

# Top 10 drugs drive India revenue for big firms

Experts expect change in strategy for a focus on high-margin products, rather than multiple brand launches

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A few thousand brand launches happen in the ₹1.2-trillion domestic pharmaceuticals industry every year. Almost all major drugmakers market a few hundred brands in the country.

However, a deeper look shows the bulk of domestic revenue for these firms come from only the top 10 brands.

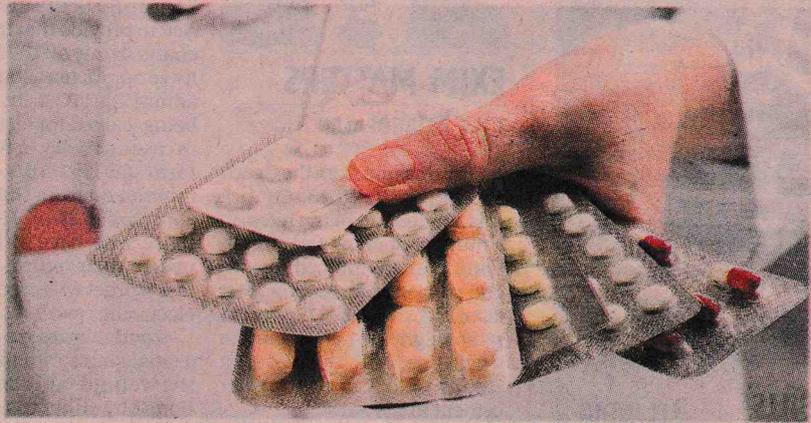
Going forward, experts feel, companies are likely to enhance their focus on the top grossing ones. In fact, the number of new brand launches has been declining — from 4,516 in 2016 to 3,932 in 2017 (source: AIOCD AWACS). In 2018, a little over 3,000 brands are estimated to have been launched, say industry sources.

Multinational drug makers seem more dependent on their top 10 brands for revenue growth — 52.6 per cent, for example, of the revenue at GlaxoSmithKline Pharma (data as on November, of moving annual turnover).

In a recent report, Motilal Oswal showed mature brands like Augmentin (an antibiotic), Zinetac (antacid), Calpol (paracetamol), T Bact (antibiotic topical ointment) and Betnovate continued to clock double-digit growth. In November, for example, Augmentin saw 17.2 per cent year on year growth; T Bact grew 73.6 per cent. Betnovate C grew 49.6 per cent and Calpol by 13.8 per cent in that month.

In an earlier interaction with this publication, GSK Pharma's vice-president for South Asia and managing director for India, Annaswamy Vaidheesh, had said: "We have decided to have less number of brands, to reduce complexities. This simplifies our operations and enables us to put our energy where it matters. Each brand launch takes up a lot of time and resources (from legal approvals to marketing push)."

The company has, in the past year, reduced the number of brands from 130 to 70. The target is to have 20 at most (over the next year and a half or so) and to focus only on the six or seven top ones. A smart strategy, says Ranjit Kapadia of Centrum Broking, to pare the tail-end brands which do not contribute much to



## WHERE THEY STAND

	Contribution of top 10 brands in sales (%)	MAT growth (%)
Biocon	76.7	9.0
Merck	61.8	8.3
Sanofi India	53.2	5.1
GSK Pharma	52.6	9.1
Pfizer	47.1	10.2
Ajanta Pharma	44.3	11.1
Alkem	38.9	8.8
Ipca	37.6	17.4
Glenmark	35.3	15.4
Alembic Pharma	34.6	7.7
Abbott India	32.3	18.6
Dr. Reddy's Lab	28.8	15.4
Cipla	27.5	17.8
Sun Pharma	27.1	8.2
Torrent Pharma	26.6	13.3
Mankind	23.5	14.5
Lupin	22.0	18.6
Cadila Healthcare	20.9	8.3

MAT - Moving Annual Turnover; Data as on MAT November 2018 Sources: AIOCD, Motilal Oswal

operating earnings. Another multinational, Sanofi India, gets 53 per cent of domestic revenue from 10 brands. For Pfizer, 47 per cent; for Merck, 62 per cent.

Indian are similarly dependent on some of the highest selling brands for the bulk of their domestic revenue. Biocon leads the pack with 76.7 per cent of its India revenue from 10 brands. Of these, five belong to the anti-diabetics space. Its other top selling ones are mostly oncology-related.

Analysts say with many molecules coming under a price control regime, and now the fixed-dose combination (FDC) ban, pharma firms are increasingly focusing on niche and speciality products that drive margins.

The head of a leading domestic company said, "Initially, firms took the approach of adding one salt or the other to an existing combination, to beat the price control order or the FDC molecules list. However, of late, most have moved away from the FDC products they had, which have come under the ban. Instead of using resources to launch more brands, they are focusing their energies on high-margin products."

With more FDCs expected to soon come under a scanner, he added, companies need to alter their strategy for the India market.

"Of the 1,600 FDC drugs now under watch, 600 or so are learnt to be vitamins. The bulk of the brand launches in the domestic market over the past few years have been in the vitamins and other over-the-counter (OTC) drugs segment," said the source, who did not wish to be named.