

WIDENING HORIZONS

'We need to chase high-growth markets'

NILESH GUPTA, managing director of Lupin Ltd, the Mumbai-based transnational pharmaceutical company, discusses acquisition strategy and growth opportunities with Malini Bhupta. Edited excerpts:

How does the acquisition of (Mexico-based) Laboratorios Grin fit into Lupin's growth strategy and how much did you pay?

We have been looking for an opportunity to get into high growth markets like Brazil and Mexico. Lab Grin is a small company, with annual revenue of \$28 million, but the market there is growing at 20-28 per cent annually and we expect the company is growing at the same space. While we cannot disclose the acquisition amount, it will be earnings-accretive from the beginning. The company is in the ophthalmic space and I believe it is a great one to be in. They have a very good ophthalmic portfolio and the acquisition will help us get an entry into other therapy areas — contraceptives and dermatology. In time, we will also introduce our ophthalmology portfolio in that market.

Why is Lupin interested in markets like Brazil and Mexico?
These are high growth markets and

we want to be present. The Mexican market is valued at \$13.5 billion. The market is growing at nine to 10 per cent annually and is expected to cross \$18 bn by 2018. The branded market makes up 70 per cent, followed by branded generics (20 per cent); generics accounts for the remaining 10 per cent. The branded generics market is expected to grow at 25 per cent annually over the next five years. The acquisition

gives us access to other central American and Latin American countries.

Where do you see Grin going in the next few years?

We are hoping to scale up Grin's annual revenue to \$100-mn levels over the next six-seven years. Since approvals take a few years, we cannot expect to be very aggressive in ramp-up but eventually we anticipate a big jump. We need to build the commercial capability and then launch products in different therapy areas. Manufacturing capability is already there and we

have a global procurement and supply chain in India, which we will leverage. We will focus on ramp-up in capabilities.

So, you will look at acquisitions only in growth markets?

We need to get into new markets and consolidate in existing ones where we are already established, like the US, India and Japan. The US is our biggest market and we will focus on bigger acquisitions there. But we are not present in China and have a negligible presence in Russia, where we will look at acquisitions. We need to chase high growth markets and also need products for these. We are currently focusing on inhalation and dermatology, where we are looking at building further capability.



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