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Pharma sector gets a local shot

India's domestic pharmaceutical market revenue grew by 10.3% in the December quarter, slower than the 12.8% growth seen in the preceding quarter, according to sales data from

AIOCD Pharmasofttech Awacs Pvt. Ltd. But that masks the fact that growth has steadily risen since October, when it was 5.3%, to 13.6% in December. The first month's low growth, explained due to the timing of the festival season this year versus last year, pulled down the quarter's growth.

Acceleration in domestic growth is a good sign for Indian

Industry

during the December quarter. A slowing pace of launches of generic drugs in the US market is affecting revenue growth.

Most analysts expect overall margins to improve due to price increases. One risk is from currency fluctuations, particularly the Russian rouble, playing some havoc in reported numbers.

While the domestic market is in form, the sector needs US growth to recover to earlier growth rates. Still, even with a question mark on the overseas front, the sector still appears to have a better outlook than its peers. In the past three months, the S&P BSE Healthcare index has risen by 8.7%, against the broad market's 4.5% gain.



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pharmaceutical companies and should reflect in their results for the quarter. This should come in handy, as growth in the US is expected to be relatively soft, compared with the growth that one is accustomed to. In the domestic market, AIOCD data for the December quarter shows much of the increase being attributable to price, with vol-

ume rising by 2.5%, prices by 5.3% and new products by 3%. Though this trend augurs well for better profitability, investors would be happier if volume growth, too, recovers to healthier levels.

While the local business may be shaping up well, growth in the US is expected to slow for the large companies, at least