

'Approvals are key to Lupin's launches'

Homegrown drug major Lupin is likely to close multiple acquisitions in the US at a per-deal size of \$300 million. More focus on branded space, these acquisitions will be key for it to reach the \$5-billion mark in revenues when Lupin turns 50 in 2018, from \$1.83 billion in FY14. **NILESH GUPTA**, managing director, tells Digvijay Mishra about the inorganic growth, hurdles in the Indian market and geographies the firm is planning to enter. Excerpts:

Q&A

NILESH GUPTA

Managing director, Lupin

You just had a below-expectation results in the December 2014 quarter. How do you plan to go forward?

This was internally expected. We had a good Q3 (third quarter) last year as we had three exclusive launches in that period. Our growth story is intact and both India and the US have grown at 21 per cent in the first nine months of FY15. Japan is growing at about 13 per cent. So growth is visible. About 100 product approvals are pending with the FDA (US Food and Drug Administration). Out of these, 12-15 are exclusive launches; once

green signal for these comes in, it would be interesting. But we have all been tested by the slow approval rate of FDA in recent times. Approvals would be key to new launches.

India, your second largest market, is also facing challenges. How do you plan to handle that?

From a growth perspective, India was disappointing. In a general sense, we are doing 15 per cent, but there are a lot of challenges such as more and more price control, combination products, a fractured regulatory process, etc. So, there are quite a few challenges for the India business. On a macro level, it's a market where sanity would eventually come. When that happens, this would be a more viable business. Over the years, we've done good in India and in the past three years, the real operational leverage

is coming along. We can lay more focus on bottom line.

What are the specific challenges in India?

Whether we like it or not, price control is going to be there. It is good that it's a market price-based model. We, as an industry, are against addition of products on an ad-hoc basis.

Many countries have price control, which is fine as long as it's essential. Our request is, keep it as sensible as possible. We are hearing of more price curbs coming in, but regulators are not giving a clear picture. So we don't have any idea.

What sort of acquisition are you pursuing?

We are on the lookout, but not much is to be done in India. For the US, acquisition is the No 1 strategy for us. We sell generic and branded both in the US and acquisition on the branded side is most important for us in the US.

How many targets do you have and what could be the possible size of these deals?

For us, \$200-300 million per acquisition is a sweet spot, but that does not mean we would not look at a billion-dollar acquisition. Assets are heavily competed in the US. And we're also looking at entry into new geography.

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