

# Sun's Ranbaxy deal on course, hints at more

## Pharma co back in black in Q1 with ₹1,391 crore profit

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**Mumbai:** Sun Pharmaceutical Industries, India's largest drug-maker by market value, said it is in the process of acquiring Ranbaxy Lab from Japan's Daiichi Sankyo, and is open for more acquisitions.

"Till the time we are able to integrate Ranbaxy efficiently, we will be cognizant to our ability to manage. But we will continuously look at acquisition to manage..if we can manage those acquisitions, then they will be helpful to our future growth," said Dilip Shanghvi, MD, Sun Pharma.

In April, Sun Pharma had announced that it would acquire Ranbaxy Laboratories from Japan's Daiichi Sankyo in an all stock-deal at an enterprise value of \$4 billion. "This acquisition requires approvals from multiple regulatory agencies and the respective shareholders of both the companies. Till date, clearances have been obtained from the stock exchanges in India and from anti-competition authorities in all applicable markets excluding India and the US," the company said in a statement.

The company had earlier said it will realign Ranbaxy's sales division and would aim to boost efficiencies in key markets, including India and the US, to deliver \$250 million of operational synergies by the third year.

During the earnings call, Shanghvi said, "Post announcement of the transaction, we have not done any additional diligence. We should be able to achieve \$250 million, both in terms of revenue growth and cost rationalisation. Ranbaxy continues to run by its current management. However, we have

initiated an internal planning process to protect its current business and members of both Ranbaxy and Sun Pharma are working together to develop the business going forward."

The company is also trying to convince Competition Commission of India (CCI), and is constantly having dialogue with the regulator on the issue that suggests the deal will have a monopolising effect on the market and also affect the patient interest.

The company reported a net profit of Rs 1,391 crore during the June quarter this year com-

Ebitda margin remained same that of the first quarter of the last fiscal at 44%.

Sale of branded prescription formulations in India was Rs 992 crore, up by 17% from the first quarter last year. Seven products were launched in the Indian market during the quarter.

The US business, which accounted for 58% of total sales, increased 7% during the quarter at \$389 million. Sun's Israeli subsidiary Taro Pharmaceutical Industries has recently posted a drop of 15% in its June quarter sales this year over the same pe-

### Sun Pharmaceutical financials

	Q1-FY15	Q4-FY14	Q1-FY14	Growth %
	₹ crore	₹ crore	₹ crore	YoY - QoQ
Income	3,936	4,059	3,503	12.4
Expenditure	2,331	2,364	2,049	13.7 -1.4
Operating profit	1,605	1,695	1,453	10.4 -5.3
Other income	92	194	75	23.5 -52.3
Tax	212	120	151	40.3 76.7
Net profit	1,391	1,587	1,276	- -12.4

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pared to a net loss of Rs 1,276 crore in the corresponding period last year. Shares of Sun Pharmaceutical, thereafter, moved upward of 2.52% during intra-day trade and touched a new high on the BSE at Rs 803.70, before closing at Rs 800.25 apiece, up 2.09% the previous close.

Net sales from operations during the quarter this year grew 13% over the same quarter last year at Rs 3,927 crore. Earnings before interest, taxes, depreciation and amortisation (ebitda) grew 13% at Rs 1,724 crore. The

period last year at \$130 million. Taro's net profit for the first quarter was \$46 million, a decline of 22% over the first quarter last year. The decline in sales and profits is mainly due to the price protection charge taken by Taro during the quarter.

Formulation sales in international markets excluding US accounted for \$82 million during the quarter, registering a growth of 2% (in dollar terms). Excluding ex-US Taro sales, underlying sales growth in dollar terms for Sun Pharma business in these markets was 4% for the period under review.

Shanghvi said, "Our first quarter performance was in-line with our expectations."

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