

RANBAXY LABORATORIES LIMITED

Unaudited Consolidated Financial Results for the quarter and six months ended 30 June 2010

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

Particulars	(Unaudited) Quarter ended 30 June		(Unaudited) Six months ended 30 June		(Audited) year ended 31 December
	2010	2009	2010	2009	2009
Sales					
- Within India	4,640.95	4,699.93	8,724.04	8,354.40	16,964.18
- Outside India (refer to note 2)	16,388.18	13,253.07	37,206.97	25,182.60	56,477.14
Total sales	21,029.13	17,953.00	45,931.01	33,537.00	73,441.32
Less: Excise duty	41.32	34.45	75.71	70.00	147.29
Net sales	20,987.81	17,918.55	45,855.30	33,467.00	73,294.03
Other operating income (refer to note 3)	516.71	873.00	3,319.96	1,096.00	2,676.33
Total operating income	21,504.52	18,791.55	49,175.26	34,563.00	75,970.36
Total expenditure					
Increase in stock in trade and work-in-progress	(551.67)	(182.00)	(1,709.40)	(1,215.00)	(175.61)
Consumption of materials	5,288.70	5,956.64	10,956.89	11,009.96	25,235.47
Purchase of traded goods	2,985.84	3,103.15	5,987.82	6,131.19	7,020.12
Employees cost	3,752.15	3,858.45	7,563.73	7,337.47	14,174.73
Depreciation, amortisation and impairment	695.02	644.00	1,700.06	1,283.00	2,676.12
Other operating expenses	5,861.22	5,487.42	11,966.70	11,193.56	23,873.94
Total expenditure	18,031.26	18,867.66	36,465.80	35,740.18	72,804.77
Profit/(loss) from operations before interest, other income and exceptional items	3,473.26	(76.11)	12,709.46	(1,177.18)	3,165.59
Interest and other income	1,272.51	400.00	1,269.40	857.00	2,402.23
Foreign exchange gain on loans, net (refer to note 7)	-	1,908.00	139.36	635.00	1,493.13
Profit/(loss) before interest and exceptional items	4,745.77	2,231.89	14,118.22	314.82	7,060.95
Interest expense	110.62	197.00	358.58	443.00	710.43
Foreign exchange loss on loans, net (refer to note 7)	1,158.34	-	-	-	-
Profit/(loss) after interest but before exceptional items	3,476.81	2,034.89	13,759.64	(128.18)	6,350.52
Exceptional items:-					
- Profit on disposal of long-term investments (refer to note 4)	2,177.61	-	2,177.61	-	533.22
- Foreign exchange (loss)/gain on foreign currency option derivatives (refer to note 4)	(2,336.85)	8,783.79	1,535.43	(764.21)	3,213.88
Profit/(loss) from ordinary activities before tax	3,317.57	10,818.68	17,472.68	(892.39)	10,097.62
Tax (benefit)/ expense	(2.48)	3,888.00	4,521.21	(213.00)	6,990.87
Net profit/ (loss) from ordinary activities after tax	3,320.05	6,930.68	12,951.47	(679.39)	3,106.75
Share in (loss)/ profit of associates, net (refer to note 6)	(30.18)	22.00	(32.72)	(21.28)	(32.38)
Minority interest	(32.73)	(16.72)	(55.79)	(36.69)	(109.45)
Profit/(loss) after tax and minority interest	3,257.14	6,935.96	12,862.96	(737.36)	2,964.92
Paid - up equity share capital (Face value of Rs. 5 each)	2,103.34	2,101.85	2,103.34	2,101.85	2,102.09
Reserves excluding revaluation reserves					39,502.13
Earnings/ (loss) per share (Rs.)					
Basic	7.74	16.50	30.58	(1.75)	7.05
Diluted	7.72	12.87	28.36	(2.32)	4.60
Public shareholding #					
- Number of shares	146,204,421	145,528,684	146,204,421	145,528,684	146,204,850
- Percentage of shareholding	34.76%	34.62%	34.76%	34.62%	34.78%
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)	63.88%	63.92%	63.88%	63.92%	63.92%

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

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Unaudited Consolidated Financial Results for the quarter and six months ended 30 June 2010

Notes:

- 1 The consolidated financials results are prepared in accordance with requirements of the Accounting Standard ('AS') 21 "Consolidated Financial Statements", AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements" and AS 27 "Financial Reporting of Interests in Joint Ventures", prescribed by Companies (Accounting Standards) Rules, 2006 (as amended).
- 2 Sales outside India includes:
--Significant sales of a First-To-File (FTF) product for which the Company had six months exclusivity till 23 May 2010 in the United States of America for the quarter and six months ended 30 June 2010 and for the year ended 31 December 2009 respectively.
- 3 Other operating income, which primarily comprises export benefits and income arising out of milestone payments and patent/ exclusivity settlements, includes a prior period item of Rs. 107.91 millions and Rs. 136.90 millions for the quarter and six months ended 30 June 2010
- 4 Exceptional item includes:-
- profit on sale of long-tem investments (including investment in a subsidiary and joint venture); and
- foreign exchange (loss)/gain on foreign currency option derivatives (other than derivatives relating to loans) which are determined to be ineffective cash flow hedges in accordance with Accounting Standard 30, *Financial Instruments: Recognition and measurement*.
- 5 Share in (loss)/ profit of associates, net for the quarter ended 30 June 2010 includes Company's share in the loss of an associate amounting to Rs. 17.72 millions pertaining to the quarter ended 31 March 2010.
- 6 The research and development expenses is classified under respective heads according to the nature of expense. The aggregate amount of such expenses (excluding depreciation) for all periods presented is set out below:

Particulars	(Rs. in millions)				
	(Unaudited) Quarter ended 30 June		(Unaudited) Six months ended 30 June		(Audited) Year ended 31
	2010	2009	2010	2009	2009
Research and development expenses	1,369.92	1,171.28	2,927.77	2,250.28	5,238.86

- 7 Foreign exchange (loss)/gain on loans represents exchange differences on foreign currency borrowings including Foreign Currency Convertible Bonds and mark to market (loss)/gain on outstanding derivatives relating to loans.
- 8 Statement of Assets and Liabilities as at 30 June 2010 is given below:

Particulars	(Rs. in millions)	
	(Unaudited) As at 30 June	
	2010	2009
Shareholders' funds		
a) Share capital	2,103.34	2,101.85
b) Equity share warrants (refer to note 9 below)	-	1,756.59
c) Share application money pending allotment	4.12	-
d) Reserve and surplus	52,299.87	38,009.03
Minority interest	561.29	513.65
Deferred tax liability	144.56	189.82
Loan funds	41,400.96	40,466.94
TOTAL	96,514.14	83,037.88
Fixed assets	51,505.39	50,496.98
Investments	8,066.50	5,392.22
Deferred tax assets	769.63	12,351.58
Current assets, loans and advances		
a) Inventories	20,386.82	20,234.86
b) Sundry debtors	15,242.73	14,030.83
c) Cash and bank balances	25,744.17	13,650.06
d) Other current assets	2,131.30	2,197.37
e) Loans and advances	12,022.59	7,745.69
Less: Current liabilities and provisions		
a) Liabilities	31,107.30	36,534.23
b) Provisions	8,247.69	6,527.48
TOTAL	96,514.14	83,037.88

- 9 On 20 April 2010, Daiichi Sankyo Company, Limited, ('Daiichi Sankyo') has opted not to convert the entire 23,834,333 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 millions paid by Daiichi Sankyo has been forfeited.
- 10 The Company continues to co-operate with the Food and Drug Administration of the United States of America ('US FDA') for effective resolutions of the following outstanding matters:
 - i) import alert and warning letters issued by US FDA, primarily relating to good manufacturing practice for some of the products manufactured at certain manufacturing facilities of the Company; and
 - ii) Application Integrity Policy (AIP) against one of its manufacturing facility.



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Notes:

- 11 On exercise of Employees Stock Options, 85,955 equity shares have been allotted on 12 July 2010.
- 12 The total number of Employees Stock Options outstanding as at 30 June 2010 were 8,291,230 out of which 4,667,005 have vested.
- 13 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.
- 14 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 millions.
- 15 The Segment information is set out below:

Particulars	(Rs. in millions)				
	(Unaudited) Quarter ended 30 June		(Unaudited) Six months ended 30 June		(Audited) Year ended 31 December
	2010	2009	2010	2009	2009
External revenue	21,504.52	18,791.55	49,175.26	34,563.00	75,970.36
Pharmaceuticals	21,502.89	18,791.30	49,173.50	34,562.60	75,969.46
Others	1.63	0.25	1.76	0.40	0.90
Profit/(loss) before tax	3,317.57	10,818.68	17,472.68	(892.39)	10,097.62
Pharmaceuticals	3,315.96	10,818.45	17,470.97	(892.75)	10,096.87
Others	1.61	0.23	1.71	0.36	0.75
Capital employed	54,407.33	41,867.47	54,407.33	41,867.47	43,433.92
Pharmaceuticals	46,483.18	28,674.04	46,483.18	28,674.04	35,265.97
Others	18.35	16.62	18.35	16.62	16.90
Unallocated	7,905.80	13,176.81	7,905.80	13,176.81	8,151.05

- 16 Status of investor complaints: a) Pending as on 31 March 2010-Nil; b) Received during the quarter-18; c) Disposed off during the quarter-18; d) Pending as on 30 June 2010-Nil.
- 17 Previous period figures have been regrouped / reclassified, wherever necessary to conform to current period's classification.
- 18 The above results were reviewed by the Audit Committee on 11 August 2010 and approved by the Board of Directors at their meeting held on 12 August 2010 and have undergone a 'Limited Review' by the Statutory Auditors of the Company. Further, the unaudited consolidated financial results for the quarter and six months ended 30 June 2009 have not been reviewed.

By order of the Board


Anil Sobti

CEO & Managing Director

Place: Gurgaon

Date: 12 August 2010