

November 9, 2011

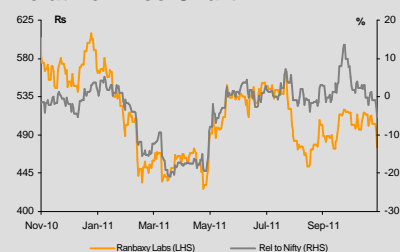
| Reco | Previous Reco |
|-------------------------|---------------|
| Hold | Hold |
| CMP | Target Price |
| Rs475 | Rs513 |
| EPS change CY11/12E (%) | NA |
| Target Price change (%) | NA |
| Nifty | 5,221 |
| Sensex | 17,570 |

Price Performance

| (%) | 1M | 3M | 6M | 12M |
|---------------|------|-----|-----|------|
| Absolute | (8) | (5) | (0) | (23) |
| Rel. to Nifty | (12) | (8) | 6 | (7) |

Source: Bloomberg

Relative Price Chart



Source: Bloomberg

Stock Details

| | |
|-----------------------------|-----------------|
| Sector | Pharmaceuticals |
| Bloomberg | RBXY@IN |
| Equity Capital (Rs mn) | 2110 |
| Face Value(Rs) | 5 |
| No of shares o/s (mn) | 422 |
| 52 Week H/L | 625/414 |
| Market Cap (Rs bn/USD mn) | 201/4,061 |
| Daily Avg Volume (No of sh) | 649157 |
| Daily Avg Turnover (US\$m) | 6.5 |

Shareholding Pattern (%)

| | Sep-11 | Jun-11 | Mar-11 |
|--------------|--------|--------|--------|
| Promoters | 63.8 | 63.8 | 63.8 |
| FII/NRI | 10.6 | 10.5 | 9.1 |
| Institutions | 11.7 | 11.9 | 12.0 |
| Private Corp | 2.9 | 2.5 | 3.3 |
| Public | 11.1 | 11.3 | 11.8 |

Source: Capitaline

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- **Ranbaxy's Q3CY11 results were in-line. Revenue grew 8% YoY to Rs21bn, EBITDA de-grew 29% to Rs1.7bn and APAT de-grew 15% to Rs1.5bn**
- **Revenue growth was driven by 44% growth in Europe, CIS, Africa & Russia and 52% increase in API sales. Domestic business grew at a lower rate of 7%**
- **Current valuations fully factor - in the future potential of Para-IV opportunities**
- **With Lipitor getting ready to strike, we maintain Hold with a target price of Rs513 (20xbase business earnings + Rs82 Para-IV NPV)**

Modest Revenue growth led by other operating income

- India business (contributed 24%) grew below industry growth rate at 7% YoY to Rs5.2bn. Lower growth was mainly led by anti-infective segment which witnessed lower traction due to increased competition from its peers. OTC business showed strong growth led by good momentum in Volini & Revital
- US base business (contributed 18%) sales de-grew by 2% to USD84mn on account of presence of limited competition Valacyclovir in Q3CY10 even post exclusivity
- Europe, CIS, Africa & Romania business grew 44% YoY to Rs7865mn driven by robust performance from Europe and Romania operations
- Other operating income grew 43% on back of milestone payments, export benefits and non-compete fees

Future growth will be a combination of successful monetization of key products and pick-up in the base business

- Lipitor launch remains a key growth driver for the company. We expect Lipitor to contribute ~US\$400-500mn in revenues; however, this gain may get off-set by the penalty imposed on Ranbaxy by USFDA. On the other hand, if Ranbaxy does not get the final approval then it may opt for tie-up with other generic companies for distributing Lipitor in US which will then dilute the opportunity for Ranbaxy
- India business is cause of concern with 6% growth in Q2CY11 & 7% in Q3CY11. Unless company grows the domestic business above the industry growth rate of 12-14%, base business will continue to show subdued performance and margins will remain depressed.
- Nexium approval by USFDA is expected in near future and post approval supplies to Astra will start. However, supplies to UK market have already commenced

Valuation

We expect Ranbaxy to report 21% base business revenue CAGR over CY10-12E. Base EBITDA margins are expected to increase from 10.5% in CY10 to 12.3% in CY11E & 14.9% in CY12E. Base Earnings are expected to register 60% CAGR over CY10-12E to Rs9.1bn clocking an EPS of Rs21.5 in CY12E. We value the company at 20x CY12E base business EPS & NPV of P-IV opportunities at Rs82 to arrive at a target price of Rs513. At CMP, the stock trades at 15x & 12x CY12/13E EPS.

Financials

| | Rs mn | | | | | | | | | |
|-------|---------|--------|------|--------|------|-------|------|------|--------|------|
| YE- | Net | EBITDA | | EPS | EPS | RoE | EV/ | | | |
| Mar | Sales | (Core) | (%) | APAT | (Rs) | % chg | (%) | P/E | EBITDA | P/BV |
| CY09 | 73,294 | 22,165 | 30.2 | 3,622 | 8.6 | 62.4 | 7.2 | 55.1 | 70.6 | 4.6 |
| CY10 | 85,355 | 14,136 | 16.6 | 10,347 | 24.6 | 185.7 | 35.0 | 19.3 | 14.9 | 3.6 |
| CY11E | 97,660 | 18,602 | 19.0 | 13,147 | 31.3 | 27.1 | 21.0 | 15.2 | 9.6 | 2.8 |
| CY12E | 118,963 | 24,310 | 20.4 | 17,206 | 40.9 | 30.9 | 22.1 | 11.6 | 8.3 | 2.3 |

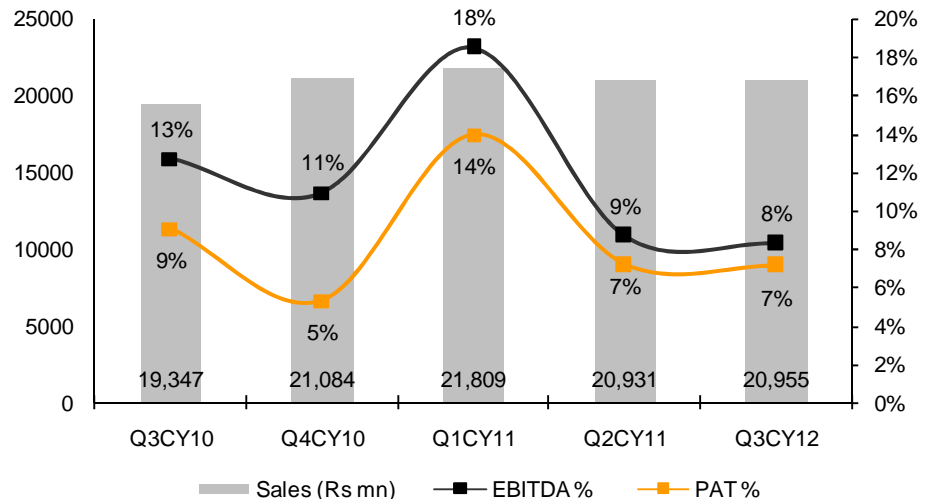
Key Financials – Quarterly

Rs mn

| Rs mn | Q3CY10 | Q4CY10 | Q1CY11 | Q2CY11 | Q3CY11 | YoY (%) | QoQ (%) | YTD'11 | YTD'10 | QoQ (%) |
|--------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|---------------|---------------|---------------|
| FTF sale | 0 | 1687 | 3375 | 900 | 0 | - | - | 4275 | 12944 | -67.0% |
| Base Sale | 19,347 | 19,397 | 18,434 | 19,645 | 20,228 | 4.6% | 3.0% | 58,307 | 54,985 | 6.0% |
| Other Income | 509 | 500 | 379 | 386 | 728 | 43.0% | 88.4% | 1,493 | 1,026 | 45.6% |
| Total Revenue | 19,347 | 21,084 | 21,809 | 20,931 | 20,955 | 8.3% | 0.1% | 63,696 | 68,446 | -6.9% |
| Expenditure | 17,402 | 18,782 | 17,778 | 19,115 | 19,214 | 10.4% | 0.5% | 56,107 | 51,128 | 9.7% |
| as % of sales | 89.9 | 89.1 | 81.5 | 91.3 | 91.7 | | | 88.1 | 74.7 | |
| Consumption of RM | 7,242 | 8,493 | 7,523 | 8,167 | 8,446 | 16.6% | 3.4% | 24,136 | 22,415 | 7.7% |
| as % of sales | 37.4 | 40.3 | 34.5 | 39.0 | 40.3 | | | 37.9 | 32.7 | |
| Employee Cost | 3,661 | 3,835 | 4,171 | 4,188 | 4,080 | 11.5% | -2.6% | 12,439 | 11,225 | 10.8% |
| as % of sales | 18.9 | 18.2 | 19.1 | 20.0 | 19.5 | 0.1 | | 19.5 | 16.4 | |
| Other expenditure | 6,500 | 6,454 | 6,084 | 6,760 | 6,688 | 2.9% | -1.1% | 19,532 | 17,488 | 11.7% |
| as % of sales | 33.6 | 30.6 | 27.9 | 32.3 | 31.9 | 0.2 | | 30.7 | 25.6 | |
| Base EBITDA | 2,456 | 1,121 | 1,669 | 1,367 | 1,741 | -29.1% | 27.4% | 4,776 | 5,519 | -13.5% |
| Reported EBITDA | 2,456 | 2,302 | 4,031 | 1,817 | 1,741 | -29.1% | -4.2% | 7,589 | 17,830 | -57.4% |
| Depreciation | 987 | 1,030 | 736 | 735 | 788 | -20.2% | 7.1% | 2,259 | 2,687 | -15.9% |
| EBIT | 1,469 | 1,272 | 3,296 | 1,081 | 953 | -35.1% | -11.8% | 5,330 | 15,142 | -64.8% |
| Other Income | 932 | 770 | 897 | 791 | 1,020 | 9.4% | 28.9% | 2,708 | 2,604 | 4.0% |
| Interest | 110 | 145 | 145 | 166 | 153 | 39.3% | -7.8% | 464 | 469 | -1.0% |
| PBT | 2,291 | 1,897 | 3,842 | 1,706 | 1,820 | -20.5% | 6.7% | 7,369 | 17,277 | -57.3% |
| Total Tax | 488 | 880 | 782 | 185 | 256 | | | 1,223 | 3,798 | (1) |
| Adjusted PAT | 1,803 | 1,018 | 3,060 | 1,521 | 1,564 | -13.2% | 2.8% | 6,146 | 13,479 | -54.4% |
| (Profit)/loss from JV's/Ass/MI | 49 | 101 | 16 | 23 | 77 | | 233.8% | 116 | 137 | -15.4% |
| APAT after MI | 1,754 | 1,119 | 3,044 | 1,498 | 1,488 | -15.2% | -0.7% | 6,030 | 13,342 | -54.8% |
| Extra ordinary items | 1074 | -2094 | 0 | -934 | 0 | | | -934 | 4984 | -1 |
| Reported PAT | 3,079 | (975) | 3,044 | 2,432 | (4,646) | -250.9% | -291.0% | 830 | 15,942 | -94.8% |
| Reported EPS | 4.2 | - | 7.2 | 3.6 | 3.5 | -15.2% | -0.7% | 14.3 | 29.2 | -50.9% |

| Margins (%) | | | | | | bps | bps | | | | bps |
|--------------------|------|------|------|------|------|------|-----|------|------|-------|-----|
| Base EBITDA | 12.7 | 5.8 | 9.1 | 7.0 | 8.6 | -409 | 165 | 8.2 | 10.0 | -185 | |
| Reported EBITDA | 12.7 | 10.9 | 18.5 | 8.7 | 8.3 | -439 | -37 | 11.9 | 26.0 | -1414 | |
| EBIT | 7.6 | 6.0 | 15.1 | 5.2 | 4.5 | -304 | -62 | 8.4 | 22.1 | -1376 | |
| EBT | 11.8 | 9.0 | 17.6 | 8.2 | 8.7 | -315 | 53 | 11.6 | 25.2 | -1367 | |
| PAT | 9.1 | 5.3 | 14.0 | 7.2 | 7.1 | -197 | -6 | 9.5 | 19.5 | -1003 | |
| Effective Tax rate | 21.3 | 46.4 | 20.4 | 10.8 | 14.1 | -724 | 322 | 16.6 | 22.0 | -539 | |

Quarterly trend



| USD mn | Q3CY10 | Q4'CY10 | Q1 CY11 | Q2 CY12 | Q3 CY12 | YoY Gr. | QoQ Gr. |
|------------------------------------|------------|------------|------------|------------|------------|-------------|-------------|
| U.S.A | 86 | 117 | 155 | 95 | 84 | -2% | -12% |
| FTF sales | 0 | 37 | 80 | 20 | 0 | - | - |
| Base Sales | 86 | 80 | 75 | 75 | 84 | -2% | 12% |
| Canada | 19 | 14 | 15 | 17 | 19 | 0% | 12% |
| Europe,CIS, Africa, Romania | 121 | 148 | 145 | 151 | 174 | 44% | 15% |
| Europe | 41 | 56 | 47 | 49 | 72 | 76% | 47% |
| Romania | 19 | 20 | 27 | 30 | 30 | 58% | 0% |
| Africa | 35 | 41 | 45 | 51 | 40 | 14% | -22% |
| CIS | 26 | 30 | 26 | 21 | 32 | 23% | 52% |
| Latin America | 24 | 21 | 16 | 17 | 16 | -33% | -4% |
| Asia inc. middle east | 27 | 29 | 22 | 33 | 28 | 4% | -16% |
| India | 92 | 82 | 83 | 92 | 94 | 2% | 3% |
| OTC | 14 | 12 | 13 | 17 | 19 | 36% | 13% |
| API | 23 | 40 | 25 | 40 | 35 | 52% | -13% |
| Total | 406 | 463 | 474 | 461 | 469 | 16% | 2% |

India and US business remain the key revenue drivers where 44% of revenue comes

- India business is the key component of Ranbaxy's emerging market strategy. With project Viraat already in implementation phase, the domestic sales were on a gradual uptrend. The sales grew by 11% in Q4'10, 14% in Q1'11, 6% in Q2'11 and 7% in Q3CY11. Lower performance was mainly led by anti-infective, Gastro and Anti Infective segment which witnessed increased competition from its peers.
- The consumer business reported 36% YoY growth in sales to Rs859mn led by strong growth from key brands Revital and Volini.
- The US business also remains a key focus with sleuth of Para-IVs expected to hit the US market. Lipitor being the largest and the first one to come in Nov'11 and building lot of interest in the stock. We expect Lipitor to contribute ~US\$400-500mn in revenues; however, this gain will largely be off-set by the penalty imposed on Ranbaxy by USFDA. The opportunity may get diluted if Ranbaxy does not get the final approval from USFDA.

Key opportunities for Ranbaxy in US

| Product | Expected launch date | Market Size (US\$ mn) | No. of competitors |
|----------|----------------------|-----------------------|--------------------|
| Aricept | Nov'10 (Launched) | 2300 | 2 |
| Lipitor | Nov'11 | 5300 | 2 |
| Caduet | Nov'11 | 300 | 1 |
| Actos | Aug'12 | 3100 | 3 |
| Provigil | Apr'12 | 1000 | 4 |
| Diovan | Sep'12 | 2492 | 2 |
| Valcyte | Mar'13 | 270 | 1 |
| Nexium | May'14 | 2675 | 1 |

Base EBITDA declined 29% YoY to Rs1.7bn due to

- Higher sales from limited competition Valacyclovir in Q3CY10 even post exclusivity
- Base EBITDA margins improved 165bps QoQ to 8.6%. This was largely on back of strong growth in other operating income by 43%

APAT declined by 15% YoY to Rs1.5bn led by

- Adjustments are related to Forex gain/ loss and profit on sale of investments

Valuation

Though we are positive on the long term prospects of the company (in lieu of exciting Para-IV pipeline such as Lipitor, Caduet, Actos, Primaxin, Diovan, Nexium and Provigil), we believe that current valuations already factor-in most of the opportunities. Going forward, successful monetization of Lipitor remains the key.

We expect Ranbaxy to report 21% base business revenue CAGR over CY10-12E. Base EBIDTA margins are expected to increase from 10.5% in CY10 to 12.3% in CY11E & 14.9% in CY12E. Base Earnings are expected to register 60% CAGR over CY10-12E to Rs9.1bn clocking an EPS of Rs21.5 in CY12E. We value the company at 20x CY12E base business EPS & NPV of P-IV opportunities at Rs82 to arrive at a target price of Rs513. At CMP, the stock trades at 15x & 12x CY12/13E EPS.

Ranbaxy Labs– Domestic Metrics

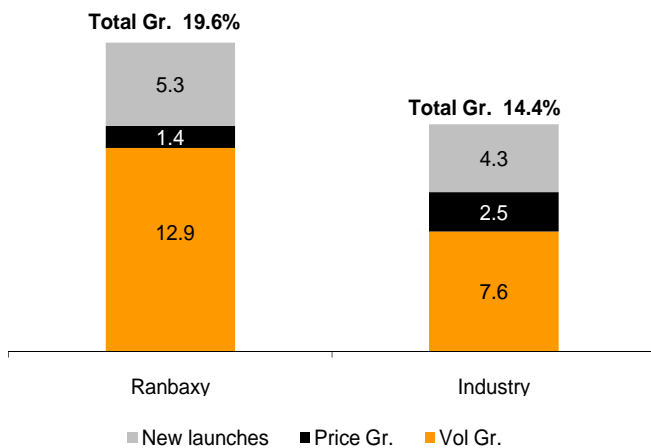
Therapeutic growth

| Therapies | FY11 % Contribution | MAT Sep'11 | MAT Sep'10 | YoY Gr. % |
|--------------------|---------------------|---------------|---------------|--------------|
| Anti-infectives | 32.4% | 885.1 | 770.5 | 14.9% |
| CVS | 14.7% | 403.0 | 333.1 | 21.0% |
| Pain Mgmt | 10.6% | 289.8 | 213.4 | 35.8% |
| Dermatology | 8.7% | 237.4 | 195.3 | 21.5% |
| Gastro | 6.0% | 163.8 | 154.4 | 6.1% |
| CNS | 4.0% | 108.4 | 98.4 | 10.1% |
| Respiratory | 3.7% | 100.21 | 84.32 | 18.9% |
| Anti-diabetic | 2.9% | 80.4 | 63.0 | 27.6% |
| Gynaecology | 2.1% | 57.3 | 40.2 | 42.7% |
| Others | 15.0% | 408.9 | 333.2 | 22.7% |
| Acute | 76.2% | 2084.7 | 1744.0 | 19.5% |
| Chronic | 23.8% | 649.5 | 541.8 | 19.9% |
| Total Sales | 100.0% | 2734.3 | 2285.8 | 19.6% |

Sep'11 MAT growth for Ranbaxy has been above industry average

- Acute segment which contributes 76% grew by 20%
- Chronic segment which contributes 24% grew by 20%

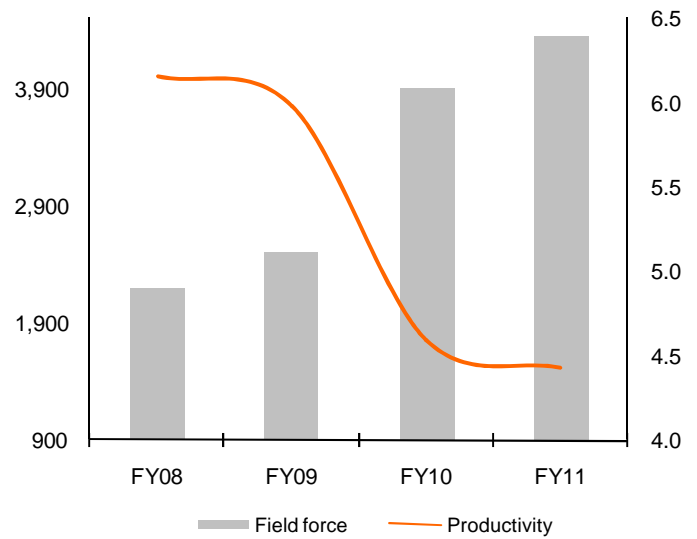
Growth drivers - Volume/ Price/ New launches



- Ranbaxy's growth for the last 12 months was above industry growth led by volume uptake and new product launches

Source: AIOCD, Emkay Research

Field force productivity



- The company has hired ~1800 people during the last 2 years. Total MR strength is 4500
- MR productivity declined due to higher base of MRs and restructuring in the domestic business

Top 10 brand performance

| Rs Cr | Therapy | MAT Sep'11 | MAT Sep'10 | YoY Gr. |
|--------------|----------------|--------------|--------------|--------------|
| Revital | Vitamins | 152.6 | 138.5 | 10.1% |
| Storvas | CVS | 143.5 | 129.6 | 10.7% |
| Volini | Pain | 135.3 | 88.1 | 53.6% |
| Mox | Anti-Infective | 118.6 | 121.0 | -2.0% |
| Cifran | Anti-Infective | 98.6 | 103.0 | -4.3% |
| Rosuvas | Anti-Infective | 69.8 | 48.2 | 44.7% |
| Zanocin | Anti-Infective | 68.1 | 60.5 | 12.6% |
| Cepodem | CVS | 66.7 | 51.9 | 28.4% |
| Sporidex | Anti-Infective | 61.1 | 56.6 | 8.0% |
| Cilanem | Anti-Infective | 57.1 | 39.3 | 45.3% |
| Total | | 971.4 | 836.8 | 16.1% |

- Top 10 brands contribute 36% to the domestic formulation sales
- The company's anti-biotic products – Mox & Cifran reported de-growth in sales during MAT Sep'11 period during to increase in competition and pricing pressures

Financial Snapshot

| (Rs mn) | CY10 | CY11E | YoY % | CY12E | YoY % |
|----------------|--------------|--------------|--------------|------------|---------------|
| Sales | 73294 | 85355 | 97660 | 14% | 118963 |
| Base | 67835 | 70904 | 82934 | 17% | 103675 |
| FTF | 5459 | 14604 | 14903 | 2% | 15511 |
| EBITDA | 5842 | 18389 | 20604 | 12% | 26312 |
| Base | 1474 | 7437 | 10172 | 37% | 15455 |
| Base EBITDA % | 2.2% | 10.5% | 12.3% | 324 bps | 14.9% |
| FTF | 4367 | 10953 | 10432 | -5% | 10858 |
| PAT | 2965 | 11733 | 13147 | 12% | 17206 |
| Base | -310 | 3519 | 5323 | 51% | 9063 |
| FTF | 3275 | 8214 | 7824 | -5% | 8143 |
| EPS | 7.1 | 27.9 | 31.2 | 12% | 40.9 |
| Base | -0.7 | 8.4 | 12.6 | 51% | 21.5 |
| FTF | 7.8 | 19.5 | 18.6 | -5% | 19.3 |
| PE @449 | 67.3 | 17.0 | 15.2 | | 11.6 |
| Base | NA | 47.0 | 31.1 | | 18.2 |

Financials

Income Statement

| Y/E, Dec (Rs. mn) | CY09 | CY10 | CY11E | CY12E |
|--------------------------------|---------------|---------------|---------------|----------------|
| Net Sales | 73,294 | 85,355 | 97,660 | 118,963 |
| <i>Growth (%)</i> | 1.2 | 16.5 | 14.4 | 21.8 |
| Expenditure | 51,130 | 71,219 | 79,058 | 94,653 |
| Raw Materials | 32,080 | 31,528 | 36,148 | 42,999 |
| SGA | 4,875 | 5,021 | 4,976 | 5,702 |
| Employee Cost | 10,105 | 15,060 | 17,615 | 21,588 |
| Other Exp | 4,070 | 19,610 | 20,319 | 24,364 |
| EBITDA | 22,165 | 14,136 | 18,602 | 24,310 |
| <i>Growth (%)</i> | -1.1 | 346.5 | 31.6 | 30.7 |
| EBITDA margin (%) | 30.2 | 16.6 | 19.0 | 20.4 |
| Depreciation | 2,676 | 3,717 | 4,034 | 4,307 |
| EBIT | 19,489 | 10,419 | 14,567 | 20,002 |
| EBIT margin (%) | 26.6 | 12.2 | 14.9 | 16.8 |
| Other Income | 5,078 | 7,116 | 3,915 | 3,915 |
| Interest expenses | 710 | 614 | 722 | 707 |
| PBT | 10,098 | 23,217 | 17,761 | 23,211 |
| Tax | 6,991 | 5,849 | 4,440 | 5,803 |
| <i>Effective tax rate (%)</i> | 69.2 | 25.2 | 25.0 | 25.0 |
| Adjusted PAT | 3,480 | 17,369 | 12,974 | 17,004 |
| (Profit)/loss from JV's/Ass/MI | -142 | -2,401 | -173 | -202 |
| Adjusted PAT after MI | 3,622 | 10,347 | 13,147 | 17,206 |
| <i>Growth (%)</i> | 62.4 | 185.7 | 27.1 | 30.9 |
| Net Margin (%) | 4.9 | 12.1 | 13.5 | 14.5 |
| E/O items | 5,240 | 6,365 | 0 | 0 |
| Reported PAT | 2,965 | 14,968 | 13,147 | 17,206 |
| <i>Growth (%)</i> | -131.2 | 404.7 | -12.2 | 30.9 |

Cash Flow

| Y/E, Dec (Rs. mn) | CY09 | CY10 | CY11E | CY12E |
|------------------------------|----------------|---------------|----------------|----------------|
| PBT (Ex-Other income) | 7,696 | 18,206 | 15,849 | 21,299 |
| Depreciation | 2,676 | 3,717 | 4,034 | 4,307 |
| Interest Provided | 710 | 614 | 722 | 707 |
| Other Non-Cash items | 0 | 0 | 0 | 0 |
| Chg in working cap | -11,296 | -6,332 | 20,427 | -38,176 |
| Tax paid | -6,991 | -5,849 | -4,440 | -5,803 |
| Operating Cashflow | -7,205 | 10,357 | 36,591 | -17,666 |
| Capital expenditure | -4,205 | -2,701 | -6,360 | -7,155 |
| Free Cash Flow | -11,410 | 7,656 | 30,232 | -24,821 |
| Other income | 2,402 | 2,795 | 1,912 | 1,912 |
| Investments | 24 | 423 | 0 | 0 |
| Investing Cashflow | -1,779 | 516 | -4,448 | -5,243 |
| Equity Capital Raised | 0 | -1,691 | 0 | 0 |
| Loans Taken / (Repaid) | -6,553 | 7,053 | -24,558 | -4,500 |
| Interest Paid | -710 | -614 | -722 | -707 |
| Dividend paid (incl tax) | 0 | 0 | 0 | -1,006 |
| Income from investments | 0 | 0 | 0 | 0 |
| Others | 4,707 | 4,607 | 785 | 0 |
| Financing Cashflow | -2,557 | 9,355 | -24,494 | -6,212 |
| Net chg in cash | -11,540 | 20,228 | 7,649 | -29,121 |
| Opening cash position | 23,957 | 12,416 | 32,644 | 40,294 |
| Closing cash position | 12,416 | 32,644 | 40,294 | 11,172 |

Balance Sheet

| Y/E, Dec (Rs. mn) | CY09 | CY10 | CY11E | CY12E |
|--------------------------------|---------------|---------------|---------------|----------------|
| Equity share capital | 2,102 | 2,102 | 2,102 | 2,102 |
| Reserves & surplus | 41,330 | 53,944 | 68,701 | 84,901 |
| Net worth | 43,432 | 56,046 | 70,803 | 87,003 |
| Minority Interest | 533 | 647 | 820 | 1,022 |
| Secured Loans | 34,109 | 40,979 | 16,421 | 12,421 |
| Unsecured Loans | 2,187 | 2,369 | 2,369 | 1,869 |
| Loan Funds | 36,295 | 43,348 | 18,790 | 14,290 |
| Net deferred tax liability | -4,746 | -227 | -227 | -227 |
| Total Liabilities | 75,515 | 99,814 | 90,186 | 102,088 |
| Gross Block | 62,786 | 67,050 | 72,145 | 78,000 |
| Less: Depreciation | 17,880 | 21,571 | 22,853 | 25,860 |
| Net block | 44,906 | 45,479 | 49,293 | 52,140 |
| Capital work in progress | 6,231 | 3,818 | 3,154 | 3,154 |
| Investment | 5,407 | 4,985 | 4,985 | 4,985 |
| Current Assets | 60,086 | 86,932 | 91,804 | 91,843 |
| Inventories | 18,407 | 21,926 | 21,478 | 31,394 |
| Sundry debtors | 18,399 | 16,052 | 21,926 | 27,642 |
| Cash & bank balance | 12,416 | 32,644 | 40,294 | 11,172 |
| Loans & advances | 0 | 0 | 0 | 0 |
| Other current assets | 10,863 | 16,309 | 8,106 | 21,635 |
| Current liab & Prov | 41,115 | 41,399 | 59,049 | 50,033 |
| Current liabilities | 32,511 | 31,865 | 53,859 | 43,955 |
| Provisions | 8,604 | 9,534 | 5,191 | 6,078 |
| Net current assets | 18,971 | 45,533 | 32,755 | 41,810 |
| Misc. exp & Def. Assets | 0 | 0 | 0 | 0 |
| Total Assets | 75,515 | 99,814 | 90,186 | 102,088 |

Key Ratios

| Y/E, Dec | CY09 | CY10 | CY11E | CY12E |
|----------------------------|-------|-------|-------|-------|
| Profitability (%) | | | | |
| EBITDA Margin | 30.2 | 16.6 | 19.0 | 20.4 |
| Net Margin | 4.9 | 12.1 | 13.5 | 14.5 |
| ROCE | 4 | 16.8 | 17.5 | 22.9 |
| ROE | 7.2 | 35.0 | 21.0 | 22.1 |
| RoIC | 1.1 | 19.0 | 29.1 | 32.2 |
| Per Share Data (Rs) | | | | |
| EPS | 8.6 | 24.6 | 31.3 | 40.9 |
| CEPS | 2.5 | 18.3 | 40.9 | 51.2 |
| BVPS | 103.1 | 133.2 | 168.3 | 206.8 |
| DPS | 0.0 | 0.0 | 0.0 | 2.4 |
| Valuations (x) | | | | |
| PER | 55.1 | 19.3 | 15.2 | 11.6 |
| P/CEPS | 2.5 | 18.3 | 40.9 | 51.2 |
| P/BV | 4.6 | 3.6 | 2.8 | 2.3 |
| EV / Sales | 3.1 | 2.5 | 1.8 | 1.7 |
| EV / EBITDA | 70.6 | 14.9 | 9.6 | 8.3 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.5 |
| Gearing Ratio (x) | | | | |
| Net Debt/ Equity | 0.6 | 0.2 | -0.3 | 0.0 |
| Net Debt/EBITDA | 4.1 | 0.6 | -1.0 | 0.1 |

Recommendation History: Ranbaxy Labs – RBXY IN

| Date | Reports | Reco | CMP | Target |
|------------|---|--------|-----|--------|
| 26/09/2011 | Pharma Sector Report Domestic | | | |
| 05/08/2011 | Ranbaxy Labs Q2CY11 Result Update | Reduce | 534 | 424 |
| 11/05/2011 | Ranbaxy Labs Q1CY11 Result Update | Hold | 478 | 412 |
| 24/02/2011 | Ranbaxy Q4CY10 Result Update | Hold | 443 | 396 |

Recent Research Reports

| Date | Reports | Reco | CMP | Target |
|------------|---|------------|-------|--------|
| 08/11/2011 | Aurobindo Pharma Q2FY12 Result Update | Accumulate | 123 | 136 |
| 04/11/2011 | GSK Pharma Q3CY11 Result Update | Reduce | 2,110 | 1,714 |
| 02/11/2011 | Pfizer Q2FY12 Result Update | Accumulate | 1,325 | 1,574 |
| 01/11/2011 | Divis Lab Q2FY12 Result Update | Buy | 759 | 927 |

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