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### Ranbaxy stock price soars on US gains

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Ranbaxy Laboratories has seen its share price firm up over the week, as analysts expect the country's largest drug company to post healthy profits in the October-December quarter, against a loss in the same period last year. They also expect a resolution of its long-pending dispute with the US drug regulator shortly.

Ranbaxy will announce its quarterly and annual results on February 25.

The quarterly performance is expected to be driven by foreign exchange gains, as well as significant increase in revenues from the US market, which is its largest.

Revenues from the US were hit earlier as exports from two of Ranbaxy's key manufacturing facilities in India are banned by the US Food and Drugs Administration (USFDA).

Recently, Ranbaxy's wholly-owned US subsidiary, Ohm Laboratories, received a warning on issues of good manufacturing practice compliance from the regulator.

"We expect Ranbaxy to post revenue of Rs 2,000 crore for the quarter, up by 6 per cent as compared to the corresponding quarter the previous year. Foreign exchange gains and increased revenues from the US market should see the company registering a net profit of Rs 470 crore, as against Rs 920 crore loss made during the comparable quarter the previous year," said Hemant Bakhru, an analyst with CLSA.

According to Bakhru, the reversal of forex losses should account for Rs 180-200 crore during the quarter. Ranbaxy's major shareholder, Daiichi Sankyo of Japan, had recently revised its earnings forecast, primarily due to the expected revenue upside from Ranbaxy. Daiichi had stated that it was revising its earnings forecast as it expected Ranbaxy's forex loss "would turn to a gain due to a change in the exchange rate for the Indian rupee vis-a-vis the US dollar".

A Ranbaxy spokesperson declined to confirm or deny the resolution of issues with USFDA. "We continue to work closely with USFDA and other authorities to resolve the issue. However, we are unable to provide a specific time frame," a Ranbaxy spokesperson said.

Sriram Rathi of Centrum Broking said he expects Ranbaxy's December quarter net profit to be Rs 203 crore, an increase of 80 per cent after excluding the forex gain from increased revenues from the US business. "The company launched Valtrex generic with limited market exclusivity during the quarter. The US revenues will be driven by this product," he said.

Rathi expects Ranbaxy's revenues for the quarter to be 9 per cent lower than the corresponding quarter the

previous year.

Angel Broking has not factored in a major revenue upside from the Valtrex generic, as the product was launched towards the end of the December quarter. “We expect the net profit to be up at Rs 408.7 crore as against a net loss during the comparable quarter last year. The net sales will decline 5.3 per cent,” said Sarabjit Kaur Nagra, vice president, Angel Broking.

The company’s share price, which had touched a weekly intra-trade high of Rs 458 closed at Rs 442.85 on BSE on Thursday.