

Value surges; volume declines



Elara Diet Report—Your Swift and Savvy Guide to a 'Breaking News or a Development'

6 May 2024

Pharmaceuticals

As per Pharmatrac, a pharmaceuticals market research company, domestic pharma market growth has improved to 8.9% YoY in April 2024, continuing with its stable performance from March at 8.8% YoY. Volume declined 0.3% YoY. Thus, price continued to remain the major driver. Volume growth has remained muted through entire FY24. Going forward, we expect volume growth to pick up and price-led growth to moderate, thus broadly sustaining the current overall market growth rate.

Our view

We expect a slight uptick in growth for India's pharma market (IPM) compared to the levels of CY23, yet it is likely to remain within a constrained range throughout CY24 and FY25. Volume growth might accelerate albeit with moderate price increases. We reiterate that anticipated organic growth, estimated at 11-14% for pharma stocks, could fall short of expectations. This presents a potential risk, particularly for companies reliant on the domestic business for their overall profit.

Cardiac, derma, anti-diabetic segments drive IPM growth

In April 2024, IPM growth was particularly notable in cardiac at 13.5% YoY, dermatology at 11.3% YoY, and anti-diabetic segments at 10.7% YoY segments. Additionally, the central nervous system (CNS) and anti-infective categories saw growth of 10.2% YoY and 9.9% YoY, respectively. Among smaller therapeutic areas, oncology witnessed growth of 28.5% YoY in April 2024. However, respiratory, vitamins, minerals, & nutrients (VMN), and pain management segments reported subdued growth, consequently dampening overall IPM growth in April.

Volume continues its downward trend

The decline was primarily driven by weakened volume performance in the Top 3 therapy areas: gastro at 3.8% YoY growth, cardiac growth at 3.9% YoY and anti-infectives at 1.3% YoY decline. Poor performance also was observed in other segments, such as analgesic at 5.4% YoY decline, gynaecology at 4.9% YoY decline, and VMN at 4.7% YoY decline, contributing to the overall decrease. Conversely, among smaller therapy areas, oncology demonstrated 38.9% YoY increase in volume in April.

Torrent Pharma, Glenmark and USV drive IPM growth

In April, Torrent Pharma with a 17.6% YoY growth, Glenmark at 17.6% YoY growth, USV at 17.5% YoY growth, Alkem Lab at 14.5% YoY growth, and Mankind at 13.6% YoY growth outperformed compared to IPM. Additionally, IPCA Lab, Micro Labs, Sun Pharma, Zydus, Lupin, and Cipla stood out as other notable companies exceeding IPM performance. Conversely, Pfizer with a 0.4% YoY decline, Aristo Pharma at 4.9% YoY growth, Sanofi India at 5.2% YoY growth, and Abbott India at 7.6% YoY growth, contributed to the drag on IPM growth.

AWACS data does not usually correlate with companies' reported numbers on a quarterly basis and should not be extrapolated to reported growth.

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CIN: U74992MH2007PTC172297 | SEBI Research Analyst Registration No.: INH000000933

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