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### **The \$15 billion bulk drug opportunity**

"When you are competing in the international arena, quality, price and technology are important," Venkat Jasti, president, Bulk Drug Manufacturers Association, managing director, Suven Life Sciences Limited tells J S Sai in an exclusive interview. Bulk drug outsourcing is expected to generate opportunities worth around \$15 billion globally by 2005, thanks to the new patent regime. If the desired changes are brought about, India should be in position to grab a substantial share of the pie. "There are two issues. The Government must see that the new patent regime is adhered to in the strictest sense so that foreign companies can trust us. The Indian pharmaceutical industry should gear up to implement Good Manufacturing Practice so that it can enter the regulated market," Jasti had told the media. At present, the Indian bulk drugs sector generates \$2 billion (the size of the Indian pharmaceutical industry is around \$5 billion). This is expected to go up to \$12 billion by 2010. Jasti talks about CPhI and the bulk drugs sector. Excerpts:

What has been your experience at CPhI as far as bulk drugs are concerned?

The experience at CPhI has been very good. It is not restricted to bulk drugs alone but also new intermediates for bulk drugs.

It has been said the year 2005 would see India becoming an important player in the drug intermediates and bulk drugs market in the developed world. How much is India's bulk drug industry expected to grow in the next couple of years?

The Indian bulk drug industry is growing at a rapid pace even without much penetration in the regulatory market. With 2005 fast approaching, you can see a quantum jump in exports of bulk drugs from this country, provided facilities are upgraded and regulatory systems put in place. Exports would perhaps double in the short term. The new patent regime is expected to open up outsourcing opportunities of around \$15 billion for bulk drugs globally. The way ahead for bulk drug manufacturers would be to secure tie-ups with generics firms.

How would the CPhI help India?

CPhI is only a networking place where we can showcase our capacities and capabilities, and tie-up for new opportunities. India produces over 400 bulk drugs. In terms of price, quality, technology, etc, in how many of these drugs does India have a clear edge over other countries?

Which are the areas where India has to improve?

When you are competing in the international arena, quality, price and technology are important. So the area where improvement is needed is in terms of regulatory and facility upgradation to meet the new challenges. The new Pharmaceutical Policy 2002 has brought the bulk drugs sector several incentives - doing away with industrial licensing on all bulk drugs, intermediates and formulations cleared by the Drug Controller-General of India; allowing 100 per cent foreign direct investment through the automatic route and automatic approval for foreign technology agreements, etc.

What has been the impact?

The Pharma Policy 2002 has still not been implemented. A public litigation has been filed and the policy is still pending in courts.

It is said that exports and the domestic market have been suffering due to the mandatory registration of bulk drugs with effect from January 1, 2003. What are the industry's expectations from the Government in this regard? What would be India's message to the international players at CPhI?

The mandatory import registration for bulk drugs is not really causing any damage to the Indian industry. Certain exemptions have been given for the import of drugs when they are meant for export of formulations. This is not correct since quality has to be similar whether we use them in India or export them. Such uniformity in policy would ensure that the country's image would not be tarnished. ([www.expresspharmapulse.com](http://www.expresspharmapulse.com))

### **CPhI: Downpour of deals**

#### **The biggest beneficiary of CPhI is said to be India. Is this true? J S Sai evaluates**

The Indian pharmaceutical industry has been anxiously looking forward to the annual Convention of Pharmaceutical Ingredients (CPhI). The promise of roaring business and attractive business contacts has been so alluring that the number of Indian participants and visitors at the Mecca of the international pharmaceutical industry has been soaring.

"There has been a phenomenal increase in CPhI participation," says Venkat Jasti, managing director, Suven Life Sciences Limited. "This year, at Frankfurt, over 1,000 international companies and 20,000 visitors are expected." The first CPhI, held in 1990, attracted 250 visitors and 16 companies.

"CPhI is an excellent opportunity to meet and interact with customers from across the world," says Pankaj R Patel, chairman and managing director, Zydus Cadila Health Care Limited. "With over 20,000 industry professionals converging from over 100 countries, it's truly a global event that one cannot afford to miss. For Indian active pharmaceutical ingredient (API) manufacturers, this is an excellent platform to showcase their strengths in terms of cost-effective manufacturing, custom synthesis and ability to deliver high quality products."

Is it possible to give an indication about the number of Indian visitors? Dr Kamlesh Oza, managing director, Colorcon Asia Private Limited, says it is difficult to put a number on this. "About 24 per cent of those present at the exhibition are from Asia," says Jasti. "Out of this, the India-China ratio is 40:60."

"CPhI is the window to the world," says Dinesh Dua, president, API, Zydus Cadila. "The who's who of the pharmaceutical industry assembles under one roof. Those three days are explosive in terms of networking and business generation. The biggest beneficiary of CPhI in the last five years has been India. A great deal of credit for what one sees in the Indian pharmaceutical industry today goes to CPhI."

Small wonder the who's who of Indian pharmaceutical world would be at Frankfurt - it is hosting the exhibition for the fourth time in CPhI's 13-year history — from October 27 to 29, 2003. For, Indian companies' experience with CPhI has been positive. The four exhibition halls at Frankfurt will be jostling with players from segments like active ingredients, intermediates, excipients, custom manufacturing, biotechnology, natural extracts and marketing services. Besides the BioTech Hot Spot, the exhibition features pavilions like USA, China, Sinopharm, Brazil and South Korea. There are also those not-to-be-missed conferences, keynote addresses.

#### Indian cities

Which Indian cities have the maximum representation at CPhI? "Mumbai and Hyderabad have the highest representation," says Jasti.

Which city secured maximum mileage in the past? "There is no such thing as a particular city getting mileage," says Jasti. "It is a company that gets an opportunity to showcase its strengths." "There is no doubt that Hyderabad is the biggest beneficiary," says Dua.

#### Business

Though it is difficult to quantify India's success at the exhibition, the country has been improving her visibility over the years. In terms of business secured, is it possible to give an indication about the Indian growth over the years? "I would reckon a ballpark figure of 25 per cent jump in business over the years as far as API is considered," says Dua. "The figure for contract manufacturing and custom synthesis would be 30-40 per cent."

"It is very difficult to give numbers as it would differ from company to company," says Jasti.

More than the business generated what is important is the exposure one gets at the exhibition. "It is a platform mainly to make new business contacts and meet the existing customers under one roof," says Jasti. "Besides it provides an opportunity to learn about new products and services that are offered world over."

About this year's exhibition, Dr Oza feels India should grow business and renew contacts. Asked to identify the segments which have an edge, Dr Oza zeroes in on IT-related pharma applications.

#### Global

What is the international participants' response to India? "They see India as one of the biggest emerging resources for APIs, custom manufacturing and contract manufacturing," says Dua. "They feel India as a wonderful source of process capabilities, knowledge, language and cost competitiveness."

What is CPhI's contribution in this regard? "In the last five years, CPhI has brought about a huge change in international perception about India," says Dua. "We have immense credibility now — as far as the big Indian players are concerned."

What do global players expect from us? "Nobody expects anything from anybody," says Jasti. "CPhI is mainly for networking and to meet people old and new." However, Dr Oza has a different view in this regard. "They expect us to compete on price and quality," he says.

A survey conducted at the Milan CPhI in 2000 revealed that 63 per cent of the pharma delegates were looking for services as well as products. "They buy products at CPhI and knowledge at the International Contract Services Expo (ICSE)," the organizers say. ICSE attracts contract service suppliers who offer "highly specialized skills, which can help pharmaceutical companies to achieve more rapid drug development and cost-reduction."

#### Targets

What are the Indian targets for October 03 in terms of business? "There are no such targets for the October CPhI," says Jasti. "Benefits are long term in nature."

#### Government

What has been the Government's role? What is expected of it? "So far the Government had no role to play," says Jasti. Dr Oza agrees with him. "Only this year, with the help of National Small Industries Corporation (NSIC), Bulk Drug Manufacturers Association (BDMA) has taken a stall. The cost of setting up the stall is being shared equally," says Jasti.

#### RoI

How much money is spent by each participant? What is the perception about the return on investment? "The money spent on this exhibition depends on the company's stall space and the return of investment is not known in numbers but in terms of value during a course of time," says Jasti.

#### China

India versus China: Where does India have an edge? "India has an edge over China as it can deliver quality in niche molecules," says Dua.

"However, unlike China, Indian companies do not get any assistance from the Government. China's cost of utilities is next to nothing."

Dr Oza feels China has an edge. Is it possible to give segment-wise analysis? "With respect to fine chemical intermediates, China scores over India," says Jasti. "As for regulatory advanced intermediates and APIs, India has a slight edge over China."

#### Chinese promotion

"While Indian companies are scattered all over the exhibition halls, the Chinese have their own pavilion," says Dua. "This is a very important aspect. We must have an India pavilion, promoted by the Government."

While India struggles to put up a concerted effort at the exhibition, China has its own CPhI, an exhibition centered on that country's more than 6,000 pharmaceutical manufacturers. The event was inaugurated last July in Shanghai with more than 190 exhibitors and 7,000 visitors, 1,000 of who were from overseas and the rest from 33 Chinese regions. Has any effort been made to convince the Indian Government in this regard? "No," says Dua. "The industry is very fragmented."

Would the success of CPhI spawn an Indian clone? "We are trying to get CPhI into India," says Jasti. "The reason behind this is to showcase India's strengths and infrastructure capability."

#### Venture capital

How does CPhI help India in winning over venture capitalists? "There is no relationship whatsoever between venture capitalists and CPhI," says Jasti. "In terms of capital inflow, the CPhI's contribution has been substantial," says Dua.

#### Encounters

The organisers claim that visitors "run the risk of bumping into pharmaceutical CEOs almost at every corner!" Whom does India look forward to meet at CPhI? "Everybody expects to meet companies and their professionals for networking," says Jasti. "Also to look into new business development and to find out about the technological advantages. These are certainly useful for charting the future course of action."

Summing up, to attract more business, the India pharmaceutical industry must make concerted efforts in tandem with the Government. The Chinese seem to be scoring over India in this regard. With more such advantages, the Chinese would continue to turn India green with envy as long as the sector is fragmented. ([www.expresspharmapulse.com](http://www.expresspharmapulse.com))