

ISRAEL MAKOV, CHAIRMAN, Sun Pharma

'We would like to keep the Ranbaxy brand alive in most markets'

Himani Chandna Gurtoo

himani.chandna@hindustantimes.com

NEW DELHI: After the \$4-billion (about ₹24,000 crore) merger deal with Ranbaxy Laboratories, Israel Makov, chairman, Sun Pharma, told *HT* that he was confident of handling the troubles associated with the brand, including regulatory and quality issues. Excerpts from an interview:

What prompted you to buy Ranbaxy - deal value or the potential brand name?

The combination of Sun Pharma and Ranbaxy creates the fifth-largest specialty generics company in the world and the largest pharmaceutical company in India. The combined entity will have operations in 65 countries, 47 manufacturing facilities across five continents, and a significant platform of specialty and generic products marketed globally, including 629 ANDAs (abbreviated new drug application). On a pro forma basis, the combined entity's revenues are estimated at \$4.2 billion (₹25,200 crore) with EBITDA of \$1.2 billion (₹7,200 crore) for the twelve month period ended December 31, 2013. The transaction value implies a revenue multiple of 2.2 based on 12 months ended December 31, 2013.

How will Sun Pharma take care of the Ranbaxy's ongoing troubles, including the bans imposed by US regulator Food and Drug Administration? Sun Pharma has a proven track record of investing the necessary resources into successfully integrating acquired companies. We believe that by introducing our management systems and expertise on procurement, supply chain, as well as training will help us enhance Ranbaxy's productivity and reduce cost of operations. We will focus on revenue optimisation and deriving sourcing synergies.

On other side, how will Ranbaxy help Sun Pharma? In India and in rest of the world markets, we see tremendous growth opportunities. The acquisition of Ranbaxy enables us to become the leading company in the Indian market



SUN HAS A PROVEN TRACK RECORD OF INVESTING NECESSARY RESOURCES INTO SUCCESSFULLY INTEGRATING ACQUIRED FIRMS. OUR EXPERTISE WILL HELP ENHANCE RANBAXY'S PRODUCTIVITY

ISRAEL MAKOV

while providing a product line that complements our own. It also gives us a meaningful presence in the fast-growing emerging markets and further strengthens our leadership position in the US market.

The merged entity will have a diverse, complementary portfolio of specialty and generic products addressing chronic and acute treatments. The combined business will comprise strong portfolio of specialty and generic products marketed globally. Additionally, the combined entity will be one of the leading dermatology companies in the US.

Why do you think you will be more successful in resolving Ranbaxy's FDA issues?

It is difficult to predict the final outcome. Given that it's a high priority item for both Ranbaxy and Sun and our track record at Sun of having resolved issues in this area, we feel that working closely with the regulator should be possible to solve these problems.

Do you plan to keep the brand Ranbaxy alive? Or will killing the brand name be an option?

Ranbaxy has branded generics in more than 100 markets. We plan to keep the brands alive in most of the markets. We would like to preserve that.

Are you looking for more acquisitions - global or local? At the moment, our focus is on the integration, but in future we will continue to evaluate opportunities that can help us deliver great value to our shareholders.

Do you think the deal between Sun and Ranbaxy could initiate a trend of domestic consolidation among Indian companies? This transaction might prompt further consolidation in the Indian Pharma industry, which may enhance the Indian companies abilities to compete in the global arena.

How will you address the issue of employee rationalisation and integration? Do you foresee any job losses at Sun and Ranbaxy?

We believe that the success of pharma companies depends on people and we are working to ensure a smooth transition with the interests of all employees in mind.

Company