

Ranbaxy Laboratories

STOCK INFO.	BLOOMBERG
BSE Sensex: 10,353	RBXY IN
	REUTERS CODE
S&P CNX: 3,023	RANB.BO

20 July 2006

Buy

Previous Recommendation: Buy

Rs350

Equity Shares (m)	371.1
52-Week Range (Rs)	559/317
1,6,12 Rel. Perf. (%)	-12/-17/-74
M.Cap. (Rs b)	129.8
M.Cap. (US\$ b)	2.8

YEAR	NET SALES	PAT	EPS	EPS	P/E	P/BV	ROE	ROCE	EV/	EV/
END	(RS M)	(RS M)	(RS)	GROWTH (%)	(X)	(X)	(%)	(%)	SALES	EBITDA
12/05A	52,770	2,164	5.8	-70.3	60.2	5.3	8.9	5.1	2.8	47.4
12/06E	60,489	4,985	12.5	114.7	28.0	4.8	18.5	14.4	2.4	14.9
12/07E	71,604	6,762	16.9	35.7	20.7	4.3	22.3	16.0	2.0	12.5

Ranbaxy's 2QCY06 performance was better than expectations, as the company was able to maintain its PAT on YoY basis. Key highlights:

- Net sales increased by 7% to Rs14.56b while PAT grew by 20% to Rs1.21b. However this includes upsides from Simvastatin 80mg and consolidation for Terapia acquisition, while our estimates excluded them. Amongst key markets, US recorded 8% sales growth to US\$89m led by a 300bp increase in Ranbaxy's overall market share. BRICS geography recorded 11% growth to US\$112m. Terapia sales recorded 44% increase but company has not quantified Terapia contribution. Europe recorded 17% de-growth to US\$46m mainly due to price erosions.
- EBITDA margins for the quarter improved by 570bp to 18.2% led by cost savings, contribution from Simvastatin 80mg and consolidation of Terapia.
- The company maintained its guidance of 18%+ revenue growth and 16%+ EBITDA margins for CY06E based on significant cost savings in CY06E, as already visible in 1HCY06 with 20% savings in R&D and 4% decline in SG&A.

We expect a gradual improvement in Ranbaxy's core performance (excluding FTF opportunities) beginning CY06E. Higher number of patent expiry coupled with incremental contribution from statins should result in a better performance in the US. The recent acquisition of Terapia will contribute partly in CY06E with full benefits of the acquisition visible in CY07E. Ranbaxy is currently valued at 20.7x CY07E earnings and 2x CY07E EV/Sales. Maintain **Buy**.

QUARTERLY PERFORMANCE

(Rs Million)

Y/E DECEMBER	CY 05				CY 06				CY 05	CY 06E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Income	11,835	13,619	13,470	14,291	12,981	14,562	16,282	16,723	53,131	60,489
YoY Change (%)	-12.1	4.8	-1.1	-0.3	9.7	6.9	20.9	17.0	-2.1	13.8
EBITDA	1,275	1,699	312	654	1,482	2,648	2,361	3,142	3,426	9,574
Margins (%)	10.8	12.5	2.3	4.6	11.4	18.2	14.5	18.8	6.4	15.8
Depreciation	326	374	355	447	427	457	456	484	1,444	1,824
Interest	138	170	159	195	257	277	271	279	671	1,084
Other Income	31	108	48	22	55	-355	85	80	300	-379
PBT before EO Expense	842	1,263	-154	34	853	1,559	1,416	2,459	1,611	6,287
Extra-Ord Expense	0	0	0	-285	0	0	0	0	-333	0
PBT after EO Expense	842	1,263	-154	319	853	1,559	1,416	2,459	1,944	6,287
Tax	131	247	-341	-377	135	336	283	503	-698	1,257
Deferred Tax	0	0	0	0	0	0	0	0	0	0
Rate (%)	15.6	19.6	221.4	-118.2	15.8	21.6	20.0	20.5	-35.9	20.0
Reported PAT	711	1,016	187	696	718	1,223	1,133	1,956	2,642	5,029
Minority Interest	3	3	3	10	4	12	11	17	25	45
Adj PAT after Minority Int.	708	1,013	184	299	714	1,211	1,122	1,938	2,164	4,985
YoY Change (%)	-62.9	-48.3	-90.8	-80.9	0.8	19.5	509.7	548.9	-70.3	130.3
Margins (%)	6.0	7.4	1.4	2.1	5.5	8.3	6.9	11.6	4.1	8.2

E: MOST Estimates; * Above estimates do not include upsides from FTF products; full year results do not match with annual report

Asia Pacific & US businesses drive revenue growth

Amongst key markets, US recorded 8% sales growth to US\$89m led by a 300bp increase in Ranbaxy’s overall market share. BRICS geography recorded 11% growth to US\$112m. Terapia sales recorded 44% increase but actual revenue contribution was not very high (23 days impact). Company has not quantified Terapia contribution. Europe recorded 17% de-growth to \$46m mainly due to price erosions. India operations registered only 4% growth to US\$72m due to the higher base effect of 2QCY05 (due to VAT impact). Revenues in Latin America recorded an 11% de-growth mainly because of the Brazilian operations where sales were impacted due to the re-registering requirements.

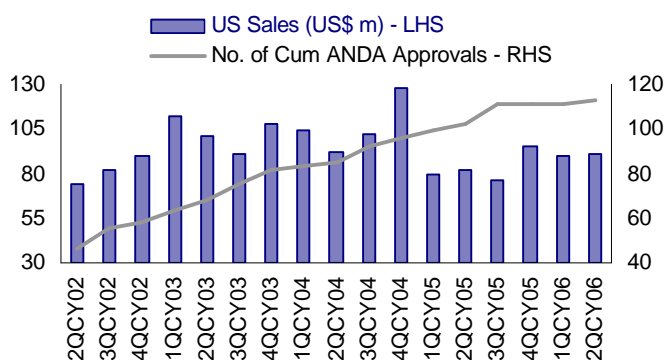
TREND IN MARKET MIX (US\$ M)

SALES BREAK UP	2QCY06	2QCY05	% CHG.	1QCY06	% CHG.
Dosage Forms	284	265	7.2	256	10.9
India	72	69	4.3	58	24.1
Europe, CIS and Africa	88	85	3.5	82	7.3
Asia Pacific&Latin America	33	29	13.8	27	22.2
USA	91	82	11.0	89	2.2
APIs	32	33	(3.0)	31	3.2
Allied Businesses	0	9	-100.0	0	-
Net Sales	316	307	2.9	287	10.1

Source: Company/Motilal Oswal Securities

US business recorded 8% sales growth to US\$89m led by a 300bp increase in Ranbaxy’s overall market share to 15.2%. This is the second quarter of positive growth in Ranbaxy’s US sales after four consecutive quarters of YoY decline despite intensely competitive environment. However, it should be noted that this is partly due to the sales of Simvastatin 80mg (under 180-day exclusivity) which was launched on 23 June 2006.

RANBAXY’S US SALES – FIRST SIGNS OF REVIVAL



Source: Company/ Motilal Oswal Securities

Cost cutting results in significant improvement in EBITDA margins

EBITDA margins for the quarter improved by 570bp to 18.2% led by savings in R&D costs (down 27%) and 7% decline in SG&A expenses. Simvastatin 180-day exclusivity (launched on 23-Jun-06) and consolidation of Terapia (23 days of sales) also had a positive impact on EBITDA margins. Ranbaxy is targeting 20+ ANDA filings for CY06E, of which it has filed only 2 in 1HCY06. Hence, we expect most of the filings to come through in 2HCY06 implying that R&D cost savings may not be very high for the remaining two quarters. However, the full impact of Simvastatin 80mg sales and consolidation of Terapia should positively impact EBITDA margins in 2HCY06.

Pricing pressure to intensify further in US - only new launches can drive growth

We expect the pricing pressure to intensify further as the 2nd and 3rd tier generic players enter the market. We believe that since these companies would be late entrants in the generic markets, they are likely to play the price game to gain market share. We believe that given the severe price erosion in USA, it will be difficult for companies like Ranbaxy to grow their existing portfolio (in fact it will witness a decline). This implies that only those companies which can introduce a large number of new products will be able to show positive growth in this market.

New product launches are a function of a company’s R&D capabilities (to develop the product) and obtaining timely US FDA approvals. Ranbaxy currently has about 59 ANDAs pending approval - the second largest pipeline in the industry. We believe that this will start reflecting positively on the company’s performance from CY06 onwards. Higher number of patent expires in CY06E and CY07E is also likely to aid launch of new products. Some of the larger opportunities include Simvastatin and Pravastatin with a combined market size of about \$6.0bn at innovator prices.

Ranbaxy has announced 4 acquisitions recently

Ranbaxy has made 4 acquisitions in CY06 – all targeted towards strengthening its European operations. It has acquired Terapia (in Romania for US\$324m), Allen S.p.A (GSK's generic unit in Italy) Ethimed (in Belgium) and Mundogen (GSK's generic unit in Spain). We believe that the total consideration for these acquisitions to be about US\$350m. These inorganic initiatives are likely to add Rs2.9b and Rs6.3b to Ranbaxy's revenues and Rs1.5 and Rs3.3 to the EPS for CY06E and CY07E respectively.

We expect the Terapia acquisition to add about Rs1.3 and Rs3 per share to Ranbaxy's earnings for CY06E and CY07E respectively. We believe that the Allen, Ethimed and Mundogen acquisitions will be minuscule contributors to the company's bottom-line, given their small size. The table below indicates the incremental benefit to Ranbaxy from these acquisitions:

UPSIDES FROM ACQUISITIONS (RS M)

	CY06E	CY07E
Ranbaxy Sales	56,701	64,593
Incremental sales from Terapia acqn.	2,136	4,913
Incremental sales from Allen (Italy) acqn.	260	434
Incremental sales from Ethimed acqn.	334	512
Incremental sales from Mundogen (Spain) acqn.	168	459
Total Sales	59,600	70,910
Growth (%)	16.9	19.0
Ranbaxy core EPS (Rs)	11.0	13.5
Incremental EPS from Terapia acqn.	1.3	3.0
Incremental EPS from Allen, Ethimed & Mumdogen	0.2	0.3
Total EPS (Rs)	12.5	16.9

Source: Motilal Oswal Securities

Looking at more acquisitions

Ranbaxy has stated (in past analyst meets) that it is targeting gross revenues of US\$2b by CY07E. Taking the above acquisitions in to effect, Ranbaxy's sales for CY07E are expected to be about US\$1.6b. Hence, we believe that the company is likely to target few more acquisitions (or one big acquisition) to reach the US\$2b target.

CY06E performance to improve

We expect Ranbaxy's CY06E performance to be better led mainly by:

- 1) More new product launches in regulated markets
- 2) Higher growth in Europe, LatAm and India
- 3) Cost control measures adopted by the company
- 4) The one-time costs of about US\$30-40m incurred in CY05 are unlikely to repeat in CY06E
- 5) Part-contribution from the recent acquisitions
- 6) One-time upsides from Pravastatin 80mg (FTF opportunity) – not included in our estimates

Maintains guidance for CY06E

The company maintained its guidance of revenue growth of 18%+ and EBITDA margins at 16%+ for CY06E. The company has included upsides from Simvastatin 80mg exclusivity. The key driver for sales growth would be new launches (which were very few in CY05E) and upsides from FTF opportunities.

Ranbaxy is revisiting all the costs heads with specific focus on COGS, R&D, SG&A, Taxation and Supply Chain. It expects significant cost savings in CY06E positively impacting EBITDA margins. The following table gives the expected savings in costs for CY06E:

CONTRIBUTORS TO EBITDA MARGIN	%
R&D (lower spend)	1.3
Cost saving initiative	0.7
Litigation (lower spend)	0.3
USA-Price erosion	-3.5
USA-New products	3.6
USA-Branded	1.0
RoW-New products/mix	1.5
COGS improvement	2.9
Incremental addition to EBITDA Margin (%)	7.8

Source: Company

It should be noted that this margin expansion will be achieved on a very low base (EBITDA margin of 7.5% for CY05) and includes upsides from high-margin FTF opportunities like Simvastatin 80mg exclusivity. Since, we have not included upsides from FTF opportunities, our estimates are lower than that guided by the company.

Exclusivity based products could result in significant upsides. Ranbaxy has about 11-12 FTF Para-IV filings (excluding Nexium) targeting a total innovator market size of about US\$14.5b. The following table indicates the status of Ranbaxy's patent challenges:

LIKELY LAUNCH YEAR	FTF PRODUCTS	MARKET SIZE (US \$M)
2006 – 07	7	2,287
2008 – 09	6	7,029
2010 – 11	3	3,934
2012 – 14	2	1,255
Total	18	14,505

Source: Company

While, the launch of these FTF products are uncertain and dependent on favourable outcome of court cases, some of these opportunities are likely to be commercialized. Due to the uncertainty attached with such patent challenges, we have not included the upsides from them in our estimates. We would also like to point out that these FTF opportunities are likely to be short-term in nature (lasting 180 days) and are unlikely to be sustained in the long-term. We view them more as a cash-inflow for the company rather than including such upsides in our core estimates.

SIMVASTATIN'S 80MG UPSIDE

	CY06E	CY06E
Innovator Sales (US\$m)	500	500
Exclusivity Period	23 Jun-20 Dec 2006	21 Dec-31 Dec 2006
Sales Period (months)	6	0.37
Price Discount (%)	60	90
Potential Market for Generics	100	1.53
No. of Players in Market	3	8
Ranbaxy Market Share (%)	60	20
Ranbaxy Sales (US\$m)	60	0.31
Ranbaxy Sales (Rs m)	2700	13.60
PAT Margin (%)	60	20
PAT (Rs m)	1,620.00	2.72
Incremental EPS (Rs)	4.06	0.01

Source: Motilal Oswal Securities

US FDA warning

Ranbaxy indicated that it is in the process of rectifying the deficiencies pointed out by the US FDA in their regarding

the Paonta Sahib (H.P.) facility. We believe that the approval for Pravastatin 80mg and some other products has been delayed due to these issues. This is likely to reduce the potential upside from Pravastatin despite the fact that Ranbaxy's exclusivity will remain intact.

Valuation & outlook

We believe that CY05 was the worst year for Ranbaxy in the past few years. It has witnessed various adverse developments like:

- 1) Loss of Lipitor patent challenge in the lower courts
- 2) Intensifying competition in the US resulting in significant drop in profitability
- 3) Higher R&D spend due to additional studies conducted for anti-AIDS drugs
- 4) Lack of any major new launches

We believe that the worst is over for Ranbaxy and expect a gradual improvement in performance beginning CY06E. Higher number of patent expires (leading to more new launches) coupled with incremental contribution from Statins should result in a better performance in the US. The recent acquisition of Terapia will contribute partly to the European operations with full benefits of the acquisition visible in CY07E. The company is targeting revenues of about US\$2b in CY07E. Our estimates indicate that Ranbaxy's current operations coupled with the acquisitions should grow to about US\$1.5-1.6b by CY07E. Hence, we expect the company to bridge the gap through another acquisition in the regulated generic markets.

We believe that Ranbaxy's current stock price discounts most of the negatives, but is not factoring-in the potential leverage arising out of a strong product pipeline and the incremental value which Ranbaxy could generate out of relevant acquisitions and potential hive-off of NCE/NDDS research. Although, valuations at 28x CY06E and 20.7x CY07E earnings are rich, we believe that the company is reasonably valued at EV/Sales of 2.4x CY06E and 2x CY07E.

Ranbaxy Laboratories: an investment profile

Company description

Ranbaxy is the largest pharma company and the ninth largest generic company in the world, with global revenues of over US\$1b. The company has established a direct presence across the world in key markets like US, UK, Germany, France and Brazil. Around 50% of its revenues come from the developed markets of the US and Europe.

Key investment arguments

- ✍ De-risked business model, with a wide-product basket and presence across different geographies
- ✍ Strong distribution presence in key global markets and fully-integrated operations make it well placed to ride the generics wave
- ✍ Successful scaling up of its branded portfolio and NCE/NDDS efforts will enable it to help sustain growth

Key investment risks

- ✍ Loss of the quinapril litigation against Pfizer could lead to heavy penalties
- ✍ Stiff competition from other Indian players and aggressive counter strategies by innovator companies would continue to throw up challenges
- ✍ Recent acquisitions, with longer pay-back period, would pose a challenge of integration with the parent

Recent developments

- ✍ Announced four acquisitions in Europe
- ✍ Launched Simvastatin 80mg in the US with 180-day exclusivity

Valuation and view

- ✍ Lack of near term catalysts, pressure on earnings to put pressure on valuations
- ✍ At valuations of 20.7x CY07E EPS and 2x CY07E EV/Sales, reward risk equation is favorable. Maintain Buy with target price of Rs565.

Sector view

- ✍ Regulated markets would remain the key sales and profit drivers in the medium term. Europe is expected to emerge as the next growth driver, particularly for companies with a direct marketing presence
- ✍ We are overweight on companies that are towards the end of the investment phase, with benefits expected to start coming in from the next fiscal

COMPARATIVE VALUATIONS

		RANBAXY	DRL	CIPLA
P/E (x)	FY07E	28.0	32.8	23.3
	FY08E	20.7	20.8	19.4
P/BV (x)	FY07E	4.8	4.0	5.1
	FY08E	4.3	3.5	4.2
EV/Sales (x)	FY07E	2.4	3.1	4.3
	FY08E	2.0	2.6	3.6
EV/EBITDA (x)	FY07E	14.9	27.6	17.4
	FY08E	12.5	18.9	14.3

SHAREHOLDING PATTERN (%)

	MAR.06	DEC.05	MAR.05
Promoters	34.9	35.8	35.0
Domestic Institutions	15.9	14.6	14.4
FII's/FDIs	28.7	29.1	33.0
Others	20.5	20.5	17.6

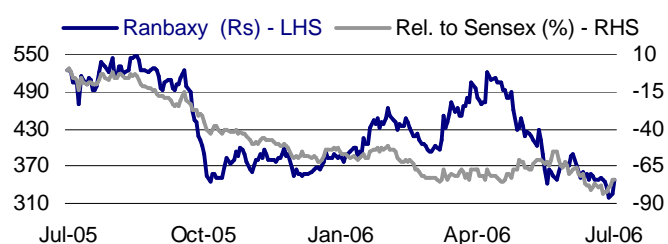
EPS: MOST FORECAST VS CONSENSUS (RS)

	MOST FORECAST	CONSENSUS FORECAST	VARIATION (%)
CY06	12.5	12.9	-2.9
CY07	16.9	17.3	-2.0

TARGET PRICE AND RECOMMENDATION

CURRENT PRICE (RS)	TARGET PRICE (RS)	UPSIDE (%)	RECO.
350	565	61.4	Buy

STOCK PERFORMANCE (1 YEAR)



INCOME STATEMENT					
(Rs Million)					
Y/E DECEMBER	2003	2004	2005	2006E	2007E
Net Sales	44,553	52,351	50,974	59,151	70,361
Change (%)	23.0	17.5	-2.6	16.0	19.0
Other Operating Income	3,447	1,870	1,796	1,338	1,243
Total Expenditure	37,404	44,407	49,659	50,915	60,198
EBITDA	10,596	9,814	3,111	9,574	11,407
Margin (%)	22.1	18.1	5.9	15.8	15.9
Depreciation	1,211	1,215	1,445	1,824	2,199
Int. and Forex loss	252	335	671	1,834	1,000
Other Income - Rec.	662	1,000	616	371	355
PBT & EO Expense	9,795	9,264	1,612	6,287	8,563
Change (%)	31.3	-5.4	-82.6	290.1	36.2
Extra Ordinary Expense	-352	372	-333	0	0
PBT after EO Exp.	10,147	8,892	1,945	6,287	8,563
Tax	2,538	1,881	-698	1,257	1,713
Tax Rate (%)	25.0	21.2	-35.9	20.0	20.0
Reported PAT	7,609	7,011	2,642	5,029	6,851
Minority Interest	15	26	26	45	89
Adj PAT after M inority	7,331	7,279	2,164	4,985	6,762
Change (%)	26.6	-0.7	-70.3	130.3	35.7
Margin (%)	16.5	13.9	4.2	8.4	9.6

BALANCE SHEET					
(Rs Million)					
Y/E DECEMBER	2003	2004	2005	2006E	2007E
Equity Share Capital	1,855	1,859	1,862	1,862	1,862
Fully Diluted Eq Cap	1,855	1,859	1,862	1,998	1,998
Reserves	19,617	23,140	22,503	25,040	28,509
Revaluation Reserves	110	107	105	105	105
Net Worth	21,582	25,106	24,470	27,007	30,477
Minority Interest	166	180	166	121	33
Loans	5,850	8,527	20,043	29,461	29,461
Deferred liabilities	943	1,072	-49	-49	-49
Capital Employed	28,541	34,885	44,629	56,540	59,922
Gross Block	16,533	23,132	29,920	33,170	34,670
Less: Accum. Deprn.	6,496	7,838	9,329	11,153	13,352
Net Fixed Assets	10,037	15,294	20,591	22,017	21,318
Capital WIP	1,005	2,876	5,595	1,000	750
Investments	168	184	172	172	172
Curr. Assets	31,239	34,921	33,279	54,520	61,561
Inventory	9,558	14,351	13,624	15,233	18,120
Account Receivables	7,511	11,357	11,404	12,755	15,188
Cash and Bank Balance	1,580	1,339	2,430	17,103	17,038
Others	12,590	7,874	5,821	9,428	11,215
Curr. Liability & Prov.	13,909	18,389	15,008	21,168	23,879
Account Payables	7,791	12,144	10,600	11,668	13,879
Provisions	6,118	6,245	4,408	9,500	10,000
Net Current Assets	17,330	16,532	18,271	33,352	37,681
Appl. of Funds	28,541	34,885	44,629	56,540	59,922

E: MOST Estimates

RATIOS					
Y/E DECEMBER	2003	2004	2005	2006E	2007E
Basic (Rs)					
EPS (Fully diluted)*	19.8	19.6	5.8	12.5	16.9
Cash EPS	23.0	22.8	9.7	17.0	22.4
BV/Share	57.9	67.2	65.4	72.2	81.5
DPS	8.5	8.5	8.5	5.9	8.0
Payout (%)	46.8	51.4	136.8	49.6	49.4
Valuation (x)					
P/E (Fully diluted)		17.9	60.2	28.0	20.7
PEG (x)		-25.3	-0.9	0.2	0.6
Cash P/E		15.3	36.1	20.5	15.6
P/BV		5.2	5.3	4.8	4.3
EV/Sales		2.5	2.8	2.4	2.0
EV/EBITDA		14.0	47.4	14.9	12.5
Dividend Yield (%)		2.4	2.4	1.7	2.3
Return Ratios (%)					
RoE	34.1	29.1	8.9	18.5	22.3
RoCE	35.2	27.5	5.1	14.4	16.0
Working Capital Ratios					
Asset Turnover (x)	1.6	1.5	1.1	1.0	1.2
Debtor (Days)	62	79	82	79	79
Inventory (Days)	78	100	98	94	94
Working Capital (Days)	129	106	113	100	107
Leverage Ratio (x)					
Current Ratio	2.2	1.9	2.2	2.6	2.6
Debt/Equity	0.3	0.3	0.8	1.1	1.0

CASH FLOW STATEMENT					
(Rs Million)					
Y/E DECEMBER	2003	2004	2005	2006E	2007E
Op. Profit/(Loss) before Tax	10,596	9,814	3,111	9,574	11,407
Interest/Dividends Recd.	662	1,000	616	371	355
Direct Taxes Paid	-2,436	-1,752	-423	-1,257	-1,713
(Inc)/Dec in WC	-4,675	558	-648	-408	-4,395
CF from Operations	4,147	9,620	2,656	8,280	5,654
EO Expense	-67	372	-333	0	0
CF from Oper. incl EO I	4,214	9,248	2,989	8,280	5,654
(Inc)/Dec in FA	-2,387	-8,342	-9,462	1,345	-1,250
(Pur)/Sale of Investments	202	-16	12	0	0
CF from Investments	-2,185	-8,358	-9,450	1,345	-1,250
Issue of Shares	0	116	336	0	0
(Inc)/Dec in Debt	1,871	2,691	11,501	9,374	-89
Interest Paid	-252	-335	-671	-1,834	-1,000
Dividend Paid	-3,561	-3,603	-3,614	-2,492	-3,381
CF from Fin. Activity	-1,942	-1,130	7,552	5,048	-4,470
Inc/Dec of Cash	86	-240	1,091	14,673	-65
Add: Beginning Balance	1,494	1,580	1,339	2,430	17,103
Closing Balance	1,580	1,339	2,430	17,103	17,038

N O T E S



For more copies or other information, contact

Institutional: Navin Agarwal. **Retail:** Manish Shah, Mihir Kothari

Phone: (91-22) 39825500 Fax: (91-22) 22885038. E-mail: inquire@motiloswal.com

Motilal Oswal Securities Ltd, 3rd Floor, Hoechst House, Nariman Point, Mumbai 400 021

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Motilal Oswal Securities Limited (*hereinafter referred as MOST*) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your information and should not be reproduced or redistributed to any other person in any form.

The report is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon such. MOST or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

MOST and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement

Ranbaxy Laboratories

- | | |
|---|----|
| 1. Analyst ownership of the stock | No |
| 2. Group/Directors ownership of the stock | No |
| 3. Broking relationship with company covered | No |
| 4. Investment Banking relationship with company covered | No |

This information is subject to change without any prior notice. MOST reserves the right to make modifications and alternations to this statement as may be required from time to time. Nevertheless, MOST is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.