

Appendix – VI

Mergers & Acquisitions

The health-care costs are rising world-wide. Leading companies across the world are merging. Strategic alliances and collaborations are taking place in order to meet the increasing R&D budgetary requirement that exceed billion dollars each for many leading global pharmaceutical players.

Indian Drug manufacturers are pursuing foreign acquisitions due to their need to:

- ❖ Improve global competitiveness
- ❖ Move up the value chain
- ❖ Create and enter new markets
- ❖ Increase their product offering
- ❖ Acquire assets (including research and contract manufacturing firms, in order to further boost their outsourcing capabilities) and new products
- ❖ Consolidate their market shares
- ❖ Compensate for continued sluggishness in their home market.

Indian firms such as Glenmark, Jubilant Organosys, Nicholas Piramal, Ranbaxy Matrix Labs Aurobindo, Cadila, DRL, Sunpharma, NATCO and a few others made international acquisitions in areas of generics, marketing, custom synthesis, contract research, pharmacies, manufacturing assets. (Refer table 27 & Chart 24)

Often there is a significant overlap of expenditure in creating manufacturing assets or investing in R&D either in generics or in basic research resulting into wastages at national level. Consequently corporates have indulged either in acquisitions or mergers to avoid duplication of investments and capture larger market share at global place.

Table 28: Number of Overseas Acquisitions by Indian Pharmaceutical Industry (1995-Oct.2007)	
Year	No. of Acquisitions
1995	1
1996	
1997	1
1998	1
1999	
2000	1
2001	1
2002	6
2003	7
2004	12
2005	20
2006	14
2007	14
<i>Source : Exim Bank</i>	

Table 29: Selected International Acquisitions and Foreign tie-ins by the Indian Pharmaceutical Industry

Company	International acquisition (s)	Foreign alliances, JVS, and other tie ins
Nicholas Piramal	Pfizer-Morpeth (UK), Avecia Pharmaceutical (UK), Dobutrex brand acquisition (US), Rhodia's inhalation business (UK) , Biosyntech (NPIL Pharmaceutical) (Canada), Torcan Chemical (Canada), 51 percent of Boots (S. Africa), Bio Syntech	Ethypharm (France), Genzyme (US), Eli Lilly (US), Biogen Idec (US), Chiese Farmaceutici (Italy), Minrad (US), Pierre Fabre (France). Gilead Sciences (US), Allergan (US), Hoffmann-La Roche (Switzerland)
Ranbaxy	Terapia (Romania), Allen -GSK (Spain & Italy), Ethimed (Belgium), Betapharm (Germany), RPG Aventis (France), 40 percent stake in Nihom Pharmaceuticals (Japan), Brand-Veratide (Germany), Efarmes (Spain), Be-Tabs (S. Africa), Akrikhin (Russia), Basic (Germany), Ohm Labs (US)	GlaxoSmithKline (UK), Janssen-Ortho (Canada), IPCA Labs (US), Zenotech (India), Sonkel (S. Africa), Cephalon (US), Gilead Sciences (US), Schwarz (Germany)
Dr. Reddy's	Betapharm Group (Germany), Trigenesis (US), BMS Laboratories and Meridian Healthcare (UK), Roche's active ingredients business (Mexico), BMS Labs (UK)	Novo Nordisk, Bayer AG (Germany), Par (US), Novartis (Switzerland), Merck (Germany), Clin Tech, Pharmascience (Canada), ICICI (India), Merck (Germany), Schwartz
Marksans	Nova Pharmaceuticals (Australia)	NA
Aurobindo	Milpharm (UK), Pharmacin (Netherlands)	Gilead Science (US), Citadel (India)
Sun Pharmaceutical	Able Lab (US), Caraco (US), Valeant Pharmaceuticals (US & Hungary), ICN (Hungary), Caraco (US), MJ Pharmaceutical	Dyax
Dishman	Amcis (Switzerland), Solutia's Pharma (Switzerland)	Azzurro (Japan)
Orchid	Bexel Pharma (US)	Stada, Alpharma, Par, Apotex
Biocon	Nobex (US)	Centre of Molecular Immunology (Cuba)
Wockhardt	Wallis Labs (UK), CP Pharmaceutical (UK), Esparma (Germany), Pinewood Laboratories (Ireland), Dumex (India)	Pharmaceutical Dynamics (S. Africa)
Cadila	Alpharma (France-formulations), Dabur Pharma Redrock (UK)	Schering (Germany), Boehringer Ingelheim (Germany), Viatrix (Germany), Novopharm (Canada), MCPC (Saudi Arabia), Cipharm (Ivory Coast), Geneva (US), GSK (UK), Ranbaxy (India), Mallinckrodt (US), Mayne (Australia), Shinjuki (Japan), Zydus Atlanta
Jubilant Organosys	Target Research Associates (US), PSI (Belgium), Trinity Laboratories (US)	NA
Matrix Labs	22 percent controlling stake in Docpharma (Belgium), Explora Lab (Switzerland), MCHM (China), Fine Chemicals (S. Africa), API (Belgium)	Aspen, Emchem, Doc Pharma, Explora Labs
Glenmark	Kinger Lab (Brazil), Uno-Ciclo (Brazil), Srvycal (Argentina), Medicamenta (Czech), Bouwer Bartlett	Forest Labs (US), Lehigh Valley Technologies (US), Shasun (India), KV, Apotex (US)

Source: IBEF, Ernst & Young, The Economic Times, individual company web pages.