

As Actavis business improves, Aurobindo sees early turnaround

Actavis' European operations acquired for €30 million

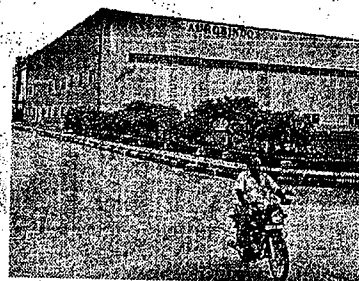
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Aurobindo Pharma Ltd, which acquired certain loss-making operations of Irish drug-maker Actavis Plc early this year, says the acquired business is improving in line with its expectations.

In January, the Hyderabad-based drug-maker said it had acquired commercial operations of Actavis in seven Western European countries for €30 million (around ₹240 crore today).

"Having seen the operations for the last two months, we are quite confident (about its turnaround). Things are in line with what the due diligence under-



standing was," CEO Arvind Vasudeva said in the earnings conference call recently.

He added the acquired business will be EBITDA-neutral in two years.

Towards this, Aurobindo will bring some products of Actavis into the domestic market to take advantage of its lower active pharmaceutical ingredients (APIs) and manufacturing costs over the next 18 to 24 months.

In addition, operational optimisation would be taken up where ever possible, Vasudeva added.

The company hopes to grow its revenue at 10 per cent in the European market by putting together Actavis in its portfolio.

It would strengthen its European operations, adding capabilities in France, Italy, Spain, Portugal, Germany, the Netherlands and Belgium, and brands such as Arrow Generiques.

In 2013-14, Aurobindo's revenue from Europe increased 43.6 per cent to ₹672 crore.

For the full-year, its profit increased to ₹1,173 crore from ₹294 crore in the previous year. Total revenue rose to ₹8,100 crore from ₹5,855 crore in FY13.

On Tuesday, Aurobindo's scrip closed at ₹707.65, down 0.04 per cent, on the BSE.

Company