

Working with India – myths, reality and the changing landscape

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Mantrax Ventures

Overview

- Global trends in pharma and biotech outsourcing
- Indian capabilities beyond contract manufacturing
- Some Australian perspectives versus the current day reality
- Indian pharmaceutical industry, the changing landscape and potential opportunities for Australian companies

Beyond Contract Manufacturing

- Outsourcing R&D and Clinical Trials
- Some Australian perspectives
- Realities i.e recent changes that have overcome prior concerns

Pharma and biotech outsourcing

- Total pharmaceutical and biotech outsourcing market was valued at US\$37.1 billion in 2006, with R&D outsourcing expenditure around 50% of the total market
- The market is expected to grow at a rate of 13.37% to reach approximately US\$90 billion by 2013
- Cost effective, efficient way of accelerating drug discovery and development process

Outsourcing cont

- India is one of the favorite outsourcing hotspots for US and European pharmaceutical companies – why?
 - Large english speaking work force
 - Facilities that adhere to international standards and guidelines
 - Lower wages
 - Huge pool of voluntary patients for clinical trials
 - High recruitment rates
 - Significant cost savings for clinical trials
 - Potentially faster time to market

Australian perspectives on India

- Typically thought of as a place for contract manufacturing
- Protection of IP
- Standards of facilities
- Animal Ethics
- Old issues with docks – products left standing for long time
- Some positive experiences in comparison to China:
 - High education levels
 - High levels of initiative
 - No language barrier











Realities – what this means for Aus/NZ companies

- Significant cost savings for resource poor Australian and NZ companies
- IP protected – due to recent intellectual property (IP) laws changes
- Potentially allows larger proportion of IP to be exploited
- Clinical trial recruitment rates potentially mean faster time to market

Indian Pharmaceutical Industry

Asia- Pacific pharmaceutical Industry

- The Asia-Pacific is the third largest pharmaceutical market by region in the world with an estimated market size of more than US\$ 180 billion in 2009.
- The region has taken the lead in the race to win the largest share of the global pharmaceutical industry, with the center of gravity for the industry increasingly shifting from the US and Europe to the Asia-Pacific.

Indian pharmaceutical Industry today

- IPM remained constant over the last four years
- Anti-infectives continued to dominate the IPM by contributing 17% to total value sales
- **Large pharmaceutical companies looking to differentiate by in-licensing patented products**

Indian pharmaceutical Industry by 2015

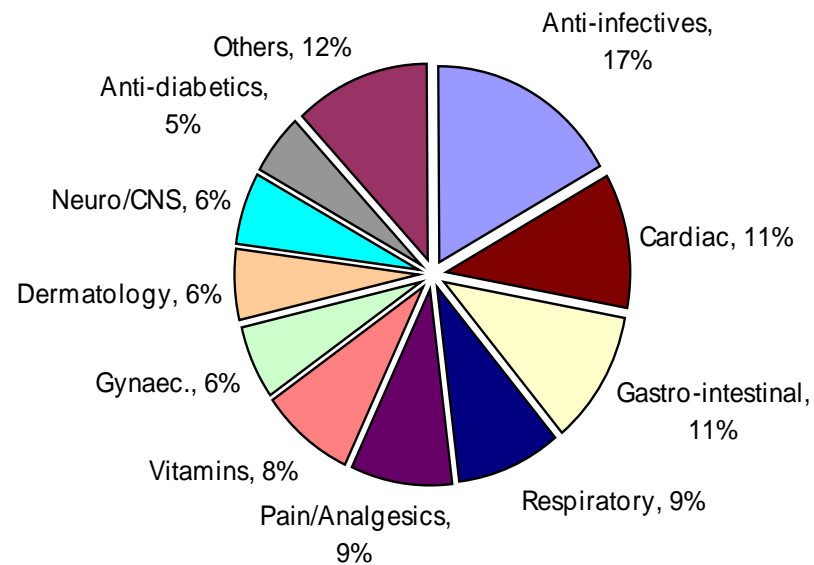
- IPM expected to be **\$20bn by 2015**
- Main drivers of growth:
 - Increasing number of middle income earners
 - Increasing disposable income
 - Increasing medical infrastructure
 - Increasing penetration of health insurance
 - Rising prevalence of chronic disease
 - Adoption of patent products

Indian Pharmaceutical Industry by 2015

The Indian pharmaceutical market (IPM) is expected to grow at a CAGR of 13.0% over FY08 - FY13

- Particularly high growth to be seen in Specialty therapies (CNS, Diabetes, CV, Oncology, among others)
- Mass therapies (generics) will also continue to offer significant growth
- Generics products will continue to dominate the market even in 2015, with **patented products expected to account for 10% of the market**

Industry by therapeutic segment



Company Name (Large - Cap Stocks)	Sales in \$m	Market Cap in \$m
Cipla Ltd.	\$11,035.2	\$6,019.2
Ranbaxy Laboratories Ltd.	\$9,868.7	\$4,037.9
GlaxoSmithKline Pharmaceuticals Ltd	\$9,152.8	\$3,906.9
Piramal Healthcare Ltd.	\$8,541.7	\$2,318.2
Sun Pharmaceutical Industries Ltd.	\$7,902.4	\$7,741.3
Cadila Healthcare Ltd. (Zydus Cadila)	\$7,793.6	\$2,807.6
Alkem	\$6,601.2	Privately Held
Pfizer Ltd.	\$6,481.8	\$744.3
Lupin Ltd.	\$5,819.6	\$3,700.3
Mankind	\$5,609.2	Privately Held
Aristo	\$4,810.8	Privately Held
Abbott India Ltd.	\$4,666.8	\$348.5
Dr. Reddy's Laboratories Ltd.	\$4,663.4	\$5,491.0
Aventis Pharma Ltd.	\$4,549.0	\$940.9
Wockhardt Ltd.	\$3,936.5	\$326.4
Novartis India Ltd.	\$3,447.0	\$460.9
FDC Ltd.	\$3,240.1	\$406.1
Glenmark Pharmaceuticals Ltd	\$2,941.6	\$1,549.2
Ipca Laboratories Ltd.	\$2,878.1	\$791.2
Merck Ltd.	\$1,676.7	\$243.0
Astrazeneca Pharma India Ltd.	\$1,578.1	\$491.5
Solvay Pharma India Ltd.	\$974.7	\$281.0
Panacea Biotec Ltd.	\$875.9	\$243.6

Summary

Potential for:

- Decreased development costs
- Decreased time to market
- Licensing opportunities

Summary

- Indian pharmaceutical and biotechnology industry are growing and progressing rapidly
- Resources can go much further in progressing product development pipelines through outsourcing
- Quality and control do not need to be compromised
- IP protection issues have been overcome
- Overall times to market can potentially be accelerated
- Opportunities to license drugs in development to Indian pharmaceutical companies are opening up
- **India needs to be on the radar screen of Australian/NZ biotechs from discovery research through to out-licensing, sales and marketing**

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