

# Hetero Mexico - Adrián Ruiz, General Manager

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*Indian companies are increasingly interested in tapping into the alluring Mexican and Latin American pharmaceutical markets. The general manager of the API and drug producer discusses the vision behind the establishment of operations in Mexico, the company's achievements so far and its future plans to consolidate local manufacturing and launch new products.*

## **What was the strategic vision behind the establishment of Hetero's operations in Mexico?**

Hetero was born in the year 1993 as a small API unit in Hyderabad, India, from the vision of Dr. B.P.S. Reddy. Today, with USD 1 billion global sales and products marketed in more than 130 countries worldwide, Hetero is a vertically integrated global company focused on the development, manufacturing and marketing of APIs (active pharmaceutical ingredients), intermediate chemicals and finished products. The company is interested in expanding its business and is eyeing at the markets, which offer the best growth opportunities worldwide, including Mexico.

When I was appointed as general manager back in 2011, the headquarters entrusted me with the mission of starting a sustainable long-term business with strategic partners in Mexico. The company chose the country mainly because of the great work done by Mikel Arriola at COFEPRIS (the Federal Commission for the Protection against Sanitary Risk) to create a solid regulatory environment for the pharmaceutical industry.

Also, Mexico represents a strategic hub to access and control further operations in Latin America. We already started a small office in Colombia and are looking to recruit people in Chile and Peru – the countries the company is currently interested in. Argentina and Brazil are indeed larger markets, but respectively instable and very protectionist, so not priority for the moment.

**What was the main challenge you faced when starting operations?**

The API market is not as regulated as the pharmaceutical market. Actually, you have manufacturers that explicitly produce for non-regulated markets and competition from Asian manufacturers is fierce. Hetero is a company, which complies with all best manufacturing practices required by the industry, so does not offer a cheap product. Yet, we offer advantages in the mid-to-long term, as due to the high-quality of ingredients, the quality assurance process is more effective, the renovation of registers faster and documentation more transparent. Our first challenge was to make this understand to the Mexican market and especially to national manufacturers. Negotiations with multinational drug companies are usually easier, as they have fixed requirements to comply with when purchasing APIs, so price plays a secondary role. Local manufacturers, though, mainly go for cost. And when the purchaser is someone from administration, quality may be sacrificed.

**What have been the most important achievements of the company so far in the Mexican market?**

At the beginning our business development and marketing area started focusing on the core of the company – the API segment – and started negotiations with local and multinational drug manufacturers. Three years later, we have business-to-business contracts with twelve companies – seven locals and five multinationals, nearly 50 products negotiated and agreed, 22 registers and eight of our production plants in India already inspected and approved by COFEPRIS. We hope to end 2014 with 50 registers and plan to hit the 100 quota by 2015.

**Over the past few years Mexico has lured several pharmaceutical companies from India.**

**What is the key to success of Hetero?**

The Indian headquarters had the vision to employ only Mexican staff for the local operations of the company and I think this has helped the company establish itself quickly and be successful, even compared to other Indian companies. The closest company has 19 registered products and sales for USD 19 million. We are targeting USD 40 million for 2015.

**What is next on the company's agenda in Mexico?**

Hetero's agenda for the coming years looks pretty busy. Today we mainly satisfy our clients' demand for the private sector, but the company is interested in entering the public segment, especially in the HIV segment. Worldwide Hetero is one of the largest manufacturers and suppliers of antiretroviral formulations and APIs with a 30 percent market share and active participation in institutional programs from WHO, UNICEF, PAHO, among others. It's a small niche, which does not drive much volume, but it very important to the company and its founder. We have approximately 124,000 HIV patients in Mexico, but less than 60 percent are treated. Healthcare institutions are looking to improve the coverage and given the company's leadership in the segment, Hetero would like to become the partner of choice to improve treatment in the HIV space.

Moreover, we have established three joint ventures with Mexican companies to have local manufacturing with the possibility of acquiring them in the mid-to-long term, are evaluating a potential USD 50 million investment in a manufacturing plant for oncological products and already started clinical trials to launch the first biosimilar products. As you can see we have a very vigorous pipeline which we hope will make us hit USD 100 million sales within the next five to six years. We plan to launch five patented products in co-marketing with other companies, which allow us to reach USD 100 million sales and position Hetero among the top 20 companies in the Mexican market. Last but not least, we would like to consolidate the joint ventures and be the partner of choice for high-specialty segments, such as HIV, oncology and biotech.

### **What makes Hetero Drugs a partner of choice for local as well as international companies in Mexico?**

First, despite relying on Indian capital, Hetero is a 100 percent Mexican company, meaning we perfectly understand our clients' needs. Second, the staff is very young, motivated and willing to learn. Our value proposition to clients is strong, as we offer an integral solution: we do not only provide the product, but also register it and develop a long-term strategic pipeline for each company.

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