

CONSUMER CARE

Cipla to set up new subsidiary

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MUMBAI

Drug maker Cipla Ltd will move its consumer health-care business into a separate unit to sharpen its focus on the segment and boost sales.

In a board meeting held on Thursday, Cipla approved the divestment of its consumer health-care business to a wholly owned subsidiary for a consideration of ₹10.5 crore.

The consumer healthcare division reported sales of ₹34.88 crore, or about 0.3% of total revenue, in the year ended 31 March. The transaction is expected to be completed in the third quarter of the current fiscal year, Cipla said.

"The aforesaid divestment would enable the company to participate in the attractive and growing over-the-counter (OTC) market. This business requires a specialised FMCG (fast-moving consumer goods)-kind of focus. A separate subsidiary would enable the company to attract right talent and provide the focus and attention required for this business," the statement said.

The Cipla board also approved the appointment of Samina Vaziralli as executive director on its board effective 10 July. Vaziralli is the daughter of vice-chairman M.K. Hamied. She is part of the core leadership team and has been with the company since 2011, said the statement.

Subhanu Saxena, managing director and global chief executive of Cipla, said: "The over-the-counter business means that we can speak to the patient directly and help them to foster good health and illness prevention."

This division recently launched its first product, Nicotex, a nicotine substitute to help people quit tobacco. "This product is a switch from our prescrip-

tion business and has had a very successful launch in the south of the country," Saxena added.

On Thursday, shares of Cipla fell 0.81% to ₹641.05 on BSE, while the exchange's benchmark Sensex declined 0.4% to 27,573.66 points.

"The move will help them start afresh with building a consumer care portfolio even through acquiring brands," said an analyst with a Mumbai-based brokerage firm, who didn't want to be named.

In 2010, Cipla exited the OTC market by selling its emergency contraceptive brand i-pill to Piramal Healthcare Ltd for ₹95 crore. I-pill, introduced in 2007, is the largest selling emergency contraceptive in the domestic market for women.

Following the purchase in 2010, Piramal Healthcare has expanded its OTC portfolio and now owns about 10 leading brands under the consumer care division of Piramal Enterprises Ltd.

Besides Piramal Enterprises, other competitors of Cipla such as Sun Pharmaceutical Industries Ltd, Glenmark Pharmaceuticals Ltd and Torrent Pharmaceuticals Ltd have an established presence in the Indian healthcare OTC space.

Sun Pharma expanded its OTC portfolio through the acquisition of Ranbaxy Laboratories Ltd in 2014. The ownership of top brands such as Revital, Volini pain reliever, Chericof cough syrup, Pepfiz, Garlic Pearls for digestion and Olesan nasal decongestant oil has given a boost to Sun Pharma.

Similarly, the acquisition of the domestic formulation business of Elder Pharmaceuticals Ltd in 2013 gave Torrent greater access to the OTC segment, with products like the calcium supplement brand Shelcal, which has a dominant market share.

Company