US-based pharma giant Abbott Laboratories is buying Piramal Healthcare’s Healthcare Solutions unit for $3.72 billion.

This deal enables Abbott to become the largest pharma company in India. Both Abbott and Piramal are listed on Indian stock exchanges.

This further accelerates Abbott’s emerging markets growth following the recent acquisition of Solvay Pharmaceuticals and announcements last week of Abbott’s collaboration with Zydus Cadila.

“This strategic action will advance Abbott into the leading market position in India, one of the world’s most attractive and rapidly growing markets,” said Miles D. White, chairman and chief executive officer, Abbott. “Our strong position in branded generics and growing presence in emerging markets is part of our ongoing diversified pharmaceutical strategy, complementing our market-leading proprietary pharmaceutical offerings and pipeline in developed markets.”

“With this deal, the combined business will become the clear market leader in India, with a market share of approximately 7 percent,” said Ajay Piramal, chairman, Piramal Group. “This was our collective vision and I am glad that those who are part of Piramal’s Healthcare Solutions business will realize this dream.”

The promoters of Piramal Healthcare, which is one of India’s top tier pharma company and among the top ten, were looking to exit the company for over two years now.

A source who did not want to be named, said, “Piramal over the years and more since 2008, has been bolstering its business division to increase its valuation in the hope of finding out good buyers or attracting buyers”

The source also said Piramal was also talking to Pfizer and Sanofi Aventis for a possible sellout. All three companies—Abbott, Pfizer, GSK and Sanofi Aventis—were looking to expand in emerging markets such as India to offset a slowdown in their home markets of US and Europe.

Emerging markets represent one of the greatest growth opportunities in healthcare with pharmaceutical sales expected to grow at three times the rate of developed markets and account for 70 percent of the industry’s growth over the next several years.

Branded generics, products that have significant brand equity in many international markets, are the fastest-growing segment within emerging markets. Today, branded generics account for approximately 25 percent of the global pharmaceutical market, have the majority of market share in the largest emerging markets, and are expected to outpace growth of both patented and traditional generic products.

With nearly $8 billion in annual sales this year, the market in India is expected to more than double by 2015. Abbott estimates the growth of its India pharmaceutical business with Piramal to approach 20 percent annually, with expected sales of more than $2.5 billion by 2020. The combined Abbott and Piramal sales force will be the largest in India and will market Piramal’s portfolio of approximately 350 branded generic products, with market-leading brands that span multiple therapeutic areas, including antibiotics, respiratory, cardiovascular and neuroscience.

Under the terms of the agreement, Abbott will purchase the assets of Piramal’s Healthcare Solutions business for a $2.12 billion up-front payment with $400 million annual payments for the next four years, beginning in 2011. The transaction will not impact Abbott’s ongoing earnings per share guidance in 2010.

Abbott also recently created an Established Products Division to focus on the products, markets and commercial opportunities for branded generic pharmaceuticals outside of the US. “Each of these steps further diversify our pharmaceutical business and complement our market-leading proprietary pharmaceutical offerings and pipeline in developed markets,” a Abbott representative said.

The stock price of Piramal fell after the news broke out. The promoters have been repeatedly denying their intention to sell-out. This acquisition comes two years after Ranbaxy, the Indian pharma giant was acquired by Japan’s Daiichi Sankyo in a $5 billion deal.

**About Abbott**
Abbott is a global, broad-based health care company devoted to discovering
new medicines, new technologies and new ways to manage health. Their products span the continuum of care, from nutritional products and laboratory diagnostics through medical devices and pharmaceutical therapies. Their comprehensive line of products encircles life itself - addressing important health needs from infancy to the golden years.

About Piramal Healthcare Ltd
Piramal Healthcare Ltd. is the leader in pharmaceutical contract manufacturing. The Piramal Group has interests spanning several industry spectrums ranging healthcare, glass manufacturing, original drug discovery, private equity and real estate. Healthcare constitutes approximately 50% of the Group’s revenues with pharmaceutical contract manufacturing forming a significant portion.

Pharma Solutions (a division of Piramal Healthcare Ltd) is one of the world’s leading pharmaceutical manufacturing company offering a unique full lifecycle partnership and drug development services to small/virtual and big pharma companies.

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Mantrax Ventures and TCG Lifesciences Collaborate

Mantrax Ventures will represent TCGLS in Australia and enable Australian companies to attain cost-effective, accelerated development of their latent IP and product pipelines.

“TCGLS assists partner companies to expand and strengthen product pipelines. The in-house expertise, track-record and unique integrated research platform significantly lowers up-front and ongoing costs of research and development,” said Dr Kapil Talwar, Director, Mantrax Ventures.

TCGLS, as part of the New York based The Chatterjee Group (TCG), has trust based relationships with over 200 clients including 15 out of the top 20 global pharmaceutical companies. Pfizer recently entered into a collaborative discovery agreement with TCGLS for developing a portfolio of pre-clinical candidate molecules.

“Our talented scientists and state-of-the-art research facilities enable us to engage seamlessly with our partners to accelerate and enhance the drug development process securely under one roof,” said Mr Swapan Bhattacharya, Managing Director, TCG Lifesciences.

“We want to dedicate ourselves to helping unlock the vast potential of intellectual property assets which exist at Australian life science companies. Our flexible engagement models help in creating a win-win situation across stakeholders. A large benefit of our outsourcing model is that our partners are serviced by a dedicated project team and all intellectual property generated is owned by them,” he added.

The global outsourcing services range from pre-clinical candidate nomination to clinical trials management and synthesis of cGMP drug substances. Capabilities are maintained within leading technology park facilities and are maintained by over 1,000 scientists.