PHARMACEUTICALS
SECTOR HIGHLIGHTS

CURRENT SCENARIO

- Current market size: **USD 36.7 Bn**
- FDI Inflows: **USD 15.6 Bn**
  (April 2000 to December 2017)

India’s ranking
- Exports 20% of global generics, making it the largest provider of generic medicines globally
- Indian pharmaceuticals market:
  - 3rd largest in terms of volume
  - 13th largest in terms of value.

- Over 55% Pharmaceuticals exports of India are to highly regulated markets
- **Leader** in Global Supply of DPT, BCG and Measles Vaccine

Major Segments:
- Generic Drugs, OTC
- Medicines and Patented Drugs

Department of Pharmaceuticals announced plans to
- establish Pharma parks & clusters in various States

FUTURE POTENTIAL

- To strengthen and build capacity of the national and state (provincial) regulatory authorities (NRAs) manpower is being scaled up (1000 for CDSCO, 2500 for States) and new laboratories (six for CDSCO and 10 for states) are being installed
- The e-governance portal (SUGAM portal) set up at the Central Regulatory Authority is being linked to the state regulatory authorities
- National Drug Regulatory Academy coming up for training of regulators at central and state levels

Indian Pharmaceuticals market is expected to expand at CAGR of 12.89% over 2015–20 to reach **USD 55 Bn**

Focus States: Gujarat, Telangana, Andhra Pradesh, Karnataka, and Himachal Pradesh
A. Demand-side Factors

Accessibility

- Over **USD 200 Bn** to be spent on medical infrastructure in the next decade
- Over **160,000** hospital beds expected to be added each year in the next decade

Affordability

- **Rising income** could drive 73 million households to the middle class over the next 10 years
- Over **USD 200 Bn** to be spent on medical infrastructure in the next decade
- Government-sponsored programs set to provide health benefits to over **380 Mn** BPL people by 2017
- By 2017, the government plans to provide free generic medicines to half the population at an estimated cost of **USD 5.4 Bn**

B. Supply-side Factors

Patented Drugs
- Following the introduction of product patents, several multinational companies are expected to launch patented drugs in India

Medical Infrastructure
- Pharma companies have increased spending to tap rural markets and develop better medical infrastructure. Hospitals’ market size is expected to increase by **USD 200 Bn** by 2024

Epidemiological Factors
- Patient pool expected to increase over **20%** in the next 10 years, mainly due to the rise in population
- New diseases & lifestyle changes to boost demand for drugs and devices
B. Supply-side Factors

<table>
<thead>
<tr>
<th>Generics Market</th>
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<tbody>
<tr>
<td>• Generic drugs account for <strong>20%</strong> of global exports in terms of volume - making the country the largest provider of generic medicines globally</td>
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<tr>
<td>• India’s generics drug market accounts for around 70% of the India pharmaceutical industry and it is expected to reach <strong>USD 27.9 Bn</strong> by 2020</td>
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<td>• Approximately <strong>USD 70 Bn</strong> biologics drugs to go off patent between 2016-2020</td>
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<th>Cost Efficiency</th>
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<td>• India’s cost of production is nearly <strong>60%</strong> lower than that of the US and almost half of that of Europe</td>
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<td>• India is a major vaccine producer that has <strong>21 major</strong> vaccine manufacturing facilities</td>
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<th>Talent Pool</th>
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<td>• India has a skilled workforce as well as high managerial and technical competence in comparison to its peers in Asia</td>
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<tr>
<td>• India has the <strong>2nd largest</strong> number of USFDA-approved manufacturing plants outside the US</td>
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POLICY SUPPORT & INCENTIVES

1. FDI Policies
   - 100% under Automatic route for greenfield projects and under Government route for brownfield investments
   - 74% under automatic route for brownfield investments

2. Skill Development
   - Transformation of National Institutes of Pharmaceutical Education & Research (NIPERS) as innovation hubs
   - 11 NIPERs were approved till 2015. 3 new NIPERs at Chhatisgarh, Maharashtra and Rajasthan were announced in Budget 2016-17

   - Department of Industrial Policy and Promotion (DIPP) is the nodal agency for all IPR issues
   - The policy is entirely compliant with the WTO’s agreement on TRIPS


74% FDI under automatic route for brownfield investments
Organisation Of Pharmaceutical Producers of India (OPPI): The Organisation of Pharmaceutical Producers of India (OPPI) was established 50 years ago and represents the research-based pharmaceutical companies in India. OPPI remains committed to supporting the nation’s healthcare objectives and collaborating with all stakeholders to find sustainable solutions.

Indian Pharmaceutical Alliance (IPA): The Indian Pharmaceutical Alliance (IPA) represents research-based National Pharmaceutical Companies.
Telangana holds a dominant position in the life sciences sector and has emerged as the pharma hub of the country accounting for almost one-third of the overall production. It houses Pharma City, Hyderabad: one of the biggest Pharma City cluster projects in the world. The cluster aims to create a smart ecosystem, setting a benchmark for sustainable industrial cities worldwide. With plug-n-play facilities, the cluster is designed to become the jump-start platform for companies that make bulk drugs, fermentation products, synthetic drugs, intermediates, vitamins, vaccines, drug formulations, nutraceuticals, herbal products, specialty chemicals and cosmetics.

Maharashtra besides being an investment-friendly destination has very good talent in the area of chemistry. Moreover, active pharmaceutical suppliers are centered in this region.

Gujarat
With a turnover of USD 6.7 Bn in 2015-16, the pharmaceutical industry in Gujarat employs around 85,000 people. The reasons for the developments are modern infrastructure facilities, backward linkages with raw material suppliers, established pharma industry, entrepreneurial mindset, well-developed allied industries and benign regulatory environment.

Andhra Pradesh
Active in creating and upgrading infrastructure for the next wave of growth. They are setting up Medical Devices Park which is spread across 270 acres and set to house 300 companies.

24*7 Power for All by 2019; Power demand expected to increase 53% by 2022 and 100% by 2027
KEY PLAYERS IN INDIA

<table>
<thead>
<tr>
<th>COMPANY NAME</th>
<th>CEO</th>
<th>TOTAL REVENUE (INR Mn)</th>
</tr>
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<tbody>
<tr>
<td>Sun Pharmaceuticals Industries Ltd.</td>
<td>Dilip Sanghvi</td>
<td>315,784</td>
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<tr>
<td>Lupin Ltd.</td>
<td>Vinita Gupta</td>
<td>174,943</td>
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<tr>
<td>Aurobindo Pharma Ltd.</td>
<td>Narayanan Govindarajan</td>
<td>151,437</td>
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<tr>
<td>Cipla Ltd.</td>
<td>Subhanu Saxena</td>
<td>146,302</td>
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<tr>
<td>Dr. Reddy’s Laboratories Ltd.</td>
<td>Gunupati Venkateswara Prasad</td>
<td>140,809</td>
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<td>Cadila Healthcare Ltd.</td>
<td>Pankaj Ramanbhai Patel</td>
<td>94,295</td>
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<tr>
<td>Mylan N.V.</td>
<td>Heather Bresch</td>
<td>92,047</td>
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<td>Glenmark Pharmaceuticals Ltd.</td>
<td>Glenn Saldanha</td>
<td>91,856</td>
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<td>Piramal Enterprises Ltd.</td>
<td>Ajay g. Piramal</td>
<td>87,374</td>
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<td>Jubilant Life Science</td>
<td>Gurpartap Sachdeva</td>
<td>58,614</td>
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<td>Torrent Private Limited</td>
<td>Samir Mehta</td>
<td>58,570</td>
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<td>Alkem Laboratories Limited</td>
<td>Prabhat Agrawal</td>
<td>58,525</td>
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<td>Humuza Consultants</td>
<td>Habil F. Khorakiwala</td>
<td>39,877</td>
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<td>Abbott Laboratories</td>
<td>Miles D. White</td>
<td>39,465</td>
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<td>Macleods Pharmaceuticals Limited</td>
<td>Rajesh Kabu</td>
<td>37,770</td>
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<td>Strides Shasun Limited</td>
<td>Arun Kumar</td>
<td>34,834</td>
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<td>Ipca Laboratories Limited</td>
<td>Premchand Godha</td>
<td>32,332</td>
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<td>Alembic Pharmaceuticals Limited</td>
<td>Chirayu Ramanbha Amin</td>
<td>31,051</td>
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<tr>
<td>GlaxoSmithKline Pharmaceuticals Limited</td>
<td>Annaswamy Vaidheesh</td>
<td>29,999</td>
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<tr>
<td>Mankind Pharma Ltd.</td>
<td>Sheetal Arora</td>
<td>27,922</td>
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RECENT INVESTMENTS

01 SEPTEMBER 2017
- Spanish Chemo Group sets up manufacturing facility in Hyderabad

02 JULY 2017
- GSK Pharma to invest Rs.1,000 Cr in Karnataka plant

03 SEPTEMBER 2018
- Aurobindo Pharma Ltd. acquires Sandoz Inc, USA, dermatology business and a portfolio of oral solid products along with commercial and manufacturing infrastructure in the US for USD 0.9 Bn
HOW WE HELP INVESTORS

- RESEARCH CONTENT PROVIDED
- POLICY ADVISORY/REPRESENTATION
- STAKEHOLDER MEETING
- SITE VISITS
- LOCATION ANALYSIS
- ISSUE RESOLUTION
- REGULATORY CLEARANCE FACILITATION

To find out more
https://www.investindia.gov.in/sector/pharmaceuticals

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