

Pharmaceuticals

Industry Code (as per CMIE Prowess): 0101012030000000'

June 2022

Overall Industry Risk Score: **14/20 | Favourable**

Sample Size: 125 Companies

Median Rating Value of sample size: A-

Individual Parameters Contributing to the Score

Demand & Supply Balance



20/20

High Demand

Demand for drugs & pharma remains robust given its essential commodity tag. Pharma exports continued to be healthy during the pandemic. India's status as a production hub of high quality, low-cost (generics) medicines is expected to remain high. Indian OTC products also witnessing robust demand in European and American markets. The industry witnessed a 11.2% growth in sales revenue in the quarter ended March 2022 compared to March 2021. As per IBEF data, Indian pharmaceutical exports stood at US\$ 24.44 billion in FY21 and US\$ 22.21 billion in FY22 (until February 2022). The Indian drugs and pharmaceuticals sector received cumulative FDIs worth US\$ 19.19 billion during April 2000-December 2021. The foreign direct investment (FDI) inflows in the Indian drugs and pharmaceuticals sector reached US\$ 1.206 billion during April-December 2021. The industry outlook is expected to be healthy in the forthcoming quarters.

Extent of Competition



12/20

Neutral

In Indian market, there are many multinationals as well as large domestic companies which cater to domestic as well as overseas markets. The market is also characterised by large number of mid sized and small companies with presence mostly in the API segment. Larger players with strong brands, established market presence and distribution network, strong R&D capabilities and robust pipeline of products tend to be more successful.

Regulatory Risk



12/20

Predictable Regulatory environment

Drug pricing and the policy framework have a bearing on the performance and the strategies of the players operating in the industry. The focus of the regulation during FY21 and FY22 was on ensuring vaccination for the domestic population and ensuring adequate healthcare facilities. Going forward, the focus is on introduction of drugs for chronic diseases, reduction in costs, bringing down healthcare expenses and availability of healthcare facilities in rural areas.

Input Related Risk



12/20

Largely predictable supply of inputs from diversified sources or Raw Materials with rare, occasional disruptions / fairly predictable price band

The supply chain is largely adequate for the domestic industry though there is significant import dependence on China for APIs (Active Pharmaceutical Ingredients).