

INDIAN PHARMA INDUSTRY TO SURPASS \$60 BILLION IN TWO YEARS

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With rising export share, CARE Ratings has projected India's pharma industry to grow at about 11% in next two years to reach a size of over \$60 billion.

"The main factors that are expected to drive the growth of industry are (a) ability to leverage the opportunity available for Indian pharma companies due to expiry of the patent drugs across the globe, (b) ebbing of regulatory risks, (c) adoption of various strategies to de-risk from dependency on China for key raw materials, (d) increasing trend in PE investments, and (e) solid fundamentals of the industry. Exploiting these opportunities, CARE Ratings expects the credit risk profiles of its rated entities to remain stable to positive during FY22 and FY23," it added.

Care Ratings said with market size of around \$45 billion in FY21, Indian pharmaceutical industry globally ranks third in terms of volume and thirteenth in terms of value. "The reason for higher rank in terms of volume while lower rank in terms of value is primarily attributed to the predominance of Indian pharma market in the generic segment. The industry has exhibited compound annual growth rate (CAGR) of about 7.2% during FY17-FY21 and registered a growth of about 12% during FY21," it said.

The Indian domestic pharma market which was at about \$18 bn during FY17 has exhibited a CAGR of about 4.5% to reach \$21 bn during FY21. Further, the pharma exports which contributed about \$17 billion during FY17 have reported a CAGR of about 10% to reach \$24 billion during FY21. "Especially during FY21, on account of increase in the demand for covid-19-related drugs, the exports have grown by 18%. Thus, on account of better export growth rate, the contribution of domestic to exports has changed from 52:48 during FY17 to 47:53 during FY21. CARE Ratings expects that with better prospects in regulated and semi-regulated markets, the contribution of domestic to exports would widen to 45:55 by FY23," it added.

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