



Indian Market Pundits predict a Happy New Year for Bulls

India's stock market is set to advance further in the New Year after finishing 2017 on a high note, although the level of returns in 2018 may not be the same due to concerns over macroeconomic indicators and recovery in earnings.

The Sensex is likely to cross more milestones, an Economic Times, poll of 24 analysts and money managers showed, with 33 per cent of them expecting the index to touch 38,000 by the end of 2018. That would mean a rise of 11.6 per cent from the 2017 closing level of 34,056.83. About 20% of respondents said the Sensex would reach 40,000 by December 2018.



RISING CRUDE OIL PRICES - CONCERN FOR MARKET

Returns in 2018 are likely to be more moderate than in 2017 because of worries on the macroeconomic front. Money managers said that while liquidity remains strong, especially from mutual fund flows, India is losing comfort on other fronts, with rising crude oil prices being the biggest concern for 19% of the polled participants.

POLITICAL CALENDAR

Adding to those worries is the political calendar, which will be packed with eight states going to the polls in 2018. The performance of the ruling Bharatiya Janata Party (BJP) in some of the key states is expected to influence market in the run-up to the general elections slated for 2019.

GLOBAL

The global economic environment headed into 2018 is about "as good as it gets," says Goldman Sachs Research's Chief Economist HJan Hatzius. He expects global growth will reach 4%, buoyed by synchronized expansion across developed and emerging markets.

US: TOO MUCH OF A GOOD THING

The US economy heads into 2018 with strong growth momentum and an unemployment rate already levels that Federal Reserve Officials view as sustainable. Chief Economist Jan Hafzius expects the Fed to lean against this strength with four rate hikes, despite a still-firming inflation backdrop.

EUROPE: STRONG GROWTH, FEEBLE INFLATION, PERSISTENT MONETARY POLICY

Goldman Sachs Research's Huw Pill expects Euro-area growth to show continued momentum, driven by stronger consumer and business sentiment, lower-than-expected unemployment as well as the strength of the global economy. In the U.K., he sees some moderation in growth, as Brexit continues to affect the long-term outlook.

ASIA: TIME TO TIGHTEN

Chief Asia Pacific Economist Andrew Tilton sees another year of strong growth ahead for the region, bringing with it increased inflationary pressure. He expects broad shift toward monetary policy tightening in response, with some notable exceptions like continued dovishness from Bank of Japan. (Source: ET, Goldman Sachs)

"It is health that is real wealth and not pieces of gold and silver"
-Mahatama Gandhi

World Bank says India has huge potential, projects 7.3% growth in 2018

WASHINGTON: An "ambitious government undertaking comprehensive reforms", India has "enormous growth potential" compared to other emerging economies, the World Bank said last week, as it projected country's growth rate to 7.3 per cent in 2018 and 7.5 for the next two years.

India, despite initial setbacks from demonetization and Goods and Services Tax (GST), is estimated to have grown at 6.7 per cent+ in 2017, according to the 2018 Global Economics Prospect released by the World Bank last week.

"In all likelihood India is going to register higher growth rate than other major emerging market economies in the next decade. So, I wouldn't focus on the short-term numbers. I would look at the big picture for India and big picture is telling us that it has enormous potential," Ayhan Kose, Director, Development Prospects Group, World Bank, told national news agency PTI in an interview. (Source: PTI)

Indian R&D based pharma cos got 304 ANDA approvals in 2017

Indian pharmaceutical companies and their subsidiaries received 304 final ANDA approvals from US FDA during 2017 as compared to 201 ANDA approvals in the previous year. The US FDA approved total 846 ANDA during 2017 which remained highest during last decade. Indian companies with enhanced R&D investments during last couple of years, managed to secure almost 36 per cent of total approvals by US FDA. Further, US FDA approved 171 tentative approvals and out of this Indian companies grab 61 tentative approvals in 2017. Higher rate of approvals for Indian companies will translate into higher revenues in near future.

During the last decade, US FDA approved total 5,020 ANDAs and 1184 tentative approvals. Out of this, Indian companies grab 1,695 ANDA approvals and 455 tentative approvals. The average rate of securing approvals by Indian pharma companies worked out to almost 34 per cent for last decade. Thus, Indian pharma companies received healthy product approvals from highly regulated US body which will turned into higher export earnings.

Indian pharma majors have faced quality problems raised by US FDA and getting warning letters as well as ban on exports, Indian companies have taken steps to overcome the same and invested higher funds in research activities. Higher investment in R&D helped them to secure higher number of product approvals. (Source: pharmabiz.com)

API cost increase to hit pharma firms' profit

In the past two months, the prices of API imports from China to India have gone up by 30-50 per cent. Domestic pharma industry is worried, as their dependence on China for Active Pharmaceutical Ingredients (API) is costing them dearly.

A 30 per cent increase in API cost could impact the margin on domestic sales by 1.5 to 3 per cent, said Amey Chalke, analyst with HDFC Securities.



Over the past decade, local drug makers have curtailed production of these raw materials, and in some cases stopped producing them altogether because of high costs.

According to a KPMG-CII report released recently, imports of APIs grew at compound annual growth rate (CAGR) of 11 per cent from \$800 million in 2004 to \$2.8 billion in 2016. China contributed to 60 per cent of import by volume and 70 per cent by value in 2016.

"The drug regulator in China has increased the oversight on local manufacturers and their cost of production has increased to meet good manufacturing practice compliance,". The Chinese companies are also believed to have suspended production or shut down units to make rectifications in their plants, resulting in supply disruption. A few companies have indicated inability to supply APIs to Indian manufacturers in 2018.

The KPMG-CII paper suggests that the government help local manufacturers by creating API clusters, providing low cost utilities and financial incentives, among others.

The high dependence on Chinese imports has also been dubbed as a health security risk and two months ago Drug Controller General of India had decided to draw up an action plan to mitigate risks in case of disruptions. This was in the backdrop of tensions with China on the border issue. The IDMA had also proposed suggestions including higher registration fees on imports and increased inspections of APIs from China. Other suggestions included revival of state-owned units such as Hindustan Antibiotics and encouraging imports from other countries. (Source: Business Standard)

Diabetes drug significantly reverses memory loss' in mice with Alzheimer's

A drug developed for diabetes could be used to treat Alzheimer's after scientists found it "significantly reversed memory loss" in mice through a triple method of action. The research, published in *Brain Research*, could bring substantial improvements in the treatment of Alzheimer's disease through the use of a drug originally created to treat type 2 diabetes.



Lead researcher Professor Christian Holscher of Lancaster University in the UK said the novel treatment "holds clear promise of being developed into a new treatment for chronic neurodegenerative disorders such as Alzheimer's disease."

Alzheimer's disease is the most common cause of dementia and the numbers are expected to rise to two million people in the UK by 2051 according to Alzheimer's Society, who part-funded the research.

Dr Doug Brown, Director of Research and Development at Alzheimer's Society, said: "With no new treatments in nearly 15 years, we need to find new ways of tackling Alzheimer's. It's imperative that we explore whether drugs developed to treat other conditions can benefit people with Alzheimer's and other forms of dementia. This approach to research could make it much quicker to get promising new drugs to the people who need them."

Although the benefits of these 'triple agonist' drugs have so far only been found in mice, other studies with existing diabetes drugs such as liraglutide have shown real promise for people with Alzheimer's, so further development of this work is crucial."

This is the first time that a triple receptor drug has been used which acts in multiple ways to protect the brain from degeneration. It combines GLP-1, GIP and Glucagon which are all growth factors. Problems with growth factor signalling have been shown to be impaired in the brains of Alzheimer's patients.

The study used APP/PS1 mice, which are transgenic mice that express human mutated genes that cause Alzheimer's. Those genes have been found in people who have a form of Alzheimer's that can be inherited. Aged transgenic mice in the advanced stages of neurodegeneration were treated. (Source: World Pharma News)

Indian Rupee may fall against euro, yen, but continue to rise against the dollar

The global currency market has been braced for volatility, as the Brexit negotiations drag on. December saw a string of central bank policy reviews but none of the big decisions surprised. However, the New Year has brought surprises, in terms of unexpected trends.

The consensus opinion was that the pound would be under pressure. The Bank of England held its policy rates but the UK is suffering the twinned curse of higher inflation and recession. However, it's the US dollar which has taken a hammering in the last 10 days, dropping to six-month lows versus most currencies. The dollar index, which measures the dollar versus a basket of six other currencies, is down below 92. The Indian rupee is at a 30-month high versus the dollar.

Since the euro is running a negative policy rate and so is the yen, the primary expectation would be that the dollar should harden. (Source: Business Standard)

Eight Chinese pharma firms may be blacklisted over quality issues

NEW DELHI: The Indian government has issued showcause notices to, and may soon blacklist, eight Chinese pharmaceutical companies found to be supplying poor quality raw material to drug manufacturers in this country.

The notices were issued after a special inspection team of the Drug Controller General of India (DCGI) inspected the eight companies in China.

According to documents available with IANS, the eight companies are: M/S Qilu Tianhe Pharmaceuticals, M/S Hinan Xinxiang Pharmaceuticals, M/S Zhuhai United Laboratories, M/S Guangzhao Baiyunshan Pharmaceuticals, M/S Shouguang Fukang Pharmaceuticals, M/S Qilu Antibiotics (Linyi) Pharmaceuticals, M/S Qindao Brightmoon Seawoods and M/S Shanghai Xiandia Hasen (Shangqiu) Pharmaceuticals.

"The allegations against the companies are of providing poor quality products and the action against them will soon be decided by the government. This will be harsh as we don't want the quality of drugs in India compromised," said a senior DCGI officer.

Sources said that with government's action against the Chinese firms, India may witness a shortage of medicines, including for vital diseases such as cancer, for a couple of months.

Data from the Ministry for Chemicals and Fertilisers states that India gets 70 per cent of its raw material for drugs from China.

According to figures furnished to Parliament, Active Pharmaceutical Ingredients (APIs) worth Rs 12,254.97 crore (USD 1.8 billion) were imported in fiscal year 2016-17. (Source: Economic Times)

Singapore Institutes Collaborate with Samsung Medical Center to Improve Treatment of Liver Cancer

Scientists and doctors from Singapore institutes are collaborating with Samsung Medical Center (SMC), a leading academic medical centre in Seoul, Republic of Korea, to develop the world's first clinically reliable and robust platform that will significantly improve the treatment of hepatocellular carcinoma (HCC) or liver cancer.



HCC is the second most common cause of cancer-related deaths, with approximately one million new HCC cases diagnosed annually worldwide. In Singapore, it is the fourth most common cancer among men. If untreated, most patients do not survive beyond six months.

As HCC is highly heterogeneous, treatment has to be individualised and targeted to be effective. Current systemic treatment for HCC is limited and does not take into consideration genomic differences between different patients. As a result, treatment outcomes generally remain poor. (Source: World Pharma Today)

REVA SUDOKU

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HealthCare projection \$8.7 trillion by 2020

HealthCare growth rates through 2020

- North America: 4.3%
 - Latin America: 2.4%
 - Western Europe: 4%
 - Middle East and Africa: 4.2%
 - Transition Economies: 7.5%
 - Asia & Australasia: 5%
- (Source: Deloitte)

JETRO's 2017 Survey on Business Conditions of Japanese Companies in Asia and Oceania

End of last year, the Japan External Trade Organization (JETRO) conducted its latest survey on the business conditions of Japanese companies in 20 countries and regions in Northeast Asia, Southeast Asia, Southwest Asia, and Oceania.

Key points of the results:

1. Companies in the black increasing, those in the red decreasing.
2. Improvement of business confidence mainly in Southwest Asia.
3. Motivation to expand business steady in Southeast and Southwest Asia, while recovering in China.
4. Rate of increasing wages remain biggest operational issue, but generally decreasing from previous year.
5. Manufacturing: Local procurement rate increasing in Southeast Asia, but still much lower than that in China.
6. Non-manufacturing: Shift in target of market development from "Japanese affiliates" to "local companies".

(Source: JETRO)

REVA PHARMA was represented by Dr Gurpreet Sandhu at the CEO FORUM "Global Healthcare Summit 2017" organized by AAPI (American Association Physicians of Indian Origin). The event took place on 30th December 2017 at Kolkata (India). AAPI is a non-profit U.S. organization working for betterment of patients. The body comprises of over 100,000 (Medical Doctors) working in the United States. The organization is committed towards offering healthcare services to India.

The event was the 6th Healthcare Leadership session conducted by AAPI in conjunction with Ministry of Health & Ministry of Commerce (India). The forum was represented by CEO's and Industry leaders from Healthcare, Pharma besides experts from United States, Canada and United Kingdom.

Dr Sandhu in his address gave his vision & direction related to ACCESS to HEALTHCARE. He expressed the drivers which need to be practiced for building Medical Services & Healthcare in India.

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