

Interview: Yugal Sikri – Chairman, Pharmaceutical Management, School of Business Management, NMIMS Deemed to be University, India



“The investment trend is actually quite positive, with large Indian companies now understanding the importance of R&D. Today, the top five Indian companies invest around nine percent of their Sales turnover in R&D, compared to only five percent or even less a decade ago.”

23.04.2018

Tags:

[India](#), [NMIMS](#), [KOL](#), [Pharma](#), [Strategy](#), [Investment](#), [Manufacturing](#), [R&D](#)

Yugal Sikri, chairman of the Pharmaceutical Management Program of the prestigious NMIMS University, and with an extremely rich experience in the pharmaceutical industry, explains his mission to build a valuable discussion platform for CEOs and institutions of the industry alike. Such industry efforts will ensure the Indian pharmaceutical industry efficiently addresses its issues, while continuing to be the pharmacy of the world and climb up the value chain.

You have over 35 years of experience in the pharma industry at senior leadership roles, including CEO at Ranbaxy, in both MNCs and local pharma companies. What has been driving you to take such roles and why have you decided to switch to the public sector as a professor at NMIMS?

I started my career with the leading global MNC of the country, GlaxoSmithKline, called Glaxo at that time and worked there for about 15 years, before moving to Pfizer as India Head, Pharmaceuticals and contributing for six years. I took the India Head role at RPG Life Sciences for a while, before moving to Novartis as the Head India, Sri Lanka and Nepal (General Medicine) from 2003 to 2009. Then came the opportunity to head one of the India’s largest Pharmaceutical businesses as Region Head, India, Sri Lanka and Nepal, which I did for four years before moving into Global Head

of Marketing (Commercial functions) for two years. Meanwhile I have also been the Vice Chairman of the OPPI Marketing Committee. Therefore, I have been lucky enough to have gained a great deal of exposure from extremely diverse organizations, from their culture to the way of doing business: GSK and Novartis being European companies, Pfizer being American and Ranbaxy, being Indian (Japanese, when I joined the company). Organization-wise, it was extremely valuable and insightful to work on diverse areas, building brands to building businesses, from handling NCEs to launching and building large mega branded-generic products and even generic-generic portfolio, from handling patent protected products to maximizing widest product portfolio with the teams of diverse sizes and large numbers, such as in Ranbaxy, where we had 26 business units covering almost every single therapy area, important for India with ~6000 strong sales force.

Switching to the education sector was altogether a new opportunity for me. I received an invitation from the NMIMS University, one of the leading universities of the country and a well-known name for Pharmaceutical Management education and I accepted their proposition to manage the area. The school has great credentials in pharmaceutical management and it also keeps me connected with the industry. In parallel, I am also Independent Director on the Boards of some of the companies viz RPG Life Sciences and GlobalSpace Technologies, which makes me contribute to the growth of the industry in my own capacity.

There are very few partnerships between the government and companies in India. How do you foresee the relationship evolving?

In fact, this is also one of the reasons why I am in the current position today. Through the Pharmaceutical Management Program of the NMIMS University, we have an unbiased and independent meeting platform that a prestigious academic institution with over decade long legacy in the pharmaceutical management education can valuably provide. Idea is to provide an unbiased thought leadership platform to all stakeholders be it Industry represented by the OPPI (Organization of Pharmaceutical Producers of India), the body representing the interest of the multinational companies, the Indian Drug Manufacturer Association (IDMA), the Indian Pharmaceutical Alliance (IPA), taking care of the interest of large research-based Indian Pharmaceutical Companies and the All India Organization of Chemists and Druggists (AIOCD), a large stakeholder representing trade as well as academia and, may be patient organisations. I have invited the industry leaders, the CEOs and Managing Directors, Functional experts and heads from leading companies such as MSD, GSK, Boehringer Ingelheim, Sun Pharma, Janssen, Zydus Cadila etc to share their views on diversity of subjects ranging from Leadership to Ethics to Industry dynamics.

[Featured_in]

The latest issues that the Indian pharmaceutical industry is confronting today can be openly and holistically discussed here, for example, how can we address the issue of USFDA warning letters? A second case in point is our labor issue regarding medical detail-men/ reps in India that we need to discuss with the government. Such skilled professionals should be treated very differently than the other workmen. A third example is regarding the "Make In India" initiative: As a major player with almost 50% of its output being exported today, how can the pharma industry expand further?

Indian companies are usually very conservative when it comes to investing in R&D with a few exceptions such as Inventys we met or the Biocon, first indian company bringing Biosimilars to the US market although the government does offer many incentives. How do you explain Indian Companies are still having a long way to make innovation a critical part of healthcare and pharma industry ?

The investment trend is actually quite positive, with large Indian companies now understanding the importance of R&D. Today, the top five Indian companies invest around nine percent of their Sales turnover in R&D, compared to only five percent or even less a decade ago. Some large Indian organizations, such as Glenmark, invest as high as thirteen percent of its sales turnover in R&D. While reading through a Glenmark report recently, I was delighted to learn how much they are investing in NCEs, value-added products/ differentiated generics as well as ANDAs, which help them to capture the generics market of the USA. Sun Pharma is another large Indian corporation with an impressive R&D pipeline. Such large Indian companies are increasing their size substantially, moving to billions of dollars sales turnover, investing a sizeable percentage of their turnover in R&D.

Looking at the financial year 2016-2017, we see that Indian exports are plateauing, as total exports of Indian pharmaceuticals (including APIs, finished, and alternative medicines) decreased by 0.47%. Even in terms of image, some of industry's heavyweights were affected by warning letters. Would you describe this poor performance as exceptional or is the Indian pharmaceutical industry at a turning point?

We should first understand what the structural factors are. In case of the US market, for example, the first reason behind a limited exports growth is that the number of large products going off patent is coming down, new products' first-to-file opportunities are getting limited. Second, with generics having already reached almost eighty five percent of the US prescriptions market, the growth trend is naturally become slower. Third, the US government is encouraging competition through offering approvals to much more number of generic companies, helping them bring down prices.

However, I do believe this is a temporary phase, as the Indian companies are very resilient, working to match up to the higher quality standards. Recent FDA Audit reports corroborate this trend.

Why would international investors invest in Indian pharmaceutical companies vs. Chinese competitors?

[related_story]

The first strength of the Indian pharmaceutical industry lies in its cost advantage, although it is slightly diminishing today with the increased Chinese competition. Second, India offers an extremely talented scientific pool, which one can vividly observe in R&D organisations of the large players. This is the reason why we have multiple cost-effective processes for manufacturing new drugs and formulations. Third, the central government has also realised and is now determined to support the industry through a new pharmaceutical policy encouraging API manufacturing in India. The National Health Protection Scheme announced by the government recently should also provide a strong fillip to the domestic demand as a large section of the population will gain access to healthcare.

Another important point to keep in mind, is that, outside US, India offers the largest number of US FDA approved plants, which means the country has already invested well enough in the manufacturing setup to make sure it continues to be a major player with an increasing share in the world market.

According to UK scientists, revolutionizing 3D printed formulations should be ready for commercialization within the next 10 years. What do you see as the technology that could disrupt the way formulations are provided to the market and to patients?

Such new concepts in the industry, whether it is 3D printing, personalized medicine, human or organ-on-chip, where the new molecule can directly be tested on humans, are indeed exciting looking ahead. However we still have a long way before such concepts become reality and productive in India.

What is, for sure for future years to come is that India will continue to be a major contributor to affordable generic medicines globally. In terms of international presence, the Indian pharmaceutical companies are now more strongly focusing on Europe, as well as Africa. In fact, the importance of the Indian pharma industry in the African continent is growing, with a positive perception from its doctors and wholesalers alike. The perception of Indian brands is changing worldwide, with companies pushing their quality standards up.

What would be your final message on behalf of the Pharma Management program?

With all its fundamental strengths mentioned above, India would continue to contribute worldwide, even more than today. So far, we have been well-acknowledged suppliers of affordable medicines, and in parallel, we are soon to contribute towards new molecules, new value added differentiated generics and super generics, thanks to our increased R&D programs. There is, in fact, a strong vision in the minds of the CEOs of the large Indian pharmaceutical companies to move up the value-chain by focusing on developing NCEs, to make their own molecules available to the whole market.

[See more interviews](#)
