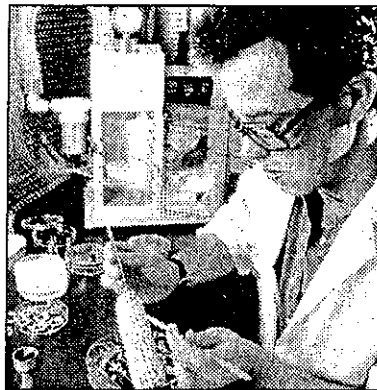


# Themis completes Artemis merger, to revamp biotech

Jeetha D'Silva  
MUMBAI 12 JULY

**M**UMBAI-BASED Themis Medicare (TML) has completed the merger of Artemis Biotech with itself and now plans to ramp up its biotech business. Artemis was a separate subsidiary company, which focused only on biotechnology products.

Themis plans to aggressively enhance its focus on statins and to add more biotech products — like antibiotics and vitamins — to its portfolio. Themis MD Dinesh Patel told ET that the company will develop more biotech products with a focus on export markets. "We are working towards emerging as the largest regional supplier of statins," he said.



LAB WATCH

Statins are a class of cholesterol lowering drugs. Themis was the first company in India to develop the anti-cholesterol bulk drug lovastatin. Currently, Themis also produces two statins — lovastatin and simvastatin — both primarily for the export

markets. The company will add two more statins — compactin and pravastatin — to its export portfolio in the near future. "We are in the process of identifying long term partners for these two statins," said Mr Patel.

Themis is a JV between Indian promoters, the Patels, and Gedeon Richter, a Hungarian pharmaceutical ingredients (APIs) and formulations, has acquired a significant biotech-based product portfolio with the merger of Artemis. The Andhra HC had recently passed an order approving the merger of Artemis Biotech with the company.

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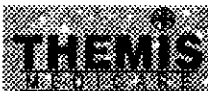
### Leader Speak

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August 13, 2004

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**Themis Medicare Limited** was established in 1969 as a Joint Venture with Gedeon Richter Limited of Hungary. The company is engaged in the manufacture and marketing of bulk API of synthetic and biotech origin, bulk intermediates and formulations for domestic and international markets as well as in research and development activity.



**Dr. Dinesh Patel** is the Managing Director & CEO of Themis Medicare Limited. A Doctorate in Medicinal Chemistry Dr. Patel played a crucial role in the development of drugs like Lovastatin for the first time in Asia and for which Themis Medicare was awarded the DSIR National Award in 1997. Under his guidance and control Themis Medicare has been able to introduce many new molecules and NDDS products over the years.

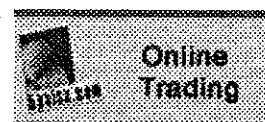
In an interview with **Anil Mascarenhas** and **Hirawati Pethe** of *India Infoline*, **Dr. Dinesh Patel** shares some invaluable insights on Themis and its recently merged division Artemis Biotech. "We are the largest producers of statins in the country with an annual production of about 100 tons" says Dr Patel.

#### Give us a brief overview of your various businesses?

Themis Medicare is primarily a manufacturer and marketer of formulations and API of synthetic origin. Though our first breakthrough product was Vitamin B12, we moved on to manufacture synthetic API such as Ethambutol Hydrochloride, Pyriethoxine derivatives, Methylcobalamin, Propofol and Artemisinin derivatives. In formulations, we are presently into manufacturing of anti-TB, anti-malarial, anti-cholesterol and pain management drugs.

#### Could you throw some light on your recent merger with Artemis Biotech?

Artemis Biotech, which is now a division of Themis Medicare, was formerly known as Andhra Citrates Ltd (ACL). This division is involved in biotech activity



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producing various fermentation-based products especially statins like Lovastatin, Simvastatin, Compactin and Pravastatin as well as various other antibiotics.

Artemis Biotech (formerly ACL) was originally floated by IDBI, ICICI and APIDC in which Themis Medicare had a 30% shareholding. Artemis was initially a manufacturer of Citric acid. The company had been a sick unit when the promoters bought it over. After its merger with Themis Medicare, it has started posting profits. We realized Artemis' potential then. There has been a surge in its turnover from Rs80mn last year to Rs250mn this year.

**Which therapeutic areas does the company operate in? Who are your key clients in the bulk drug and intermediate segments?**

We have a presence broadly in four therapeutic areas namely antibiotics, immuno-suppressants, anti-fungals and statins. We are the largest producers of statins in the country with an annual production of about 100 tons. We supply bulk drugs to major pharma companies such as Teva, Novartis, Wyeth Lederle and Aventis. We have a licensing arrangement for some of our products with Zydus Cadilla and Unichem Laboratories.

**Themis group of companies consists of three group companies namely Vividh Distributors, Themis distributors, & Artemis Exports and the division Artemis Biotech. Can you tell us something about the business of each? What is your shareholding in each of the group companies?**

This was the case earlier. We have now restructured our corporate profile, which now consists of Themis Medicare Ltd and its two wholly owned subsidiaries namely Artemis Biotech and an overseas subsidiary Themis Medicare Singapore Pvt Ltd. The overseas subsidiary is our marketing outfit to which we sell our products on a license basis. It became operational last year in 2003.

**You have two manufacturing plants at Vapi and Hyderabad - Are both these under Themis Medicare or some other group company? What kind of approvals do these plants have?**

Our plant at Vapi, Gujarat, manufactures intermediaries, bulk drugs and formulations for treatment of tuberculosis, P.Falciparum and severe cases of Malaria. The main product produced here is Ethambutol. We also have a R&D division at Vapi, which has been duly approved by the Department of Scientific and Industrial Research, (DSIR), Government of India. The Hyderabad plant was under Artemis and is involved in biotechnology and fermentation activity. Our Hyderabad facility manufactures Lovastatin, Simvastatin, Pravastatin, DMCTC, Gentamycin and Sisomycin.

**Artemis Biotech is primarily a manufacturer of statins (CVS). Does the company have plans to get regulatory approvals for selling in regulated markets? What are the other activities of Artemis? What other drugs does Artemis Biotech manufacture?**

As conveyed earlier, Artemis Biotech is basically a manufacturer of drugs using biotechnology. It manufactures Simvastatin, Lovastatin, Compactin and Pravastatin. The company manufactures these statins indigenously and we are currently in the process of getting US FDA approval for one of our facilities at Hyderabad that manufactures Simvastatin. It will take a year or more to obtain the approval. We are also building our capacities to manufacture Pravastatin. We have already obtained COS for Lovastatin and Simvastatin which enables us to sell them in Europe.

**Post merger how has the shareholding pattern changed? What is the current promoter stake in the company?**

Post merger the promoter stake has remained at 70% of the total equity.

**What is the percentage of exports in annual sales in 2004? What is the rate of growth expected in the export market?**

Presently, exports make up 25% of the total turnover. Our main markets are South America, Europe and Central Asia. The major drugs we export are Ethambutol, Lovastatin, Simvastatin and antibiotics. We expect 50% of the total turnover to come from our exports, from 2005 onwards.

**Which are the growing therapeutic areas? Any new areas Themis plans to enter in the near future?**

Anti-cholesterol, CNS (Central Nervous System) and anti-diabetics are fast-growing therapeutic segments presently. While Themis has a strong position in NDDS developments, we also plan to enter the market with many NCEs (New Chemical Entities) in the near future. We and our Hungarian collaborators are working together on fresh investments and new products.

**How many patents have you filed till now? (DMF, ANDA). Could you give us some details regarding the patented products?**

We have filed a total of 31 patent applications (which includes Product, Process, PCT and US applications of about 14 drugs) Further, over the years, we have developed and marketed new molecules such as our product Anablok (local anaesthetic), which has been well accepted in the market and Rofejet Injection (a COX-2 –

analgesic/anti-inflammatory). Our numero uno brand

E MAL, an anti malaria drug, commands brand equity of Rs100mn.

**What progress has been made in the novel drug delivery system (NDDS) areas? Which are the focus areas? How many patents have you filed so far? What is the scope for NDDS in India?**

We are targeting a turnover of Rs100mn from our NDDS products. Our NDDS portfolio consists of Rofecoxib (analgesic/anti-inflammatory), Celecoxib (analgesic/anti-inflammatory), Valdecoxib and Nimesulide (anti-pyretic/analgesic). We have filed about half a dozen patents in this segment.

The scope for NDDS in India depends upon the type of product it is. To cite an example, no common analgesic was available in the injectible form when we for the first time launched Rofecoxib after careful studies of about 1,000 cases in clinical trials. We now successfully export this product to underdeveloped markets and some parts of Asia.

**Have you added any new brands recently or is there a plan to reposition old ones?**

Yes, there is a plan to reposition our 'rofejet injection' (analgesic & anti-inflammatory) and 'sepgard' (anti-bacterial).

**Themis sources 60% of its raw materials from imports. Which are the raw materials imported? Could you give us details?**

We only import intermediates and 80% of our import bill consists of DL2AB imports used in the manufacture of our flagship product Ethambutol (API). We import this from the only company in Europe that supplies DL2AB. Besides, no pharma company in India manufactures DL2AB.

**What is the R & D spend of the company as a percentage of revenue? What are your capex plans (including R&D)?**

We have been actively working on the philosophy of outsourcing research activities to national research laboratories, universities and so on. This enables us to compare results and pick the best thus enabling better and dependable results. Themis is actively associated with Central Drug Research Institute-Lucknow, Regional Research Laboratories Hyderabad, Bhabha Atomic Research Centre, Indian Institute of Veterinary science to name a few. However, we carry out in-house research for our NDDS pipeline and then outsource the clinical trials on the same.

Our R&D spends are therefore not very significant or large as we believe that the essence lies in generating ideas and then getting them implemented. We have always believed in being first movers and introducers of new products. Further, we have benefited and continue to get strong support from our 35 plus years collaboration with our Hungarian partner.

Also, we are planning to set up a facility for manufacturing formulations in Haridwar for which, we have recently purchased land and plan to spend about Rs150-200mn on it.

**Please comment on your Hungarian collaborator.**

Our Hungarian collaborator, Gedeon Richter Ltd, is a 105-year-old company with a market cap of more than US\$2.2bn. It is the most reputed company in eastern Europe. We are currently in talks with our collaborator for making fresh investments but we will be able to give specifics only after a couple of months.

**What growth are you expecting over the next 2-3 years? Which segments would drive this growth?**

We have a target of attaining a turnover of Rs1bn this fiscal and expect to grow by 50% annually for the next three years. Of this, Themis' portfolio will contribute Rs650mn roughly and Artemis will contribute about Rs350mn. The growth drivers in the coming years will be NDDS and biotech products.

**What has been the overall growth strategy and direction adopted by the company? Going forward what are the topline and bottomline growth targets of the company?**

We are growing aggressively, and will concentrate on introducing new API & research-based products. Our research pipeline consists of NDDS, API and new chemical entities (NCE). We also have a product pipeline of three new products in the synthetic drug segment, which we will sell in the domestic market as well as overseas.

**Your message to shareholders?**

The company has now broadened its activity base and we have entered the field of Biotech, which is an emerging market. Statins is a strong point of the company. It is with the intention of increasing shareholder value on a long-term basis that we have merged Artemis with Themis. We will maintain the current 20% dividend or give out more as suitable in the future.

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