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Ranbaxy results today, but sentiment to remain tepid on other concerns: Analysts

US FDA actions, roadblocks in merger with Sun Pharma are key triggers for stock

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Ranbaxy, which has been in the eye of the storm for several quality concerns, may well mark a high 9 per cent topline growth for its March quarter. However, with its merger with Sun Pharma hitting a roadblock, its results are unlikely to trigger any major movement on the stock markets, analysts feel.

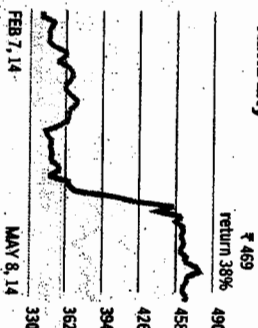
Ranbaxy will be posting its fifth quarter results and the numbers for the 15-month period ending March 31 on Friday. The company

is moving to fiscal year accounting method from calendar year method.

"More than the results, it's the USFDA (US Food and Drugs Administration) actions which will trigger any major stock movement for the company," said Sarabjit Kour Nangra, Vice-President (Research), Pharma, Angel Broking.

Nangra estimated that the company would register a topline growth in the range of 9 per cent, and notch up a net profit of ₹240 crore. In the quarter ended De-

Ranbaxy



cember 2013, the company had posted a net loss of ₹158.94 crore.

However, this improved performance is unlikely to result in a positive movement in the stock, analysts say.

"Unless they are much ahead of expectations, I don't think it (re-

sults) will trigger any major movement," Nangra said, adding that the mood in relation to Ranbaxy is tepid.

The hurdles faced by the company in relation to its deal with Sun Pharmaceuticals are also seen as a dampener. KV Sanil Kumar, Head (Sales), Geojit BNP Paribas Financial Services, said unresolved issues surrounding Ranbaxy, such as USFDA import alerts, disrupted production in plants such as Roansa, and the stay order on the deal with Sun Pharma, would supersede the results.

Near-term downtrend

Agreeing with Nangra, he said the company may show improve-

ment in the range of 9 per cent growth in topline. "However, even if that's true, stock prices will come down in the near term," he said, adding that rupee appreciation would also affect Ranbaxy due to forex exposure.

An official from another pharmaceutical company said the deal with Sun Pharma was the best news for Ranbaxy in the last year and given the stay order by the Andhra Pradesh High Court, sentiments are unlikely to improve even if Ranbaxy's quarterly results match expectations.

The official also added that import bans on Ranbaxy's Indian plants would continue to impact its revenue.

Company