

South Africa's Adcock plans to sell its Indian biz

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Adcock Ingram, South Africa's second largest pharma company, has vocalized its plans to sell off its Indian business unit, Cosme Farma.

A provider of branded and generic medicines, Adcock has set a starting price of Rs 4.8 billion for potential buyers. It also specializes in over-the-counter products, and has been a major supplier of hospital and critical care products.

Cosme was founded in 1910 in Goa, and was acquired by Adcock in 2012 for Rs 480 crore.

Cosme was involved in the manufacturing and marketing finished pharmaceutical formulations in India and abroad. It also manufactured products used in treating acne, anemia, osteoporosis, osteoarthritis, psoriasis, fungal infections, and eczema.

On August 2015, Adcock released its 2015 year-end results along with its plan to formally sell its Indian unit.

"While all divisions in the South African business did well and showed improved profitability, the rest of Africa and Indian businesses continue to post losses. Downsides included a further impairment of R74.4 million to the Cosme business in India. As a result, the board has resolved to dispose of this investment at the earliest opportunity and a formal sale process will soon be commenced for this purpose," commented Mr Kevin Wakeford, CEO, Adcock Ingram, in a statement.

Adcock Ingram's turnover stood at R5.5 billion, up 6.5%.

"Significant additional investment would be needed to compete effectively in the Indian market.... It (India) is an absolutely massive pharma market, but dominated by massive players as well, so if you are a small player in that market, it is just going to be a battle," Mr Wakeford told Reuters.

The news arrives just in time after Merck, which announced last week, about [shutting of its Bangalore GeNei facility](#).

This year, [Pfizer confirmed its plans to shut its Thane plant](#).

In 2014, [AstraZeneca \(AZ\)](#) and [Piramal](#) shutdown their R&D units in Bangalore and Mumbai respectively.

Novartis' generic drug unit, Sandoz too followed the same route in shutting its operations at Turbhe site in Maharashtra.