

Business

India wanted to copy the West's drugs, now it wants to copy its drugmakers

Ajay Piramal has a \$5 billion acquisition 'war chest'

By Robin Pagnamenta Mumbai

One of India's wealthiest men is considering acquisitions in Britain's biotechnology industry as part of a drive to build his company into the sub-continent's first global developer of new medicines.

Ajay Piramal told *The Times* that Piramal Healthcare was exploring a variety of opportunities in Britain and Europe to bolster its drug research business, which is developing about 40 new treatments for cancer, diabetes and inflammatory disease in India.

In contrast to most Indian drug companies, which focus on low-cost manufacturing of copycat or "generic" drugs, the group has a team of 400 people in its drug research unit in Mumbai.

He said that Piramal had a war chest of nearly \$5 billion to strengthen its development operation — although a series of smaller acquisitions was more likely than a single purchase. He added that his ambition is to transform Piramal into India's first Western-style drug giant by developing innovative new medicines.

"We have the largest drug discovery programme in India and we hope to be able to launch a drug in 2013," he said.

29%

Piramal's growth in earnings since 1988

Source: Times research

adding that the company planned to plough at least \$175 million on the programme — a figure that could be increased if necessary.

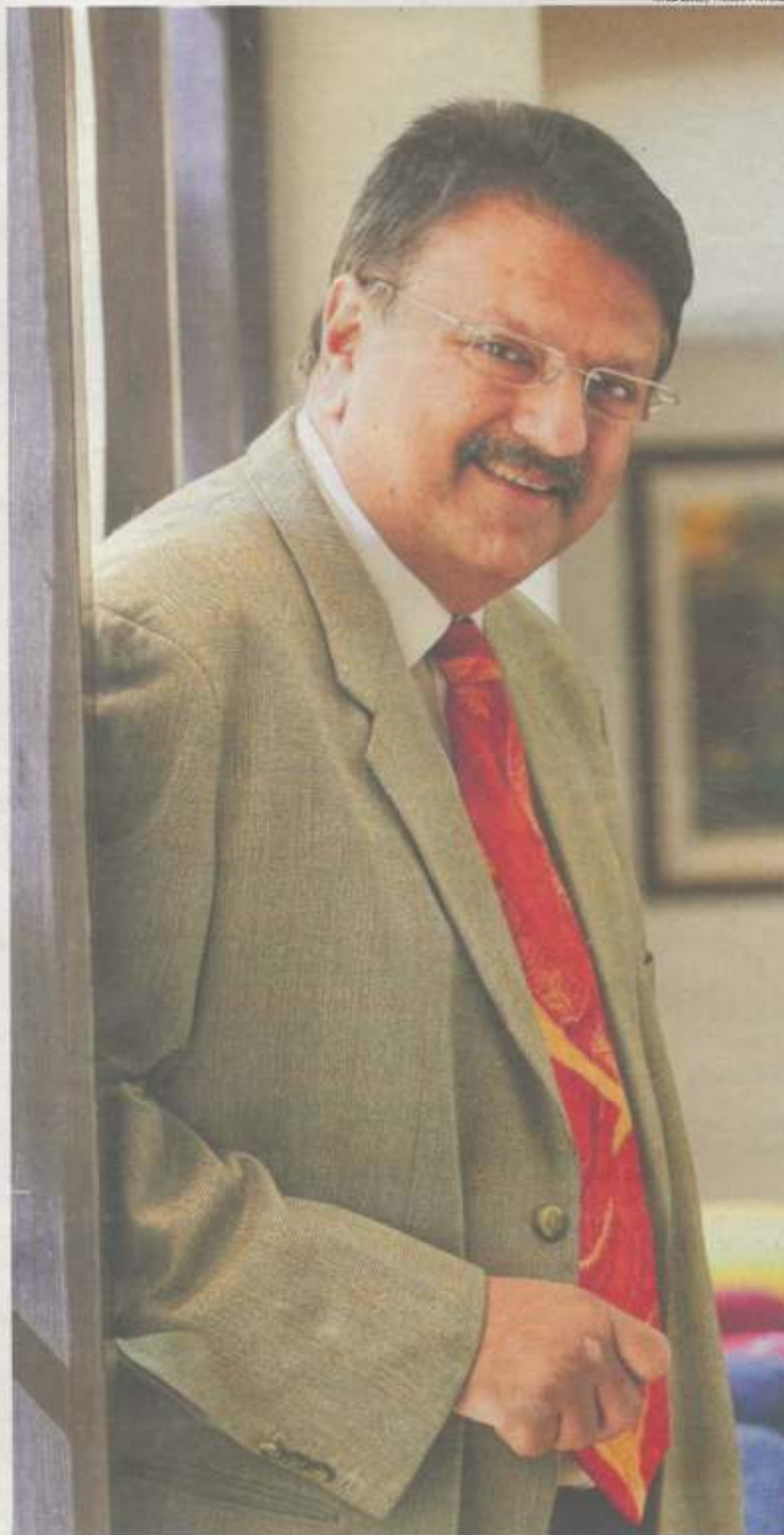
Piramal Healthcare, one of India's top five pharmaceutical companies, is awash with cash after the \$3.7 billion sale of its generic drug business to America's Abbott Laboratories in 2010. The group also has access to a further \$2 billion in debt facilities.

"In the drug discovery field there are some very interesting products and people in the UK," Mr Piramal said. "We are looking at acquiring companies in drug discovery ... anaesthetics and contract manufacturing."

Mr Piramal, whose fortune is estimated at \$1.22 billion by *Forbes*, is one of India's 50 wealthiest people. A scion of the Bombay-based Piramal cotton dynasty, he made the group's first push into pharmaceuticals in the Eighties by buying up Indian drugmaking assets from Western manufacturers including ICI and Roche.

After a period of rapid growth, he spun off Piramal's smaller textiles business to members of his extended family.

He said that 2012 was an attractive time for cash-rich companies to make



The calm revolution

Profile

There is an unusually serene atmosphere at Ajay Piramal's office in Mumbai (Robin Pagnamenta writes). In a city better-known for its blaring car horns and frantic traffic, the chairman of Piramal Group surrounds himself with calming Hindu artworks, soft lighting and beautiful Persian rugs.

"My office reflects my interest in Hindu spirituality," says Mr Piramal, who has earned a billion-dollar fortune by converting his family's textile business into one of India's top pharmaceutical companies. He says he takes inspiration for his business from the *Bhagavad Gita*, the ancient Hindu scripture.

When he took over the 112-year-old family business after the death of his elder brother in 1983, Bombay's textile mills were in crisis, crippled by strikes and struggling to compete on the world stage. Since then, Mr Piramal's decision to exit the cotton trade and embrace what he calls a "sunrise industry" have proved remarkably astute. He has transformed Piramal into a healthcare powerhouse in fields such as anaesthetic gases and contract drug manufacturing. A separate division makes perfume bottles for the likes of LVMH and a third invests in property.



acquisitions because of depressed valuations and a lack of available sources of finance, which means that many early-stage biotechnology companies are eager to find outside investors to help to support their continuing research.

Piramal Group has a turnover of about \$1 billion per year, about 60 per

cent of which is derived from its healthcare businesses, which includes contract manufacturing of pharmaceuticals, anaesthetic gases and drug research.

Piramal already owns contract manufacturing plants at Morpeth in Northumberland and Grangemouth, Scot-

land. It employs about 700 people outside India.

The group also has a glass-making division, which makes specialist bottles for the perfume and pharmaceutical industries, and a real estate business, which owns one of Mumbai's most sought-after business parks.