

RANBAXY LABORATORIES LIMITED

Statement of Standalone Unaudited Financial Results for the quarter and twelve months ended 31 December 2013

(Rupees in millions, except share data, per share data and if otherwise stated)

PART I

Sr. No.	Particulars	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
		Quarter ended 31 December	Quarter ended 30 September	(refer to note 18) Quarter ended 31 December	(refer to note 16) Twelve months ended 31 December	Year ended 31 December
		2013	2013	2012	2013	2012
1	Income from operations					
	(a) Sales					
	- Within India (net of excise duty)	5,919.23	5,929.86	5,476.43	23,056.09	22,031.54
	- Outside India (refer to note 1)	7,357.15	7,888.56	8,537.84	31,268.44	39,092.89
	Net sales (net of excise duty)	13,276.38	13,818.42	14,014.27	54,324.53	61,124.43
	(b) Other operating income	389.25	439.93	400.96	1,804.67	1,911.01
	Total income from operations (net)	13,665.63	14,258.35	14,415.23	56,129.20	63,035.44
2	Expenses					
	(a) Cost of materials consumed	4,327.52	4,274.92	4,089.23	16,704.62	15,286.61
	(b) Purchases of stock-in-trade	2,193.58	1,842.36	1,906.38	7,578.70	8,090.01
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade (refer to note 4)	(827.02)	(706.54)	(99.64)	(1,784.11)	(492.45)
	(d) Employee benefits expense (refer to note 5)	2,719.14	2,676.65	2,634.86	10,484.54	10,195.89
	(e) Depreciation, amortisation and impairment expense (refer to note 6)	458.49	944.05	463.94	2,301.92	1,861.61
	(f) Claims and contractual expense	21.64	21.57	506.06	165.39	3,842.89
	(g) Legal and professional expense	1,610.36	1,505.82	1,050.69	5,493.26	3,097.24
	(h) Other expenses	4,674.49	4,722.57	4,658.85	17,798.29	17,021.54
	(i) Foreign exchange (gain)/ loss (others), net	(393.61)	939.72	544.34	2,556.74	1,388.84
	Total expenses	14,784.59	16,221.12	15,754.71	61,299.35	60,292.18
3	(Loss)/ profit from operations before other income, finance costs and exceptional items (1-2)	(1,118.96)	(1,962.77)	(1,339.48)	(5,170.15)	2,743.26
4	Other income	205.99	443.51	671.09	1,483.19	2,395.98
5	(Loss)/ profit from ordinary activities before finance costs and exceptional items (3+4)	(912.97)	(1,519.26)	(668.39)	(3,686.96)	5,139.24
6	Finance costs (refer to note 14)	1,183.88	1,110.84	1,342.87	4,362.03	2,969.82
7	(Loss)/ profit from ordinary activities after finance costs but before exceptional items (5-6)	(2,096.85)	(2,630.10)	(2,011.26)	(8,048.99)	2,169.42
8	Exceptional items					
	- Settlement provision reversal (refer to note 3)	-	-	-	1,458.05	-
	- Inventory provision/ write off and other costs (refer to note 2)	(2,703.47)	(695.14)	-	(3,398.61)	-
	- Gain/ (loss) on foreign currency option derivatives, net (other than loans) (refer to note 8)	1,035.66	(3,022.10)	(1,798.94)	(4,839.05)	(412.05)
	- Product recall	-	-	(2,370.20)	-	(2,370.20)
	- Provision in respect of non-current investment in a subsidiary	(194.94)	(2,074.98)	-	(2,939.94)	(1,030.00)
9	Loss from ordinary activities before tax (7+8)	(3,959.60)	(8,422.32)	(6,180.40)	(17,768.54)	(1,642.83)
10	Tax benefit, net	-	-	(19.44)	-	(19.44)
11	Net loss for the period (9-10)	(3,959.60)	(8,422.32)	(6,160.96)	(17,768.54)	(1,623.39)
12	Paid - up equity share capital (Face value of Rs. 5 each) (refer to note 12)	2,115.48	2,115.21	2,114.57	2,115.48	2,114.57
13	Reserves excluding Revaluation Reserves as per Balance Sheet					17,095.10
14	Loss per share (Rs.) - not annualised					
	Basic	(9.36)	(19.92)	(14.59)	(42.01)	(3.85)
	Diluted	(9.36)	(19.92)	(14.59)	(42.01)	(3.85)
15	Debt service coverage ratio (refer to note 10)				(1.12)	0.08
16	Interest service coverage ratio (refer to note 10)				(3.07)	0.45

See accompanying notes to the standalone unaudited financial results

PART II

Select information for the quarter and twelve months ended 31 December 2013

Sr. No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Twelve months	Year ended
		31 December	30 September	31 December	ended 31 December	31 December
		2013	2013	2012	2013	2012
A	PARTICULARS OF SHAREHOLDING					
1	Public shareholding #					
	- Number of shares	148,001,960	142,803,325	145,239,372	148,001,960	145,239,372
	- Percentage of shareholding	34.93%	33.75%	34.34%	34.93%	34.34%
2	Promoters and promoter group shareholding					
	a) Pledged / encumbered					
	- Number of shares	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-
	b) Non - encumbered					
	- Number of shares	268,711,323	268,711,323	268,711,323	268,711,323	268,711,323
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the Company)	63.41%	63.51%	63.54%	63.41%	63.54%

Aggregate public shareholding as defined under Clause 40A of the Listing Agreement (excludes shares held by Promoters and Promoter Group Shareholding and Global Depository Shares)

Particulars		Quarter ended 31 December 2013
B	INVESTOR COMPLAINTS	
	Pending at the beginning of the quarter	Nil
	Received during the quarter	3
	Disposed off during the quarter	3
	Remaining unresolved at the end of the quarter	Nil

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Notes:

- 1 Sales outside India also include sales relating to First-To-File (FTF) products in the United States of America ("USA") in certain periods. Further, pursuant to the accounting policy followed by the Company, sales outside India for certain periods presented include transfer pricing adjustments with its subsidiaries for materials already supplied to them (including supplied in earlier periods), determined on the basis of significant judgment and estimates.
- 2 a) During the previous quarter ended 30 September 2013, the Company had received an 'import alert' from the Food and Drug Administration of the USA ("US FDA") on its manufacturing unit located in Mohali. The US FDA also advised that the Mohali facility will be subject to certain terms of the Consent Decree of permanent injunction entered into by the Company in January 2012 ('Consent Decree'). Consequent to the import alert, stock write off and other costs of Rs. 695.14 was recognized in the results for the previous quarter and nine months ended 30 September 2013. The Company continues to fully cooperate with the US FDA and take necessary steps to resolve all concerns of the US FDA at the earliest.
b) (i) Consequent to the findings of an inspection conducted by the US FDA (from 05 January 2014 to 11 January 2014) at Company's manufacturing unit located in Toansa, on 23 January 2014, the US FDA has invoked the Consent Decree prohibiting the Company from manufacturing and distributing active pharmaceutical ingredients (APIs) from its Toansa unit and finished drug products containing APIs manufactured at this unit into the US regulated market. The Company has since advanced the investigation of the findings of the US FDA (as contained in Form 483) and has submitted its response to the US FDA on 03 February 2014.
The Company continues to fully cooperate with the US FDA and take necessary steps to resolve all concerns of the US FDA at the earliest.
(ii) Considering the matters relating to the Toansa unit, provisions for the financial impact amounting to Rs. 2,703.47 have been recognized in these results on the basis of best estimates presently available with the Company. The basis and assumptions used by the management in calculating these provisions, (primarily relating to inventories, sales return etc.) include significant judgment and estimates, which due to the inherent uncertainty of the present situation, may differ from the actual amounts.
(iii) Subsequent to the imposition of the Consent Decree at the Toansa unit as mentioned above, regulators in other jurisdictions, including India, have sought clarifications from the Company. The Company is in the process of dialogue with multiple global regulatory agencies. While the management is taking all necessary steps to resolve the above matters to the satisfaction of the concerned authorities; the impact, if any, thereof is not ascertainable as at present.
- 3 During the twelve months ended 31 December 2013, the Company has negotiated and settled with the Department of Justice ("DOJ") of the USA for the resolution of civil and criminal allegations as per the decree of the Court of Maryland. The Company had recorded a provision of Rs. 26,480 (USD 500 million) in the year ended 31 December 2011, to cover all civil and criminal liability. The settlement of this liability (along with related interest and other cost) in compliance with the terms of settlement is subject to regulatory/ statutory provisions. The abovementioned decretal amount of liability had been paid by the Company's US subsidiaries including Ranbaxy Pharmaceuticals Inc. (RPI), USA, a limited risk distributor. Under the said agreement of distribution, RPI has invoked indemnity for itself, and inter alia, its affiliates. The settlement amount has accordingly been apportioned between the Company and its US subsidiaries. The resultant accounting adjustment for reversal of earlier provision to the extent of apportionment to the US subsidiaries amounting to Rs. 1,458.05 (USD 26.1 million) has been disclosed as an exceptional item in the accompanying financial results for the twelve months ended 31 December 2013.
- 4 Changes in inventories of finished goods, work-in-progress and stock-in-trade for the twelve months ended 31 December 2013 include prior period adjustment of Rs. 113.51.
- 5 Employee benefits expense for the twelve months ended 31 December 2013 is net of Rs. 304.58 representing impact of revision in a defined benefit plan applicable to certain employees of the Company.
- 6 Depreciation, amortisation and impairment expense for the quarter ended 30 September 2013 and twelve months ended 31 December 2013 includes an impairment loss of Rs. 485.26 recognised for the vaccine plant at Bangalore due to prevalent market conditions.
- 7 Standalone Statement of Assets and Liabilities are given below:

Particulars	(Unaudited) (refer to note 16) As at 31 December	(Audited) As at 31 December
	2013	2012
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
a) Share capital (refer to note 12)	2,115.48	2,114.57
b) Reserves and surplus	(186.28)	17,095.10
Sub-total - Shareholders' funds	1,929.20	19,209.67
2 Share application money pending allotment	2.57	11.10
3 Non-current liabilities		
a) Long-term borrowings	26,059.50	19,568.10
b) Other long-term liabilities	6,322.49	10,363.48
c) Long-term provisions	1,473.54	2,739.04
Sub-total - Non-current liabilities	33,855.53	32,670.62
4 Current liabilities		
a) Short-term borrowings	31,691.68	28,067.95
b) Trade payables	11,122.01	8,588.11
c) Other current liabilities	44,597.05	13,320.78
d) Short-term provisions	1,809.74	27,831.11
Sub-total - Current liabilities	89,220.48	77,807.95
TOTAL EQUITY AND LIABILITIES	125,007.78	129,699.34
B ASSETS		
1 Non-current assets		
a) Fixed assets	21,970.78	21,531.24
b) Non-current investments	41,503.00	31,281.37
c) Long-term loans and advances	10,645.28	10,107.12
d) Other non-current assets	2,195.16	215.70
Sub-total - Non-current assets	76,314.22	63,135.43
2 Current assets		
a) Current investments	12.75	30.32
b) Inventories	17,403.36	17,318.39
c) Trade receivables	12,331.91	14,358.88
d) Cash and cash equivalents #	4,767.68	28,347.73
e) Short-term loans and advances	12,690.09	5,041.48
f) Other current assets	1,487.77	1,467.11
Sub-total - Current assets	48,693.56	66,563.91
TOTAL ASSETS	125,007.78	129,699.34

include Rs. 3,723.35 (Rs. 27,682.02 as at 31 December 2012) represented by "other bank balances" which are due for realisation within twelve months from the reporting date and unclaimed dividend accounts.

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- 8 The amount represents foreign exchange gain/ (loss), net, on foreign currency option derivatives taken during previous years (other than option derivatives relating to loans) which are accounted in accordance with Accounting Standard 30, "Financial Instruments: Recognition and Measurement".
- 9 The research and development expenses are classified under respective heads of total expenses according to the nature of expense. The aggregate amount of such expenses (excluding finance costs, depreciation, amortisation and impairment) for all periods presented is set out below:

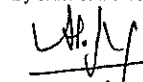
Particulars	(Unaudited) Quarter ended 31 December	(Unaudited) Quarter ended 30 September	(Audited) (refer to note 18) Quarter ended 31 December	(Unaudited) (refer to note 16) Twelve months ended 31 December	(Audited) Year ended 31 December
	2013	2013	2012	2013	2012
Research and development expenses	1,280.14	1,045.82	1,237.35	4,397.75	4,490.41

- 10 Due to issuance of debentures in the previous year, certain required ratios have been presented. The ratios have been computed as below:
Debt service coverage ratio = Earnings before Interest and Tax/ (Interest expense for the period + Principal Repayment for all the loan funds during the period).
Interest service coverage ratio = Earnings before Interest and Tax / Interest expense for the period.
Earning before Interest and Tax = Earnings from ordinary activity before tax (serial no. 9) + Finance cost (serial no. 6)
- 11 On exercise of Employees Stock Options, 37,281 equity shares have been allotted on 10 January 2014. The total number of Employees Stock Options outstanding as at 31 December 2013 were 5,669,702, out of which 3,985,089 have vested.
- 12 A recent opinion of the Expert Advisory Committee (EAC) of The Institute of Chartered Accountants of India requires that as on the reporting date, the shares issued to an Employee Stock Option Plan ("ESOP") trust but yet to be allotted to employees be shown as a deduction from the Share Capital. Accordingly, as at 31 December 2013, the paid-up equity share capital has been disclosed after deduction of Rs. 3.23 in respect of 645,070 such equity shares, with a corresponding adjustment to the loan receivable from the ESOP trust. To conform to this presentation, the paid-up equity share capital as at 30 September 2013 has also been disclosed after deduction of Rs. 0.44 in respect of 87,471 such equity shares.
- 13 The Company's business activity falls within a single primary business segment viz. 'Pharmaceutical'.
- 14 Finance costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The aggregate amount of such exchange difference for all periods presented is set out below:

Particulars	(Unaudited) Quarter ended 31 December	(Unaudited) Quarter ended 30 September	(Audited) (refer to note 18) Quarter ended 31 December	(Unaudited) (refer to note 16) Twelve months ended 31 December	(Audited) Year ended 31 December
	2013	2013	2012	2013	2012
Foreign exchange loss	662.41	611.80	819.59	2,390.85	1,239.74

- 15 In December 2012, the Company had approved the proposal to integrate the business operations and management of Ranbaxy Unichem Co. Ltd. ('Unichem'), its subsidiary, with Daiichi Sankyo (Thailand) Ltd, a subsidiary of Daiichi Sankyo Company Limited, Japan. The said integration has been completed with effect from 01 October 2013. Pursuant to this, Unichem had become an associate of the Company.
- 16 The Board of Directors vide resolution dated 29 October 2013 has approved the change of financial year of the Company from January-December to April-March effective 01 April 2014. In view of this, the current financial year will be for a period of 15 months i.e. 01 January 2013 to 31 March 2014.
- 17 Previous periods figures have been reclassified to conform to the current period's classification.
- 18 The above results were reviewed by the Audit Committee on 04 February 2014, and approved by the Board of Directors at their meeting held on 05 February 2014 and have undergone a "Limited Review" by the Statutory Auditors of the Company. The figures of the corresponding quarter ended 31 December 2012 as reported in these financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the third quarter of the previous financial year. Also the figures upto the end of the third quarter of the previous financial year were only reviewed and not subjected to audit. The review report of the Statutory Auditors is being filed with the Bombay Stock Exchange and the National Stock Exchange and is also available on the Company's website at www.ranbaxy.com.

By order of the Board



Arun Sawhney
CEO and Managing Director

Place: Tokyo, Japan
Date: 05 February 2014