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Piramal Healthcare shares surge 5% on stake sale buzz

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Mumbai: The buzz around a possible stake sale in Mumbai-based Piramal Healthcare grew louder on Wednesday. According to market watchers, French drugmaker Sanofi-Aventis is eyeing a majority stake in Piramal for Rs 685 a share.

There are also reports that US pharma major Pfizer was the highest bidder for taking over Piramal and the deal size could be between \$1.5 billion and \$1.8 billion.

It added that two other global drugmakers were also in the fray and takeover talks were in the final stages. Piramal shares surged 5% in a weak market following the reports. However, the scrip later fell 8% from the day's high after Piramal clarified that "there is no proposal by the promoter to sell stake in the company."

Piramal shares closed at Rs 524.95 on the BSE on Wednesday, down 3.16% from the previous day's close. On the other hand, Sanofi and Pfizer spokespersons said their companies would not comment on rumours.

"Piramal could be an attractive target for any big pharma company trying to enhance presence in key emerging markets and India is a very important emerging market," Bino Pathiparampil, an analyst with brokerage IIFL said. He added, "The main strength of Piramal is its domestic business."

Piramal Healthcare, which has a strong presence in anti-infective, dermatology, nutritionals and OTC segments, has been ranked no. 3 in the country's pharmaceutical market for Q4FY10 as per ORG IMS.

Piramal has a strong presence in the contract research and manufacturing services (CRAMS) business too. According to a Motilal Oswal report, "We expect the company's CRAMS business to record 16% CAGR over FY10-12. Its Indian CRAMS facilities logged 20% revenue (CAGR), led by ramp-up in existing contracts, execution of new ones and shift in manufacturing of some products from its UK facilities to India." Sanofi and GlaxoSmithKline had been linked in the past to a bid for Piramal's formulation business.

