OPPI

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FDI
Publication: Financial Express **Edition: National** **Date: 07.11.2013** **Headline: DIPP sticks to 49% FDI cap in brownfield pharma** **Synopsis:** The department of industrial policy and promotion (DIPP) is firm on restricting FDI in brownfield pharma to 49%, overturning the current regime where 100% FDI through an approval route is allowed in such cases. In its final note to the Cabinet, the department has reiterated its policy stance despite the finance ministry and Planning Commission opposing such additional curbs on FDI in existing pharma companies.
Drug Pricing
Publication: The Economic Times **Edition: National** **Date: 07.11.2013** **Headline: Drug companies, distributors slugfest over margins** **Synopsis:** Drugmakers from GlaxoSmithKline to Lupin are grappling with Indian distributors, whose demand for maintaining commissions threatens to erode profits after India imposed price controls. Talks are under way after traders temporarily boycotted some treatments until their demands were met, Nilesh Gupta, managing director of Lupin, a maker of anti-tuberculosis medicines, said in an interview. Distributors want the terms of their commission to be restored after drugmakers slashed margins for traders following India's move to cap prices of 348 essential remedies.
Publication: DNA **Edition: National** **Date: 07.11.2013** **Headline: Pharma firms lock horns with distributors in margins battle** **Synopsis:** Drugmakers from GlaxoSmithKline to Lupin are grappling with Indian distributors, whose demand for maintaining commissions threatens to erode profits after India imposed price controls. Talks are under way after traders temporarily boycotted some treatments until their demands were met, Nilesh Gupta, managing director of Lupin, a maker of anti-tuberculosis medicines, said in an interview. Distributors want the terms of their commission to be restored after drugmakers slashed margins for traders following India's move to cap prices of 348 essential remedies.

Pharma firms lock horns with distributors in margins battle

Any restoration of commissions may derail profits as price caps continue to hurt

Adi Narayan and Ketaki Gokhale

Mumbai: Drugmakers from GlaxoSmithKline to Lupin are grappling with distributors, whose demand for maintaining commissions threatens to erode profits after the government imposed price controls.

Talks are under way after traders temporarily boycotted some treatments until their demands were met, Nilesh Gupta, managing director of Lupin, a maker of anti-tuberculosis medicines, said in an interview. Distributors want the terms of their commission to be restored after drugmakers slashed margins for traders following India's move to cap prices of 348 essential remedies.

Drugmakers may resort to new medicines and vaccines that don't face caps to revive margins in the world's second-most populated nation. The $12 billion drug market shrank for the first time in September, after growing at an average 7.2% in the first eight months of the year, according to data from the All India Organization of Chemists & Druggists.

Wholesalers "were going slow, there were boycotts, they selectively decided to boycott companies," Lupin's Gupta said in a phone interview. "They've basically been giving us and other companies a pretty hard time, and that kind of messed up the order flow."

The government in December announced details of a policy aimed to make drugs more affordable. The policy set the prices of the essential medicines at the average of all brands that have a market share higher than 1%.

Retailers and wholesalers receive a proportion of the drug's retail price as their commission. Traders say drugmakers reduced the percentage value of their fees while cutting prices as mandated by the government. "Without telling us, without giving us any notice, they have reduced our margin," Jagannath Shinde, president of the pharmacists' trade body, said on October 18. "Our margin has been snatched, and we are asking that it be given back."

Glaxo's Indian unit Glaxosmithkline Pharmaceuticals's profit is estimated to have dropped for a second straight quarter after the price of its best-selling antibiotic treatment Augmentin fell more than 40 percent, according to data compiled by Bloomberg. More than a third of the company's domestic portfolio falls under price control now, from about 23% earlier, according to an August 8 report from Tata Securities.

Net income is projected to have fallen 15% to ₹129 crore ($21 million) in the three months ended September 30, according to the median of 14 analysts' estimates compiled by Bloomberg. The Mumbai-based company will report third-quarter earnings on November 11.

Glaxo's shares have risen 14% this year. They rose 1.21% to Rs 2502.35 in Mumbai on Wednesday.

Lupin, which earned 27% of its revenue from India in the year ended March 31, has advanced 44% this year. "The multinationals are affected the most from the drug pricing rules because all their business comes from domestic sales," Hitesh Mahida, an analyst at Fortune Equity Brokers India, said in an interview. "Indian companies have a lot of exports that offset any impact from the local business."

When prescribing medication, Indian doctors typically refer to brands rather than chemical names. Pharmacists are prohibited from substituting one generic for another, even if it's cheaper, so drugmakers try to persuade doctors to think of their brands first.

About 90% of prescriptions are generics, which the manufacturers seek to differentiate with unique names – making them branded generics. Ranbaxy Laboratories, the unit of Japan's Daiichi Sankyo, sells its version of Glaxo's Augmentin as Moxiclav, while Cipla markets it as Novamox, and Mankind Pharma retails it as Moxikind. — Bloomberg

General Industry

Publication: Financial Chronicle
Edition: National
Date: 07.11.2013
Headline: Mixed bag for pharma sector

Synopsis: The Indian pharmaceutical industry has reported a mixed performance in the quarter ended September 30, with some large and mid-cap companies showing strong growth while the small cap companies registering muted growth in their margins. Ranbaxy, on the other hand has reported losses during the quarter.
Mumbai-based Lupin has reported 40 per cent growth in its consolidated net profit to Rs 406 crore in the July while Ahmedabad-based Cadila Healthcare posted 82 per cent jump in its net profit to Rs 151.7 crore. Hyderabad-based Dr Reddy's Laboratories has reported a 76 per cent growth in its net profit to Rs 690 crore during the period under review on the back of higher margins, lower taxes and higher sales of its generics, whereas Bangalore-headquartered Biocon registered an increase of 14 per cent in its net profit.

Publication: NDTV Profit
Edition: Online
Date: 07.11.2013
Headline: Wockhardt faces 1 million-pound hit due to Kadaiya unit lapses

Synopsis: Drug major Wockhardt said on Wednesday that it will take a revenue hit of nearly one million pounds due to import restrictions imposed by the Medicine and Healthcare Products Regulatory Agency, UK on medicines made at its Kadaiya facility in Nani Daman.
The company, however, said the UK drug regulator has eased the restrictions to an extent allowing it to supply most of the products manufactured at the said facility to the UK.