

# Ranbaxy Labs

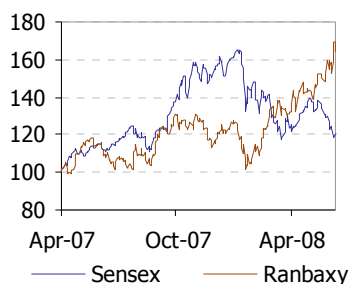
Relative to sector: **Under Review**

Analyst: **Vihari Purushothaman**  
Email: vihari@enam.com  
Tel: 9122 6754 7615

Analyst: **Rohita Sharma**  
Email: rohita.sharma@enam.com  
Tel: 9122 6754 7603

**Chandrasekhar Sridhar**  
Email: chandrasekhar@enam.com

## Relative Performance



Source: Bloomberg, ENAM Research

## Stock data

No. of shares	: 373mn
Market cap	: Rs 223bn
52 week high/low	: Rs 610 / Rs 300
Avg. daily vol. (6mth)	: 2.3mn shares
Bloomberg code	: RBXY IB
Reuters code	: RANB.BO

## Shareholding (%) Mar-08 QoQ chg

Promoters	: 34.8	(0.0)
FIIs	: 18.0	4.0
MFs / UTI	: 3.0	(2.0)
Banks / FIs	: 20.3	0.2
Others	: 23.9	(2.1)

## Financial Summary

Y/E Dec	Sales (Rs mn)	Adj.PAT (Rs mn)	Consensus EPS* (Rs)	EPS# (Rs.)	Change YoY (%)	P/E (x)	RoE (%)	RoCE (%)	EV/EBITDA (x)	DPS (Rs.)
2006	60,183	5,103	-	12.8	124	46.9	20.1	13.7	29.4	8.5
2007	65,919	7,078	-	17.7	39	33.8	25.0	15.5	26.6	8.5
2008E	72,865	6,763	18.7	16.9	(4)	35.4	21.2	14.1	21.3	8.5
2009E	80,112	7,655	23.1	19.1	13	31.2	21.6	14.6	19.3	8.5

Source: \*Consensus broker estimates, Company, ENAM estimates; # On fully diluted basis equity of 399.8mn shares

## HIDE AND SEEK ON LIPITOR ENDS

Ranbaxy has entered into an agreement with Pfizer Inc. to settle most of its patent litigation worldwide involving atorvastatin (Lipitor).

### Key Highlights:

- Settles Lipitor in the US and select other geographies:** Under the settlement, Ranbaxy will not launch a generic version of Lipitor (Sales of USD 12.7bn globally in 2007 including USD 8bn in the US) until November 2011 in the US i.e. an effective delay of 20 months from its original launch date of March 2010
- It also has a license to sell atorvastatin on varying dates in an additional 7 countries, including Canada, Belgium, Netherlands, Germany, Sweden, Italy and Australia (market size ~USD 1.5bn). Ranbaxy and Pfizer have also resolved their disputes regarding atorvastatin in Malaysia, Brunei, Peru and Vietnam.
- Settles Caduet in the US:** It is also licensed to sell generic fixed-dose combination of atorvastatin and amlodipine besylate (Caduet, USD 568mn sales) in the US from November 30, 2011
- Settles Accupril and Viagra:** The settlement also resolves additional patent litigation involving Accupril (in the US) and Viagra (in Ecuador).

### Implications

- The deal ends uncertainty regarding launch of generic Lipitor in the US by Ranbaxy; i.e. in the event of an unfavourable Appeals Court verdict. However, the entry will be delayed by a good 20 months to Nov 2011. It will also reduce outgo on litigation.
- These will be offset partially by the fact that the effective period Ranbaxy can sell the product as the sole generic is reduced from 15 months to six months. While the enantiomer patent expires on June 28, 2011, Pfizer (during its conference call) did not provide any cogent reasons that would prevent Teva from entering the market thereafter i.e. in the event Teva proved non-infringement in respect of subsequent patents.
- We do not envisage any significant alteration in the NPV of cashflows expected to accrue to Ranbaxy, post this deal.

This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Nothing in this document should be construed as investment or financial advice, and nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. The intent of this document is not in recommendatory nature

Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors

Enam Securities Private Limited has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval

Enam securities Private Limited, its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document

This report has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of ENAM Securities Private Limited. The views expressed are those of analyst and the Company may or may not subscribe to all the views expressed therein

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither this document nor any copy of it may be taken or transmitted into the United State (to U.S. Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

**Copyright in this document vests exclusively with ENAM Securities Private Limited.**