

## RUSH TO GROW

Dr. Reddy's expects the Roche plant acquisition in Cuernavaca, Mexico, to multiply its custom pharmaceuticals business 10-fold.

DR. REDDY'S PHOTO



## GLOBAL BUSINESS

# REDDY'S BUYS ROCHE PLANT IN MEXICO

### Move lengthens list of foreign assets bought by Indian custom manufacturers

ONE OF INDIA'S LEADING DRUG companies, Dr. Reddy's Laboratories, will pay about \$59 million to buy a Roche plant in Cuernavaca, Mexico, producing active pharmaceutical ingredients (APIs). The move makes the company the latest custom manufacturer in India to snap up foreign assets.

The Mexican facility, inspected and approved by the U.S. FDA and other regulators, has nearly 340 staff members. As part of the deal, the Hyderabad-based firm will also inherit ongoing contracts with Roche customers. The plant makes about 18 products consisting most-

ly of mature APIs, pharmaceutical intermediates, and steroids.

Reddy's president of developing businesses, Abhijit Mukherjee, says the acquisition will boost Reddy's custom pharmaceutical services business. The Indian firm expects its sales in this segment to grow 10-fold to \$100 million per year over the next 18 months.

After years of operating locally, Indian custom pharmaceutical chemical makers are starting to buy assets in foreign countries. Mumbai-based Nicholas Piramal India announced last month that it would spend \$17 million for

British pharmaceutical chemical producer Avecia Pharmaceuticals. Piramal expects the purchase to provide opportunities to make early-stage compounds for drug industry customers.

Jubilant Organosys, based in Noida, Uttar Pradesh, last month agreed to spend \$34 million to buy a New Jersey clinical trials company. And in May, Chennai's Malladi Drugs & Pharmaceuticals paid \$23 million for Novus Fine Chemicals, an API producer based in Carlstadt, N.J.

The companies are acquiring foreign assets at the same time that a number of Western pharmaceutical chemical producers are scaling back their operations. Piramal says the custom pharmaceutical producer of the future "will have a strong manufacturing base in India with technology and early-phase beachheads in North America/Europe."—JEAN-FRANÇOIS TREMBLAY