

Assam Tribune, Guwahati
Tuesday 26th August 2014, Page: 11
Width: 21.03 cms, Height: 8.52 cms, 44r, Ref: pmin.2014-08-28.7.20

Indian pharma market to register strong growth: Moody's

NEW DELHI, Aug 25 (PTI): India's pharmaceutical market will see continued strong growth at a more favourable rate than its global peers and even if the country's GDP growth was to slow down, it would still represent a better growth opportunity, according to Moody's Investors Service.

Drug companies in the country could, however, face higher debt levels as the pharmaceutical sector in India grows, resulting in mergers and acquisitions, it said.

"India's pharmaceutical market will continue to grow in the double digits, a rate which is more favourable than most other markets for the industry," Moody's Investors Serv-

ice (MIS) said in a statement.

Stressing on the potential of the sector, Moody's Vice President and Senior Analyst Kalish Chhaya said: "Even if the India's GDP growth slows or is uneven, the Indian pharmaceutical market would still represent a better growth opportunity than many other geographic markets."

This is due to improving socio-economic conditions and access to healthcare against the backdrop of a rising prevalence of diseases such as diabetes and cardiovascular problems, he added.

The sector would also witness heightened activity of mergers and acquisitions (M&A) following global trend

although Indian firms do not face the same growth pressures as other players across the industry, the MIS said.

"As consolidation in the industry continues globally, particularly among generic drug companies, Indian firms will increasingly look to become involved in global mergers and acquisitions. We have already seen some Indian companies increasing their pace of acquisitions," Moody's Senior Vice President Michael Levesque said.

The M&A activity could pressurise Indian firms' leverage from currently low levels, MIS added.

"However, for most Indian companies, debt headroom is large as balance sheets are generally lowly leveraged," the MIS report said.

It noted that unless mergers are transformative, companies in the country will remain substantially smaller than the global generic pharmaceutical firms such as Teva Pharmaceutical Industries, Actavis Inc and Mylan Inc.

"Indian drug companies, for instance, are characterised by good geographic diversity, healthier financial outlooks and more conservative financial policies than compared with large global players," the report said.

Indian firms also exhibit favourable geographic mix, because of their strong presence in emerging markets like India and Russia, which will see high growth, it added.

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