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Mylan sells stake in Concord Biotech

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VADODARA: World's second-largest generic drug maker Mylan, which held a majority stake in Ahmedabad-based Concord Biotech through its subsidiary Matrix Laboratories, has exited the biotech company by selling its stake to promoters. The value of the transaction could not be known.

The move comes at a time when MNCs are aggressively picking up stakes in Indian pharma companies either through buyouts, joint ventures or product licensing agreements.

In 2006, Concord sold a 55% stake to Matrix Laboratories to fund its expansion plans. Matrix was subsequently taken over by US-based Mylan. After the stake sale to Matrix, Concord's promoter Sudhir Vaid, a biotechnologist, held around 30% while 8% was held by stock market veteran Rakesh Jhunjhunwala. The remaining stake was held by Candian pharma company Glopec (6%) and the employees of Concord (1.5%).

With the latest buyback, the combined stake of Mr Vaid and Mr Jhunjhunwala has shot up to 92% — with Mr Vaid now holding 52% and Mr Jhunjhunwala 40%.

Set up in 2000, Concord clocked a Rs 53 crore turnover in FY09 and plans to touch Rs 100 crore this fiscal. The company has a USFDA approved facility in Dholka near Ahmedabad.

Talking to ET, Concord MD Sudir Vaid, an ex-Ranbaxy director, said: "I want Concord to be a standalone entity so that it can cater to a wide range of customers, instead of serving only one as a vertically integrated company."

Interestingly, Concord Biotech is the only company in the world to produce active pharmaceuticals ingredient (API) of the generic version of all four major immunosuppressants under one roof using ultra hi-tech biotechnology system. Its portfolio comprises immunosuppressants, antibiotics, hypolipemic segments and enzymes. According to a market analyst, the global market size of immunosuppressants is more than \$1 billion annually.

Apart from that, other major drugs for antibiotics, enzymes and statins, have more than \$1 billion market globally. Concord produces generic version of Roche's brand — CellCept (mycophenolate mofetil), Astellas Pharma's Prograf (Tacrolimus), Wyeth's Rapamune (Sirolimus) and Novartis's Sandimmune & Neoral (cyclosporine).

According to Mr Jhunjhunwala, bio-pharmaceuticals API will be a growing market as a significant number of biopharmaceuticals are going off-patent in the next few years. "Given Concord's track record in developing biotechnology-based APIs, I believe that it is well positioned to leverage this opportunity," Mr Jhunjhunwala said. The company is currently raising its manufacturing capacity to meet the growing demand of biopharmaceuticals by setting up additional bioreactors at its existing site. It plans to enter into biosimilars, oncology and enzymes in the coming years.