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Indian Pharma market to raise from US$34.3bn in 2020 to more than US$45bn by 2025

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Dr Reddy's to improve its position in the Indian pharma market as the acquisition of Wockhardt's branded generic business has contributed US$52.8m to the company in first nine months, says GlobalData



Following the recent news that Dr Reddy's Laboratories (DRL) has agreed to acquire Wockhardt Ltd's select divisions of branded generics business in India, Nepal, Sri Lanka, Bhutan and Maldives for consideration of INR18.5bn (US$260m). Prashant Khadayate, Practice Head of Healthcare at GlobalData, a leading data and analytics company, offers his view further shares his analysis.

"Dr Reddy's has mentioned the US, China, Russia, India, active pharmaceutical ingredients (API) and hospitals as the six spaces to drive significant growth in its investor presentation. The company is one of the top Indian players in the US, China and Russia, and is considered among the top five Indian players by global revenues. However, it is ranked at 13th position in the Indian market.

According to GlobalData, the Indian pharmaceutical market is expected to increase from nearly US$34.3bn in 2020 to more than US$45bn by 2025. Increasing healthcare spending and better accessibility are likely the key growth drivers for the Indian pharma companies.

"The acquisition of Wockhardt's branded generic business, which contributed INR3.77bn (US$52.8m) for the first nine months ended 31 December 2019 as per Wockhardt's press release, will help Dr Reddy's in improving its position in the Indian market in the next few years, considering the pace at which the Indian pharma market is growing and the inorganic acquisition of product portfolios.

"According to Dr Reddy's 2019 annual report, North America currently accounts for approximately 40% of overall revenues. However, the company cannot expect similar growth in North America, especially in the US, in the future due to intense competition and price erosion. At the same time, Indian business constitutes only 17% of the overall revenues, whereas other leading players such as Sun Pharma, Cipla and Lupin generate approximately 30% of overall revenues in India on an average basis. As a result, there is a clear growth opportunity for the company in the Indian market."