

RANBAXY LABORATORIES LIMITED

Audited Consolidated Financial Results for the quarter and year ended 31 December 2011

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

Particulars	(Audited)	(Unaudited)	(Unaudited)	(Audited)	
	Quarter ended 31 December	Quarter ended 30 September	Quarter ended 31 December	year ended 31 December	
	2011	2011	2010	2011	2010
Sales					
- Within India	5,071.28	5,372.13	6,401.02	19,946.67	19,258.34
- Outside India (refer to note 2)	32,361.78	14,907.87	14,506.20	79,822.26	66,248.39
Total sales	37,433.06	20,280.00	20,907.22	99,768.93	85,506.73
Less: excise duty	52.53	52.42	42.41	190.48	152.23
Net sales	37,380.53	20,227.58	20,864.81	99,578.45	85,354.50
Other operating income	542.53	727.73	422.70	2,035.69	4,253.21
Total operating income	37,923.06	20,955.31	21,287.51	101,614.14	89,607.71
Expenditure					
Decrease/ (increase) in stock in trade and work-in-progress	337.94	(623.35)	(404.71)	(2,879.15)	(3,363.87)
Consumption of materials	6,212.23	5,594.32	5,154.74	24,727.08	21,845.23
Purchase of traded goods	4,381.81	3,475.27	3,957.91	13,220.11	13,046.29
Employees' cost (refer to note 3 and 6)	4,009.64	4,080.17	3,835.11	16,448.61	15,059.78
Depreciation, amortisation and impairment (refer to note 4)	1,681.32	787.59	1,029.93	3,940.17	3,717.32
Other operating expenses (refer to note 7)	14,381.02	6,688.04	6,442.32	33,908.00	24,631.33
Total expenditure	31,003.96	20,002.04	20,015.30	89,364.82	74,936.08
Profit from operations before other income, interest and exceptional items	6,919.10	953.27	1,272.21	12,249.32	14,671.63
Interest earned and other income	1,631.66	1,020.32	770.48	4,340.11	2,794.84
Foreign exchange and derivative gain on loans, net	-	-	170.22	-	1,406.98
Profit before interest and exceptional items	8,550.76	1,973.59	2,212.91	16,589.43	18,873.45
Interest expense	304.25	153.24	145.29	768.16	613.89
Foreign exchange and derivative loss on loans, net	2,421.24	2,510.03	-	5,341.23	-
Profit/ (loss) after interest but before exceptional items	5,825.27	(689.68)	2,067.62	10,480.04	18,259.56
Exceptional items:					
- Settlement provision (refer to note 5a)	(26,480.00)	-	-	(26,480.00)	-
- (Loss)/ gain on foreign currency option derivatives, net (other than loans) (refer to note 5b)	(8,379.11)	(4,001.52)	1,325.58	(11,242.85)	4,368.82
- Profit/ (loss) on sale of subsidiaries and long-term investments, net	-	377.99	(9.26)	377.99	2,404.19
- Provision for diminution in the value of investment in associates	-	-	(1,616.20)	-	(2,216.20)
- Impairment of goodwill	-	-	(1,815.36)	-	(1,815.36)
Net (loss)/ profit from ordinary activities before tax	(29,033.84)	(4,313.21)	(47.62)	(26,864.82)	21,001.01
Tax expense, net	746.74	255.99	879.56	1,969.34	5,848.76
Net (loss)/ profit from ordinary activities after tax	(29,780.58)	(4,569.20)	(927.18)	(28,834.16)	15,152.25
- Share in loss/ (profit) of associates, net	17.89	48.01	14.53	65.90	59.15
- Minority interest	29.22	28.59	33.10	97.23	125.59
(Loss)/ profit after tax and minority interest	(29,827.69)	(4,645.80)	(974.81)	(28,997.29)	14,967.51
Paid - up equity share capital (Face value of Rs. 5 each)	2,110.00	2,107.53	2,105.20	2,110.00	2,105.20
Reserves excluding revaluation reserves				26,511.19	53,807.35
(Loss)/ earnings per share (Rs.)					
Basic	(70.74)	(11.02)	(2.32)	(68.81)	35.57
Diluted	(70.74)	(11.02)	(2.32)	(68.81)	31.48
Public shareholding #					
- Number of shares	145,827,559	145,462,453	145,997,151	145,827,559	145,997,151
- Percentage of shareholding	34.56%	34.51%	34.68%	34.56%	34.68%
Promoters and promoter group share holding					
a) Pledged / encumbered					
- Number of shares	NIL	NIL	NIL	NIL	NIL
- 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)	63.68%	63.75%	63.82%	63.68%	63.82%

Aggregate public shareholding as defined under Clause 40A of the Listing Agreement (excludes shares held by Promoters and promoters group share holding and Global Depository Shares)

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Notes:

- 1 The consolidated financials results of Ranbaxy Laboratories Limited ("the Company"), its subsidiaries and an associate (collectively known as "the Group") are prepared in accordance with requirements of the Accounting Standard ("AS") 21 "Consolidated Financial Statements" and AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" prescribed by Companies (Accounting Standards) Rules, 2006 (as amended).
- 2 Sales outside India for the quarter and year ended 31 December 2011 and 2010 include significant sales relating to First-To-File (FTF) products in the United States of America.
- 3 Employees' cost for the year ended 31 December 2011 includes a prior period expense amounting to Rs. 117.20.
- 4 Depreciation, amortisation and impairment for the quarter and year ended 31 December 2011 includes impairment loss of Rs. 784.49 recognised for a plant due to prevalent market conditions of the product which was manufactured/to be manufactured.
- 5 a) On 20 December 2011, the Company agreed to enter into a Consent Decree with the Food and Drug Administration ("FDA") of United States of America ("USA") to resolve the existing administrative actions taken by the FDA against the Company's Paonta Sahib, Dewas and Gloversville facilities. The Consent Decree was approved by the United States District Court for the District of Maryland on 26 January 2012. The Consent Decree establishes certain requirements intended to further strengthen the Company's procedures for ensuring the integrity of data in its US applications and good manufacturing practices at its Paonta Sahib and Dewas facilities. Successful compliance with the terms of the Consent Decree is required for the Company to resume supply of products from the Dewas and Paonta Sahib facilities to the USA.
Further, the Company is negotiating towards a settlement with the Department of Justice ("DOJ") of the USA for resolution of potential civil and criminal allegations by DOJ. Accordingly, the Company has recorded a provision of Rs. 26,480 (USD 500 million) which the Company believes will be sufficient to resolve all potential civil and criminal liability. With the accrual of this liability, auditors qualification in their review report for the quarter and nine months ended 30 September 2011 stands resolved.
- b) The amount represents foreign exchange loss/(gain), net, on foreign currency option derivatives taken during previous years (other than option derivatives relating to loans) which are accounted in accordance with AS 30, Financial Instruments: Recognition and measurement.
- 6 The remuneration paid to Mr. Arun Sawhney, CEO and Managing Director was approved by the shareholders of the Company. However, owing to the losses during the year, not determinable on the date of such approval, the remuneration paid during the year ended 31 December 2011 is in excess of the limits specified under the provisions of the Companies Act, 1956 by Rs. 47.55. The Company is taking necessary steps to seek approvals from the Shareholders and Central Government for excess remuneration paid. This has reference to the qualification made in the audit report.
- 7 The Company has accrued an expense as claims and contractual payment towards a portion of profit payable to another party in relation to sales of a product. 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. However, the same has not been disclosed as a separate line item in view of certain terms of agreement with the party. This has reference to the qualification made in the audit report.
- 8 Statement of Assets and Liabilities are given below:

Particulars	(Audited)	
	Year ended 31 December	
	2011	2010
Shareholders' funds		
a) Share capital	2,110.00	2,105.20
b) Share application money pending allotment	6.66	65.96
c) Reserves and surplus	38,242.76	53,876.00
Minority interests	809.66	647.12
Loan funds	44,907.29	43,348.05
Deferred tax liability (net)	76.57	170.67
TOTAL	86,152.94	100,213.00
Fixed assets		
Investments	51,227.81	49,296.81
Deferred tax assets (net)	982.20	4,984.54
Current assets, loans and advances	451.67	398.07
a) Inventories	26,107.14	21,926.05
b) Sundry debtors	30,065.29	16,052.47
c) Cash and bank balances	30,681.23	32,644.38
d) Other current assets	3,424.88	3,613.13
e) Loans and advances	14,303.79	12,695.77
Less: Current liabilities and provisions		
a) Current liabilities	53,188.92	31,864.68
b) Provisions	29,567.74	9,533.54
Profit and Loss Account	11,665.59	-
TOTAL	86,152.94	100,213.00

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Notes:

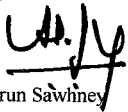
- 9 On exercise of Employees Stock Options, 31,966 equity shares have been allotted on 13 January 2012. The total number of Employees Stock Options outstanding as at 31 December 2011 were 7,018,818, out of which 4,227,444 have vested. The entitlement of shares on exercise of stock options granted on or before 3 October 2002 would increase in the proportion of 3:5, keeping in view the issue of bonus shares on 11 October 2002.
- Pursuant to terms as stipulated in the Ranbaxy Employee Stock Option Plan-2011 (ESOP-2011), the Allotment Committee of Directors, on 4 October 2011, allotted 325,000 Equity Shares of Rs. 5 each for cash at par to Ranbaxy ESOP Trust (Trust), set up to administer ESOP - 2011. The Trust would allocate the shares to the employees upon exercise of stock options from time to time under ESOP-2011.
- 10 There are two reportable business segments i.e. 'Pharmaceuticals' and 'others'. However, as the management considers the activities of the 'other' segment as immaterial, segment disclosures have not been given.
- 11 Status of investor complaints: a) Pending as on 30 September 2011-nil; b) Received during the quarter-2; c) Disposed of during the quarter-2; d) Pending as on 31 December 2011-nil.
- 12 Pursuant to the provisions of the Listing Agreement, the Management has decided to publish consolidated financial results in the newspapers. However the standalone financial results will be made available on the Company's website at www.ranbaxy.com and also on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com).

Information of standalone unaudited financial results in terms of Clause 41(VI) (b) of the Listing Agreement is as under:

Particulars	(Audited)	(Unaudited)	(Unaudited)	(Audited)	
	quarter ended 31 December 2011	quarter ended 30 September 2011	quarter ended 31 December 2010	Year ended 31 December 2011	2010
Net sales	38,289.85	13,491.62	14,227.46	74,758.96	52,514.86
(Loss)/ profit from ordinary activities before tax	(27,103.21)	(4,301.96)	559.14	(30,486.70)	15,652.45
Net (loss)/ profit from ordinary activities after tax	(27,103.21)	(4,391.96)	552.33	(30,520.49)	11,487.26

- 13 Figures for previous periods have been regrouped and recasted, wherever necessary, to make them comparable with the figures of the current period.
- 14 The above results were reviewed by the Audit Committee on 22 February 2012, and approved by the Board of Directors at their meeting held on 23 February 2012. The figures for the quarter ended 31 December 2011 and the corresponding quarter ended in the previous year as reported in these financial results 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. The audit report of the Statutory Auditors containing the reservations is being filed with the Bombay Stock exchange and 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: Gurgaon
Date: 23 February 2012

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