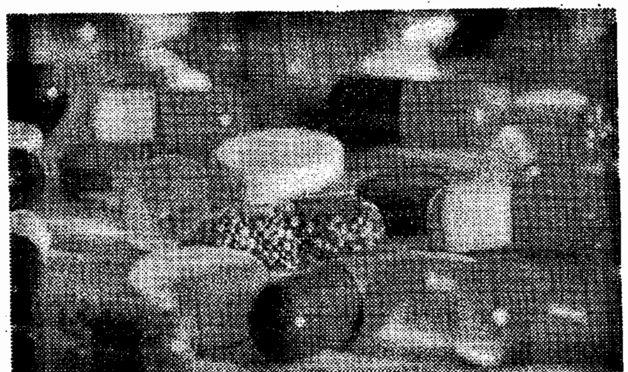
PRESS INFORMATION BUREAU
पत्र सूचना कार्यालय
GOVERNMENT OF INDIA
भारत सरकार

Asian Age, Delhi
Saturday 8th February 2014, Page: 17
Width: 19.46 cms, Height: 11.05 cms, a4r, Ref: pmin.2014-02-08.43.194

Indian pharmaceutical MNCs would be potential takeover targets

Pharma MNCs eye easy entry

AGE CORRESPONDENT
MUMBAI, FEB.7



Indian pharmaceutical companies having manufacturing facilities with necessary approvals from well-regulated overseas markets would be potential takeover targets as setting up greenfield facilities take two-three years to become operational.

Avinash Lodha, pharma analyst at India Ratings and Research pointed out that most of the deals concluded recently in the domestic pharma sector involved those companies that had manufacturing facilities and approvals from regulated and growth market.

"Indian as well as foreign pharmaceutical companies with strong revenue growth would continue to acquire manufacturing facilities with approvals from regulated markets. Such acquisitions enables the acquirer to supply to the strong growth markets of the US and the global antiretroviral market," he said.

Another factor that would lead to increased mergers and acquisitions in the industry according to Mr Lodha would be because of the liquidity pressure faced by smaller firms. "Smaller drug manufacturing units, with a turnover of up to ₹100 crore will continue to face liquidity and competitive pressures. Such companies are usually active pharmaceutical ingredients (API) and intermediates manufacturers and do not have much bargaining power with their counter parties. Liquidity pressures on smaller units will facilitate acquisitions in the industry," Mr Lodha added.

The sector has received more than $12 billion worth of foreign direct investment (FDI) through various deals since 2006. Foreign companies have so far dominated most of the acquisitions in the domestic space.

In 2013, US based Mylan Inc acquired Agila Specialties for $1750 million while another US headquartered pharma company Hospira Inc bought Orchid Chemicals API manufacturing facility along with its research and development (R&D) division for $200 million.

According to India Ratings and Research, the pharma sector is set to witness a 15-16 per cent year on year (YoY) growth in FY 15 to over ₹2 lakh crore on the back of 20 per cent growth in exports.

It said that United States of America (USA) would continue to be the largest as well as the fastest growing geographical market for Indian pharmaceutical exports in FY15. While Europe will continue to be the second largest destination, the second fastest growth would come from Africa.

11/8/11