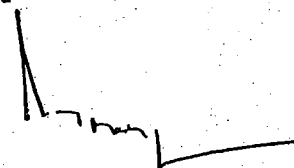
Place : Mumbai
Dated : April 28, 2010

For and on behalf of the Board



Vinod Dhawan
Director

Place : Mumbai
Dated : April 28, 2010



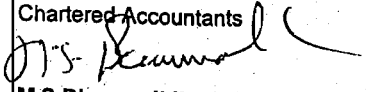
Sunil Makharia
Director

Place : Mumbai
Dated : April 28, 2010

Lupin Australia Pty Limited
Profit and Loss Account for the year ended 31st March,2010

| | Schedules | Current Year ended 31.03.2010 | | Previous Year ended 31.03.2009 | |
|---|-----------|----------------------------------|-----------|-----------------------------------|-----------|
| | | AU \$ | Rs. | AU \$ | Rs. |
| INCOME | | | | | |
| Operating Income | 6 | 9,000 | 362,157 | 6,000 | 217,513 |
| Other Income | 7 | 1,387 | 3,083,354 | 7,659 | 277,665 |
| | | 10,387 | 3,445,511 | 13,659 | 495,178 |
| EXPENDITURE | | | | | |
| Payment to and Provision for Employees | 8 | 2,400 | 96,575 | 2,200 | 79,755 |
| Operating and Other Expenses | 9 | 6,722 | 270,492 | 11,396 | 1,089,074 |
| | | 9,122 | 367,067 | 13,596 | 1,168,829 |
| Profit / (Loss) Before Tax | | 1,265 | 3,078,444 | 63 | (673,651) |
| Provision for Taxation - Current Tax (Refer note no 2.9 of Schedule 10) | | 380 | 15,592 | 19 | 665 |
| Profit / (Loss) After Tax | | 885 | 3,062,852 | 44 | (674,316) |
| Balance brought forward from previous year | | 8,229 | 908,951 | 8,185 | 1,583,267 |
| Balance carried to Balance sheet | | 9,114 | 3,971,803 | 8,229 | 908,951 |
| Earnings per Share [Refer note no 2.7 of Schedule 10] - Basic and diluted [*Previous year AU \$ 0.0001 cents] Nominal value of each ordinary share is AU\$1 | | 0.002 | 6.13 | * | (1.35) |
| Significant Accounting Policies and Notes forming part of Accounts | 10 | | | | |

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants


M.S. Dharmadhikari
Partner

Place : Mumbai
Dated : April 28, 2010

For and on behalf of the Board


Vinod Dhawan
Director

Place : Mumbai
Dated : April 28, 2010


Sunil Makharia
Director

Place : Mumbai
Dated : April 28, 2010

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Australia Pty Limited
Flow Statement for the year ended 31st March,2010.

| | Current Year ended 31.03.2010 | | Previous Year ended 31.03.2009 | |
|--|----------------------------------|------------------|-----------------------------------|--------------------|
| | AU \$ | Rs. | AU \$ | Rs. |
| Cash Flow from Operating activities | | | | |
| (Loss) before Tax | 1,265 | 3,078,444 | 63 | (673,651) |
| Adjustments for : | | | | |
| Exchange difference (see note 1 below) | - | (846,798) | - | 475,311 |
| Operating Profit/ (Loss) before Working Capital Changes | 1,265 | 2,231,646 | 63 | (198,340) |
| Adjustments for : | | | | |
| Trade and other Receivables | 18,572 | 116,881 | (93,098) | (3,249,153) |
| Trade Payables | 28,085 | 1,233,491 | (5,529) | (219,380) |
| Generated from / (used In) Operations | 47,922 | 3,582,018 | (98,564) | (3,666,873) |
| Less: Taxes Paid | 2,597 | 82,166 | (3,951) | (138,518) |
| Cash generated from / (used In) operating activities | 50,519 | 3,664,184 | (102,515) | (3,805,391) |
| Cash flow from Investing activities | | | | |
| Recovery of loan received back from Max Pharma Pty Ltd (Net) | - | - | 503,000 | 18,334,350 |
| Cash generated from Investing activities | - | - | 503,000 | 18,334,350 |
| Cash flow from financing activities | | | | |
| Cash generated from Financing activities | - | - | - | - |
| Increase in cash and cash equivalents | 50,519 | 3,664,184 | 400,485 | 14,528,959 |
| Cash and cash equivalents at the beginning of the year | 409,057 | 14,829,137 | 8,572 | 300,178 |
| Cash and cash equivalents at the end of the year | 459,576 | 18,493,321 | 409,057 | 14,829,137 |

Notes:

Cash and cash equivalents include:

Cash and Bank balances (Refer Schedule 3)
Exchange difference (Unrealised (Gain) / Loss)
Total

| As at 31.03.2010 | | As at 31.03.2009 | |
|------------------|------------|------------------|------------|
| AU \$ | Rs. | AU \$ | Rs. |
| 459,576 | 18,877,067 | 409,057 | 14,366,085 |
| - | (383,746) | - | 463,052 |
| 459,576 | 18,493,321 | 409,057 | 14,829,137 |

Unrealised exchange difference during the year

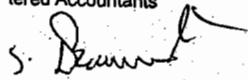
(846,798)

475,311

The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 (AS-3) "Cash Flow Statement".

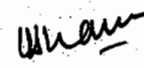
Previous year figures have been regrouped wherever necessary.

Terms of our report attached
Deloitte Haskins & Sells
Chartered Accountants

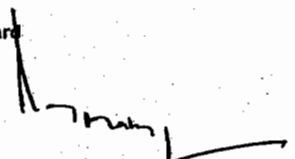


S. Dharmadhikari
Partner

For and on behalf of the Board



Vinod Dhawan
Director



Sunil Makharia
Director

Place: Mumbai
Date: April 28, 2010

Place: Mumbai
Date: April 28, 2010

Place: Mumbai
Date: April 28, 2010

Australia Pty Ltd.
Details forming part of the Balance Sheet

| | As at 31.03.2010 AU \$ | As at 31.03.2010 Rs. | As at 31.03.2009 AU \$ | As at 31.03.2009 Rs. |
|--|------------------------------|----------------------------|------------------------------|----------------------------|
| SCHEDULE "1" - SHARE CAPITAL | | | | |
| Comprised | | | | |
| 2,721 Ordinary shares of AU \$ 1/- each. | 2,805,721 | 98,901,665 | 2,805,721 | 98,901,665 |
| and, Subscribed and Paid up | | | | |
| 500,000 Ordinary shares of AU \$ 1/- each fully paid up. | 500,000 | 16,940,068 | 500,000 | 16,940,068 |
| (The above shares are held by "Lupin Limited", the Holding Company). | | | | |
| Total | 500,000 | 16,940,068 | 500,000 | 16,940,068 |
| SCHEDULE "2" - RESERVES AND SURPLUS | | | | |
| Reserves in Profit and Loss Account | 9,114 | 3,971,803 | 8,229 | 908,951 |
| Total | 9,114 | 3,971,803 | 8,229 | 908,951 |
| SCHEDULE "3" - CASH AND BANK BALANCE | | | | |
| Balance: | | | | |
| 1 Current account with HSBC Australia, a non scheduled bank | 459,576 | 18,877,067 | 409,057 | 14,366,085 |
| Maximum amount outstanding during the year AU \$ 528,490 Rs.21,707,727/-) | | | | |
| 2 Previous year AU\$ 507,675 Rs.17,829,546/-) | | | | |
| Total | 459,576 | 18,877,067 | 409,057 | 14,366,085 |
| SCHEDULE "4" - LOANS AND ADVANCES | | | | |
| Secured, considered good) | | | | |
| Advances recoverable in cash or in kind or for value to be received | 89,899 | 3,692,621 | 108,471 | 3,809,503 |
| Advances due from holding Company AU \$ 80,532 Rs 3,307,852/-) | | | | |
| Previous year AU \$ 103,595 Rs.3,638,258/-) | | | | |
| Advance Tax paid (Net of provision) | 1,430 | 58,721 | 4,119 | 144,665 |
| Total | 91,329 | 3,751,342 | 112,590 | 3,954,168 |
| SCHEDULE "5" - CURRENT LIABILITIES AND PROVISIONS | | | | |
| Current Liabilities: | | | | |
| Trade Creditors | | | | |
| Trade outstanding dues of Micro Enterprises and Small Enterprises | 41,503 | 1,704,725 | 13,418 | 471,234 |
| Trade outstanding dues of creditors other than Micro Enterprises and Small Enterprises | | | | |
| Total | 41,503 | 1,704,725 | 13,418 | 471,234 |
| Provision | 288 | 11,813 | - | - |
| for Taxation | | | | |
| Total | 288 | 11,813 | - | - |

Lupin Australia Pty Limited
Schedules forming part of Profit and Loss Account for the year ended 31st March, 2010.

| | Current Year ended 31.03.2010 | | Previous Year ended 31.03.2009 | |
|---|----------------------------------|------------------|-----------------------------------|------------------|
| | AU \$ | Rs. | AU \$ | Rs. |
| SCHEDULE "6" - OPERATING INCOME | | | | |
| Service Charges (Refer note no 2.4 of Schedule 10) | 9,000 | 362,157 | 6,000 | 217,513 |
| Total | 9,000 | 362,157 | 6,000 | 217,513 |
| SCHEDULE "7" - OTHER INCOME | | | | |
| Exchange difference on translation (Net) | - | 3,027,527 | - | - |
| Bank Interest | 1,387 | 55,827 | 7,659 | 277,665 |
| Total | 1,387 | 3,083,354 | 7,659 | 277,665 |
| SCHEDULE "8" - PAYMENT TO AND PROVISIONS FOR EMPLOYEES | | | | |
| Salaries and allowances | 2,400 | 96,575 | 2,200 | 79,755 |
| Total | 2,400 | 96,575 | 2,200 | 79,755 |
| SCHEDULE "9" - OPERATING AND OTHER EXPENSES | | | | |
| Product Registration fees [Net of recoveries (AU\$ 690,225 Rs 28,094,906 /- , Previous year AU\$ 485,391, Rs 17,526,714/-)] (Refer note no 2.3 of Schedule 10) | - | - | - | - |
| Travelling and Conveyance | - | - | 6,474 | 234,703 |
| Audit fees (including Service Tax AU \$ 206, Rs.8,289/- , Previous year AU \$ 206, Rs. 7,468/-) | 2,206 | 88,769 | 2,206 | 79,972 |
| Legal and Professional Charges | 3,600 | 144,863 | 2,180 | 79,030 |
| Rates and Taxes | 212 | 8,531 | 212 | 7,685 |
| Bank charges | 256 | 10,301 | 324 | 11,750 |
| Miscellaneous Expenses | 448 | 18,028 | - | - |
| Exchange difference on translation (Net) | - | - | - | 675,934 |
| Total | 6,722 | 270,492 | 11,396 | 1,089,074 |

Lupin Australia Pty Limited

SCHEDULE "10":

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

These financial statements are prepared solely for the purposes of consolidation by the holding company, Lupin Limited (LL) and to comply with the provisions of Section 212 of the Indian Companies Act, 1956 applicable to LL.

1. Significant Accounting Policies: -

1.1 Basis of preparation: -

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India, and the applicable accounting standards.

1.2 Use of Estimates: -

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

1.3 Translation to Indian Rupees: -

The local accounts are maintained in local and functional currency, which is the Australian dollars (AU \$). The financial statements have been translated to Indian Rupees considering the operations of the Company as "integral operations" for the parent company on the following basis –

- i) All income and expenses are translated at the average rate of exchange prevailing during the year.
- ii) Monetary assets and liabilities are translated at the closing rate on the Balance sheet date.
- iii) Non-monetary assets and liabilities and share capital is translated at historical rates.
- iv) The resulting exchange difference is accounted in 'Exchange Difference on Translation Account' and is charged/credited to the Profit and Loss Account.

1.4 Revenue Recognition: -

Revenue from service charges is recognized on rendering of the product registration related services in accordance with the terms of the agreement with the holding Company.

1.5 Employee Benefits (Short-term) :-

Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized undiscounted during the period employee renders services.

1.6 Income Tax: -

a) Provision for current tax is made after taking into consideration deductions admissible under the provisions of Inland Revenue Ordinance of Australia. (Refer note 2.9). Provision for taxation is measured and disclosed as stated in (b) and (c) below.

b) Income Taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income" (AS 22). Tax Expenses comprises both current tax and deferred tax . Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates, stated in (a) above.

c) Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at relevant enacted tax rates. At each balance sheet date the company reassesses unrealized deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

1.7 Provisions, Contingent Liabilities and Contingent assets: -

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2 Notes to Accounts: -

2.1 Company Overview: -

The Company was incorporated on 26th November 2004 in Australia under the Corporations Act 2001. The Company is a wholly- owned subsidiary of Lupin Limited. Its core business is to trade in pharmaceutical products, provide marketing services and to register dossiers / products / brands in Australia.

The Constitution document of the Company states about the control of issue of shares. The board of directors have decided the authorized share capital which has been disclosed in Schedule 1, though not required to be stated in the Constitution Document.

2.2 Considering the definitions of reportable business segment and reportable geographical segment contained in Accounting Standard 17 (AS 17) "Segment Reporting", the management is of the opinion that there is only one reportable business and geographical segment, the results of which are disclosed in the financial statements.

2.3 The Company in accordance with the terms of the agreement with its holding company is entitled for reimbursement of all costs associated with product registrations. Accordingly, the product registration fees incurred by the Company are considered and disclosed net of recoveries in respect thereof. (Refer Schedule no. 9)

2.4 Service charges income represents fees received by the Company from its holding company in respect of applications made for product registration of dossiers/products/brands in accordance with the terms of the agreement between the two.

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2.5 Managerial Remuneration to a Director:-

| | 2009-2010 | 2009-2010 | 2008-2009 | 2008-2009 |
|-------------------------|--------------|---------------|-------------|---------------|
| | AU \$ | Rs. | AU \$ | Rs. |
| Salaries and Allowances | 2,400 | 96,575 | 2200 | 79,755 |
| Total | 2,400 | 96,575 | 2200 | 79,755 |

Notes:

- I. Remuneration as above is as approved by Board.
- II. There are no other directors who are entitled for remuneration

2.6 Related Parties Disclosure: -

a) Names of Related parties and description of relationship: -

- i) Company whose control exists - Lupin Limited (Holding Company)
- ii) Key Management Personnel - Bruce Hewett (Director)
Vinod Dhawan (Director)
Sunil Makharia (Director)
- iii) Fellow subsidiary - Max Pharma Pty Ltd.(up to 31st May,2009)

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b) Related Party Transactions / Balances :

| Sr. No | Description and Nature of Transaction | Holding Company | | Key Management Personnel | | Fellow Subsidiary | |
|--------|--|-----------------|--------------|--------------------------|----------|-------------------|--------------|
| | | AU \$ | Rs | AU \$ | Rs | AU \$ | Rs |
| 1. | Service Charges Income | 9,000 | 362,157 | - | - | - | - |
| | | (6,000) | (217,513) | (-) | (-) | (-) | (-) |
| 2. | Product registration fees and recovery thereof | 690,225 | 28,094,906 | - | - | - | - |
| | | (485,391) | (17,526,714) | (-) | (-) | (-) | (-) |
| 3. | Managerial Remuneration | - | - | 2,400 | 96,575 | - | - |
| | | (-) | (-) | (2,200) | (79,755) | (-) | (-) |
| 4. | Loans and advances given during year (Net) | 80,532 | 3,240,584 | - | - | - | - |
| | | (103,595) | (3,755,535) | (-) | (-) | (-) | (-) |
| 5. | Loans and advances given during year | - | - | - | - | - | - |
| | | (-) | (-) | (-) | (-) | (350,000) | (12,292,000) |
| 6. | Loans and advances received during year | - | - | - | - | - | - |
| | | (-) | (-) | (-) | (-) | (853,000) | (29,957,360) |
| 7. | Loans and advances as at 31 st March 2010 | 80,532 | 3,307,852 | - | - | - | - |
| | | (103,595) | (3,638,258) | (-) | (-) | (-) | (-) |

Note :-

Related Party relationship is as identified by the company and relied upon by the Auditors.

2.7 Earnings per share is calculated as follows:-

| Particulars | For the year ended 31 st March 2010. | For the year ended 31 st March 2010. | For the year ended 31 st March 2009. | For the year ended 31 st March 2009. |
|---|---|---|---|---|
| | AU \$ | Rs. | AU \$ | Rs. |
| Net profit/(loss) after tax attributable to Equity Shareholders | 885 | 3,062,852 | 44 | (674,316) |
| Weighted average number of Equity Shares (No.) | 500,000 | 500,000 | 500,000 | 500,000 |
| Earnings per Share -Basic and diluted [*AU \$ 0.0001] | 0.002 | 6.13 | * | (1.35) |

2.8 The books of accounts are maintained by the Company in AU \$ and converted into Indian Rupees in accordance with the accounting policy stated in note 1.3 above.

2.9 The provision for current tax has been computed considering the tax laws in Australia and is as certified by the Company's local tax consultant. On the basis of the current tax computation there are no timing differences and hence no deferred tax.

2.10 Details of loans and advances in the nature of loans as per the requirements of clause 32 of the Listing Agreement of Parent Company with Stock Exchanges :

| Name of the company | Nature of relationship | Amount outstanding as at 31 st March,2010 | | Maximum amount outstanding during the year | |
|--------------------------------|------------------------|--|-----|--|--------------|
| | | AU \$ | Rs. | AU \$ | Rs. |
| Max Pharma Pty Ltd (Australia) | Fellow subsidiary | - | - | - | - |
| | | (-) | (-) | (503,000) | (18,628,605) |

Note :-

The aforesaid unsecured loan was interest-free and repayable on demand.

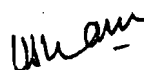
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- 2.11 Figures in brackets are for previous year.
- 2.12 Closing exchange rate as on 31st March,2010 considered for the purpose of translation as referred in note no. 1.3 (ii) is Rs. 41.075 / 1 AU \$.(Previous year Rs.35.12 / 1AU \$)
- 2.13 Previous year figures have been regrouped wherever necessary to correspond with the figures of the current year.

Signature to schedules 1 to 10

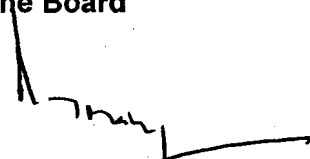
As per our attached report of even date

For and on behalf of the Board



Vinod Dhawan
Director

Place : Mumbai
Dated : April 28,2010



Sunil Makharia
Director

Place : Mumbai
Dated : April 28, 2010

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