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Indian Pharma Hits R&D Salvo

31 December 2024 | Features | By Ayesha Siddiqui

Pharma companies are constantly on the quest to discover the next big game-changer drug or therapeutic by leveraging the latest, cutting-edge innovation. While it is notable that biopharma companies eased up on their research and development (R&D) spending in FY 2022-23 after the world was hit by COVID-19-induced economic slowdown, the budget for R&D has witnessed a steady increase. Departing a bit from their traditional drug portfolios, companies are increasingly focusing on R&D in next-generation therapies to drive innovation, particularly in complex generics, biosimilars, cell and gene therapies and novel drug delivery systems.

R&D Expenditure: Top 10 Indian Pharma Firms (for 2023-24)

Sr. No.	Company	Total revenue (in Rs billion)	R&D spend (in Rs billion)	% of total revenue
1	Dr. Reddy's Laboratories Ltd	279.16	22.87	8.19
2	Lupin Ltd	200.11	15.27	7.63
3	Biocon Ltd	156.21	11.54	7.39
4	Zydus Lifesciences Ltd	195.47	13.1	6.7
5	Sun Pharmaceutical Industries Ltd	498.51	31.78	6.37
6	Cipla Ltd	257.74	15.71	6.1
7	Aurobindo Pharma Ltd	290.02	14.71	5.07
8	Torrent Pharmaceuticals Ltd	107.28	5.27	4.91
9	Alkem Laboratories Ltd	126.68	5.23	4.13
10	IPCA Laboratories Ltd	62.78	1.62	2.58

Indian pharmaceutical companies tend to allocate 5-10 per cent of their total revenue for R&D, a trend that aligns with other leading Asian companies, which also invest a similar percentage in R&D. The total R&D expenditure of the Top 10 listed pharma companies by market capitalisation, as per GlobalData based on their Annual Reports for FY 2023-24 touched Rs 137.1 billion for 2023-24 with an average expenditure of Rs 13.71 billion, with an average percentage of 5.9 per cent.

Dr. Reddy’s Laboratories leads in R&D investment, dedicating 8.2 per cent of its revenue to R&D. This significant investment reflects the company's focus on developing complex generics, biosimilars, and new drug formulations, with an emphasis on expanding its global presence, especially in the US market. Similarly, Biocon Ltd invests 7.39 per cent of its revenue, underlining its strategic push in biosimilars.

Sun Pharmaceutical Industries, the largest player in terms of revenue, allocates 6.37 per cent of its revenue to R&D, translating to a significant absolute spend of Rs 31.78 billion. The company is heavily focused on expanding its specialty pipeline, including dermatology and oncology treatments. Zydus Lifesciences also spends 6.7 per cent, aligning its R&D efforts with complex generics and biosimilars, with a focus on expanding its global portfolio.

On the other hand, companies like Cipla Ltd and Lupin Ltd allocate 6.1 per cent and 7.63 per cent of their revenues to R&D, respectively. Cipla’s spending supports its growth in respiratory and oncology therapies, while Lupin continues to invest in differentiated products and complex generics.

Torrent Pharmaceuticals, Alkem Laboratories, Aurobindo Pharma and IPCA Laboratories, have relatively lower R&D spending in percentage terms and maintain a focus on cost-effective strategies and process innovation. In the following pages we will be featuring the profiles of Top 10 pharmaceutical companies with their R&D expenditure for 2023-24.

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