Patented and in-licensed drugs post robust growth

See 13.9% growth on MAT basis as against 9.4% for other drugs

SOHINI DAS
Mumbai, 9 February

Patented and in-licensed products are growing at a robust pace in the Indian drug market, and now constitute 4.5 per cent of the domestic pharma market.

Latest data from market research firm AIOCD AWACS shows that the patented and in-licensed products clocked 13.9 per cent growth as on MAT January 2020. MAT refers to moving annual turnover or turnover of the past 12 months.

Against this, the domestic pharma market (without the patented and in-licensed products) has clocked 9.4 per cent growth rate during the same period.

A look at the top brands sold in the market explains the same. Mixtard, the insulin brand from Danish drug major Novo Nordisk, has maintained the top position for many quarters.

As in January, multiple brands from multinational players, including Sanofi's Lantus (insulin), Merck's Janumet (diabetes medicine containing a patented molecule Sitagliptin) and GSK's Augmentin (an antibiotic) feature in the top five brands in the domestic pharma market.

THE NUMBERS (in ₹cr)

	MAT* Jan 2019	MAT Jan 2020	Growth rate (%)
Indian pharma market (IPM)	128,880	141,224	9.6
Patented and in-licensed products	5,516	6,285	13.9
IPM without in-licensing and patented products	123,364	134,939	9.4

*MAT: Moving annual turnover
Source: AIOCD AWACS

Multinational drug makers have clocked 8.6 per cent growth on a MAT basis (as in January) while domestic manufacturers have clocked 9.8 per cent growth. In the last quarter, however, there has been some slip in the growth rate of MNCs — 6.8 per cent as opposed to 11.2 per cent of Indian companies.

Demand for patented and in-licensed products have improved with increased compliance of patients, which means more people are not dropping off their medicines midway, but continuing the therapies. "The demand in the pharma market is price inelastic. These are life-saving drugs and people do not stop consumption. Moreover, compliance has improved than before and hence the share of patented drugs has increased," said a senior executive in a domestic firm.

He said that most of the high-margin drugs in the diabetes segment (around ₹14,000-crore market) are patented drugs — gliptins and gliflozins. While some innovators market the products themselves here, they have also chosen the licensing route to reach out to a wider crowd.

Overall, in January, the Indian pharma market (IPM) grew 7.6 per cent — this was driven by a price growth of 5.2 per cent, but the volume growth was negative (-0.3 per cent). AIOCD noted that in the past 12 months average volume growth has been 1.8 per cent. January, however, saw a dip in volume growth.

DRL to stay focussed on EMs for growth

DASARATH B REDDY
Hyderabad, 9 February

Dr Reddy's Laboratories (DRL) says it would keep focusing on emerging markets (EMs), which includes Russia and the CIS countries, and India for business growth, organically and via acquisitions.

The idea, it says, is to minimise dependence on any single region. Its growth was affected in the aftermath of a warning letter in 2015 from the American sector regulator, the Food and Drug Administration (FDA). At the time, US revenues were half its global sales of generic medicines and largely drove Dr Reddy's generics formulation business. Today, combined revenue from emerging markets and India finely balances that of the North America, at 38 per cent of the total revenue. The US revenue contribution is 36 per cent. To a question in a recent analyst call on possible acquisitions, Erez Israel, CEO, said: "We are always looking for opportunities, and are very active on this front. The priority is on emerging markets and India because this is is the area of focus." However, the firm has also said growth would primarily be via organic means.

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Delivering double-digit growth for the past several quarters, emerging markets and India, with respective contribution of 21 per cent and 17.4 per cent to revenues in the December 2019 quarter, have emerged as alternate growth centres for the company. Dr Reddy's wants to further tap the potential of these markets.

It has also shed the earlier US strategy of pursuing only high value products. This created trouble with the delays in new product approvals and fewer launches in the US market after the warning letter. Its generic NuvaRing product met with huge price erosion after a delay in launch due to regulatory reasons, forcing the firm to take an impairment of ₹1,100 crore during the December quarter.

Lamborghini banks on HNIs, plans to sell 50 cars every yr

T E NARASIMHAN
Chennai, 9 February

While the super luxury segment in India dropped by 17 per cent in 2019, market leader Lamborghini grew by around 15 per cent. The firm expect to maintain the growth momentum on the backdrop of increasing HNIs and new offerings from the Italian maker.

In 2019, Lamborghini India sold 52 cars, compared to 45 a year ago registering a 15 per cent growth over the previous year. On the other side, super luxury segment (cars priced above ₹2 crore) dropped to 260 from around 315. Lambo-rghini, a part of Volkswagen group, is leading the market in the segment with 20 per cent share, he said. Rivals in the market are Ferrari, Aston Martin, Bentley among others. The company wants to maintain the growth momentum in 2020 and every year want to add new cars, said Sharad Agarwal, head-Lamborghini India, after showcasing the new Huracan EVO Rear-Wheel Drive (RWD) model. Huracan EVO RWD is a super sports car.

Today, Lamborghini car population in India is about 250 units. The company plans to sell atleast 50 cars every year. Agarwal said the biggest market for the carmaker in the country is south India, which contributes over 50 per cent of its sales as it attracts sizeable foreign direct investment.

The markets of Kolkata and the east are also growing, adding that the company has three dealers in Delhi, Bangalore and Mumbai.