



## PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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### **Big Pharma M&As aid India biz**

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New Delhi: Big Pharma's big fat weddings abroad have showered blessings on their Indian subsidiaries as well. Several pharma MNCs in India with a significant presence in niche therapeutic segments have enjoyed a boost in domestic marketshare after overseas mergers. This promises to shake up the pecking order in the Rs 50,000-crore domestic pharma market, making three out of Top 10 pharma companies by market share in the Indian market of foreign origin, compared to only one in 2009. The three entities are GlaxoSmithKline, Pfizer-Wyeth and Abbott — Solvay. In 2009, only Glaxo was the MNC player among the Top 10.

While Pfizer has already entered the Top 10 club after its Wyeth integration, Abbott, going by current market share, would enter the league as soon as it completes the merger of Solvay Pharma. Meanwhile, Merck, Sharp & Dohme (MSD) has leaped over 80 ranks in India, riding on its acquisition of Schering-Plough. Following their global acquisitions, Abbott and Novartis are set to make substantial gains in niche segments here.

Through its Solvay acquisition, Abbott has emerged as the market leader in the Rs 4,350-crore gastrointestinal market, with no less than 11% of the domestic drug market size. On its way to the top, it has beaten rivals Cadila Healthcare, Dr Reddy's and Alkem. Abbott, which already commanded 4.9% of the market, will account for 7.2% of the gastrointestinal market once Solvay's share is added to its kitty. Solvay's portfolio would also bolster Abbott's position in the Rs 2,230-crore neurology market in which Abbott already ranks fourth with a market share of 7.5%. Moreover, through Solvay, Abbott is making an entry in the vaccine arena.

After its Solvay integration, Abbott could break into India's Top 10 pharma club at No.9 position, right behind Pfizer. According to industry sources, the exercise is under execution but an announcement on full merger may have to wait. Abbott is currently positioned at No. 12 in the hierarchy with a market share of 2.28%, while Solvay ranks 41 with a market share of 0.28%.

Similarly, Swiss pharma giant Novartis AG could become one of the top five leaders in the Rs 600-crore plus Indian eye care market from its 13th rank, if its takeover of Alcon goes through seamlessly and results in the integration of Alcon India with the Indian arm of Novartis. Such a combined entity would then command a market share of 7.5% in the domestic eye care market. The proposed merged entity would reach roughly half of what current market leader Allergan commands, discounting the new products from Alcon's stable that Novartis could launch in the Indian market. Currently, Novartis India accounts for only 2.3% of the total eye care market, while Alcon holds 5.2%. In climbing the ladder, Novartis would jump eight notches and surpass rival GSK (market share of 3.5%), among others such as Micro Labs, Sunways and

Intas.

The impact of the churn is already visible. MSD, which figured nowhere among the top 100 till last June has leapfrogged to No. 28 at last count, improving its market share to almost 1% compared to 0.1% in February 2009, when it ranked 142. Its \$41-billion acquisition of Schering-Plough (which ranked No. 36 in February 2009) was announced in March 2009, through which it also inherited the reins of Organon India Ltd.

Pfizer, following its Wyeth integration, has lurched forward to No.8 in January with a market share of over 3% from No.12 in December with a market share of 2.7%. Pfizer announced the \$68-billion acquisition of rival Wyeth in January 2009.

However, Big Pharma is not satisfied yet with the market gains. While K G Ananthakrishnan, managing director, MSD India told FE that the company aims to be among the top five players by 2015, Pfizer's regional president for South East Asia Gerry Bacarro stated earlier this year that the company wants to be among the top five in the country in a few years.

In value terms, global pharma M&A activities peaked in 2009, touching the decade's high of \$147 billion. The value of deals in 2009 is over 20% of the value of all pharma deals in the decade which stand at \$690 billion....