

# Healthcare

## Aug'23 Export trends: A mixed bag

We analysed export data trends for Aug'23 which appears to be a mixed bag. Exports are down for Divi's and Suven Pharma while Laurus (ex-Paxlovid), Syngene, Ipca and Gland reported healthy YoY growth in Aug'23. Divi's exports declined 27% YoY (-15% YoY ex-Molnupiravir) with no sacubitril valsartan sales during the month (vs. USD 5mn MoM). The pricing trend for Divi's key products are largely stable with the exception of Dextromethorphan (-19% MoM), Carbidopa (-10% MoM), Levodopa (+26% MoM) and Beta Carotene (+21% MoM). Laurus' exports grew +30%YoY (ex-Paxlovid) but Jul-Aug sales are flattish sequentially. Suven Pharma's exports declined 75%YoY to USD 3mn. IPCA's exports have grown +11%YoY to USD 28mn, with monthly sales trending broadly in the range of USD 25-30mn. Syngene's exports were USD 6mn (vs. USD 4mn YoY; vs. USD 14mn MoM) primarily driven by USD 4mn Zoetis contribution (USD 47mn CY23 YTD). Notably, Gland Pharma's exports grew +9%YoY to USD 26mn and is trending significantly ahead of 1Q24.

- **Divi's Labs (Not Rated):** Exports in Aug'23 were USD 48mn (-27% YoY, -15% YoY ex-Molnupiravir). There was no contribution of sacubitril valsartan this month (vs. USD 5mn MoM). Molnupiravir contribution peaked in 1Q23 (USD 66mn) with lower contribution in subsequent quarters, thereby resulting in a more normalised base effect. Average monthly sales in CY23 are trending at USD 61mn. Exports for the month were driven by Levetiracetam (USD 5.4mn), Gabapentin (USD 4.3mn) and Trityl Losartan (USD 3.5mn). The pricing trends for key products are largely stable with the exception of Dextromethorphan (-19%MoM), Carbidopa (-10%MoM), Levodopa (+26%MoM) and Beta Carotene (+21%MoM). Top customers were GSK (USD 3.7mn), Organon (USD 3.6mn) and Sciegen (USD 3.4mn) in Aug'23.
- **Laurus Labs (Not Rated):** Exports for Aug'23 significantly recovered over Jul'23 (likely an aberration) at USD 30mn (+30% YoY ex-Paxlovid). Jul-Aug sales were USD 41mn (flattish sequentially). Exports for 1Q24 were USD 69mn (-46% YoY, flat YoY ex-Paxlovid). Average CY23 monthly sales are ~USD 30mn. Top customers for Laurus are I solutions, Aspen Oss and KRKA Novo Mesto.
- **Suven Pharma (Not Rated):** For the month of Aug'23, exports were at USD 3mn (-75% YoY), which is likely to be a one-off as average CY23 monthly sales are tracking at USD 13mn. Exports for 1Q24 were USD 38mn (-13% YoY, -10% ex one off Pfizer deal).
- **Ipca:** For the month of Aug'23, exports were up +11%YoY to USD 28mn. Average monthly sales in CY23 are in the range of USD 25-30mn. Exports for 1Q24 were lower at USD 76mn (-6% YoY). We expect exports to ramp up going forward. The management guided for 12-14% growth in branded formulations which, in our view, is slightly lower due to weaker Russian rouble.
- **Syngene (Not Rated):** Syngene's reported export numbers of USD 6mn (vs. USD 4mn) reflect USD 4mn contribution from Zoetis. Zoetis contributed USD 47mn CY23 YTD (the management guidance has been USD 50mn p.a.). For 1Q24, exports were USD 34mn (vs. USD 9mn YoY) with Zoetis contributing USD 22mn during the quarter (+84% QoQ).
- **Gland Pharma (Not Rated):** Exports grew +9%YoY to USD 26mn. While total exports in 1Q24 were USD 65mn (-15% YoY), Jul-Aug exports are already trending ahead.
- **Alembic Pharma:** In Aug'23, exports were at USD 32mn (+16% YoY). We expect exports to ramp up as US sales pick up gradually.
- **Natco Pharma:** In Aug;23, exports were USD 4mn (+19% YoY). Natco is focusing on increasing its geographical presence and building a front-end presence in the US and penetrating other regulated markets.

Jainil Shah

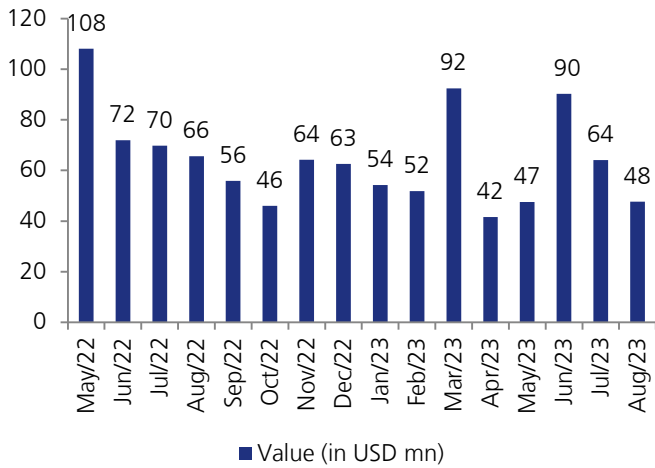
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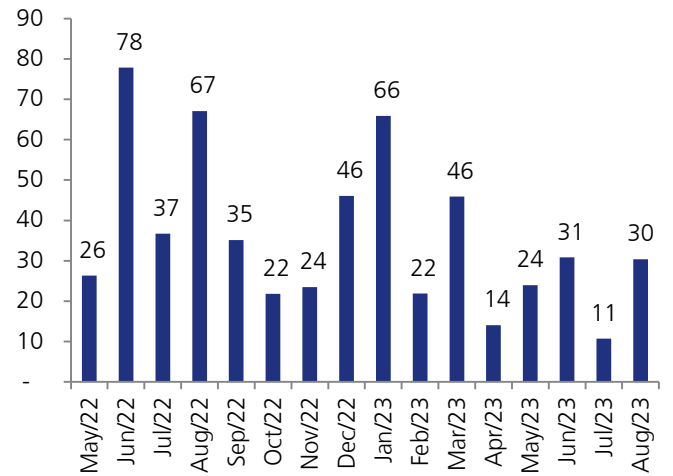
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Exhibit 1. Divi's



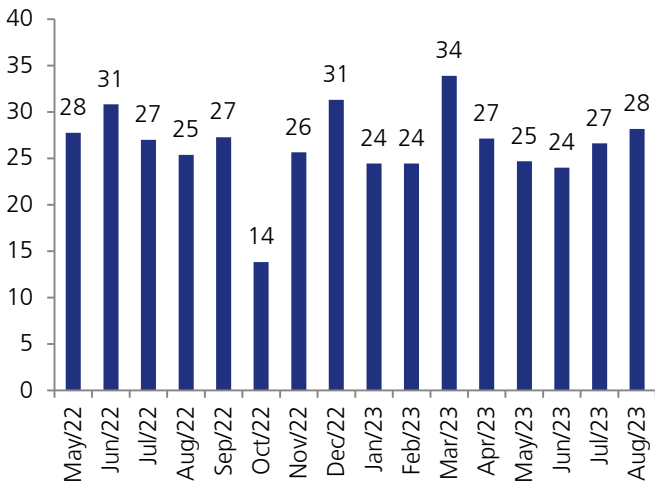
Source: JM Financial; Amount in USD mn

Exhibit 2. Laurus



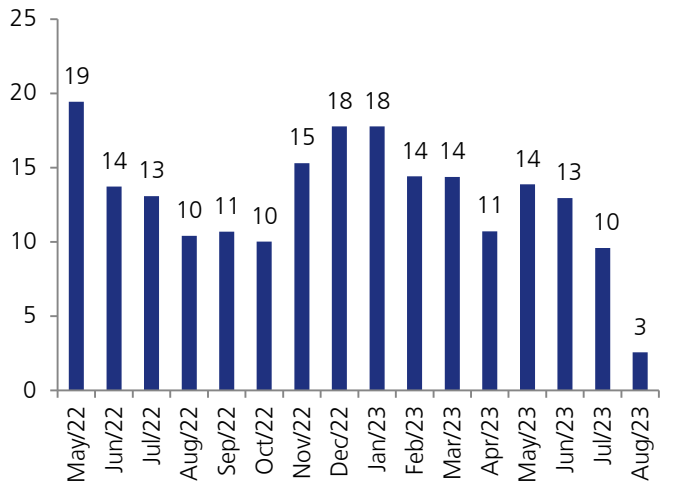
Source: JM Financial; Amount in USD mn

Exhibit 3. Ipca



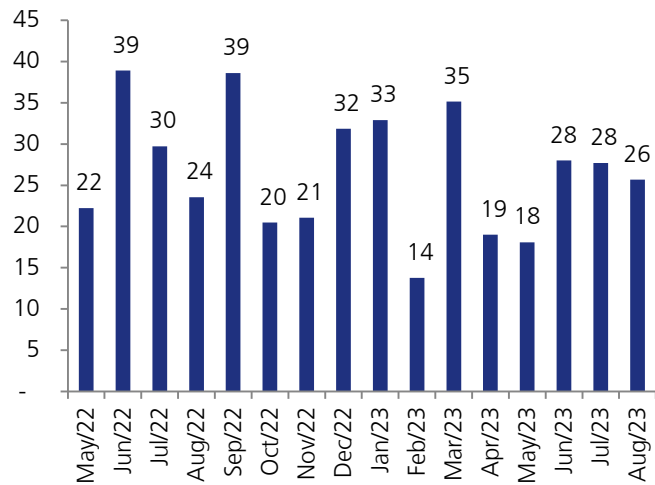
Source: JM Financial; Amount in USD mn

Exhibit 4. Suven Pharma



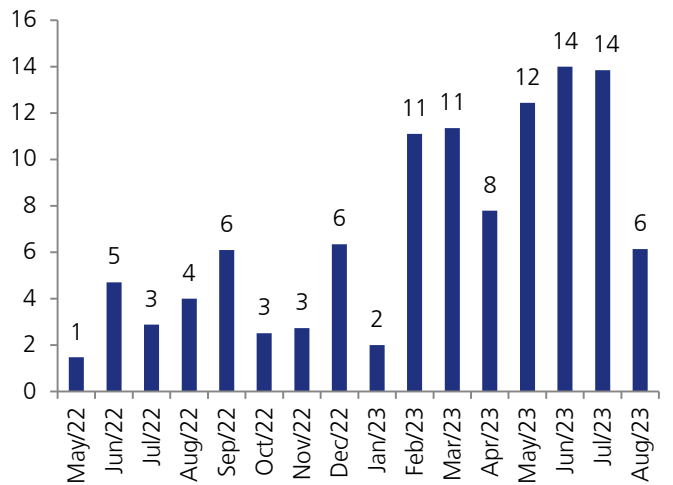
Source: JM Financial; Amount in USD mn

Exhibit 5. Gland



Source: JM Financial; Amount in USD mn

Exhibit 6. Syngene



Source: JM Financial; Amount in USD mn

## Exhibit 7. Summary of Exports

Exports USD mn	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24 % YoY	1Q24 %YoY (Ex-one off)	Aug-22	Aug-23	%YoY	%YoY (ex- one off)
Divi's	250	191	173	199	179	-28%	-3%	66	48	-27%	-15%
- Molnupiravir	66	36	3					9	0		
Laurus	127	139	91	134	69	-46%	0%	67	30	-55%	30%
- Paxlovid	58	71	3	47				44	0		
Suven	43	34	43	47	38	-13%	-10%	10	3	-75%	
Ipca	81	80	71	83	76	-6%		25	28	11%	
Syngene	9	13	12	24	34	293%		4	6	53%	
Gland	76	92	73	82	65	-15%		24	26	9%	

Source: JM Financial

## APPENDIX I

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