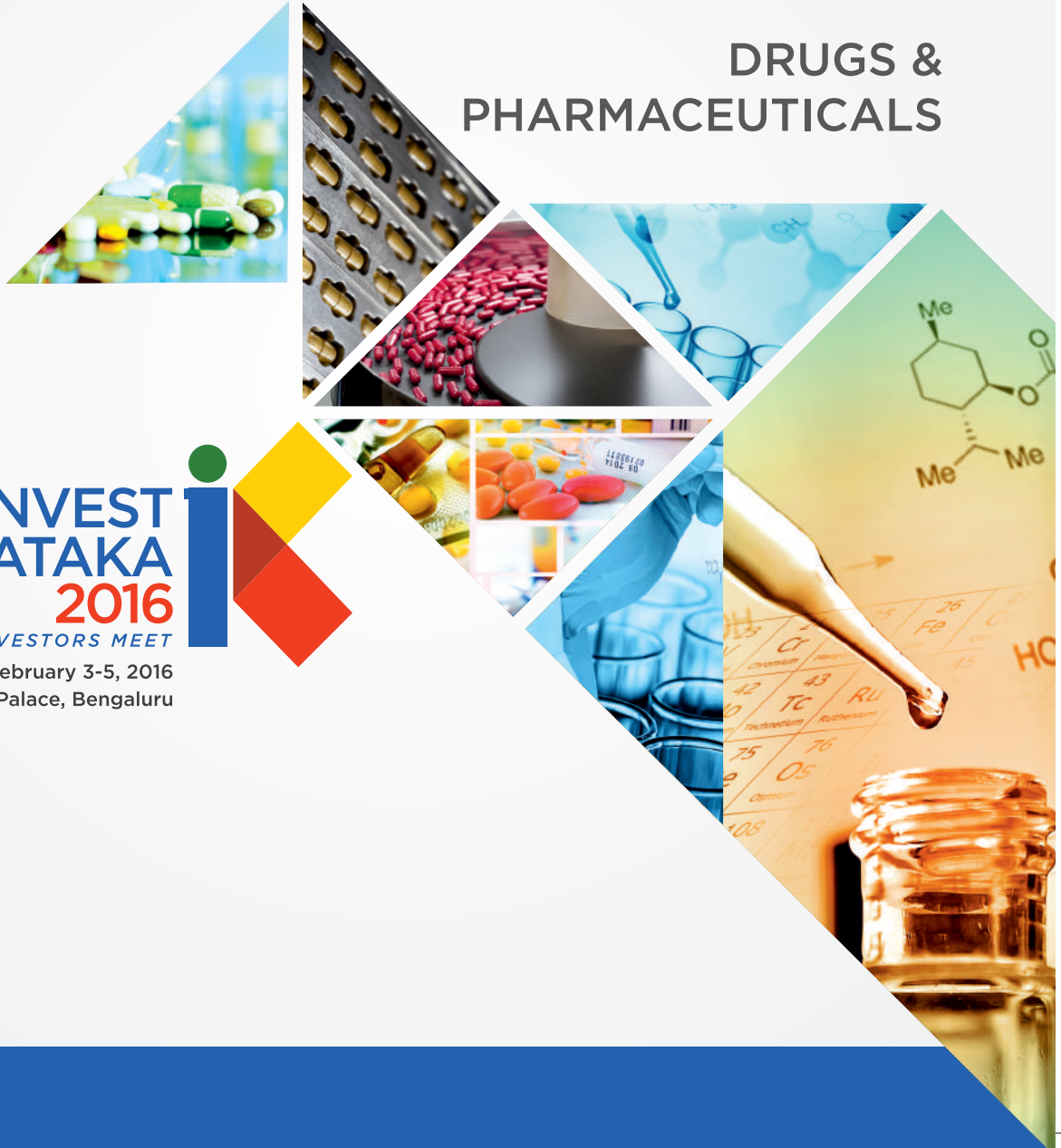




Government of Karnataka

DRUGS & PHARMACEUTICALS



**INVEST
KARNATAKA
2016**

GLOBAL INVESTORS MEET

February 3-5, 2016
Bangalore Palace, Bengaluru



Foreword



Shri. R.V. Deshpande

Hon'ble Minister for Large and
Medium Industries and Tourism

“Karnataka is an emerging leader in pharmaceutical sector. The State has the advantage of manufacturing high quality products, evident by the fact that 40% of the production is exported. The leadership position of state in biotechnology makes it the most lucrative destination for bio-pharmaceutical manufacturing. We are adopting a cluster based industrial infrastructure development approach which will culminate in development of Pharma Cluster in the near future. I invite the investors to come and support the Government initiatives and also reap the benefits of potential the state has to offer.”

Foreword



Smt. K. Ratna Prabha, IAS

**Additional Chief Secretary to Government,
Commerce & Industries Department**

“*The State’s Pharma sector is one of the fastest growing in India, contributing around 10% to the country’s pharmaceutical revenues. The Active Pharmaceutical Ingredients (API) market is expanding at a rapid pace and formulation manufacturers have vast opportunities due to the upcoming patent cliff. The state is giving required impetus to the growth and development of the sector by formulating an exclusive policy in a holistic way covering major segments of the sector viz., bulk drugs, drugs intermediate, bio-pharmaceuticals, and formulations, for rapid development, by providing a level playing field to all investors.*”

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Highlights



1

Karnataka's Unique Advantage

- A healthy mix of industries including PSUs, MNCs and SMEs, creating a well developed value chain
- Availability of skilled workforce owing to 60 pharmacy colleges
- Presence of quality product manufacturers, evident by the fact that they hold international certifications like US FDA, TGA/MHRA, WHO GMP and certifications from UNICEF, MOH South Africa, ANVISA and PIC/S

Policy and Initiatives

- Development of cluster based approach in creation of Pharmaceutical Park in the State with state-of-the-art common facilities
- Special incentives and concessions for mega projects to create scope for ancillaries, downstream, and supporting activities
- Fiscal incentives and grants provided to promote R&D activities
- Karnataka Pharmaceutical Development Council (KPDC) incorporated as the single point contact for investment facilitation
- Constitution of a vision group with members from government, industry and institutions to guide on various strategies and actions required for the growth of sector in the State

Investment Opportunities

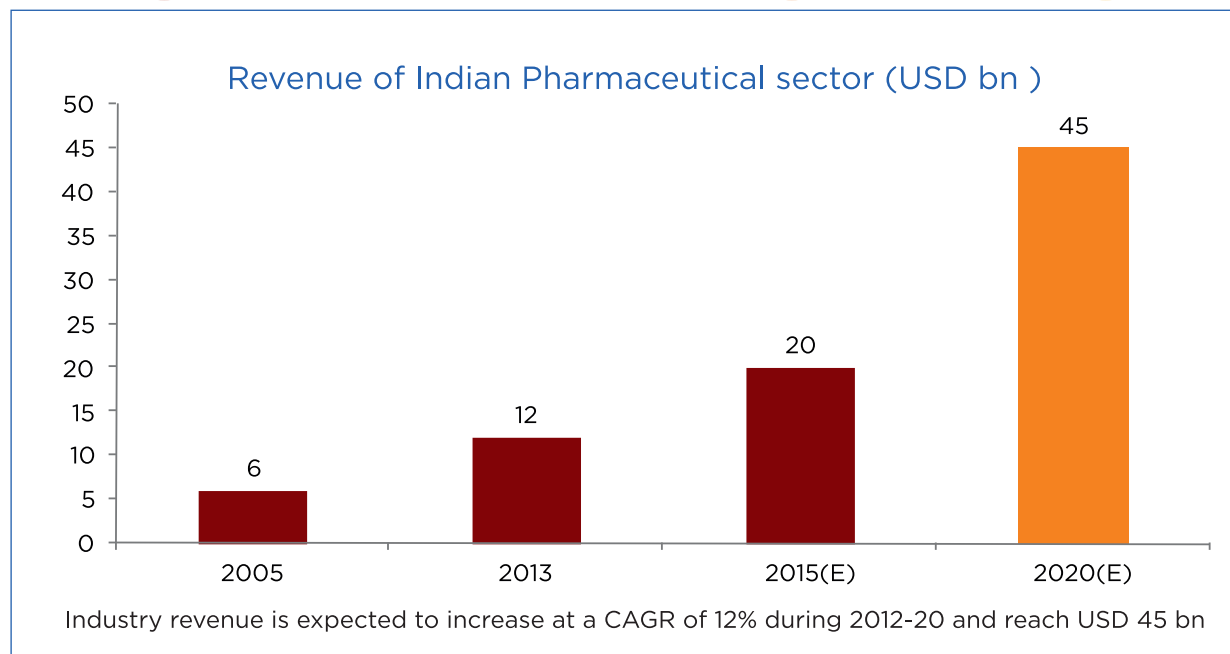
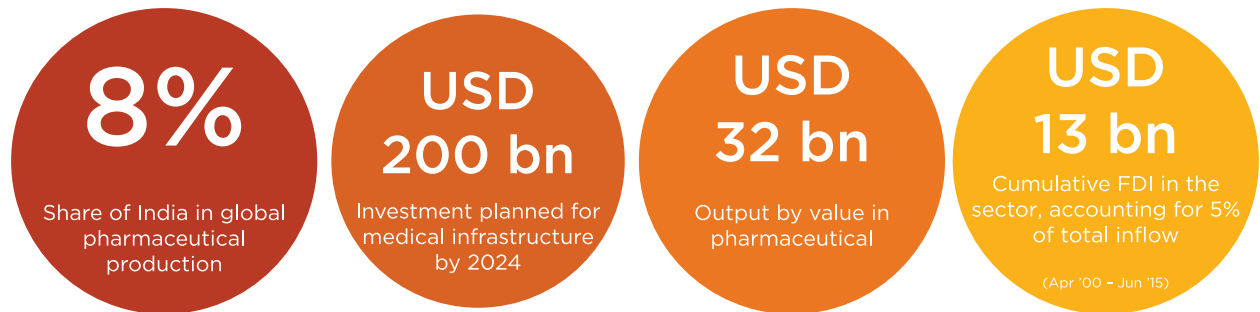
- Establishment of Pharma Park on PPP mode in Yadgir
- Investment opportunities in pharmaceutical SEZs in Hassan and Yadgir
- Pharma Park near Mangaluru over an area of 100 acres

Sector Snapshot



2

India is a global leader in pharmaceuticals sector in production of generic drugs



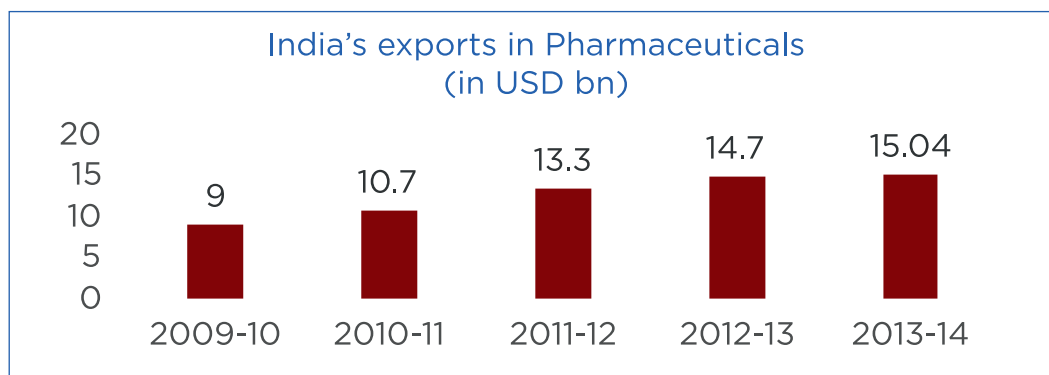
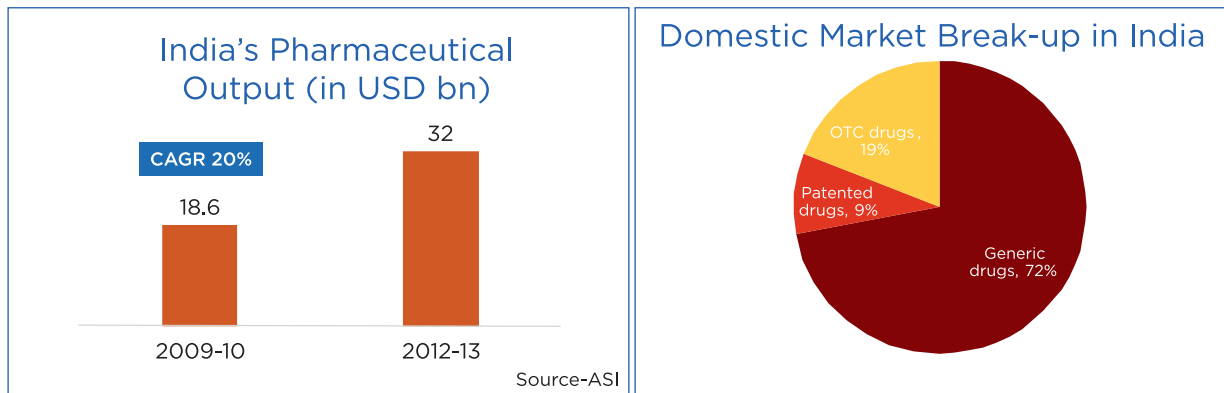
Source-www.ibef.org

Indian Pharmaceutical industry is estimated to grow at 20% CAGR over next 5 years
Source: IBEF Report

By 2016, India is expected to be the 3rd largest global generic Active Pharmaceutical Ingredient (API) merchant market

Branded generic dominate the global market with Indian generics accounting for 20% of global export in terms of volume

Substantial growth in production and exports over last five years, led by greater penetration in global markets



- Generic drugs account for 72% of domestic market with robust domestic demand and lower manufacturing costs
- Indian healthcare sector is expected to advance at CAGR of 17% till 2020, reaching USD 250 bn valuation

Ranks 1st amongst the developing countries in terms of quality, technology and range of medicines

Indian pharmaceuticals market ranks 3rd in terms of volume and 13th in terms of value, globally

Karnataka's Pharmaceutical sector is growing at 24% CAGR, outperforming the national growth rate

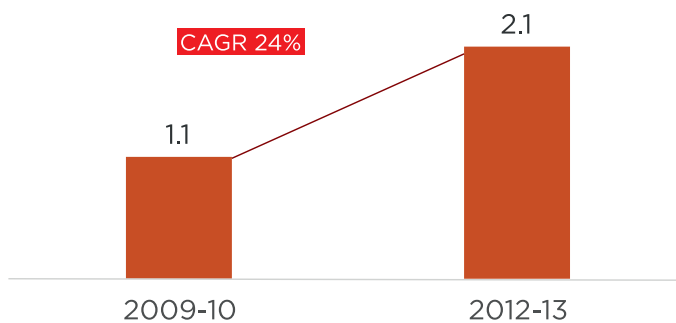
Turnover of USD 2 bn contributing 9% to the national turnover of the sector

Exports worth USD 875 mn (7% of country's export)

Hosts 256 drug manufacturing units and 27 approved laboratories

Direct employment of over 25,000 and indirect employment of over 50,000

Karnataka's Pharmaceutical Output (in USD bn)



Source-ASI

- Karnataka contributes 6% to the Country's Pharmaceutical Output
- Karnataka is the Hub for Quality outsourcing with 7 of the top 10 companies getting their products manufactured in Karnataka

Keyplayers

KEMWELL

MEDREICH

AstraZeneca

Biocon

gsk GlaxoSmithKline

Cipla

Himalaya
HERBAL HEALTHCARE

novo nordisk

Strides
ARCOLAB LIMITED

"GSK Pharmaceuticals is establishing one of the world's largest greenfield tablet manufacturing facility at Vemgal in Kolar district, Karnataka, with an estimated investment of INR 1,000 Crore. GSK said it chose Vemgal for reasons including availability of skilled staff, proximity to southern distribution hub, moderate climate, easy accessibility, availability of state based investment incentives, and government land"

- Mint, September 08, 2015



Karnataka's Unique Advantage

3

A well developed ecosystem & ability to produce quality products make Karnataka an ideal destination for pharmaceutical industries

Ecosystem

- Presence of SMEs, Government enterprises, large Indian companies and MNCs, creating a well developed value chain
- Highly qualified, well trained, and competent workforce in the state owing to presence of 60 pharmacy colleges
- A well developed research base with presence of 50 CROs assisting the industry with clinical research and trials
- Large number of medical and dental colleges (more than 70) creating an ecosystem for collaboration on product development and trials
- Karnataka is at the heart of Southern India's manufacturing and logistics hub making it ideal manufacturing location

Quality Production

- Quality control by the means of three established Drug Testing Laboratories with well published information on the testing results
- High quality production evident by presence of 7 US FDA approved plants, 8 TGA/MHRA approved units, 56 WHO GMP approved plants and many other international approvals from UNICEF, MOH South Africa, ANVISA, and PIC/S

Other Advantages of Karnataka

- Initiatives like implementation of e-sampling program for the process of Drug Testing and Analysis in the State Drugs Testing Laboratories as a part of e-Governance
- Connectivity to national and international market through 2 international airports and 3 ports each, on east and west side of the state, facilitating export oriented growth of the sector
- Karnataka's leadership in Bio-technology creating potential for biopharmaceutical product development

Karnataka is Major Hub for Branded Generics and Biotech Products

Karnataka's pharma industry manufactures bulk drugs, formulations and medical devices

General Dosage forms	Tablets, Capsules, Parenteral Preparations, Liquid Orals, API's, Diagnostic Kits, Dialysis Fluids
Specialized categories	rDNA Products, Soft gel technology, FFS, Eye drops, Medical Devices, Cardiac Stents, Drug Eluting Stents, Orthopaedic Implants, Oral & Mechanical Contraceptives

Leading pharmaceutical brands being manufactured in Karnataka

- Crocin tablets and syrup
- Calpol drops
- Becosules capsules
- Augmentin tablets and syrup
- Voveran tablets
- Benadryl syrup
- Renerve
- Disprin tablets
- Zentel suspension
- Beplex Forte
- Corex cough syrup
- Listrine mouth wash
- Ecosprin tablets
- Nizral solution







Government Initiatives and Policy Support

4

Karnataka is distinguished amongst India's leading investment destinations due to its investor friendly policy initiatives

Karnataka Pharmaceutical Policy 2012



SOURCE:Pharmabiz.com
Article as on October 27, 2014

Department of Pharmaceuticals sets up Committee to promote private pharma sector

The Department of Pharmaceuticals (DoP) has set up an Inter-Ministerial Coordination Committee to review the constraints and issues being faced by the pharma industry and facilitate resolution of these periodically pharma firms currently have to approach DoP for licensing approvals.

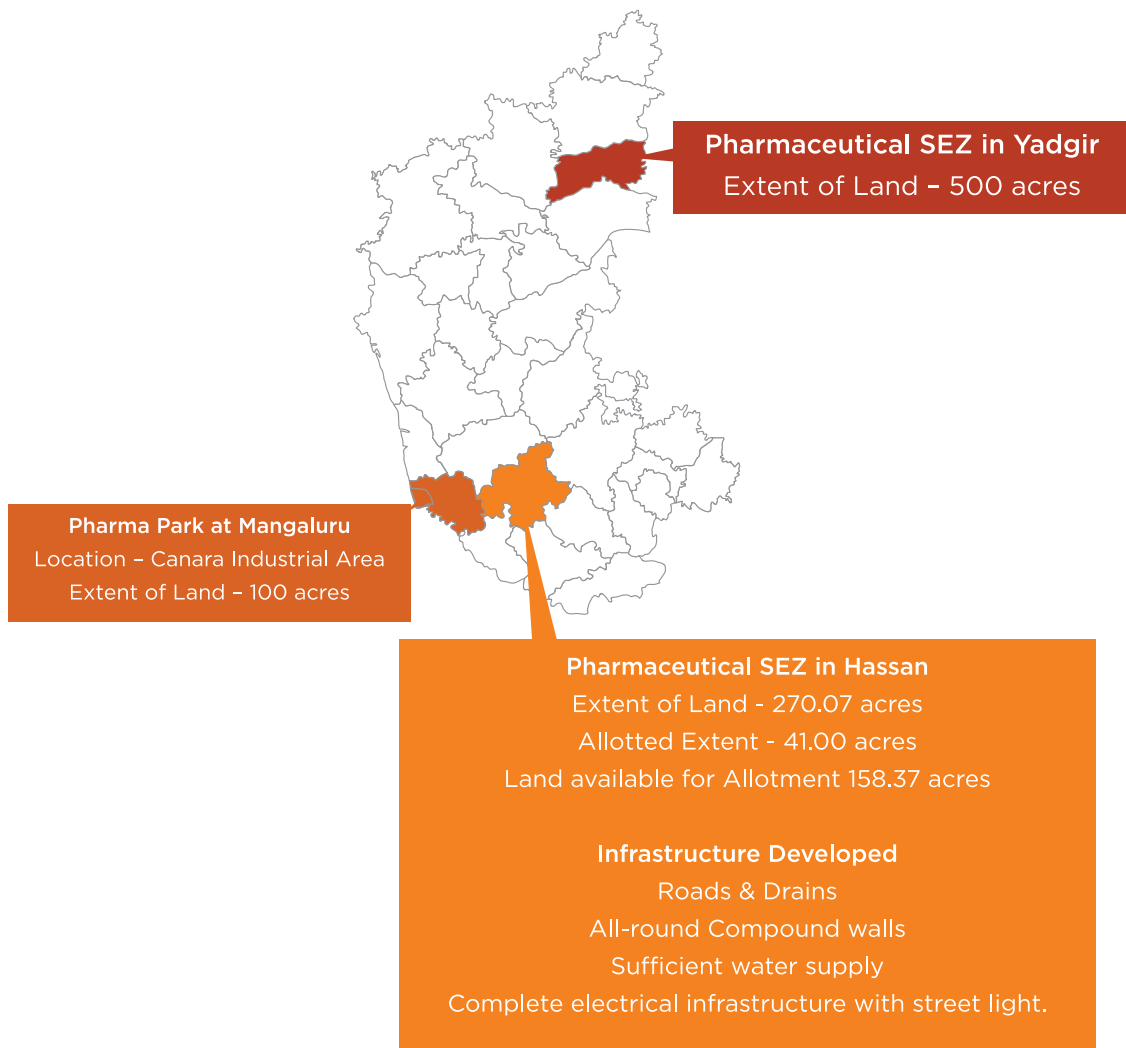




Investment Opportunities

5

Investment Opportunities



Investment Opportunities

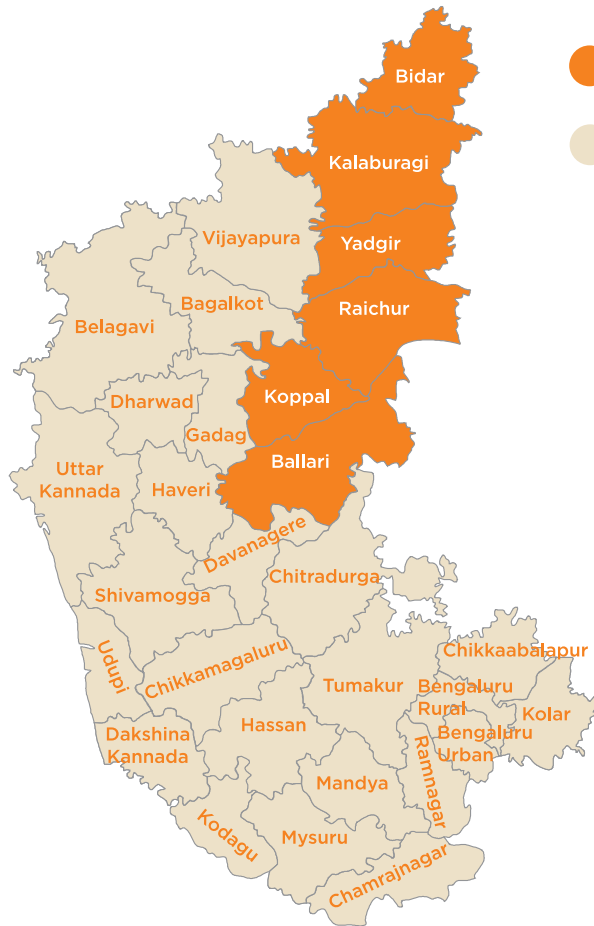
Infrastructure Development: PPP-based Pharma SEZs and Technology Parks that will include

- General infrastructure, biotechnology finishing schools, and commercial space
- Manufacturing units for bulk drug formulation and development of medical devices
- Research & Development Centers
- Industrial Training Centers and PPP-based vocational training programs
- Centers of Excellence
- Innovation and Incubation Centers for startups
- Exclusive Pharma industrial areas in Hassan and Yadagir



- Karnataka government has set a target of 15% growth for pharma sector from current 8%
- Karnataka Drugs & Pharmaceuticals Manufacturers' Association (KDPMA) insists on 100% implementation of Pharma Policy & setting up of Pharma Parks

Regional Classification

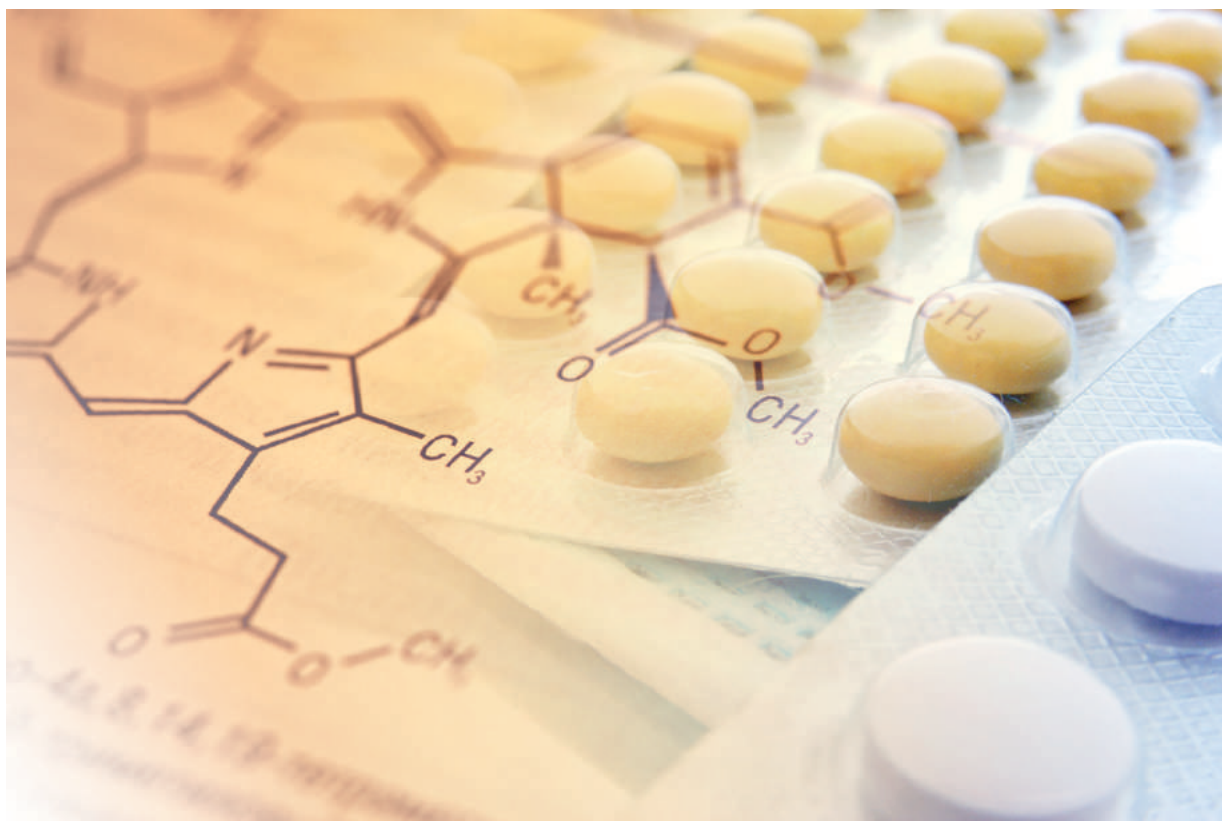


- Hyderabad-Karnataka (HK) Region
- Non Hyderabad-Karnataka (Non HK) Region



Investment Facilitation

- **Karnataka Udyog Mitra (KUM):** First contact point for all investors in Karnataka and nodal agency to facilitate investments. KUM executes initiatives to enable smooth transition from investment proposal stage to implementation stage
- **State High Level Clearance Committee(SHLCC):** Chaired by Hon'ble Chief Minister of State of Karnataka to approve projects with investments above USD 17 million (INR 100 Crore)
- **State Level Single Window Clearance Committee(SLSWCC):** Empowered committee for Pharmaceuticals under the Chairmanship of Hon'ble Minister of Large and Medium Scale Industries to approve projects with investments between USD 2.5 mn (INR 15 Crore) and USD 17 mn (INR 100 Crore)
- **District Level Single Window Clearance Committee(DLSWCC):** Chaired by Deputy Commissioner of the District , for approval of projects with investments up to USD 2.5 mn (INR 15 Crore)
- **Combined Application Form:** Available on KUM website for obtaining required statutory approvals





Government of Karnataka

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