Changing Face of Indian Pharmaceutical Industry
Road to Success

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Innovation, Quality and Global Reach

Bangalore
23 February 2011

Outline of Presentation

- Current Members
- Market Share
- Focus Areas
- Indian Pharmaceutical Industry
- IPRs & Innovation

Indian Pharmaceutical Alliance

Current Members

- Cadila Healthcare
- Cadila Pharmaceuticals
- Dr Reddy's Laboratories
- Glenmark
- Intas
- J B Chemicals & Pharmaceuticals
- Lupin
- Matrix Laboratories
- Micro Labs
- Natco Pharma
- Panacea Biotech
- Ranbaxy
- Sun Pharma
- Torrent
- Unichem
- USV
- Wockhardt

Indian Pharmaceutical Alliance

Market Share

No	Rank	COMPANY	SSA Rs Cr	SSA MS%	SSA GRTH%
		IPM	43,823	100.00	19.6
1	2	RANBAXY	2,104	4.80	14.9
2	5	ZYDUS CADILA	1,641	3.74	24.1
3	6	SUN PHARMA	1,625	3.71	26.9
4	11	LUPIN	1,193	2.72	17.6
5	13	DR REDDYS	977	2.23	22.2
6	15	INTAS	893	2.04	30.6
7	16	TORRENT	869	1.98	17.2
8	18	WOCKHARDT	856	1.95	13.8
9	21	MICRO LABS	780	1.78	22.6
10	24	U S V	726	1.66	22.5
11	25	UNICHEM	664	1.52	24.5
12	26	GLENMARK	644	1.47	20.0
13	33	CADILA PHARMA	378	0.86	10.6
14	37	J B CHEMICALS	233	0.53	18.0
15	47	PANACEA BIOTECH	167	0.38	10.6
16	85	NATCO PHARMA	66	0.15	15.4
17	-	MATRIX LABORATORIES	-	-	-
		Total	13,583	30.99	

Source: ORG-IMS
JUN MAT '10

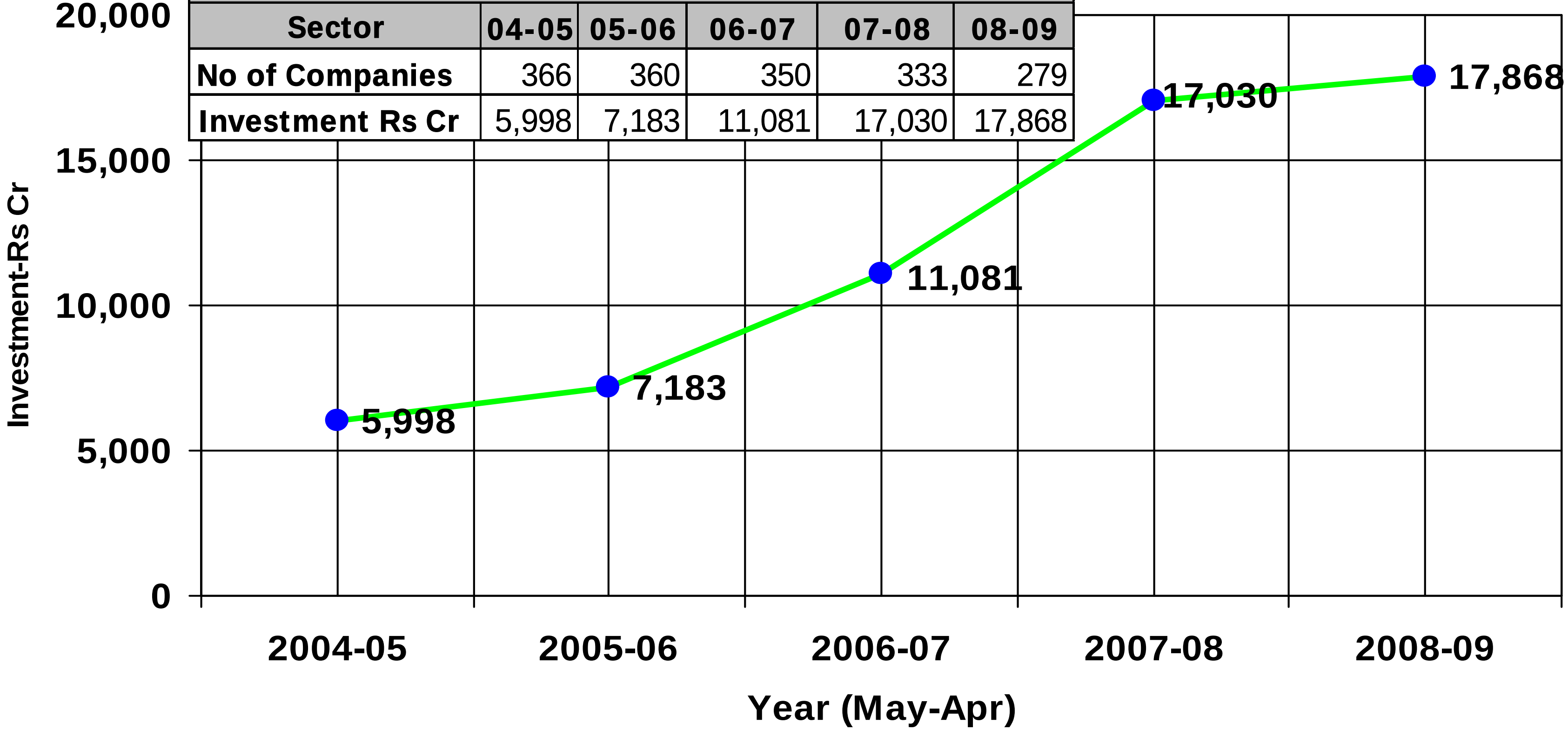
Focus Areas

- IPR Regime to Serve National Interest
- Drug Regulatory Framework
- Balanced Pricing Regime
- Non-tariff Barriers to Exports
- Counterfeit Medicines

Indian Pharmaceutical Industry

Investment

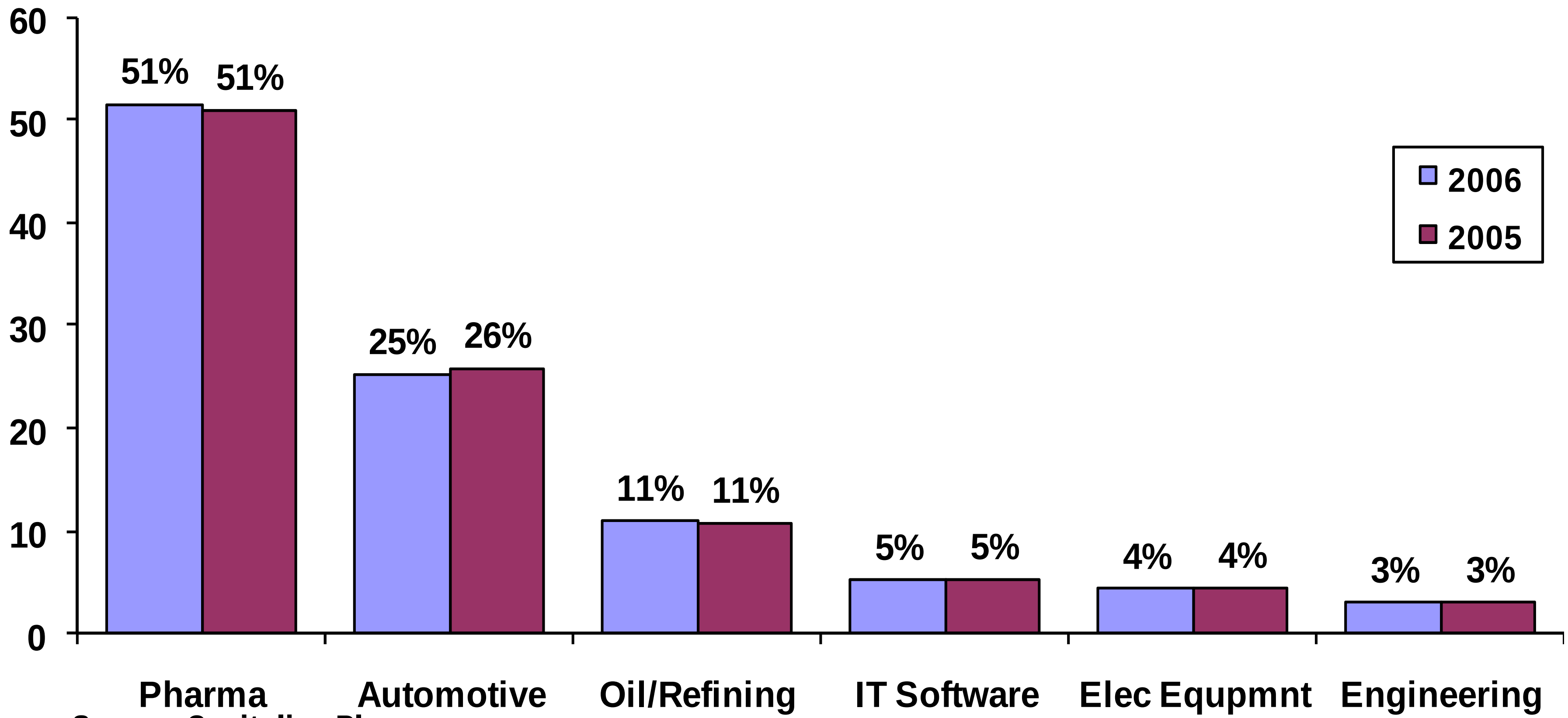
Total Investment: 2004-09					
Sector	04-05	05-06	06-07	07-08	08-09
No of Companies	366	360	350	333	279
Investment Rs Cr	5,998	7,183	11,081	17,030	17,868



Big Strides in Creating New Capacities

Source: CMIE, Study Report: 1996-2004

R&D Spend: How Top Sectors Fare



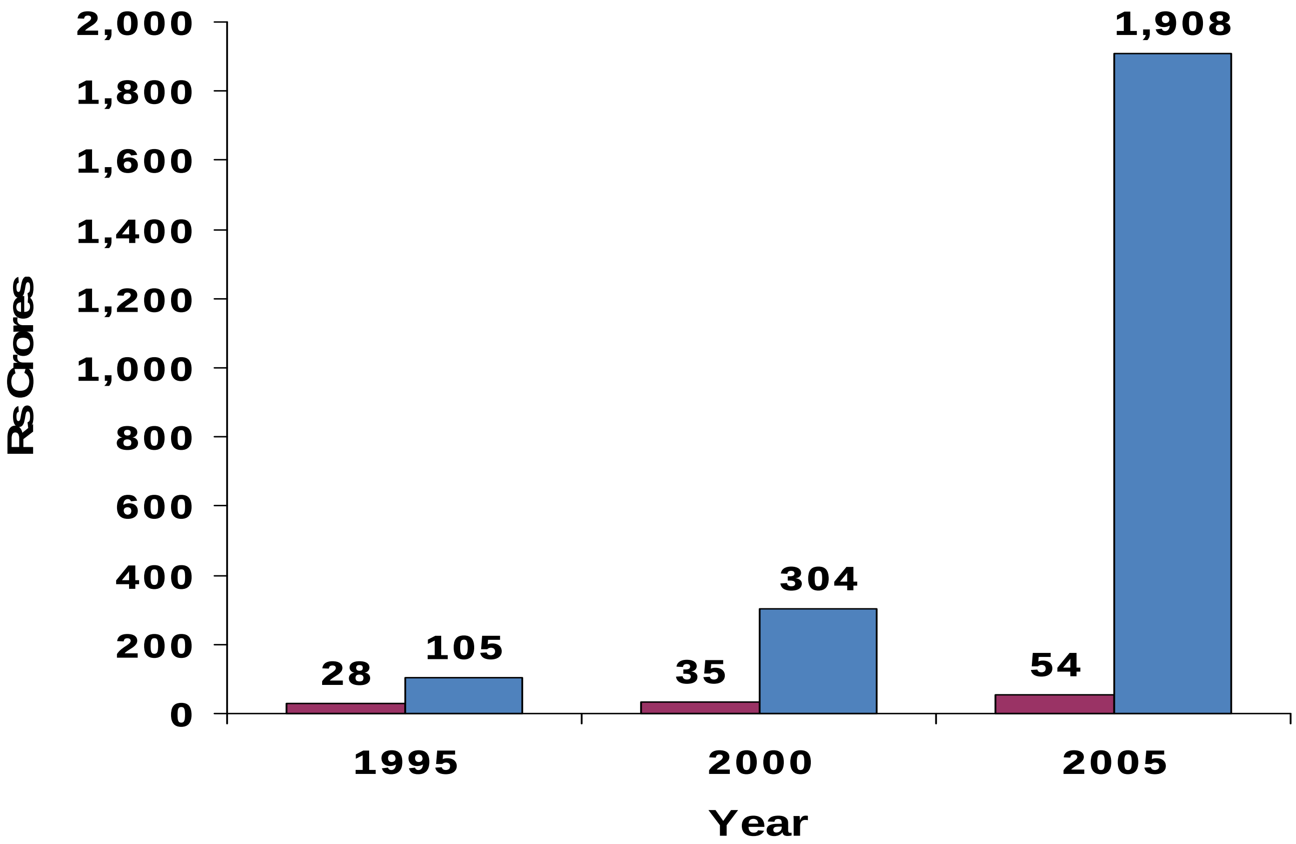
Source: Capitaline Plus

Pharma Spends More on R & D Than All Industries Put Together

Indian Pharmaceutical Industry

R&D Spend
R&D Expenditure (Rs. Crores) – 1995 to 2005

Year (Apr-Mar)	Foreign Co's	Indian Co's
1995	28	105
2000	35	304
2005	54	1,908



Source : CMIE – Analysis of Indian Pharmaceutical Industry

Challenge to Survival Forced Indian Companies to Invest in R&D

Indian Pharmaceutical Industry

R&D Spend by IPA Companies

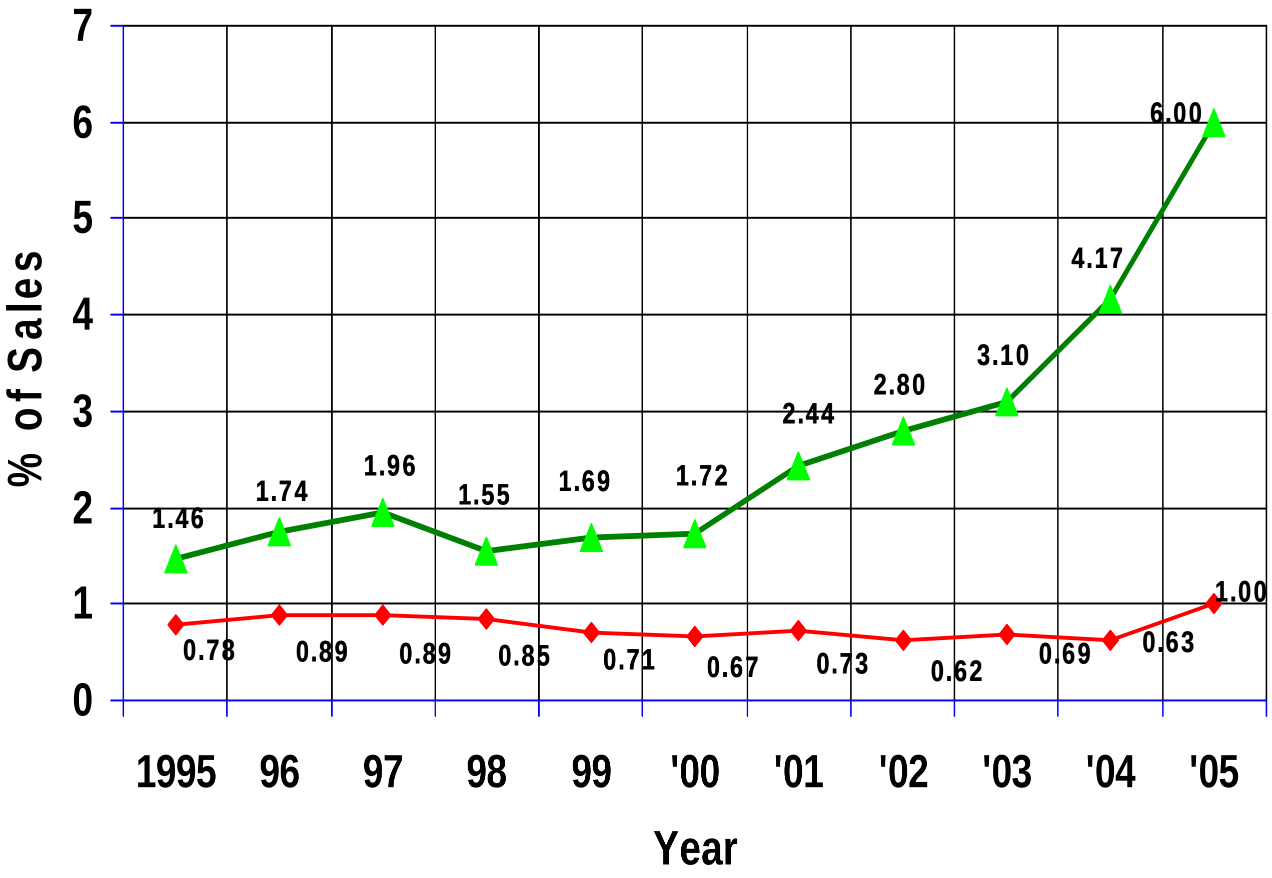
Rank	Company	2005-06		2004-05	
		R&D Spend	% of Sales	R&D Spend	% of Sales
1	**Ranbaxy Labs**	639	**18**	400	**11**
2	**Dr Reddy's Labs**	254	**12**	298	**18**
3	**Sun Pharma**	161	**13**	116	**12**
4	**Cadila Health**	119	**11**	103	**9**
5	**Lupin**	108	**7**	84	**7**
6	**Torrent Pharma**	87	**13**	67	**14**
7	**Wockhardt**	81	**8**	71	**8**
8	**Glenmark Pharma**	47	**8**	49	**9**
9	**Unichem Labs**	12	**3**	15	**4**
	Total: 9/17 IPA Companies	**1,509**		**1,203**	
	Total Pharmaceuticals	**2,375**		**1,852**	
	IPA (9) Companies as % of Total	**64**		**65**	

Source: BUSINESSWORLD 25 DECEMBER 2006

24% Growth in R & D Spend by IPA Companies

R&D Expenditure as % Sales – 1995 to 2005

Year (Apr-Mar)	Indian Co's	Foreign Co's
1995	1.46	0.78
1996	1.74	0.89
1997	1.96	0.89
1998	1.55	0.85
1999	1.69	0.71
2000	1.72	0.67
2001	2.44	0.73
2002	2.80	0.62
2003	3.10	0.69
2004	4.17	0.63
2005	6.00	1.00

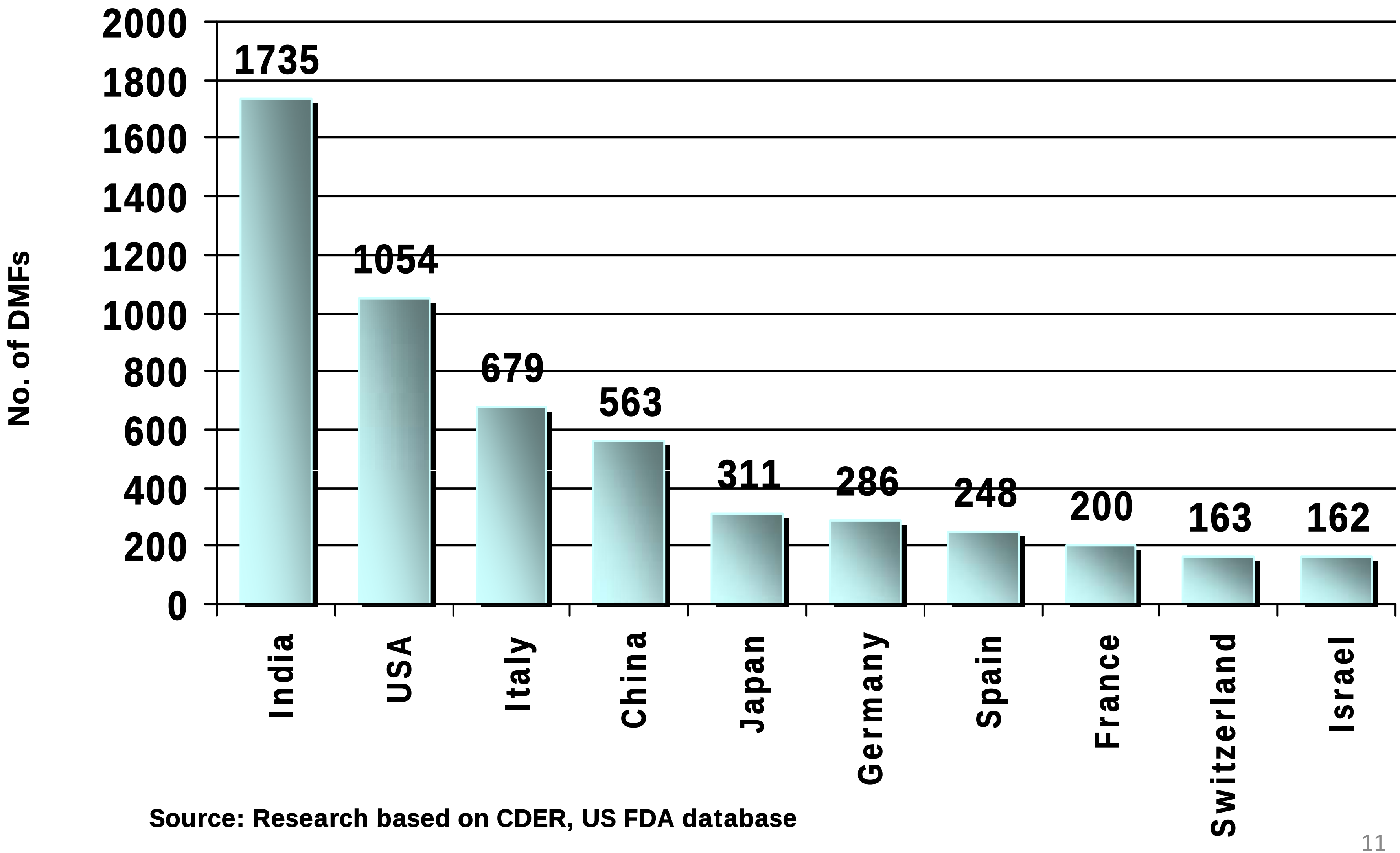


Source : CMIE – Analysis of Indian Pharmaceutical Industry

R&D Expenditure of Foreign Companies Declined
Whereas Indian Companies Posted Four-Fold Growth

Indian Pharmaceutical Industry

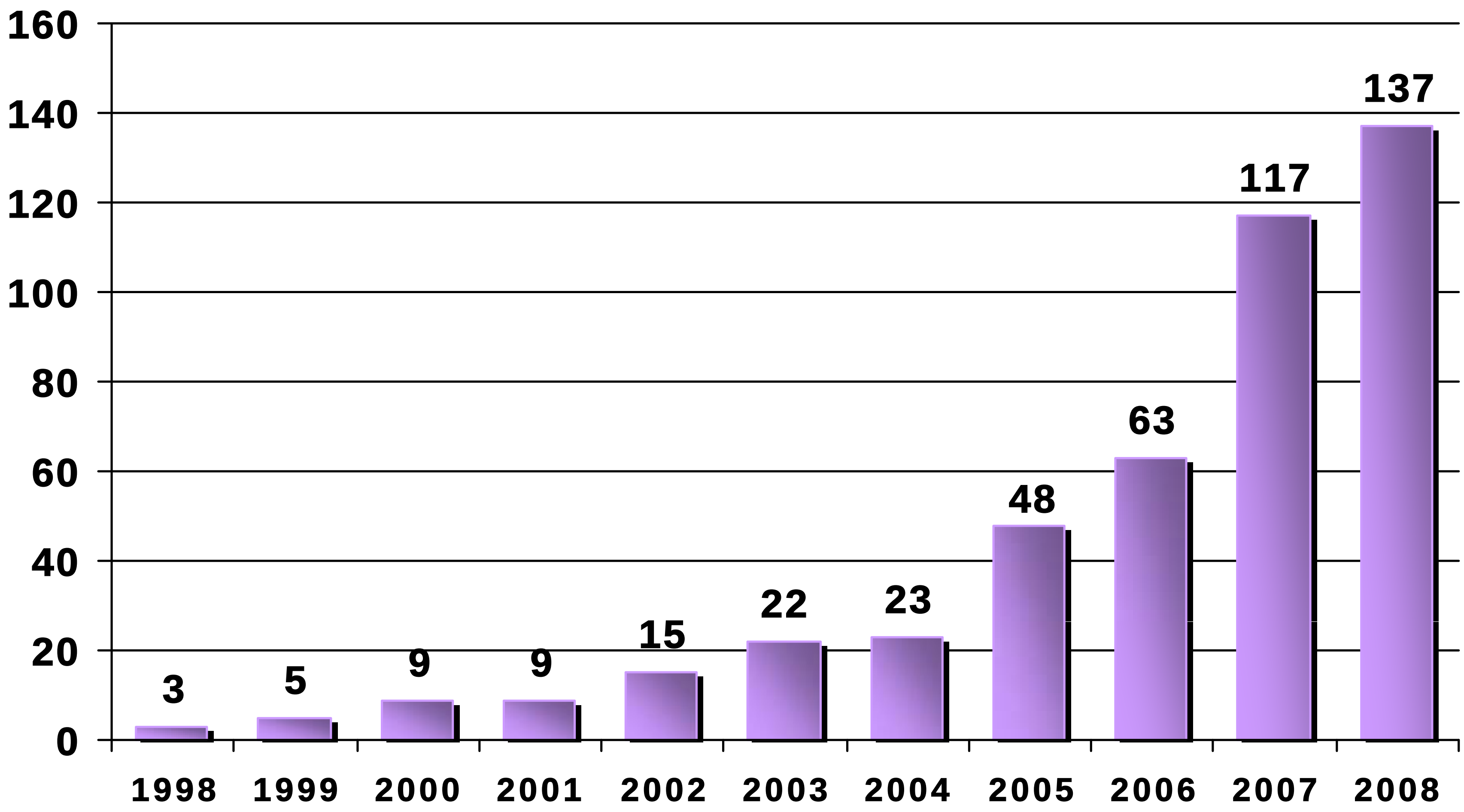
Globalization: Country-wise Active DMFs with US FDA



Source: Research based on CDER, US FDA database

Indian Pharmaceutical Industry

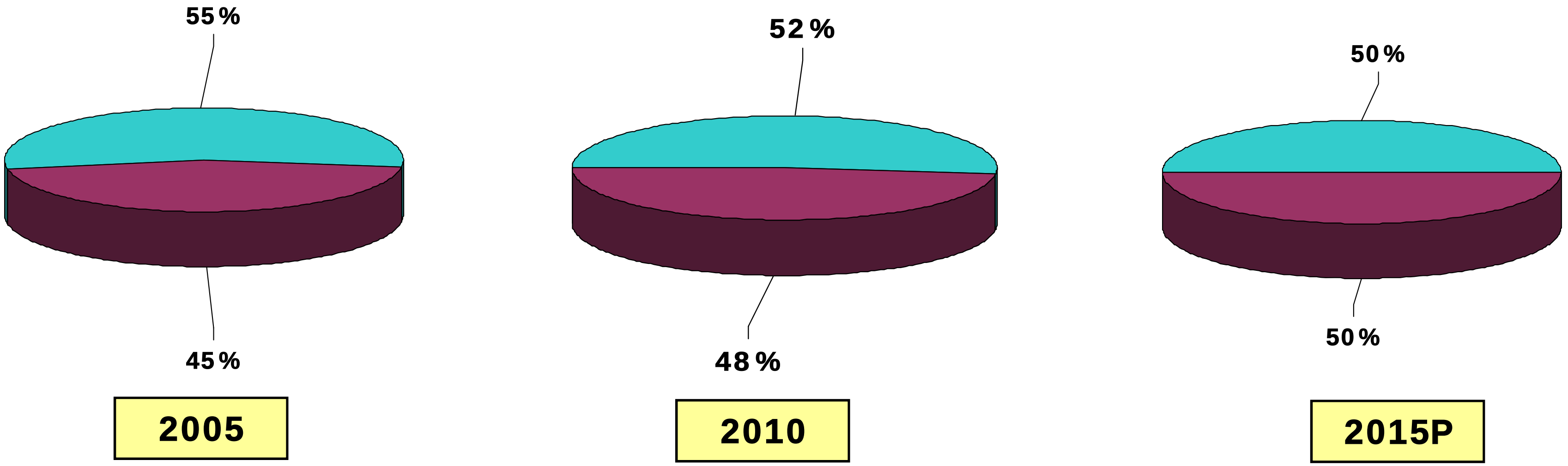
Globalization: Year-wise Number of ANDAs Approved from India: 1998-2008



Source: Research based on US FDA Orange Book & drug@fda

Indian Pharmaceutical Industry

Going Forward

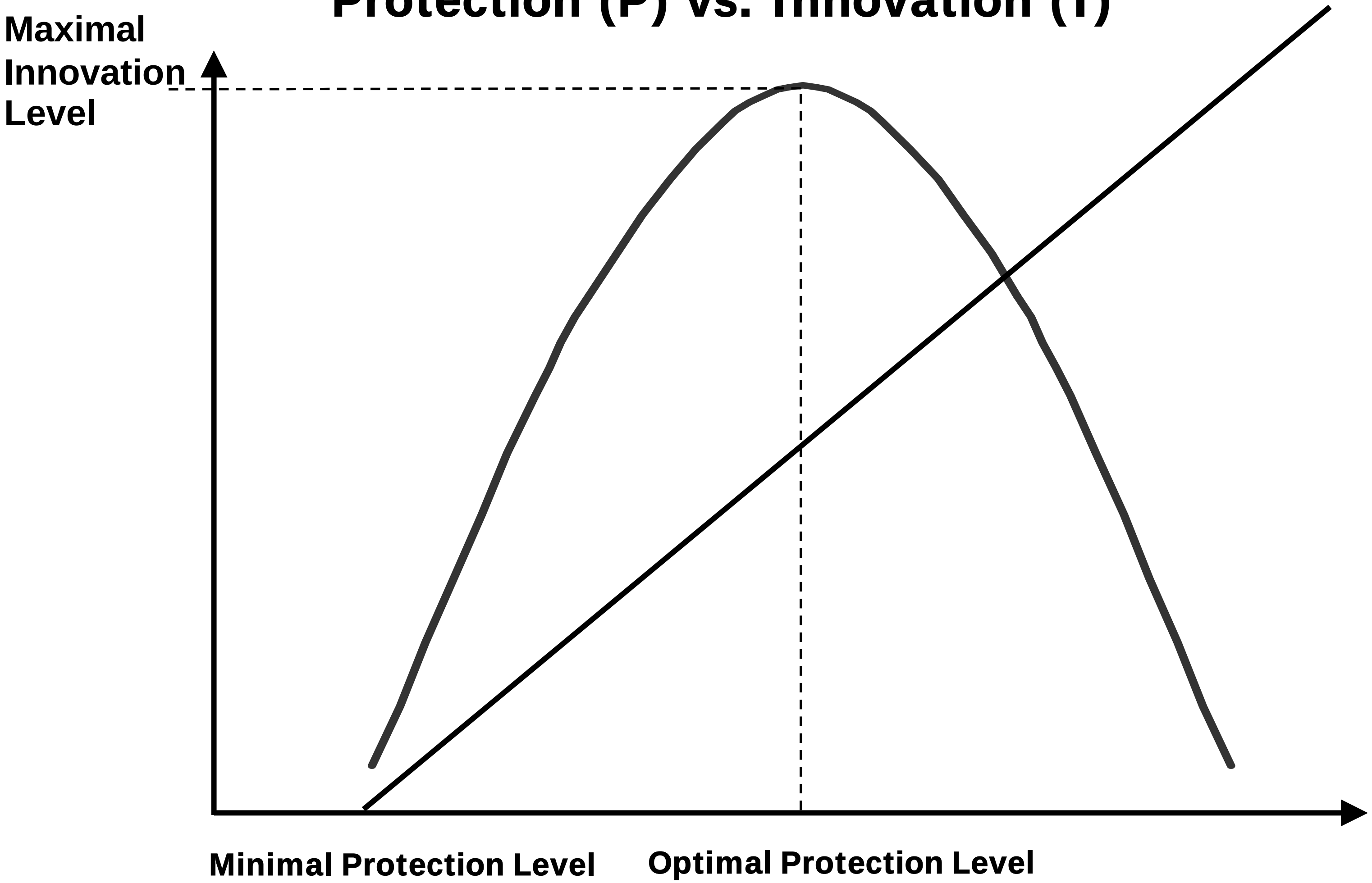


Mn $	2005	2010	2015P
Domestic Sales	4,564	10,164	20,000
Global Sales	3,711	9,354	20,000
Total Sales	**8,275**	**19,518**	**40,000**

Various Sources:

IPRs & Innovation

Protection (P) vs. Innovation (I)



Source: Swiss Federal Institute of Intellectual Property, October 2006

Beyond a Point, IPRs are Counterproductive

IPRs & Innovation

Key Elements of IPR Policy

- ❑ Exclusive Rights should Not Prevent Pro-competitive Environment. Both are Needed for Innovation
- ❑ There is No "One-Size-Fits-All" Model for Striking the Balance between IPR and Innovation
- ❑ Stronger IPR = More Innovations? Not So Simple

Need for Flexibility in the IPR System

Innovation and IPR

EU Experience

IPR Scenario: US & Europe 1990-2006

Particulars	US	Europe
Data Exclusivity	5 yr	8 yr
Patent Linkage	Yes	No
Bolar Exception	Yes	No
Patent Term	17 yr	20 yr

Europe had Stronger IPR Protection Through Out this Period

Innovation and IPR

EU Experience

"Europe has been Losing Ground in Pharmaceutical Innovation"

- Centre of Gravity for Research Moved to US and Asia
- Pharmaceutical R & D:
  - 1990: Europe (€ 7.8 Bn) vs US (€ 5.3 Bn)
  - 2006: Europe (€ 22.5 Bn) vs US (€ 27.1 Bn)
- Similar Trend for Research Sites Between 2001 and 2006:
  - Shut Down 18 of 22 Sites in Europe while Opened Only 2 New Sites
  - Opened 14 Sites in Asia (Shut Down 1) and 6 in US (Shut Down 5)

Source : Communication from Commission to the European Parliament – Dec 2008

IPRs are Not Sole Drivers for Innovation

THANK YOU

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