

PHARMACEUTICALS

13 October 2022

Price hike led growth sustain IPM growth amidst weak volumes

- IPM grew 6.6% in Sep'22 on MAT basis (6.2% for the month) led by pricing (4.8%) and launch-led growth (2.5%) while volume shrank 0.8%
- Gynaec. (+14%), pain (+13%) and respiratory (+12%) therapies were top performers; anti-infectives, cardiac and VMN reported modest increases
- SUNP, AJP and ERIS remain our top picks in the sector

Saad Shaikh

research@bobcaps.in

IPM Sep'22 MAT growth healthy at 6.6% on a high base: As per IQVIA sales data, the Indian pharmaceutical market (IPM) grew 6.6% YoY on moving annual turnover (MAT) basis for the 12M period ended Sep'22. Price hike and new product introductions contributed 4.8% and 2.5% to the growth, offsetting a 0.8% volume decline. For the same period last year, IPM had reported supernormal growth of 17.9% spurred by a Covid-related demand surge.

Therapy performance: Gynaecology (+14%, 5% of IPM), pain (+13%, 8% of IPM), respiratory (+12%, 8% of IPM), gastrointestinal (GI: +12%, 11% of IPM), and cardiac (+6.5%, 12% of IPM) together contributed 70% to incremental growth on MAT basis for the period ended Sep'22. Anti-infectives – the second largest therapy in the IPM with 11% share after cardiac – posted a modest 4% rise on a high base of last year (Sep'21 MAT up 22%), as did VMN at 2.5% (vitamins, minerals, nutrients: 8% of IPM). CNS (6% of IPM) posted a healthy 10% uptick while anti-diabetic (9% of IPM) and dermatology (7% of IPM) therapies continued to struggle at 6% and 3.5% respectively.

On a monthly basis, only respiratory therapy recorded a decline of ~8% YoY in Sep'22 while anti-infectives remained flat – possibly due to channel destocking of these products after a strong performance during the previous months.

Top performers: From our coverage universe, AJP (+13.9% MAT Sep'22, +13.9% YoY Sep'22), SUNP (+11.7% MAT, +9.8% Sep'22) and ALKEM (+10.7%, +9.5%) were top performers for both the 12M and Sep'22 timeframes. ERIS reported MAT/Sep growth of 8% each. From a Q2FY23 perspective, IQVIA data shows that ALKEM, SUNP and AJP from our coverage were top performers with YoY growth of 13.2%, 12.4% and 12.2% respectively. DRRD, LPC and ALPM grew in single digits at 4.4%, 6.2% and 6.2% respectively.

Top picks: Our top picks in the pharma sector remain SUNP (BUY, TP Rs 1,100), AJP (BUY, TP Rs 1500) and ERIS (BUY, Rs 970).

Recommendation snapshot

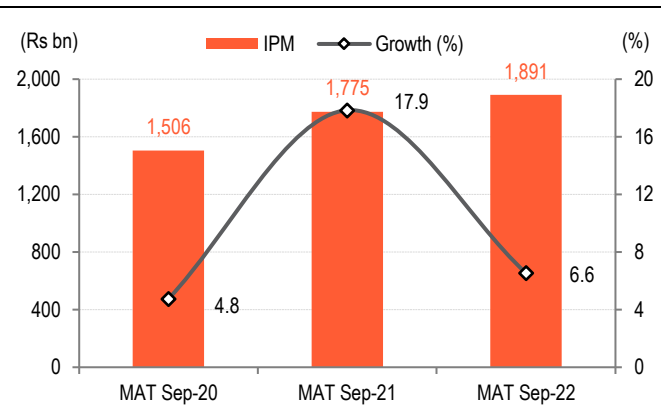
Ticker	Price	Target	Rating
AJP IN	1,255	1,500	BUY
ALKEM IN	3,126	3,220	HOLD
ALPM IN	576	770	HOLD
DRRD IN	4,255	4,450	HOLD
ERIS IN	708	970	BUY
LPC IN	687	600	SELL
SUNP IN	968	1,100	BUY

Price & Target in Rupees | Price as of 13 Oct 2022



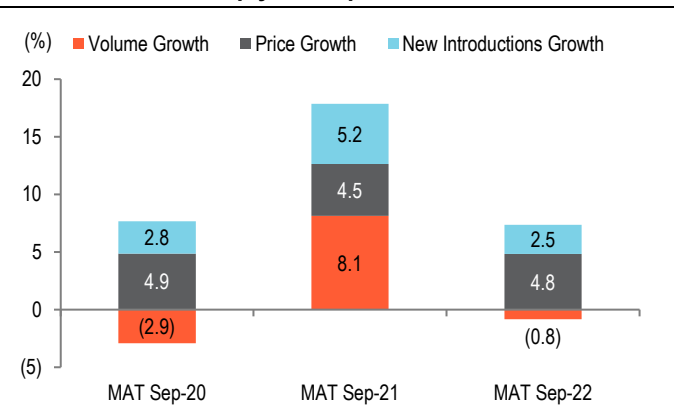
Sep'22: IPM trends

Fig 1 – Healthy IPM growth on a high base



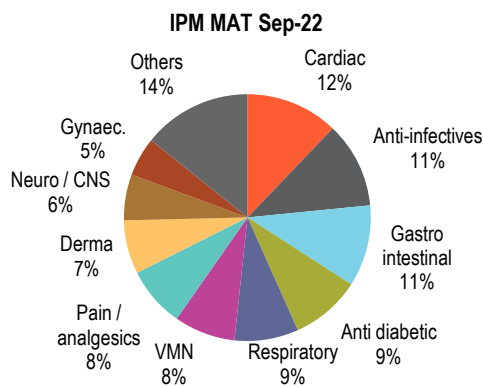
Source: IQVIA, BOBCAPS Research

Fig 2 – Consistent price hikes offset volatile volumes, volumes down sharply vs. Sep'21 MAT



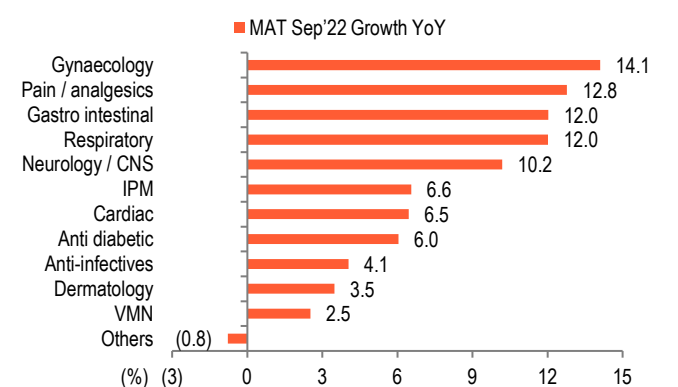
Source: IQVIA, BOBCAPS Research

Fig 3 – Cardiac therapy continued to dominate followed by anti-infectives; top 5 therapies contribute half of IPM



Source: IQVIA, BOBCAPS Research

Fig 4 – Except GI and respiratory therapies, the other three among the top 5 underperformed IPM



Source: IQVIA, BOBCAPS Research

Fig 5 – Five among top 10 therapies underperformed IPM, notably anti-infectives and anti-diabetic; VMN saw reversal post supernormal growth of ~22% last year

IPM	MAT Sep-22 (Rs bn)	Share (%)	Growth (%)		
			MAT Sep-20	MAT Sep-21	MAT Sep-22
Cardiac	230	12	12.4	13.2	6.5
Anti-infectives	213	11	(4.2)	22.3	4.1
Gastrointestinal	202	11	2.1	19.6	12.0
Anti-diabetic	175	9	10.3	8.8	6.0
Respiratory	158	8	6.7	17.1	12.0
VMN	151	8	5.9	21.5	2.5
Pain / Analgesics	149	8	1.0	17.2	12.8
Dermatology	133	7	4.4	13.8	3.5
Neurology / CNS	113	6	8.1	12.9	10.2
Gynaecology	97	5	(0.1)	17.9	14.1
Others	269	14	5.1	26.7	(0.8)
IPM	1,891	100	4.8	17.9	6.6

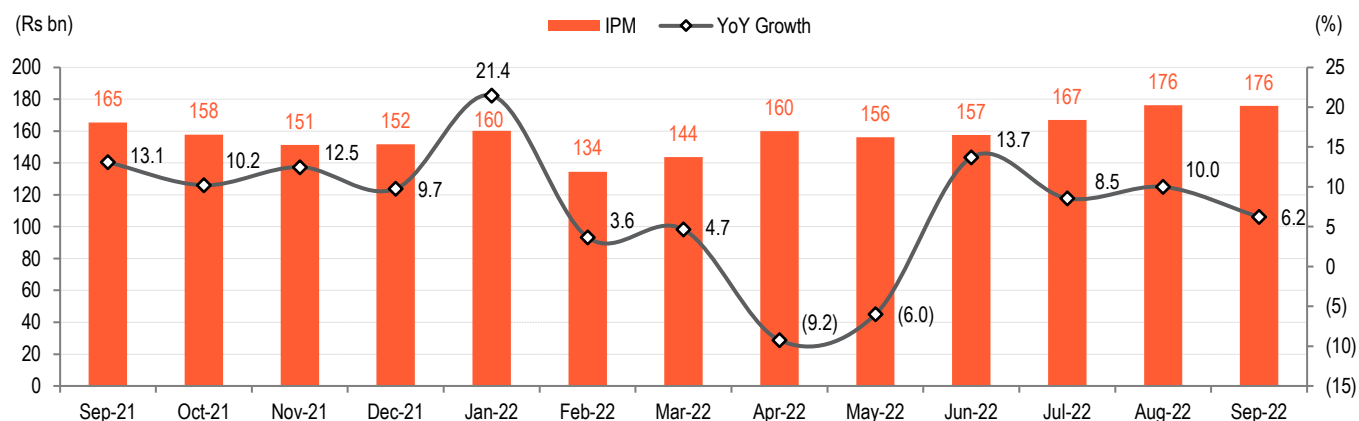
Source: IQVIA, BOBCAPS Research

Fig 6 – Therapy market share of select companies

Therapy Share (%)	Cardiac	Anti-infectives	GI	Anti-diabetic	Respiratory	VMN	Pain	Derma	Neuro	Gynaecology	Others
SUNP	10.6	6.1	9.2	6.6	4.7	4.4	7.2	5.2	22.1	6.6	5.6
CIPLA	4.9	6.9	3.1	2.1	23.0	0.8	2.4	2.4	2.9	1.8	4.8
DRRD	2.9	1.2	4.6	1.8	5.3	2.5	4.4	3.3	2.6	0.5	3.1
LPC	6.2	2.1	2.7	8.5	5.9	2.4	1.9	0.4	2.8	3.6	1.7
ALKEM	0.8	13.2	7.1	1.6	1.5	5.4	5.4	1.5	2.4	3.1	0.6
ALPM	1.9	3.0	1.5	1.3	2.3	1.1	0.7	0.3	0.1	3.7	0.7
AJP	2.2	0.0	0.0	0.2	0.2	0.1	0.7	2.0	0.2	0.0	1.5
ERIS	1.7	0.0	0.4	3.0	0.1	2.0	0.3	0.0	1.1	0.9	0.0
ZYDUSLIF	2.8	3.3	3.0	1.6	4.7	1.6	2.8	2.8	0.8	4.4	3.7
GNP	5.0	1.7	0.1	1.8	5.2	0.0	0.0	8.0	0.1	0.4	0.7
TRP	7.7	0.9	5.6	2.9	0.2	4.1	3.6	1.3	8.1	1.5	0.5
BIOS	0.0	0.2	0.0	1.3	-	0.0	0.1	0.2	-	-	0.7
IPCA	1.9	1.4	1.0	0.7	1.1	0.6	8.8	1.3	1.3	0.0	1.9
JBCP	3.1	0.2	2.6	0.1	0.2	0.2	0.2	0.4	0.1	0.8	0.8
INDOCO	0.0	1.1	0.9	0.2	1.4	0.5	0.3	0.4	-	0.0	1.5

Source: IQVIA MAT Sep-22

Fig 7 – Sep-22 IPM growth slides to 6.2% YoY, remains flat QoQ



Source: IQVIA, BOBCAPS Research

Fig 8 – Barring respiratory and anti-infectives, IPM beat growth across therapies in Sep-22; IPM saw higher single-digit growth in Q2FY23 on YoY and QoQ basis

Therapy	IPM – Monthly Turnover (Rs bn)			YoY Growth (%)			MoM Growth (%)	Q2FY23	Growth (%)	
	Jul-22	Aug-22	Sep-22	Jul-22	Aug-22	Sep-22	Sep-22		YoY	QoQ
Cardiac	19.7	20.1	20.4	7.4	11.0	11.9	1.2	60.2	10.1	2.3
Anti-infectives	19.5	22.9	22.4	10.5	11.7	0.5	(2.5)	64.8	7.2	35.2
Gastrointestinal	18.5	18.8	18.1	12.4	14.6	10.3	(3.6)	55.5	12.5	0.0
Anti-diabetic	15.2	15.3	15.3	7.7	8.7	6.9	0.2	45.8	7.8	1.7
Respiratory	13.0	14.7	14.8	16.2	8.7	(7.9)	0.1	42.5	4.2	33.7
VMN	13.6	14.0	14.2	5.2	7.0	6.9	1.4	41.8	6.4	5.0
Pain / Analgesics	13.6	14.5	14.2	14.1	12.4	8.5	(2.1)	42.3	11.6	12.6
Dermatology	11.8	12.2	12.5	1.5	4.9	7.1	2.1	36.5	4.5	10.8
Neurology / CNS	9.9	10.2	10.1	8.5	11.1	9.7	(0.5)	30.2	9.8	3.6
Gynaecology	8.7	8.9	9.0	9.5	13.9	15.0	1.1	26.5	12.8	0.6
Others	23.4	24.5	24.8	4.1	7.0	7.1	1.3	72.7	6.1	6.0
IPM	166.9	176.2	175.7	8.5	10.0	6.2	(0.3)	518.8	8.2	9.6

Source: IQVIA, BOBCAPS Research

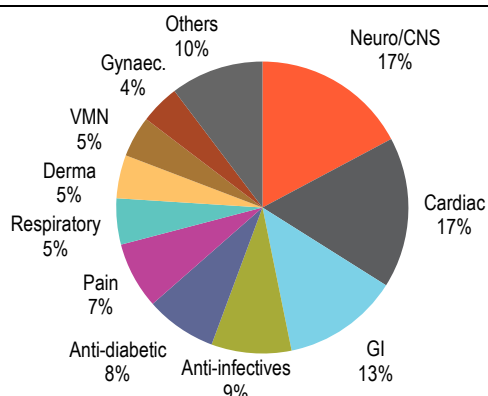
Fig 9 – IPM growth for Q2FY23 at 8.2% YoY: JBPC, TRP, and ALKEM top performers

IPM Rank	Company	Bloomberg Ticker	IPM Market Share (%)	MAT Sep-22 Growth (%)	YoY Growth (%)			
					Jul-22	Aug-22	Sep-22	Q2FY23
-	IPM		100	6.6	8.5	10.0	6.2	8.2
1	Sun Pharma	SUNP	7.70	11.7	13.5	13.9	9.8	12.4
3	Cipla	CIPLA	5.21	2.9	10.1	11.7	7.0	9.5
5	Alkem	ALKEM	3.97	10.7	14.7	15.7	9.5	13.2
6	Lupin	LPC	3.52	6.2	6.0	9.1	3.7	6.2
8	Torrent Pharma	TRP	3.25	11.9	14.9	14.8	11.5	13.7
10	Dr Reddy's Labs	DRRD	3.01	3.5	5.9	5.3	2.0	4.4
11	Zydus Cadila	ZYDUSLIF	2.91	5.6	8.6	11.2	8.3	9.4
14	Glenmark Pharma	GNP	2.11	(7.5)	5.2	10.2	9.9	8.5
17	IPCA Labs	IPCA	1.82	14.0	17.7	9.5	8.9	11.8
21	Alembic	ALPM	1.50	8.2	9.7	8.4	1.1	6.2
23	JB Pharma	JBCP	0.92	19.0	9.6	20.1	27.9	18.8
24	Eris Lifesciences	ERIS	0.85	8.3	7.3	12.0	7.9	9.0
27	Ajanta Pharma	AJP	0.73	13.9	13.3	9.5	13.9	12.2
29	Indoco	INDOCO	0.66	5.2	13.9	7.6	(5.8)	4.7
57	Biocon	BIOS	0.27	0.0	12.3	12.9	5.2	10.1

Source: IQVIA, BOBCAPS Research

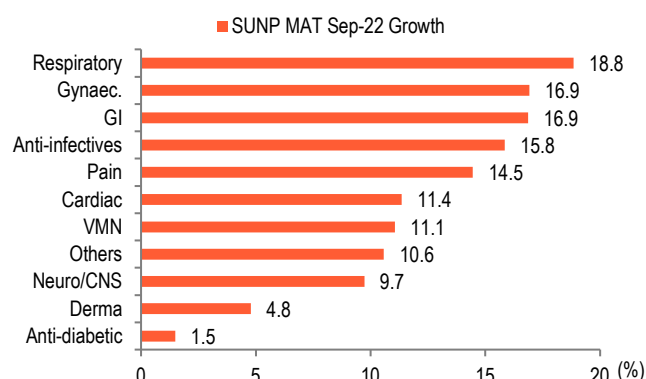
SUNP

Fig 10 – Therapy mix – MAT Sep-22



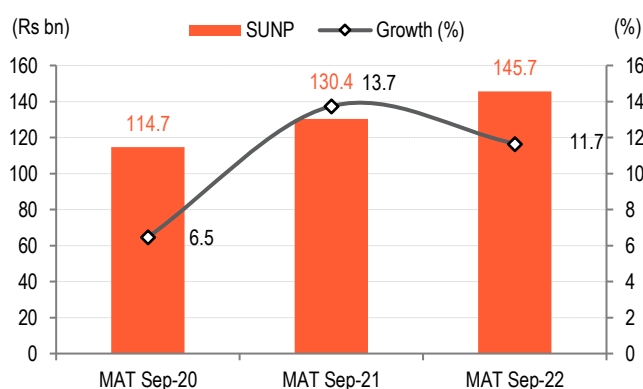
Source: IQVIA, BOBCAPS Research

Fig 11 – Therapy performance



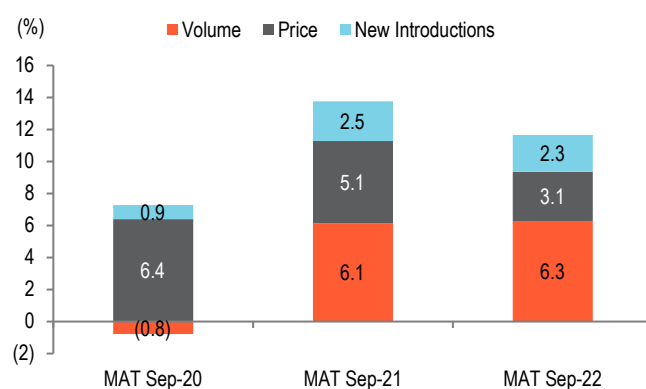
Source: IQVIA, BOBCAPS Research

Fig 12 – MAT Sep-22 growth



Source: IQVIA, BOBCAPS Research

Fig 13 – Growth drivers



Source: IQVIA, BOBCAPS Research

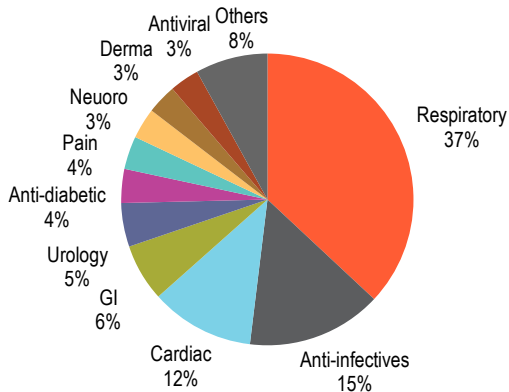
Fig 14 – Monthly therapy performance

Therapy	YoY (%)			Q2FY23 (Rs mn)	YoY (%)	QoQ (%)
	Jul-22	Aug-22	Sep-22			
Neurology / CNS	11.3	13.1	11.5	6,613	11.9	2.3
Cardiac	10.7	13.4	13.2	6,448	12.4	3.2
Gastrointestinal	19.5	20.9	15.7	5,181	18.7	6.1
Anti-infectives	20.7	15.9	4.2	3,820	13.0	27.3
Anti-diabetic	9.2	8.3	(9.5)	2,890	2.5	(1.4)
Pain / Analgesics	17.7	17.3	15.0	2,934	16.7	4.2
Respiratory	25.8	25.9	16.0	2,080	22.3	29.8
Dermatology	0.1	(2.9)	3.7	1,879	0.3	5.3
Vitamins/Minerals/Nutrients	5.3	7.8	4.4	1,758	5.8	1.0
Gynaecology	15.8	13.2	11.2	1,667	13.4	(2.8)
Others	12.7	14.1	14.1	4,010	13.6	5.1
SUNP	13.5	13.9	9.8	39,281	12.4	6.2

Source: IQVIA, BOBCAPS Research

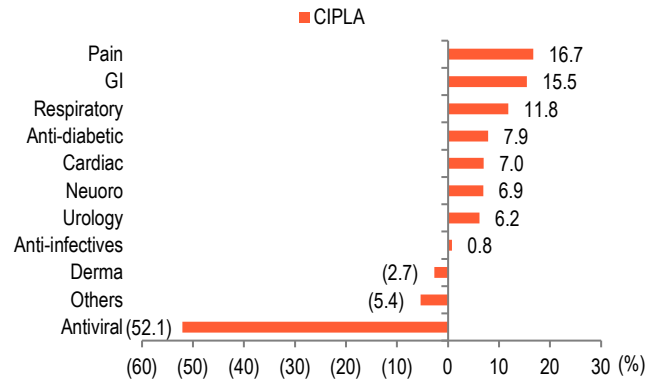
CIPLA

Fig 15 – Therapy mix



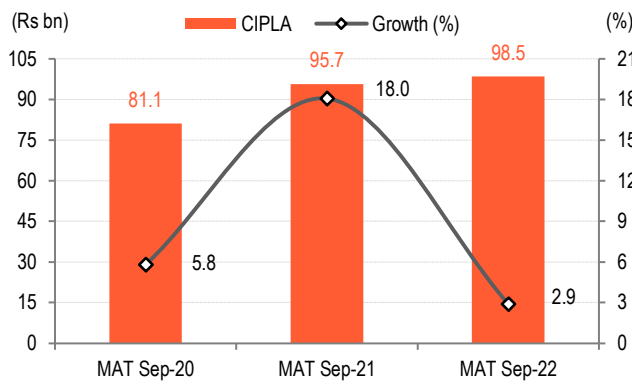
Source: IQVIA, BOBCAPS Research

Fig 16 – Therapy performance



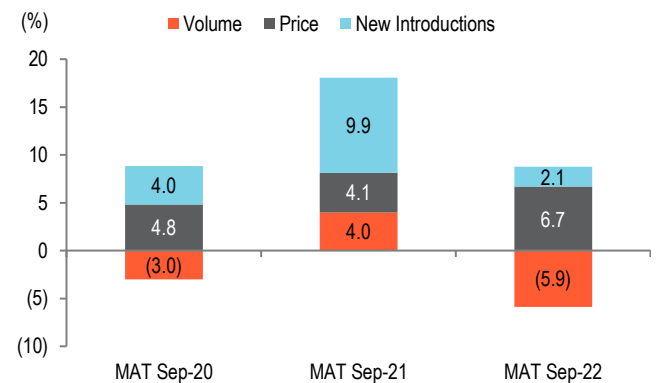
Source: IQVIA, BOBCAPS Research

Fig 17 – MAT Sep-22 growth



Source: IQVIA, BOBCAPS Research

Fig 18 – Growth drivers



Source: IQVIA, BOBCAPS Research

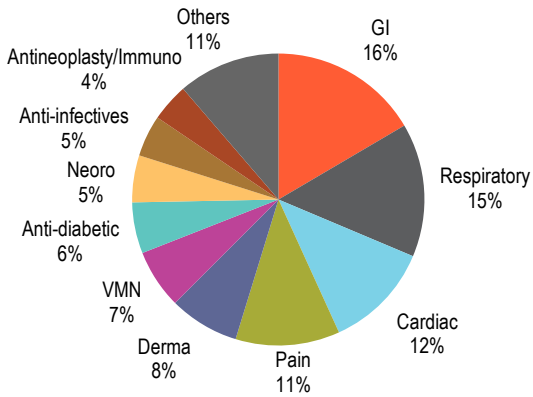
Fig 19 – Monthly therapy performance

Therapy	YoY (%)			Q2FY23 (Rs mn)	YoY (%)	QoQ (%)
	Jul-22	Aug-22	Sep-22			
Respiratory	14.8	15.0	4.4	9,521	10.9	17.6
Anti-infectives	15.9	11.8	2.7	4,324	9.7	30.0
Cardiac	7.2	13.3	14.2	2,938	11.5	0.1
Gastrointestinal	20.9	19.3	18.3	1,731	19.5	(0.5)
Urology	(1.7)	(1.8)	(0.3)	1,208	(1.3)	(1.6)
Anti-diabetic	4.3	9.4	12.4	987	8.7	1.8
Pain / Analgesics	20.8	21.9	17.3	1,100	19.9	19.3
Neurology / CNS	0.7	7.5	9.7	866	5.9	3.0
Dermatology	(0.4)	6.9	11.7	884	6.0	15.9
Antiviral	(19.1)	(10.6)	(13.7)	923	(14.4)	30.6
Others	7.1	11.1	16.2	2,126	11.5	4.0
CIPLA	10.1	11.7	7.0	26,609	9.5	12.9

Source: IQVIA, BOBCAPS Research

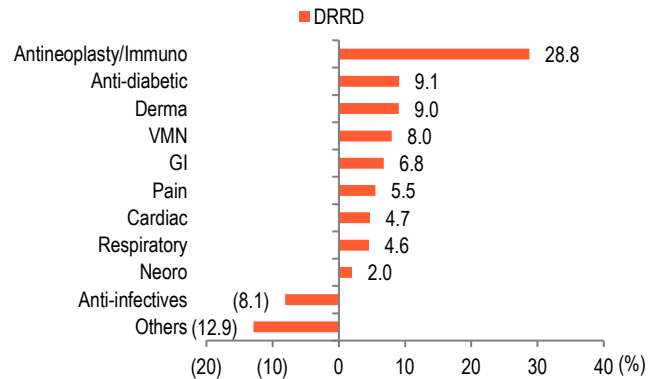
DRRD

Fig 20 – Therapy mix



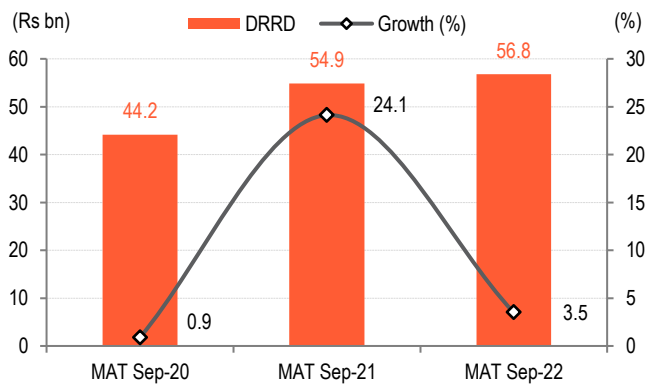
Source: IQVIA, BOBCAPS Research

Fig 21 – Therapy performance



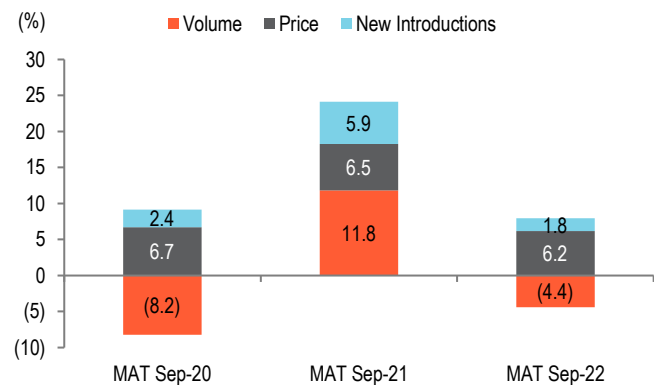
Source: IQVIA, BOBCAPS Research

Fig 22 – MAT Sep-22 growth



Source: IQVIA, BOBCAPS Research

Fig 23 – Growth drivers



Source: IQVIA, BOBCAPS Research

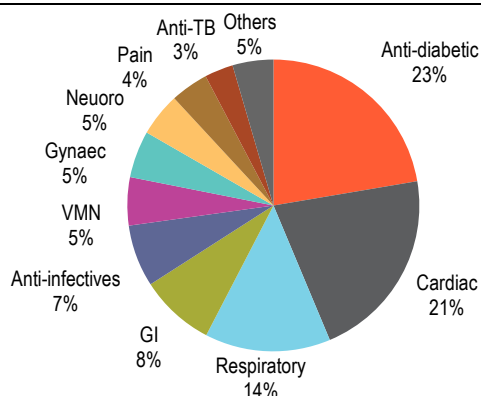
Fig 24 – Monthly therapy performance

Therapy	YoY (%)			Q2FY23 (Rs mn)	YoY (%)	QoQ (%)
	Jul-22	Aug-22	Sep-22			
Gastrointestinal	2.5	4.6	4.3	2,481	3.8	2.7
Respiratory	5.3	(2.3)	(14.5)	2,263	(4.7)	37.0
Cardiac	6.5	11.9	9.3	1,812	9.2	4.6
Pain / Analgesics	4.2	5.7	0.9	1,738	3.6	0.7
Dermatology	7.6	4.5	11.3	1,215	7.7	13.7
Vitamins/Minerals/Nutrients	4.5	2.2	3.5	970	3.4	(9.1)
Anti-diabetic	11.2	11.2	13.2	859	11.9	4.0
Neurology / CNS	(8.3)	6.7	5.7	812	1.4	6.8
Anti-infectives	9.0	10.3	0.0	815	6.1	77.0
Antineoplast/immunomodulator	48.1	28.2	33.0	661	36.1	12.4
Others	4.4	0.6	(3.3)	1,676	0.6	8.4
DRRD	5.9	5.3	2.0	15,301	4.4	10.5

Source: IQVIA, BOBCAPS Research

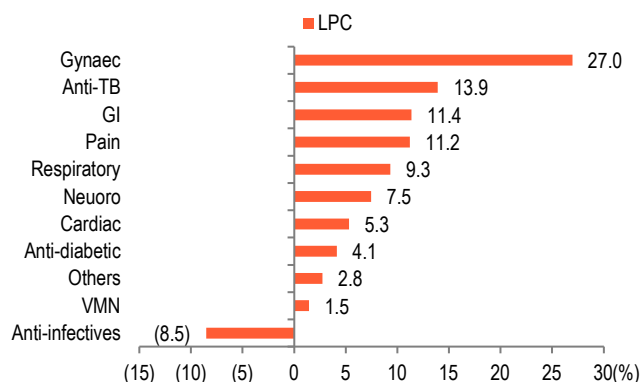
LPC

Fig 25 – Therapy mix



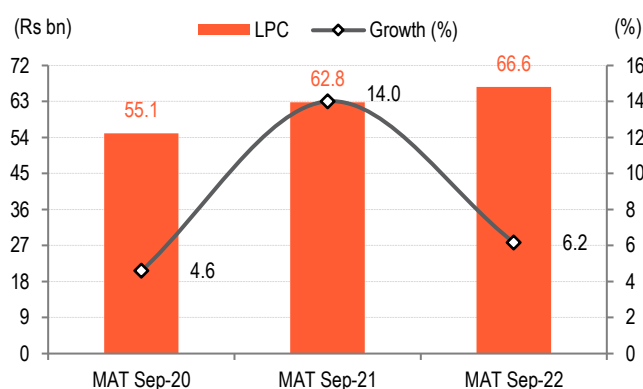
Source: IQVIA, BOBCAPS Research

Fig 26 – Therapy performance



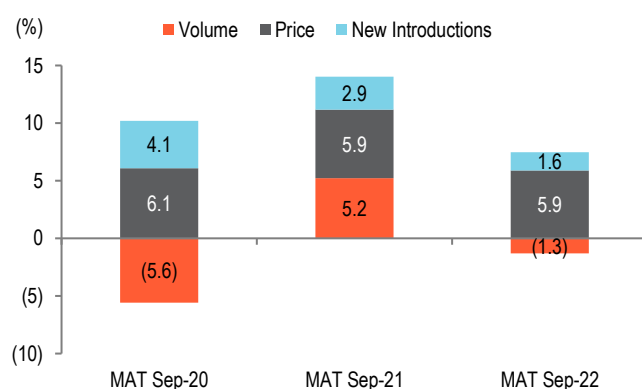
Source: IQVIA, BOBCAPS Research

Fig 27 – MAT Sep-22 growth



Source: IQVIA, BOBCAPS Research

Fig 28 – Growth drivers



SOURCE: IQVIA, BOBCAPS RESEARCH

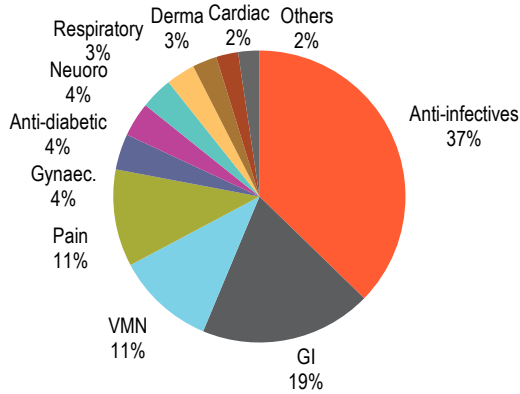
Fig 29 – Monthly therapy performance

Therapy	YoY (%)			Q2FY23 (Rs mn)	YoY (%)	QoQ (%)
	Jul-22	Aug-22	Sep-22			
Anti-diabetic	5.8	3.0	(1.3)	3,754	2.5	(1.9)
Cardiac	6.4	13.6	9.1	3,684	9.7	0.4
Respiratory	6.0	10.2	1.8	2,351	5.8	9.6
Gastrointestinal	6.9	20.1	10.9	1,575	12.5	7.8
Anti-infectives	(3.4)	1.7	(8.7)	1,310	(3.6)	27.5
Vitamins/Minerals/Nutrients	(4.0)	(6.2)	(7.0)	938	(5.8)	2.6
Gynaecology	22.1	20.5	19.7	966	20.8	0.7
Neurology / CNS	3.0	9.7	5.4	841	6.0	4.1
Pain / Analgesics	6.5	11.0	6.2	756	7.9	3.4
Anti-TB	17.0	19.4	12.9	576	16.4	4.9
Others	9.3	8.2	7.9	816	8.5	10.1
LPC	6.0	9.1	3.7	17,567	6.2	4.4

Source: IQVIA, BOBCAPS Research

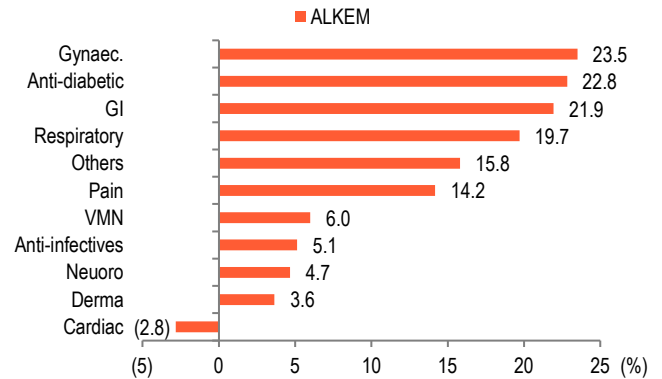
ALKEM

Fig 30 – Therapy mix



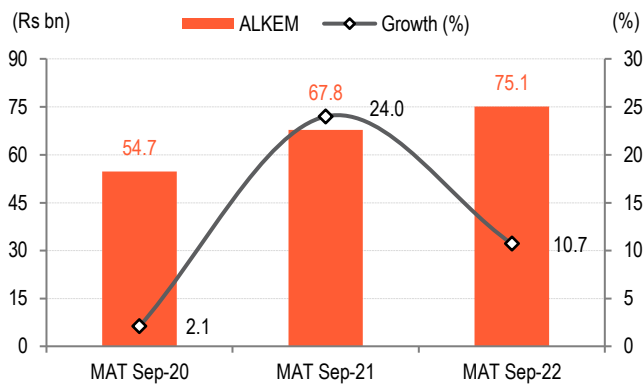
Source: IQVIA, BOBCAPS Research

Fig 31 – Therapy performance



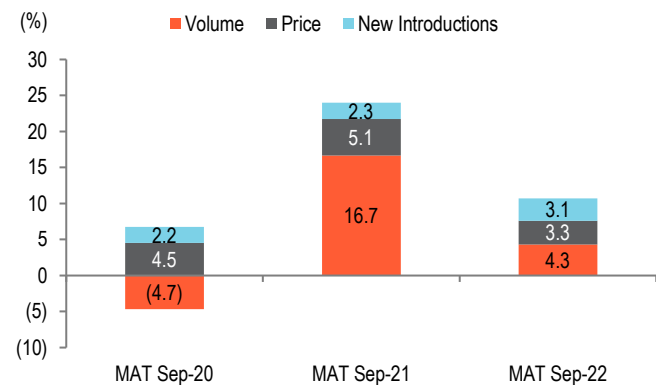
Source: IQVIA, BOBCAPS Research

Fig 32 – MAT Sep-22 growth



Source: IQVIA, BOBCAPS Research

Fig 33 – Growth drivers



Source: IQVIA, BOBCAPS Research

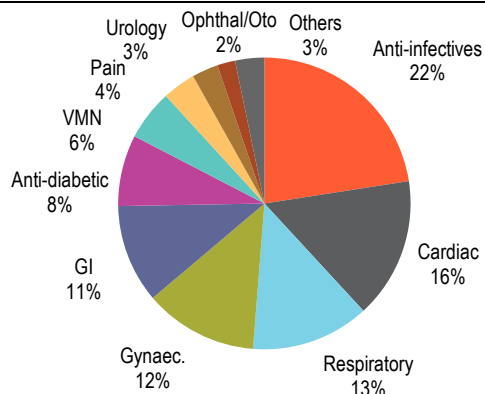
Fig 34 – Monthly therapy performance

Therapy	YoY (%)			Q2FY23 (Rs mn)	YoY (%)	QoQ (%)
	Jul-22	Aug-22	Sep-22			
Anti-infectives	10.7	11.9	1.6	8,624	7.8	31.9
Gastrointestinal	21.7	25.9	20.4	3,932	22.7	1.0
Vitamins/Minerals/Nutrients	9.0	13.2	12.4	2,392	11.5	10.6
Pain / Analgesics	22.0	18.8	17.2	2,451	19.2	21.1
Gynaecology	24.3	30.6	32.9	944	29.2	8.4
Anti-diabetic	27.3	29.7	31.6	828	29.5	10.9
Neurology / CNS	10.5	5.7	0.2	754	5.4	3.1
Respiratory	25.3	13.5	(1.4)	713	10.7	51.6
Dermatology	0.9	4.1	(5.0)	605	0.1	25.0
Cardiac	(2.6)	(1.6)	0.1	475	(1.4)	2.2
Others	22.2	21.6	30.4	506	24.7	10.1
ALKEM	14.7	15.7	9.5	22,225	13.2	17.9

Source: IQVIA, BOBCAPS Research

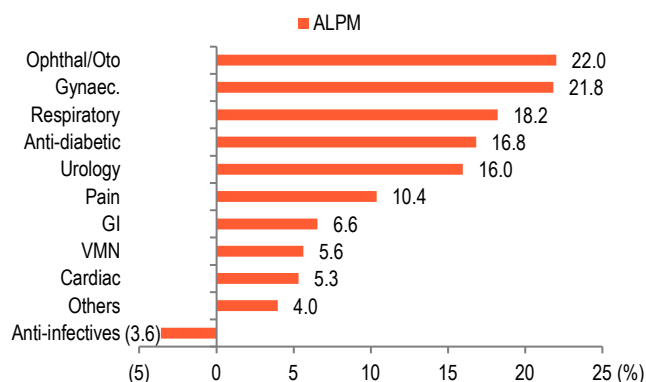
ALPM

Fig 35 – Therapy mix



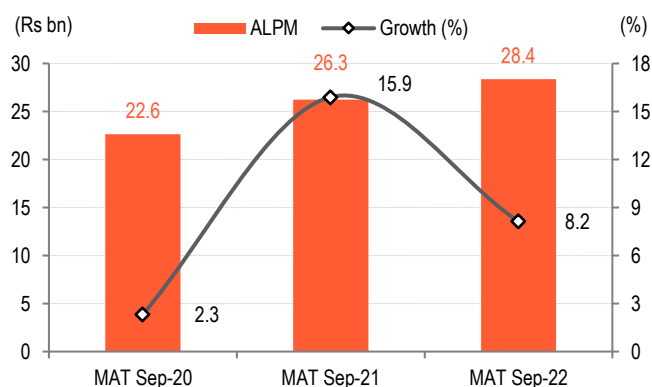
Source: IQVIA, BOBCAPS Research

Fig 36 – Therapy performance



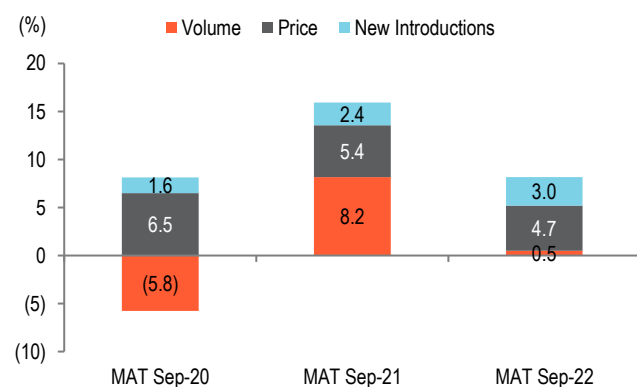
Source: IQVIA, BOBCAPS Research

Fig 37 – MAT Sep-22 growth



Source: IQVIA, BOBCAPS Research

Fig 38 – Growth drivers



Source: IQVIA, BOBCAPS Research

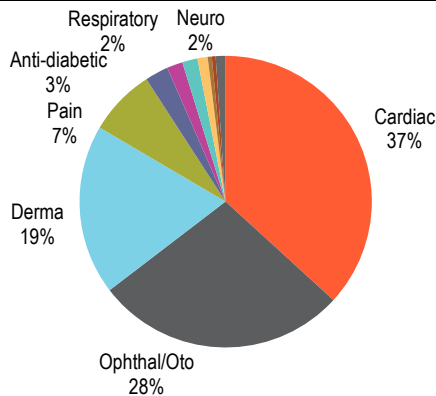
Fig 39 – Monthly therapy performance

Therapy	YoY (%)			Q2FY23 (Rs mn)	YoY (%)	QoQ (%)
	Jul-22	Aug-22	Sep-22			
Anti-infectives	3.7	4.3	(5.5)	1,932	0.5	57.2
Cardiac	6.0	6.9	3.9	1,131	5.6	(1.8)
Respiratory	24.4	7.0	(13.6)	1,065	3.0	56.8
Gynaecology	25.6	30.1	25.4	1,023	27.0	6.5
Gastrointestinal	(0.7)	1.1	(1.8)	823	(0.5)	3.5
Anti-diabetic	16.7	15.3	8.4	596	13.4	2.3
Vitamins/Minerals/Nutrients	0.4	(1.0)	1.1	427	0.2	3.7
Pain / Analgesics	12.4	10.8	5.5	286	9.5	6.2
Urology	15.2	20.7	14.3	223	16.7	11.8
Ophthalmology / Otolaryngology	18.9	16.7	28.6	156	21.4	3.8
Others	(4.6)	(5.7)	2.0	243	(2.8)	3.8
ALPM	9.7	8.4	1.1	7,905	6.2	18.6

Source: IQVIA, BOBCAPS Research

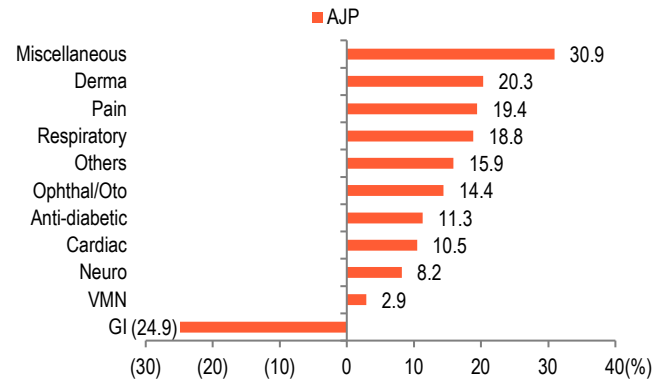
AJP

Fig 40 – Therapy mix



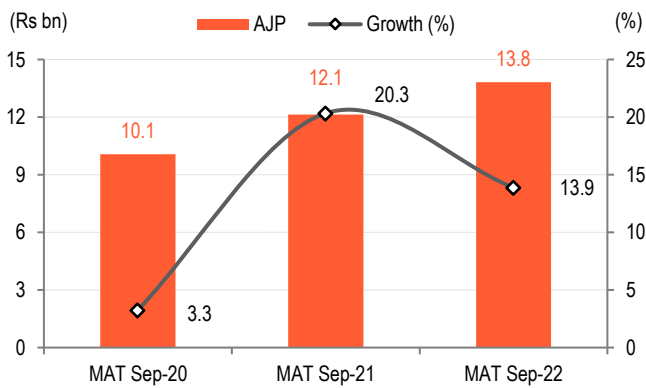
Source: IQVIA, BOBCAPS Research

Fig 41 – Therapy performance



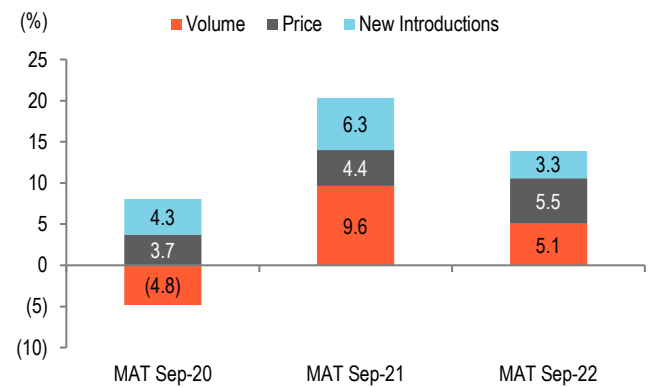
Source: IQVIA, BOBCAPS Research

Fig 42 – MAT Sep-22 growth



Source: IQVIA, BOBCAPS Research

Fig 43 – Growth drivers



Source: IQVIA, BOBCAPS Research

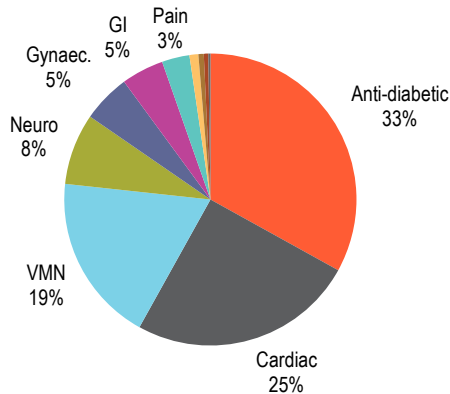
Fig 44 – Monthly therapy performance

Therapy	YoY (%)			Q2FY23 (Rs mn)	YoY (%)	QoQ (%)
	Jul-22	Aug-22	Sep-22			
Cardiac	12.1	11.1	15.9	1,379	13.0	6.6
Ophthalmology / Otolaryngology	9.3	3.6	7.9	988	6.9	(4.4)
Dermatology	24.6	17.2	20.4	700	20.6	5.6
Pain / analgesics	17.6	13.0	25.1	286	18.6	4.7
Anti-diabetic	7.1	10.7	15.4	101	11.1	8.8
Respiratory	17.0	12.0	8.4	69	12.3	21.9
Neurology / CNS	4.3	(5.3)	6.3	61	1.7	6.5
Vitamins/Minerals/Nutrients	(6.9)	(10.7)	(12.8)	40	(10.2)	2.0
Others	46.2	18.2	26.2	20	29.7	(0.4)
Gastrointestinal	(19.1)	(23.1)	(30.6)	13	(24.1)	(8.3)
Others	9.1	9.9	(4.8)	39	4.1	(8.4)
AJP	13.3	9.5	13.9	3,697	12.2	3.1

Source: IQVIA, BOBCAPS Research

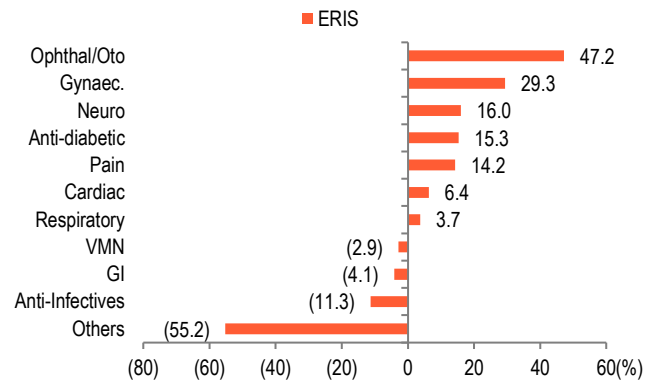
ERIS

Fig 45 – Therapy mix



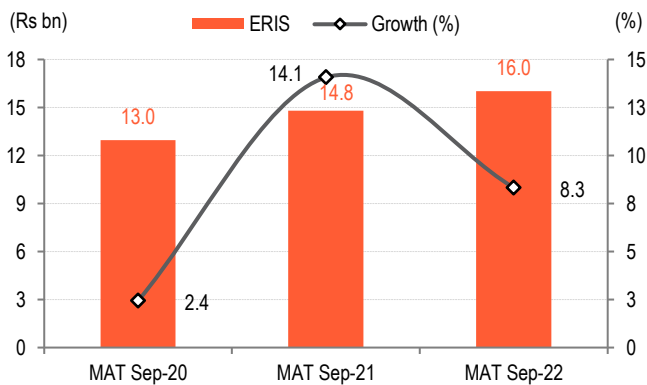
Source: IQVIA, BOBCAPS Research

Fig 46 – Therapy performance



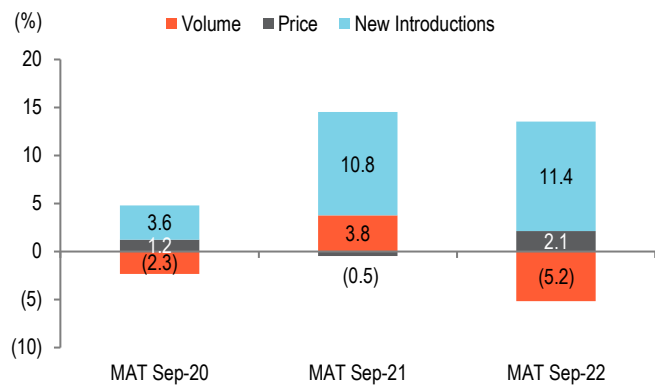
Source: IQVIA, BOBCAPS Research

Fig 47 – MAT Sep-22 growth



Source: IQVIA, BOBCAPS Research

Fig 48 – Growth drivers



Source: IQVIA, BOBCAPS Research

Fig 49 – Monthly therapy performance

Therapy	YoY (%)			Q2FY23 (Rs mn)	YoY (%)	QoQ (%)
	Jul-22	Aug-22	Sep-22			
Anti-diabetic	19.2	27.5	20.2	1,496	22.3	10.9
Cardiac	(3.8)	(0.4)	(4.5)	948	(2.9)	(6.2)
Vitamins/Minerals/Nutrients	(1.6)	2.9	4.9	778	2.1	1.4
Neurology / CNS	12.1	17.3	11.5	341	13.6	4.4
Gynaecology	40.4	49.6	40.0	256	43.2	7.5
Gastrointestinal	(14.5)	(11.0)	(18.9)	183	(14.9)	(2.8)
Pain / Analgesics	13.5	3.4	6.3	127	7.6	(5.8)
Respiratory	(1.4)	(4.5)	(14.8)	38	(7.5)	18.1
Ophthalmology / Otolary	48.8	51.2	17.4	30	37.8	44.2
Anti-infectives	(12.0)	(22.7)	(9.8)	21	(15.2)	21.2
Others	(39.7)	(41.4)	(37.5)	9	(39.7)	(0.7)
ERIS	7.3	12.0	7.9	4,227	9.0	3.3

Source: IQVIA, BOBCAPS Research

Disclaimer

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HOLD – Expected return from -6% to +15%

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Note: Recommendation structure changed with effect from 21 June 2021

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