

RANBAXY LABORATORIES LIMITED

Statement of Standalone Unaudited Financial Results for the quarter and six months ended 30 September 2014

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

PART I

Sr. No.	Particulars	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
		Quarter ended 30 September	Quarter ended 30 June	Quarter ended 30 September	Six months ended 30 September	Six months ended 30 September	Corresponding six months ended 30 September
		2014	2014	2013	2014	2013	2014
1	Income from operations						
	(a) Sales						
	- Within India (net of excise duty)	6,839.09	6,227.02	5,929.86	13,066.11	11,507.76	28,707.33
	- Outside India (refer to note 1)	5,887.78	14,942.78	7,888.56	20,830.56	16,261.62	37,863.06
	Net sales (net of excise duty)	12,726.87	21,169.80	13,818.42	33,896.67	27,769.38	66,570.39
	(b) Other operating income	462.25	514.17	439.93	976.42	877.83	2,078.98
	Total income from operations (net)	13,189.12	21,683.97	14,258.35	34,873.09	28,647.21	68,649.37
2	Expenses						
	(a) Cost of materials consumed	3,359.38	2,807.33	4,274.92	6,166.71	8,291.05	20,653.28
	(b) Purchases of stock-in-trade	2,270.06	1,842.68	1,842.36	4,112.74	3,478.23	9,826.43
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,011.69	1,027.39	(706.54)	2,039.08	(565.02)	(1,751.22)
	(d) Employee benefits expense	2,796.68	2,547.38	2,676.65	5,344.06	5,307.39	12,747.28
	(e) Depreciation, amortisation and impairment expense (refer to note 15)	601.52	656.45	944.05	1,257.97	1,390.50	2,801.72
	(f) Other expenses	4,785.36	4,170.90	6,249.96	8,956.26	11,808.69	28,499.88
	(g) Foreign exchange loss (others), net	522.64	24.44	939.72	547.08	2,853.39	1,918.56
	Total expenses	15,347.33	13,076.57	16,221.12	28,423.90	32,564.23	74,695.93
	(Loss)/ profit from operations before other income, finance costs and exceptional items (1-2)	(2,158.21)	8,607.40	(1,962.77)	6,449.19	(3,917.02)	(6,046.56)
4	Other income (refer to note 9)	200.19	257.64	443.51	457.83	753.94	7,848.20
5	(Loss)/ profit from ordinary activities before finance costs and exceptional items (3+4)	(1,958.02)	8,865.04	(1,519.26)	6,907.02	(3,163.08)	1,801.64
6	Finance costs (refer to note 12)	1,368.23	1,419.14	1,110.84	2,787.37	2,672.11	5,470.48
7	(Loss)/ profit from ordinary activities after finance costs but before exceptional items (5-6)	(3,326.25)	7,445.90	(2,630.10)	4,119.65	(5,835.19)	(3,668.84)
8	Exceptional items						
	- Settlement provision reversal (refer to note 3)	-	-	-	-	1,458.05	1,458.05
	- Inventory provision/ write off and other costs (refer to note 2a)	-	-	(695.14)	-	(695.14)	(3,557.92)
	- (Loss)/ gain on foreign currency option derivatives, net (other than on loans) (refer to note 6)	(220.04)	317.43	(3,022.10)	97.39	(6,693.13)	(3,279.16)
	- Provision in respect of non-current investment in a subsidiary	(136.28)	(119.73)	(2,074.98)	(256.01)	(2,745.00)	(3,050.96)
	- Provision for other-than-temporary diminution in value of non-current investment in an associate	-	-	-	-	-	(713.11)
	- Profit on sale of intellectual property rights (refer to note 10)	-	-	-	-	-	4,327.69
9	(Loss)/ profit from ordinary activities before tax (7+8)	(3,682.57)	7,643.60	(8,422.32)	3,961.03	(14,510.41)	(8,484.25)
10	Tax expense, net	-	92.37	-	92.37	-	305.70
11	Net (loss)/ profit from for the period (9-10)	(3,682.57)	7,551.23	(8,422.32)	3,868.66	(14,510.41)	(8,789.95)
12	Paid - up equity share capital (Face value of Rs. 5 each) (refer to note 13)	2,119.49	2,117.75	2,115.21	2,119.49	2,115.21	2,116.60
13	Reserves excluding Revaluation Reserves as per Balance Sheet						8,848.27
14	(Loss)/ earning per share (Rs.) - not annualised						
	Basic	(8.69)	17.83	(19.92)	9.13	(34.32)	(20.79)
	Diluted	(8.69)	17.80	(19.92)	9.11	(34.32)	(20.79)
15	Debt service coverage ratio (refer to note 7)				0.40	(1.66)	(0.12)
16	Interest service coverage ratio (refer to note 7)				2.42	(4.43)	(0.55)

See accompanying notes to the standalone unaudited financial results

PART II

Select information for the quarter and six months ended 30 September 2014

Sr. No.	Particulars	Quarter ended	Quarter ended	Quarter ended	Six months ended	Corresponding six	Fifteen months
		30 September	30 June	30 September	30 September	months ended	months
		2014	2014	2013	2014	2013	2014
A	PARTICULARS OF SHAREHOLDING						
1	Public shareholding #						
	- Number of shares	149,313,910	144,852,564	142,803,325	149,313,910	142,803,325	148,773,659
	- Percentage of shareholding	35.22%	34.18%	33.75%	35.22%	33.75%	35.11%
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	268,711,323
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the Company)	63.37%	63.40%	63.51%	63.37%	63.51%	63.41%

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)

Sr. No.	Particulars	Quarter ended 30 September 2014	
		Received during the quarter	Disposed off during the quarter
B	INVESTOR COMPLAINTS		
	Pending at the beginning of the quarter	Nil	Nil
	Received during the quarter	6	6
	Disposed off during the quarter	6	6
	Remaining unresolved at the end of the quarter	Nil	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) The Company had, on 16 September 2013, received an 'import alert' from the Food and Drug Administration of the USA ('US FDA') on its manufacturing facility located in Mohali. Further, on 23 January 2014, the US FDA also prohibited the Company from manufacturing and distributing active pharmaceutical ingredients ('APIs') from its Toansa manufacturing facility and finished drug products containing APIs manufactured at this facility into the US regulated market. Consequentially, both the above facilities are subject to certain terms of the Consent Decree of permanent injunction entered into by the Company in January 2012 ('Consent Decree').
Considering the above matters, provisions/ write-off (primarily relating to inventories, trade commitments, sales return etc.), amounting to Rs. 695.14 and Rs. 3,557.92 had been recognised in the financial results for the quarter and six months ended 30 September 2013 and fifteen months ended 31 March 2014 respectively, based on the best information and estimates available with the management.
b) The Department of Justice of the USA ('US DOJ'), United States Attorney's Office for the District of New Jersey had issued an administrative subpoena dated 13 March 2014 to the Company seeking information primarily related to the Company's API Toansa manufacturing facility in India for which a Form 483 containing findings of the US FDA was issued in January 2014. The Company is fully cooperating with this information request and is in dialogue with the US DOJ for submission of the requisite information.
- 3 During the fifteen months ended 31 March 2014, the Company had negotiated and settled with the US DOJ for resolution of civil and criminal allegations on 13 May 2013 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 liabilities. 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 above mentioned decretal amount of liability (along with related interest and other cost) 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 had invoked indemnity for itself and inter alia its affiliates. The settlement amount had, 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) had been disclosed as an exceptional item in the financial results for the fifteen months ended 31 March 2014.
- 4 Standalone Statement of Assets and Liabilities are given below:

Particulars	(Unaudited)	(Audited)
	As at 30 September	(refer to note 17) As at 31 March
	2014	2014
A EQUITY AND LIABILITIES		
1 Shareholders' funds		
a) Share capital (refer to note 13)	2,119.49	2,116.60
b) Reserves and surplus	12,727.99	8,848.27
Sub-total - Shareholders' funds	14,847.48	10,964.87
2 Share application money pending allotment	117.89	5.03
3 Non-current liabilities		
a) Long-term borrowings	19,703.82	24,721.88
b) Other long-term liabilities	1,045.47	3,719.44
c) Long-term provisions	1,288.78	1,314.54
Sub-total - Non-current liabilities	22,038.07	29,755.86
4 Current liabilities		
a) Short-term borrowings	37,422.31	35,188.77
b) Trade payables	8,594.42	9,751.86
c) Other current liabilities	46,979.70	43,495.90
d) Short-term provisions	2,054.06	1,888.08
Sub-total - Current liabilities	95,050.49	90,324.61
TOTAL EQUITY AND LIABILITIES	132,053.93	131,050.37
B ASSETS		
1 Non-current assets		
a) Fixed assets	21,135.10	21,957.67
b) Non-current investments	40,789.89	40,789.89
c) Long-term loans and advances	10,828.08	10,779.89
d) Other non-current assets	1,180.18	1,741.14
Sub-total - Non-current assets	73,933.25	75,268.59
2 Current assets		
a) Current investments	43.05	18.95
b) Inventories	14,025.33	16,951.44
c) Trade receivables	24,048.63	12,374.65
d) Cash and cash equivalents #	2,815.77	7,905.72
e) Short-term loans and advances	12,230.43	12,732.86
f) Other current assets	4,957.47	5,798.16
Sub-total - Current assets	58,120.68	55,781.78
TOTAL ASSETS	132,053.93	131,050.37

include Rs. 2,443.89 (Rs. 3,026.43 as at 31 March 2014) represented by "other bank balances" comprising amounts due for realisation within twelve months from the reporting date and unclaimed dividend accounts.

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Notes:

5 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 30 September	(Unaudited) Quarter ended 30 June	(Unaudited) Quarter ended 30 September	(Unaudited) Six months ended 30 September	(Unaudited) (refer to note 17) Corresponding six months ended 30 September	(Audited) (refer to note 17) Fifteen months ended 31 March
	2014	2014	2013	2014	2013	2014
Research and development expenses	1,049.27	905.64	1,045.82	1,954.91	2,097.42	5,278.77

6 The amount represents foreign exchange gain/ (loss), net, on foreign currency option derivatives taken during previous years (other than on option derivatives relating to loans) which are accounted in accordance with Accounting Standard 30, "Financial Instruments: Recognition and Measurement".

7 Due to issuance of debentures in the year ended 31 December 2012, 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)

8 On exercise of Employees Stock Options, 559,561 equity shares have been allotted on 11 October 2014. The total number of Employees Stock Options outstanding as at 30 September 2014 were 4,163,481 out of which 3,064,057 have vested.

9 Other income for the fifteen months ended 31 March 2014 include dividend received from Ranbaxy (Netherlands) B.V., The Netherlands, a subsidiary of the Company, amounting to Rs. 6,113.97.

10 During the fifteen months ended 31 March 2014, the Company had transferred all significant risks and rewards of ownership of the Intellectual Property of its branded generic product 'Ketanov' (including technology/ know-how, brand, marketing, authorisations, dossiers etc.) to its subsidiary in Romania. The sales consideration of Rs. 4,327.69 was determined by the management on the basis of a valuation report by an expert, using the best estimate. Pursuant to this transaction, the Company had recognised a gain of Rs. 4,327.69 which was disclosed as an exceptional item in the financial results for the fifteen months ended 31 March 2014.

11 The Company's business activity falls within a single primary business segment viz. 'Pharmaceutical'.

12 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 30 September	(Unaudited) Quarter ended 30 June	(Unaudited) Quarter ended 30 September	(Unaudited) Six months ended 30 September	(Unaudited) (refer to note 17) Corresponding six months ended 30 September	(Audited) (refer to note 17) Fifteen months ended 31 March
	2014	2014	2013	2014	2013	2014
Foreign exchange loss	646.65	690.37	611.80	1,337.02	1,715.75	2,837.12

13 In accordance with an opinion of the Expert Advisory Committee ('EAC') of The Institute of Chartered Accountants of India, the shares issued to an Employee Stock Option Plan ('ESOP') trust but yet to be allotted to employees are required to be shown as a deduction from the share capital. Accordingly, as at 30 September 2014, 30 June 2014 and 31 March 2014, the paid-up equity share capital has been disclosed after deduction of Rs. 0.58, Rs. 1.28 and Rs. 2.30 in respect of 115,308, 255,818 and 459,602 such equity shares respectively, with a corresponding adjustment to the loan receivable from the ESOP trust. To conform to this presentation, the paid-up 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.

14 With regard to the Scheme of Arrangement ('Scheme') providing inter-alia reduction of capital and merger of the Company with M/s. Sun Pharmaceutical Industries Limited ('SPIL') with effect from the appointed date of 1 April 2014, the National Stock Exchange of India Limited ('NSE') and the Bombay Stock Exchange Limited ('BSE') have, based on the observations of the Securities and Exchange Board of India ('SEBI') with regard to the Scheme, conveyed their 'No Objection' in July 2014. Subsequently, pursuant to the orders of the Hon'ble High Court of Punjab & Haryana, Court convened meeting of Equity Shareholders was held on 19 September 2014 where Equity Shareholders of the Company had approved the said Scheme with requisite majority. The Company is in the process of obtaining necessary approvals from the concerned authorities in this regard.

15 Pursuant to Companies Act, 2013 ('the Act') being effective from 1 April 2014, the Company has revised depreciation rate on certain fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act or as per the management's estimate based on an internal evaluation. As a result of this change, the depreciation charge for the quarter and six months ended 30 September 2014 is higher by Rs. 129.22 and 319.05 respectively. In respect of assets whose useful life is already exhausted as on 1 April 2014, depreciation of Rs. 179.39 (net of deferred tax impact of Rs. 92.37) has been adjusted in Reserves and Surplus in accordance with the requirements of Schedule II of the Act.

16 In view of the relevant provisions of the Act, the Company, during the quarter and six months ended 30 September 2014, has not accrued any remuneration for its CEO and Managing Director, except for certain perquisites and amortization of deferred employees stock options compensation aggregating to Rs 1.22 and Rs 3.02 for the respective periods. The Company has filed an application with the Central Government to obtain the necessary approvals required under the provisions of the Act.

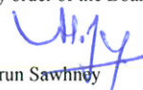
17 During the fifteen months ended 31 March 2014, the Company had changed its financial year from January-December to April-March effective 1 April 2014. In view of this, the previous financial year was for a period of 15 months i.e. 1 January 2013 to 31 March 2014. Accordingly in these results, quarter and six months ended 30 September 2013 are disclosed as corresponding quarter and corresponding six months of the previous period. The figures for the corresponding six months are the balancing figures between unaudited published figures in respect of the nine months ended 30 September 2013 and unaudited published figures for the quarter ended 31 March 2013.

18 On 15 October 2014, the Company has notified the Bank of New York Mellon ("The Bank") to terminate the Deposit Agreements dated 7 July 1994 [under which, the Rule 144A Global Depository Shares ('GDS')/ Regulation S Global Depository Shares have been issued] and underlying Global Depository Receipts ('GDR') program. The Bank has issued notice of termination of GDR Program to the GDS holders and accordingly, the Bank will complete the process of termination of GDR program as per the terms of such notice of termination.

19 Figures pertaining to previous periods have been reclassified to conform to current period's classification.

20 The above results were reviewed by the Audit Committee at their meeting held on 27 October 2014 and approved by the Board of Directors at their meeting held on 28 October 2014 and have undergone a "Limited Review" by the Statutory Auditors of the Company. The review report of the Statutory Auditors is being filed with the NSE and the BSE 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: 28 October 2014

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