



Indian Pharmaceutical Industry

Revenues of Indian pharmaceutical companies to grow by 9-11% in FY2026

MARCH 2025



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Credit profile of Indian pharma companies is expected to remain healthy in FY2026, supported by continued strong revenue growth in both domestic and export markets and stable operating profit margins amid a benign raw material price environment. Impact of imposition of trade tariffs, if any, by the US government remains a key monitorable.



- **ICRA expects the revenue growth of its sample set of Indian pharmaceutical companies¹ to remain healthy** at 9-11% in FY2026, after an estimated 10-12% growth in FY2025. This shall be driven by a healthy increase of 8-10% each in the domestic and US markets in FY2026.



- **Domestic market:** In 9M FY2025, revenues for ICRA's sample set companies grew by 12.2% on the back of market share gains for some players in chronic therapies, volume expansion, and continued benefits from new product introductions and acquisitions in the recent past. Revenue growth from the domestic market for ICRA's sample set companies is expected to be 8-10% in FY2026 after an estimated 11-13% in FY2025.



- **US market:** Revenues for ICRA's sample set companies moderated to 9.7% in 9M FY2025 due to the base effect and low sales of lenalidomide. That said, growth rate remains relatively higher than historical levels and is expected to remain healthy at 8-10% in FY2026, following a similar growth in FY2025 supported by continued traction for speciality molecules, ongoing product shortages and subdued pricing pressures.



- **Emerging markets:** ICRA expects the revenue growth for its sample set companies from the emerging markets to remain rangebound at 9-11% in FY2026, following a 9-11% expansion in FY2025. The YoY growth in 9M FY2025 stood at 10%, supported by new product launches.



- **The operating profit margin (OPM)** for the sample set companies is expected to remain stable at 24-25% in FY2026 in line with FY2025 estimates, supported by healthy performance in key markets, in addition to relatively stable raw material costs. Impact of depreciation of INR against the USD will remain a monitorable.



- **USFDA² inspections** have gained traction after the pandemic and higher issuances of warning letters/import alerts have resulted in delays in product launches, translating into failure to supply penalties. These also entail 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 the comfortable credit profile of key industry participants.

¹ ICRA's sample set of 25 leading listed Indian pharmaceutical companies; ² USFDA: United States Food & Drug Administration



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