



Indian Pharmaceutical Industry

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

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1 Q2 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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Credit profile of Indian pharma companies is expected to remain healthy in FY2025 supported by continued strong revenue growth in both domestic and export markets and an expansion in margins supported by a benign raw material price environment.



- **ICRA expects the revenue growth of its sample set of Indian pharmaceutical companies¹ to remain healthy at 9-11% in FY2025.** ICRA's sample set companies reported YoY growth of 9.5% in revenues in H1 FY2025, supported by 10.3% and 11.9% YoY growth in the domestic and the US markets, respectively.



- **Domestic Market:** In Q2 FY2025, the sample set companies witnessed a 10.3% YoY growth, supported by market share gains for some players in chronic therapies, healthy price growth, and continued benefits from new product introductions. This resulted in a YoY growth of 11% in H1 FY2025. The revenue growth for ICRA's sample set companies from the domestic market is estimated at 9-11% in FY2025.



- **US Market:** ICRA expects revenue growth for its sample set companies from the US market to remain healthy at 9-11% in FY2025 post a robust 18.3% YoY increase in FY2024. The sample set companies witnessed a healthy YoY revenue growth of 11.3% from the US market in Q2 FY2025, and 12.5% in H1 FY2025.



- **Emerging Markets:** Revenues from the emerging markets for ICRA's sample set companies are expected to grow at 11-13% in FY2025. They recorded YoY growth of 10% from the emerging markets in H1 FY2025.



- **The operating profit margin (OPM)** for the sample set companies is likely to improve to 24-25% in FY2025 (from 23% in FY2024), supported by healthy growth across key markets, increased focus on complex generics/ speciality 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 the comfortable credit profile of key industry participants.

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



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