



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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Cipla to invest \$65 million in MabPharm, China's BioMab

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Mumbai, Hyderabad: Cipla said on Tuesday it would invest \$65 million (around Rs 300 crore) to acquire stakes in two biotech companies in India and China, as it joins Indian peers like Wockhardt and Biocon to tap the \$90-billion biogenerics (generic versions of biotech drugs, also called 'biosimilars') opportunity across the globe.

The company's board has approved acquisition of a 40% stake in Indian biotech company, MabPharm, for \$40 million. The biotech firm is setting up a state-of-the-art facility for biosimilar products in Goa. Cipla will have rights to market all biosimilar products of the company in India and in the international markets.

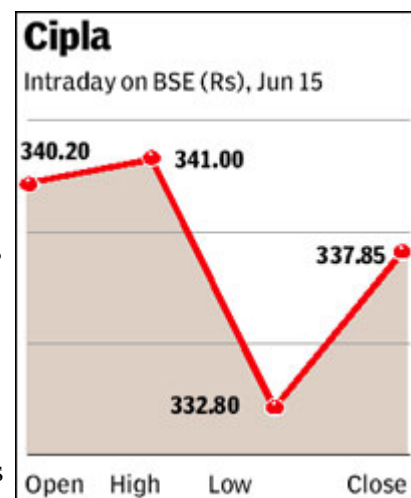
The second is the acquisition of a 25% stake in BioMab, a biotech company in Hong Kong, for around \$25 million. Here the investment will be made through a wholly-owned overseas subsidiary. The biotech company is setting up a state-of-the-art facility for biosimilar products in Shanghai through its wholly owned subsidiary. Cipla will have rights to market biosimilar products of this biotech company in India and in international markets.

YK Hamied, chairman, Cipla, said that the company would fund these acquisitions through internal accruals. "The overall biotech opportunity is \$80-\$90 billion worldwide. Even if we are able to capture a small portion of this, it will be substantial," he said

Indian biopharma companies have developed strong capabilities in the biosimilar space and have presence in almost all the biologics going off-patent. Companies like Reliance Life Sciences, Biocon, Wockhardt, Shantha Biotech, Panacea Biotech and Intas Pharmaceuticals have been developing strong capabilities in this area, according to a recent Ernst & Young report.

According to Frost & Sullivan estimates, the biogenerics markets in Europe and the US alone have the potential to generate sales of \$16.4 billion by 2011 at an average annual growth rate of 69.8%. The branded biologic products generated an estimated sales of \$32 billion for the biotechnology and pharmaceutical industries and represented the fastest growing group of drugs. By the end of this year, biologic products worth \$11.2 billion in sales annually are expected to lose patent protection in the developed pharmaceutical markets.

Hamied said that with India introducing the product patent bill, the opportunities in the pharma space is getting squeezed. "But biotech is one area where the IP (intellectual property) rights do not hold. So, this provides



a great opportunity for us.”

Hamied also said that the company is getting a few proposals from multinational companies for equitable partnerships, but nothing has been finalised so far.

Of late, the Indian biopharma space has been active with the year 2009 seeing the largest-ever acquisition in this space when French pharma major Sanofi-aventis bought Indian vaccine maker Shantha Biotechnics for around \$660 million. Also, Merck KgaA acquired a small proteomic and genomic research company Bangalore Genei, for about \$8.8 million to boost its biosciences research capabilities in India.