

# Pharma players gear up to cash in on overseas opportunities

Ramnath Subbu

**MUMBAI:** The Indian pharmaceutical industry can benefit significantly from the huge emerging export opportunity. For long acknowledged as the generic drug manufacturing capital of the world, India with its several low cost generic manufacturers, can exploit the fact that over the next few years, a large number of drugs will be going off-patent.

Ratings agency Crisil said drugs worth \$130-150 billion will be going off patent between 2012 and 2017. To capitalise on this, it expects that India's top 20 pharmaceutical companies will crank up capital expenditure by around 40 per cent to over Rs. 50,000 crore by 2017-18.

While the domestic industry was at about Rs. 77,000 crore in 2013, exports ranged around Rs. 90,000 crore, according to S. V. Veeramani, President, Indian Drug Manufacturers' Association (IDMA).

Pharmaceutical patent filings numbered around 2,500 in 2013, growing at around 11 per cent.

"We require robust patent laws in place as there are apprehensions about patent protection in India."

In India, the industry has



● Top 20 pharmaceutical companies will crank up capital expenditure by around 40 per cent to over Rs. 50,000 crore by 2017-18

been facing increasing regulatory restrictions. The last year saw headwinds from price cuts imposed on a wide range of essential drugs post the new drug pricing policy and higher research & development (R&D) costs.

But export-focused companies could benefit from recently announced government guidelines to evaluate applications for intellectual property rights (IPRs) in the industry.

"There has been some slowdown in granting patents and the guidelines to revise patent norms could be a response to the increase in number of patent filings in India," Anuj Sethi, Director, Crisil Ratings, told *The Hindu*.

"The revised guidelines could help lower the number of patent infringements and also ensure consistency and

streamlining of the filing process."

Exports are volume driven, and even smaller players are eyeing emerging markets, said Mr. Veeramani.

The U.S. accounts for 29 per cent of India's pharma exports, and ratings agency ICRA expects companies to continue to experience strong growth there over the medium-term driven by the sizeable generic opportunity and the strong product pipeline of pending abbreviated new drug applications (ANDAs).

"In the U.S., the Affordable Care Act will ensure that the U.S. will seek to continue sourcing medicines at affordable rates and Indian generic manufacturers will stand to benefit, as more than 70 per cent of drugs sold in the U.S. are prescribed generics," Mr. Sethi said.

*Industry*