

Industry

Pharma firms' March quarter growth uneven

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Pharmaceutical companies have done well in the quarter ended March. Two front-line companies, Ranbaxy and Dr Reddy's Laboratories, have registered a turnaround.

The large-cap companies also benefited from one-off opportunities in the US. For example, Ranbaxy Labs showed strong growth in revenue and profit on the back of exclusivity income from generic drug Flomax and exchange gains. Lupin gained from its US business which rose by 41 per cent, led by branded formulation sales growth of 94 per cent and contribution of its generic drug, Lotrelm during the quarter.

Dr Reddy's Labs reported a decline in sales on the back of the higher base, as it marketed the authorised generic drug, Sumatriptan, in the US market at the same time last year. The company has reported a strong turnaround on de-

cline in provisioning for Betapharm impairment losses. Cipla disappoints in the fourth quarter, with flat revenue growth and single-digit growth in net profit due to higher overheads and decline in technical knowhow fees by 86.4 per cent to Rs 13.6 crore, from 99.9 crore. The sale of intellectual property rights in the 'i-pill' brand for Rs 95 crore to Piramal Healthcare aided Cipla's fourth quarter profit.

Ranbaxy pulls up sector sales

Thanks to Ranbaxy Laboratories, which more than doubled its standalone revenue from first-to-file opportunities, the net sales of 25 pharma companies rose over 20 per cent. Excluding Ranbaxy, the growth rate declined to around 10 per cent. On a consolidated basis, the revenue growth continues to be around 10 per cent, mostly due to decline in export revenue. The net profit rose over 900 per cent on a standalone basis, mostly due

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Quarterly growth rate in sales and profit on a standalone basis

	Growth rate in net sales in %				Growth rate in net profit in %			
	Jun-09	Sep-09	Dec-09	Mar-10	Jun-09	Sep-09	Dec-09	Mar-10
Ranbaxy Labs	-14.59	13.94	55.87	134.58	2746.40	Taround	Taround	Taround
Cipla	13.99	6.65	7.33	0.88	72.60	82.09	29.35	8.94
Dr Reddy's Labs	9.98	19.84	0.83	1.85	8.28	116.53	62.46	62.11
Lupin	25.99	9.42	36.33	28.92	65.48	-25.44	152.67	67.79
Piramal Health	16.48	11.12	20.60	9.78	45.48	64.49	257.59	0.29
Cadila Health	23.41	19.19	41.02	17.22	120.27	30.26	73.48	207.70
Glaxosmit Pharma	9.75	12.43	19.31	17.95	8.26	6.90	-50.31	12.51
Torrent Pharma	25.48	30.50	10.98	23.49	-62.86	81.39	12.91	27.90
Aventis Pharma	2.46	6.08	-10.37	6.68	12.68	-1.79	-42.60	-10.86
Unichem Labs	-6.73	-1.17	13.49	18.76	-2.97	-3.14	19.82	20.18
J B Chem & Pharm	-1.82	-18.10	-9.42	6.47	-3.74	-18.56	107.58	117.93
Novartis India	3.55	5.62	7.16	13.59	7.15	13.94	-4.22	34.33

to a turnaround by Ranbaxy, with net profit of Rs 872 crore from a net loss of Rs 778 crore in the quarter ended March 2009. Ranbaxy's quarterly profit was aided by Rs 387 crore of foreign gains on outstanding

derivatives and Rs 128 crore forex gains on loans.

The other pharma companies which contributed to sales during the quarter were Cadila Healthcare, Indoco Remedies, Lupin and Torrent Pharma-

ceuticals. Among multinational pharma companies, Glaxo-SmithKline Pharma and Novartis posted double-digit growth in sales, while Aventis Pharma and Merck showed single-digit revenue growth. The net

profit of GSK Pharma rose by 12 per cent, while Novartis reported a strong 34 per cent rise in net profit. Among domestic companies, healthy growth in net profit came from Cadila Healthcare, Indoco Remedies, JB Chemicals and Lupin.

The pharma analyst from Edelweiss Research expects a significantly more robust outlook for next year. The domestic formulations business is expected to deliver healthy double-digit growth, while the US formulation business will continue to offer niche opportunities to large Indian players. The recent trend of innovator companies partnering with generic companies to increase presence in emerging markets will further add valuation upside for companies with the required manufacturing skill sets. Contract research manufacturers, affected by de-stocking and credit issues in the previous year, are likely to be on a firm footing as the overall global growth outlook improves.