

## Indian Pharma to grow steadily: Report

29 August 2014 | News | By BioSpectrum Bureau

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The pharmaceutical market in India will continue its double-digit growth, faster than other markets, according to a new report.

According to the study by Moody's Investor service, Indian pharma industry will present better growth opportunities than other pharmaceutical markets because of improving socio-economic conditions and access to healthcare against rising prevalence of diseases such as diabetes and cardiovascular disorders.

However, drug makers in India could face higher debt levels which will result in mergers and acquisitions (M&A), the report highlighted.

According to the report, key Indian companies have generally maintained a low financial leverage and have demonstrated an aversion to risk than their global counterparts, which may be attributed to the concept of high ownership levels by founding family members. Such structures are credit-positive because the interests of creditors and such companies are frequently aligned and often lead to a more cautious risk appetite.

The US represents a substantial growth opportunity for Indian drug makers, given the applications awaiting US Food and Drug Administration (FDA) approval. However, there is certain amount of risk from the FDA manufacturing compliance as in the recent past many Indian plants have received warning letter from the regulator for violating the rules. The new rules making companies responsible for drug safety labelling will also mean greater exposure to legal costs for generics players operating in the US, the report added.