

MNCs move SC over drug price control

Rupali Mukherjee | TNN

Mumbai: Till now, pharma companies, opposing price control, have been trying to make their voices heard in the corridors of power. With the courts recently stepping in to bring essential medicines under a price control regime, multinational-led industry body OPPI (Organization of Pharmaceutical Producers of India) has moved the Supreme Court seeking to be heard on the drug pricing issue.

OPPI through an application seeking "impleadment" in the ongoing public interest litigation on the drug pricing issue in the Supreme Court, wants to be a formal party in the case. Sources said that the

OPPI filed the application to engage with the government "more actively", and wanted to ensure that its case is heard.

The PIL was filed by health groups led by All India Drug Action Network, seeking essential drugs to be regulated under a price control regime in 2003. The "impleadment" application was filed on November 12, and later admitted by the court. "The OPPI moved the Supreme Court to get impleaded as a party in the ongoing PIL because the drug pricing issue affects our industry's ability to sustainably provide medicines—both innovative and generic—to the population in India, and, hence will have an effect on public health and access to medicines, as well as the economic develop-



SEEKING TO BE HEARD

ment of the pharma industry," OPPI president Ranjit Shahani told TOI.

At present, 74 bulk drugs and their formulations (around 1,500) are included in the existing DPCO (Drug Prices Control Order, 1995), which covers 20% of the market. Recently, the department of pharmaceuticals formulated a draft policy on all

348 essential medicines (National list of essential medicines) whose prices would be controlled through a market-based pricing mechanism. The draft policy covers 60% of the over Rs 60,000 crore market, and will be finalized after comments from all the stakeholders have been received.

The Supreme Court had earlier expressed concern over the dwindling list of medicines under price control, and sought the government's response in bringing essential drugs under a price control regime.

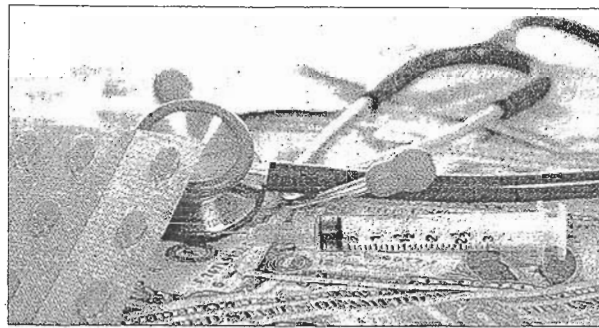
Earlier this year, the ministry of health revised the NLEM, 2011 need to be brought within the ambit of price control, considering that cost of medicines constitutes over 60% of the total cost of healthcare."

be adequate to meet the common, contemporary health needs of the general population of the country, the health ministry has said. "It would be the general obligation of the health administrators to ensure abundant availability of these drugs in the country," it said in the affidavit.

The ministry of health and family welfare had promised in an affidavit, "It is the considered view of the respondents that to make affordable healthcare a reality, all the medicines included in the NLEM, 2011 need to be brought within the ambit of price control, considering that cost of medicines constitutes over 60% of the total cost of healthcare."

Pricing. and also under policy.

Pfizer Fights to Retain Lipitor Market Share



BATTLE FOR MARKET SHARE BEGINS

DIVYARAJAGOPAL
MUMBAI

Pfizer has offered to deliver Lipitor at a cut-price of \$4 directly to patients in its fight to retain market share of the world's largest selling drug just days before the US patent for the medicine is due to expire.

The move is expected to hit Ranbaxy Pharma, which has the exclusive rights to sell the generic version for three months beginning November 30. However, the Indian company has remained silent on the US FDA clearance for its banned plants and it is not clear if it would launch its generic version as scheduled. Ranbaxy did not respond to ET's email queries.

Lipitor is the brand name for atorvastatin, a cholesterol lowering drug with annual sales of over \$10 billion.

Pfizer said the patented version would be sold through Diplomat Pharmacy at \$4 per month, which will deliver it to the patient's home and the bill will be sent directly to the insurance company.

Pfizer has been aggressively pushing the patented version of Lipitor at a much lower price through various chemists and benefit managers. It

recently launched the 'Lipitor for You' programme where the patients have been offered a 30-day dose of Lipitor for a mere \$4 per month.

"Pfizer won't give up Lipitor easily," said Ranjit Kapadia, of Centrum Capital. Analysts have now halved their estimate of Ranbaxy's profit-after-tax accruing from the launch of the planned Lipitor generic to \$100 million.

Ranbaxy's stock slipped 8% in the past one week.

If Ranbaxy fails to launch the drug on November 30, Watson Pharma, which has bought the rights to sell generic Lipitor, will launch its version in the market.

"As Lipitor patent expires, Watson would immediately launch the product in the market. Even if Ranbaxy decides to launch the product at a later stage it will have to take a significant hit on its revenues," Kapadia said.

Since 1997, Lipitor has contributed close to \$131 billion dollar to Pfizer revenues. CEO Ian Read had said in a recent interview that his company will not easily give up the patent for Lipitor. Analysts say even after it loses the patent, Pfizer will hold on to 40% market share, which could dent Ranbaxy's margins.

Patent

ज्यादा महंगी दवाएं बेचीं, चुकाने पड़े 217 करोड़

सुरेश उपाध्याय ॥ नई दिल्ली

मूल्य नियंत्रण के दायरे में आने वाली दवाओं के भी मनमाने दाम वसूलने वाली कंपनियों से सरकार ने करीब 217 करोड़ रुपये की वसूली की है। सरकार को इनसे अभी करीब 2,141 करोड़ रुपये की वसूली और करनी है। यह वह राशि है, जो कई दवा कंपनियां मूल्य नियंत्रण के दायरे में आने वाली दवाओं के भी मनमाने दाम वसूलकर अपनी जेब में डाल चुकी हैं।

केंद्र सरकार ने गरीब जनता को दवाओं के मनमाने दामों से राहत

दिलाने के लिए 94 बल्क ड्रग्स और उनके संयोग से बनने वाली दवाओं को मूल्य नियंत्रण के दायरे में रखा है और इनके रेट तय कर रखे हैं। इन रेट्स की समय-समय पर समीक्षा होती है और जरूरत के मुताबिक इनमें बढ़ोतरी भी होती रहती है। बावजूद इसके, कई देशी-विदेशी दवा कंपनियां अपनी दवाओं के मनमाने रेट तय कर देती हैं। कस्टमर के लिए इस मनमानी को सहन करने के अलावा कोई रास्ता नहीं होता। फार्मा कंपनियां करीब 13 वर्षों में मनमाने तरीके से जनता के 2,358 करोड़ रुपये अपनी जेब में डाल चुकी हैं।

NPPA

Pharma firms see hard times ahead as rupee goes on tumble vs dollar

PRESS TRUST OF INDIA

New Delhi

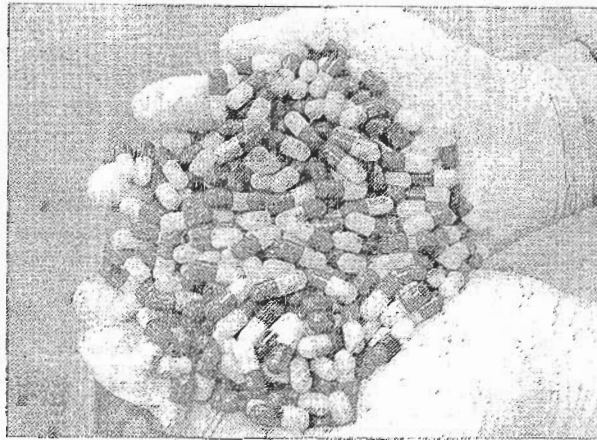
IT is turning out to be a no-win situation for pharmaceutical companies as the rupee depreciates against the dollar, despite a chunk of their sales coming from exports.

Industry body Indian Drug Manufacturers' Association (IDMA) said that while the dip will have adverse impact on import costs, the export benefits are unlikely to accrue.

"The import bills will go up. For exports, as the dollars are hedged in advance most of the pharma firms will not get the benefit," IDMA secretary general Dara Patel told PTI.

Expressing similar views, vaccine maker Serum Institute of India CMD Cyrus S Poonawalla said intervention by the Reserve Bank of India is required to lessen the burden.

"We will also get hurt be-



CURRENCY WOES: A depreciating rupee is bad news for pharma companies, which are dependent on imported ingredients

cause no one could have imagined the rupee at Rs 52 level (against the dollar). RBI must take measures to bring back the rupee at Rs 48 level," he said.

Lupin president finance and planning S Ramesh said the currency "volatility continues to be a major area of concern" and pharmaceutical companies may

have been caught off-guard.

"I seriously doubt whether most of them were able to take full advantage of the benefits given the abrupt nature of the depreciation," he said.

HDPC securities vice president, institutional research Ranjit Kapadia said in case the revenues are hedged the benefit would be

lower.

Taking a divergent line Glenmark Pharmaceuticals chairman and managing director Glenn Saldanha said: "Being a company that has substantial dollar denominated sales, the depreciating rupee can tend to positively impact a company like Glenmark."

Agreeing with him, KPMG executive director Hitesh Gajaria said: "For pharmaceutical companies which are focused on exports the depreciating rupee is a good news."

He, however, said it is partially negated if they are dependent on imported active pharmaceutical ingredients.

The Indian rupee has been continuously losing ground against the dollar and touched an all-time low of 52.73 on Tuesday, although it gained 32 paise to Rs 51.92 per US dollar this morning on the Interbank Foreign Exchange.

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Industry.

JSCDC

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23/11/11

Dr. Anurag Prasad
Website
1-12-2011

23/11/11

Top pharma firms show no growth in July-Sept

Combined adjusted profit of 10 drug majors stagnant at ₹1,985 cr

KUMAR SHANKAR ROY
New Delhi

If profit is any yardstick, top-10 listed companies in the pharma sector did not show any growth in July-September quarter in 2011 over the same period a year ago though net sales rose 20 per cent, an analysis by *Financial Chronicle* showed.

Even as slowdown in domestic market sets in firmly, the quarter presented early signs of bottoming out. Revenues from US grew 9 per cent despite no significant gains were made due to exclusive opportunities.

With factors like foreign exchange losses and rising costs playing truant, the combined adjusted profit (excluding certain one-off items) of ten most valuable pharma companies stood at Rs 1,985 crore, almost unchanged from Rs 1,990 crore reported in same quarter last year.

Profit growth has remained stagnant even though the net sales grew by 20.15 per cent to Rs 13,404 crore in July-September 2011 as compared to Rs 11,156 crore in the second

On right track

Profit growth of top pharma companies remained stagnant even though the net sales grew by 20.15 per cent

July-September quarter scorecard	Year-on-year	
	profit growth	net sales growth
Biocon	-3.95	20.96
Cadila Health	-39.90	10.24
Cipla	17.47	9.62
Divi's Lab	47.44	38.69
Dr Reddy's Labs	7.31	21.25
Glaxosmit Pharma	-7.75	4.40
Glenmark Pharma	117.64	45.87
Lupin	24.11	23.58
Ranbaxy Labs	-185.06	7.74
Sun Pharma Inds	18.68	42.30

* Standalone numbers. Source: Capitaline data



quarter last year.

However, some companies did report healthy profits growth. For instance, Sun Pharmaceutical Industries reported 18.7 per cent profit growth while Cipla (17.5 per cent) and Lupin (24.1 per cent) reported good profit numbers. Contract research firm Divi's Lab

grew its profit by 47.4 per cent while the best growth in profit was seen in Glenmark (117.6 per cent).

Companies that reported lower profits in July-September 2011 compared to the same last year are led by Ranbaxy, which ended with 185 per cent drop in adjusted

profits. It was followed by Cadila Healthcare (40 per cent drop in profits), Biocon (4 per cent lower) and Glaxo-SmithKline Pharmaceuticals, which saw profits drop by 7.8 per cent.

"Largely, operating margins continued to wilt, led by inflationary trends and a rise in employee expenses. Sun Pharma, Cipla, Glenmark and Divi's are our preferred plays. Currency fluctuation is the biggest risk along with regulatory / price changes both in India and in export markets," said Monica Joshi, analyst, Avendus Securities.

Even though year-on-year sales growth shows 20 per cent rise for top 10 firms, some analysts said that on a quarter-on-quarter basis numbers had slowed down.

Sanjeev Prasad of Kotak Institutional Securities said that sales growth decelerated sharply for several pharma companies. "We highlight that the anti-infective categories probably showed a sharp deceleration in sales, also, consumers may have deferred purchases barring the acute categories," said Prasad.

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Q2 REVIEW

FTS: 5898/A/11

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Industry.

INTERVIEW: KEWAL HANDA

MANAGING DIRECTOR, PFIZER INDIA

If China gets 7/10 in pharma policy, India scores a 2

The managing director of Pfizer India, Kewal Handa shares his reservations on the country's emerging pharma policy landscape in an interview with FE's Soma Das. Excerpts:

What are your apprehensions on the new pharma pricing policy?

A good part of the new pharma pricing policy is progressive. For instance, the entire shift of the policy to being more market driven, inclusion of clinical trials under weighted deduction benefit and the move to regulate prices of formulations rather than bulk drugs is commendable. However, preserving the scope of the national list of essential medicine (NLEM) is the most critical aspect here. The NLEM, prepared by expert committees with due care, clearly defines what should or shouldn't come under the purview of essential medicine. It is important to preserve the sanctity of that list by restricting the cover-

age to drugs included in it. However, if one superimposes the older policy on this list, it goes on to cover all strengths, all combination drugs, the coverage, which the government itself claims would go up to 60%, would actually escalate to 75% from the current 20%, according to our estimate. This is totally unnecessary when there is no imminent necessity prompting such radical measure. The evidence shows that the prices haven't gone up, more so for the drugs in the NLEM. If the objective is to reduce prices, this policy wouldn't work, if the goal is to ensure availability, it would work best if the drug coverage is restricted to NLEM.

What about treating imported drugs at par with generic drugs in the new policy?

The idea of equating imported drugs with generic versions is not fair. Every country has its own cost struc-

IF THE OBJECTIVE IS TO REDUCE PRICES, THIS POLICY WOULDN'T WORK, IF THE GOAL IS TO ENSURE AVAILABILITY, IT WOULD WORK BEST IF THE DRUG COVERAGE IS RESTRICTED TO LIST OF ESSENTIAL MEDICINE. ALSO, TRYING TO CONVERGE EVERYTHING INTO A SINGLE PRICE UNDERMINES COMPETITION

ture, with the aspect of quality, R&D, delivery systems built into it. Also, trying to converge everything into a single price undermines competition, when the policy actually strives to encourage competition. If the imported drugs are overpriced, they will not sur-



vive. With this policy, we would be handing over the business to traders and there a lot of margin play would come in. That may see many more local small players entering the pharma fray which may finally lead to quality getting compromised.

Once the government has categorically stated that the FIPB route is a temporary feature, what are your objections to the new pharma FDI landscape?

My problem is the distinction being made between brownfield and greenfield ventures and erecting barriers to invest in brownfield ventures only. You need that investment to be made in brownfield venture to service the greenfield. You cannot only invest in greenfield projects without making any money. It is like asking me to invest only in biopharma where the returns, if any would come after a 10 year lag.

What is your biggest challenge in the pharma policy environment?

Is there any owner for pharma sector today? Every department is doing their own thing and killing the attractiveness of the sector. The commerce ministry talks about compulsory licensing, FDI,

health ministry says no data exclusivity, pharma department says everybody should sell at similar prices. Is there one agency looking at the holistic picture? In pharma, there is a \$10 billion domestic piece, a R&D piece, a CRAMS piece, a data processing piece, on a cumulative basis all of which would add up to \$45 billion. If you are making the domestic piece so unattractive, why would invest in clinical research if I have no incentive to launch my patented product here? Why should I not invest in better, friendlier markets, China, Singapore or South Korea. Losing out on investments in the rest of the pharma pie, which is five times bigger than the domestic piece would be the biggest loss to the country.

How do you rate the policy environment in China vis-a-vis India?

If China scores 7 or 8 on a scale of 10 in pharma policy environment, India would fetch a 2 or 3.

Policy .

Pharma FDI: Panel for urgent review

JOE C MATHEW
New Delhi, 22 November

AN expert group, set up by the Planning Commission, has called for an "urgent" reversal of the current position on foreign direct investment in the pharma sector. The panel wants foreign drug multinationals to bring down their stake in the Indian subsidiaries to 49 per cent, even as another committee — headed by Planning Commission member Arun Maira — had recently sought the continuance of 100 per cent FDI in the pharmaceutical sector.

The Commission's high-level expert group, or Help, is headed by Srinath Reddy, president, Public Health Foundation of India. Among its 17 members figure a Planning Commission representative: N K Sethi, who is former senior advisor of the Commission. The other Help members include representatives from the health ministry besides public health organisations and civil society groups.

The report, to be submitted to Deputy Chairman of Plan-

WHAT THE PANELS SAY

EXPERT GROUP

AN EXPERT group or Help, set up by the Planning Commission, wants foreign drug multinationals to bring down their stake in the Indian subsidiaries to 49 per cent

THE REPORT of this group, headed by Public Health Foundation of India President Srinath Reddy, talks about retaining predominance of Indian pharma firms and preserving self-sufficiency in drug production

IT IS against 100 per cent FDI in pharmaceuticals and been working to prepare a universal healthcare model that is accessible to all citizens

MAIRA COMMITTEE

ANOTHER COMMITTEE headed by Planning Commission member Arun Maira had recently sought the continuance of 100 per cent FDI in the pharmaceutical sector

THE PANEL had the mandate to see the impact of FDI in pharmaceuticals in the context of increasing mergers and acquisitions in the domestic drug industry

FORMED IN June this year, the committee also had the mandate to turn India into a global pharmaceuticals manufacturing and research hub

ning Commission Montek Singh Ahluwalia on November 28, talks about an urgent need to "revisit India's FDI regulations to amend the present rules of an automatic route of 100 per cent share of foreign players in the Indian industry to less than 49 per cent, so as to retain predominance of Indian pharmaceutical companies and preserve self-sufficiency in drug production".

The Maira Committee — formed in June this year — had

the mandate to see the impact of FDI in pharmaceuticals in the context of increasing mergers and acquisitions in the domestic drug industry and the need to turn India into a global pharma manufacturing and research hub. On the other hand, the Help, which is against 100 per cent FDI in pharmaceuticals, has been working for more than a year to prepare a universal healthcare model that is accessible to all citizens of the country.

The Reddy panel also wants to strengthen the capacity of the public sector for the manufacture of domestic drugs and vaccines. The "central and state governments should assist and revive public sector units that manufacture generic drugs and vaccines, limit the voting rights of foreign investors in Indian companies, and take other measures to retain and ensure self-sufficiency in drug production", it has recommended.

Policy.

Merck to Pay \$950 M in Vioxx Case

DUFF WILSON

Merck has agreed to pay \$950 million and has pleaded guilty to a criminal charge over the marketing and sales of the painkiller Vioxx, the company and the Justice Department said Tuesday.

The negotiated settlement, which includes resolution of civil cases, was the latest of a series of fraud cases brought by federal and state prosecutors against major pharmaceutical companies.

By the time Vioxx, which was approved by the Food and Drug Administration in 1999, was pulled off the market in 2004 because evidence showed that it posed a substantial heart risk, about 25 million Americans had taken the drug.

In a statement on Tuesday, Merck said that it had previously disclosed the seven-year investigation by the US attorney in Massachusetts and had charged \$950 million against its earnings in October 2010. Merck agreed to pay a \$321 million criminal fine and plead guilty to one misdemeanor count of illegally introducing a drug into interstate commerce, the Justice Department said in a news release. The charge arose from Merck's promotion of Vioxx to treat rheumatoid arthritis before the FDA approved it for that purpose in 2002.

Merck also is paying \$426 million to the federal government and \$202 million to state Medicaid agencies. Those payments will settle civil claims that its illegal marketing caused doctors to prescribe and bill the government for Vioxx they otherwise would not have prescribed.

Physicians are free to prescribe drugs for any purpose they see fit, but pharmaceutical companies are prohibited from marketing them for any uses except those that the FDA has determined are safe and beneficial.

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Regulatory / Industry

406 pharmacies raided, 281 found to be illegal

SULOGNA MEHTA | DC
HYDERABAD, NOV. 22

A pharmacist, playing doctor, administered some medication to a child suffering from diarrhoea. The child, the daughter of a JNTU watchman, died but no case was registered against the pharmacist because he bought the watchman with ₹20,000.

Several such incidents, most of which go unreported, occur in the city. Unqualified pharmacists continue to play doctor and prescribe drugs to illiterate individuals and do more damage than good.

tip of the iceberg

- No visit of officials in districts for years
- 70% of 52,600 medical stores violate DCA Act
- Licenses renewed to holders of expiry docs

However, the Drugs Control Administration (DCA) raided 406 medical retail shops on Monday in an attempt to curb this malpractice. They found that 281 medical stores that raided were illegal. They were not only unreg-

istered but did not have any expertise in trade and were not providing bills for the medication they were selling.

This seems to be just the tip of the iceberg, since there are 52,600 medical stores in the state and about 70 per cent of these are sure to be violating the DCA Act. In some districts the DCA expects that all drug stores are unregistered.

The AP Pharmacy Council (APPC) alleged that the DCA was issuing licenses to holders of expired pharmacy certificates and were even renewing licenses to hold-

ers of certificates that had expired years ago without any verification of documents, thus violating the DCA Act. A petition to this effect was filed with the SHRC by one P. Varaprasad Rao this year.

Vijay R. Annapareddy, president of the APPC said, "Drug inspectors should visit the premises of the establishments once a year, even though renewal of licenses has to be done every 5 years. But in many districts, no visits have been made by officials for decades, yet their licenses have been renewed with purportedly after verification."

Regulatory.

TOPH
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नशीली दवाओं में इस्तेमाल रसायनों पर और कड़ा नियंत्रण

आगरा, 22 नवंबर (भाषा)। दवाइयों के गैरकानूनी व्यापार को काबू पाने के लिए भारत कृत्रिम नशीली दवाओं में इस्तेमाल होने वाले रसायनों के उत्पादन पर नियंत्रण और सख्त करेगा। यह बात वित्त सचिव आरएस गुजराल ने मंगलवार को यहां राष्ट्रीय दवा कानून प्रवर्तन एजेंसियों के प्रमुखों की बैठक में कही।

गुजराल ने कहा कि एंफेटामाइन किस्म के उत्प्रेरक (एटीएस) के उत्पादन के लिए एफेड्रिन और स्पूडो एफेड्रिन का इस्तेमाल किया जाता है। उन्होंने कहा कि सरकार इन रसायनों पर नियंत्रण और कड़ा करने पर विचार कर रही है। ये रसायन कृत्रिम नशीली दवाएं बनाने में इस्तेमाल होते हैं। उन्होंने कहा कि भारत-पाक सीमा और भारत-म्यांमा सीमा के दायरे में गैरकानूनी व्यापार लगाम लगाने के लिए इन दोनों रसायनों को विशिष्ट तत्व के तौर अधिसूचित किया गया है।

यूएनआईडीसी ने एटीएस को भांग के बाद विश्व में सबसे ज्यादा इस्तेमाल की जाने वाली दवा करार दिया है। इसमें कहा गया कि इस दवा व्यापार और आपराधिक मुनाफे से विश्व भर में सुरक्षा और स्वास्थ्य को खतरा है।

वित्त सचिव ने कहा कि भारत दवा के गैरकानूनी कारोबार और प्रसार के रोकने के प्रति प्रतिबद्ध है। उन्होंने कहा कि भारत

अंतरराष्ट्रीय अपराध पर संयुक्त राष्ट्र सम्मेलन और अन्य अंतरराष्ट्रीय दवा नियंत्रण सम्मेलनों के तहत तय मानदंडों के अनुरूप अपने कानूनी ढांचे में लगातार काम कर रहा है। उन्होंने अफगानिस्तान में अफीम की बढ़ती पैदावार पर जाहिर की और नशीली दवाओं के कारोबार पर लगाम लगाने के लिए इस देश के सदस्य देशों के बीच बेहतर संयोजन की जरूरत पर बल दिया।

गुजराल ने 2011-12 के लिए तय विनिवेश लक्ष्य को पूरा करने के प्रति प्रतिबद्धता जाहिर करते हुए कहा कि सरकार शेयर बाजार में अनिश्चितता के बावजूद सरकारी कंपनियों की हिस्सेदारी बेचने के विकल्प का आकलन कर रही है। उन्होंने कहा कि 40 हजार करोड़ के लक्ष्य को छोड़ने की कोई वजह नहीं है। उन्होंने कहा कि कई तरह के विकल्प हैं और सारे विकल्पों का खाका तैयार कर लिया गया है। 40 हजार करोड़ रुपए का लक्ष्य अभी छोड़ा नहीं गया है। वास्तविक विनिवेश बाजार की स्थिति पर निर्भर है।

गुजराल ने कहा कि अगर बाजार के हालात खराब होते हैं तो खराब माहौल में विनिवेश करना अनुचित होगा। लेकिन बाजार में किसी भी वक्त सुधार हो सकता

है। चालू वित्त वर्ष के सात महीने गुजर चुके हैं, लेकिन सरकार सिर्फ पावर फाइनैस कारपोरेशन की हिस्सेदारी बेच कर 1145 करोड़ रुपए जुटा पाए हैं। आशंका जताई जा रही है कि 2011-12 के तय 40000 करोड़ रुपए के भारी-भरकम विनिवेश लक्ष्य को हासिल करना मुश्किल होगा।

वित्त सचिव ने कहा कि शेयर बाजारों में हो रही उठा-पटक के कारण सरकार को मजबूरन सरकारी उपक्रमों में प्रस्तावित हिस्सेदारी की बिक्री में देरी करनी पड़ी। पिछले वित्त वर्ष के दौरान सरकार ने सरकारी उपक्रमों की हिस्सेदारी बेच कर 22 हजार करोड़ रुपए जुटाए थे।

बैंक पुनर्पूजीकरण के बारे में गुजराल ने कहा कि सरकार चालू वित्त वर्ष के दौरान सरकारी बैंकों को पर्याप्त पूंजी मुहैया कराएगी। उन्होंने कहा कि अतिरिक्त धन मुहैया कराने में कोई समस्या नहीं है। हमारे पास बजटीय आवंटन की सुविधा है। जरूरत पड़ने पर पूंजी मुहैया कराई जाएगी। उन्होंने कहा कि सरकार ने 2011-12 के बजट में सार्वजनिक क्षेत्र के बैंकों के पुनर्पूजीकरण के लिए 6000 करोड़ रुपए अलग किए हैं। चालू वित्त वर्ष के दौरान एसबीआई, बैंक आफ बड़ोदा, सिंडिकेट बैंक और यूनियन-बैंक आफ इंडिया सहित कई

बैंकों को ज्यादा पूंजी की जरूरत पड़ेगी।

प्रत्यक्ष कर संहिता (डीटीसी) के बारे में वित्त सचिव ने कहा कि वित्त मंत्रालय प्रत्यक्ष कर संहिता विधेयक पर संसद की स्थायी समिति की रिपोर्ट का इंतजार कर रहा है। डीटीसी व एक अप्रैल, 2012 से लागू किया जाना है। य आयकर कानून, 1961 का स्थान लेगा। उन्होंने कहा कि स्थायी समिति शीतकालीन सत्र 2 खत्म होने से पहले अपनी रिपोर्ट जमा करती तो यह तय अवधि पर लागू होगा।

Regulatory

Biocon Sees Oral Insulin Partner by March



BANGALORE Biocon Ltd, India's largest listed biotechnology company, expects to find a deep-pocketed global partner for its experimental oral insulin pill by end-March, its top executive said on Wednesday. "We are in advanced discussions with potential partners," Biocon's Managing Director Kiran Mazumdar-Shaw told the Reuters India Investment Summit in Bangalore. In January, Biocon had said it was looking for a partner after its oral insulin, IN-105, failed to meet the main goal of an Indian late-stage trial in patients with type-2 diabetes. Mazumdar-Shaw, however, declined to name any potential partners. She also said the planned IPO of its contract research organisation, Syngene, was on track.

Comifony.

Transgene Biotek sells technology to German firm

Our Bureau

Hyderabad, Nov. 23

Transgene Biotek Ltd has sold its recombinant human erythropoietin technology to TSS Export of Germany for \$5 million.

The technology transfer and sale formalities are expected to be completed in five-six months.

TSS Export, part of the TSS Group of Germany, will have exclusive rights to market the product in Europe, South America, West Asia and Africa, according to Dr K. Koteswara Rao, Managing Director of Transgene Biotek.

This is the third deal that the Hyderabad-based Transgene Biotek has struck. Earlier, it had out-licensed its recombinant Hepatitis B vaccine to the Serum Institute and Orlistat, a drug to fight obesity, to a big Indian pharma company.

Erythropoietin is a hormone produced by the kid-

▶ *“Transgene will have rights to sell the technology to tap the Indian, North American and Asia-Pacific markets.”*

ney. It helps increase haemoglobin in patients with anaemia and in injection form can help victims of kidney failure.

With competition hotting up, several players making the product are bringing down costs.

Therefore, Transgene has decided to sell the technology, he told *Business Line*.

Transgene will have rights to sell the technology to tap the Indian, North American and Asia-Pacific markets, he added.

Dr Rao said the transaction is part of the company's

strategy to sell under-utilised bio-generic drug assets and generate revenues for future growth.

The company recently commenced the commercial manufacture of DHA, an Omega-3 fatty acid, which in recent years has witnessed explosive growth in the nutraceuticals and health supplements market.

“We are in talks with European and Canadian companies for a possible joint venture for the manufacture and distribution of Omega-3 as well as Tacrolimus, an API, in the non-regulated markets,” Dr Rao said.

Transgene has a strong pipeline of 9-10 potential drugs which would begin human trials in the next one year.

In the last six months it has also filed for 30 patents in the Indian, the US and PCT (Paris Convention Treaty) countries.

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Company.

Gilead in \$11bn Pharmasset deal

PHARMACEUTICALS

By Alan Rappeport and
Helen Thomas in New York
and Andrew Jack in London

Gilead, the US pharmaceutical company, has agreed to buy Pharmasset in an \$11bn cash deal designed to diversify the group away from HIV drugs and give it a lead in the fast-growing market for hepatitis C medicines.

The deal values Pharmasset at \$137 a share, an 89 per cent premium to its closing share price on Friday and a 59 per cent premium to its all-time high closing price. It far exceeds Gilead's previous acquisitions, including Myogen, bought for \$2.5bn in 2006, and CV Therapeutics, purchased for \$1.4bn in 2009.

Gilead shares fell almost 12 per cent to \$35.24 in early US trading on concerns the price was too high for a company not expected to generate profits for three years. Pharmasset shares surged more than 80 per cent to \$134.46.

"While we understand the strategic rationale, the price tag is lofty for a pre-commercial asset and not aligned with what we would like to see from Gilead in terms of capital allocation," said Joshua Schinner, an analyst at Leerink Swann.

Pharmasset is developing oral drugs for hepatitis C, which Gilead expects to become important as patients switch from existing therapies that must be taken more regularly, require injection and have significant side effects.

The purchase - one of the largest in the drugs sector in recent months - will



Gilead Sciences offices in Foster City, California

strengthen Gilead's position in the field and reflects a strategy it has used to become one of the leading producers of HIV treatments, including tenofovir.

John Martin, Gilead's chief executive, said: "The acquisition of Pharmasset represents an important and exciting opportunity to accelerate Gilead's effort to change the treatment paradigm for [hepatitis C virus]-infected patients by developing all-oral regimens for the treatment of the disease, regardless of viral genotype."

A number of leading drug groups are investing heavily in hepatitis C treatment as the market moves towards a once-a-day oral cure rather than the

cocktail of medicines now used to control the disease. Merck, Roche, Johnson & Johnson and Vertex are among those targeting the market.

Hepatitis C is a viral disease that causes the liver to swell. Gilead said estimated global prevalence was 160m people, including 12m infected in big markets, while only 200,000 patients were being treated. According to the US National Institute of Health, the disease affects about 1.5 per cent of the US population.

The deal consolidates Gilead's own hepatitis treatments with two approved medicines and a further half a dozen in development. Pharmasset has

The deal far exceeds Gilead's previous acquisitions, including Myogen, bought for \$2.5bn in 2006, and CV Therapeutics, purchased for \$1.4bn in 2009

three hepatitis C drugs undergoing clinical trials, including one in a partnership with Roche. Schaefer Price, the company's chief executive, said Gilead's marketing and antiviral drug development expertise would make the acquisition a good fit.

The company said the deal would be dilutive to earnings until 2014 and accretive from the following year. It will temporarily suspend its share repurchases and fund the transaction with cash and additional borrowings.

Les Funtleyder, an analyst at Miller Tabak, said some investors found the deal risky because it was dependent on the success of clinical trials. "Many people are reading this as an act of desperation for Gilead, meaning that maybe their pipeline wasn't really so great," Mr Funtleyder said.

Barclays Capital and Bank of America Merrill Lynch advised Gilead on the deal and provided \$6.2bn in new debt financing. Morgan Stanley advised Pharmasset.

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Company .

Cos have funds for buybacks, but not worker

Nov 22

When Pfizer cut its research budget this year and laid off 1,100 employees, it was not because the company needed to save money.

In fact, the drug maker had so much cash left over, it decided to buy back an additional \$5 billion worth of stock on top of the \$4 billion already earmarked for repurchases in 2011 and beyond.

The moves, announced on the same day, might seem at odds with each other, but they represent an increasingly common pattern among American corporations, which are sitting on record amounts of cash but insist that growth opportunities are hard to find.

The result is that at a time when the nation is looking for ways to battle unemployment, big companies are creating

fewer jobs, and critics say they are neglecting to lay the foundation for future growth by expanding into new businesses or building new plants.

What is more, share buybacks have not fulfilled their stated purpose of rewarding investors over the last decade, experts say. "It's a symptom of a deeper problem, which is a lack of investment in the long term," said William W. George, a Harvard Business School professor and former chief executive of Medtronic, a medical technology company. "If we're not investing in research, innovation and entrepreneurship, we're going to be a slow-growth country for a decade."

Liberal critics insist the trend is another example of top corporate executives raking in an inordinate share of the nation's wealth, even as their employees suffer. *NYT*

Company.

Abbott, Dabur, GSK eye Jagdale's energy drinks biz

Boby Kurian &
Reeba Zachariah | TNN

Mumbai: A line-up of MNC and Indian bidders are in the fray to acquire home-grown electrolyte energy drinks business of Jagdale Healthcare, which is on the block. GlaxoSmithKline Plc, Abbott Laboratories, Zydus Cadila, Wipro and Dabur are among the potential suitors for Jagdale's OTC business for an estimated valuation of Rs 500 crore, said sources directly briefed on the matter.

Bangalore-based Jagdale has appointed boutique investment bank Mape Advisory Group to find suitors for the business under the brand ORS-L. The brand, a patented fruit-based electrolyte drink, competes in the broader energy drinks segment that include players like Gatorade from PepsiCo. The brand ORS-L is expected to end the fiscal with revenue nearing Rs 100 crore, and has sought almost five-fold valuation for a likely sale, said a source who did not wish to be

quoted as talks were preliminary and private. Jagdale Healthcare MD Rajesh Jagdale declined to comment.

One source said Jagdale has sought a hefty premium citing process and product patent for its tetrapak offering until 2025. ORS-L, which started off as prescription based product, has now moved into the OTC segment with nutritional positioning. Indian pharma firms like

ON THE BLOCK

Mankind, Ipca and global heavyweights such as Abbott have entered this space more recently, with some of them having contract manufacturing agreements with Jagdale.

Global pharma and FMCG giants have shown a huge appetite for OTC healthcare brands as reflected in Reckitt Benckiser's acquisition of Paras Pharma for \$724 million in 2010. GSK and Abbott declined to comment on speculation, while Dabur, Wipro and Zydus Cadilla could not be reached immediately.

Company.

Shasun to raise ₹150 crore PE

SANGEETHA G

Chennai

CITY-BASED Shasun Pharma is in the process of raising Rs 100 to Rs 150 crore from private equity firms for its operational expenses.

The company is in talks with a few private, equity firms and has not given an exclusive mandate to an investment bank, a person privy to the development

said. The equity dilution will depend upon the valuation, but the company is willing to liquidate up to 10 per cent, which will include the promoters' stake. The promoter group held 22.72 per cent stake in the company as per shareholding pattern at the end of September-end.

The company plans to close the deal before January-end. The funds would be utilised mainly for the opera-

tions of the new API (active pharmaceutical ingredients) manufacturing unit at Vishakhapatnam, which will go on stream in July. Further, the company is also augmenting its manufacturing operations with 60 per cent of the orders for 2012-13 already in hand.

Talking to *Financial Chronicle* at an earlier occasion, Shasun officials had said that the company would

be investing Rs 100 crore in the Vishakhapatnam plant in two years.

Earlier, the company had raised \$6 million as external commercial borrowing (ECB) and had invested it in the operations of its UK subsidiary, Shasun Pharma Solutions (SPSL).

SHASUN PHARMA/BSE Rs 53.25 ▼

NSE Rs 53.6 ▲

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Company.

रुपया कमजोर होने से दवा क्षेत्र में बेचैनी

नई दिल्ली (एजेंसी)। अपनी आय का एक महत्वपूर्ण हिस्सा निर्यात से हासिल करने वाली दवा कंपनियों को रुपए के कमजोर पड़ने से लाभ नहीं होने जा रहा है।

दवा उद्योग के संगठन 'इंडियन ड्रग मैनुफैक्चरर्स एसोसिएशन' (आईडीएमए) ने कहा कि आयात लागत में बढ़ोतरी की वजह से निर्यात से मिलने वाला लाभ खत्म हो जाएगा। आईडीएमए के महासचिव दारा पटेल ने कहा, 'इससे आयात बिल में बढ़ोतरी होगी। जहां तक निर्यात का सवाल है, जोखिम से बचने के लिए पूर्व में किए गए सौदों की वजह से अधिकांश कंपनियां लाभ नहीं उठा पाएंगी।'

सीरम इंस्टिट्यूट ऑफ इंडिया के अध्यक्ष एवं प्रबंध निदेशक साइरस एस. पूनावाला भी पटेल से सहमत दिखाई पड़ते हैं। उन्होंने कहा कि ब्रोड को कम करने के लिए भारतीय रिजर्व बैंक के हस्तक्षेप की जरूरत है।

X
4Em ए का फुका है।