

# Indian Pharmaceutical Industry

US pricing pressure to slow revenue growth to 6-8% in FY2027 from 9-11% in FY2026

DECEMBER 2025



## 1 Q2 FY2026 Financial Performance



## 2 Geography-wise Growth Trends and Outlook



## 3 ICRA's Outlook on the Industry



## 4 Peer Comparison



## 5 ICRA Ratings in the Pharmaceutical Industry





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*The Indian pharmaceutical industry has remained relatively unaffected so far from the broader policy shifts happening in the US, including relating to tariffs. However, the direction of further changes in the regulatory or the policy landscape in the US remains a source of uncertainty and is therefore a risk overhang.*



- **ICRA forecasts the revenues of its sample set of Indian pharmaceutical companies<sup>1</sup> to grow by 9-11% in FY2026 and 6-8% in FY2027**, after growing by around 10% in FY2025. Moderation in revenue growth in FY2027 is likely to be largely driven by lower growth in the US market.



- **Domestic market:** Revenue growth of ICRA's sample set of companies in the domestic market is expected to be 8-10% in both FY2026 and FY2027. In H1 FY2026, revenues grew by 6.5% on the back of market share gains for some players in chronic therapies, volume expansion, and continued benefits from new product introductions. However, the same was partly impacted by the implementation of the goods & services tax (GST) 2.0 with effect from September 22, 2025, as some distributors recalibrated purchases to avoid complexities in taxation.



- **US market:** Revenue growth of ICRA's sample set companies from the US market was 12.4% on a YoY basis in H1 FY2026, supported by a onetime licensing income for one of the companies and healthy performance of some limited competition products amid continued price erosion and relatively lower sales of lenalidomide, a prescription drug used in cancer and blood disorder treatments. Revenue growth of ICRA's sample set of companies from the US market is projected to moderate to 4-6% in FY2026 and 1-3% in FY2027 owing to pricing pressure on select drugs, including lenalidomide.



- **Emerging markets:** The revenue growth of ICRA's sample set of companies from the emerging markets is likely to be 12-14% in FY2026 and 10-12% in FY2027, following a 13.6% growth in H1 FY2026.

<sup>1</sup> ICRA's sample set of 25 leading listed Indian pharmaceutical companies, which account for around 60% of the overall industry;



- **The operating profit margin (OPM)** for the sample set is projected to remain stable at 24-25% in FY2026 and FY2027 in line with 24.6% in FY2025, supported by healthy performance in key markets, in addition to relatively stable raw material costs.



- **USFDA<sup>2</sup> inspections** have gained traction in recent years, and higher instances of warning letter issuances/ import alerts have resulted in delays in product launches, translating into failure-to-supply penalties. The associated remedial measures also entail significant costs.



- **ICRA maintains its Stable outlook** for the Indian pharmaceutical industry on the back of the well-established business position of Indian pharmaceutical companies and steady demand from export and domestic markets, which are expected to enable the industry to maintain a healthy business profile.

<sup>2</sup> USFDA: United States Food & Drug Administration



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