

September 25, 2023

SECTOR UPDATE | Sector: Pharmaceuticals

Pharma – Key molecule check

Traction in key DRRD, LPC and AJP products

In this report, we take a look at the key molecules for generic pharma companies and assess market share swings which can have a bearing on Q2 US performance. While price erosion trend remains potentially stable QoQ thereby easing pressure on base business, reckon examining important molecules can offer additional qualitative indication of strength in US business. We looked at several molecules like Brinzolamide/Combigan, Revlimid, key Lupin products and top molecules of Ajanta, Alembic and Torrent. Takeaways include 1) Indoco could struggle due to flat Brinzo market share 2) Dr Reddys' gaining traction in Revlimid QoQ 3) Lupin is off to a good start in Spiriva while other notable launches like Darunavir, Lisinopril are doing well – points to a healthy US performance QoQ 4) Ajanta has seen market share gains across top products which should aid base business while Alembic and Torrent not seeing much market share swings in key respective products. Notwithstanding US performance in Q2, we stick to our preferred names like Ajanta Pharma and Indoco while retain Vijaya over Dr Lal and Metropolis in diagnostics.

- **Brinzolamide & Combigan** – Brinzolamide market share for Teva has been consistent at ~29% average for Q2 (till early Sep) which is flat compared to Q1, implying no additional gain. This leaves profit share as the key driver of additional benefit for Indoco. Lack of supplies has unsurprisingly led to ~100bps decline in **Combigan** market share, another potential negative for Indoco.
- **Revlimid** – Dr Reddys' has seen an improvement in average **Revlimid** share by ~400bps (within the generic market excluding innovator sales) in the quarter so far compared to Q1 average. On the other hand, Cipla has seen a similar loss of market share. This would be a positive read through for DRL in Q2
- **Spiriva/Albuterol/Darunavir/Lisinopril** - Lupin has started selling **Spiriva** immediately post approval in August and has build up an impressive 15% share in the Handihaler market which we believe is 50-60% of the overall including Spiriva Respimat. Lupin has garnered ~140bps increase in **Albuterol** market share, ~25% share in **Darunavir** in over 2 months of launch, ~150bps gain in **Suprep** and ~300bps rise in **Lisinopril**. Though Lupin has started well in Spiriva, we note that in other large inhalation products like **Advair**, Mylan, which was first to launch, has a 20% share after 4 years in the market, suggesting it may not be a smooth ride for Lupin.
- **Ajanta Pharma** – Ajanta has gained market share since Q1 in most of its key products like **Tadalafil**, **Sildenafil**, **Duloxetine** and **Aripiprazole** which should lead to a healthy quarter QoQ. In a related read through for Ajanta, Zydus has quickly gained 7% market share in **gChantix**; Ajanta awaits approval likely by end Sep.
- **Alembic Pharma** – No major shift observed in key products like Aripiprazole, Losartan and Celecoxib (In July, August) while Lamotrigine has gained ~200bps market share till mid-September compared to Q1 average. **gAlphagan**, a decent ophthalmic approval does not appear to be launched yet.
- **Torrent Pharma** – Minor loss of market share in key products like **Aripiprazole** and **Duloxetine** compared to Q1 average though support from CGT designated **Peneclovir** gel (not launched yet) could act as an offset.

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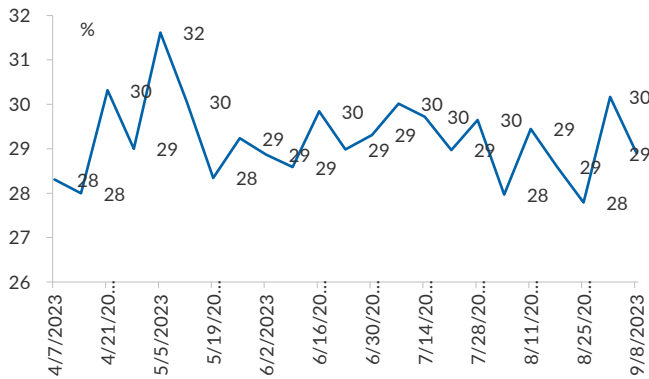
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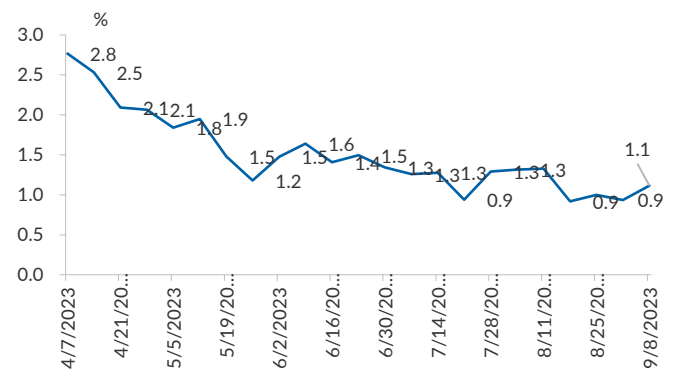


Exhibit 1: Brinzolamide – trend in Teva’s share



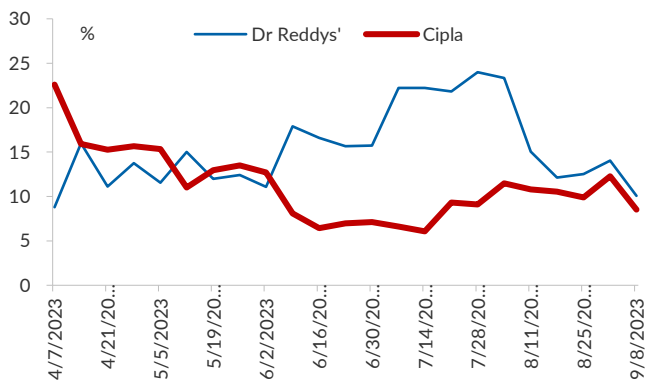
Source: Bloomberg, YES Sec

Exhibit 2: Combigan – Teva share on a secular decline



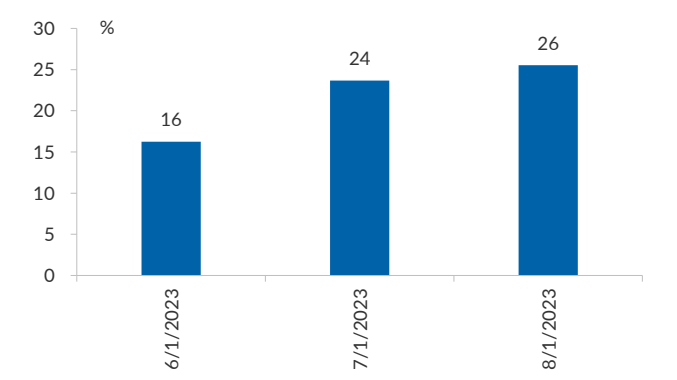
Source: Bloomberg, YES Sec

Exhibit 3: Revlimid – DRL and Cipla shares



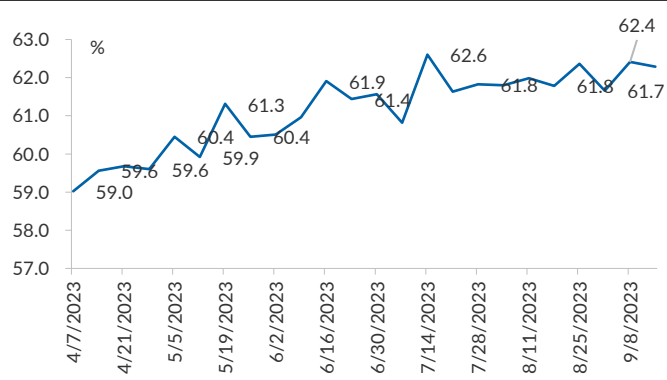
Source: Bloomberg, YES Sec

Exhibit 4: Darunavir – Lupin share up sharply



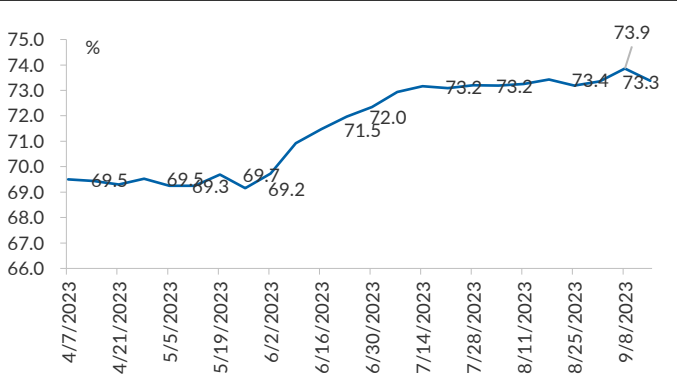
Source: Bloomberg, YES Sec

Exhibit 5: Suprep – trend in Lupin’s share



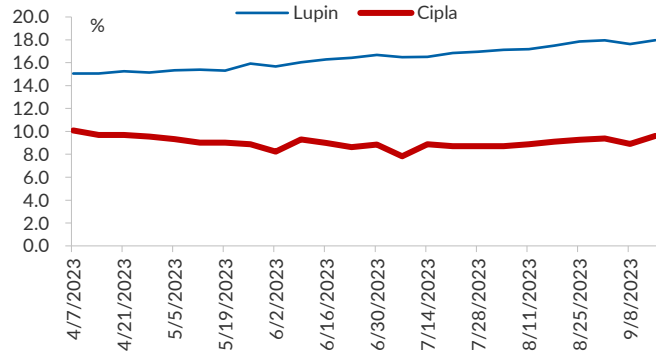
Source: Bloomberg, YES Sec

Exhibit 6: Lisinopril – trend in Lupin’s share



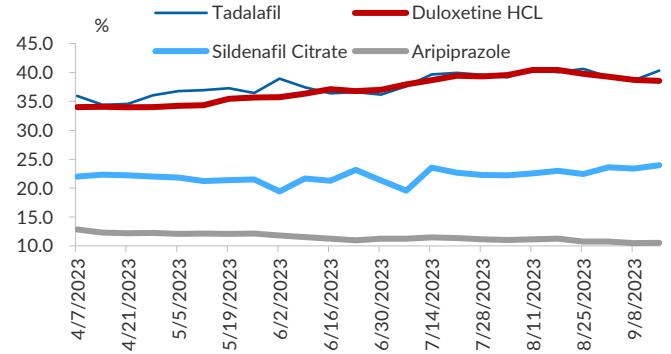
Source: Bloomberg, YES Sec

Exhibit 7: Albuterol – trend in Lupin and Cipla shares



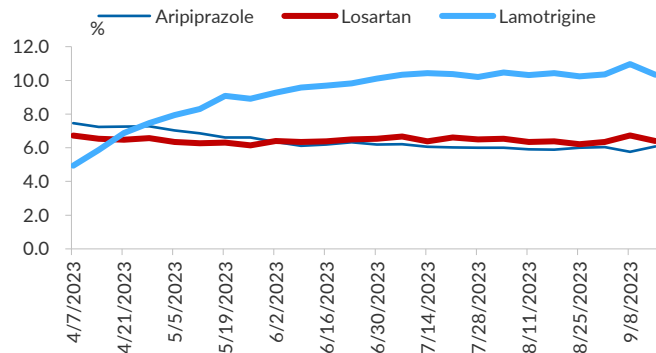
Source: Bloomberg, YES Sec

Exhibit 8: Ajanta Pharma – market share of key products



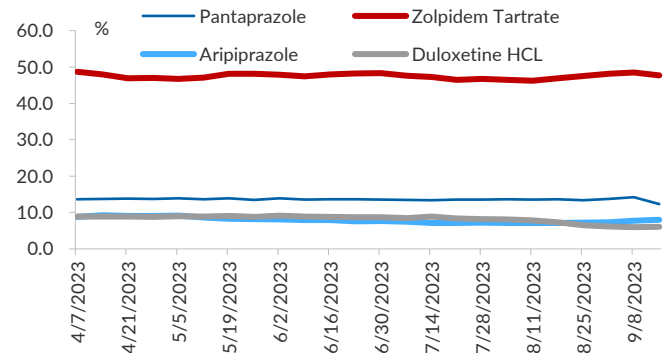
Source: Bloomberg, YES Sec

Exhibit 9: Alembic – shares of key products



Source: Company, YES Sec

Exhibit 10: Torrent Pharma – share of key products



Source: Company, YES Sec

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