



# Indian Pharma: Current Opportunities

Dr Avinash Shejale

Head – Pharma & Lifesciences

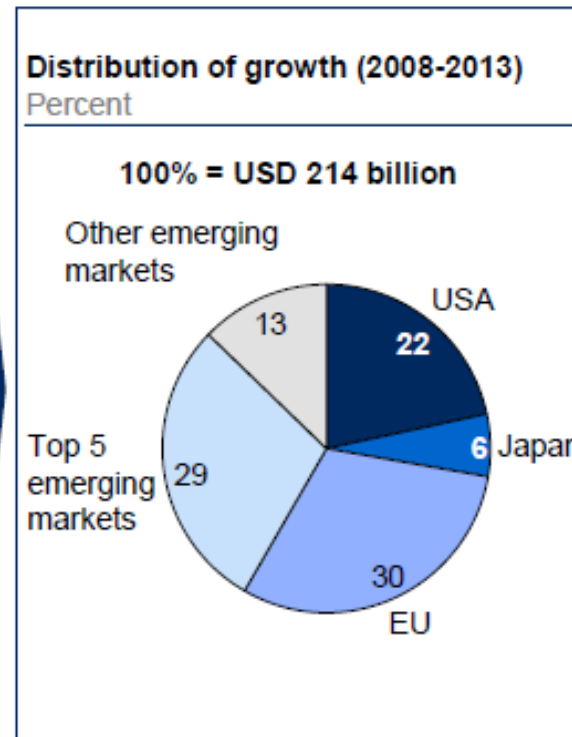
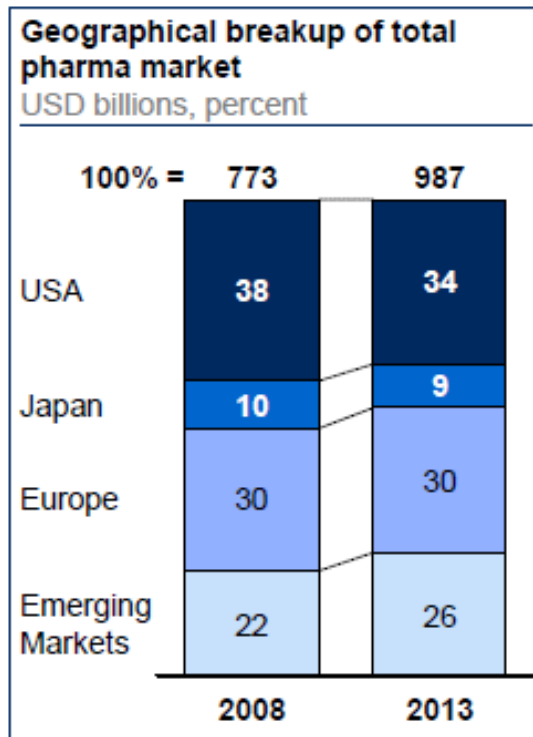
SBI Capital Markets Ltd

# Shifts in Pharma landscape

## Changed business models

- Cost rationalization
- Rise of the emerging markets
- Rise of biologics
- Innovation

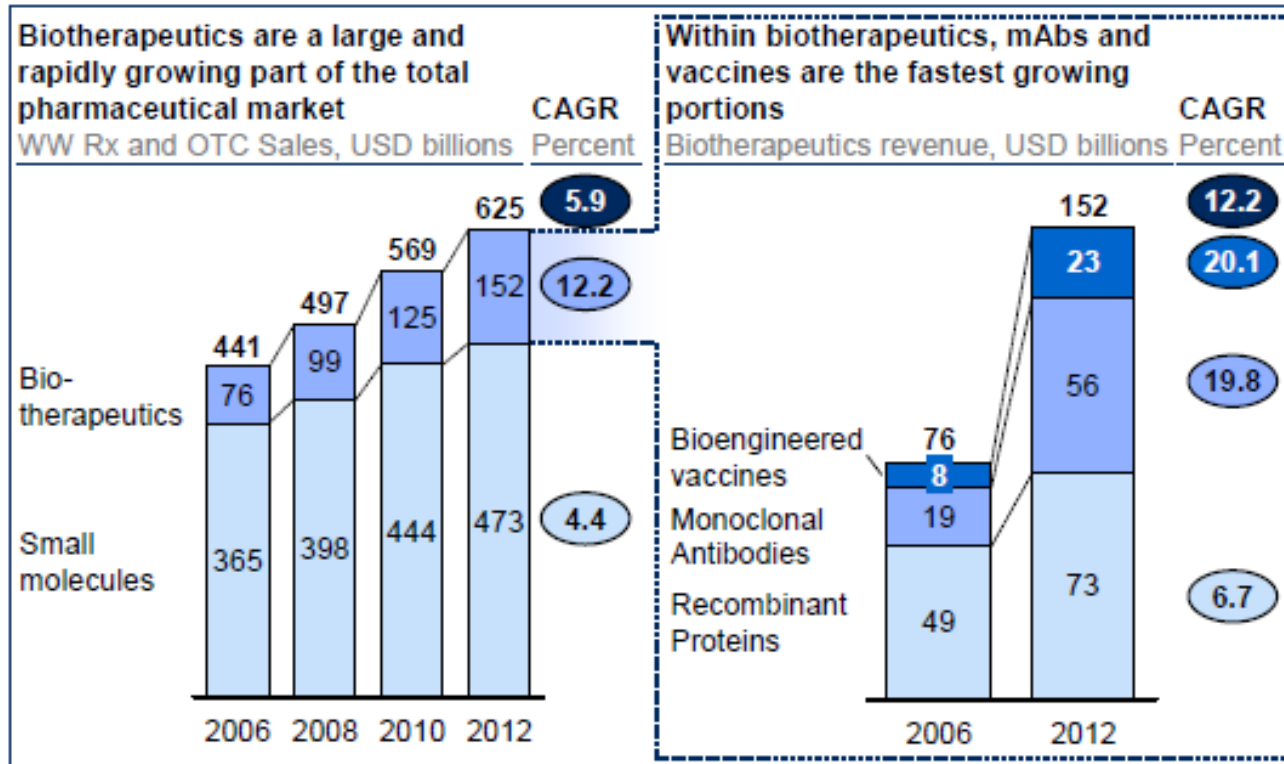
# Emerging Markets Growth



Source: IMS Prognosis

**Emerging Markets will drive 40% of growth in Pharma industry**

# Biotherapeutics



Source: Evaluate Pharma

Biotherapeutics will also drive pharma growth

# Top 20 drugs in 2012

Nine will be biologics

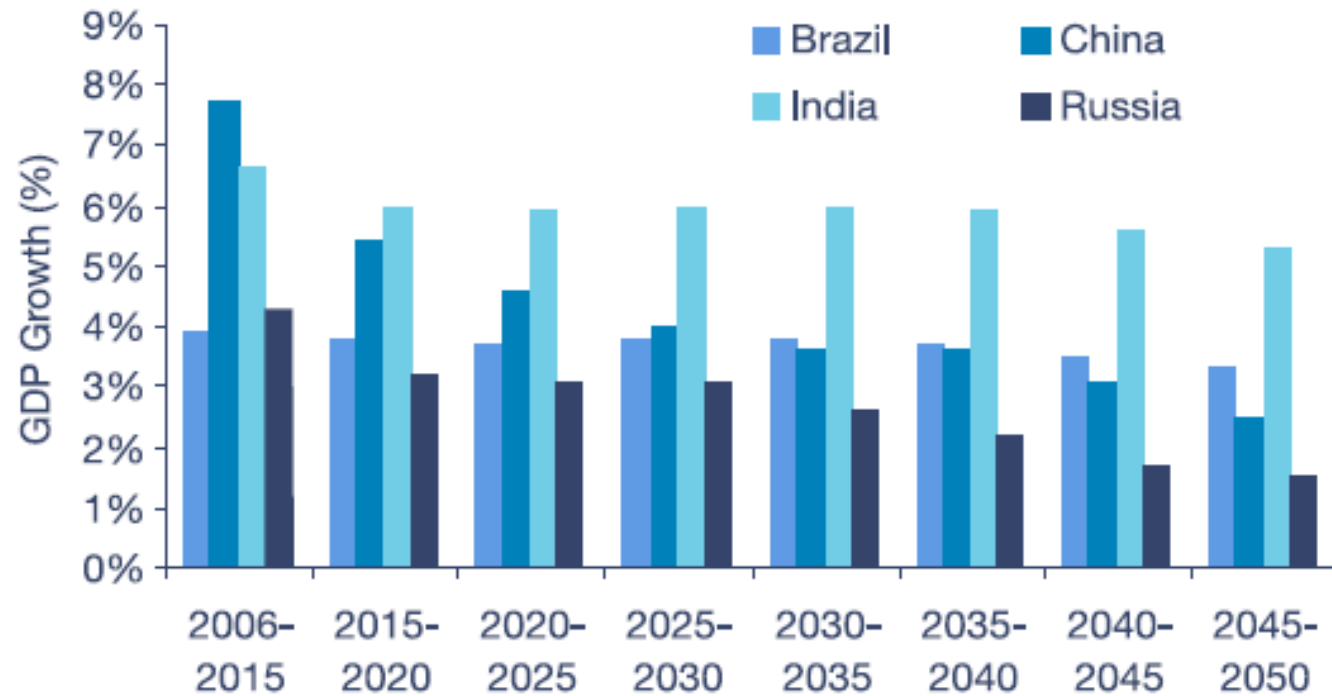
Top 20 drugs in 2007			Top 20 drugs in 2012		
Drug	Type	Revenue	Drug	Type	Revenue
Lipitor	Conventional	12.4	Seretide	Conventional	6.8
Advair	Conventional	7.0	Humira	Biotech	6.0
Nexium	Conventional	5.4	Avastin	Biotech	5.3
Diovan	Conventional	4.9	Crestor	Conventional	4.9
Plavix	Conventional	4.8	Nexium	Conventional	4.8
Zyprexa	Conventional	4.6	Diovan	Conventional	4.5
Singulair	Conventional	4.2	Lantus	Biotech	4.4
Seroquel	Conventional	4.0	Singulair	Conventional	4.4
Effexor	Conventional	3.7	Neulasta	Biotech	4.3
Aranesp	Biologic	3.5	Enbrel	Biotech	4.2
Lovenox	Conventional	3.5	Cymbalta	Conventional	4.2
Actos	Conventional	3.5	Insulin analogs	Biotech	4.1
Cozaar	Conventional	3.4	Plavix	Conventional	4.1
Risperdal	Conventional	3.4	Herceptin	Biotech	4.0
Enbrel	Biologic	3.2	Lyrica	Conventional	3.9
Fosamax	Conventional	3.0	Lovenox	Conventional	3.8
Neulasta	Biologic	3.0	Seroquel	Conventional	3.8
Gleevec	Conventional	3.0	Rituxan	Biotech	3.7
Procrit	Biologic	2.9	Gleevec	Conventional	3.6
Humira	Biologic	2.9	Pprevnar	Biotech	3.4

Source: Evaluate Pharma

# India – Strategic importance

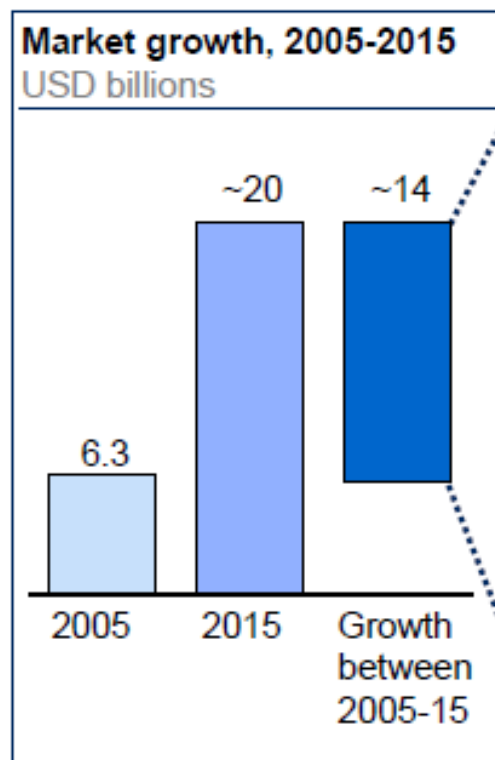
# Indian economy

## Forecast of at least 5% growth every year

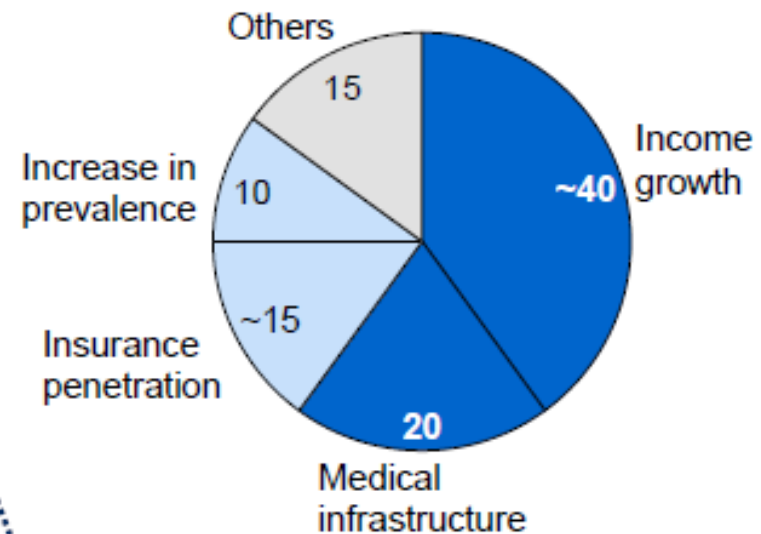


# Growth Drivers

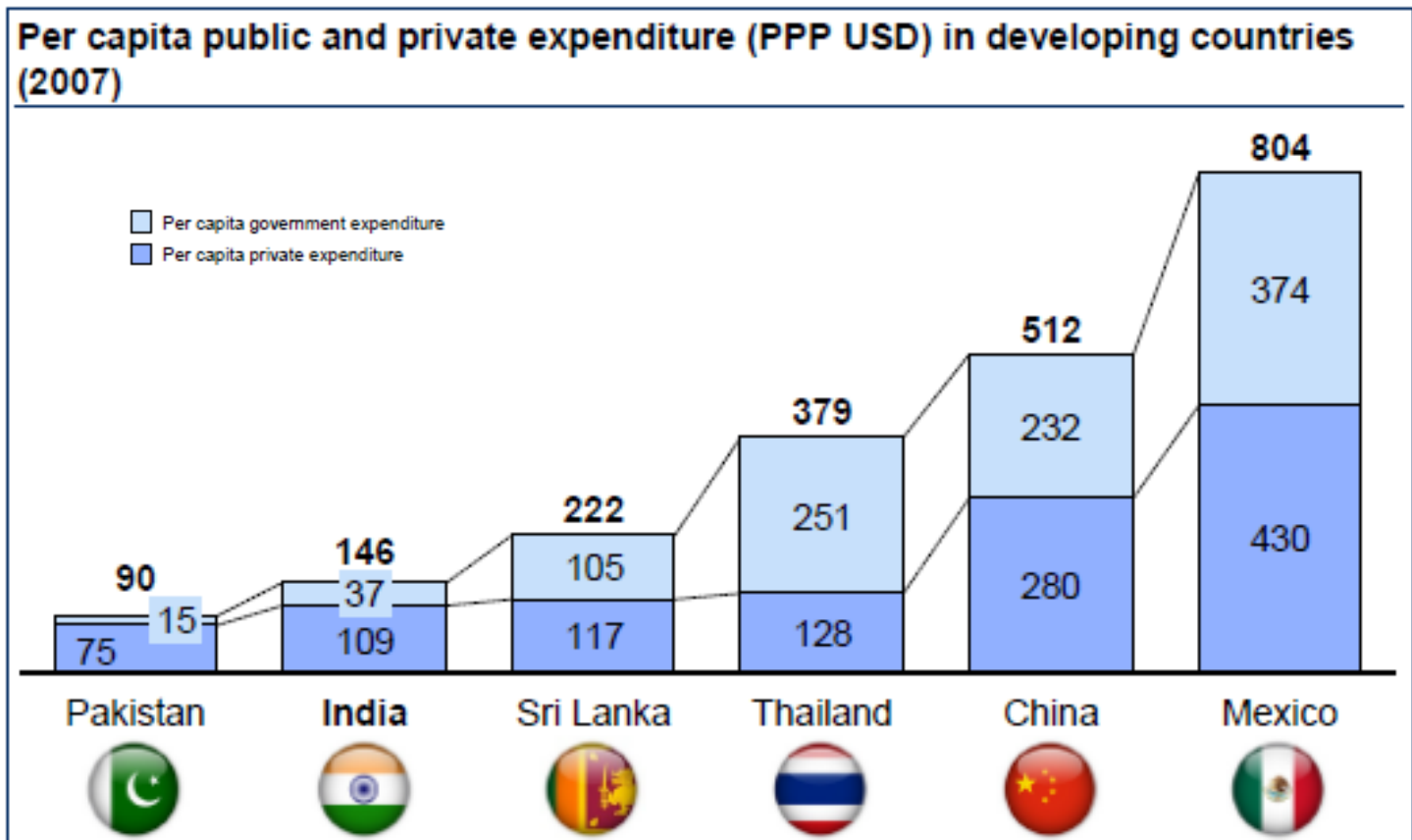
## Medical Infrastructure



**Sources of growth**  
Percent



# Healthcare spends in India



Source: OECD Health Status, WHO

# What does India offer to the Pharma industry?

# Indian Pharma by Key Segments

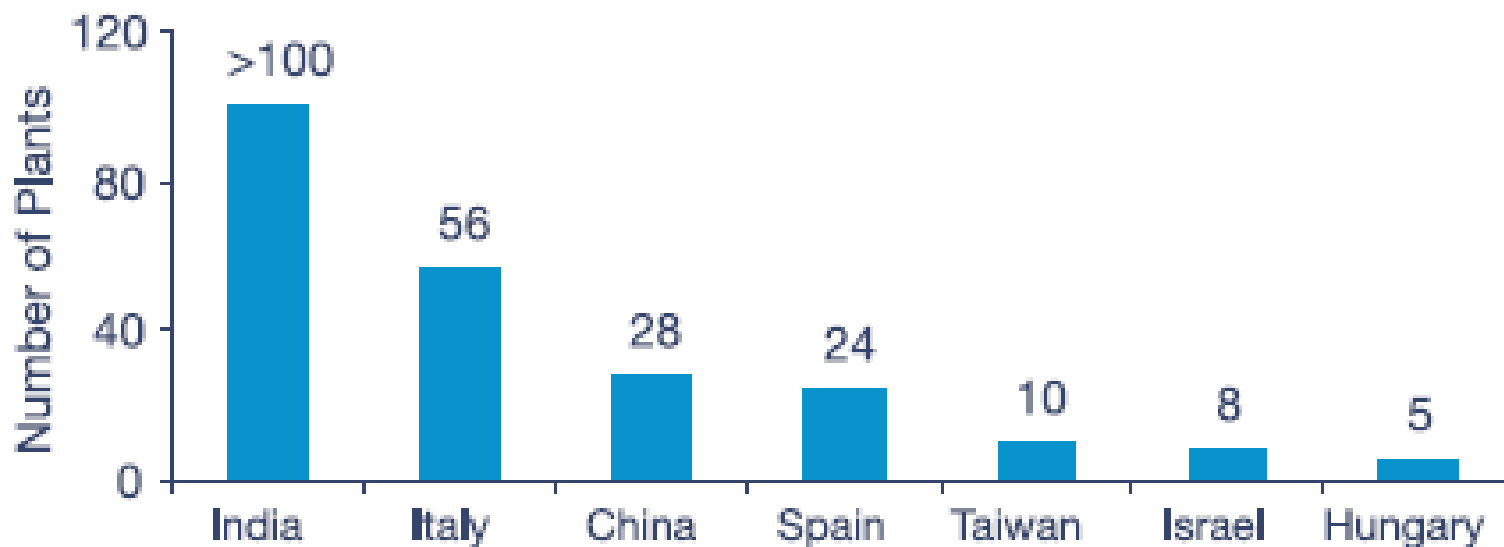


## Indian Pharma Industry

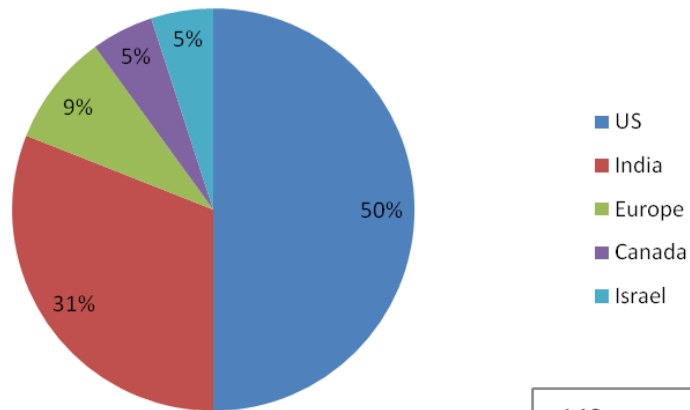
(US \$ bn)	2004-05	2009-10	2014-15 P	Compounded Annual Growth	
				2004-05 to 2009-10	2009-10 to 2014-15
Domestic Formulations	4.5	8.7	15.5-16.6	14.1	12-14.
Formulations Exports	1.6	5.2	10.5-11.5	26.3	15-17
Bulk Drugs Exports	1.5	7.5	17-18	38.4	18-19
<b>Total Market</b>	7.6	21.4	43-46	23	16-18

Source: Director General of Foreign Trade

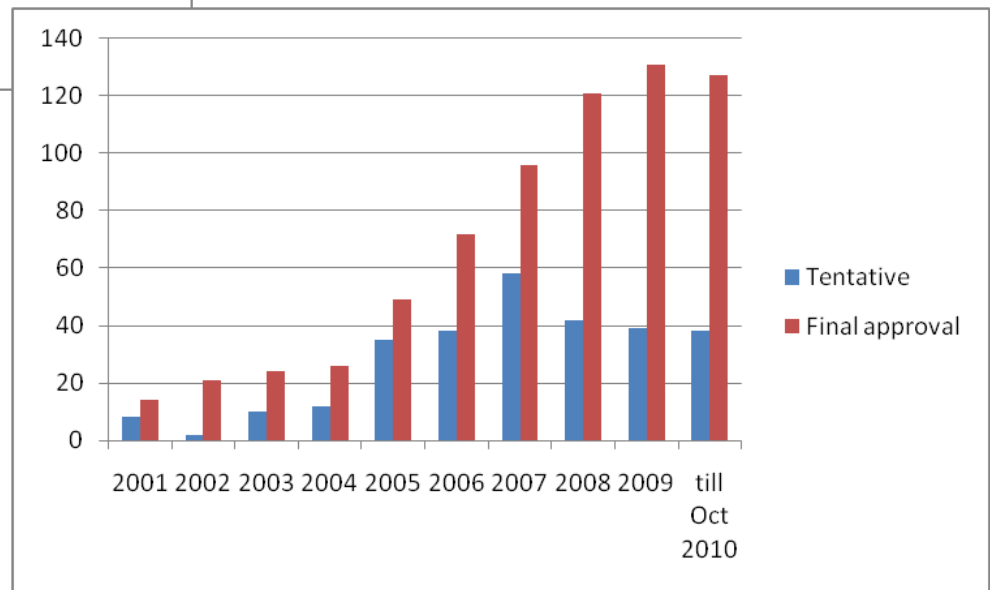
India has more USFDA approved plants than any other country except US



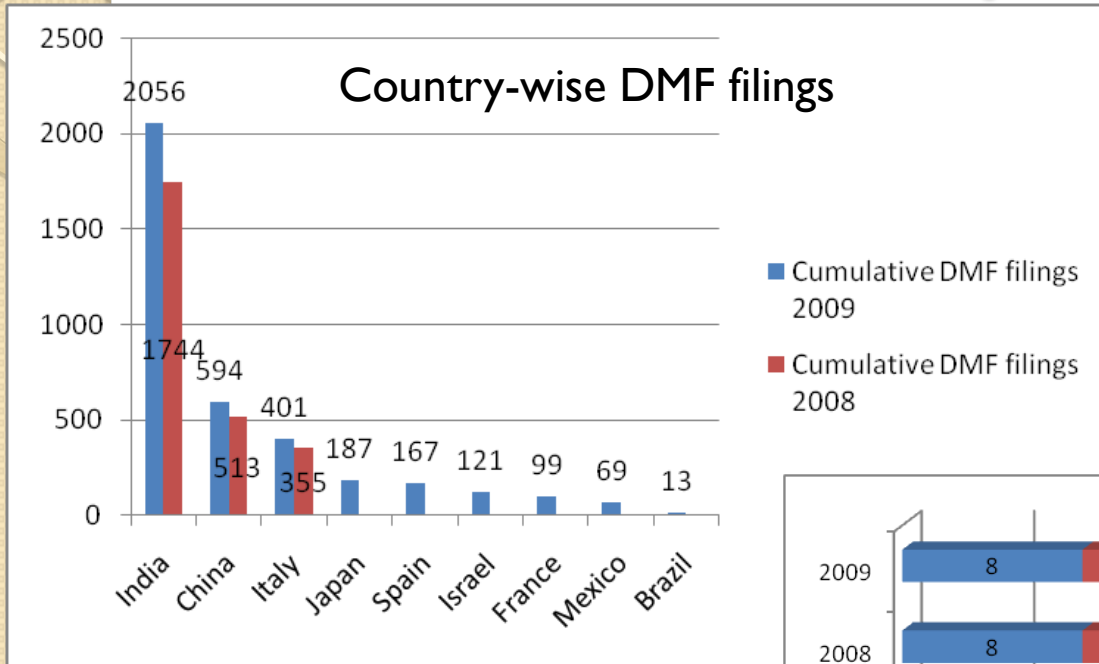
# Country-wise ANDA approvals (2008 & 2009)



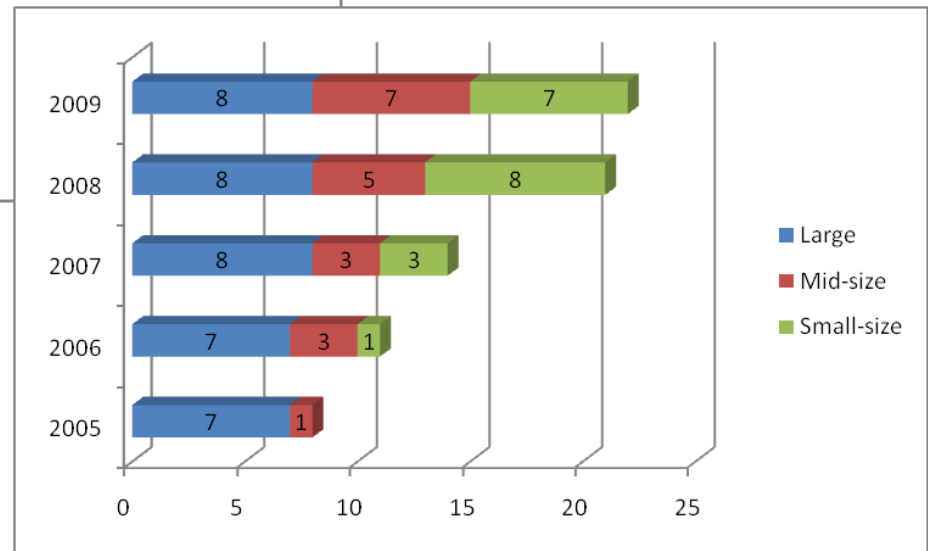
ANDA Approvals for Indian Pharma



# Arrival of Small Size Players

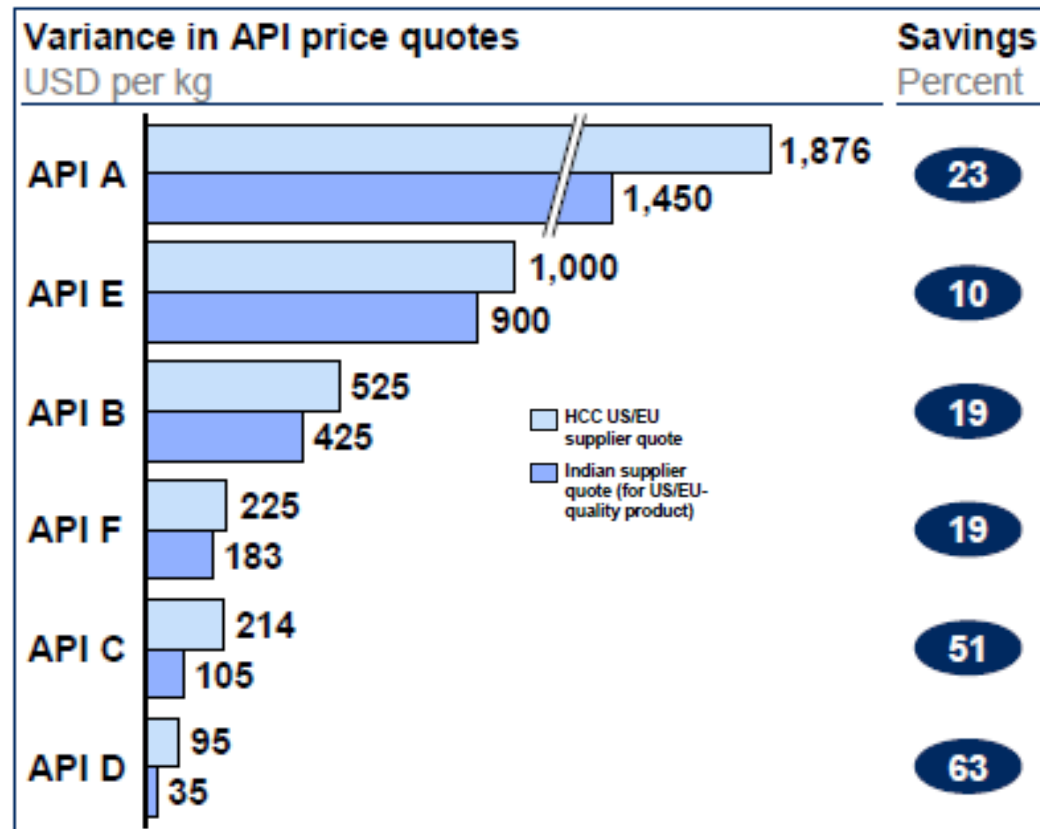


## Indian companies by size obtaining ANDA approvals



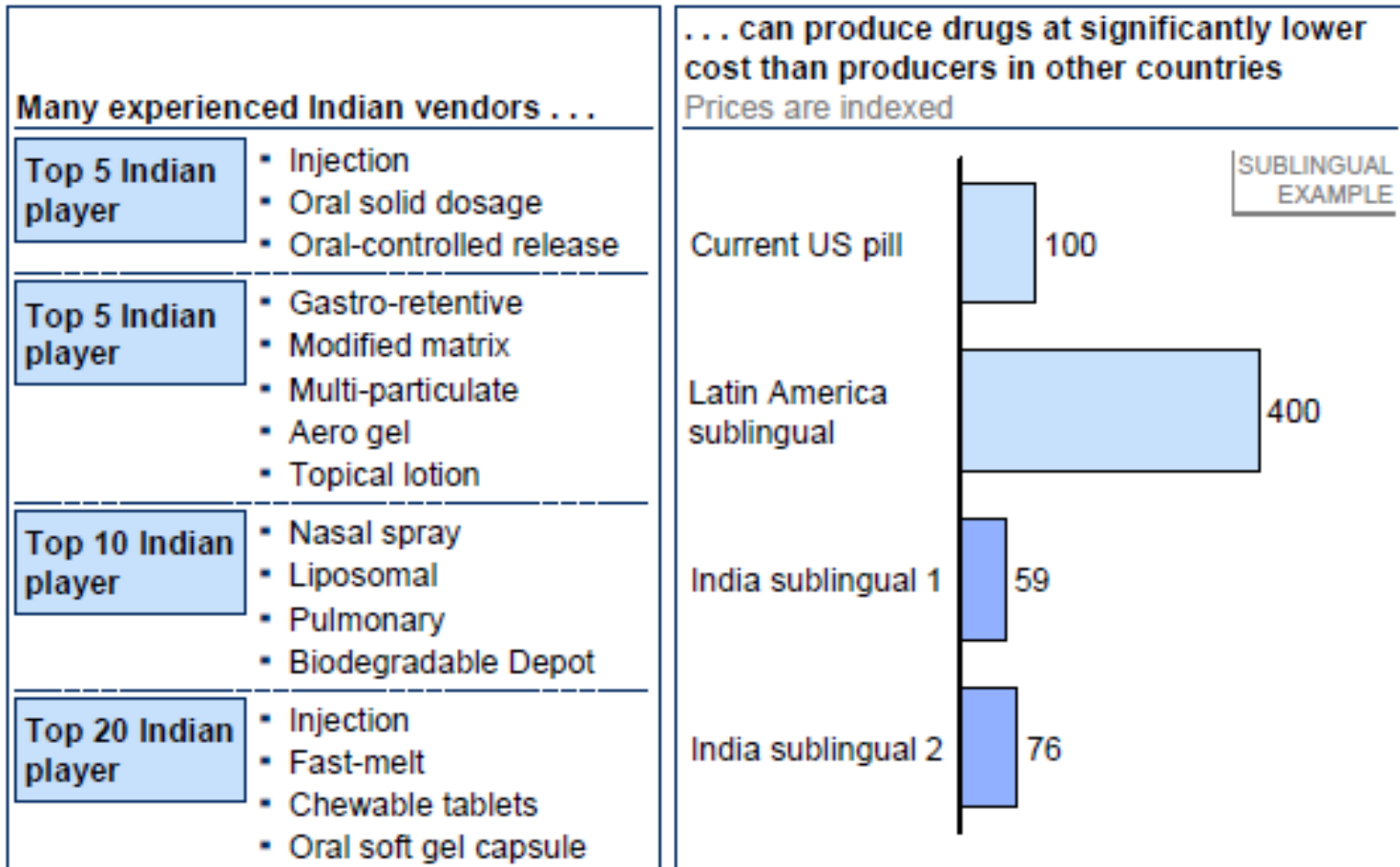
# API manufacturing

## Cost differentials in manufacturing



# Formulations Expertise

India has significant formulations and reformulations expertise



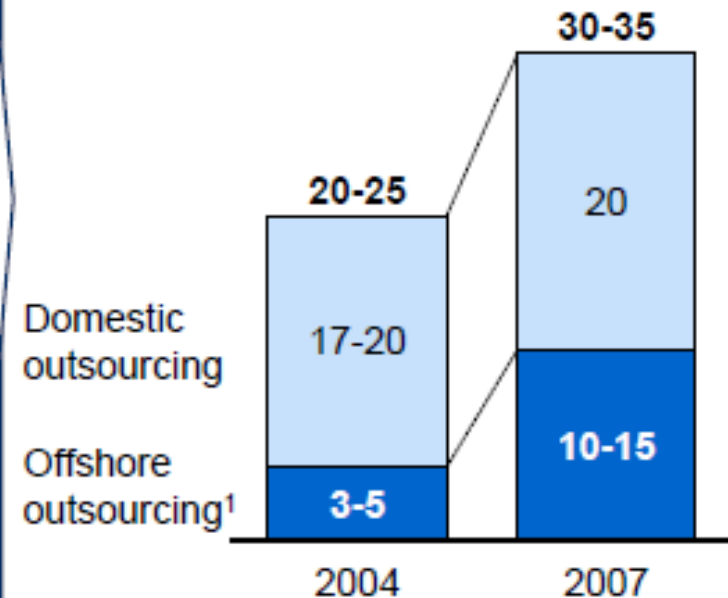
# R&D Outsourcing

## Transformational forces in R&D . . .

- Diminishing return from legacy R&D operating model – passing of the “blockbuster” era
- Industrialisation of R&D core activities and processes (e.g., genomics)
- Development of healthcare talent supply and infrastructure around the world
- Proven success stories from “pioneering” industries

. . . have resulted in significant increase in outsourcing spends

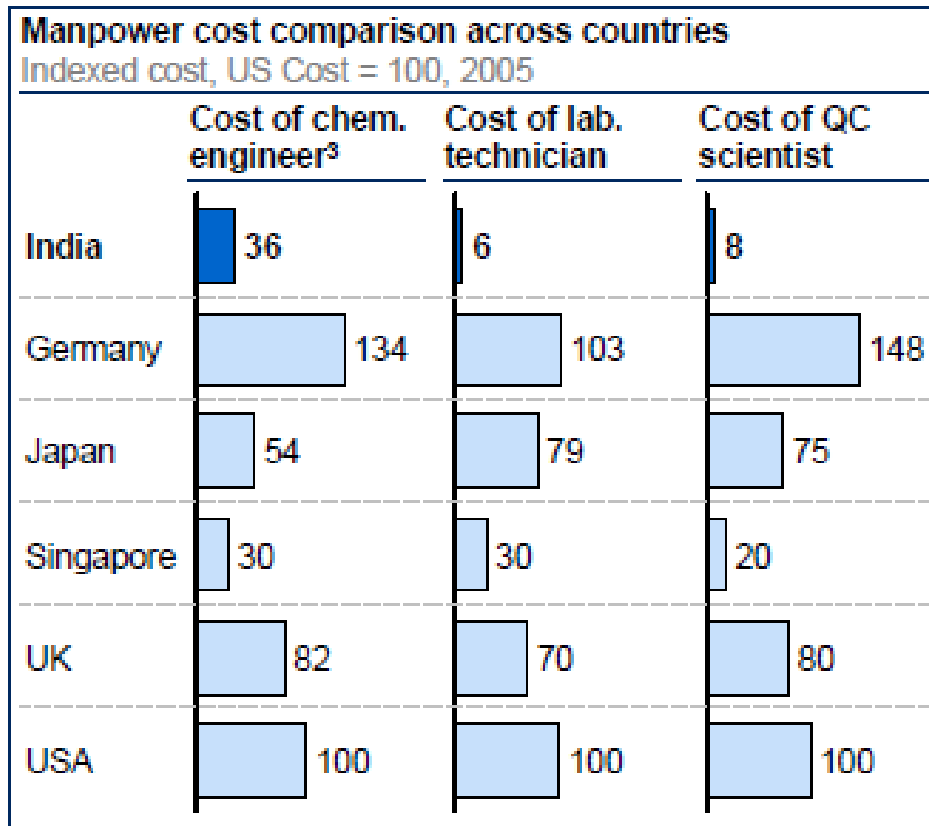
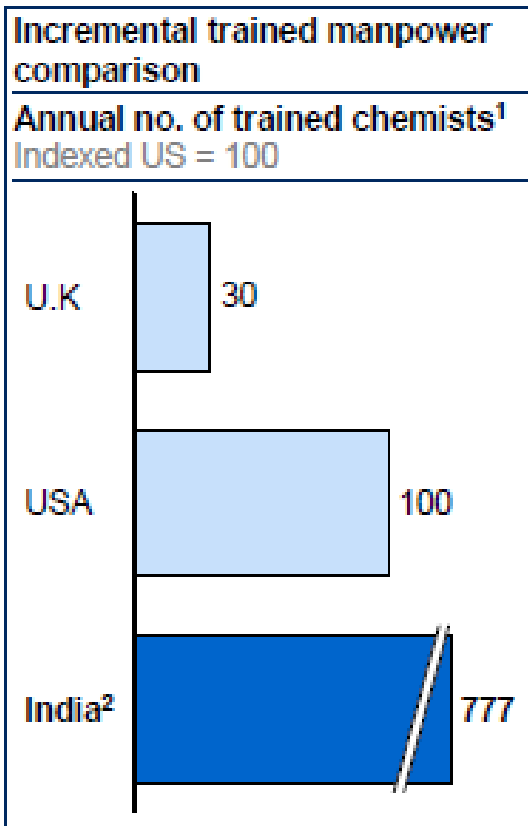
## Pharma industry outsourcing spend as percent of total R&D budget



Source: Kalorama information, The Pink Sheet

Majority of Offshoring to India & China

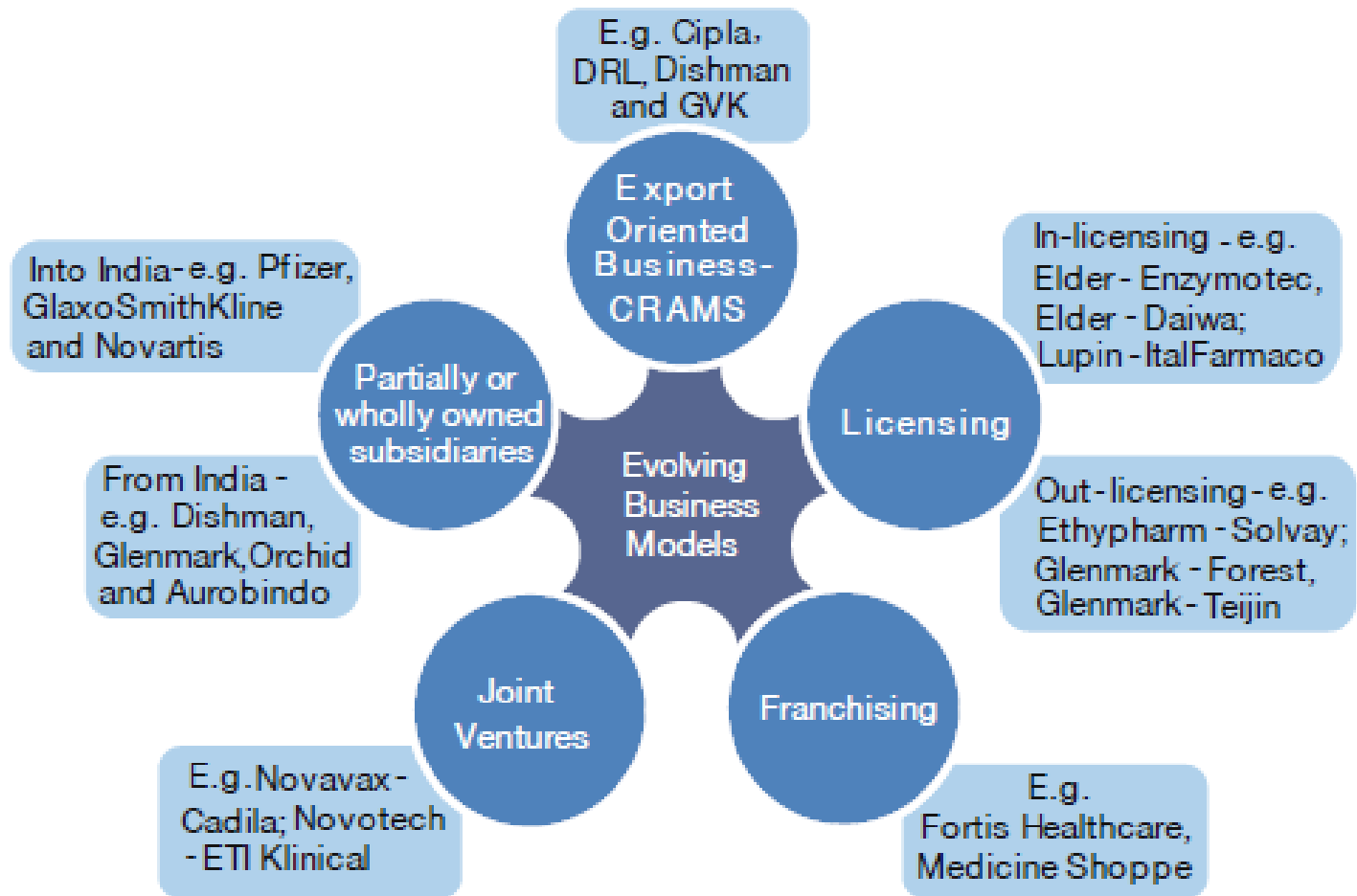
# Manpower cost comparison



# Cost comparision

	Japanese companies			Indian companies ¥	Change %
	Towa Pharmaceutical ¥	Sawai Pharmaceutical ¥	Average ¥		
Sales	100.0	100.0	100.0	10.0	90
Cost of manufacturing	50.0	60.0	55.0	8.2	85
Labor expenses	11.5	8.4	10.0	1.0	90
Raw material costs	29.0	37.2	33.1	6.6	80
Other expenses	10.0	14.4	12.2	0.6	95
Gross profits	50.0	40.0	45.0	1.8	96

# Business models



**Happy to discuss with you**



**Dr Avinash Shejale**  
**SBI Capital Markets Ltd.**

**avinash.shejale@sbicap.com**  
**dravinashs@gmail.com**

**Tel: +91 77383 22277 or 9987042705**



**A subsidiary of State Bank of India**

**Complete Solutions Provider in Investment Banking**

202, Maker Tower 'E', Cuffe Parade, Mumbai - 400 005  
Tel.: 91-22-22178300 Mobile: +91 9987042705 Fax: 91-22-2218 8332,  
avinash.shejale@sbicaps.com, www.sbicaps.com