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Aurobindo sees 50% growth in injectables on strong pipeline

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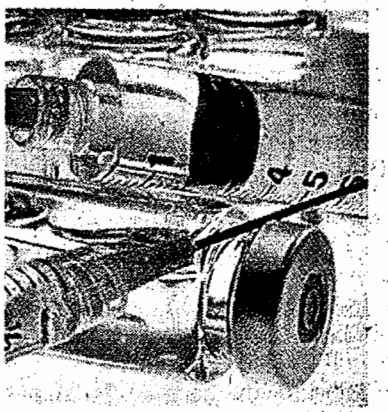

Mumbai: Drug manufacturer Aurobindo Pharma is expecting its injectable business to grow 40-50% for the next two fiscals on expectations of strong approvals in the US market.

Ronald Quadrel, president, AuroMedics Pharma USA, a wholly owned subsidiary of Aurobindo Pharma, during third quarter earnings call with analysts recently, said, "We have 45 files pending with the US Food and Drug Administration (FDA) and expecting approximately 20 (approvals) in the next fiscal. We will probably grow in the 40% to 50% range for the coming fiscal provided we get the approvals. We may have probably another 20-25 approvals in fiscal 2017, so the growth rate will continue in that year too."

The company posted a 7.93% decline in its net profit at Rs 384.4 crore for the quarter ended December 2014, due to higher raw material costs and other expenditure. Since February 4, 2014, when the company announced the third quarter result post market hours, shares price has dropped over 13%.

However, Quadrel said that the US FDA is going rather slow on approvals which make it slightly difficult to predict on the timeline of the approvals.

Robert Cunard, chief executive officer, Aurobindo Pharma USA, said, "The FDA continues to be a challenge as far as approval timelines, we expect to have further direction here in this calendar quarter."

Quadrel expects the bigger products to start getting approvals towards the end of fiscal year 2016.

"We will see full year growth on the products that are getting approved this coming year, which is the smaller products plus some of the larger products that will start coming in towards the end of fiscal year 2016 and 2017," he said.

According to a report by broking firm Prabhudas Lilladher, Aurobindo expects 20-22 approvals for injectables in fiscal 2016, with nods for large drug coming towards the end of the fiscal.

"Its non oncology injectable portfolio is largely contributed by penems, non semi synthetic penicillin (non-SSP) and cardiovascular (CVS) drugs. The company has guided 50% year-on-year injectables revenue growth each in fiscals 2016 and 2017 from injectable expected revenues of $60-70 million in fiscal 2015," it said.

Quadrel said that the company expects one approval in penem at the end of calender year 2015 out of the two filed. "We will be filing another two within the next 12 months. So that will cover us on all penems that are in the US," he said.