

Result Update

Ranbaxy

Ranbaxy, leading drug maker of the country, posted a 59.9% rise in Q1CY10 Net Sales to Rs 2486.8 crore as compared to Rs 1554.9 crore in the corresponding period of last year. For Q1CY10 Operating profit stood at Rs 1500.9 crore as compared to an operating loss of Rs 1128.3 crore in Q1CY09. Net Profit for Q1CY10 was Rs 963.1 crore against Net Loss of Rs 761.0 crore in Q1CY10. The improvement in margins was on the account of robust growth in key markets and continued focus on cost reductions. During the quarter, the company made 43 filings and received 45 approvals for dosage forms.

Robust growth in North America, CIS and Africa

Net Sales for Q1CY10 grew by 59.9% to Rs 2486.8 crore primarily on account of impressive growth in regulated and emerging markets. Sales in emerging market grew by 15% YoY to \$ 212mn (Rs 9752 crore) and contributed 39% to total sales. Developed markets primarily on account of First to File (FTF) revenues grew by robust 1455% to register sales of \$ 304 mn (Rs 1398.4 crore)

Geography	Sales Q1CY10 (Rs Crs)	Growth% (YOY)
North America	1210.6	266
Europe	310	10
India	345.2	6
Asia Pacific	66.2	-38
CIS	109.7	26
Africa	117.0	30
Latin America	89.5	40

Turnaround in operating and bottom margins

Ranbaxy for Q1CY10 posted a steep rise in Operational income to Rs 1500.9 crore as compared to a loss of Rs 1128.3 crore in corresponding period of last year. Improvement in margins was primarily on the back of strong performance in key markets along with focused approach to reduce cost. Stronger operational performance and forex gain of \$ 98m led Net profit for Q1CY10 to soar to Rs 963.1 crore as compared to a net loss of Rs 761.0 crore in Q1CY09.

Hydrochloride in US by Aug 2012.



Kyon ki bhaiya, sabse bada rupaiya.

11-May-2010

CMP: 457.9 **Nifty:** 5136.2

Rating:

Details:

Sector: Pharmaceuticals & Drugs

Equity Cap (Rs Cr): 210.3

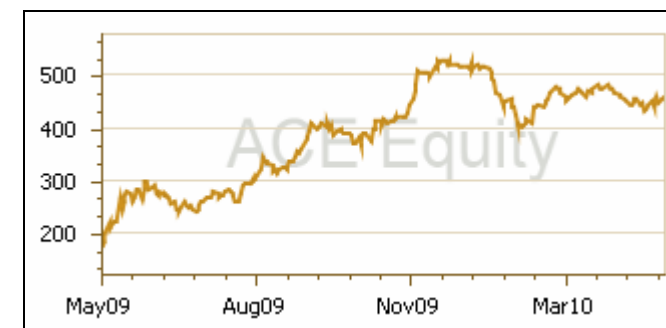
Face Value: 5

52 Week High: 538.45

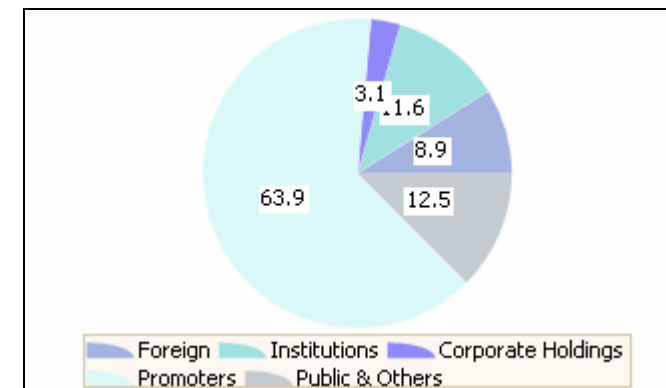
52 Week Low: 169

Market Cap (Rs Cr): 19262.4

Price Chart



Shareholding Pattern:



New product launches doorway to additional revenue streams

In the US market Ranbaxy launched Valacyclovir , a generic version of GSK's anti herpes blockbuster medicine Valtrex. The company was first to file an ANDA and thus enjoy a 180 day exclusivity which transforms into a \$ 100 mn opportunity. In addition, with the acquisition of product rights and facility of Biovel Life Sciences, the company has ventured into the vaccines arena. The company has also settled a patent litigation with Takeda Pharma, which will offer Ranbaxy opportunity to launch the generic version of pioglitazone hydrochloride in US by Aug 2012.

Envisaging potential in Japanese markets

In synergy with the parent company Daiichi Sankyo, Ranbaxy is exploring emerging opportunities in the Japanese markets. In Japan, Daiichi has established a new subsidiary Daiichi Sankyo Espha Co. Ltd (DSEPL) to market generic products and this will provide Ranbaxy will an opportunity to develop, manufacture and supply products to DSECL, for the Japanese market.

Valuation and Recommendation

At CMP of Rs 457.9 the stock is trading at 9.5x of its TTM earnings of Rs 48.4. With increased traction in revenues and earnings expected we recommend an Accumulate on the stock.

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

Ranbaxy Laboratories Ltd.	Q1CY10	Q1CY09	% Chg.	Q1CY10	Q1CY09	% Chg.	CY200912	CY200812	% Chg.
Net Sales	2486.8	1554.9	59.9	2486.8	1554.9	59.9	7329.4	7224.5	1.5
Other operational Income	280.3	22.3	1157.1	280.3	22.3	1157.1	267.6	189.5	41.3
Total Oper. Income(TOI)	2767.1	1577.2	75.5	2767.1	1577.2	75.5	7597.0	7414.0	2.5
Raw Materials Cons.-	566.8	505.3	12.2	566.8	505.3	12.2	2396.3	2477.7	-3.3
% to TOI	20.5%	32.0%	-	20.5%	32.0%	-	31.5%	33.4%	-
Stock adj. (-)Inc / (+)Dec-	-115.8	-103.3	12.1	-115.8	-103.3	-12.1	109.7	-183.3	LP
% to TOI	-4.2%	-6.6%	-	-4.2%	-6.6%	-	1.4%	-2.5%	-
Net Raw Mat adj. for stock	451.1	402.0	12.2	451.1	402.0	12.2	2506.0	2294.4	9.2
% to TOI	16.3%	25.5%	-	16.3%	25.5%	-	33.0%	31.0%	-
Other expenses	434.0	1955.5	-77.8	434.0	1955.5	-77.8	2618.7	5129.0	-48.9
% to TOI	15.7%	124.0%	-	15.7%	124.0%	-	34.5%	69.2%	-
Contribution Net_Sales	1882.1	-780.4	LP	1882.1	-780.4	LP	2472.4	-9.4	LP
Personnel	381.2	347.9	9.6	381.2	347.9	9.6	1417.5	1262.7	12.3
% to TOI	13.8%	22.1%	-	13.8%	22.1%	-	18.7%	17.0%	-
Total expenditure	1266.2	2705.5	-53.2	1266.2	2705.5	-53.2	6542.2	8686.0	-24.7
Operating Profit	1500.9	-1128.3	LP	1500.9	-1128.3	LP	1054.9	-1272.0	LP
<i>% to TOI</i>	<i>54.2%</i>	<i>-71.5%</i>	<i>-</i>	<i>54.2%</i>	<i>-71.5%</i>	<i>-</i>	<i>13.9%</i>	<i>-17.2%</i>	<i>-</i>
Non-Operating Income	39.9	45.7	-12.7	39.9	45.7	-12.7	293.6	260.0	12.9
Interest	24.8	24.6	0.8	24.8	24.6	0.8	71.0	205.5	-65.4
Exceptional Items			-			-			-
Gross Profit	1516.0	-1107.2	LP	1516.0	-1107.2	LP	1277.4	-1217.6	LP
Depreciation	100.5	63.9	57.3	100.5	63.9	57.3	267.6	282.5	-5.3
PBT before Extra-ord	1415.5	-1171.1	LP	1415.5	-1171.1	LP	1009.8	-1500.0	LP
% to TOI	51.2%	-74.3%	-	51.2%	-74.3%	-	13.3%	-20.2%	-
Extraordinary Items			-			-			-
PBT	1415.5	-1171.1	LP	1415.5	-1171.1	LP	1009.8	-1500.0	LP
Tax Rate	32.0%	35.0%	-	32.0%	35.0%	-	69.2%	37.7%	-
Prov. for Tax	452.4	-410.1	LP	452.4	-410.1	LP	699.1	-565.1	LP
% to TOI	16.4%	-26.0%	-	16.4%	-26.0%	-	9.2%	-7.6%	-
Profit after Tax	963.1	-761.0	LP	963.1	-761.0	LP	310.7	-935.0	LP
<i>% to TOI</i>	<i>34.8%</i>	<i>-48.3%</i>	<i>-</i>	<i>34.8%</i>	<i>-48.3%</i>	<i>-</i>	<i>4.1%</i>	<i>-12.6%</i>	<i>-</i>
Minority Interest	-2.3	-2.0	15.4	-2.3	-2.0	-15.5	-11.0	-8.4	29.7
PAT (adj. For MI)	960.6	-767.3	LP	960.6	-767.3	LP	296.5	-951.2	LP
Face Value	5.0	5.0	0.0	5.0	5.0		5.0	5.0	0.0
Equity Share capital	210.3	210.2	0.0	210.3	210.2	0.0	210.2	210.2	0.0
EPS (Rs.)	22.9	-18.1	LP	22.9	-18.1	LP	7.4	-22.2	LP
CEPS (Rs.)	25.3	-16.6	LP	25.3	-16.6	LP	13.8	-15.5	LP

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

Ventura Securities Limited

Corporate Office: Corporate Office: C-112/116, Bldg No. 1, Kailash Industrial Complex, Park Site, Vikhroli (W), Mumbai – 400079

This report is neither an offer nor a solicitation to purchase or sell securities. The information and views expressed herein are believed to be reliable, but no responsibility (or liability) is accepted for errors of fact or opinion. Writers and contributors may be trading in or have positions in the securities mentioned in their articles. Neither Ventura Securities Limited nor any of the contributors accepts any liability arising out of the above information/articles. Reproduction in whole or in part without written permission is prohibited. This report is for private circulation.