CHAPTER IV

Pharmaceutical Companies in India
4.1. Introduction:

The Indian pharmaceutical industry is one of the fastest growing industries in the world competing with the global pharmaceutical industries. It is in the front rank of India's science-based industries with a wide range of capabilities in the complex field of drug manufacture and technology. In the post independence era (i.e. post 1947) the Indian pharmaceutical industry was completely dominated by multinational companies (MNCs) and drug price in India was among the highest in the world. In 1970, the Indian parliament passed the Indian Patents Act 1970 with provisions to allow only process patents for pharmaceutical molecules and new chemical entities (NCEs). The Indian Patent Act 1970 was the main reason for the fast and continuous growth of the Indian pharmaceutical industry. The Indian pharmaceutical industry until 2005, engaged in generic product development hence there was no significant activity in patenting in India. In 2005, the Indian Patent Act was amended to include a ‘product patent’ regime to make Indian patent law compliant with TRIPs. This shifted the Indian pharmaceutical industry's focus from generic products to research based ‘NCEs’ and ‘novel drug delivery products’. The post TRIPs era saw vigorous activity in patenting in India.

In the list of top pharmaceutical companies in India it is not the Indian companies but also the MNCs that are becoming the part of the race. Indian pharmaceutical market in 2008 was $7,743m and if compared to year 2007 it was 4% more than that. It is expected that Indian pharmaceutical market will grow more than the global pharmaceutical market and will become $15,490 million in 2014. Today Indian pharmaceutical industry is the second most fastest growing industry displaying the revenue of Rs 25,196.48 crore and growth of 27.32 percent. Top pharmaceutical companies in India are also acquiring the small companies worldwide to further expand the market. Pharmaceutical drugs
injections, tablets, capsules and syrups are the products of pharma companies in India along with many more.

Fiscal 2014-15 (FY15) has turned out to be a good year for pharmaceutical companies with nearly half of the top 25 pharma stocks becoming multi-baggers during the year. As many as 12 out of top 25 most valued pharmaceutical firms have seen price appreciation of more than 100% during the fiscal. The list includes Lupin, Ranbaxy Laboratories, Aurobindo Pharma, Natco Pharma, Torrent Pharmaceuticals, Abbott India, Shipla Medicare, Indoco Remedies, Ajanta Pharma and Strides Arcolab has rallied between 100%-200%. Wockhardt and Suven Life Sciences zoomed 300% each. Cipla surged 83%, while Sun Pharmaceutical Industries and Pfizer soared by 76% and 73% respectively.

The National Stock Exchange (NSE) CNX Pharma index has rallied 68%, its sharpest gain in past five years. Earlier, in the fiscal 2009-10 (FY10), the index had surged 83%, the NSE data shows. Thus far in current fiscal, the benchmark CNX Nifty gained 27% against 74% rally seen in FY10.

Barclays expects the pharma sector to continue maintaining its premium vs the broader market, driven by a strong earnings trajectory and a healthy earnings visibility. “The global growth opportunity is still solid with the US likely to remain the driver of growth for the next 3-5 years. The management teams sounded more confident about other emerging markets and their companies’ abilities to penetrate these. Despite the spate of changes in India’s Pharma market (price regime, ban on drugs, curb on advertising and promotional spending, clinical trial stringency), the teams were positive on the long-term potential,” Barclays said in a report dated March 23, 2015. Arvind Bothra and Amey Chalke, analysts at Motilal Oswal Securities believe premium multiples for the sector are likely to persist, and expect strong earnings visibility and improving cash flows to support valuations.
A highly organized sector, the Indian pharmaceutical industry is estimated to be worth $4.5 billion. The Indian Pharmaceutical Industry has witnessed a robust growth of around 14% and India's pharmaceutical industry is now ranked as the third largest industry in the world in terms of volume and its rank is 14th in terms of value. It ranks very high amongst all the third world countries, in terms of technology, quality and the vast range of medicines that are manufactured. The medicines range from simple analgesic pills to sophisticated medicines for all diseases is now made in the Indian pharmaceutical industry. India is now among the top five pharmaceutical emerging markets. There will be new drug launches, new drug filings, and clinical trials throughout the year from various Indian Pharmaceutical Companies. On back of increasing sales of generic medicines, continued growth in chronic therapies and a greater presence in rural markets, the pharma sector in India expected to register a record growth. Besides, the domestic pharma market is estimated to touch US$20 billion by 2015, making India a lucrative destination for clinical trials for global giants. The health care market in India to reach US$31.59 billion by 2020.

The Indian diagnostics and labs test services sector view its growth potential in recent years. The Indian market for both therapeutic and diagnostic antibodies will show growth in the coming years. Some of the major Pharmaceutical companies including Glenmark, Sun Pharma, Piramal life Sciences, had applied for conducting clinical trials on atleast 12 new drugs in 2010, indicating a growing interest in new drug discovery Research.

Generics will continue to dominate the market while patent-protected products are likely to constitute 10 percent of the pie till 2015, (as per Mckinsey report “India Pharma 2015-Unlocking the potential of Indian Pharmaceutical Market”).
4.2. Advantages of India

The Indian Pharmaceutical Industry, particularly has been the front runner in a wide range of specialties involving complex drug’s manufacture, development and technology. More than 20,000 registered units are fragmented across the country and reports says that 250 leading Indian Pharmaceutical companies control 70% of the market share with stark price competition and government price regulations.

**Competent workforce:** India is a pool of personnel with high technical and managerial competence and skills. The skill labour is highly educated and language is not a problem. In India Professional services are easily available.

**Cost effective chemical synthesis:** As Indian scientist are totally dedicated and their track record of development, particularly in the area of improved cost-beneficial chemical synthesis for various drug molecules were excellent. Its help to produce wide variety of bulk drugs and also exports sophisticated bulk drugs.

**Legal and Financial Framework:** India has a solid legal framework and strong financial markets. There is already an established international Pharma industry and business community.

**Information and Technology:** In India there are well trained IT professionals and presence of world class educational institutions and established strengths in Information Technology.

**Globalization:** India is committed to a free market economy and globalization. In India there were 70 million middle class market, which is continuously growing.
Consolidation: As India economy is growing, the international pharmaceutical industry is finding great opportunities in India. More and more Multinational pharma companies are now setting their plants in India. The process of consolidation, which is now generalized phenomenon in the world pharmaceutical industry, has started taking place in India.

4.3. Major Pharmaceutical Companies in India:
Some of the leading Indian Pharma players by sales (INR billion)

<table>
<thead>
<tr>
<th>COMPANY NAME</th>
<th>SALES IN INR billion</th>
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<tbody>
<tr>
<td>Cipla</td>
<td>69.77</td>
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<tr>
<td>Ranbaxy lab (now merged with Sun Pharma)</td>
<td>76.86</td>
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<tr>
<td>Dr. Reddy’s Labs</td>
<td>66.86</td>
</tr>
<tr>
<td>Sun Pharma</td>
<td>40.15</td>
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<tr>
<td>Lupin Ltd.</td>
<td>53.64</td>
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<tr>
<td>Aurbindo Pharma</td>
<td>42.84</td>
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<tr>
<td>Jubliant Life</td>
<td>26.41</td>
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<tr>
<td>Glenmark Pharmaceuticals Ltd.</td>
<td>55.62</td>
</tr>
<tr>
<td>Cadila Health</td>
<td>31.52</td>
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<tr>
<td>Ipca Labs</td>
<td>23.52</td>
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<tr>
<td>Wockhardt</td>
<td>26.50</td>
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The details of the above Indian Pharmaceutical companies with their entire structure of working are as follows:

1. **Cipla Ltd.**

- Cipla was founded by Khwaja Abdul Hamied in 1935 and was known as the Chemical, Industrial and Pharmaceutical Laboratories, though it is better known by the acronym Cipla today.
- Cipla was registered in August 1935 as a public limited enterprise and it began with an authorized capital of Rs. Six lakh.
- Although setup in 1935, it was in 1937 that Cipla began manufacturing and marketing its pharmaceutical products.
- Today the company has its facilities spread across several locations across India such as Mumbai, Goa, Patalganga, Kurkumbh, Bangalore, Baddi and Vikhorli.
- Apart from the Indian market, Cipla has an extensive export market and regular exports to more than 150 countries in regions such as North America, Asia, Europe, Australia, and Africa. With total net sales of Rs 6,977.50 crore, Cipla is the second-largest pharmaceutical company in India.

2. **Ranbaxy**

- Ranbaxy is among the predominant pharmaceutical companies in India as it was founded in 1961.
- Ranbaxy was recently ranked among the top 10 international pharmaceutical companies in the world, having presence across 49 countries.
- Ranbaxy is also reputed for its 11 state-of-the-art manufacturing facilities in countries like China, India, Brazil, South Africa.
Ranbaxy commands more than 5% share of the Indian pharmaceutical market.

Ranbaxy product portfolio is diverse and includes drugs that cater to nutrition, infectious diseases, pain management, dermatology and Central nervous system related ailments.

Ranbaxy is well known for having the highest research and development budget among pharmaccompanies in the world which is as high as US$100 million.

Ranbaxy India operations are handled by 2,500 employees and the company’s market share in India is worth around US$6 billion.

3. Dr Reddys Labs

Dr. Reddy’s laboratory is one of the popular pharmaceutical companies with base in more than 100 countries.

It commercialized various treatments so as to provide high tech treatment to the masses.

It tries to meet the medical needs of the people.

Dr. Reddy’s is one of the leading pharmaceutical company located in various parts of the world, its headquarters in India.

The subsidiaries of this company are found at various countries like U.S., Germany, United Kingdom, Russia and Brazil.

4. Lupin

Lupin is one of the largest pharma company in India with the total net sales of Rs 5,364.37 crore.

Lupin is one of the fastest growing pharmaceutical company in India and its subsidiaries of this company located all over the world.

Its Research and development located in Pune and its plant all over the India and abroad.
Lupin main products includes drugs include antihypertensive, central nervous system related ailments, antidiabetic, cardiovascular ailments.

5. Aurobindo Pharma

- Aurobindo Pharma is one of the leading pharmaceutical company that was setup in the year 1986 and started operations in 1989 in Pondicherry and now its headquarter at Hyderabad, India.
- Aurobindo Pharma is one of the leading pharmaceutical company with the total net sales of Rs 4,284.63 crore.
- Aurobindo Pharma is one of the most respected generic pharmaceuticals and active pharmaceutical ingredients (API) manufacturing company in India.
- Aurobindo major markets are over 180 APIs and 250 formulations that are exported throughout the world.
- Aurobindo has received 45 ANDA approvals from USFDA alone.
- Aurobindo Pharma products cover segments like Antibiotics, CVS, Antiretrovirals, Antiallergic.

6. Sun Pharma

- Sun Pharmaceutical was set up in 1983 and the company started with only 5 products to cure psychiatric illness.
- Net Sales revenues stood at Rs 4,015.56 crore makes of the largest pharmaceutical company in India.
- The company mainly concerned with chronic treatments such as cardiology, psychiatry, neurology, and respiratory ailments.
- Active Pharmaceuticals Ingredients (API) includes peptides, steroids, hormones, anti-cancer drugs.
- Sun Pharmaceutical offices are located all over the world and its plants all over the India.
7. Cadila Health

- Cadila Health is the pharma company with the total sales revenue of Rs 3,152.20 crore.
- Cadila Pharmaceutical offices are located all over the world and its plants all over the India.
- Its main products include drugs include antihypertensive, central nervous system related ailments, antidiabetic, cardiovascular ailments.