

Thank you!



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Internal Environment Analysis

Strengths

- 1. High quality products
- 2. Strong brand name
- 3. High customer loyalty
- 4. High employee loyalty
- 5. High employee loyalty
- 6. High employee loyalty
- 7. High employee loyalty
- 8. High employee loyalty
- 9. High employee loyalty
- 10. High employee loyalty

Weaknesses

- 1. High employee loyalty
- 2. High employee loyalty
- 3. High employee loyalty
- 4. High employee loyalty
- 5. High employee loyalty
- 6. High employee loyalty
- 7. High employee loyalty
- 8. High employee loyalty
- 9. High employee loyalty
- 10. High employee loyalty

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External Environment Analysis

Opportunities

- 1. High employee loyalty
- 2. High employee loyalty
- 3. High employee loyalty
- 4. High employee loyalty
- 5. High employee loyalty
- 6. High employee loyalty
- 7. High employee loyalty
- 8. High employee loyalty
- 9. High employee loyalty
- 10. High employee loyalty

Threats

- 1. High employee loyalty
- 2. High employee loyalty
- 3. High employee loyalty
- 4. High employee loyalty
- 5. High employee loyalty
- 6. High employee loyalty
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Internal Financial Analysis

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External Analysis

Year	2010	2011	2012	2013	2014
Revenue	100	110	120	130	140
Profit	20	22	24	26	28
Market Share	15%	16%	17%	18%	19%
Customer Satisfaction	85%	86%	87%	88%	89%
Employee Retention	90%	91%	92%	93%	94%

- Available Strategic Options**
- 1) Sell ELR
 - 2) Maintain the current operation
 - 3) Eli Lilly to Purchase Ranbaxy Stake

Sell ELR

Both companies drop ELR from their company portfolio

Benefits

- 1. High employee loyalty
- 2. High employee loyalty
- 3. High employee loyalty
- 4. High employee loyalty
- 5. High employee loyalty
- 6. High employee loyalty
- 7. High employee loyalty
- 8. High employee loyalty
- 9. High employee loyalty
- 10. High employee loyalty

Costs

- 1. High employee loyalty
- 2. High employee loyalty
- 3. High employee loyalty
- 4. High employee loyalty
- 5. High employee loyalty
- 6. High employee loyalty
- 7. High employee loyalty
- 8. High employee loyalty
- 9. High employee loyalty
- 10. High employee loyalty

Maintain Current Operation

Both companies focus on their core business

Benefits

- 1. High employee loyalty
- 2. High employee loyalty
- 3. High employee loyalty
- 4. High employee loyalty
- 5. High employee loyalty
- 6. High employee loyalty
- 7. High employee loyalty
- 8. High employee loyalty
- 9. High employee loyalty
- 10. High employee loyalty

Costs

- 1. High employee loyalty
- 2. High employee loyalty
- 3. High employee loyalty
- 4. High employee loyalty
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- 10. High employee loyalty

Eli Lilly to Purchase Ranbaxy Stake

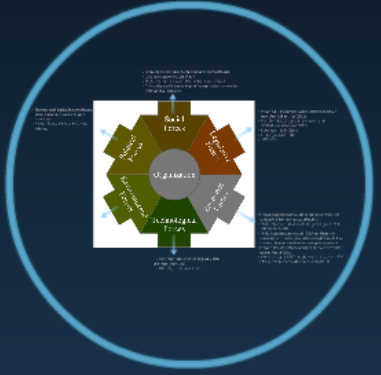
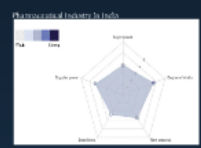
Both companies can attain personal objectives

Benefits

- 1. High employee loyalty
- 2. High employee loyalty
- 3. High employee loyalty
- 4. High employee loyalty
- 5. High employee loyalty
- 6. High employee loyalty
- 7. High employee loyalty
- 8. High employee loyalty
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Costs

- 1. High employee loyalty
- 2. High employee loyalty
- 3. High employee loyalty
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- 6. High employee loyalty
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- 8. High employee loyalty
- 9. High employee loyalty
- 10. High employee loyalty



Implementation Plan

0-1 years

Our Recommendation

Decision Matrix

	Payoff	Keep the JV	Divest the JV
Divest Opportunity (20)	3	1	1
Divest Risk (75)	0	1	0
Keep (20)	3	4	3
Keep Employee (10)	1	1	1
Cost of Acquisition (10)	0	1	2
Total	3*	2.7	2.5

~~1-3 years~~

3+ years



Lilly

Ranbaxy Acquisition by Daiichi Sankyo

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RANBAXY



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General Environment

- 1.027 billion people (2001)
with 1.4% growth/year
- 30% are middle class, higher demand for healthcare
- Unemployment level at 9.2%(2000)
from 9.7% (1992)

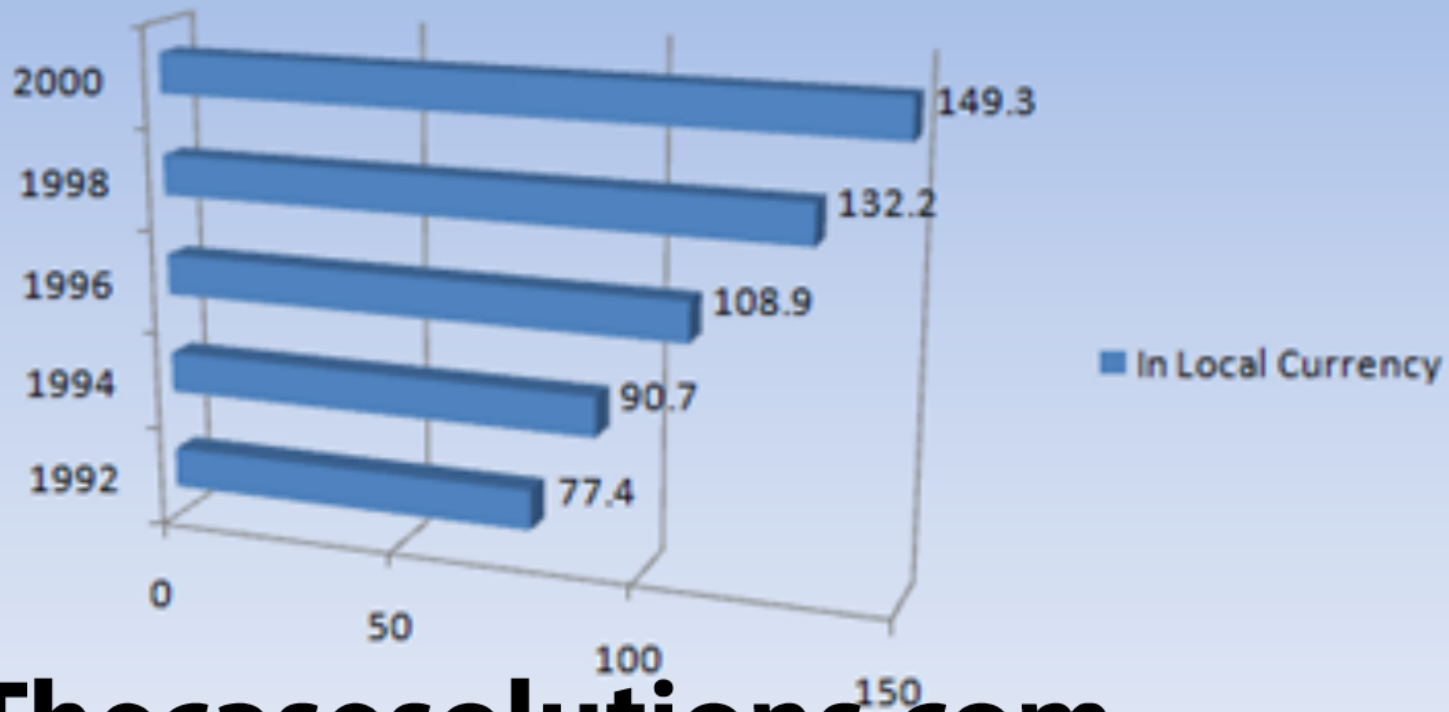
INDIAN GDP \$US

Unemployment level at 9.2% (2000)
from 9.7% (1992)



Consumer Price Index (1982=100)

Consumer Price Index (1982=100)



Internal Environment Analysis

Strengths

- Eli Lilly is a well respected brand that is committed 'scientific and managerial excellence', which extends to JV.
- Exceptional R&D capabilities which have made many products internationally successful (Prozac)
- Leader in injectible antibiotics, insulin and diabetic medications
- Joint Venture currently has a good mixture of local knowledge from Ranbaxy with international expertise from Lilly

Weaknesses

- Periodic cash flow constraints
- Late entry into the Indian market (losing first mover advantages)
 - Currently Ranbaxy's value to the JV is limited in scope
 - Unable to leverage successfulness of Prozac in India due to generics selling at 1/60 price

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- Joint Venture currently has a good mixture of local knowledge from Ranbaxy with international expertise from Lilly.

Internal Financial Analysis

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Figure 1

<u><i>For Joint Venture</i></u>	98-99	99-00	00-01
(In '000s)			
Sales	559,766	632,188	876,266
Profit	5,898	12,301	11,999
Profit %	1.05%	1.95%	1.37%
Current Assets	272,635	353,077	466,738
Current Liabilities	239,664	297,140	471,635
Current Ratio	1.1376	1.1883	0.9896

Figure 2

<u><i>For Eli Lilly</i></u>	1992	1994	1996	1998	2000
(In Millions)					
All Sales	7,170	8,421	10,585	12,637	14,720
Profit	709	1,286	1,524	2,097	3,058

Current Assets	3,006	3,962	3,891	5,407	7,943
Current Liabilities	2,399	5,679	4,222	4,697	4,961
Current Ratio	1.253	0.6977	0.9216	1.1512	1.6011

Eli Lilly Ranbaxy
JV

in '000s	98-99	99-00	change	00-01	change
Sales	559766	632188	112%	876266	138%
Marketing Expense	37302	61366	164%	96854	157%
Other Expenses	157907	180364	114%	254822	141%
Profit After Tax	5898	12301	208%	11999	-2.50%

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External Environment Analysis

Opportunities

- Growing global demand for pharmaceuticals and better health care (2001- 10% growth)
- India seen as an emerging economy with 25% of population considered "middle class"
- Foreign Direct Investment increased to 100% (2001)
- India patent protection in 2005
- Increase in Pricing Index - More room for profitability
- India GDP growth - (avg 11.7% 1992-2000)

Threats

- Entry of large firms into the Generic Market increases competition for branded products
- Shift toward Chronic Therapies
- Escalating costs due to R&D/high turnover
- Price controls inhibited growth in the market

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