

## Formulation exports to rise 7-9% for pharma companies this fiscal

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**Revival in US sales, sustained healthy performance in rest of the world to drive growth**



Export of formulations by domestic pharmaceutical companies is likely to grow 7-9% in fiscal 2024, supported by lower price erosion of existing products and higher number of new product launches in the US, and steady demand from the rest of the world (RoW, includes semi-regulated and regulated countries excluding US).

Formulation exports typically contribute about half of the total revenue of domestic pharmaceutical players, with sales to the US and RoW contributing almost equally.

In fiscal 2023, formulation exports grew 10-12%, aided by depreciation in the Indian rupee and a lower base. Growth was reported in mid-single digits during fiscals 2021 and 2022 due to stiff pricing pressure in the US and delay in new product launches. A CRISIL Ratings study of ~180 pharmaceutical companies, which accounted for half of the estimated Rs 3.8 lakh crore annual revenue of the sector in fiscal 2023, indicates as much.

It is also expected that domestic pharmaceutical companies should be able to register 8-10% growth in revenues from RoW markets, this fiscal. Apart from US, sales to RoW markets also remain integral to the global strategy of domestic players.

Any unanticipated increase in litigation costs in ongoing US anti-trust suits, sizeable debt-funded acquisitions, adverse regulatory developments such as increased USFDA OAI will remain key monitorables. OAI indicates objectionable conditions found during an inspection, leading to stoppage of new approvals.