

# Lupin weighed Wockhardt buyout

## Drugmaker says not holding talks now, hasn't met target firm's top brass

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Bloomberg

LUPIN, India's second-largest drugmaker by market value, studied Wockhardt as a potential acquisition candidate, although it hasn't met with the company's management and isn't now holding talks.

"There are some synergies, and there's a lot of duplication with Lupin," managing director Nilesh Gupta said in an interview in Mumbai. "We've certainly looked at it. It doesn't hurt to always do that kind of analysis."

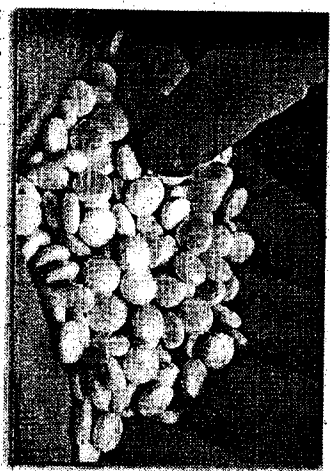
Sun Pharmaceutical Industries, India's biggest drugmaker, in April announced plans to buy Ranbaxy Laboratories in a \$3.2 billion deal to boost its presence in emerging markets. Wockhardt currently has a market value of about 789 crores (\$1.3 billion), according to data compiled by Bloomberg.

"In many ways if you look at the Sun-Ranbaxy deal, at one level Sun is obviously paying top dollar, but they've added \$2 billion to their revenues — it's pretty tough to add \$2 billion dollars to your revenues," Gupta said. "From that perspective, I would personally find the Wock-

### Eyeing acquisition

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hardt deal interesting, but there really are no talks going on at all," Wock-

Wockhardt "completely denies that it has any intention whatsoever to divest its business," D'Souza wrote in an emailed response to ques-

Shares of Wockhardt rose 2 per cent to 718.45 rupees in Mumbai trading. Lupin rose 0.6 per cent. That compares with a 0.5 per cent rise in India's

benchmark S&P BSE Sensex.

Mumbai-based Wockhardt was a major supplier of a generic version of the heart drug Toprol XL in the US before the Food and Drug Administration last year banned two of its Indian factories from manufacturing for the US.

"You need to deal with a troubled asset very differently," Gupta said. "You really have to see, can I work with these plants, can I work with these people, or

do I just shut all of this down? And we're at least not of the mindset of shutting things down. We have been building, building, building — You get into that groove."

Outside India, Lupin could be interested in buying a small portion of GlaxoSmithKline (GSK)'s mature drugs portfolio that's for sale, Gupta said. Lupin would only be interested in the UK brands within the portfolio, he said, declining to comment on specific products that are of interest.

It will also consider other, similar asset purchases and plans to expand through a "series of deals" in the \$100 million to \$400 million range, he said. The company had about \$69 million in cash and near-cash items at the end of the financial year that ended on March 31, according to data compiled by Bloomberg.

Glaxo, the UK's biggest drugmaker, is selling a collection of its mature drugs with combined annual revenue of about £1 billion (\$1.66 billion), including Paxil, an anti-depressant, and Malarone, for malaria. The company is open to selling the drugs piece-meal, and may not sell

anything if it doesn't get the price it wants, chief executive officer Andrew Witty said in a conference call in July.

Glaxo spokesman Simon Steel declined to comment on Lupin's interest. Lupin is also seeking to acquire companies specialising in complex generics and specialty areas in the US, Europe and Japan, Gupta said.

The Mumbai-based company earned about 43 per cent of its revenue in the US during the last financial year and has said that it wants to bolster its branded business there. Drug portfolios can often be "sliced and diced" where somebody is more interested in Europe, somebody is more interested in Latin America, somebody is more interested in the US, and you can split it two or three ways," Gupta said.

"The brand companies themselves are open to splitting it up and selling it as well. So, we'd always be looking at assets of that sort, but you'd look at that pretty critically."

LUPIN/BSE R: 7/26.55 ▲  
NSE R: 1.263.35 ▲  
WOCKHARDT/BSE R: 7/14.10 ▲  
NSE R: 7/13.05 ▲

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