

# Sun Pharma eyes ₹8,000-crore acquisitions in US, Europe

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**MUMBAI:** India's biggest drug firm by market value, Sun Pharma, is betting big on overseas markets, especially the US and Europe, for growth. The company's merger and acquisition (M&A) strategy: acquiring distressed assets and then turning them around.

Most of the Mumbai-based firm's recent acquisitions — Caraco, Taro and URL (in case of URL, Sun Pharma acquired only the portfolio and not the company per se) — were "stressed" companies based in the US.

"Sun Pharma is looking to expand its position in regulated markets such as the US and Europe. The US is attractive because it is the largest market worldwide and Indian firms have a very low market share there" said Praful Bohra, research analyst with brokerage Nirmal Bang.

"Our M&A strategy is to look for and acquire a business, or a

set of products or unique capabilities that we do not possess," said a Sun Pharma spokesperson about the company's M&A plans.

"The company is very particular about valuations," another analyst with a domestic brokerage said on the condition of anonymity. They will walk away from a deal if the deal does not make financial sense, he added.

"It's a cash-rich company," added Bohra.

The board of Sun Pharma had in November 2012 passed a resolution to raise ₹8,000 crore to be used for M&A purposes. The company can also go in for a leveraged buyout — borrowing money to fund purchases — if needed.

The company manufactures and sells pharmaceutical formulations and active pharmaceutical ingredients (APIs) primarily in India and the US.

While its current targets have not been disclosed, Sun was said to be in talks with Swedish pharma major Meda AB and Germany's Stada for acquiring stakes.



**₹1,25,000 cr**

Sun Pharma's market value as on Jan 17, 2013

**₹9,000 cr**

Its current cash chest

**₹8,000 cr**

Amount that Sun is raising to fund its M&A plans

**54.97%** Rise in the company's share price between Jan 1, 2012 and Jan 1, 2013

## MAJOR ACQUISITIONS

**1997:** Detroit-based Caraco Pharma

**2010:** Majority stake in Israel-based Taro Pharma

**2011-12:** US-based Dusa Pharma and generic business of URL Pharma

Company.