



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

(Set up by Ministry of Commerce, Govt. of India)

COPY

Date : 25-05-2010

News / Story reproduced with thanks:- [Thehindubusinessline](http://www.thehindubusinessline.com)

Sun Pharma chief sees more consolidation ahead

Forecasts company's growth at 18-20%.

P.T. Jyothi Datta
Mumbai, May 25

Direct link to the News/Story:-

<http://www.thehindubusinessline.com/2010/05/26/stories/2010052650030200.htm>

Against the backdrop of Ranbaxy promoters selling out their entire stake and Piramal Healthcare selling its domestic formulations business last week, Sun Pharma's Chairman and Managing Director, Mr Dilip Shanghvi, sees more consolidation in the local landscape.

“In a way, it will be good for us,” as Sun would compete with companies “that have marketing ethics and business polices similar to ours”, he said, responding to an analyst query. It is a process of transition, as international companies are seeing growth from emerging markets, and India being a component of this market, it paves the way for more consolidation and tie-ups, he added.

Outlook

On the Rs 4,100-crore Sun Pharma's growth projections for the year, he said, the company looks at an 18 to 20 per cent growth, despite challenges in the US market, including the recent ruling disallowing the company from selling heart-burn drug Protonix.

The year under review was significant, as the US faced unprecedented challenges and revenues took a hit as a result. Nevertheless, rest of the businesses continued, he added.

US challenges

Sun Pharma has stopped selling Protonix (generic pantaprazole) in the US, despite being confident on its litigation, due to “abundant caution”, he explained. On the other US challenge, facing its subsidiary Caraco, he said: “The plant was on its way to being compliant with the GMP (good manufacturing practice) norms and the revival plan had got the approval of the Food and Drug Administration.”

Consultants had been engaged for the purpose and work plan for the plant had been submitted to the regulator, he said.

Caraco's Michigan facility had come in for the stick in June last year, regarding compliance issues, but Mr Shanghvi hoped the issue would be resolved this year.

Research spends

Sun Pharma's research spends for the year ended March 2010 was Rs 247 crore. The spending is tipped to revert to the high of 7-8 per cent of sales, he said, in the expectation that research spending would resume at its Cranbury and Caraco sites this year. With 600 scientists, Sun Pharma's patent library has 245 patents, Mr Shanghvi said, 79 of them approved.

Having made its \$454-million proposal to acquire Taro about three years ago, Sun still awaits audited financials for 2007/08 and 09 of the Israeli generics company, he said. The two companies are locked in litigation and Sun still awaits the Israeli Supreme Court's verdict, he said.

NET dips

Sun Pharma's consolidated net profit saw a 26 per cent dip at Rs 1,351 crore for the year ended March 31, 2010, compared with Rs 1,817 crore in the previous year. Net sales stood at Rs 4,103 crore, down from the previous year's Rs 4,272 crore.

On Sun Pharma's performance, the Chief Executive, Mr Kal Sundaram, said that domestic formulations, accounting for about 45 per cent of sales, comprised brands such as Pantocid that became a Rs 100-crore brand, besides five-six brands that were in the range of Rs 50 crore and growing.