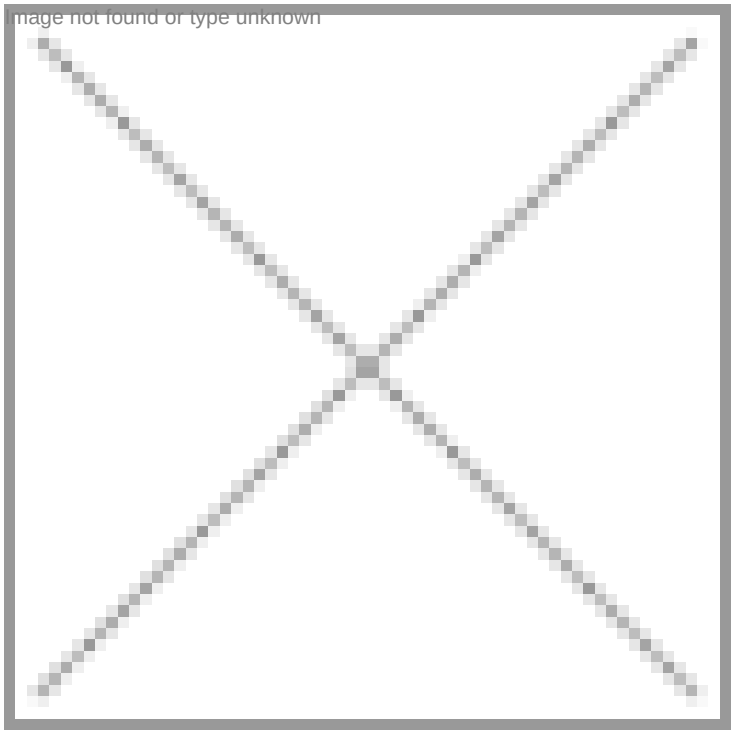
BioSpectrum the business of Bio & Health Sciences

"Lotus Labs' acquisition has set a benchmark for valuations in this industry," - Sudhir Pai, managing director, Lotus Labs Pvt Ltd

08 April 2005 | News



Is the acquisition complete and what were the transaction terms?
Lotus was acquired by Actavis, a large pharmaceutical company headquartered in Iceland with operations in the US and Europe. As of March 18, 2005, Lotus is a wholly owned subsidiary of Actavis.

What will be the positioning and strategy post the acquisition?
Even though the ownership of Lotus has changed as a result of the acquisition, the management continues to be the same. Although new members have been inducted into the Board of Lotus, the whole time directors of Lotus-Dr Kishore Nayak, and I-will continue to run the operations of the company along with all the other senior employees of the company.

The strategy post acquisition is to leverage the techno-commercial strengths of Actavis. Actavis has a large pool of technical talent, which will compliment the capabilities at Lotus. It will help us to have a better understanding of the regulatory affairs and the markets in the US and Europe. This will help Lotus gain better access to the regulated markets.

How is the acquisition going to help Lotus?
This acquisition will put Lotus on the global map. More overseas business will come in, which means better value per project, which will boost both our topline and bottom line. Lotus will be very well represented in Europe and the US since Actavis has operations already in the regulated markets.

Will this set the trend for further acquisitions?

This is the first transaction in the country in the CRO industry. We feel this transaction has set a benchmark for valuations in this industry.

There are many companies in the US and Europe looking at setting up base in India and acquisitions and collaborations are the best and least time consuming way of doing it. We are certain that a trend has been set for many more such deals to happen.

Are you going public?
As of now there are no such plans. It is for Actavis group to decide the future course of action.

Why was Lotus started in Bangalore?
Pharmaceutical industry is concentrated in Mumbai, Hyderabad and Ahmedabad with all major companies located in those places except for one, which is situated in New Delhi. It is probably the reason why these three places get prominence as a CRO base as well. Bangalore is the knowledge base of India. Connectivity, climate, infrastructure and government support probably prompted CROs to base their operations out of Bangalore. Lotus was started in Bangalore since all the promoters are from Bangalore.

What is the current status of the Indian CRO industry?
The clinical trials industry is still nascent in India even though many hospitals are conducting Phase III trials for a number of years. Many hospitals are not conversant with GCP and often pose problems for sponsors since monitoring GCP compliance in large trials is a Herculean task. There are not many CROs equipped to conduct Phase I trials in India.

Infrastructure, skill sets, comfort levels of companies with CROs, congenial regulatory atmosphere are far from being satisfactory.

What are the key disease areas that you are focusing on?
We are conducting clinical trials in the areas of oncology, cardiovascular, endocrinology, vaccines and neurology.

Is there a gap between the supply and demand of trained personnel?
There is a huge demand-supply gap at the moment in terms of trained/experienced personnel for conducting clinical trials. The industry itself being new, I feel that over a period of time more number of hospitals/professionals will join the clinical trials bandwagon. There are also some institutions considering clinical trials as part of their curriculum, which will help churn out more and more clinical trial/ research personnel in the years to come.

What are the issues that are coming in the way of sponsors outsourcing their work to CROs?
We feel that every company goes through a gestation period. It is in this initial stage that a CRO has to prove its capabilities to the sponsor and once the confidence-building is over, business will automatically follow.

We are a four-year-old company and have to our credit more than 500 trials in the bioequivalence area. These studies have been submitted to regulated markets as well. Our Phase I unit commenced operations in the month of June 2004 and we are awaiting regulatory approvals to start trials which should happen any time from now.

Our foray into Phase III trials happened in 2003 end and we have successfully completed eight clinical trials. Like every company, we have now proved to the sponsors that we are capable of handling clinical trials. We are confident that more and more business will follow.

How many projects have you completed?
We have conducted more than 500 studies in the bioequivalence area. This includes Fasting studies, Fed Studies, Food Effect Studies, Steady state studies, Drug -Drug interaction studies, studies on IV formulations, studies on patients etc.

We have completed eight Phase III trials and undertaken activities starting from protocol preparation, CRF preparation, regulatory permissions, site selection, investigator selection, site initiation, site monitoring, obtaining ethics committee approvals, import of test medication etc.

Namratha Jagtap and Ch. Srinivas Rao