



THE INDIAN PHARMACEUTICAL  
MARKET – LEADING DOMESTIC  
COMPANIES 2015

# *Leading domestic players in India's pharmaceutical market in 2015*

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## 1 - Executive Summary

### 1.1 Executive Summary

This report highlights the ten leading domestic India pharmaceutical companies; their key financials since FY2011; their key global markets; their Merger, Acquisition and Joint Venture activity; their Research & Development spending; the Strength, Weakness, Opportunity and Threats that each individual company faces. This report also offers a snapshot of the key financials in the India pharmaceutical sector; import / export values; where the India based pharmaceutical companies are generating their revenue globally; which markets will emerge. The report concludes with interviews with directors of Ipca Laboratories, Cadila Healthcare and Cipla.

The India pharmaceutical market has, since 1970, shifted between foreign and domestic players dominating the market. In 1970 the Indian pharmaceutical market was dominated by multinational companies, with Indian companies accounting for 32% of the market. However this scenario changed with the Patent Act of 1970, an act that allowed Indian pharmaceutical companies the opportunity/regulatory system to rapidly manufacture and sell generic versions of patented drugs within the Indian pharmaceutical market. This Act, alongside other supportive governmental policies significantly led to the growth of Indian companies in the India pharmaceutical industry; allowing a percentage that grew from 32% in 1970 to reach 60% by 1991, rising further to reach 72% by 2000.

By 2000, the Indian pharmaceutical market was worth \$3bn, rising to \$5.2bn in 2005 and hitting \$12bn across 2010, GMR Data forecast that the market will reach \$62bn by 2020. Key drivers in the India pharmaceutical market include; strengthening generic sales in key mature global markets; increased affordability of drugs domestically, due to rising income levels; increasing access and sales opportunities in emerging pharmaceutical markets.

Non India revenue streams come primarily from the US and EU5 countries, but increasingly from leading Latin American, Russia/CIS, Middle Eastern, African and Asian countries also. 40% of US generics are manufactured in India; 72% of FY2015 revenue, for the top ten domestic players, came from foreign sources;

**Table 1.1 Total Revenue of the Ten Leading Indian Pharmaceutical Companies in FY2015 (\$/m)**

Revenue FY2015	Domestic Revenue	%	Foreign Revenue	%
\$15,506m	\$4,352m	28%	\$11,154m	72%

GMR Data 2015

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## 4.1 Sun Pharmaceutical Industries Ltd.

### 4.1.1 Sun Pharma Company Profile

Sun Pharmaceutical Industries Ltd (Sun Pharma) is the world's fifth largest generic producer and India's largest pharmaceutical company, by revenue, 2015. Sun provide pharmaceuticals to 150 countries globally via their 30,000+ employees. Revenues topped \$3.4bn for Sun Pharma across FY2015, making them the largest player in the India pharma market; Sun Pharma's US sales revenue topped \$2.2bn across FY2015. Sun Pharma is supported by strong R&D capabilities comprising of 1,800 scientists and R&D investments of over \$640m cumulatively since 2011.

Sun Pharma manufactures and markets a range of pharmaceutical formulations as branded generics, as well as generics, in the US, India and other markets. It operates through four segments: US Generics, Indian Branded Generics, International Branded Generics (rest of the world, except the United States) and Active Pharmaceutical Ingredients (API). Sun Pharma's API products include Acamprosate Calcium, Alendronate Sodium, Bortezomib, Cisplatin, Choline Fenofibrate and Carvedilol.

On March 25<sup>th</sup> 2015 Sun Pharmaceutical Industries Ltd. began the integration of Ranbaxy Laboratories Ltd following the successful closure of its merger, after a year of gaining approvals in India and the US. Sun Pharmaceuticals and Ranbaxy Laboratories, announced their merger in April 2014, the merger is one of the largest mergers in Indian business history, at an estimated \$4bn.

Across 10 months up to March 2015, Sun Pharma and Ranbaxy's joint functional teams put together the integration blueprint with direction from the India Integration Management Office (IMO). The IMO will continue to oversee the implementation of the functional integration process.

Mr Israel Makov, Chairman, Sun Pharma said at the time, *"The combined entity will capitalize on the expanded global footprint and enhance our dominance as a world leader in the specialty generics landscape. Sun Pharma remains committed to uncompromised product quality, 100% compliance and promotes innovation to create the most dynamic global specialty generics pharmaceutical company. We believe that our shareholders, customers and employees will share our excitement in the potential of this combination and thank them for their continued support."*

### 4.1.2 Sun Pharma Financial Analysis

- Net sales topped \$3.4bn for Sun Pharma across FY2015, the largest in the India pharma market
- R&D spending has increased annually, both in terms of spending and as a percentage Vs Revenue
- 5<sup>th</sup> largest Generic supplier in the US

Sun Pharma's 3 fold increase from \$953m revenue in FY2011 to reach \$3,415m in FY2015 shows their strength; with a 5-year CAGR of 29.1%. Significant growth in EBITDA Revenue and robust funds made



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## 5 - Expert Opinion

### 5.1 Cipla

Cipla is a Mumbai based pharmaceutical manufacturing company with presence in over 170 countries; with headquarters in Mumbai, Belgium, the UK and the US. Cipla generated revenues of \$1.8bn across FY2015, with in excess of \$1bn coming from foreign markets.

We interviewed Cipla's Managing Director Shubanu Saxena as part of our primary research into this report; Mr Saxena took over Cipla in 2013 and has seen revenues increase from \$1bn FY2012 to \$1.8bn in FY2015. Prior to accepting the CEO role at Cipla Mr Saxena previously worked for Citicorp, The Boston Consulting Group, PepsiCo and Novartis Pharma AG. Mr Saxena has a graduate degree in Engineering from Oxford University and an MBA from INSEAD, France.

**GMR Data:** What regions are Cipla looking to, for growth, in the next 5 years?

**Shubanu Saxena:** *As of now we are looking at the African continent for our major growth plan. We are looking at business alliances and collaborations, for better establishment in the market. Now the key regions in focus are Nigeria, South Africa and East Africa. Our portfolio in Africa is going to be expanded further with oncology, respiratory and CNS, followed by our entire range of products. We are at a stage of working on strategies and business plans for each region.*