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Overview of Pharmaceutical Industry in India

1. India’s estimated Pharmaceutical market size for FY 2018-19 is $37 – 38 billion
   - Growing at a rate of 11-13 % in FY2020
   - India is projected to be among the top three Pharmaceutical markets in terms of growth rate and the sixth largest market globally in absolute size

2. India accounts for 20% of global exports in generics
   - India exported $19.13 billion in 2018. Majorly to US, China, Japan, Korea and Australia. The number expected to reach $40 billion by 2020
   - Pharmaceutical exports in India grew at 14.5% in FY19 and are expected to register double digit growth in next few years

**Segment Wise break up**

- Generic drugs: 70%
- Over the Counter: 21%
- Patented drugs: 9%

The share of generic drugs is expected to continue increasing; domestic generic drug market is expected to reach US$ 27.9 billion in 2020

Pharmaceutical Industry in Telangana & Andhra Pradesh (refer as AP in report)

1. Telangana & AP has a combined industry value of $50 billion
2. Growing at a CAGR of 20% over next few years

3. **Telangana** contributes nearly one-third to India’s production and one-fifth to its exports in the pharmaceutical sector

4. Estimates show that one-third of the USFDA-approved facilities and 10% of the medicines exported to the USA are from Telangana

5. Hyderabad has a dominant position in Pharmaceutical Sector, it ranks first in manufacturing of bulk drugs and third in formulations in the country

Sources:
- Market size from Invest India, IBEF website, Mckinsey Indian Pharma report, IPA report, TSTPC website
- The economic times, Live mint, The Hindu, The Economic times
Pharmaceutical Industry in Telangana & AP

1. **Andhra Pradesh** is amongst the top 3 states in pharmaceutical exports

2. Pharmaceutical industry worth $1 billion in North Andhra Region alone

3. JN Pharma City in Visakhapatnam houses more than 60 pharmaceutical units

4. Andhra Med Tech Zone – Asia’s 1st medical devices park being set up in Visakhapatnam

5. 128 pharmaceutical colleges producing over 11,000 highly-skilled personnel annually

6. A..P planning 3 Mini Life Sciences Park to be setup within next 3 years

7. Mega Life Sciences Park to be developed at Visakhapatnam :200 acres of land
   - PPP model
   - Plug and play lab space
   - Incubation centre
   - Skill development and training centre
   - Financial assistance for critical external infrastructure

3. Life Sciences Knowledge Centres to be established across the state on PPP model

4. Agri-Biotech committee to expedite R&D proposals

5. Andhra Pradesh Biotechnology Committee (APBC) under Chief Secretary
   - Mega Project proposal evaluation
   - Advisory services in biodiversity/genetic engineering space

**Key Policy Targets 2020**

INR 6000 Crore

5,00,000 new jobs

Sources: AP Industries Website
Why Telangana & Andhra Pradesh?

1. Hyderabad accounts for 40% of the total Indian bulk drugs and 50% of the bulk drug exports
   - Refer as the “Bulk of Drug Capital of India”

2. Presence of more than 2400+ prominent companies within the states
   - Dr. Reddy’s Laboratories, Aurobindo pharmaceuticals, Mylan, Novartis, Nicholas Piramal, Divi Labs, NATCO Pharmaceutical, Gland Pharmaceuticals etc.

3. There are more than 200 ‘Active Pharmaceutical Ingredients (API)’ units in the state, which grow at a rate of 10 to 15% annually

4. The Clinical Trial Sector in Hyderabad has also witnessed a steep rise, with leading companies such as GVK Biosciences, Sipra, Vimta Labs, Quintiles etc.

5. Hyderabad is also referred to as the ‘Vaccine Hub of India’
   - The city is home to leading vaccine producers such as Bharat Biotech, Biological E, Shantha Biotech, Indian Immunologicals, Globion Bio etc.

4. The Genome Valley near Hyderabad, one of Asia’s premium biotech and research and development hubs

5. GMR International Airport, Hyderabad is currently handling 1.50 Lakhs tonnes of cargo, growing @ 8%, and 60 per cent of which is related to Pharmaceutical sector and it is planning to increase to 3 Lakhs tonnes in the next 3 years

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*Pharma City in Hyderabad will be an investment magnet. Availability of skilled manpower also puts the city on a high pedestal compared to other cities in the country. With some support from Government in terms of ensuring uninterrupted power supply, setting up pay-on-use common effluent treatment facilities is further a great support*

- Daara B Patel, Secretary General, Indian Drug Manufacturers’ Association

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Sources: IDMA, IPA Pharma, TSTPC, BDMAI website, Live mint, Telangana Today
Why Telangana & Andhra Pradesh? (2/2)

“We are immensely proud of the global impact Hyderabad has been able to create globally in life sciences / healthcare – thanks to the ground-breaking work carried out by our companies. We remain committed to this sector. The state hopes to double the ecosystem valuation to 100 billion dollars in the next 10 years and generate 4 Lakhs new jobs."  

- Jayesh Ranjan, principal secretary, government of Telangana

“Hyderabad has emerged as the destination of choice for life sciences companies of all sizes given the extraordinary STEM (science, technology, engineering and management) talent pool, vibrant life sciences and technology ecosystem, presence of premier research institutes, availability of ready-to-occupy laboratory space and indeed, proactive government policies,"  

- Shakthi Nagappan, director, Life Sciences, government of Telangana

Existing Partners
1. Government Initiatives

- Telangana government has urged the Centre to provide financial assistance of INR 3,418 Crore for Hyderabad Pharma City proposed to be developed
  - Centre to provide 'grant-in-aid' of INR 1,318 Crore for implementation of external infrastructure linkages and INR 2,100 Crore for the project towards Phase-1 internal infrastructure development

- The state government is also expanding the Genome Valley cluster, currently spread across 600 square kilometers
- It houses over 200 life sciences players like Novartis, USP, DuPont, Ashland and Lonza with around 10,000 scientific and technical workforce
- And will be immediately initiating formulation of an integrated masterplan for the cluster to mark the beginning of Genome Valley 2.0.

- Government has announced environment-friendly- Hyderabad Pharma City project - attract investments of INR 64,000 Crore and generate exports worth INR 58,000 Crore
- It is expected that the new site will host between 900 to 1,000 Pharmaceutical companies
- Will create about 5.6 Lakhs jobs, both directly and indirectly

- Life sciences Infrastructure Fund announced last year, aims to create life sciences assets worth at least INR 3000 Crore in the next two-three years

Sources: TSTPC website, Live mint, Telangana Today
2. Increase Investments

• India’s largest biotechnology and pharmaceutical company, is all set to increase its presence in Hyderabad on APIs and Intermediates to add 500 new jobs
• The company will also soon start a research and development laboratory of its subsidiary Syngene in Genome Valley which is expected to generate another 1,000 high skill jobs

• Bharat Biotech has committed to contribute INR 1 Crore worth of vaccines to the government of Telangana for its public health immunization

• Divis Pharma to invest INR 300 Crore on expansion

• SMT, a coronary stent manufacturing company, will invest INR 250 Crore

  o GeneSys is investing INR 400 Crore in Genome Valley

  o Altruista Health starts its operations to a modern new complex at GAR Laxmi Infobahn in HITEC city

  o ZydusCadila is keen on setting up a greenfield unit in the upcoming Hyderabad Pharma City

  o JAMP Pharma sets up its centre of excellence for R&D and manufacturing of export quality drug formulations and will invest around INR 250 Crore and employment for 2000

Sources: TSTPC website, The Economic Times, The Economic Times 2, Telangana Today, Telangana Today 2
1. Enhancing the competitiveness of the sector through appropriate policy to make Telangana the most preferred destination for life science activities

2. Attracting new investments worth INR 20,000 Crore in the sector by 2020

3. The state proposes to capture 20% share of the $100 billion market opportunity of India by 2025 with $13.5 billion share by 2020

4. Exports target of INR 50,000 Crore by 2020

5. Creating an additional employment opportunity for 50,000 skilled personnel in the sector

6. Promoting applied R&D and innovation through bridging the gap between industry, academia, and R&D institutions

7. Promotion and strengthening of quality infrastructure

The policy will be implemented in a mission mode under a Mission Director. The short- and medium-term targets are indicated below:

- Declaration of Life Sciences sector as Industrial Category and Exemption from power cuts for units manufacturing life saving drugs

- Completion of Medical Devices Industrial Park near Hyderabad

- Two International Road shows to market Telangana as Global Life Sciences Destination

- Life Sciences Knowledge Center in Hyderabad for capacity building

- Transfer of 10 technologies

- Development of new incubator facilities (T-HUB)

Sources: TSTPC website
Government Support (2/3)

- Vaccine testing facility, Vivarium, Quarantine facility, Bonded warehouses & Bio-Security facility under PPP mode in Hyderabad

- New Pharma City near Hyderabad

Simplification of Regulations

1. The new Industrial Policy 2014 has promised an effective single window mechanism. This has been given effect through the Telangana State Industrial Project Approval and Self-Certification System (TS-iPASS) Act, 2014
   - In this Act, all approvals and permissions are mandated to be accorded in a time-bound manner ranging from 15 to 30 days

2. Scientific Regulatory Approvals – A guidance cell will be setup under State Life Sciences Council to assist and advise the business units on regulatory compliance and procedures
   - To effectively deliver the service an expert with considerable experience in regulatory matters related to life sciences sector will be placed on an annual contract basis in the guidance cell

3. Agri-Biotech Committee includes Agriculture Department, ICRISAT, Prof. Jayashankar Agriculture University, NIN, Pollution Control Board, NGOs, Special Invitees and Representative of Mission Directorate will be the convener.
   - Life Sciences companies require certain clearances from Government of India agencies and the most important ones being the environment clearance for parks from MoEF and the clinical trials from Drugs Controller General of India. In order to expedite these clearances on fast track the Life Sciences Mission Directorate will act as single window agency to facilitate the Life Sciences Companies

4. Capacity Building: The Government has establish a “Life Sciences Knowledge Center” in Hyderabad with the provision of establishing off campus centers at other locations within the State, for nurturing existing talents
   - The centre will determine the industry needs in terms of man power requirement and syllabus. The center will also facilitate pre-selection of the candidates and subsidize the finishing school programs

Sources: TSTPC website
Incentives to R&D

1. With the objective of promoting R & D activities, the T-IDEA 2014 envisages an Investment Subsidy at the rate of 15% of the fixed capital investment limited to INR 20 Lakhs
   - However this benefit is limited to micro and small R & D set-up within the municipal corporation limits
   - Now it is proposed to offer investment subsidy of 15% on initial fixed capital investment limited to INR 20 Lakhs irrespective of investment category
   - The progress of the R & D activity will be reviewed & recommended by State Life sciences council annually and the subsidy will be equally spread over 5 year period

2. Lease Rentals – 25% subsidy on lease rentals for the plug-and-play Lab space up to 5000 square feet, leased by life sciences start ups in Genome Valley and other notified zones limited to INR 5 Lakhs per annum for a period of three years

3. Co-financing of industry sponsored research - Government will finance research carried out by Telangana based research institutions, with funding from private sector companies. The extent of funding will be a maximum of INR 25 Lakhs per project per year which will be reviewed, renewed and approved by the State Life Sciences Council constituted by the Government.

4. To attract global talent for conduct of breakthrough research in the State, the Government proposes to handout scholarships to incentivize the joint research program of a local institution with researchers pursuing post doctoral India specific life sciences research in top 100 global institutes/universities.
   - Government will provide financial support of not exceeding INR 5 Lakhs for a period of 6 months

Sources: TSTPC website
Why Hyderabad as a Destination for Organizing Expos on Pharmaceutical Industry (1/2)

**Why Hyderabad?**

- Hyderabad traditionally has been the Pharmaceutical hub, vaccine capital, seed capital, healthcare capital and has a rich talent pool, enabling seamless forward and backward linkages / integration for product development including talent acquisition, clinical development and translational research. The Pharmaceutical and biotechnology ecosystem in and around Hyderabad cannot be matched by any other city in India.

- Genome Valley in Hyderabad is the first and only systematically planned and developed cluster dedicated to life sciences, unlike other states, wherein life sciences companies are scattered in different industrial cluster.

- Global players like Lonza, Novartis, Mylan, DuPont, Sanofi, Merck and US Pharmacopeia are located here. Plenty of land is available at a very reasonable price in Phase III of Genome Valley at Karakapatla.

- Hyderabad has an advantage with over 2 Lakhs square feet of commercial laboratory space being added every year in the city.

- BioAsia Hyderabad has emerged as the premier international biotechnology conference in India, overtaking Bangalore India Bio in importance and prominence. Pune has no such international conference.

- Locations like Bangalore and Mumbai-Pune do not have ready to occupy commercial laboratory facilities built to suit highly sophisticated bio activity.
  - The cost of industrial and laboratory space in Hyderabad are less than a third of the costs in Bangalore or Pune.

- The Government of Telangana offers an excellent package of incentives to new investors and entrepreneurs. The single window system, discussed later, is the best of its kind in India.

- The Government of Telangana State offers the most business friendly administration in the country, led by the Chief Minister, his Cabinet colleagues, and administrators/officials from the Chief Secretary to the Industrial Promotion Officer. The commitment for excellence goes right down the administrative hierarchy.
• Hyderabad is a well connected location for Exhibitors as well as Visitors
  o Road connectivity: The density of notified national highways in Telangana is 2.90 km/100 sq.km against the national average of 2.84 km/100 sq.km
  o Strong railway connectivity: The State also has an integrated railway network with railway terminals such as - Nizamabad, Mahbubnagar, Kamma Reddy, Bodhan, Jedcheralu, Gadwal and Balanagar
  o Access to world class airport facility: Rajiv Gandhi International Airport (RGIA), Shamshabad is one of the largest 7 modern airports in India
  o Government of Telangana has entered MoU with Ministry of Civil Aviation and Airports Authority of India for development of small airports at Kothagudem and Warangal
  o Government of Telangana is ranked no 1 in Ease of Doing Business given by Department of Industrial Policy & Promotion (DIPP) and World Bank
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