

Double digit growth for pharma industry in June



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Ramnath Subbu

MUMBAI: The Indian pharmaceutical industry, grappling with the addition of more than a 100 formulations in the National List of Essential Medicines (NLEM), which caps the price of drugs, is encouraged by data that the industry grew in double digits in June 2014.

AIOCD figures show the industry grew at 10.4 per cent, the first time it has grown in double digits in a year. Further, domestic pharmaceutical companies grew 12.8 per cent while multinational (MNC) pharma players grew at 2.8 per cent during the month.

Interestingly, while Indian companies grew 15.3 per cent in the non-NLEM category, MNC pharma firms grew at 5.8 per cent.

There are worries regarding the sustainability of this growth in the light of the fact that the new price caps are in major therapeutic areas of cardiac and anti-diabetic drugs.

S. V. Veeramani, President, India Drug Manufacturers Association (IDMA), felt that the growth parameters were positive for the industry. "There would certainly be some dampening effect on growth because of the expanded list. We are hopeful that the industry continues to grow

at 10 per cent plus but it is still too soon and the impact remains to be seen."

Gaurang Shah, VP-Research, Geacit BNP Paribas, felt that there could be an impact on the margins of companies.

"There would be lag effect of the impact of expansion of the NLEM list and there may be some hit on the margins, particularly for MNCs."

Mr. Shah felt that there could be fewer new investments by MNCs and they would review their portfolios.

Due to price caps, profit margins will be reduced and 'breathing space' for the industry has been effectively

reduced. Manufacturers are expected to re-work their portfolios to include controlled and non-controlled drugs.

Larger Indian players had been acquiring assets overseas at attractive valuations as there was better scope there, said Mr. Veeramani.

Players like Cipla, Sun and Glenmark have been expanding their presence in different categories but there is a possibility of further consolidation in the domestic market. Owing to competitive pressures,

smaller companies with weaker portfolios will be looking to get out, industry experts felt.

Industry