NON-COMPETE AGREEMENT WITH ABBOTT EXPIRES THIS YEAR

Piramal Explores Re-entry into Indian Formulations Business

IN FOCUS Company is looking at introducing respiratory and central nervous system formulations in India

Divya Rajagopal & Shilpy Sinha

Mumbai: Piramal Enterprises is evaluating a return to the domestic formulation market after a non-compete agreement with Abbott expires this year, said people familiar with the plan.

The company is looking at introducing respiratory and central nervous system formulations in India, the people said. It has lined up meetings with distributors and trade channels to evaluate the market for such products and is expected to roll out the business by September.

Piramal sold its domestic formulations business to Abbott for $3.8 billion in 2010 and then scaled up its remaining pharma businesses, focussing on over-the-counter products, global generics, contract manufacturing and critical care. Top executives of Piramal Enterprises were noncommittal about the specific therapies it would likely target.

"Our presence in OTC gave us a good ringside view of the market. We need to evaluate all options before we decide upon future course of action. Acquisitions is one of the many options we need to evaluate," Nandini Piramal, executive director of Piramal Enterprises who oversees the OTC business, said in an email to **ET**. "We recognise that much has changed in the Indian pharma market since 2010. Regulations have changed; therapy areas have evolved; treatment areas have also changed."

Amid a slowdown due to regulatory action, India's ₹1 lakh crore pharma space has emerged as a lucrative bet for companies that have seen their overseas markets, predominantly the US, getting eroded due to pricing and quality pressures. As older drug companies in India get their manufacturing sites in order, mid-size companies have stepped up acquisitions.

In 2017, Torrent Pharma acquired the domestic business of Unichem Laboratories for ₹3,600 crore and Eris Lifesciences bought Bengaluru-based Strides Pharma for ₹500 crore to strengthen their CNS formulation business.

Piramal's OTC business is now among the top five in India and the company's goal is to enter the top three in the next three years.

Last year, Piramal Enterprises said its critical care subsidiary in the UK agreed to acquire a portfolio of spasticity and pain management drugs from Mallinckrodt for $171 million. It was Piramal's seventh pharma acquisition in two years and took its investment in inorganic growth in the segment to ₹3,000 crore.

Revenue from the pharma business will be between ₹6,500 crore and ₹7,000 crore in FY20 and operating profit would range between 20% and 25%, Ajay Piramal, chairman of Piramal Enterprises, said in an investor presentation in November.

Future Course

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ED, Piramal Enterprises

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