

Post its exit from Ranbaxy, Daiichi to report losses in dollars

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Post its exit from Ranbaxy, Daiichi may report losses in dollars



After its board approved the share sale to exit India, Japanese drugmaker, Daiichi Sankyo sold its entire holding of 8.9 per cent in Sun Pharma on April, 28. This brought down curtains on the Japanese pharma company's entry into Indian market about seven years ago. In 2008, Daiichi acquired Ranbaxy at a significant premium to its then market value. The company bought majority stake in Ranbaxy through a \$4.1 billion deal (around Rs 20,000 crore then).

As was announced on March 25, 2015, in a release titled "Announcement Regarding Closure of Merger between Daiichi Sankyo subsidiary Ranbaxy and Sun Pharma," Daiichi received the shares of Sun Pharma following the completion of Sun Pharma's merger with Ranbaxy. "From the perspective of the improvement of corporate value, Daiichi Sankyo has performed a review of the Sun Pharma shares and reached a conclusion to sell the shares entirely or partially. After the sale, Daiichi Sankyo will not be a major shareholder of Sun Pharma. However, the existing business partnership with Sun Pharma will remain unchanged," said the statement from company.

Daiichi also said it will make an announcement concerning the effect of any gain or loss on the sale of Sun Pharma shares when results of operations for the fiscal year ending in March 2015 are announced. However, in its statement to BSE, it has mentioned that it will book a loss on sales of investment securities of 46.2 billion yen under extraordinary losses in its non-consolidated financial results for fiscal 2015.

The shares were sold through National Stock Exchange on April, 28. Daiichi got Rs 20,026 crore (\$3.18 billion) which is technically about the same amount it had invested in rupee terms.

However, this would still mark a loss compared to the dollar investment value of Daiichi which had invested through a mix of stake purchase from previous promoters, preferential allotment and open offer, giving it 63.92 per cent stake in Ranbaxy.