

Zydus acquires majority stake in Simayla Pharmaceuticals of South Africa

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Quick on heels of its acquisition in Spain, Zydus Cadila is acquiring majority stake of 70% in Simayla Pharmaceuticals of South Africa, through its wholly owned subsidiary, Zydus Healthcare SA PTY Ltd. As per the agreement reached between the two companies, the remaining stake will be held by the promoter of the company, Mr. Ben Classen, who will continue to head the company's operations. Simayla recorded revenues of ZAR 18.6 mn in 2007 and is expected to touch ZAR 40.5 mn in 2008.

The acquisition of Simayla which is one of the fastest growing generic company in South Africa, opens up several opportunities for the group in a market that is estimated to touch US\$ 4.62 bn at consumer prices over the next three years. With the public sector providing healthcare for upto 80% of the population, there is a huge potential for growth in the generic sector as the government focuses on improving healthcare access and cutting healthcare costs. The generic sector is expected to grow at a CAGR of 19% to touch US\$ 1.29 bn and is likely to account for 30% of the total drug market by 2011.

The acquisition of Simayla offers tremendous scope for Zydus to grow its business in Africa's largest drug market. The company has a strong presence, marketing 58 SKUs with 62% of its products falling in the chronic segment and 38% in the acute segment. 18 of the molecules marketed by Simayla feature in the top 50 new product launches, as per the IMS. The products marketed by Simayla fall in the cardiovascular, anti-infective, respiratory, CNS, gastrointestinal and women's healthcare segments which are also the focus areas for the Zydus group, thus bringing in a synergistic fit.

Speaking on the acquisition, Chairman and Managing Director of Zydus Cadila, Mr. Pankaj R. Patel said, "in keeping with our strategy to aggressively grow our global business we have been looking at key strategic acquisitions which add value to our operations. South Africa has been one of our key focus markets and Simayla's expertise and promising growth will unlock value for us as we look to consolidate and grow our business in this market rapidly."

Over the next three years, the group plans to launch a total of 50 products in the market. A strong product pipeline for South Africa is already in place with 49 filings, of which 21 have been approved for marketing. The products will be manufactured at the group's formulations manufacturing hub at Moraiya, Ahmedabad which has been approved by the Medicines Control Council (MCC) the regulatory agency of South Africa. Besides South Africa, Simayla would also market the group's products in Namibia, Angola, Botswana, Swaziland and Mozambique.

With a turnover of more than Rs. 2300 crore, Zydus Cadila has been continuously expanding and consolidating its global business. On a path of accelerated growth, the group has been looking at long term revenue growth through both organic and inorganic routes. Simayla is the most recent addition to the Zydus group which had acquired Alpharma France the French affiliate of one of the world's largest generic companies in 2003, Nippon Universal Pharmaceuticals Ltd. of Japan and Quimica e Farmaceutica Nikkho do Brasil Ltda of Brazil in 2007 and Laboratorios Combix of Spain in 2008. The group employs over 9000 employees and has business operations in more than 50 countries worldwide.

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