



Annual Report 2011

**Consolidate.
Strengthen.
Grow.**

RANBAXY
Trusted medicines. Healthier lives

Consolidate. Strengthen. Grow.

2011 has been a year of challenge and stellar achievements. In the face of adversity, Ranbaxy has shown resilience and capitalised on opportunities.

In November 2011, we received approval from the US Food & Drug Administration (FDA) to launch Atorvastatin in the US, the generic version of the world's largest selling cholesterol reducing drug. This is a giant leap towards bringing trusted, high quality, affordable medicines, within easy reach of all.

Ranbaxy also took the significant step forward in resolving pending matters with the US FDA. While restoring normalcy, this brings greater certainty and clarity to our business in the US.

Over the last three years, we have made significant investments in improving quality systems and processes in R&D and manufacturing operations.

Ranbaxy also crossed the landmark figure of US \$ 2 Bn, in sales, in 2011, becoming the first pharmaceutical company of Indian origin, to do so.

Yet another significant achievement in the year has been the approval in India for our new Anti-Malaria Drug. We are the first pharmaceutical company from India to have developed a New Drug. This places Ranbaxy in the illustrious league of innovator pharmaceutical companies, in service of mankind.

Ranbaxy is now ready to move with confidence into a new era of vigorous growth and expansion. The way forward will be to Consolidate, Strengthen and Grow business with a firm commitment to the defined mission of 'Enriching lives globally, with quality and affordable pharmaceuticals'.

contents

Chairman's Message.....	4	Social Responsibility and Environment, Health & Safety.....	42
CEO & Managing Director's Message	7	Corporate Governance.....	48
Global Pharmaceuticals Business Overview	14	CEO and CFO Certificate	59
Global Consumer Healthcare.....	24	Board of Directors	60
Global Hybrid Business.....	26	Report of the Directors	61
Therapy Focus.....	28	Ten Years at a Glance.....	76
Atorvastatin-Significant Global Launch	30	Auditors' Report.....	77
Manufacturing	32	Financial Statements of Ranbaxy Standalone	80
Research & Development	35	Consolidated Indian GAAP	125
Global Quality.....	38		
Global Human Resources	40		

mission

Enriching lives
globally, with quality
and affordable
pharmaceuticals

values

- Achieving customer satisfaction is fundamental to our business.
- Provide products and services of the highest quality.
- Practice dignity and equity in relationships and provide opportunities for our people to realise their full potential.
- Ensure profitable growth and enhance wealth of the shareholders.
- Foster mutually beneficial relations with all our business partners.
- Manage our operations with high concern for safety and environment.
- Be a responsible corporate citizen.



at a glance

Over a period of five decades, Ranbaxy has transformed itself from a small pharmaceutical company from India to a **multinational** corporation that has **presence in 43 countries** and world-class **manufacturing facilities in 8 countries**. We cover **23** of the Top 25 pharma markets of the world providing a wide range of **quality, affordable medicines to customers in over 125 countries**. Our **multicultural** workforce comprising more than **14,000 people** from over **50 nationalities** gives us the strength to make quality healthcare accessible to all, contributing towards a healthier, happier world.

key performance highlights

\$2 Bn

SALES turnover achieved.
First pharmaceutical company of
Indian origin to cross this landmark.

42

INSPECTIONS across 18 manufacturing facilities
by 18 International Regulatory Agencies.

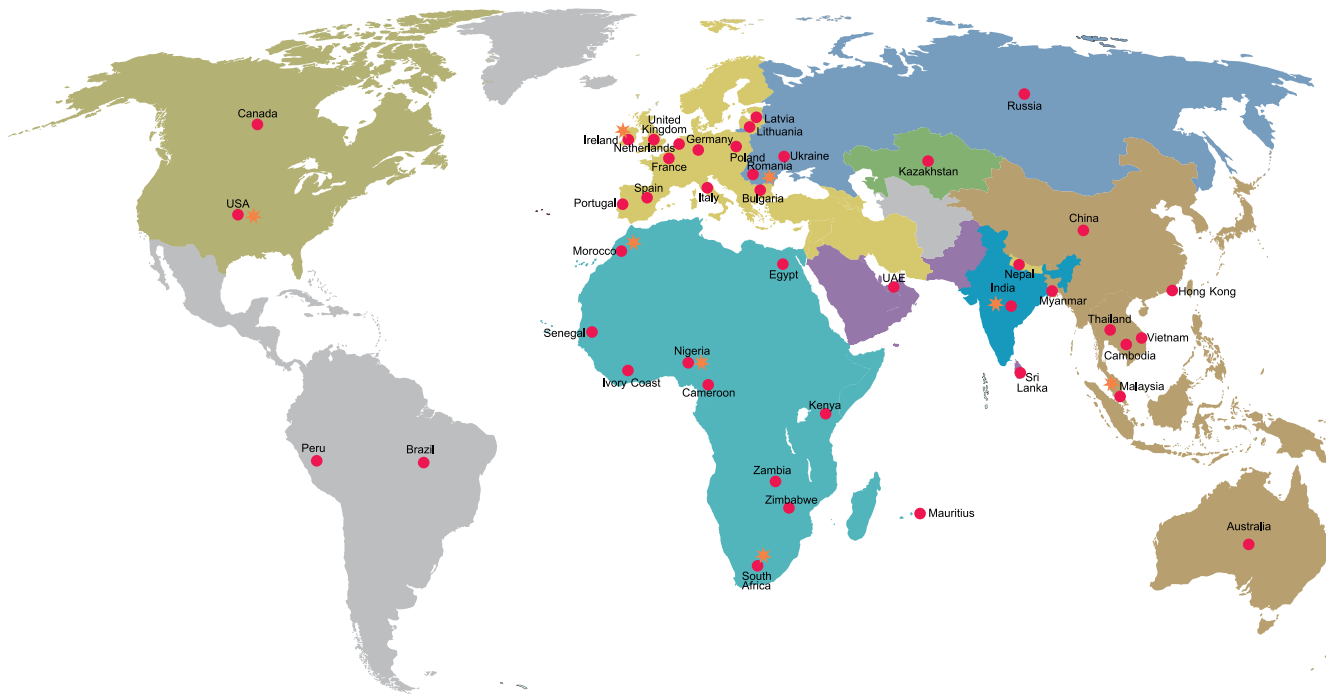
47%

EMERGING MARKETS contribution
to global sales.

151

ABBREVIATED NEW DRUG APPLICATIONS
(ANDAs) approved across different global markets.

global footprint



- Ground Presence in **43** countries
- ★ Manufacturing Facilities in **8** countries

Research

SYNRIAM™, a breakthrough molecule developed by Ranbaxy to treat Malaria. Ranbaxy is the first pharmaceutical company from India to successfully develop a New Drug.

Regulatory

REGULATORY issues resolved in the US opening up several growth possibilities for the company in the region.

Launch

ATORVASTATIN, a generic version of the world's largest drug, launched by Ranbaxy in the US, helping millions of Americans manage healthy cholesterol levels.

Hybrid Business Model

SYNERGIES forged in more than 15 geographies so far across the pharmaceutical value chain.

Chairman's Message

Challenges are opportunities.

Dear Valued Shareholders,

The year 2011 was momentous for Ranbaxy as we crossed many significant milestones and surpassed challenges, emerging as a much stronger company.

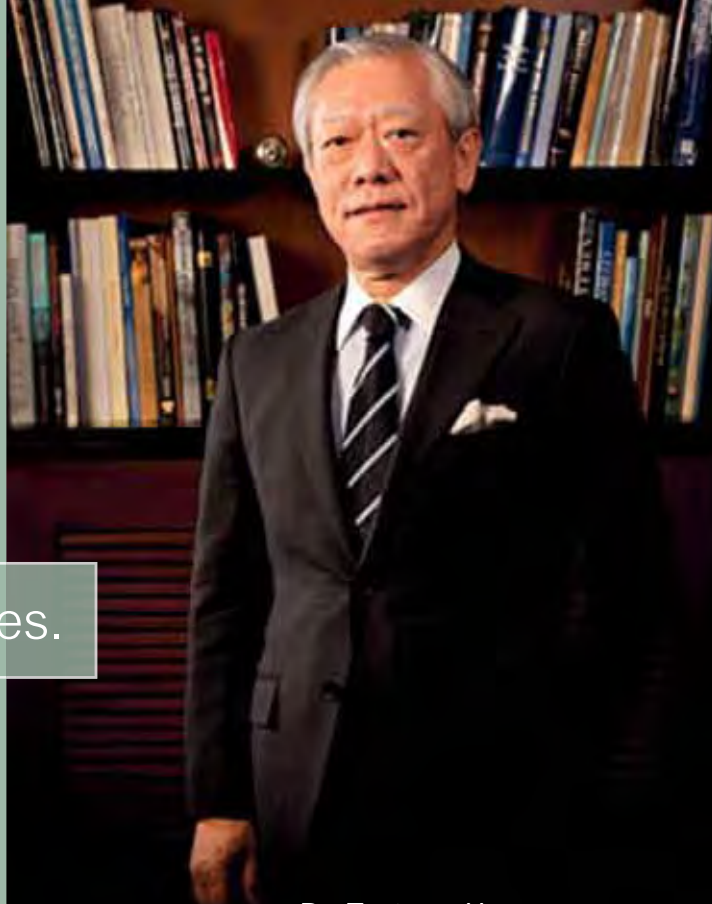
I mentioned last year that our topmost priority was to resolve the Regulatory issues in the US. In 2011, Ranbaxy was able to put these behind by committing to the Consent Decree. It is our remediation program to further strengthen procedures and policies. We will continue to cooperate with the US FDA to re-establish the public trust in the company.

Over the last three years since the Application Integrity Policy (AIP) was invoked, we have implemented significant changes and improvements in our systems and processes to comply with good manufacturing practices.

Quality is key in all processes and is the determining factor that kindles the belief patients have in our medicines and ultimately our business. Ranbaxy's new Management Team and Daiichi Sankyo are committed to the utmost levels of professionalism and integrity. We will ensure that all Ranbaxy facilities continue to meet the high standards that are expected from a global pharmaceutical company.

During the year, we made significant progress with global sales of over US \$ 2 Bn, becoming the first pharmaceutical company of Indian origin to cross this landmark.

I always refer to Ranbaxy as an Indian diamond. It is truly global in stature and indisputably one of the first multinationals to emerge from India with an aim to make



Dr. Tsutomu Une
Chairman

With a new Mission, “Enriching lives globally, with quality and affordable pharmaceuticals”, your company is ready for its next big leap. I can see the new vigour, enthusiasm and passion in all of us and feel that Ranbaxy is poised for growth.

high quality medicines accessible and affordable to people around the world. The last 50 years have been remarkable for the company. Now we embark on a new chapter and 2011 sets the perfect stage to lay the foundation of a new Ranbaxy.

I believe there cannot be anything more satisfying for a company than

successfully developed a New Drug. All efforts will be made to make this new molecule accessible to the world.

We launched a generic version of the world's largest drug, Atorvastatin, in the US, helping millions of Americans manage healthy cholesterol levels. It is an effective, affordable and accessible alternative to the branded Lipitor®.

areas that lack basic healthcare. These objectives are aligned with the UN Millennium Development Goals.

Strengthening our corporate governance standards, we introduced a Whistle Blower Policy - an extension of Ranbaxy's existing 'Code of Conduct' that aims to promote self-governance at all levels. In order to reinforce



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

making a contribution to the cause of humanity. For Ranbaxy, that moment came alive in 2011, with the approval of its first New Drug (New Chemical Entity for the treatment of Malaria). We are all very proud that Ranbaxy has become the first pharmaceutical company from India to successfully develop a New Drug. This has been truly an extraordinary accomplishment and I applaud all the scientists who have worked incessantly over 8 years and with great diligence to make this a reality.

I am also very happy that this places India in the League of Nations to have

The resolution with the US authorities frees us considerably, allowing us to concentrate on achieving the full potential of our Hybrid Business Model, that showed progress during the year. Our synergies now extend beyond business to social initiatives. To improve access to medical services, Ranbaxy and Daiichi Sankyo have started mobile healthcare clinics in India. The aim is to reduce child mortality and improve maternal health. These mobile healthcare clinics will provide greater access to medical and primary healthcare and save many lives in

compliance to the Global Quality Policy and Pharmacovigilance requirements of the company, the 'Code of Conduct' has been augmented. These efforts will go a long way in promoting the company's culture of ethical conduct, integrity and transparency.

The milestones achieved by us, in the last year, have set in motion, a pace for future progress. A huge credit for this goes to all employees. I would like to thank all of them and specially the Board of Directors for their continued advice and support. All this is a result of our mutual trust, shared knowledge

and team spirit. We will endeavour to build upon these strengths and create stronger teamwork across functions and beyond borders to exceed stakeholder expectations.

In the last few years, Ranbaxy has transformed into a company that is more professional with a strong orientation on quality and processes. We are progressing towards a new culture that is open and transparent, driven by harmony, trust and integrity. Trust is very important as it lends credence to the company as a whole.

With a new Mission, "Enriching lives globally, with quality and affordable pharmaceuticals", your company is ready for its next big leap. I can see the new vigour, enthusiasm and passion in all of us and feel that Ranbaxy is poised for growth.

I thank all of you for the trust you have placed in the company. We have embarked on a new journey and I feel confident that under the able leadership of Mr. Arun Sawhney, CEO & Managing Director, Ranbaxy will consolidate its position further, as a global pharmaceutical company focusing on patients, science and integrity.

Sincerely,



Dr. Tsutomu Une
Chairman



Ranbaxy's Global Headquarter, Gurgaon, India

CEO & Managing Director's Message

Together towards higher ground.

Dear Shareholders,

Ranbaxy completed 50 inspiring and glorious years in 2011 and we proudly celebrated this occasion across the company. The company has over the years built a strong foundation that gives us the strength to overcome challenges and conviction to convert possibilities into realities.

Reporting strong overall business performance across major geographies, Ranbaxy in 2011 crossed global sales of US \$ 2 Bn. We are the first pharmaceutical company of Indian origin to achieve this milestone. We achieved better operating margins and realised greater efficiencies from our operations. Our Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) were at 18% of sales at US \$ 381 Mn (Rs.18,299 Mn).

We recorded growth in most geographies including North America, India, Africa, Asia Pacific and CIS. The markets of Eastern Europe, specifically Romania, Poland and Czech also exhibited strong performances.

Emerging markets contributed sales of US \$ 1,003 Mn while developed markets aided by First-To-File exclusivities contributed US \$ 966 Mn for the year.

CLOSURE ON REGULATORY ISSUES IN USA

At the beginning of the year we had stated that it was vital for us to resolve our regulatory issues in the US and I am happy to report that we have settled these matters. A Consent Decree has been signed with the



Arun Sawhney

CEO & Managing Director

Ranbaxy has a new face and has emerged strongly over the last few years. We have put behind us our regulatory problems, strengthened our processes, restructured our business operations, re-evaluated our marketing strategy and are working towards improving manufacturing efficiencies and costs.

US Food & Drug Administration (FDA) and we have made a provision of US \$ 500 Mn for eventual penalties that the Department of Justice (DOJ) may levy. A closure on these aspects brings in greater predictability for our US business, one of our largest markets.

Since 2009, we have taken systematic corrective steps to upgrade and enhance the quality of our business and manufacturing processes and I am pleased with the progress that we have made. As one of the premier global generic pharmaceutical companies, all our efforts are focused on continuing to provide safe, effective and affordable products to consumers around the world.



Encapsulation of Revital at the Ranbaxy Plant, Paonta Sahib, India

LANDMARK ACHIEVEMENTS

We successfully launched Atorvastatin, generic Lipitor® in the US. It was the world's most prescribed cholesterol lowering drug with global sales of US \$ 12 Bn. US alone contributed over 60% of the sales. Post our launch, in the US, we captured a market share of over 40% overtaking both, Pfizer (Innovator) and Watson (Authorised Generic).

It also gives me great pleasure to inform you that following years of hard work, Ranbaxy's talented scientists have developed a breakthrough molecule (New Chemical Entity) to treat Malaria. This is India's first successful New Drug development. We have received permission from the Indian Drug Regulator, Drug Controller General of India (DCGI) in 2011, to manufacture and market this drug in India. We all are proud