

# Domestic pharma in the recovery room

**P**harmaceutical companies had a tough time in their home market in the September quarter after problems relating to the implementation of a new drug pricing policy hit sales. While price cuts was one issue, reduced trade margins led to a strike of sorts by trade channels. The good news is that the current quarter has begun to see sales stabilize.

The September quarter had seen sales in volume terms decline 3.3%, according to a Nomura Research report. October saw the trend continue, with sales declining by 6.3%. But a gradual resolution of the face-off

MARK TO MARKET  
 RAVI ANANTHANARAYANAN

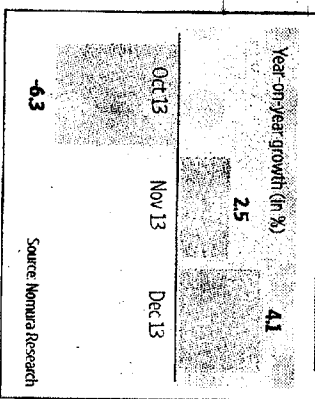
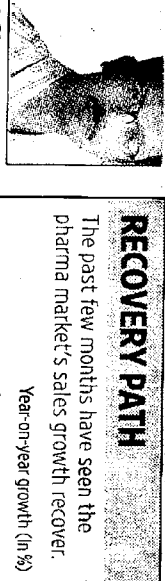
We welcome your comments at [marktomarket@livemint.com](mailto:marktomarket@livemint.com)

between manufacturers and traders has seen sales rebound, with volume sales growth rising by 2.5% in November and by 4.1% in December. In value terms, December has seen sales grow 8.2%, up from 6.9% in November.

If this trend continues, the domestic market growth should do much better in the next fiscal year. Sales growth should be higher—both

because of recovering growth and a low base effect.

Margins in the domestic business may still take some time to stabilize due to the impact of the re-negotiated margins and the price cuts in the portfolio that has come under price control. But investors will be happy that one uncertainty that had dogged the sector in 2013-14 appears to have been resolved.



*Industry,*