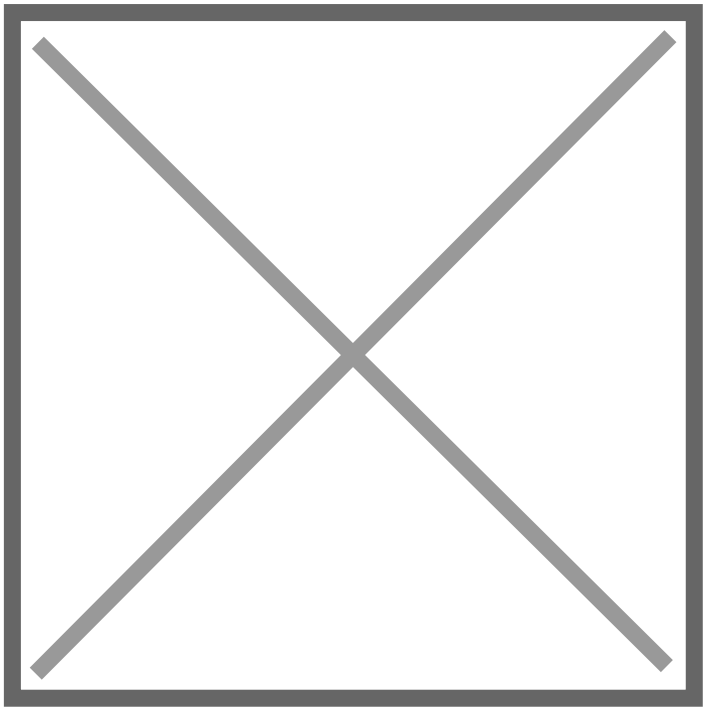
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Anti-Cancer Market The Next Move

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Anti-Cancer Market

The Next Move

With the anti-cancer market in India proving to be lucrative, several companies are now chalking out ambitious plans for the next level of growth in this sector.

The landscape of the Indian biotechnology sector is going through a rapid metamorphosis for the better. Indian BioPharma companies, which account for around 70 percent of the total biotech market, are now revamping their business strategies wherein they are now looking beyond the traditional vanilla generics to the more niche therapeutic segments. Within this, oncology features among the top three segments zeroed upon as the preferred route of investment for most companies (which also includes most of the top10 companies). Attribute this to the intense competition or the soaring generic pricing. Companies have come to realize that focusing on a niche segment like oncology (both manufacturing and marketing) makes business sense to them and offers a wider reach to the market. The sharp rise in the incidences of the disease itself, especially in the urban and semi urban cities, furthers their case. A recent report by WHO has clearly mentioned that by 2020, the number of people with the disease will double in numbers.

Going the niche way

A recently published report from KPMG (India Pharma Inc--An Emerging Pharma Hub) points out that a niche segment requires a dedicated infrastructure. This is something, which only a few companies can afford and henceforth restricts the market to a handful of players. Competition is low and this further leads to lower price discounts, which leads to high profit generation.

Mixed reactions prevail in the industry as far as the growth of the Indian oncology market is concerned. One school of thought maintains that there has been a slowdown in the market. A reliable source from the industry said that the oncology market in India constitutes just one-two percent of the total global market. The slow down is not in terms of the slow growth of the disease itself but in terms of the buying power of the masses and in terms of the supply chain.

The other school of thought maintains that despite the slowdown, the market holds a lot of promise for companies in the future, especially the four major blockbusters going off patent. Moreover, in India oncology features among the top three segments.

The latest ORG IMS' oncology report on the global market gives a balanced picture. It predicts that the global sales of cancer drugs will grow 12-5 percent and reach $75-80 billion in sales by 2012, nearly doubling the forecasted growth rate of the global pharmaceutical market (6.4 percent in 2007). While mentioning that there has been remarkable expansion over the last

few years, and in spite of the predicted 12-15 percent growth, this industry feels like it is contracting not expanding.

However this has not stopped Indian companies from tapping this segment. Be it in the form of partnerships and alliances that offer new platform technologies or in the upcoming innovative drug delivery systems for the market or even regulating their pricing structure to cater to the Indian market, India Inc has definitely got its wheels running!

For instance, pharma major Ranbaxy entered into a marketing and distributing partnership with Hyderabad-based Zenotech Laboratories Ltd to work on two key areas, one of them being oncology. Gujarat-based Zydus Cadila has been focusing on anti-cancer drugs in particular wherein it has entered into a joint venture (50:50) with Mayne Pharma, Australia, for the manufacture of anti-cancer injectibles and APIs. MNC giant, Novartis India now offers its oncology product Glivec free of cost to around 9,700 patients in India and Asunara which globally costs around Rs 60,000 per course is given at Rs 4,000 per course. Leading biotech players like Biocon and Dabur are working on novel drug delivery systems for oncology. Amidst these there are a couple of companies working on the biosimilars too. Other majors include Dr Reddy's and GSK with the latter soon going to launch its much awaited anti-cancer vaccine Cervarix which has already been launched in the US and EU.

Despite biotech being the next big approach to the oncology market, some prefer to remain in the domain of pharma for some more time. The reason cited is that biotech is an expensive and a time consuming process. The contention of industry experts both domestic and global pharma companies is that the biotech revolution which was supposed to witness its boom by 2010 has not really kicked off for myriad reasons. Agreed Ranjit Shahani, vice chairman and managing director, Novartis India, "Biotech as a field has a huge promise, but in many respects the potential has not been exploited. Five years ago it was said that by 2010, 25 percent of the pharma products would be biotech but that has not happened. It is a different ball game altogether."

Oncology has been an important focus area for another leading pharma major Sun Pharma, which entered this market with independent marketing division five years back. Within two years of the launch of its product, Sun pharma was ranked among the top three oncology companies. Dilip Sanghavi, chairman and managing director, Sun Pharma, said, "Though the division contributes very little to the total sales of Sun Pharma in India, we have close to 4-5 percent share of the overall oncology market, despite we having less than 50 percent participation in the whole market. Our share from the market that we participate in will be about 9-10 percent. We have tapped the medical, radiation, hematological, neuro and surgical segments of oncology." The sales of this division have grown over six times in the last six years, at a CAGR of 45 percent.

"Currently we do not have any biotech product. We have pharma products for almost all cancers covering breast, cervix, ovary, head and neck, lung, hematological malignancies, brain tumors, and prostate. Apart from the main stream molecules, we also have hormonal anti-cancer molecules for breast and prostate cancers," added Sanghavi. With this consolidation, the immediate move for Sun Pharma is to increase its market share by entering into several sub-segments of the oncology market, like targeted therapy, growth factor and chemo-induced fungal infection.

Glenmark, which is mainly into generic business, has plans to tap both the biotech as well as the oncology space. The company is tight-lipped about its oncology plans and reluctant to reveal whether they are pure generic or biotech products. "We are too new in the space and are reluctant to reveal any plans," said a spokesperson.

Biopharma major from Hyderabad, Bharat Biotech however has no plans to foray into oncology. When asked about the company's plans in this attractive segment, Dr Krishna Ella, chairman and managing director, Bharat Biotech International said, "We are not there in the oncology space. Unless some novel innovation comes in, we wouldn't do anything. I don't want to make any GCSF, GMCSF or interferons. We have 20 manufacturers already in India and everybody now is going in the same direction."

Nayantara Som with inputs from Jahanara Parveen (Bangalore) and Shalini Gupta (New Delhi)