

PROGRESS REPORT

# Ranbaxy posts fivefold increase in annual profit

**Sales rise 23% to  
₹8,550.70 crore; profit  
up to ₹1,496.80 crore;  
firm declares 40%  
dividend of ₹2 a share**

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**R**anbaxy Laboratories Ltd, India's largest drug maker by revenue, posted a fivefold increase in net profit for the year ended December over the previous year while sales rose 23%. It also gave an outlook for 2011, expecting to achieve base case sales of around ₹8,400 crore (\$1.87 billion).

Ranbaxy reported a net profit of ₹1,496.80 crore on sales of ₹8,550.7 crore, a margin of 18% to sales for the year. Profit before tax was ₹2,100 crore, a margin of 25% to sales.

It did not release numbers for the fourth quarter. However, in the conference call with analysts, Ranbaxy said it posted earnings before interest and taxes of \$36 million on sales of \$463 million in the fourth quarter. In the year-ago quarter, it made a profit of ₹296 crore on sales of ₹7,344.10 crore.

The Ranbaxy board also recommended a 40% dividend of ₹2 per share.

"We have had a strong year attributable in large measure to the robust revenue growth in our key geographies and the realizations from our first-to-file opportunities, in the US," said Arun Sawhney, managing director, Ranbaxy, in a press release. "On the cost side, we have gained from greater efficiencies in manufacturing."

Emerging markets accounted for 50% of total sales during the year, while developed markets contributed 44%. Sales in the US market grew 80% and stood at ₹2,744.8 crore, despite its issues with the US Food and



**Manufacturing boost:** Ranbaxy managing director Arun Sawhney.

(DoJ) not being resolved. The management didn't make any comment on progress with the FDA or the DoJ. On 14 January, *Mint* had reported that the FDA had begun a validity assessment at Ranbaxy's Paonta Sahib plant and would conduct an assessment of each generic drug application.

In Europe, Ranbaxy sales grew by 1% in dollar terms and declined by 4% in rupee terms at ₹1,243.2 crore.

The domestic business grew 8%, recording sales of ₹1,759.3 crore and the management expects it to grow faster in 2011 owing to the launch of its India initiative Project Viraat.

"The numbers are lower than what we had expected. Its exclusive launch of generic Aricept seems to be weaker than what we had forecast," said a Mumbai-based analyst with a foreign brokerage who spoke on condition of anonymity as he's not authorized to speak to the media. "But the guidance for next year doesn't include its next big exclusive product, generic Lipitor, and discounting that, the guidance looks good."

Shares of Ranbaxy fell 3% to close at ₹494.2 on a day the benchmark Sensex fell 0.77% to close at 18,296.16 points.

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