

# HEALTHCARE SECTOR BULLETIN

Issue 1: March 2014



QUADRIA  
CAPITAL

## HEALTHCARE TRENDS & IMPACT STORIES

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Country: Global

Headline: **World healthcare loses \$487 bln a year to fraud and error**

Summary: The world is losing \$487 bln a year to fraud and error, with a study showing that global average losses within the healthcare sector have, since 2008, risen by a quarter to 6.99%. . This is published in a report titled "The Financial Cost of Healthcare Fraud 2014" from BDO LLP, the accountancy and business advisory firm and The Centre for Counter Fraud Studies at the University of Portsmouth.  
Further, it mentions that counter fraud exercises have shown that it is possible to significantly reduce the losses with a reduction of 40% (saving as much as \$ 195 bln) within 12 months being considered a very reasonable expectation.

Link: <http://www.bdo.co.uk/services/forensic-accounting/fraud-and-financial-investigations/counter-fraud-services>

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Country: US/ India

Headline: **Scrutiny of Pharmaceutical exports to get tightened up**

Summary: The US Food and Drug Administration has tightened its scrutiny of the quality of Indian medicines, given the increasing popularity of generic drugs made in India. The USA accounts for 30 per cent of India's pharmaceutical exports of \$ 13 billion and is growing at 18-20 per cent.  
India is the largest exporter of generic drugs to US and with 135 US FDA approved plants, has the highest FDA-approved plants outside the US. Since setting up office in Delhi in 2009, followed by Mumbai and Hyderabad, the FDA has increased vigilance, conducting site inspections at short notice.

Link: <http://www.thehindu.com/business/Industry/pharma-exports-face-stricter-scrutiny/article5774350.ece>

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Country: India

Headline: **GSK Consumer Healthcare aiming to focus on rural growth in South Asia**

Summary: GlaxoSmithKline Consumer Healthcare is aiming to cross the £1-billion mark in revenue by 2016 in the South Asian region. India, as a market for the company's consumer healthcare business, is the second largest globally, even bigger than China.

The company says it will continue to focus on rural growth as well as launch of premium products. The company is present in 12,000 villages and plans to expand this to cover 20,000 villages by 2016. Both direct and indirect rural contribution to the business is in the range of 24-26 per cent.

The company follows a different approach to traditional FMCG approach including where its sales people go to rural medical practitioners and make them aware about our products. The company also adopts messaging through school children and women in which it creates awareness about malnutrition and nutritional needs.

Link: <http://www.thehindubusinessline.com/>

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Country: UK  
Headline: **UK all set to accelerate the access of a few drugs**  
Summary: Britain plans to accelerate access to ground-breaking drugs for serious conditions under a new early-access plan that the government hopes will benefit both patients and pharmaceutical companies. The initiative, which has similarities with a U.S. scheme that has speeded the development of so-called "breakthrough" medicines, follows criticism that Britain's state-run healthcare system is too slow to adopt new medical treatments. Doctors will be able to prescribe promising new drugs as soon as the Medicines and Healthcare Products Regulatory Agency - the country's drugs watchdog - signals that the benefits outweigh the risks, following an initial scientific assessment. The programme will be funded by drug companies. That is a bonus for the country's National Health Service, which will not bear any extra costs, but it is a bone of contention for the industry, even though companies overall applauded the plan.  
Link: <http://in.reuters.com>

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Country: Africa  
Headline: **Cooperation over local manufacturing of pharmaceuticals in Africa intensifies**  
Summary: African leaders and key multilateral organizations are strengthening and broadening support for local production of essential medicines on the continent. This was discussed on the sidelines of The Seventh Joint African Union (AU) Conference of Ministers of Economy and Finance and the Economic Commission for Africa (ECA) Conference of African Ministers of Finance, Planning and Economic Development. On the side-lines of the annual conferences, the AU, UNAIDS, UNECA and UNIDO are holding the high-level meeting Local Manufacture of Pharmaceuticals: an untapped opportunity for Inclusive and sustainable Industrial Development in Africa with African Ministers of Finance and Economic Planning. The event will highlight the opportunities for developing a high quality pharmaceutical industry in Africa, which will bring important health and economic development benefits. Total pharmaceutical spending for the continent in 2012 was estimated at US\$ 18 billion and is expected to reach US\$ 45 billion by 2020.  
Links: <http://www.unaids.org/en/resources/presscentre/pressreleaseandstatementarchive/2014/march/20140329ecapharmaceuticals/>

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## HEALTHCARE SECTOR NOTABLE TRANSACTIONS

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Country: US/ Global  
 Headline: **Baxter plans to spin off biotech business in 2015**  
 Summary: Baxter International said Thursday it will spin off its biotechnology operations into a publicly traded company by the middle of next year and focus on its core medical technology business. The move, which is similar to Abbott Laboratories' spinoff of AbbVie at the beginning of 2013, is part of a trend among health-care companies to split off businesses that are not part of their primary operations. Novartis AG is considering divesting some smaller businesses, which include animal health, vaccines and over-the-counter medicines, while Merck is selling its consumer health-care business. Other companies that Baxter has spun off in the past three decades include Edwards Lifesciences, Caremark and Allegiance Healthcare. Baxter said its biotech business, which includes plasma-based proteins to treat hemophilia and other bleeding disorders, had 2013 revenue of \$6 billion, while medical products and equipment sales were \$9 billion.  
 Links: <http://www.reuters.com/article/2014/03/27/baxter-restructuring-idUSL1N0MO0FN20140327>

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Country: Thailand  
 Headline: **Actavis Acquires Silom Medical Company**  
 Summary: Actavis plc, a leading global specialty pharmaceutical company announced that it has acquired Silom Medical Company, a privately held generic pharmaceutical company focused on developing and marketing therapies in Thailand, for approximately \$100 million in cash. The acquisition of Silom Medical immediately elevates Actavis into a top-five position in the Thai generic pharmaceutical market, with leading positions in the ophthalmic and respiratory therapeutic categories and a strong cardiovascular franchise. Actavis currently markets approximately a dozen products through local distributors in Thailand, and has approximately nine additional products under registration. The combination is anticipated to result in opportunities to expand the core therapeutic areas of cardiovascular, ophthalmology and respiratory with complementary and novel products, as well as the potential to use Silom Medical's sales channels to create opportunities in new therapeutic categories including Oncology, Women's Health, CNS and others. Silom Medical is one of Thailand's leading generic pharmaceutical companies, offering more than 25 products in various dosage forms to more than 4,400 hospitals, clinics and drugstores throughout the country. The Company has an experienced, in-house sales force and operates a 32,000 sq. meter manufacturing facility in Ayutthaya with a production capacity of 660 million tablets/capsules and 47 million sterile units per year.  
 Links: <http://www.pharmabiz.com/NewsDetails.aspx?aid=81199&sid=2>

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## TRANSACTION NEWS

Headlines	Summary
<b><i>Vulpes Investment Management in midst of raising two funds</i></b>	Vulpes Investment Management, a Singapore-based investment fund, is looking to raise two funds, a source close to the situation said. The firm aims to raise about USD 150m-USD 250m for its life sciences fund, which is primarily focused on developing UK-based life sciences firms and raising funds for their research in Singapore. Currently, the firm is in talks to bring an Oxford, UK-based neutraceuticals firm to Singapore to set up an office.
<b><i>GVK Biosciences may see exit of Sequoia Capital</i></b>	Sequoia Capital, is looking to exit from its investment in GVK Biosciences, an Indian biotech R&D outsourcing company, the Economic Times reported. According to the report, Sequoia paid INR 1bn in 2007 to pick up an estimated 20% stake in GVK Biosciences.
<b><i>Quality Care India in advanced talks for possible acquisitions</i></b>	Quality Care India, the hospitals company, is in advanced talks for possible acquisitions, reported VCCircle. The report cited Dilip Jose, Care Group's chief executive officer, as saying that his company his company is considering growth via inorganic means in states and cities where it is present already.
<b><i>Asia Financial joins Bumrungrad Hospital Public Company to acquire 51% in Ulaanbaatar Songdo Hospital in Mongolia for USD 15.3m</i></b>	Asia Financial Holdings, the Hong Kong-listed financial company, announced that it has joined with Bumrungrad Hospital Public Company to acquire and own 51% interest of Ulaanbaatar Songdo Hospital ("UBSD") in Mongolia for USD 15.3m.
<b><i>Sandor Nephro Services raises between INR 200m-INR 250m from Tata Capital Healthcare Fund</i></b>	Sandor Nephro Services, an India-based dialysis-therapy provider, has concluded its first investment round by raising between INR 200m-INR 250m (USD 4.2m) from Tata Capital Healthcare Fund, Vccircle reported.
<b><i>EQT Mid Market to acquire I-MED Radiology Network</i></b>	The EQT Mid Market fund ("EQT Mid Market") announced today that it has signed an agreement to acquire Australia-based I-MED Radiology Network ("I-MED" or the "Company"), one of the world's largest medical imaging clinic network. Caisse de dépôt et placement du Québec of Canada and Singapore-headquartered GIC will be investing alongside EQT Mid Market.
<b><i>Bangkok Chain Hospital to buy three or four more hospitals</i></b>	Bangkok Chain Hospital, Thailand-listed hospital operator, plans to buy three or four more hospitals as part of its expansion plan, Krungthep Turakij reported today (24 March). The Thai-language item cited CEO Chalerm Harnphanich as saying that Bangkok Chain Hospital is currently in talks with three or four hospitals where the company expects to hold more than 51% stake.
<b><i>Hyginex receives investment from Persistent System</i></b>	Hyginex, patented wearable hand hygiene improvement technology, has received an investment from Persistent Systems, the global leader in software products and technology services. The investment through Persistent Venture Fund allows Hyginex to expand its operations in the U.S. to continue its mission to save lives by helping healthcare facilities improve hand hygiene.
<b><i>Aster DM Healthcare</i></b>	Aster DM Healthcare (Aster DM) will announce which bourse it will list on within three months, according to its Financial Controller-GCC, Kartik Thakrar. It is also on an aggressive



expansion drive which will include acquisitions and organic growth. IPO Once a final decision is made on the bourse it will list on, the company will appoint a bookrunner, with the full listing happening during the next 12-18 months.

***Metro Pacific Investments seeking to acquire up to four hospitals in 2014***

Metro Pacific Investments Corporation (MPIC), the listed Philippine group, is seeking to acquire up to four hospitals in 2014, the Philippine Star reported. The article cited Augusto Palisoc, the executive director of MPIC's hospital business, who said that although four was the group's target, MPIC was confident of acquiring at least one. The hospital business of MPIC has allocated PHP 4bn (USD 88m) for capital spending in 2014.

***Domain Principal Group running ruler over potential aged care acquisitions***

Domain Principal Group, an Australian residential aged care operator, is actively seeking acquisitions as it aims to more than double its size over the next decade, said MD Gary Barnier. Domain Principal Group expects to achieve 50% of this growth via acquisitions and 50% via new facilities, he said, adding that the company plans to increase beds by 500-700 per year. The group currently owns 56 homes with some 5,000 beds.

***Medinova Diagnostic Services board approves Bangalore facility sale to Mallya Hospitals***

The board of Medinova Diagnostic Services, an Indian medical diagnostic services company based in Hyderabad, has approved the proposed sale of the company's Bangalore facility to Mallya Hospital, according to a stock exchange announcement.

***Biosensors owner Citic PE bides time on privatization moves***

Citic Private Equity Funds Management plans to eventually privatize Biosensors International Group (BIG) [SGX:B20] but is in no hurry to do so, two sources familiar with the situation said. The private equity arm of Citic Group is in early stage talks with other private equity firms, including 16% shareholder Hony Capital, to join a bidding consortium and lessen the financial burden should Citic launch a full offer for Biosensors, the first source said.

***Pro Plus to look at Warsaw IPO towards year end, plans US entry***

Pro Plus, a privately held Polish maker of telemedicine products, is planning an IPO for the end of 2014, CEO Jerzy Radwanski said. The actual listing would take place in 1Q15 on the Warsaw bourse's NewConnect market, he said.

***Dr Lal Pathlabs speaks to investment banks but IPO not yet on the cards***

Dr Lal Pathlabs, a New Delhi, India-based diagnostics Company, has held preliminary talks with investment banks for a potential initial public offering but has no immediate listing plans, said CEO Om Prakash Manchanda.

***Prodia Group looking to list on Indonesia's IDX next year***

Prodia Group, a Jakarta, Indonesia-based laboratory services and contract research organization, is planning for an initial public offering in 2015 in order to raise funds for expansion, three people familiar with the matter said.

***Medi-Future in fundraising talks with strategic investors; plans to list by 2017***

Medi-Future, a privately held South Korean medical devices manufacturer, is in advanced talks with a domestic strategic investor to raise USD 5m from an about 20% stake sale, CEO Jeong-Chai Lee said. The proceeds of the capital raise will be used to fund research and development and to set up a manufacturing facility, he added.

***Parkway Life Real Estate Investment Trust acquires two nursing homes and an extended stay facility in Japan for USD 29.5m***

Parkway Life Real Estate Investment Trust, a Singapore-listed nursing home operator, has acquired two nursing homes and an extended stay facility in Japan for USD 29.5m, noted a stock exchange announcement.



<p><b>First Reit acquires Siloam Hospitals Purwakarta for USD 24.5m</b></p>	<p>First Reit, the Singapore-listed property hospital owner, has acquired Siloam Hospitals Purwakarta, an Indonesian hospital property, for USD 24.5m, noted a stock exchange announcement.</p>
<p><b>CVCi seeks to exit Thai beauty chain Wuttisak</b></p>	<p>Citi Venture Capital International is looking to exit its Thailand-based aesthetics chain Wuttisak Clinic Inter Group, a buy side source and two bankers following the situation said. The fund, along with Thai Strategic Capital, had invested USD 100m in April 2012 in exchange for a 30% stake, according to media reports. CVCi is working with local boutique investment bank Progress Capital to find a new investor, the buy side source said.</p>
<p><b>Lippo Karawaci raises USD 75m from placement of Siloam Hospitals shares</b></p>	<p>PT Lippo Karawaci Tbk (“LPKR”) on 13 March, announced the placement of 82.5m shares of PT Siloam Hospitals Tbk (“Siloam”), via an overnight placement. Shares were placed at a price of IDR 10,400 per share, representing a 7.8% discount to the closing share price on Wednesday, 12 March 2014 of IDR 11,275 per share, for total proceeds of IDR 858bn (USD 75m).</p>
<p><b>IHH Healthcare considers bidding for Healthscope</b></p>	<p>IHH Healthcare, the listed Malaysian healthcare provider, is mulling a bid for Healthscope, the Australian healthcare company, the Wall Street Journal reported. The report, citing sources close to the matter, said that the listed Malaysian company was considering bidding for Healthscope from TPG Capital and Carlyle Group for USD 5bn. Khazanah Nasional, the Malaysian investment fund, is the majority shareholder in IHH.</p>
<p><b>Apollo Hospitals Enterprise decides to cancel planned business trust listing on Singapore Stock Exchange</b></p>	<p>India-based Apollo Hospitals Enterprise has taken a decision to cancel a planned business trust listing on the Singapore Stock Exchange, VCCircle reported on Saturday.</p>
<p><b>RG Scientific Enterprise talking to two to three investors from private-equity space to raise INR 1bn</b></p>	<p>RG Scientific Enterprise, the India-based operator of laparoscopy and urology hospitals, is talking to two to three investors from the private-equity space to raise INR 1bn (USD 16.4m).</p>
<p><b>Spire Healthcare sponsor Cinven mandates Morgan Stanley and BofA for GBP 1.5bn sale</b></p>	<p>Spire Healthcare's private equity owner Cinven has hired Morgan Stanley and Bank of America Merrill Lynch to arrange the sale of the business in a deal that could be worth around GBP 1.5bn or 10x-13x expected operating earnings, according to a newswire report.</p>
<p><b>NephroPlus USD 10m Series B funding round to be led by IFC</b></p>	<p>IFC, the investment arm of the World Bank, is leading the Series B funding round of USD 10m in NephroPlus, a private Hyderabad-based Indian dialysis chain, Vccircle reported.</p>
<p><b>KIMS Hospitals stake may be acquired by ICICI Venture with INR 1.5-1.8bn investment</b></p>	<p>ICICI Venture may acquire a stake in the Indian hospital chain Krishna Institute of Medical Sciences Ltd (KIMS), the Business Standard reported.</p>

<b><i>Dr Agarwal's Healthcare exit being eyed by Evolence India Life Sciences Fund</i></b>	Evolence India Life Sciences Fund (EILSF), a private equity (PE) firm, is looking to exit from its investment in Dr Agarwal's Healthcare, an Indian eye care chain, The Economic Times reported.
<b><i>Jubilant First Trust Healthcare sells hospital business to Narayana Health</i></b>	Jubilant First Trust Healthcare (JFTH), a wholly owned subsidiary of the India-based Jubilant Life Sciences, has sold its hospital business to the India-based Narayana Health. JFTH operates two hospitals in West Bengal – Kalpataru in Barasat and Rabindranath Thakur in Berhampore.
<b><i>Q &amp; M Dental Group intending to expand Malaysian business through joint ventures</i></b>	Q & M Dental Group, a Singapore-based dental chain, is intending to expand its business in Malaysia through joint ventures, noted a stock exchange announcement.
<b><i>Silom Medical Company acquired by Actavis</i></b>	Actavis plc (ACT), a leading global specialty pharmaceutical company today announced that it has acquired Silom Medical Company, a privately held generic pharmaceutical company focused on developing and marketing therapies in Thailand, for approximately USD 100m in cash. The acquisition of Silom Medical immediately elevates Actavis into a top-five position in the Thai generic pharmaceutical market, with leading positions in the ophthalmic and respiratory therapeutic categories and a strong cardiovascular franchise.
<b><i>GSK acquires full ownership of Indonesian Consumer Healthcare business</i></b>	GlaxoSmithKline (GSK) announced today that it has acquired full ownership of its Indonesian Consumer Healthcare business in a transaction, which also includes the company divesting a non-core brand and a manufacturing facility in the country.
<b><i>Lupin to acquire Laboratorios Grin specialty ophthalmic company in Mexico</i></b>	Pharma Major Lupin Limited announced today the acquisition of 100 % equity stake in Laboratorios Grin, S.A. De C.V. (Grin), Mexico, subject to certain closing conditions. The acquisition marks Lupin's foray into the high growth Mexican and the larger Latin American pharmaceuticals market.
<b><i>Kimia Farma appoints Mandiri Sekuritas as financial advisor for consolidation with Indofarma</i></b>	Kimia Farma, the listed state-owned Indonesian pharmaceutical company, has appointed Mandiri Sekuritas as financial advisor for a planned consolidation with fellow state-owned listed pharmaceutical company Indofarma, reported the Kontan.
<b><i>Milan Laboratories could sell stake to a client to maintain assured business</i></b>	Milan Laboratories, a Thane, India-based pharmaceuticals company, could dilute a minority stake to one of its clients in an effort to ensure assured business, said Director Upendra Deshpande.
<b><i>Dong-A Socio Holdings plans biosimilars alliance to spark inorganic growth</i></b>	Dong-A Socio Holdings (Dong-A), a listed South Korean pharmaceuticals company, plans to forge an alliance for its biosimilar products in the US and Europe, a company source has said. This could take the form of a joint venture (JV), marketing partner or commercial alliance with a global major.

***Vivimed Laboratories hires Lazard to structure and streamline businesses, pauses on acquisitions***

Vivimed Laboratories, a Hyderabad, India-based listed pharmaceuticals and specialty chemicals company, is working with Lazard to structure the business after a string of acquisitions over the last three years, said Managing Director and Chief Executive Officer Santosh Varalwar. The structuring will ensure its business verticals are financially independent and that there is no criss-crossing of business interests, he said.

***V S International would explore external funding options after doubling turnover***

V S International, a Mumbai, India-based healthcare and pharmaceuticals company, would explore external funding options in two years after doubling its current turnover, said Director Purvesh Shah.

***Dhathri looks to raise USD 16m via 20% stake sale to private equity***

Dhathri, an India-based ayurvedic products company, is seeking to raise around INR 1bn (USD 16m) via the sale of a roughly 20% stake to private equity players. This was reported by the Business Line, which did not cite any specific source.

***Shasun Pharma, SeQuent sign JV agreement***

Shasun Pharmaceuticals, a listed Indian pharma, has announced it signed a JV agreement with SeQuent Scientific on 7 March 2014. . The JV Company has been formed to develop, manufacture and sell veterinary products including both API (Active Pharmaceutical Ingredients) and formulations to cater to the global market.

***INC Research acquires CRO MEK Consulting***

BioPharm Insight reported earlier today that INC Research was to imminently acquire a CRO in the Middle East, with MEK Consulting mentioned as one of the players operating in the MENA region.

***Sun Pharma seeks to enter Japanese generics market***

Indian generics major Sun Pharmaceutical Industries , will look to acquire or forge partnerships in Japan, according to a newswire report quoting Uday Baldota, senior vice president for finance and accounts at the company.

***INC Research to complete Middle East acquisition imminently***

INC Research is in an ongoing acquisition process for an unnamed CRO in the Middle East as part of its MENA growth plans, a source with knowledge of the company strategy said.

***AstraZeneca Pharma India seeks more info from parent company on delisting plan***

AstraZeneca Pharma India has informed the Bombay Stock Exchange that the board of directors met on 5 March to consider a delisting proposal from AstraZeneca Pharmaceuticals, Sweden (AZP AB), a promoter (principal shareholder) of the company.

***Kalbe Farma seeks local partners for India, Pakistan and Sri Lanka***

Kalbe Farma , an Indonesian pharmaceuticals company, is seeking local partners in India, Pakistan and Sri Lanka, a company source said. Kalbe will either invest in local companies or set up local joint ventures to launch its consumer nutrition business in these markets.

***Bioton considers sale of some subsidiaries not related with core business***

Bioton, the listed Polish insulin maker is considering a sale of some of its subsidiary companies not related with Bioton's core business, Parkiet reported.

Source: mergermarket



