

Business Standard

Know More. No Less

With the country's growing population seeking new options, he was convinced contraceptives could be any drug manufacturer's dream

February 5, 2015 Last Updated at 22:29 IST



When Jyotiprasad Taparia decided to start a company, he broke from his family tradition by going beyond engineering. He found his calling in making birth control pills. With the country's growing population seeking new options, he was convinced contraceptives could be any drug manufacturer's dream.

Today, more than two decades later, Taparia, who is now 70 and is no longer involved in the day-to-day affairs of the company, can't be more convinced about that. Early this week, his 25-year-old company, Famy Care, was acquired by US-based pharmaceutical giant Mylan for \$800 million, or Rs 4,800 crore.

Started in 1991 in technological partnership with Finland's LierasOyand, Famy Care became the first Indian supplier of contraceptive devices to the government. The fact that Mylan, which is among the top five generic drug makers globally, was willing to pay more than 10 times of Famy Care's current revenue shows the promise the Indian company offers to buyers. Contraceptive sales are expected to reach \$24 billion in 2018 and are growing at a compound annual growth rate of 6 per cent.

The reason Famy Care is worth spending on is its size. The Mumbai-based company is the third largest generic contraceptive maker in the world. Many companies before Mylan saw the inherent potential in the company. In 2010, Hong Kong-based private equity firm AIF Capital picked about 18 per cent stake in Famy Care for \$40 million.

The company is now run by Taparia's sons, Sanjeev (46) and Ashutosh (41). Sanjeev, as managing director, spearheads the contraception business, while Ashutosh, as executive director, takes care of manufacturing of hormonal contraceptives and regulatory audits. The next generation of Taparias, who joined in 1999, have expanded the business further by entering new segments, including oral contraceptives which back then was dominated by Mala-D, a brand whose supply was regulated by the government. Around this time, the company also began to export drugs to Africa and other developing countries.

In 1999, the Taparias decided to step up the game by entering niche areas. They bought a sick unit of a pharmaceutical manufacturer for Rs 53 lakhs from Gujarat State Finance Corporation. After an

investment of an additional Rs 1.5 crore, they converted the unit into a production hub for hormone-regulating drugs, which was at that time an emerging field.

Famy Care's big growth spurt came in 2008, when it joined hands with Mylan to market its products in the US. Besides entering new markets in Europe and Africa, it managed to file several abbreviated new drug approvals with the US drug regulator, and introduced injectables in the rest of the world market. It also commissioned a facility in Ahmedabad with the objective to become the world's largest producer of oral contraceptives.

The high-value sale to Mylan reflects the work put in by the Taparias.