



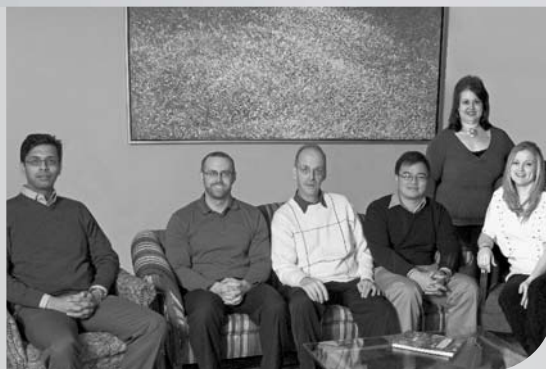
RANBAXY

Annual Report 2010



YEARS
OF EVOLUTION.

THE START OF A REVOLUTION.



This year, 'The Golden Jubilee' is the theme for the Annual Report.

It aptly reflects two distinct time zones – the past and the future.

Leveraging our glorious history of expansion, consolidation and resilience over the last 50 Years, Ranbaxy is now at the cusp of an exciting opportunity.

The future holds great promise with the realisation of the true potential of our unique Hybrid Business Model with Daiichi Sankyo.

The Best is yet to come...

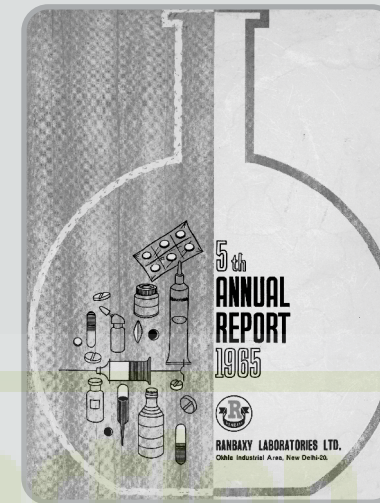
Down memory lane...



CONTENTS

Milestones on the Leadership Path.....	2
Chairman's Message	4
Managing Director's Message	8
Business & Operations	12
Research & Development.....	26
Global Quality	29
Global Human Resources	30
Corporate Social Responsibility and Environment, Health & Safety	32
Corporate Governance	36
Certificate from Managing Director and Director-Global Accounts.....	47
Board of Directors	48
Report of the Directors	49
Ten Years at a Glance.....	62
Auditors' Report.....	63
Financial Statements of Ranbaxy Standalone	66
Consolidated Indian GAAP	111

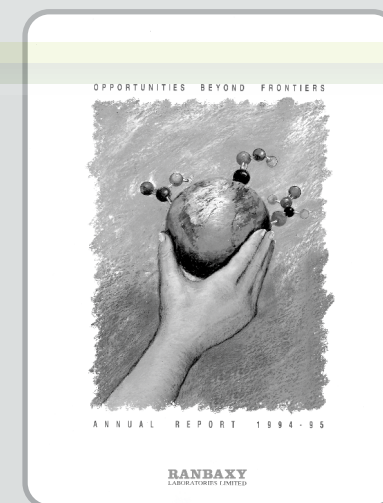
Annual Report 1965



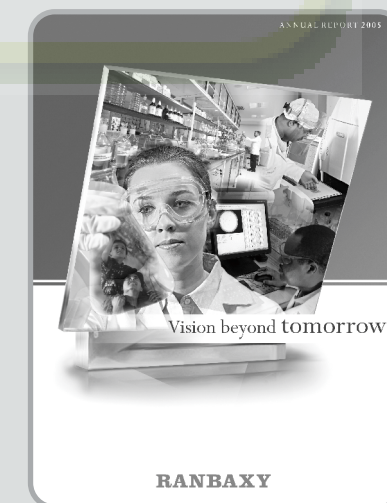
Annual Report 1975



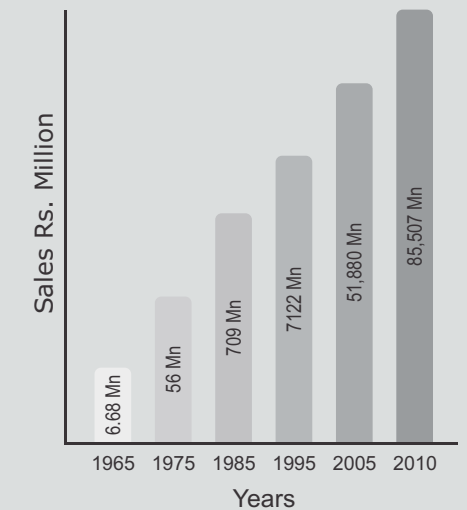
Annual Report 1985



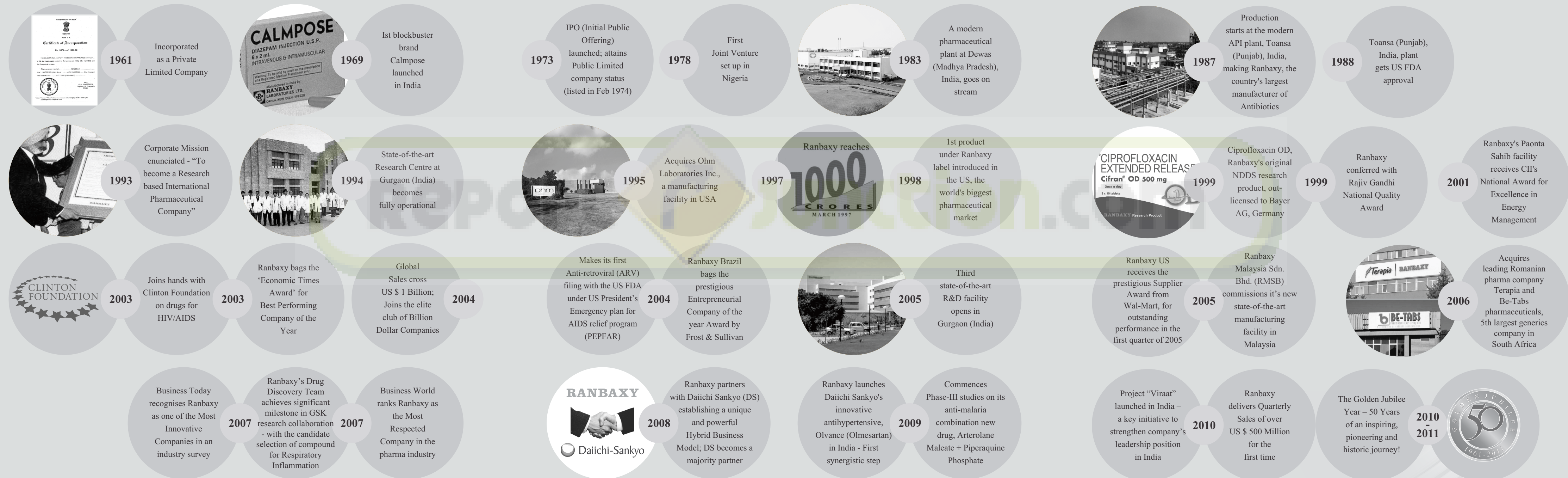
Annual Report 1995



Annual Report 2005



MILESTONES ON THE LEADERSHIP PATH





CHAIRMAN'S MESSAGE

Yesterday... Today... Tomorrow...

Dr. Tsutomu Une
Chairman

Dear Valued Shareholders,

The year 2010 is of special significance as your company entered its 50th year of incorporation. Please allow me to thank you for your wholehearted support in this fascinating journey.

The Golden Jubilee year is a time to celebrate our past successes, of which we have had many, in the last five decades of our existence. It is also the time to utilise our learnings and vast experience to firmly put behind us past challenges, and in doing so, enable the company to move forth with renewed vigour. With the shift in demographic and health factors around the world and with rapid consolidation of the pharmaceutical industry, this new decade will see innovative thinking in the way healthcare solutions are brought within easy reach of millions around the world.

Ranbaxy has a rich heritage and a glorious past. Your company has over the years achieved a significant presence in India and globally by leveraging its integrated model across many developed, developing and emerging nations. Indeed, it is a matter of great pride that the company is widely acknowledged as the proud flag bearer of the Indian pharmaceutical industry.

Ranbaxy has a rich heritage and a glorious past. Your company has over the years achieved a significant presence in India and globally by leveraging its integrated model across many developed, developing and emerging nations.



I would like to assure you that it will be our endeavour to build upon this glorious past and that Ranbaxy will continue to provide world-class, affordable medicines. In improving access to medicines, it will be recognised as a trusted healthcare partner, not only in India, but also around the world.

Ranbaxy together with Daiichi Sankyo is at the leading edge of a bold new initiative that is progressively changing the company from family owned to professional, in harmonisation with Daiichi Sankyo.

The year 2011 will be both a reflection and an inflection touchstone, a turning point that propels the company to its next level of orbit. While celebrating this historic and enriching journey, we also move forward with determination in our desire to explore new boundaries and new horizons for the company.

Many important and fundamental developments during the year have helped Ranbaxy to strengthen its operating fabric while securing its financial position.

The top priority for Ranbaxy remains to resolve the import ban and the Application Integrity Policy (AIP) in the US within the earliest possible time frame. We continue to cooperate with the authorities and have implemented significant changes and improvements



in our systems and processes that will stand us in good stead in the future.

The Hybrid Business Model that Ranbaxy is pursuing along with Daiichi Sankyo makes the company even stronger. I believe the opportunities to leverage strengths individually and collectively are multifaceted. They range from globalisation to extracting greater efficiencies throughout the pharmaceutical value chain; are focused beyond marketing and

encompass R&D, production, supply chain, information technology among others. The hybrid model seeks to go far beyond mere synergy and has the potential to transform the business with exponentially beneficial outcomes for both companies.

Ranbaxy and Daiichi Sankyo are now moving towards a culture of harmonisation that will become the bedrock of all future engagement. We have made a good start and Ranbaxy has already introduced



Board of Directors (left to right): Mr. Percy K. Shroff, Mr. Takashi Shoda, Mr. Arun Sawhney, Dr. Tsutomu Une, Mr. Rajesh V. Shah, Mr. Akihiro Watanabe, Dr. Anthony H. Wild

I am confident that with our around **14000** strong multicultural and multiethnic work force, we are ready to embrace the future.

Daiichi Sankyo's flagship innovator products in markets like India and Romania. Your company will be introducing more such products shortly in Mexico, South Africa and Singapore, where it has a strong presence.

Japan is another important market that is opening its doors to generic pharmaceuticals. To enable the efficient and increased penetration of 'Established Pharmaceuticals' in Japan, Daiichi Sankyo Espha will be the lead vehicle ably supported by the global expertise of Ranbaxy in generics.

Taking a strategic position for the future and leveraging natural affinities, Ranbaxy's New Drug Discovery Research (NDDR) was transferred to Daiichi Sankyo India Pharma Pvt. Ltd. This move sharpens Ranbaxy's focus on the R&D of generic pharmaceuticals, while keeping the innovative and competitive excellence.



The hybrid model seeks to go far beyond mere synergy and has the potential to transform the business with exponentially beneficial outcomes for both companies.

In the year gone by, we also made notable progress on our Anti-malaria molecule which is in advanced stages of development.

The dynamics of business are evolving rapidly and the opportunities and challenges of today may be entirely different from the ones in the near future, with change being the only constant. I feel the most important basis for this dynamic change is the individual. In order to deal with this change and stay ahead, we need people who uphold the values of honesty and integrity. Ranbaxy has a pool of such talented individuals. I am confident that with our around 14000 strong multicultural and multiethnic work force, we are ready to embrace the future.

We continued to make sincere efforts to promote good health, social development and better environment, through various company programs that contribute to sustainable, all round growth. The company is also committed to bringing high quality affordable medicines, including medicines for HIV Aids, to the underserved. It was a proud moment when the Access to Medicine (ATM) Foundation, a Netherlands-based non-profit organisation, ranked your company as the industry leader under the generics category for improving access to needed medicines.



Ranbaxy has a highly experienced Board and a strong operational team.

In line with the principles laid down in Ranbaxy's "Code of Corporate Governance", the Board has guided the operating management to take informed decisions and establish policies that are in the best interests of the company and its shareholders.

We strongly believe reputations are built on the foundation of ethics, transparency and trust and that is the underlying principle followed by the Ranbaxy Board. I would like to thank the Board of Ranbaxy for their continued advice.

With strong teamwork, Ranbaxy will overcome all challenges. My special appreciation and thanks to all our employees at Ranbaxy for their very best efforts.

We see the coming years as years of opportunity. I would like to assure you that we are poised favourably to take

the next big leap that will bring with it greater success.

I would like to thank all our valued shareholders for their enduring support. What we have achieved would certainly not have been possible without your unfailing trust.

Best Wishes,

Dr. Tsutomu Une
Chairman



MANAGING DIRECTOR'S MESSAGE

A Legacy of Modernity

Arun Sawhney
Managing Director

Dear Shareholders,

On 16th June 2011, Ranbaxy will complete 50 years of successful operations. It will be a proud moment for all of us. Starting as a small domestic company, Ranbaxy has today transformed itself into a truly global organisation offering products in over 125 nations.

This enriching journey is a tribute to the significant contribution made by the present and past generation of employees and the visionary leadership, the company has been always fortunate to have. In this long journey, your encouragement and support has inspired us to always give our best and we will continue our efforts to further enhance value every day.

Ranbaxy observed strong growth momentum during the year 2010, marked by a financial turnaround and robust operational performance in key geographies.

The company surpassed the guidance for the year recording consolidated sales of US \$ 1868 Mn (Rs. 85,507 Mn) in dollar terms. Earnings Before Interest Taxes Depreciation & Amortization (EBITDA) were US \$ 402 Mn (Rs. 18,389 Mn), compared to US \$122 Mn (Rs. 5,842 Mn) in 2009. Earnings Before Tax, Share in Loss of / Diminution in the value of Investments in Associates and Minority Interest were

Ranbaxy observed strong growth momentum during the year 2010, marked by a financial turnaround and robust operational performance in key geographies.



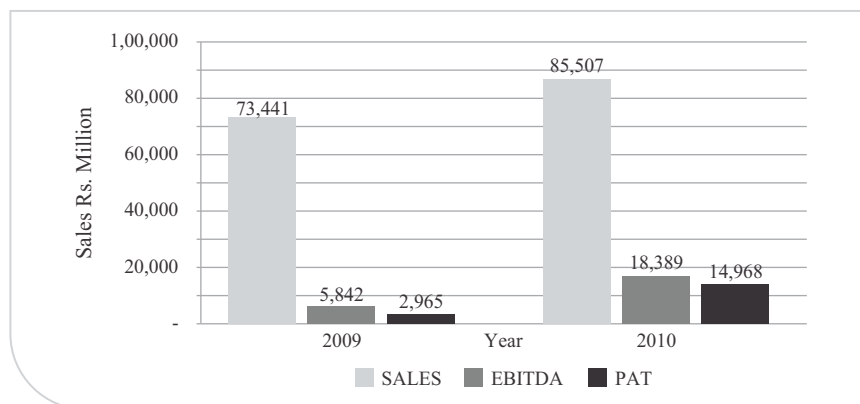
US \$ 507 Mn (Rs. 23,217 Mn) compared to US \$ 210 Mn (Rs. 10,098 Mn). At the Profit After Tax (PAT) level, the current year profit amounted to US \$ 327 Mn (Rs. 14,968 Mn) against US \$ 61 Mn (Rs. 2,965 Mn) for the previous year.

Emerging markets recorded sales of US \$ 927 Mn (Rs. 42,434 Mn), contributing 50% to global sales and developed markets recorded sales of US \$ 828 Mn (Rs. 37,889 Mn), contributing 44%.

We benefited from the launch of First-To-File (FTF) products, in USA, an improvement in working capital utilisation and forex gains.

US emerged as our top market, recording sales of US \$ 600 Mn on the back of successful launch of FTF products and improvement in base business. We launched Alzheimer's drug, Donepezil Hydrochloride 5 mg & 10 mg with 180 day market exclusivity. Other FTF products that were successfully monetised included Tamsulosin Hydrochloride, Oxycodone and Valacyclovir (launched in Q4, 2009).

The India business continued its healthy trend of growth as project "Viraat" took shape. This strategic initiative is directed at strengthening our domestic business. A detailed analysis of doctor prescriptions to



assess gaps in supply, careful evaluation of zonal geographies for coverage and focused therapy and customer research, preceded the implementation. The program is moving well and has resulted in the creation of incremental demand in high growth segments and targeted geographies.

Sales in Europe were a shade higher than last year backed by strong performance in Romania.

Other markets that clocked a notable performance include CIS, Africa, Latin America and Malaysia.

We are actively pursuing new growth areas including vaccines and bio-similars and have moved forward in this direction. The company entered the vaccines arena with the acquisition of product rights and a manufacturing facility from Biovel Life-sciences Private Limited. This provides a good platform to grow the vaccines and bio-therapeutics portfolio.

To harness the potential of our Hybrid Business Model, we rolled out synergies in many global markets. Partnerships have been announced for introduction of Daiichi Sankyo's flagship innovator products, Prasugrel (Prasita) in India and Levofloxacin (Tavanic) in Romania and South Africa. We will now see the true benefits of this model with exponential advantages that go beyond mere synergy.

In 2010, Daiichi Sankyo established a new entity Daiichi Sankyo Espha Co. Ltd. (DSEP) in Japan to market generic drugs. Ranbaxy will have the opportunity to develop, manufacture and supply products for marketing by DSEP in Japan, in the years to come. In order to further strengthen the collaboration between Ranbaxy and Daiichi Sankyo, a 'Global Hybrid Business Office' was set up with the objective of maximising synergies throughout the pharmaceutical value chain.