

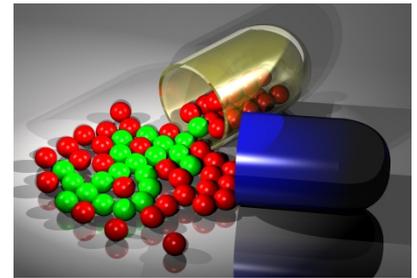
11 January 2016

# India PharmaScope

## Modest growth in Dec'15

According to AIOCD AWACS, India's pharmaceutical market grew modestly at 11.9% YoY in Dec'15 vs. 8.6% in Nov'15, led by healthy price increases and volume growth. Therapy-wise, growth was spurred by anti-infective, gastro-intestinal, anti-diabetic and respiratory therapies, while cardiac and vitamin supplements were laggards. Among key players, GNP, Cipla, LPC and DRRD posted strong growth, while SUNP, CDH and TRP underperformed.

- ➔ **Modest numbers:** As per AIOCD AWACS, the Indian Pharmaceutical Market (IPM) reported moderate growth of 11.9% YoY for the month of December, as against 8.6% growth in Nov'15 and 13.5% on average since Apr'15. On MAT basis (Dec'15), the chronic segment grew by 17.3% – better than acute segment growth of 12.4%.
- ➔ **Volumes and prices increase:** Of the total 11.9% growth, volumes contributed ~4% and price hikes ~5.2%. Contribution from newer introductions was broadly in line with previous trends at 2.8%. Both NLEM (National List of Essential Medicines)/non-NLEM portfolios witnessed a sharp recovery, growing 7.5%/12.7% YoY vs. 4.8%/9.3% in Nov'15.
- ➔ **Key segments outperform:** The anti-infective, gastrointestinal, anti-diabetic and respiratory segments – together contributing ~44% of the IPM – posted over 12% YoY growth in Dec'15, while the cardiac, gynaecological and vitamin supplement segments – accounting for ~26% market share – underperformed IPM growth by 250-700bps.
- ➔ **Other highlights:**
  - a) In Dec'15, revenues of domestic pharmaceutical companies grew at 13.4% YoY vs. 7.1% for MNCs. In the non-NLEM category, Indian companies grew at 14.5% and MNCs at 6.8%.
  - b) GNP, Cipla, LPC and DRRD posted strong growth of 18.6%, 16.7%, 15% and 14% YoY respectively, while SUNP, Zydus and TRP continued to underperform with weak sales growth of 7.6%, 6.8% and 3.7% respectively.
  - c) The New NLEM 2015 List rolled out in Dec'15 cuts the prices of an additional 28 drugs. This would have a marginal impact of 0.6% for the IPM. Cipla, Ranbaxy (SUNP), Zydus and GNP are some of the companies that will lose additional sales value of 1-2%, while SUNP (ex-Ranbaxy), DRRD and LPC will see a minimal impact of <1%.



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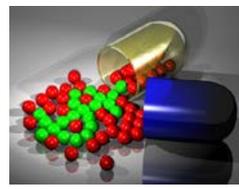
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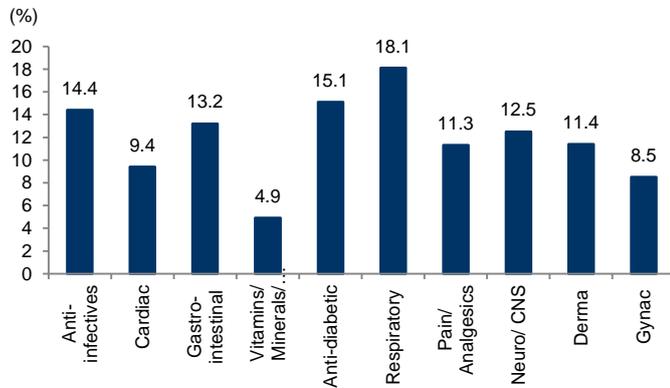
### IPM snapshot: Dec'15

Fig 1 - IPM growth – Key drivers



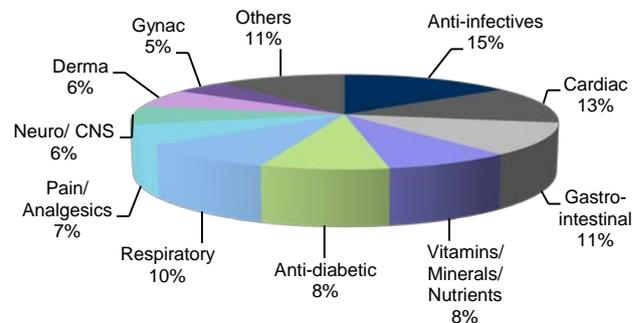
Source: AIOCD AWACS

Fig 2 - IPM: Therapy-wise growth trend (Dec'15)



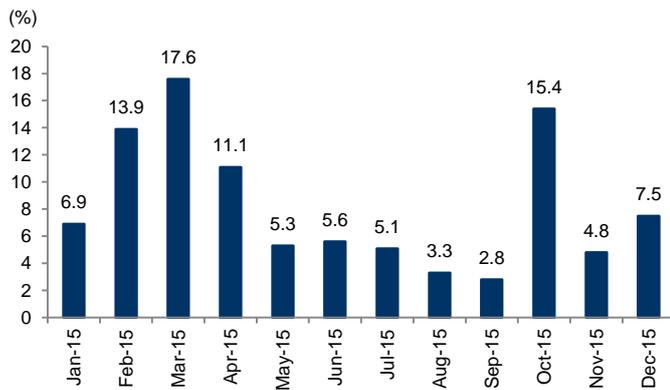
Source: AIOCD AWACS

Fig 3 - IPM: Therapy-wise market share (Dec'15)



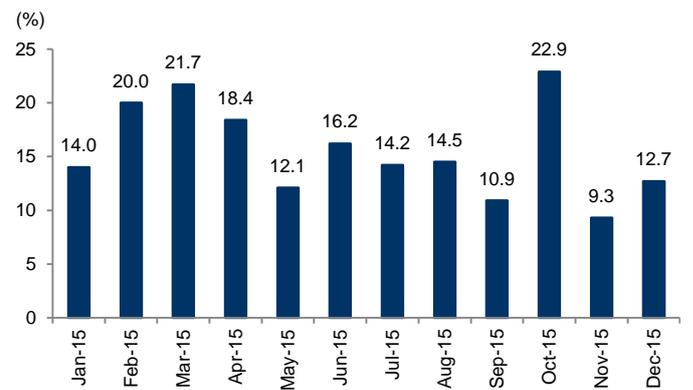
Source: AIOCD AWACS

Fig 4 - Overall NLEM growth trend

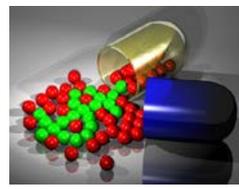


Source: AIOCD AWACS

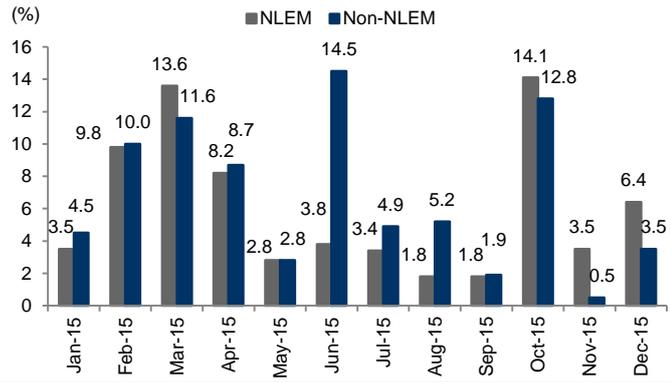
Fig 5 - Overall non-NLEM growth trend



Source: AIOCD AWACS

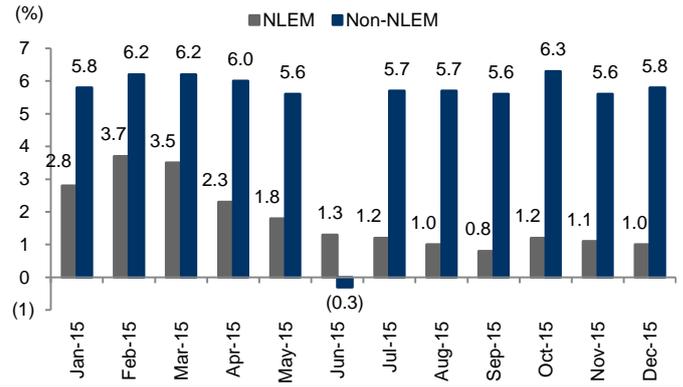


**Fig 6 - Volume growth trends**



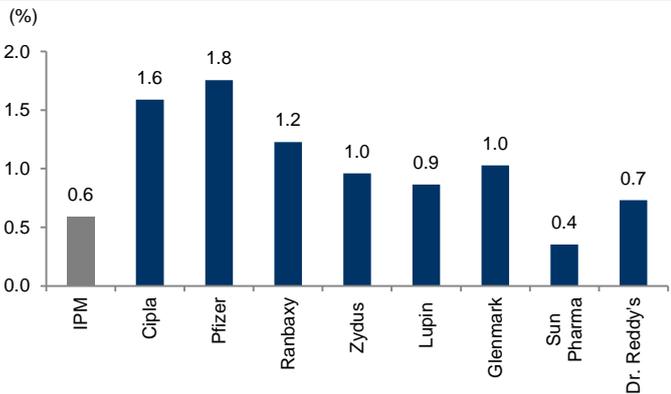
Source: AIOCD AWACS

**Fig 7 - Pricing growth trends**



Source: AIOCD AWACS

**Fig 8 - Value lost on incremental prices capped as per revised NLEM list**



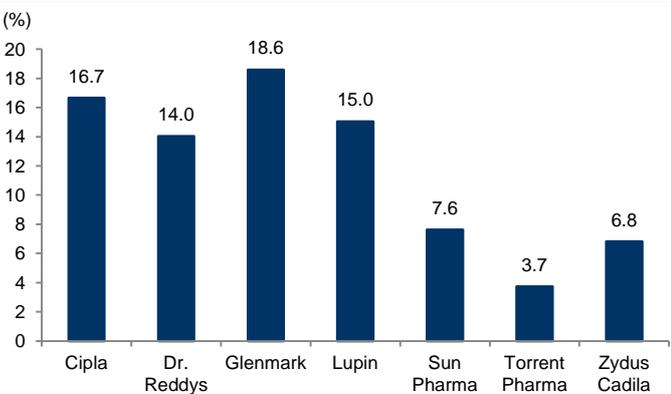
Source: AIOCD AWACS

The govt. has cut prices of 28 more drugs under the revised NLEM list, taking the total list to 376 drugs (vs. 348 earlier)

Pfizer, Cipla, Ranbaxy (SUNP), Zydus and GNP will lose an additional 1-2% of the current coverage due to the price capping. SUNP (ex-Ranbaxy), DRRD and LPC's current coverage to be minimally impacted by <1%

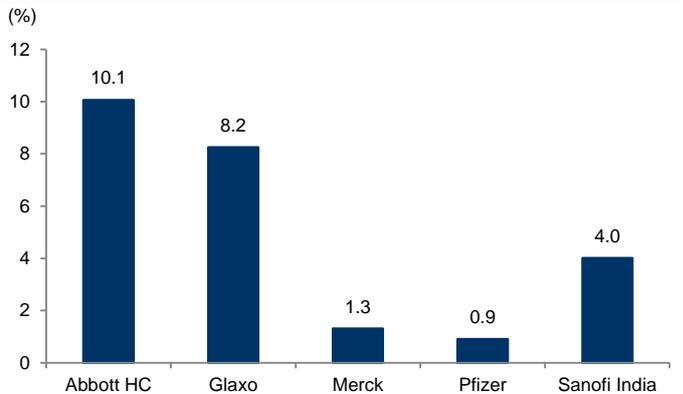
IPM would be marginally affected by 0.6% under the revised NLEM list

**Fig 9 - Growth reported by Domestic companies (Dec'15)**

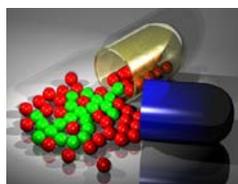


Source: AIOCD AWACS

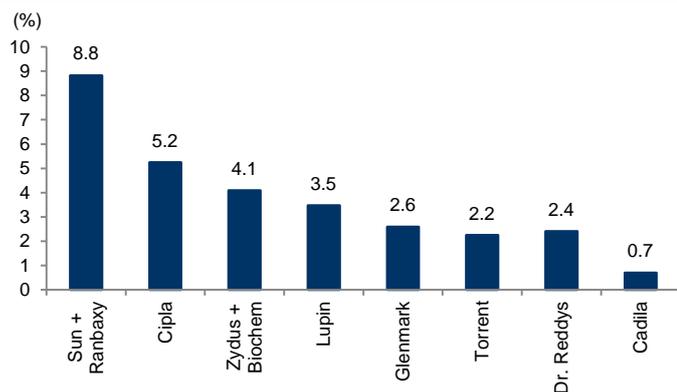
**Fig 10 - Growth reported by MNCs (Dec'15)**



Source: AIOCD AWACS

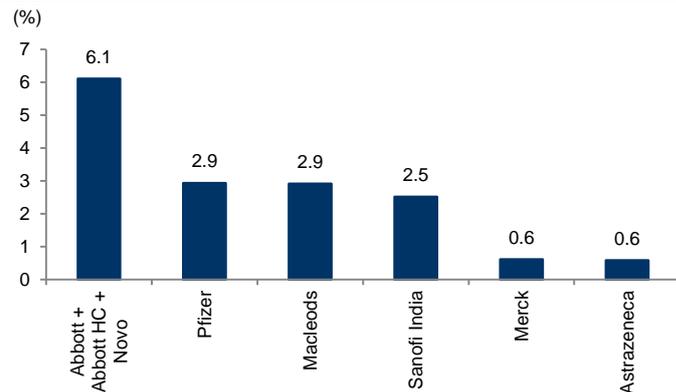


**Fig 11 - Market share of top Indian companies (Dec'15)**



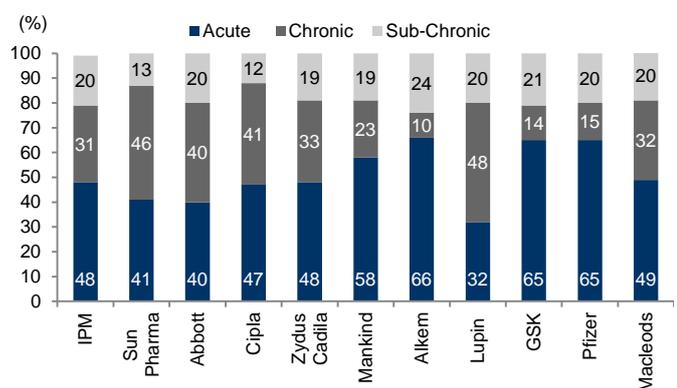
Source: AIOCD AWACS

**Fig 12 - Market share of top MNCs (Dec'15)**



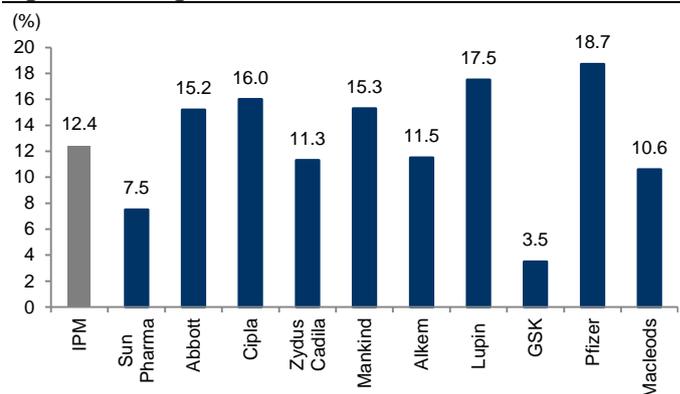
Source: AIOCD AWACS

**Fig 13 - Acute/ chronic break-up**



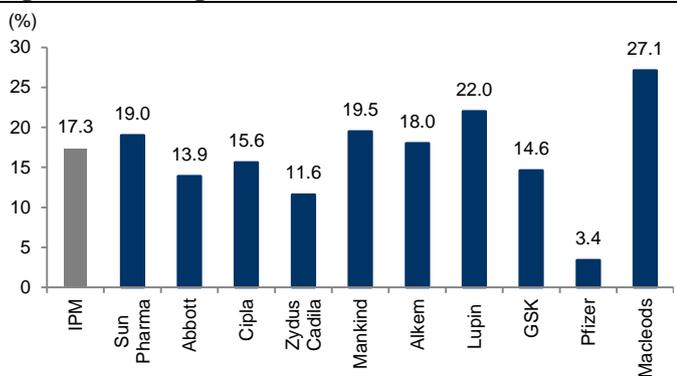
Source: AIOCD AWACS | MAT Dec'15

**Fig 14 - Acute growth**



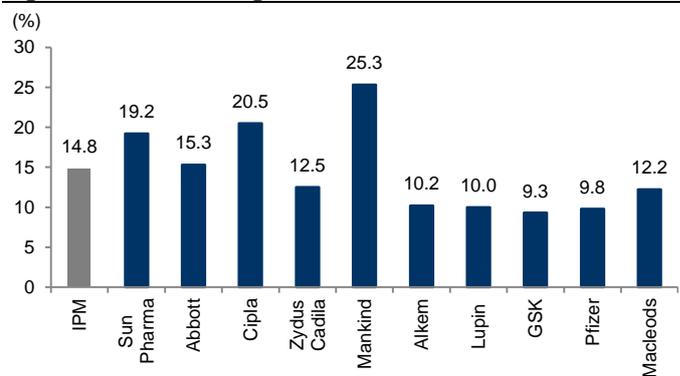
Source: AIOCD AWACS | MAT Dec'15

**Fig 15 - Chronic growth**

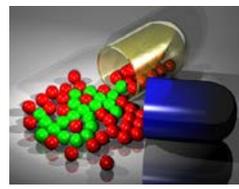


Source: AIOCD AWACS | MAT Dec'15

**Fig 16 - Sub-Chronic growth**



Source: AIOCD AWACS | MAT Dec'15



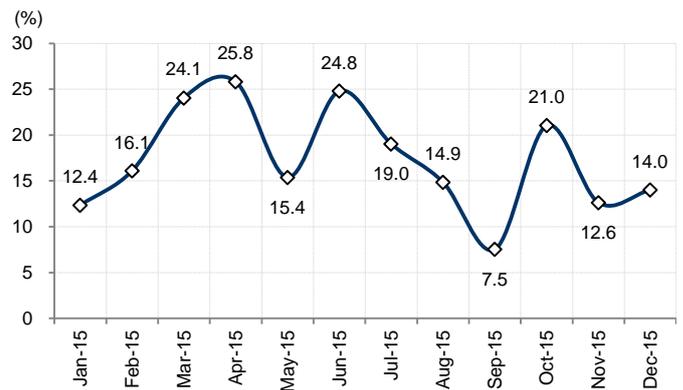
### Sales growth recovers in Dec'15 (incl. bonus units)

**Fig 17 - Cipla sales growth trend**



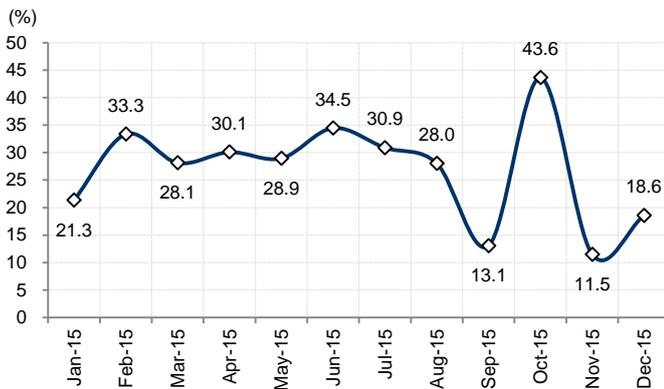
Source: AIOCD AWACS

**Fig 18 - DRRD sales growth trend**



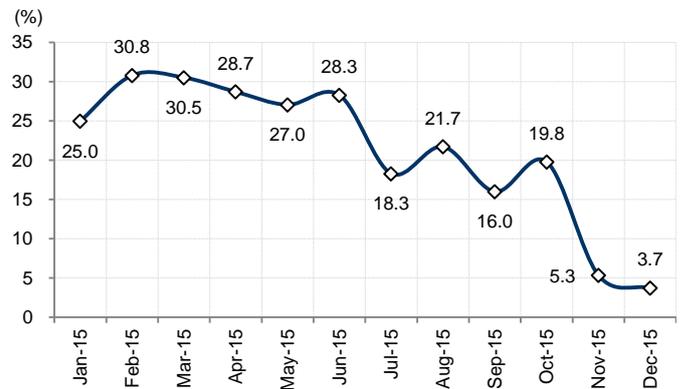
Source: AIOCD AWACS

**Fig 19 - GNP sales growth trend**



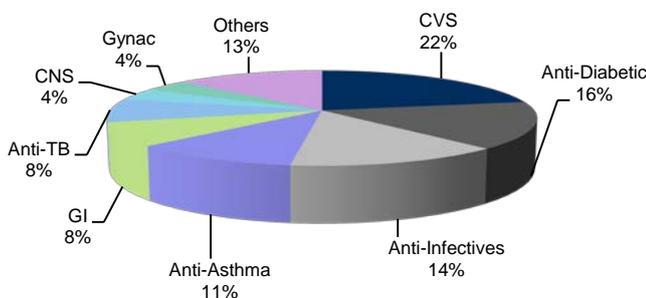
Source: AIOCD AWACS

**Fig 20 - TRP sales growth trend**



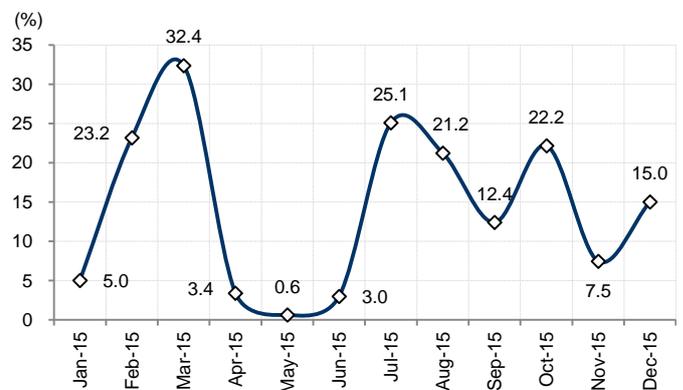
Source: AIOCD AWACS

**Fig 21 - LPC therapy breakup (FY15)**

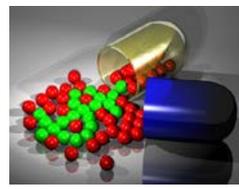


Source: Annual report, RCML Research

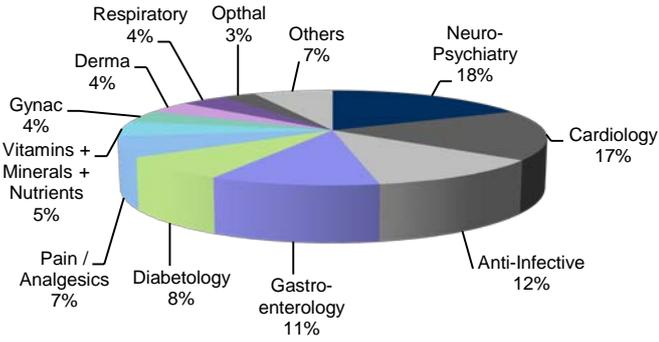
**Fig 22 - LPC sales growth trend**



Source: AIOCD AWACS

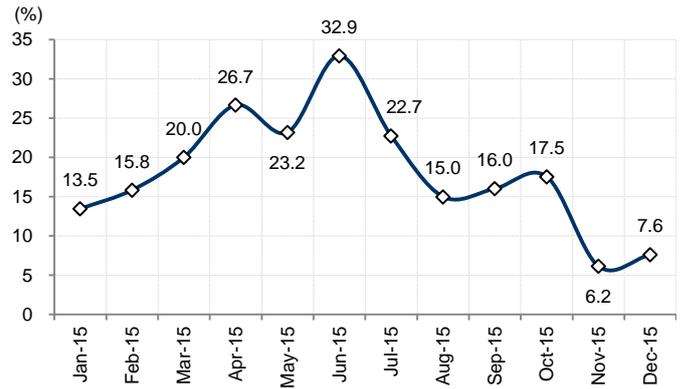


**Fig 23 - SUNP therapy breakup (FY15)**



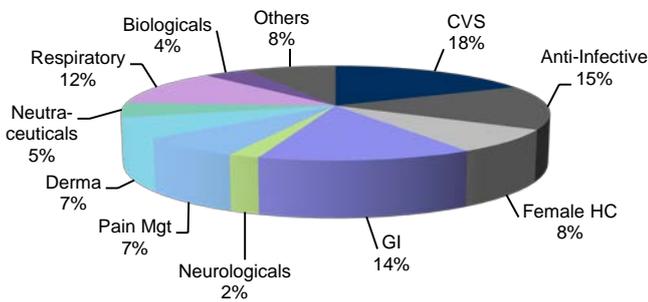
Source: Annual report, RCML Research

**Fig 24 - SUNP sales growth trend**



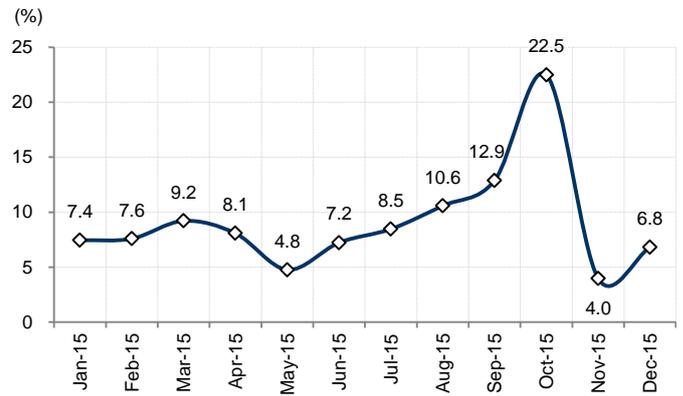
Source: AIOCD AWACS

**Fig 25 - CDH therapy breakup (FY15)**



Source: Annual report, RCML Research

**Fig 26 - CDH sales growth trend**



Source: AIOCD AWACS

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