



## PHARMA SECTOR

### **Pharma sector: Riding on an aspirational growth path**

India's pharmaceutical industry continues to be a key player in the global pharmaceutical market and has experienced a significant growth over the years. The total operating revenue has increased from Rs 4,766 crore in FY91 to Rs 449,694 crores in FY22. The Indian pharmaceutical market has witnessed consistent growth due to increasing population, rising middle class income and improved healthcare infrastructure. The market is projected to expand further, driven by the factors such as an aging population, increasing incidence of lifestyle diseases and the growing demand for generic drugs, both in domestic and international market. The pharmaceutical industry of India has seen decent operating margins between 19-24% and moderate net profit margin of 12-15% in the last 5 years and has seen highest operating margin of 24.52% in FY21, due to supply of Covid -19 vaccines. Lowering the operating cost and the introduction of new products will help to improve the margins further. B2K analytics expects that the profit margins will remain in a similar range in FY24 as in the last 5 years.

India has established itself as the world's leading provider of generic drugs. Pharmaceutical industry has been aligning itself with international standards and regulatory requirements. The implementation of stricter regulations and quality control measures has led to improved product quality, which has enhanced the industry's credibility globally. The total pharma export of the country stood at USD 25391.9 Mn and it increased by 3.20% in FY23, compared to FY22. Many pharmaceutical companies manufacture and export generic medicines to various parts of the world, including developed countries. The Indian government's focus on promoting affordable healthcare has further boosted the growth of generic drug manufacturing. Hence B2K is optimistic about export growth of 4 to 5% (y-o-y) in FY24 and 4 to 8% in the next 5 years.

Indian pharmaceutical industry is undergoing a digital transportation. Companies are adopting digital technologies and data analytics to improve operational efficiency, supply chain management and customer engagement. The use of telemedicine and e-pharmacy service has also witnessed significant growth, especially during the Covid-19 Pandemic. The pharmaceutical companies are increasingly expanding their global footprint through partnerships, acquisitions and strategic collaborations, these endeavors enable them to access new market, strengthen their research capacities and enhance their product portfolios. Despite its growth prospects, the pharmaceutical industry in India faces challenges such as pricing pressures, intellectual property rights issues, regulatory complexities, and competition from other emerging markets. Additionally, the industry needs to focus on enhancing drug discovery and development capacities to increase the value chain.

With a focus on generic drugs manufacturing, research & development and digital transformation, the industry is well positioned for further growth. However, addressing challenges and maintaining regulatory compliance will be crucial for sustained success in the evolving global pharmaceutical landscape.

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#### About B2K

B2K Analytics is a boutique consulting firm that helps clients profit from analytical insights. B2K provides services and solutions in the areas of Risk Management, Research, Analytics, Investment Management, Education, and Infrastructure.

The B2K team has experienced domain experts and industry practitioners who have provided such services and implemented solutions across institutions in different countries. As such, team members are experts in regulatory and management practices in these areas and have helped many clients in adopting best practices.

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