

RANBAXY LABORATORIES LIMITED
Audited Consolidated Financial Results for the year ended 31 December 2010
(Rupees in millions, except for share data, and if otherwise stated)

| Particulars | (Audited) | |
|--|------------------------|------------------|
| | year ended 31 December | |
| | 2010 | 2009 |
| Sales | | |
| - Within India | 19,258.34 | 16,964.18 |
| - Outside India (refer to note 2) | 66,248.39 | 56,477.14 |
| Total sales | 85,506.73 | 73,441.32 |
| Less: Excise duty | 152.23 | 147.29 |
| Net sales | 85,354.50 | 73,294.03 |
| Other operating income (refer to note 3 and 9) | 4,253.21 | 2,676.33 |
| Total operating income | 89,607.71 | 75,970.36 |
| Expenditure | | |
| (Increase)/ decrease in stock in trade and work-in-progress (refer to note 4) | (3,137.38) | 942.62 |
| Consumption of materials (refer to note 4) | 21,845.23 | 24,117.24 |
| Purchase of traded goods | 12,819.80 | 7,020.12 |
| Employees' cost | 15,059.78 | 14,174.73 |
| Depreciation, amortisation and impairment | 3,717.32 | 2,676.12 |
| Other operating expenses | 24,631.33 | 23,873.94 |
| Total expenditure | 74,936.08 | 72,804.77 |
| Profit from operations before other income, interest earned and exceptional items | 14,671.63 | 3,165.59 |
| Interest earned and other income | 2,794.84 | 2,402.23 |
| Foreign exchange gain on loans, net (refer to note 5) | 1,406.98 | 1,493.13 |
| Profit before interest and exceptional items | 18,873.45 | 7,060.95 |
| Interest expense | 613.89 | 710.43 |
| Profit after interest but before exceptional items | 18,259.56 | 6,350.52 |
| Exceptional items:- | | |
| - Profit on sale of investments (refer to note 6a) | 2,404.19 | 533.22 |
| - Impairment of goodwill (refer to note 6b) | (1,815.36) | - |
| - Foreign exchange gain (net) on foreign currency option derivatives (refer to note 6c) | 4,368.82 | 3,213.88 |
| Profit from ordinary activities before tax | 23,217.21 | 10,097.62 |
| Tax expense | 5,848.76 | 6,990.87 |
| Net profit from ordinary activities after tax | 17,368.45 | 3,106.75 |
| - Share in loss of associates, net | 59.15 | 32.38 |
| - Provision for diminution in the value of investment in associates (refer to note 7) | 2,216.20 | - |
| - Minority interest | 125.59 | 109.45 |
| Profit after tax and minority interest | 14,967.51 | 2,964.92 |
| Paid - up equity share capital | 2,105.20 | 2,102.09 |
| (Face value of Rs. 5 each) | | |
| Reserves excluding revaluation reserves (refer to note 8) | 53,807.35 | 39,502.13 |
| Earnings/ (loss) per share (Rs.) | | |
| Basic | 35.57 | 7.05 |
| Diluted | 31.48 | 4.60 |
| Public shareholding # | | |
| - Number of shares | 145,997,151 | 146,204,850 |
| - Percentage of shareholding | 34.68% | 34.78% |
| Promoters and promoter group share holding | | |
| a) Pledged / encumbered | | |
| - Number of shares | 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 |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 100.00% | 100.00% |
| - Percentage of shares (as a % of the total share capital of the Company) | 63.82% | 63.92% |

Aggregate Public shareholding as defined under Clause 40A of the Listing Agreement (excludes shares held by Promoters and promoter group)

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Notes:

- 1 The consolidated financials results 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 Significant sales outside India for the year ended 31 December 2010, and for the year ended 31 December 2009 include sales for First-To-File (FTF) products in the United States of America.
- 3 Other operating income, primarily comprises export benefits and income arising out of milestone payments, patent/ exclusivity settlements and non-compete fee. Included within operating income, in the results for the year ended 31 December 2010, is a sum of Rs. 136.90 million which relates to the prior year.
- 4 During the year, inventory of Active Pharmaceuticals Ingredients (API) manufactured and lying at plants for captive consumption has been included under Work in Progress. Accordingly, the related previous year figures have been reclassified.
- 5 Foreign exchange gain on loans, net represents exchange difference on foreign currency borrowings including Foreign Currency Convertible Bonds and mark to market gain (net) on outstanding derivatives relating to loans.
- 6 (a) Exceptional items for the year ended 31 December 2010 includes profit on sale of quoted and unquoted shares (long-term investment) and the results for the year ended 31 December 2009 includes profit on sale of a subsidiary and a joint venture.
(b) Exceptional items for the year ended 31 December 2010 includes impairment in goodwill in its subsidiaries.
(c) Exceptional item represents foreign exchange gain (net) on foreign currency option derivatives (other than derivatives relating to loans) which are accounted in accordance with Accounting Standard 30, Financial Instruments: Recognition and measurement.
- 7 During the year, the Company has created a combined provision of Rs. 2,216.20 million in the value of long term investment held in Zenotech Laboratories Limited and Shimal Research Laboratories Limited as this diminution is considered to be other than temporary.
- 8 On 20 April 2010, Daiichi Sankyo Co. Ltd. , Japan ("Daiichi Sankyo") opted not to convert the warrants into equity shares. Hence, as per the terms of the issue, the said warrants stand lapsed and the amount of Rs. 73.70 per warrant aggregating to Rs.1,756.59 million paid by Daiichi Sankyo has been forfeited and taken to the Capital Reserve Account.
- 9 On 1 July 2010, the Company transferred certain assets pertaining to its New Drug Discovery Research Centre (including fixed assets, intangibles, in-process developments) to Daiichi Sankyo India Pharma Private Limited alongwith a non-compete and non-solicitation agreement for a period of two years commencing from the date of the agreement, for an aggregate consideration of Rs. 1,449.85 million. Pursuant to this transaction, Rs. 210 million has been recognised as other operating income for non-compete fee and Rs. 131.81 million as other income.
- 10 On 16 September 2008, the Company received two warning letters and an Import Alert from the USA FDA, covering 30 generic drugs being manufactured at its Paonta Sahib and Dewas manufacturing facilities in India. The issue raised in the warning letters relate to "Current Good Manufacturing Practice" being followed at the said plants and does not in any way raises questions on product's quality, safety or effectiveness.

On 25 February 2009, the Company received a letter from the USA FDA indicating that the Agency had invoked its Application Integrity Policy ('AIP') against the Paonta Sahib facility (the "facility"). The management of the Company believes that there was no falsification of data generated at the facility and also believes that there is no indication of a pattern and practice of submitting untrue statements of material facts and there was no other improper conduct. Accordingly, the Company, based on opinion from its legal council, believes that there is no incremental present obligation existing at the balance sheet date on account of these notices.

In the year 2008, the DOJ, USA had filed certain charges against the Company citing possible issues with the data submitted by the Company, in support of product filing. The Company continues to work diligently with the concerned authorities towards resolution of the issue.

While the Company continues to fully cooperate with the concerned authorities for effective resolution of these matters, due to inherent uncertainty of the related situation, the outcome of the above mentioned matters, including any financial impact, cannot be reliably ascertained at this stage. Accordingly, no adjustment has been made to the consolidated financial statements.
- 11 On exercise of Employees Stock Options, 211,615 equity shares have been allotted on 11 January 2011. The total number of Employees Stock Options outstanding as at 31 December 2010 were 7,401,143, out of which 4,136,194 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.
- 12 Mr. Atul Sobti stepped down as the CEO & Managing Director of the Company w.e.f. 19 August 2010.
- 13 Mr. Arun Sawhney was appointed as the Managing Director of the Company with effect from 20 August 2010 for a period of three years. The appointment and remuneration of Mr. Arun Sawhney as the Managing Director has been approved by the Board of Directors, but the requisite regulatory approval from shareholders is yet to be obtained. In accordance with the remuneration determined by the Board of Directors, Rs. 32.91 million (including commission) has been accounted for as an expense in the profit and loss account for the year ended 31 December 2010.

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14 The Segment information is set out below:

(Rs. in millions)

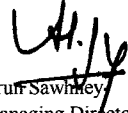
| Particulars | (Audited) | |
|----------------------------------|------------------------|------------------|
| | Year ended 31 December | |
| | 2010 | 2009 |
| External operating income | 89,607.71 | 75,970.36 |
| Pharmaceuticals | 89,605.39 | 75,969.46 |
| Others | 2.32 | 0.90 |
| Profit before tax | 23,217.21 | 10,097.62 |
| Pharmaceuticals | 18,342.70 | 7,665.86 |
| Others | 2.18 | 0.75 |
| Unallocated expenses | | |
| -Interest income | 1,583.35 | 1,105.31 |
| -Dividend income | 91.70 | 9.78 |
| -Profit on sales of investments | 2,404.19 | 533.22 |
| -Exchange gain on loans (net) | 1,406.98 | 1,493.13 |
| -Interest expense | (613.89) | (710.43) |
| Capital employed | 56,694.28 | 43,967.14 |
| Pharmaceuticals | 61,447.62 | 61,678.28 |
| Others | 18.68 | 9.11 |
| Unallocated | (4,772.02) | (17,720.25) |

15 Status of investor complaints: a) Pending as on 30 September 2010-1; b) Received during the quarter-2; c) Disposed off during the quarter-2; d) Pending as on 31 December 2010-1.

16 The Board of Directors has recommended dividend of Rs.2 per equity share for the year ended 31 December 2010.

17 The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 21 February 2011 and 22 February 2011 respectively.

By order of the Board


 Arun Sawhney
 Managing Director

Place: Gurgaon

Date: 22 February 2011

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