



# Indian Pharmaceutical Industry

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Revenues of Indian pharma companies likely to grow by 9-11% in FY2025

SEPTEMBER 2024



## 1 Q1 FY2025 Financial Performance



## 2 Geography-wise Growth Trends and Outlook



## 3 ICRA's Outlook on the Industry



## 4 Peer Comparison



## 5 Rating Actions





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*To enhance market share in select geographies/ therapeutic areas, leading Indian pharmaceutical companies have made sizeable acquisitions in the recent past. This is likely to provide diversification benefits and support revenue growth for these companies going forward. It also hints at the increasing industry risk appetite.*



- **ICRA expects the revenue growth of its sample set of Indian pharmaceutical companies<sup>1</sup> to moderate** to 9-11% in FY2025 due to the high base of FY2024. ICRA's sample set reported YoY growth of 9.4% in revenues in Q1 FY2025, supported by 11.7% and 13.1% YoY growth in the domestic and the US markets, respectively.



- **Domestic Market:** In Q1 FY2025, the sample set witnessed a 11.7% YoY growth, supported by market share gains for some players in chronic therapies, healthy volume growth, and continued benefits from new product introductions. The revenue growth for ICRA's sample set from the domestic market to be at 7-9% in FY2025.



- **US Market:** ICRA expects revenue growth for its sample set from the US market to moderate to 9-11% in FY2025 post a robust 18.3% YoY increase in FY2024. The sample set companies witnessed a healthy YoY revenue growth of 13.1% from the US market in Q1 FY2025.



- **Emerging Markets:** Revenues from the emerging markets for ICRA's sample set are expected to grow at 11-13% in FY2025. They recorded YoY growth of 9.1% from the emerging markets in Q1 FY2025.



- **The operating profit margin (OPM)** for the sample set is likely to remain stable at ~23% in FY2025, supported by steady growth across key markets, increased focus on complex generics/ specialty molecules and declining raw material prices.



- **The USFDA inspections** have gained traction post the pandemic and higher issuances of warning letters/ import alerts have resulted in delays in product launches, translating into failure to supply penalties and entailing significant costs towards remedial measures.



- **ICRA maintains its Stable outlook** for the Indian pharmaceutical industry, led by steady demand in the export and domestic markets and comfortable credit profile of key industry participants.

<sup>1</sup> ICRA's sample set of 25 leading listed Indian pharmaceutical companies; NLEM: National List of Essential Medicines; ANDA: Abbreviated New Drug Application; USFDA: United States Food & Drug Administration



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