

RANBAXY

Trusted medicines. Healthier lives

Registered Office: A- 41, Industrial Area Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali – 160 071 (Punjab)

NOTICE is hereby given that the **51st Annual General Meeting** of Ranbaxy Laboratories Limited will be held on **Tuesday, May 8, 2012, at 11.00 A.M.** at Auditorium of The National Institute of Pharmaceutical Education and Research (NIPER), Sector-67, S.A.S. Nagar (Mohali)- 160 062, Punjab, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended December 31, 2011 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Takashi Shoda who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. BSR & Co., the retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:
“RESOLVED that Mr. Percy K. Shroff who was appointed as a Director on March 27, 2009 in the casual vacancy and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, alongwith the requisite deposit proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company.”
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:
“RESOLVED THAT in supersession of the earlier resolution passed by the members of the Company in the Annual General Meeting held on May 29, 2009 and pursuant to the provisions of Sections 198, 309(4)(a), 310 and all other applicable provisions, if any, of the Companies Act, 1956 (“Act”) and any rules and regulations framed thereunder, the Memorandum and Articles of Association of the Company and subject to the approval of the Central Government, each of the Non-Executive Independent Directors be paid an annual remuneration of Rs. 10 million and each of the Non-Executive Non-Independent Directors be paid an annual remuneration of Rs. 5 million for each of the financial years 2011, 2012 and 2013.”
“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be considered necessary or expedient to give effect to this Resolution.”
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:
“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (“Act”), read with Schedule XIII to the said Act, and the Memorandum and Articles of Association of the Company and subject to the applicable regulatory and government approvals as may be required, consent of the Company be and is hereby accorded for payment of remuneration of Rs. 54.78 million made to Mr. Arun Sawhney, CEO & Managing Director of the Company, for the financial year ended December 31, 2011, and to waive recovery of remuneration paid to Mr. Arun Sawhney in excess of the limits prescribed under the provisions of the Act read with Schedule XIII to the Act for the financial year ended December 31, 2011.”
“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be considered necessary or expedient to give effect to this Resolution.”
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **Special Resolution**:
“RESOLVED that in supersession of the Resolution passed at the Annual General Meeting of the Company held on May 9, 2011 for appointment of Mr. Arun Sawhney as Managing Director of the Company and pursuant to the provisions of Sections 198, 269, 309 and all other applicable provisions if any, of the Companies Act, 1956 (“Act”) read with Schedule XIII to the said Act and the Memorandum and Articles of Association of the Company, the Company hereby accords its approval for the re-appointment of Mr. Arun Sawhney as CEO & Managing Director of the Company for a period of five years effective January 1, 2012 subject to the terms and conditions as specified hereunder.”
“RESOLVED FURTHER that subject to the applicable regulatory and government approvals as may be required, the Company hereby accords its approval for payment of remuneration to Mr. Arun Sawhney, CEO & Managing Director for a period of three years effective January 1, 2012 on the following terms and conditions:
 - I. Salary: Not exceeding Rs. 13,580,000 per annum with the authority granted to the Board of Directors (hereinafter referred to as “the Board” which term shall include a Committee of Directors) to determine the salary and grant increases from time to time within the aforesaid limit.
 - II. Allowances & Perquisites: He will be entitled to perquisites, allowances, benefits, facilities and amenities (collectively “allowances & perquisites”) such as furnished residential accommodation or house rent allowance in lieu thereof, furnishings, education allowance, utility allowance, quarterly allowance, medical reimbursement, leave travel

reimbursement/allowance, membership fees for clubs, group hospitalization insurance, group term insurance, travel insurance and any other “allowances & perquisites” as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time, provided that the aggregate value of such allowances and perquisites shall not exceed Rs. 34,573,000 per annum. Allowances & Perquisites will be valued as per the Income-tax rules, wherever applicable and at actual cost to the Company in other cases.

- III. Incentive Pay: The Board is authorised to determine and pay him Incentive Pay upto Rs.60 million per annum in one or more tranches.
- IV. Retention Bonus: The Board is authorised to pay him Retention Bonus of Rs. 33 million on completion of three years of service under the aforesaid tenure of his appointment of five years as CEO & Managing Director of the Company.
- V. Compensation for loss of office: Subject to the limits laid down under provisions of the Companies Act, 1956, the Board is authorised to determine and pay him compensation of Rs. 141 million for loss of office of CEO & Managing Director of the Company before the expiry of his aforesaid term of appointment of five years. However, any compensation for loss of office after the expiry of three years from the date of aforesaid appointment shall be subject to the requisite approvals.
- VI. In addition to the above, he will also be entitled to the following benefits as per policy/rules of the Company in force or as may be approved by the Board from time to time:
 - (i) Company maintained car(s) with driver(s) (ii) Telephone(s) and fax at residence (iii) Company’s contribution to Provident Fund and Superannuation Fund (iv) Payment of Gratuity and other Retiral Benefits and (v) Encashment of leave.
- VII. Stock Options: He will be granted stock options by the Board pursuant to Employees Stock Option Plan(s) of the Company from time to time.
- VIII. Commission: Such amount for each financial year as may be decided by the Board subject to availability of the net profits in the said financial year and in compliance with the applicable provisions of the Act read with Schedule XIII to the Act.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to fix actual remuneration of Mr. Arun Sawhney, and revise it from time to time within the aforesaid ceilings.”

“RESOLVED FURTHER that subject to superintendence, control and direction of the Board, Mr. Arun Sawhney shall perform such duties and functions as would be commensurate with his position as CEO & Managing Director of the Company and as may be delegated to him by the Board from time to time.”

“RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be considered necessary of expedient to give effect to this Resolution.”

By Order of the Board

Place: Gurgaon
Dated: March 27, 2012

Sushil K. Patawari
Company Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is given below and forms part of the Notice.
3. M/s. Alankit Assignments Ltd. (Alankit), 2E/8, 1st Floor, Jhandewalan Extension, New Delhi-110 055 is the Registrar and Share Transfer Agent for physical shares of the Company. Alankit is also the depository interface of the Company with both NSDL and CDSL.
However, keeping in view the convenience of shareholders, documents relating to shares will continue to be received by the Company at its Corporate Office at Plot No. 90, Sector 32, Gurgaon-122001 (Haryana) Tel No. 91-124-4135000, Registered Office at A- 41, Industrial Area Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali – 160 071 (Punjab) and Head Office at 12th Floor, Devika Tower, 6, Nehru Place, New Delhi-110019 Tel No. 91-11-26237508; email address: secretarial@ranbaxy.com.
4. Members are requested to note that the Company’s shares are under compulsory demat trading for all the investors. Members are, therefore, requested to dematerialise their shareholding to avoid inconvenience.
5. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to their depository participant only and not to the Company or its Registrar and Transfer Agent. The said intimation will be automatically reflected in the Company’s records.

6. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, April 28, 2012 to Tuesday, May 8, 2012 (both days inclusive).
7. The Company has transferred unclaimed amounts of dividends paid upto November 10, 2004, to the Investor Education and Protection Fund of the Central Government as required under Section 205C of the Companies Act, 1956. Members may please note that if unpaid dividend is not claimed from the Company for seven years from the date when it became due, it shall be transferred to the Investor Education and Protection Fund as stated above and it cannot be claimed from that Fund.
Members who have not encashed their dividend warrants within the validity period may write to the Company Secretary, Ranbaxy Laboratories Limited, Plot No. 90, Sector 32, Gurgaon-122001 (Haryana), for obtaining payment in lieu of such warrants.
8. The documents referred to in the proposed resolutions are available for inspection at the Registered Office of the Company during working hours between 9.30 A.M. to 1.00 P.M. except on holidays.
9. The Certificate from the Auditors of the Company certifying that the Employees Stock Option Schemes of the Company are being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions of the general body will be placed at the Annual General Meeting.
10. Members seeking any information relating to the Accounts may write to the Company at Plot No. 90, Sector 32, Gurgaon-122001 (Haryana), for the attention of Mr. S.K. Patawari, Company Secretary at the earliest.
11. Members/proxies should bring the attendance slips duly filled in and signed for attending the Meeting.
12. Members who hold shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members are advised to avail of the nomination facility by filing Form 2B in their own interest. Blank forms will be supplied by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
13. The Register of Directors' shareholding will be available for inspection at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Brief Resume and other information in respect of Directors seeking appointment at the Annual General Meeting pursuant to Clause 49 of the Listing Agreement

ITEM NO. 2

Mr. Takashi Shoda aged about 64 years is a graduate from Faculty of Pharmacy, Tokyo University.

Mr. Shoda immediately after completing his graduation in 1972 joined Sankyo Company, Limited, Japan ("Sankyo"), where he held various important positions mainly in International Operations Group. In June, 2001 he was elected as Director on the Board of Sankyo and concurrently assumed the position of General Manager, International Pharmaceutical Division. He was then promoted as a Managing Director in the following year and in June, 2003 became its President and Representative Director.

Daiichi Sankyo Company, Limited ("Daiichi Sankyo") was established in 2005, through the merger of Daiichi Pharmaceuticals Co. Ltd. and Sankyo Company, Limited, the two leading Japanese pharmaceutical companies. Mr. Shoda was Representative Director, President and CEO of Daiichi Sankyo from September 2005 to June 2010 and thereafter has been the Chairman of Daiichi Sankyo.

He is a member of the Science Committee of the Board of Directors of the Company.

Mr. Shoda is neither a Director on the Board nor holds committee membership of any other company.

Mr. Shoda does not hold any shares in the Company.

Nature of expertise in specific functional area - Business Management

The Board of Directors considers that in view of the background and experience of Mr. Shoda, it would be in the interest of the Company to appoint him as a Director of the Company.

The Board recommends the Resolution for approval of the Shareholders.

Mr. Shoda is interested or concerned in the proposed Resolution. None of the other Directors are interested or concerned in the proposed Resolution.

ITEM NO. 4

Mr. Percy K. Shroff was appointed as a Director on March 27, 2009 in the casual vacancy caused by the resignation of Mr. Harpal Singh and his term of office expires at this Annual General Meeting. The Company has received Notice alongwith requisite deposit of Rs. 500 from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Percy K. Shroff as a Director of the Company.

Mr. Shroff aged about 60 years is a graduate in Arts from Whittier College, California. He has immense experience in the medical field in Japan and India and was instrumental in establishing the India offices as well as business operations of Elekta AB, a Swedish multinational providing advanced clinical solutions, comprehensive information systems and services for efficient and high precision treatment of cancer and brain disorders. Since his joining in 1991, Mr. Shroff has held various managerial positions in the Elekta Group in India as well as overseas. In 1997, he was appointed as Managing Director-India Head of Elekta Instrument India Private Limited and in 2005 Managing Director of Elekta Medical Systems India Pvt., Ltd., a subsidiary of Elekta AB.

He is presently Non-Executive Chairman of Elekta Medical Systems. Before joining the Elekta Group he was with Manson K.K., Kobe, Japan as Manager of Overseas & Special Projects.

Mr. Shroff was a member of the Executive General Management Committee of Elekta worldwide and of its Asian Management Team.

He is a member of the following Committees of the Board of the Company:

1. Compensation Committee
 2. Audit Committee
 3. Shareholders/Investors Grievance and Share Transfer Committee
 4. ESOPs Allotment Committee
 5. Allotment Committee (ESOP 2011)
- } Chairman

He is Director on the Boards of the following other companies:

1. Elekta Instrument India Private Limited
2. Elekta Medical Systems India Private Limited

He does not hold any shares in the Company.

Nature of expertise in specific functional area - Business Management

The Board of Directors considers that in view of the background and experience of Mr. Shroff, it would be in the interest of the Company to appoint him as a Director of the Company.

The Board recommends the Resolution for approval of the Shareholders.

Mr. Shroff is interested or concerned in the proposed Resolution. None of the other Directors are interested or concerned in the proposed Resolution.

ITEM NO. 5

Pursuant to the provisions of the Companies Act, 1956 and approval of the shareholders at the Annual General Meeting held on May 29, 2009, the Company had paid commission of Rs.10 million to each of the Non-Executive Independent Directors and Rs. 5 million each to the Non-Executive Non-Independent Directors for the year 2010.

For the year 2011, though the Company has earned operating profits, but due to the exceptional items viz. provision made by the Company for settlement with US Department of Justice and marked to market foreign exchange charge due to sharp depreciation of rupee, the Company has incurred losses. Hence, the Company could not pay commission to the Non-Executive Directors for the financial year ended December 31, 2011.

At present the Board of Directors of the Company consists of six Non-Executive Directors, four of whom are foreign citizens. The Company benefits from diverse professional expertise and experience of its Non-Executive Directors as they make valuable contributions at the Board and Committee meetings, review the operations and advise on the major issues and strategy of the Company from time to time. The Company also benefits from the advice of Non-Executive Directors sought by the management on critical issues. The Non-Executive Directors contribute to the Company in many ways and devote their valuable time for the Company. Keeping in view their contribution and the statutory responsibility being shouldered by them, it will be beneficial for the Company and its shareholders to compensate the Non-Executive Directors. Accordingly, subject to the approval of the Central Government in terms of the provisions of Section 309(4) of the Companies Act, 1956, it is proposed to pay a fixed remuneration to the Non-Executive Directors for the financial year ended December 31, 2011 and for the financial years ending December 31, 2012 & December 31, 2013, as per details:

| S. No. | Name of the Directors | Category | Proposed annual remuneration for each of the three financial years viz. financial year ended on December 31, 2011, financial years ending on December 31, 2012 and December 31, 2013 (Rs. in million) |
|---------------|------------------------------|---------------------------------|--|
| 1 | Dr. Tsutomu Une | Non-Executive - Non-Independent | 5 |
| 2 | Mr. Takashi Shoda | Non-Executive - Non-Independent | 5 |
| 3 | Dr. Anthony H Wild | Non-Executive - Independent | 10 |
| 4 | Mr. Akihiro Watanabe | Non-Executive - Independent | 10 |
| 5 | Mr. Percy K. Shroff | Non-Executive - Independent | 10 |
| 6 | Mr. Rajesh V. Shah | Non-Executive - Independent | 10 |

It may be noted that any new Director who shall join the Board of Directors of the Company, in any of the aforesaid category, shall be entitled to the same remuneration, as stated above, as long as the total number of Non-Executive Directors (including the new director) does not exceed beyond the present number of six Directors.

The Board recommends the Resolution for the approval of the Shareholders.

Aforesaid six Non-Executive Directors may be deemed to be interested or concerned in the proposed Resolution.

ITEM NO. 6

The shareholders of the Company in the Annual General Meeting held on May 9, 2011, approved the appointment of Mr. Arun Sawhney as Managing Director of the Company and payment of remuneration to him for a period of three years effective August 20, 2010.

Even though the Company earned an operating profit of Rs. 7,236 million on a stand-alone basis and Rs.10,480 million on a consolidated basis for the year ended December 31, 2011, it incurred losses on account of provision of Rs.26,480 million made for settlement with U.S. Department of Justice with regard to legacy issue with the Food and Drug Administration (“FDA”) of United States of America and marked to market foreign exchange charge of Rs.16,584 million due to sharp depreciation of rupee.

In view of the losses, due to the aforesaid exceptional items, which were not determinable on the date of the approval of the shareholders, the remuneration paid to Mr. Arun Sawhney for the year ended December 31, 2011 exceeded the limits prescribed under the provisions of the Companies Act, 1956 (Act). Accordingly consent of the shareholders is being sought, subject to the applicable regulatory and Government approvals as may be required, for remuneration of Rs. 54.78 million paid to Mr. Arun Sawhney for the financial year ended December 31, 2011 and to waive recovery of excess remuneration paid to him as computed under the provisions of Schedule XIII of the Act.

The Board recommends the Resolution for approval of Shareholders.

Mr. Sawhney is interested or concerned in the proposed Resolution. None of the other Directors are interested or concerned in the proposed Resolution.

ITEM NO. 7

The Board of Directors of the Company in its meeting held on February 23, 2012 has re-appointed Mr. Arun Sawhney as CEO & Managing Director of the Company for a period of five years effective January 1, 2012, on the terms as set out in the Resolution and approved payment of remuneration to him for a period of three years, subject to requisite approvals. Approval for payment of remuneration to Mr. Arun Sawhney for remaining period of two years of his appointment would be sought in terms of the provisions of Schedule XIII to the Act in due course.

Mr. Sawhney is a member of the following Committees of the Board of Directors of the Company:

1. Science Committee
2. Shareholders’ / Investors’ Grievance and Share Transfer Committee
3. ESOPs Allotment Committee.
4. Allotment Committee (ESOP 2011)

He is neither a Director on the Board nor holds committee membership of any other Indian company.

He holds 3276 equity shares of Rs.5 each of the Company as on the date of this Notice.

Nature of expertise in specific functional area – General Management.

The Compensation Committee in its meeting held on February 22, 2012, had approved and recommended the re-appointment and payment of remuneration of Mr. Arun Sawhney.

The Board of Directors considers that in view of the background and experience of Mr. Sawhney, it would be in the interest of the Company to re-appoint him as CEO & Managing Director of the Company.

The Board recommends the Resolution for approval of Shareholders.

Mr. Sawhney is interested or concerned in the proposed Resolution. None of the other Directors are interested or concerned in the proposed Resolution.

The Notice read with Explanatory Statement should be considered as an abstract of the terms of appointment and payment of remuneration to Mr. Sawhney as CEO & Managing Director and a memorandum as to the nature of the concern or interest of the Director as required under Section 302 of the Companies Act, 1956.

Statement pursuant to the provisions of clause (c) of Section II of Part II of Schedule XIII to the Companies Act, 1956 with respect to Item Nos.6 & 7

The particulars required to be disclosed in the Explanatory Statement in accordance with provisions of clause (c) of Section II of Part II of Schedule XIII of the Companies Act, 1956, are given below:

I. General Information

(1) Nature of Industry:

Ranbaxy Laboratories Limited (hereinafter referred to as “Ranbaxy/the Company”) was incorporated on 16th June, 1961 and is a leading Pharma major of the Country. The Company, India’s largest pharmaceutical company, is an integrated, research based, international pharmaceutical company producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies. Ranbaxy’s continued focus on R&D has resulted in several approvals, in developed and emerging markets many of which incorporate proprietary Novel Drug Delivery Systems (NDDS) and technologies, developed at its own labs. The Company has further strengthened its focus on generics research and is increasingly working on more complex and specialty areas. Ranbaxy serves its customers in over 125 countries and has an expanding international portfolio of affiliates, joint ventures and alliances, ground operations in 43 countries and manufacturing operations in 7 countries. Through strategic in-licensing opportunities and its hybrid business model with its Holding Company-Daiichi Sankyo Company, Limited, Japan a leading global pharma innovator headquartered in Tokyo, Japan, Ranbaxy is introducing many innovator products in markets around the world, where it has a strong presence. This is in line with the Company’s commitment to increase penetration and improve access to medicines, across the globe.

Ranbaxy is the first Pharma Company of Indian origin to have surpassed sales of \$2 Billion. The Company has successfully launched Atorvastatin, the largest drug by sales value in USA and world-wide, a cholesterol reducing medicine, the generic equivalent of brand Lipitor® which generated total annual sales of \$7.9 Bn in the United States of America(IMS 2010).

- (2) Date or expected date of commercial production:
The Company commenced its manufacturing operations in 1962.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
- (4) Financial performance based on given indicators:
The financial performance of the Company in last three years is as under:

A. Standalone financials

Amount (Rs. in Million)

| Financial Parameters | Year Ended as on | | |
|---|-------------------|-------------------|-------------------|
| | December 31, 2009 | December 31, 2010 | December 31, 2011 |
| Sales | 45,359.09 | 52,667.09 | 74,949.44 |
| Profit before exceptional items and tax | 10,619.17 | 13,106.60 | 7,236.15 |
| Net Profit/ (Net Loss) | 5,719.84 | 11,487.26 | (30,520.49) |
| Dividend % | – | 40% | – |

B. Consolidated financials

Amount (Rs. in Million)

| Financial Parameters | Year Ended as on | | |
|---|-------------------|-------------------|-------------------|
| | December 31, 2009 | December 31, 2010 | December 31, 2011 |
| Sales | 73,441.32 | 85,506.73 | 99,768.93 |
| Profit before exceptional items and tax | 10,097.62 | 18,259.56 | 10,480.04 |
| Net Profit/ (Net Loss) | 2,964.92 | 14,967.51 | (28,997.29) |
| Dividend % | – | 40% | – |

- (5) Export performance and net foreign exchange collaborations: The details of earnings of the Company in foreign currency are as under:

Amount (Rs. in Million)

| Particulars | Year Ended as on | | |
|--|-------------------|-------------------|-------------------|
| | December 31, 2009 | December 31, 2010 | December 31, 2011 |
| F.O.B value of exports (excluding Nepal) | 27,728.90 | 33,603.18 | 54,114.79 |
| Royalty/Technical consultancy fees | 265.90 | 790.14 | 613.16 |
| Dividend | 9.54 | 13.06 | 11.83 |
| Others [freight, insurance etc.] | 3,360.17 | 3,460.05 | 1,075.38 |

- (6) Foreign investments or collaborators: The details of the direct overseas subsidiaries of the Company as on December 31, 2011 are as under:

| S. No. | Name of the Entity | Description of Investment | Number of Shares/Securities & Shareholding | Amount (Rs. in Million) |
|--------|---|--|--|-------------------------|
| 1 | Ranbaxy (Netherlands) B.V., The Netherlands | Ordinary Shares of Face Value EUR 100 each | 3,939,716 | 28,947.75 |
| 2 | Ranbaxy (Hong Kong) Ltd., Hong Kong | Equity Shares of Face Value HK \$ 1 each | 2,400,000 | 9.84 |
| 3 | Ranbaxy Pharmacie Generiques SAS, France | Equity Shares of Face Value EUR 9 each | 800,000 | 3400.02 |
| 4 | Ranbaxy (Malaysia) Sdn. Bhd., Malaysia | Ordinary Shares of Face Value RM 1 each | 3,189,248 | 36.56 |
| 5 | Ranbaxy (Nigeria) Ltd., Nigeria | Ordinary Shares of Face Value Naira 1 each | 13,070,648 | 7.40 |
| 6 | Ranbaxy Unichem Company Ltd., Thailand | Ordinary Shares of Face Value Bahts 100 each | 206,670 | 21.20 |

Besides the above, the Company also has a total of 33 overseas step-down subsidiary companies. The names and other financial details about these subsidiaries have been disclosed in Schedules to the Balance Sheet forming part of the Annual Report of the Company.

II. Information about the appointee:

- (1) Background details

Mr. Arun Sawhney, aged about 56 years, is an alumnus of International Management Institute (IMI), Delhi and a graduate in Commerce from Sydenham College of Commerce, Mumbai University.

Mr. Sawhney joined Ranbaxy in May 2008 and was elevated to the position of President-Global Pharmaceutical Business

in January 2010. He was appointed as Managing Director of the Company effective August 20, 2010, for a period of three years and re-designated as CEO & Managing Director effective August 5, 2011.

The Board of Directors of the Company in its meeting held on February 23, 2012 has re-appointed Mr. Arun Sawhney as CEO & Managing Director of the Company for a period of five years effective January 1, 2012, on the terms as set out in the Resolution, subject to requisite approvals.

Prior to joining Ranbaxy, Mr. Sawhney was the President of API Business at Dr. Reddy's Laboratories Limited. He had worked with Ranbaxy earlier also. He has over three decades of experience and has held senior functional and management positions in several global pharmaceutical companies like Bayer India Limited, Hindustan Ciba-Geigy and Max-Gb. Mr. Sawhney is one of the founder members of the Pharmaceuticals Export Promotion Council (Pharmexcil) and is currently a member of Advisory Board of US Pharmacopeial Convention (USP) in India.

(2) Past Remuneration

Total remuneration of Rs. 54.78 million was paid to Mr. Arun Sawhney during previous year ended on December 31, 2011. The terms of appointment of Mr. Arun Sawhney was approved by the shareholders of the Company at the AGM held on May 9, 2011. However, on account of provision made by the Company for settlement with DOJ and sharp depreciation of rupee (as elaborated under the head "Reasons for losses/inadequate profits" in this Statement), the Company incurred losses for the year, which were not determinable on the date of the approval of the shareholders. In view of this, remuneration paid to Mr. Arun Sawhney exceeded the limits as prescribed under the provisions of the Companies Act, 1956 ("Act").

(3) Recognition or awards

Mr. Arun Sawhney is one of the founder members of the Pharmaceuticals Export Promotion Council (Pharmexcil) set up by the Ministry of Commerce & Industry, Government of India and is currently a member of the Advisory Board of US Pharmacopeial Convention in India. He is also the Chairman of the Pharmaceutical Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI) and a Member of the India-Malaysia CEO Forum.

(4) Job profile and suitability

Ranbaxy serves its customers in over 125 countries and has an expanding international portfolio of affiliates, joint ventures and alliances, ground operations in 43 countries and manufacturing operations in 7 countries. Mr. Arun Sawhney, as CEO & Managing Director, is responsible for spearheading the Company's global operations, overseeing and managing growth (both organic and inorganic) and in synergizing complex operations, providing leadership at the helm of a global organization with more than 14,000 people from 51 divergent nationalities and cultures.

Under the leadership of Mr. Arun Sawhney:

- a) Ranbaxy became the first pharmaceutical company of Indian origin to have surpassed sales of \$2 Bn.
- b) In the United States of America, Ranbaxy successfully launched Atorvastatin with 180 days exclusivity (Generic Lipitor®; Innovator: Pfizer) on November 30, 2011. The Company also capitalized on Caduet® as an authorized generic, (a fixed dose combination of Atorvastatin + Amlodipine). Lipitor is the largest drug in the world with U.S. sales of \$7.9 Bn (IMS 2010) while market size of Caduet in the U.S. is \$339 Mn.
- c) During the year, the Company resolved its legacy issues with United States Food and Drug Administration ("USFDA") and signed a Consent Decree with FDA in which the Company committed to further strengthen its procedures and policies to ensure data integrity and to comply with current good manufacturing practices. The said Consent Decree has since been approved by the United States District Court of Maryland. This is a positive development for the Company as it will provide greater clarity around the outlook for the business in the U.S.
- d) Ranbaxy is the first Company to launch generic Atorvastatin in Australia, Italy, Germany, Netherlands & Sweden.
- e) During the year, 42 inspections of the Company's API and Dosage Form (DF) facilities in various locations across the world, including India were conducted by 18 different regulatory inspection agencies, from across the globe including the USFDA, World Health Organization, European Union, Korea, Malaysia etc. Amongst these, Mohali SEZ, the Company's new Dosage Form facility in India received approvals from USFDA, WHO Geneva, ANVISA Brazil and TGA Australia. This reflects the success of systematic corrective steps taken by the Company to upgrade and enhance the quality of its business and manufacturing processes.
- f) The Company has made considerable progress on the R&D front, making 230 Abbreviated New Drug Applications (ANDAs) filings during the year across different global markets and received 151 approvals.
- g) The Company has the highest number of brands in Top-30 of the Indian Pharmaceutical market. The Company's Over-the Counter (OTC) business division currently ranks No. 1 in Indian market. This division of the Company was recognized as the OTC Company of The Year at the 4th Annual Pharmaceutical Summit 2011. 'Revital' has been adjudged as the 6th largest brand in the Indian Pharmaceutical Market and has been awarded several awards. The Company's other OTC brands such as Volini, Revital Woman too have won awards in their respective categories while the other brands viz. Pepfiz, Chericof, Garlic Pearls, Revital Senior, Revitalite and Pepflux have also carved a niche for themselves in the respective markets.

(5) Remuneration proposed

This clause is not applicable as far as Item No. 6 is concerned. However, in respect to Item No. 7, the terms of the remuneration proposed to be paid to Mr. Arun Sawhney have been specified in the Resolution.

(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person

The Company has operations spanning over 125 countries and has an expanding international portfolio of affiliates, joint ventures and alliances, ground operations in 43 countries and manufacturing operations in 7 countries. The remuneration proposed to be paid to Mr. Arun Sawhney is in line with remuneration of CEOs & Managing Directors of other companies, keeping in view his job profile, the size, global operations and complexity of the business of the Company.

- (7) Pecuniary Relationship directly or indirectly with the Company or relationship with the managerial personnel, if any:
Mr. Arun Sawhney is not related to any other Director as well as Managerial Personnel of the Company. He does not have any pecuniary relationship directly or indirectly with the Company or its managerial personnel, other than drawing his remuneration in the capacity as CEO & Managing Director of the Company.

III. Other Information:

- (1) Reasons for loss or inadequate profits:

The Company had earned an operating profit of Rs. 7,236 million on a stand-alone basis and Rs.10,480 million on a consolidated basis for the year ended December 31, 2011. In fact the Company became the first Pharma Company of Indian origin to have surpassed sales of \$2 Bn. However, the Company incurred losses due to the following two exceptional items:

- a) During the year, the Company resolved its legacy issues with the United States Food and Drug Administration (“USFDA”) by entering into a Consent Decree with USFDA and made a provision of Rs.26,480 million for settlement with the U.S. Department of Justice, which the Company believes will be sufficient to resolve all potential civil and criminal liability.
- b) Due to sharp depreciation of rupee, marked to market foreign exchange charge of Rs. 16,584 million.

From the above explanation it is quite evident that the Company has operational profits but due to exceptional items beyond the control of the management, the Company has incurred losses for the year.

- (2) Steps taken or proposed to be taken for improvement:

- a) During the year, the Company resolved its legacy issues with USFDA and signed a Consent Decree with it. This is a positive development for the Company as it will provide greater clarity around the outlook for the business in the U.S.
- b) The Company received approval from the USFDA to manufacture and exclusive rights to sell Atorvastatin in U.S.A. for a period of 180 days. Atorvastatin is a cholesterol-reducing medicine, the generic equivalent of the brand Lipitor®, which generated total annual sales of \$7.9 billion in the United States. As per the IMS data, Ranbaxy had a market share of approx 41% of Lipitor sales in February 2012, compared to with Pfizer’s share of 37% and Watson’s 22%. Further the Company also had a market share of 42% (vs. Mylan’s 36%) in Caduet, which had a total market size of \$340 Mn.
- c) The Company received marketing approval for its novel combination of Arterolane & PQQ, for treatment of Malaria and would be launching the drug in early 2012. Arterolane was a novel NCE developed by Ranbaxy. This was the first ever NCE that received approval in and from India.
- d) Foreign exchange losses have been suffered because of weak rupee and foreign exchange volatility. The Company is hopeful for foreign exchange stability and strong rupee in future to improve the bottom-line.
- e) The Company continues to focus on sustaining growth in the emerging markets, cost optimization and efficient management of working capital. The Company and Daiichi Sankyo Company, Ltd. (DS), its holding Company, continue to pursue the Hybrid Business Model to leverage their mutual strengths. These include synergies in the area of marketing, collaborative projects in bulk drug manufacturing, supply chain efficiencies and joint procurement of raw materials to save costs besides other initiatives to further improve productivity. As a part of Ranbaxy-DS integration projects, Ranbaxy is promoting DS innovator products in various markets where Ranbaxy has strong presence.
- f) The Company intends to vigorously pursue two new areas of Biotech and Vaccines and is firmly committed to introduce biotech products and vaccines in the market.
- g) For its Indian operations, the Company is making concerted efforts in brand building and further strengthening its product portfolio and its Over-the Counter business. The Company is also planning to capitalize on growing opportunities in the rural areas and the hospital markets. During the year the Company also launched “Volini Activ”, a transparent Ayurvedic, yet modern Pain Relieving Gel, thus offering both Chemical and Ayurvedic options under the brand Volini to compete aggressively in the Topical Pain relievers’ category. The Division also launched “Volini Duo”, India’s first approved two-in- one pain killer, marking the Company’s entry in the Rs. 7000 Mn OTC Oral Analgesics category.

- (3) Expected increase in productivity and profits in measurable terms:

In addition to steps proposed to be taken for improvement as detailed hereinabove, the focus would be on improvement of manufacturing efficiencies, cost optimization, investment in human resource and global quality standards thereby achieving increase in productivity and maximization of profits.

IV. Disclosures

The requisite disclosures of remuneration package etc. have been made in the Report on Corporate Governance which forms part of the Annual Report.

By Order of the Board

Place: Gurgaon
Dated: March 27, 2012

Sushil K. Patawari
Company Secretary