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Novartis plans ayurveda debut

Joe C Mathew / New Delhi May 21, 2010, 0:37 IST

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<http://www.business-standard.com/india/news/novartis-plans-ayurveda-debut/395623/>

The Indian arm of Swiss pharmaceutical major Novartis AG is set to become the newest entrant in the ayurvedic business.

Novartis, already a major player in the Indian over-the-counter (OTC) segment with household brands like Calcium Sandoz, is exploring the potential of ayurveda to take on the wide array of ayurvedic pain relievers, energy boosters, skincare products and cough-cold remedies that are dominating the domestic market.

According to sources, Novartis' ayurveda foray could make a qualitative difference in the manner such products are developed and promoted in India today. The company's global policy mandates stringent quality tests and clinical trials for every product it introduces, even if not legally required under the domestic laws that govern food supplements, nutraceutical products or ayurvedic medicines in the country. The initial focus for the company is known to be in the areas of skincare, fungal infection and lifestyle category and Novartis may initiate clinical trials on ayurvedic medicines in these areas soon.

"Most of the top brands in the Indian OTC market are ayurvedic brands. The Indian consumer clearly has preferred the use of traditional medicine systems and brands while managing healthcare issues. Novartis India will evaluate both allopathic and ayurvedic segments based on key consumer needs for future brand launches", Ranjit Shahani, vice-chairman and managing director, Novartis India, said.

Since OTC as a term is not defined under Indian drug laws, industry experts broadly consider all medicines that do not need a doctor's prescription and all health supplements or nutraceuticals as OTC. "Majority of the leading OTC products, be it Amrutanjan or Vicks Vaporub, are ayurveda-based products. The current market size (of the OTC segment) is over Rs 5,000 crore and is showing healthy growth", Ranjit Kapadia, vice-president, Institutional Research, HDFC Securities said.

Novartis India's OTC business grew 30.1 per cent (from Rs 17.9 crore to Rs 23.3 crore) on a year-on-year basis during the quarter ended March. The growth is significant, as the overall sales of Rs 148.9 crore for the quarter were just 10.8 per cent higher than the year-ago quarter. An added focus on OTC business comes in the backdrop of the company's global experience that OTC revenues from emerging markets are growing 'exponentially', unlike slow growth in bigger markets of North America and Europe.

"Novartis India's OTC business will leverage this global expertise with an India-specific strategy to maximise business value. In India, the OTC business of Novartis will continue to focus on its consumer driven brands while leveraging different drivers like medical promotion to maximize business value.", Shahani said.

The leading brands in the domestic OTC segment include Pfizer's Benadryl, Piramal's Corex, Ranbaxy's Revital, Cipla's iPill etc, experts said.

“Domestic OTC market is growing 16 percent ahead of the 14 percent overall growth in pharmaceuticals business. Higher disposable income among Indian public and increasing tendencies to go for preventive healthcare and self medication will aid this growth”, Vishal Gandhi, VP, Lifesciences and Technology of Yes Bank said.

Many of the non-prescription products that can be sold without doctor prescription come under “household remedy category” specified in the Schedule K of the Drugs & Cosmetics Act 1940.

Shahani wanted the government to expand Schedule K to help give the OTC industry in India the right direction. “While OTC segments have the potential to grow at a very rapid pace, innovative marketing by companies along with a favorable regulatory environment will help to drive a more rapid growth”, he said.