

Ranbaxy shares gain as US government withdraws motion

Share prices of India's largest drug maker Ranbaxy Laboratories gained 9.08 percent on the Bombay Stock Exchange (BSE) after the company confirmed in a regulatory statement Wednesday that the US Department of Justice (DoJ) has withdrawn its legal motion against it.

The DoJ had filed the motion in the district court of Maryland in July to access data and documents, which, it had claimed, Ranbaxy and its legal consultancy firm Parexel were not disclosing.

DoJ had said in its submission to the Maryland Court Sep 29 that the legal consultancy firm hired by Ranbaxy has produced nearly 500,000 documents so far, and that Ranbaxy intended to share more documents that the US government had sought.

It then sought an additional week to review the recent production (of documents) until Oct 6, saying, 'Upon confirmation that the production is complete, the government will withdraw the motion.'

Although details are still forthcoming, it appears that the DoJ has now confirmed to the court that the production of documents is complete, and so, it had withdrawn the motion.

In the regulatory statement, Ranbaxy said the DoJ has now been provided with a comprehensive set of audit documents.

These documents will help resolve the questions raised by the US government about the company's business practices and standards, the statement said.

'Ranbaxy remains confident that its pharmaceutical products are safe and effective and remains committed to cooperatively working with all regulatory and legislative authorities,' the statement added.

Meanwhile, in another positive development for the company, a spokesperson for Daiichi Sankyo, Japan's third-biggest drug maker, confirmed that the Japanese company was sticking to the deal to buy a 37.7 percent stake in Ranbaxy at Rs.737 a share even as the Indian company's market capitalisation had fallen to one-third of the June offer Monday.

'The price of Rs.737 is fixed,' Daiichi Sankyo chief executive officer Takashi Shoda was quoted as saying Wednesday in Tokyo, where the company is based.

'If Ranbaxy's stock price continues to move this way, we will follow accounting standards and consult with our accountants to determine valuation losses.'

Tuesday's withdrawal of the legal motion and Wednesday's confirmation of that event by the company as well as Daiichi Sankyo's statement saw Ranbaxy's share prices close with gains Tuesday and Wednesday even as Indian stock markets ended in the red both days.

Ranbaxy's share prices had gained Rs.9.57 or 3.88 percent to Rs.256.00 Tuesday, and it gained another Rs.23.25 or 9.08 percent to Rs.279.25 Wednesday.

However, in morning trading, Ranbaxy fell as much as 7.9 percent to Rs.236 Wednesday on the

BSE before rebounding after it confirmed that the US government has withdrawn the legal motion.

Even then, its share price Wednesday at Rs.279.25 is still 62.1 percent less than the Daiichi Sankyo deal price of Rs.737. For this reason, Daiichi Sankyo share prices fell Wednesday at the Tokyo Stock Exchange - registering the sharpest drop among the 33 companies that comprise Japan's Topix Pharmaceutical Index.

(© IANS / India eNews)