

UDAY BALDOTA/SUN PHARMA

We expect the Sun-Runbaxy deal to close by December

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Uday Baldota, senior vice president for finance and accounts at Sun Pharmaceutical Industries Ltd, says approvals for the Ranbaxy Laboratories Ltd deal have been relatively smooth and that they are on track for closing the deal by December 2014. He says Sun Pharma's focus is on integrating the two companies well and on creating value for all shareholders. Edited excerpts from an interview:



Business outlook: Uday Baldota.

It has been a very challenging year for Sun Pharma with a lot of new developments on the financial side. How is your experience in the year gone by, can you sum it up for us?

I think an award generally makes you feel good but it is important that this is more a recognition of the company—the company's performance, the leadership that we have in Dilip Shanghvi, our team of 15,000 employees and particularly our finance team. All of them have contributed in enhancing the stakeholder value whether it is the shareholders, the customers.

So this is more a recognition of that. It just so happens that I am at the top of the team and have my name on it but otherwise it is recognition for the entire organisation.

One of the big decisions this year was obviously assessing the acquisition of Ranbaxy. From a financial perspective, how challenging was that decision?

We have said it earlier, that we would be looking at relatively large transactions and when we actually evaluated Ranbaxy as a

transaction, we realised the inherent strengths that the company has.

However, one part of the business is probably not doing as well as it should be doing, but all other parts of the business are doing well. They have a strong employee base, strong brand and for us to do the evaluation along those lines was relatively easy and quick. We are very happy that we have been able to sign the deal and we are moving quickly ahead with getting all the approvals in place so that we can close the deal as quickly as possible.

What is the current status of the Ranbaxy-Sun deal, where does it stand in terms of pending approvals?

All the approvals that are there, we are moving along—till now the journey has been relatively smooth. We would expect that the original deal timetable that we laid out of closing by December 2014, more or less we are there. So I think things are going well.

The recent positive, of course, was the approval of Diavan generic for Ranbaxy, what do you think in terms of consolidated balance sheet for Sun-Ranbaxy, would this have a positive impact and did Sun have a role to play in this approval?

I think it is very clear that before the closing and particu-

larly before the approvals that we receive from different competition commissions, the two companies have to operate independently and the approval that Ranbaxy has got is completely of its own doing.

When we were evaluating the transaction, we were aware of several of these first-to-file opportunities. And based on the assessment that we got from the Ranbaxy team as well as our own assessment, I can say that we have not seen any surprises as of now. All of this is already factored in, so it is good going till now.

What is the guidance that Sun is working with for FY15?

When we announced our March 2014 results, we indicated that our sales growth for the year 2014-2015 will be 13-15% over the sales that we have achieved in the year 2013-2014 and I think that incorporates growth that we will be able to achieve across different businesses, whether it is India or US or even the emerging markets.

We have incorporated all of this and by and large I can say that all these businesses are growing healthily. We see that this mix will help

us achieve the guidance that we have stated.

What is going to be the acquisition strategy going forward? Would you be looking at another big ticket acquisition like Ranbaxy or is that it for now?

I think with one large deal, it is important for us to focus on integrating well, on creating value for all the shareholders. At the same time, looking at another large deal is not something that we are considering.

Expectations from the healthcare space from the budget? I know there is not much but anything that you would be looking out for?

I would say that typically pharmaceutical has found very little mention in budget speeches over the years.

If I was to be stating an expectation, probably the same should continue.

We have heard at the CFO awards, a lot of prescriptions have been given to the finance minister and the prime minister as to what the budget should contain. I think if they are able to achieve that, I am sure it will also help the healthcare and the pharmaceuticals industry.

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