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Research Report on Pharmaceutical Industry

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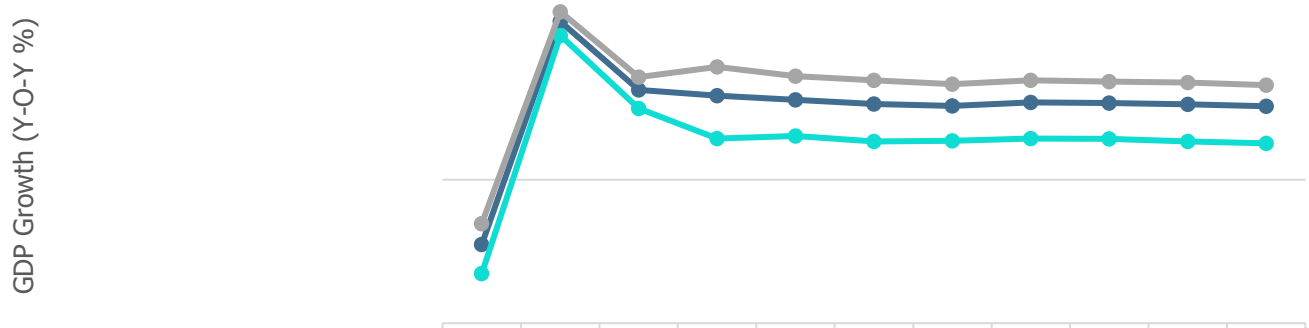
1 Economic Outlook

1.1 Global Economy

Global economic growth expected to sustain at ~3% in near term

Global growth, which reached 3.5% in CY23, stabilized at 3.3% for CY24 and projected to decrease at 3.2% for CY25. Global trade is expected to be disrupted by new US tariffs and countermeasures from trading partners, leading to historically high tariff rates and negatively impacting economic growth projections. The global landscape is expected to change as countries rethink their priorities and policies in response to these new developments. Central banks priority will be to adjust policies, while smart fiscal planning and reforms are key to handling debt and reducing global inequalities.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



	CY20	CY21	CY22	CY23	CY24	CY25P	CY26P	CY27P	CY28P	CY29P	CY30P
World	-2.7%	6.6%	3.8%	3.5%	3.3%	3.2%	3.1%	3.2%	3.2%	3.2%	3.1%
Advanced Economies	-3.9%	6.0%	3.0%	1.7%	1.8%	1.6%	1.6%	1.7%	1.7%	1.6%	1.5%
Emerging Market and Developing Economies	-1.8%	7.0%	4.3%	4.7%	4.3%	4.2%	4.0%	4.2%	4.1%	4.1%	4.0%

Source: IMF – World Economic Outlook, October 2025; Notes: P-Projection, E-Estimated

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)										
	CY20	CY21	CY22	CY23	CY24	CY25P	CY26P	CY27P	CY28P	CY29P	CY30P
India	-5.8	9.7	7.6	9.2	6.5	6.6	6.2	6.4	6.5	6.5	6.5
China	2.3	8.6	3.1	5.4	5.0	4.8	4.2	4.2	4.0	3.7	3.4
Indonesia	-2.1	3.7	5.3	5.0	5.0	4.9	4.9	5.0	5.0	5.1	5.1
Saudi Arabia	-3.8	6.5	12.0	0.5	2.0	4.0	4.0	3.3	3.3	3.3	3.3
Middle East	-2.3	4.7	6.4	2.6	2.6	3.5	3.8	3.8	3.7	3.7	3.7
Latin America	-6.9	7.4	4.3	2.4	2.4	2.4	2.3	2.6	2.7	2.8	2.6
Brazil	-3.3	4.8	3.0	3.2	3.4	2.4	1.9	2.2	2.3	2.4	2.5
Euro Area	-6.0	6.4	3.6	0.4	0.9	1.2	1.1	1.4	1.3	1.2	1.1
United States	-2.1	6.2	2.5	2.9	2.8	2.0	2.1	2.1	2.1	1.9	1.8

Source: IMF- World Economic Outlook Database (October 2025)

Note: P- Projections E-Estimated; India's fiscal year (FY) aligns with the IMF's calendar year (CY). For instance, FY24 corresponds to CY23.

1.2 Indian Economic Outlook

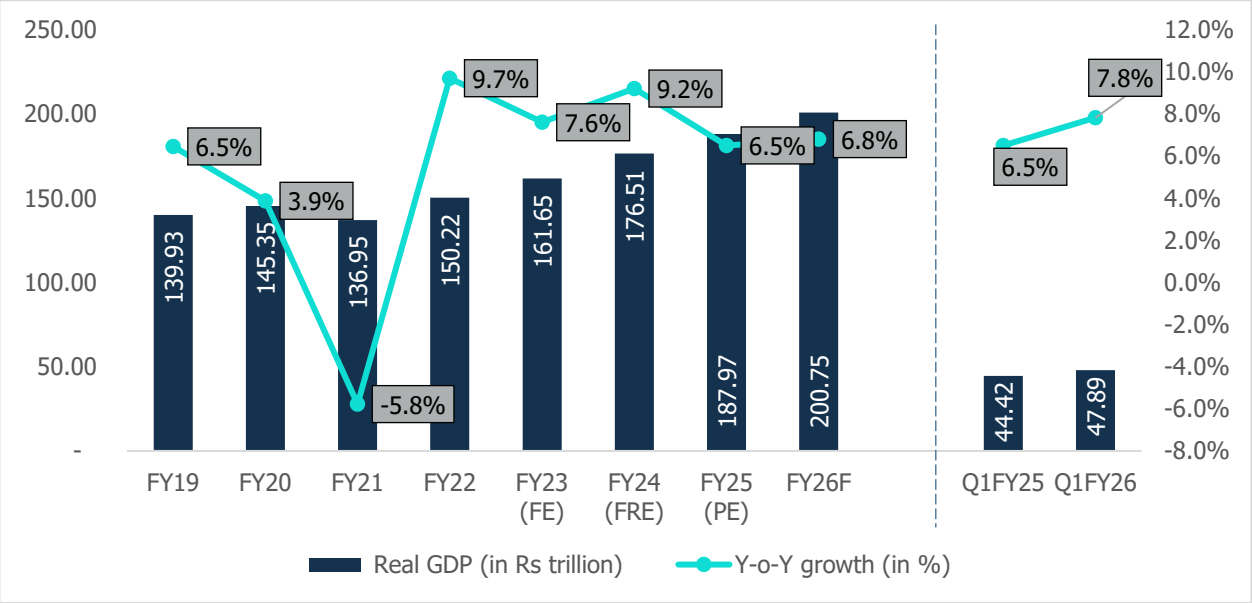
1.2.1 GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

India's economy continues to show rapid growth. In the first quarter of FY26, the country's GDP grew by 7.8% compared to the same period last year, which saw a 6.5% increase. For the full year FY26, GDP is expected to grow by 6.8%, supported by rising rural demand, better job opportunities, and active business conditions.

In FY25, provisional estimates show a growth of 6.5% (Rs 187.97 trillion), led by robust performance in manufacturing, construction, and financial services. Consumer spending rose by 7.6%, and government spending increased by 3.8%, both contributing to the overall growth. In FY24, India's GDP grew by 9.2% (Rs 176.5 trillion), the highest in over a decade (excluding the pandemic year).

Chart 2: Trend in Real Indian GDP growth rate



Source: MOSPI, Reserve Bank of India;

Note: FE – Final Estimates, FRE- First Revised Estimates, PE – Provisional Estimates, F - Forecasted

GDP Growth Outlook (October 2025)

FY26 GDP Outlook: The RBI projects real GDP growth at 6.8% for FY26, driven by strong private consumption, steady investment, and resilient rural and urban demand. A favourable monsoon, robust services sector and improving corporate balance sheets support this outlook.

However, risks from prolonged geopolitical tensions, global trade disruptions, and weather-related uncertainties remain. Taking these into account, the RBI has reaffirmed its growth projections.

Table 2: RBI's GDP Growth Outlook (Y-o-Y %)

FY26P (complete year)	Q2FY26P	Q3FY26P	Q4FY26P	Q1FY27P
6.8%	7.0%	6.4%	6.2%	6.4%

Source: Reserve Bank of India; Note: P-Projected

1.2.2 Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption. India's recovery in FY25 was powered by a broad-based rebound across sectors. The gap between GDP and GVA growth stood at 0.1 percentage point in FY25, with GDP growing at 6.5% and GVA at 6.4%, as per MoSPI's provisional estimates released in August 2025.

The agriculture and allied sector grew by 4.6% in FY25 (up from 2.7% in FY24), supported by a good monsoon, better crop output, and strong allied activities. The industrial sector grew by 5.9% in FY25, down from 10.8% in FY24 due to weaker manufacturing, with FY24 growth driven by strong manufacturing sales, construction (9.4%), utilities, and supportive policies. The services sector grew by 7.2% in FY25, down from 9.0% in FY24, supported by public administration (8.9%), financial services (7.2%), and trade and transport (6.1%), contributing Rs 94.4 trillion to the economy.

From Q1FY25 to Q1FY26, the overall GVA at basic price had a Y-o-Y growth from 6.5% to 7.6%, indicating a stronger economic performance. Most sectors showed growth, with Services sector growing significantly from 6.8% to 9.3%, and Agriculture, Forestry & Fishing rebounding from 1.5% to 3.7%. However, Mining & Quarrying declined sharply from 6.6% to -3.1%, and Electricity, Gas & Water supply slowed considerably from 10.2% to 0.5%.

Table 3: Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY19	FY20	FY21	FY22	FY23 (FE)	FY24 (FRE)	FY25 (PE)	Q1FY25	Q1FY26
Agriculture, Forestry & Fishing	**2.1**	**6.2**	**4.1**	**4.6**	**6.3**	**2.7**	**4.6**	**1.5**	**3.7**
Industry	**5.3**	**-1.4**	**-0.9**	**12.2**	**2.5**	**10.8**	**5.9**	**8.5**	**6.3**
Mining & Quarrying	-0.9	-3.0	-8.6	6.3	3.4	3.2	2.7	6.6	-3.1
Manufacturing	5.4	-3.0	2.9	10.0	-1.7	12.3	4.5	7.6	7.7
Electricity, Gas, Water Supply & Other Utility Services	7.9	2.3	-4.3	10.3	10.8	8.6	5.9	10.2	0.5
Construction	6.5	1.6	-5.7	19.9	9.1	10.4	9.4	10.1	7.6
Services	**7.2**	**6.4**	**-8.2**	**9.2**	**10.3**	**9.0**	**7.2**	**6.8**	**9.3**
Trade, Hotels, Transport, Communication & Broadcasting	7.2	6.0	-19.7	15.2	12.3	7.5	6.1	5.4	8.6
Financial, Real Estate & Professional Services	7.0	6.8	2.1	5.7	10.8	10.3	7.2	6.6	9.5
Public Administration, Defence and Other Services	7.5	6.6	-7.6	7.5	6.7	8.8	8.9	9.0	9.8
GVA at Basic Price	**5.8**	**3.9**	**-4.2**	**9.4**	**7.2**	**8.6**	**6.4**	**6.5**	**7.6**

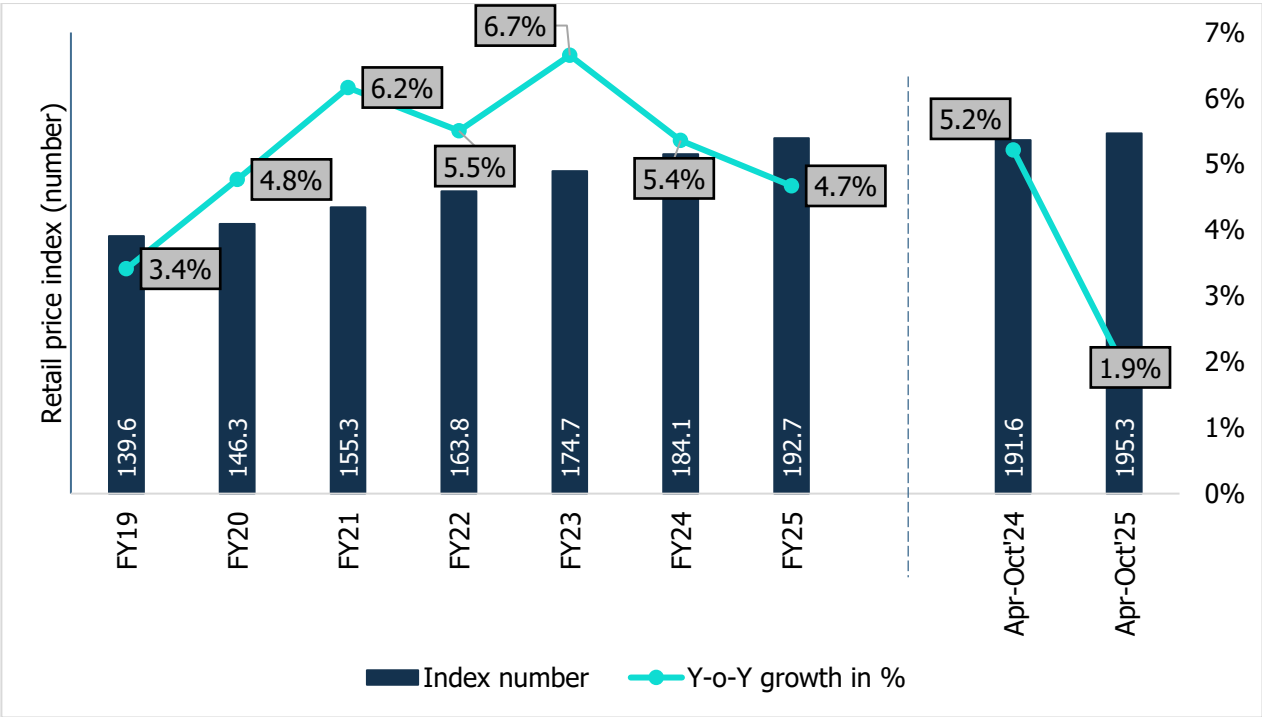
Source: MOSPI; Note: FRE – First Revised Estimates, FE- Final Estimates, PE – Provisional Estimates

1.2.3 Consumer Price Index

The Consumer Price Index (CPI) for the April–October 2025 recorded a combined inflation rate of 1.9%, marking the lowest quarterly retail inflation of the current CPI series. The moderation was driven by the impact of decline in GST,

favourable base effect and to drop in inflation of Oils and fats, Vegetables, Fruits, Egg, Footwear, Cereals and products, Transport and Communication etc.

Chart 3: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)



Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetary policy. At the bi-monthly meeting held in October 2025, RBI projected inflation at 2.6% for FY26 with inflation during Q2FY26 at 1.8% and Q3FY26 at 1.8%, Q4FY26 at 4.0% and Q1FY27 at 4.5%.

Considering the current inflation situation, RBI has maintained the repo rate to 5.5% in the October 2025 meeting of the Monetary Policy Committee.

1.2.4 Trends in Per capita Domestic Product (SDP)

State Domestic Product is the total value of goods and services produced during any financial year, within the geographical boundaries of a state. The top 10 best performing states on per capita SDP include Delhi, Gujarat, Karnataka, and Tamil Nadu.

As of FY25, major states having a per capita SDP below national average include Andhra Pradesh, Rajasthan, Madhya Pradesh, and Uttar Pradesh growing y-o-y by 8.0%, 6.8%, 4.7%, and 7.9% respectively. Bihar is the poorest performing state with a per capita SDP of Rs. 33,996. It has consistently been performing the poorest since FY18, growing merely at a CAGR of 3.5% from FY18 to FY25.

Table 4: Per Capita SDP for Key States (at constant prices, in Rs.)

State\UT	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Andhra Pradesh	1,03,177	1,08,853	1,10,587	1,10,971	1,18,349	1,23,853	131,083	1,41,609

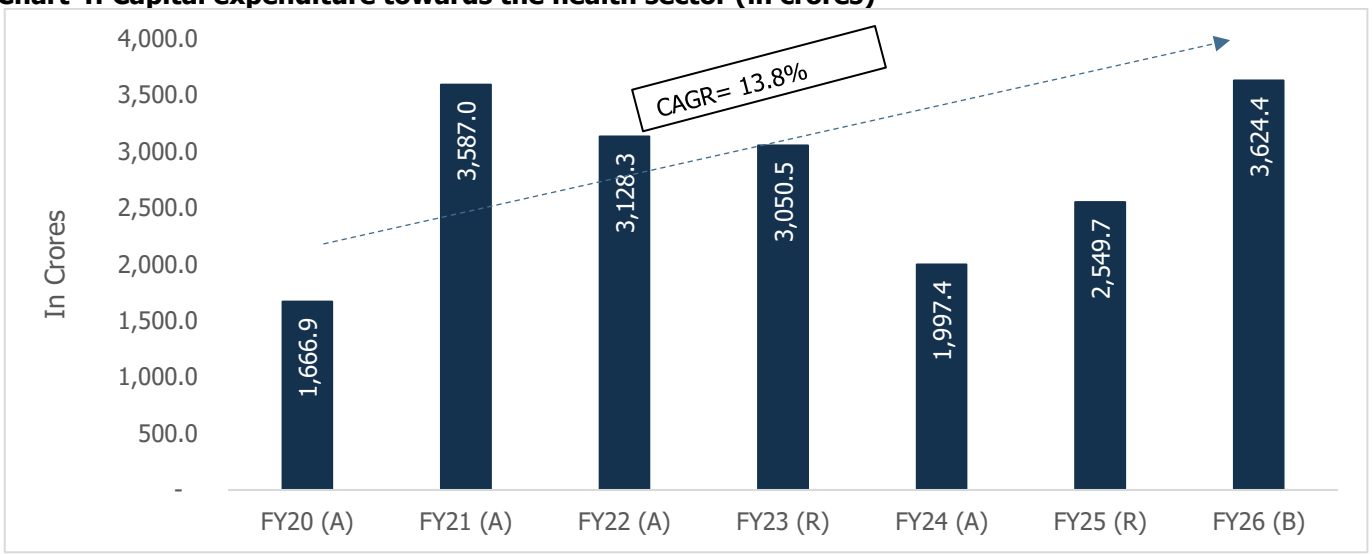
Bihar	26,719	29,092	29,798	26,839	27,674	30,678	33,966	36,342
Gujarat	1,43,604	1,54,887	1,64,060	1,56,285	1,70,519	1,81,963	NA	NA
Karnataka	1,40,747	1,49,024	1,56,478	1,49,673	1,65,517	1,82,371	1,91,970	2,04,605
Madhya Pradesh	54,824	59,005	60,452	56,086	61,011	63,681	67,301	70,434
Maharashtra	1,37,808	1,40,782	1,45,626	1,27,550	1,41,651	1,54,979	1,66,013	1,76,678
Rajasthan	73,529	73,975	76,840	73,447	79,490	84,585	90,414	96,638
Tamil Nadu	1,33,029	1,41,844	1,44,845	1,43,482	1,54,269	163,205	1,78,496	1,97,747
Uttar Pradesh	41,771	42,333	43,061	39,866	45,294	48,014	51,898	55,990
Delhi	2,52,960	2,57,597	2,60,559	2,28,162	2,39,821	2,52,768	2,71,490	2,83,093

Source: MOSPI

1.2.5 Budget capital expenditure towards the health sector

The trend in health capital expenditure (Capex) in India demonstrates a substantial increase from FY20 to FY21, followed by a decline in FY22 and FY23, with a projected rise in FY25. The significant increase in FY21 can be attributed to the government's heightened focus on strengthening healthcare infrastructure in response to the COVID-19 pandemic, which necessitated large-scale investments in medical facilities, equipment, and pandemic-related initiatives. The decrease in FY22 and FY23 likely reflects a phase of stabilization post-pandemic, with reduced emergency spending. However, the anticipated increase in FY25 indicates a renewed emphasis on healthcare sector development, driven by rising healthcare demands and ongoing government efforts toward long-term healthcare reforms.

Chart 4: Capital expenditure towards the health sector (in crores)



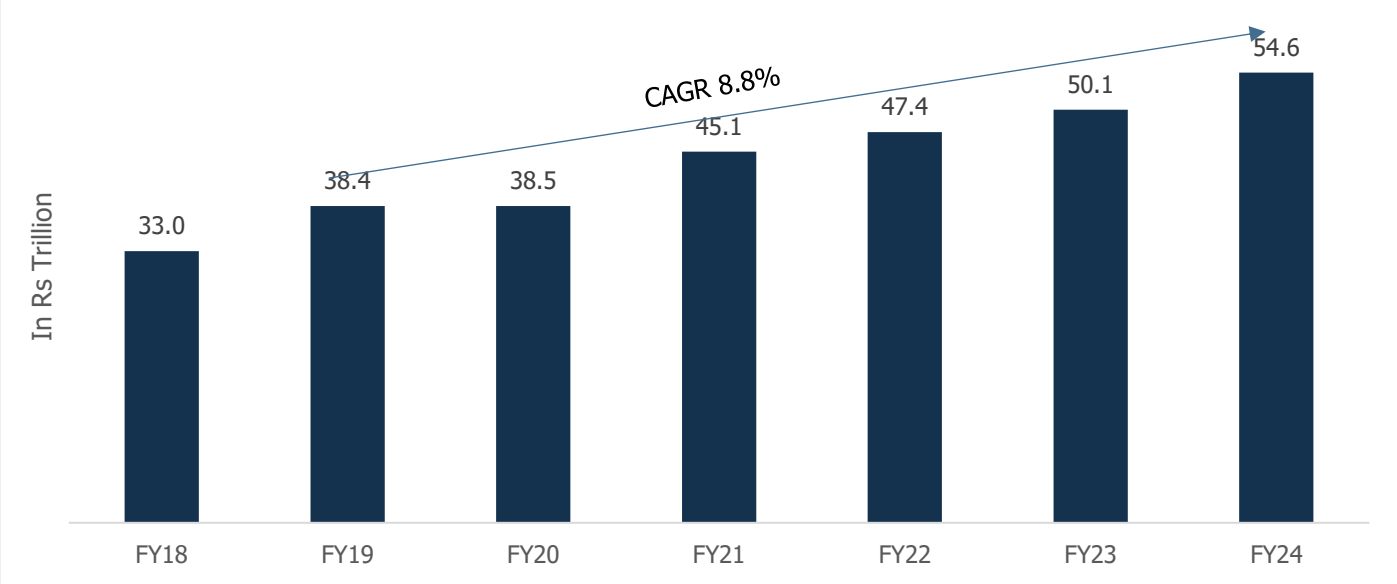
Source: Union Budget; Note: A- Actual, R-Revised, B- Budgeted

1.2.6 Trend in Household Savings

Household savings are of the household sector, measured as its excess of income over consumption and invested in financial assets and physical assets. Household savings in India have grown at an 8.8% CAGR since FY18, reaching Rs 54.6 trillion in FY24, a 9.0% y-o-y increase. A shift toward physical assets, particularly housing and gold/silver ornaments, reflects a preference for tangible investments amid high inflation and slow growth in monetary assets.

This trend is driven by heavy borrowing, especially in housing, auto, and personal loans, leading to a six-year high in household financial liabilities. Savings in mutual funds and life insurance also grew, with an 11.5% and 13.6% y-o-y increase, respectively, while investment in equities and capital market instruments rose as they offer higher returns than bank deposits.

Chart 5: Household Savings (at Current Prices)



Source: MOSPI

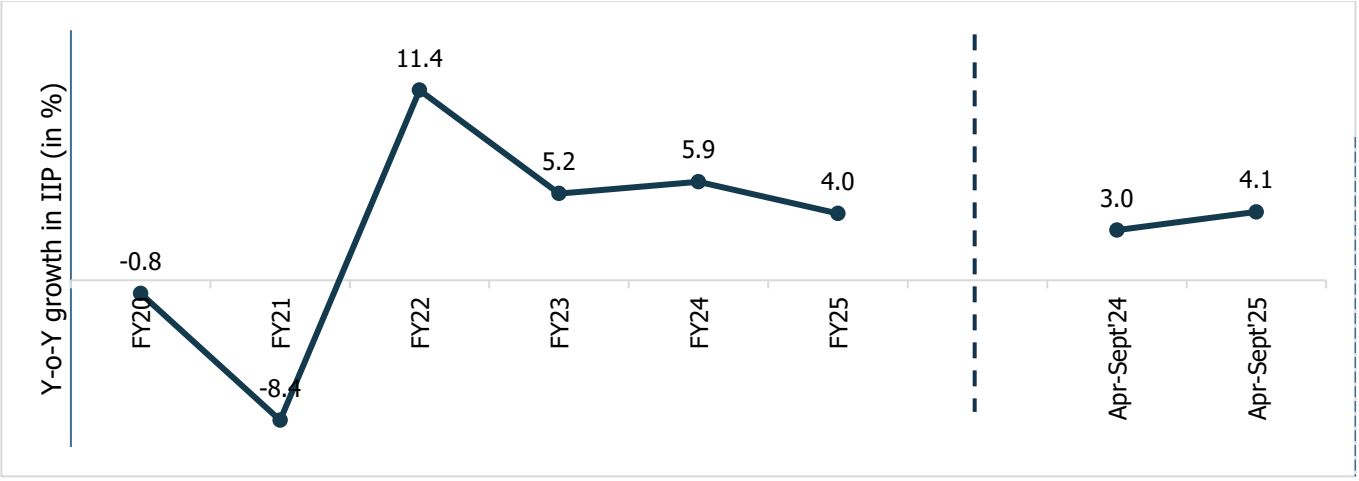
1.2.7 Industrial Growth

The Quick Estimates of the Index of Industrial Production (IIP) for September 2025 show a growth of 4.0%,remaining unchaged from August 2025. The year-on-year moderation reflects weakness across major segments, primarily due to contractions in electricity, mining, and consumer non-durables.

In September 2025, industrial growth was supported by Manufacturing (4.8%) and Electricity (3.1%). Within manufacturing, notable growth was recorded in basic metals, electrical equipment, motor vehicles, trailers and semi-trailers.

Use-based indices reflected mixed trends, with strong growth in Infrastructure Goods (10.5%), but declines in Consumer Durables and Non-Durables indicating subdued consumption and Capital goods. Manufacturing contributed significantly to overall industrial growth. This was primarily driven by strong performance in segments such as pharmaceuticals, motor vehicles, beverages, and electrical equipment.

Chart 6: Y-o-Y growth in IIP (in %)



Source: MOSPI

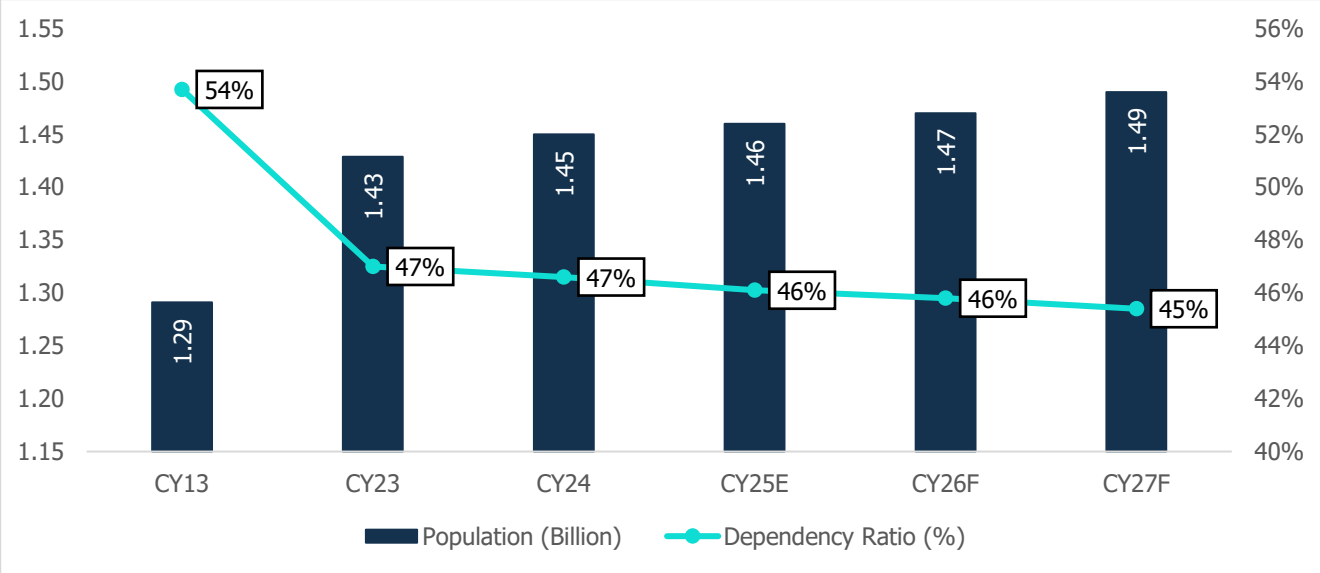
1.2.8 Overview on Key Demographic Parameters

- **Population growth and Urbanization**

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the world bank, India's population in CY22 surpassed 1.42 billion, slightly higher than China's population (1.41 billion) and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy. It was as high as 76% in 1983, which has reduced to 47% in CY23. However, this ratio is expected to rise again to 54% by CY36, driven by an increase in the elderly population as life expectancy improves.

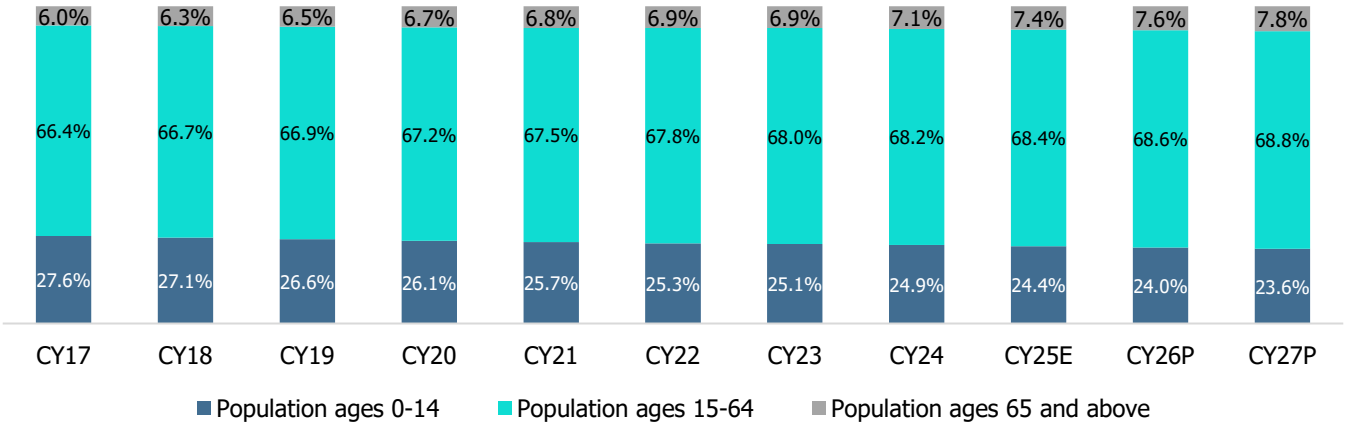
Chart 8: Trend in Population growth vis-à-vis dependency ratio in India (in Billion)



Source: World Bank Database, MOSPI; Note; E- Estimated, F- Forecasted

Despite a projected rise in the dependency ratio to 54% by CY36, India's young and growing workforce, especially in newly urbanized towns, will continue to drive income growth and consumer demand. This presents strong opportunities for sectors like consumer electronics, transportation, and railways. Rising employment, urbanisation, and government investment in rural development and digital infrastructure will further boost demand, while increased tech adoption supports long-term consumption growth across both urban and rural markets.

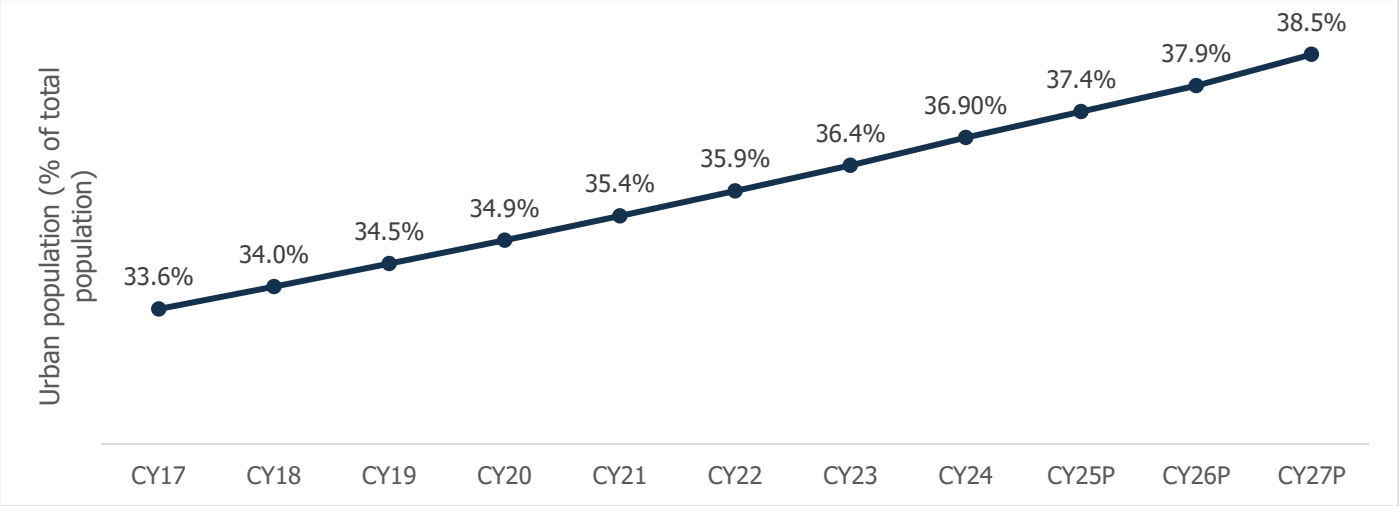
Chart 9: Age-Wise Break Up of Indian population (% of working-age population)



Source: World Bank Database; Note; E- Estimated, F- Forecasted

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 413 million (32% of total population) in CY13 to 519.5 million (36.4% of total population) in the year CY23. India is undergoing a significant urban transformation, with the urban population projected to rise to 40% by CY36. This shift is driven by factors such as improved living standards, increased employment opportunities in urban areas, and government initiatives aimed at urban development. This rapid urbanisation might necessitate substantial investments in infrastructure, housing, and transportation.

Chart 10: Urbanization Trend in India



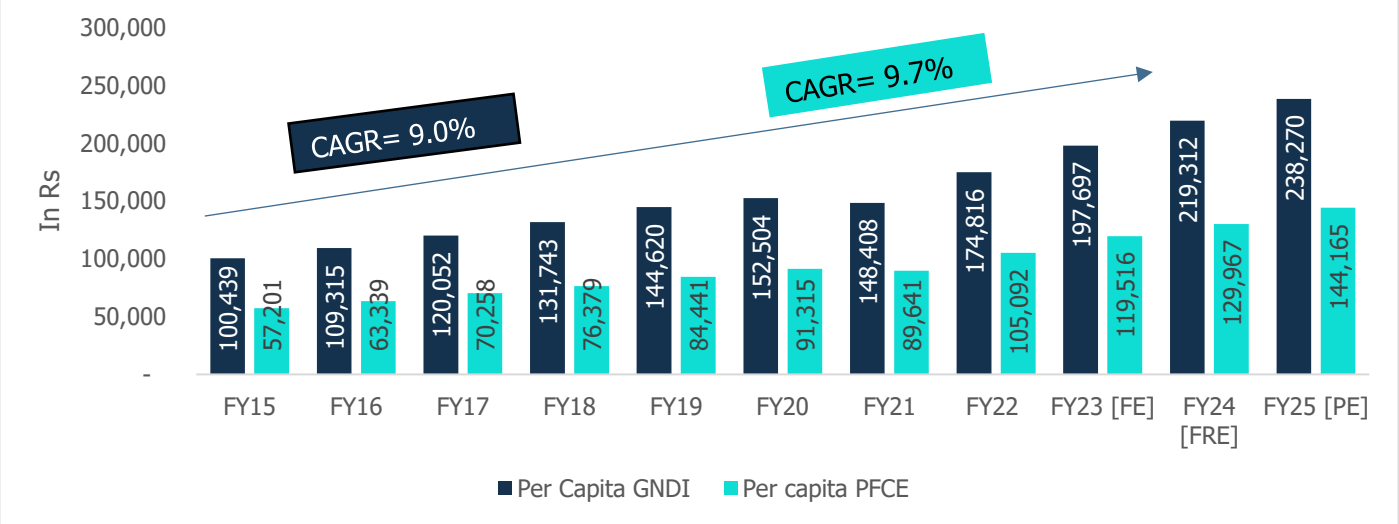
Source: World Bank Database; Note; E- Estimated, F- Forecasted

- **Increasing Disposable Income and Consumer Spending**

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY15 to FY25, per capita GNDI at current prices registered a CAGR of 9.0%. More disposable income drives more consumption, thereby driving economic growth.

With increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Per capita Private Final Consumption Expenditure (PFCE) which is measure of consumer spending has also showcased significant growth from FY15 to FY25 at a CAGR of 9.7%.

Chart 7: Trend of Per Capita GNDI and Per Capita PFCE (Current Price)



Source: MOSPI; Note: FRE – First Revised Estimates, FE – Final Estimates, PE- Provisional Estimates

1.3 Concluding Remarks

Global economic growth faces headwinds from geopolitical tensions, volatile commodity prices, high interest rates, inflation, financial market volatility, climate change, and rising public debt. However, India's economy remains relatively strong, with an IMF forecast of 6.6% GDP growth in CY25 (FY26 according to the fiscal year), compared to the global

projection of 3.2%. Key drivers include strong domestic demand, government capital expenditure and moderating inflation.

The health sector in India has witnessed significant investments in recent years, driven largely by the need to strengthen infrastructure in response to the COVID-19 pandemic. While expenditures saw a decline post-pandemic, the projected increase in future capital expenditures reflects a renewed focus on addressing growing healthcare demands and long-term reforms. Continued investment in healthcare infrastructure will be crucial for ensuring equitable access to quality healthcare and sustaining overall economic growth.

India's position as a manufacturing hub is strengthened by government initiatives, a skilled workforce, and a growing startup ecosystem, with ongoing reforms and innovation enhancing its global role. Key growth indicators like the PMI, E-way bills, bank credit, toll collections, and GST collections have improved in FY24. India's economic growth in FY25-26 will be supported by strong growth in agriculture, industrial expansion, and a surge in services exports. Key indicators point to sustained growth driven by improved infrastructure, private consumption, and foreign investments. Normalizing the employment situation after opening up of the economy is supporting consumption expenditure. Public investment is set to grow with a Rs. 11.21 lakh crore capital expenditure allocation for FY26. Private sector investment is also rising, supported by new project data and capital goods imports. Improved rural demand, favorable monsoon conditions, and government policy will further boost the investment cycle.

The recent 56th meeting of the Goods and Services Tax (GST) Council announced some major changes in the existing GST structure. The focus is majorly on simplifying it to a two-tiered GST tax structure of 5% and 18%, phasing out the currently existing 12% and 28% slabs. There is also a de-merit tax rate for luxury and 'sin' goods at a 40% tax slab. These changes are typically aimed at increasing the disposable income and in turn boosting consumption, as well as promoting the ease of doing business. The GST rationalization is expected to be a positive step towards economic growth, stimulating private consumption and ease inflationary pressures. The recent revisions in income tax rates, coupled with the reduction in GST, are expected to result in savings of over Rs 2.5 lakh crore, which is likely to further boost the consumption.

The impact of U.S. tariffs on India's export trade is anticipated to be minimal. The engineering goods sector will have a potential U.S. tariff impact, whereas steel industry is affected by the 50% tariffs although the impact is expected to be minimal given the volume of goods exported is less.

On February 13th, 2025, Prime Minister Narendra Modi and President Donald Trump discussed enhancing the U.S.-India trade relationship, with a target to increase bilateral trade from USD 200 billion to USD 500 billion by 2030. As of September 2025, India and the U.S discussions seem "positive and forward looking", according to the Ministry of Commerce and Industry.

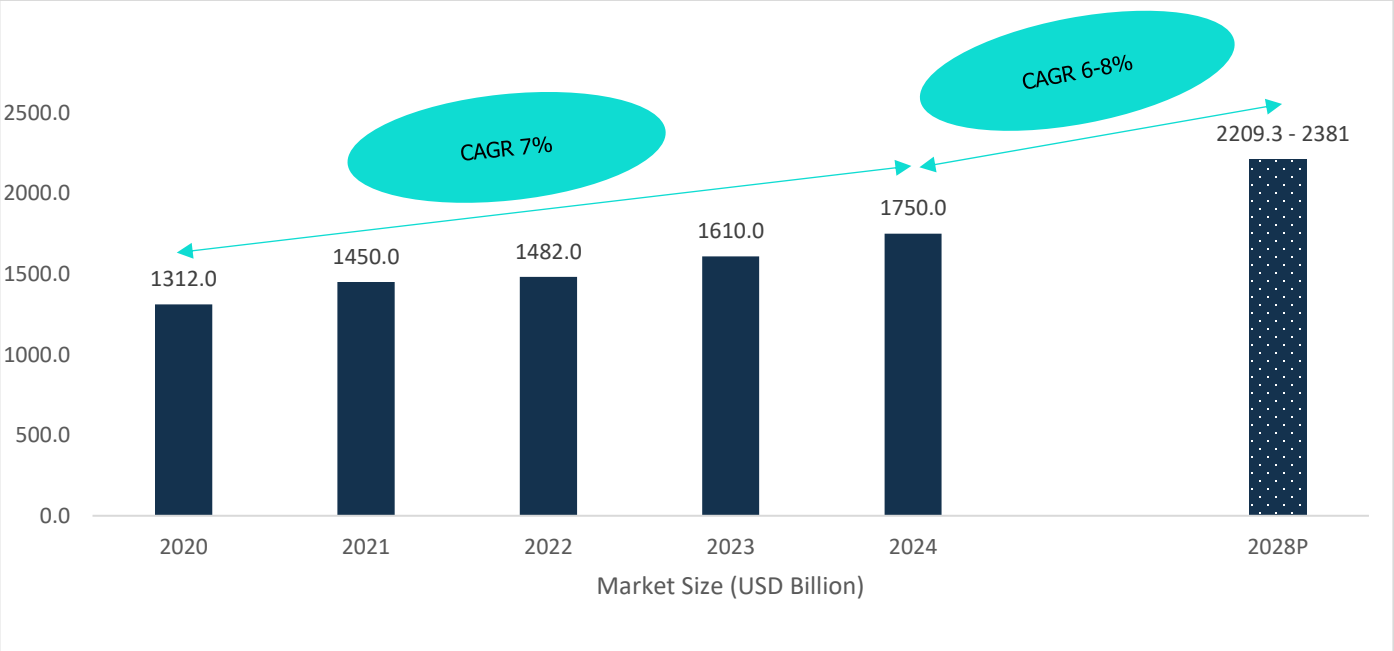
Thus, while U.S. tariffs may have a limited impact on India's exports, ongoing trade negotiations and India's competitive manufacturing advantage position it well for continued growth in global trade.

2 Overview of the Global Pharmaceuticals Industry

2.1 Overview and Market Size of the Global Pharmaceuticals Industry

The global pharmaceutical industry has traditionally been dominated by a few high-income and developed regions, such as North America and Europe, which still hold a significant share of the market in terms of value, primarily due to the presence of high-priced drugs and innovative products. However, in recent years, middle-income countries like India, China, and Brazil have seen substantial growth in both production and consumption. These so-called "Pharmerging" markets now contribute significantly to global pharmaceutical volume consumption and have surpassed the growth rates of high-income markets. As a result, these emerging markets have become key strategic targets for multinational pharmaceutical companies, as evidenced by the increasing pharmaceutical exports from these regions. Despite this shift, high-income countries continue to lead in pharmaceutical research and development (R&D) spending across both the public and private sectors.

Chart 8: Global Pharmaceuticals Market Size



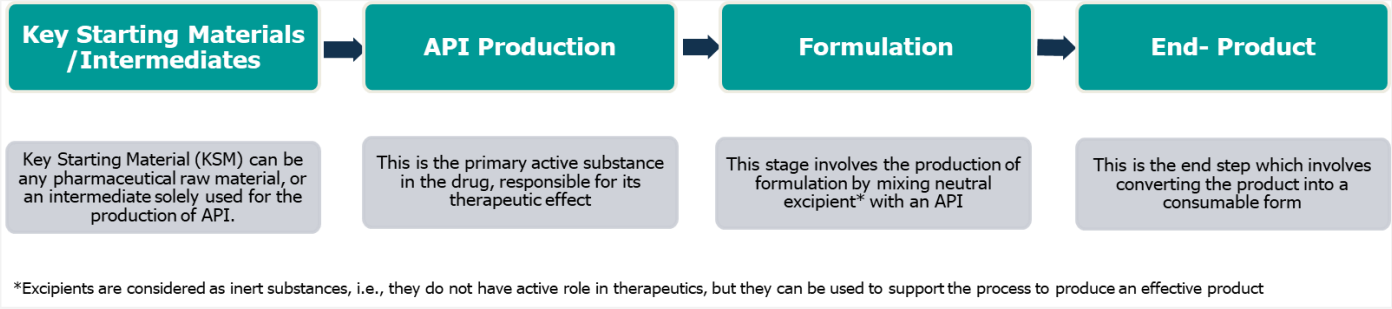
Source: Pharma Company Reports, CareEdge Research; Note: P denotes projected

The global pharmaceutical market has expanded at a compound annual growth rate (CAGR) of around 7%, rising from USD 1,312 billion in 2020 to around USD 1,750 billion in 2024. Key factors driving this growth include an ageing population, robust development in the generics market, increasing patient demand for more effective and better-tolerated novel drugs, and improved access to medications in emerging markets. Going ahead, the market is projected to continue growing at a 6-8% CAGR over the next five years, reaching an estimated USD 2,209 to 2,381 billion by 2028. On a global scale, pharmaceutical companies are increasingly focusing on personalised treatment and precision medicine, aiming to tailor medical care to individual patient characteristics, needs, preferences, and genetic profiles.

The pharmaceutical value chain begins with the selection of Key Starting Materials / Intermediates, which are basic chemical or biological substances. These materials serve as the foundation for drug development. These are the important compounds that are formed during the multi-step synthesis of the Active Pharmaceutical Ingredients (APIs). The next step involves the production of Active Pharmaceutical Ingredients (APIs), which serve as the core components of medications, using sophisticated chemical techniques which ensure critical examination of quality and purity. Once

the API is produced, it is mixed with excipients- these are neutral substances, e.g., binders, flavours, preservatives, lubricants, etc., which are used to combine APIs during the formulation stage. Further, the product is created by transforming it into consumable forms like tablets, capsules, injectables, ointments, powder, liquid orals, sprays, etc.

Chart 9: Pharmaceutical Industry Value Chain



Source: CareEdge Research

The manufacturing process is complex, encompassing granulation, mixing, drying, testing, and other necessary procedures. In the pharmaceutical industry, the production of active pharmaceutical ingredients (APIs) and their intermediates often involves complex chemical processes that require specialised equipment and facilities. One such critical process is hydrogenation, which is widely used to modify the chemical structure of drug molecules by adding hydrogen to unsaturated bonds. This modification is essential for enhancing the stability, bioavailability, and efficacy of the final drug products.

Hydrogenation facilities are essential in the production of API intermediates, enabling the addition of hydrogen to unsaturated compounds. This process alters chemical structures, improving stability, selectivity, and biological activity, which is crucial for APIs in cardiovascular, oncology, and CNS therapies. Hydrogenation is used to produce saturated compounds, which are often more stable and easier to manage in later production stages. The process involves controlled reactors and catalysts, ensuring high reproducibility and consistent quality. These facilities also enhance cost-effectiveness by streamlining production, reducing waste, and improving yields, making hydrogenation a key step in API manufacturing.

Additionally, before manufacturing, essential steps such as research and development (R&D) and securing regulatory approvals must be completed to ensure the safety and usefulness of the final product.

2.2 Key growth drivers for the Global Pharmaceutical Industry

- **Improved access to medicine in emerging markets**

The global population nearing 8 billion has led to increased daily per capita medicine consumption, particularly in emerging markets like China, India, Brazil, and Indonesia. Rising incomes, improved healthcare infrastructure, and broader insurance coverage have collectively narrowed the gap in medicine consumption between developed and emerging markets. In India, the growing availability of advanced pharmaceuticals reflects the country's progress in enhancing access to healthcare services. Government safety net programmes, expansion of private insurance, and sustained investments from both public and private sectors have played a pivotal role in supporting this development and are expected to drive continued growth in medicine consumption.

- **Frequency and prevalence of chronic diseases**

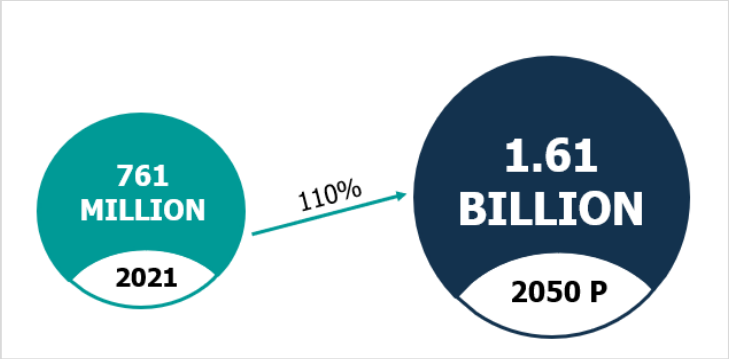
The prevalence of chronic diseases like cardiovascular diseases, cancer, diabetes, and respiratory conditions is rising globally, significantly impacting economies and fuelling pharmaceutical demand. Cardiovascular diseases account for

the highest mortality, causing 17.9 million deaths annually, followed by cancer (9.3 million), respiratory illnesses (4.1 million), and diabetes (2 million). Together, these account for 80% of chronic disease-related deaths. Across OECD countries, circulatory diseases such as heart attacks and strokes account for over one-quarter of all deaths, while cancer causes around one in five. More than one-third of adults live with a longstanding illness or health problem, with prevalence higher among lower-income groups. These figures highlight the significant and persistent burden of chronic diseases on population health.

- **Increase in ageing population**

The world's population aged 65 and older is projected to increase by almost 110%, from 761 million in 2021 to 1.6 billion in 2050, based on the World Social Report 2023 published by the United Nations. This group is growing faster than any other on the planet. The rising need for health care services, fuelled by the high incidence of chronic diseases among the elderly, is expected to fuel the expansion of the world's pharma market.

Chart 10: Number of persons aged 65 years or over



Source: UN World Social Report 2023, CareEdge Research; P: Projected

- **Number of products going off patent in the United States is expected to peak in 2024**

The expiration of patents for major medications significantly drives growth in the generics industry. As patents expire, generic pharmaceutical companies and CDMOs (Contract Development and Manufacturing Organisations) capitalise on the opportunity to launch cost-effective versions of branded drugs. This competition intensifies as companies aim to bring new products to market swiftly, ensuring a competitive edge. According to India's Department of Pharmaceuticals, over 300 drugs across various therapeutic categories and regions lose patent protection annually, fuelling the expansion of the generics market and enabling greater accessibility to affordable medications.

2.3 Key Challenges in the Global Pharmaceutical Industry

- **Regulatory and Compliance Complexity**

Regulatory hurdles are some of the most significant challenges pharmaceutical companies face today, when attempting to launch products across the FDA, EMA, and emerging-market agencies, each with evolving approval timelines, pricing rules, promotional controls, pharmacovigilance demands and transparency requirements. Such fragmentation slows market entry, drives up compliance costs, including MLR (Medical-Legal-Regulatory) reviews, and heightens the risk of misalignment between labelling or engagement strategies and local standards. This regulatory "moving target" delays revenue realisation and amplifies the resource burden on already cost-constrained organisations.

- **Pricing Erosion, the Patent Cliff & Market Access Pressures**

Pharmaceutical companies increasingly face shrinking price leverage due to governmental and payer interventions like the U.S. Inflation Reduction Act, mandatory rebates, and pricing caps in multiple countries. Simultaneously, the peak of patent expirations has triggered intense competition from generics and biosimilars, eroding branded drug margins. These dynamics coincide with a decline in average pharma valuation metrics, such as enterprise-value-to-EBITDA multiples, highlighting investor scepticism. Establishing sustainable access in this low-price, high-competition environment requires innovative pricing models (e.g., value-based contracts), but introduces complexity in global rollout and stakeholder alignment.

- **R&D Investment, Innovation Speed & Productivity**

Drug development remains capital-intensive and time-consuming: the average development cost per successfully approved drug continues to climb, with clinical trials running multi-year timelines and high attrition rates. At the same time, a growing academic and biotech innovation base is increasing the pace of biological discovery, yet many legacy pharma models struggle to keep up. Although artificial intelligence and agentic computing offer potential to reduce discovery and development time, most incumbents lag in integrating these tools effectively. R&D productivity stagnation threatens pipeline viability, limiting ROI and competitiveness amid escalating scientific opportunity.

- **Supply-Chain Fragility & Skilled Talent Shortages**

Despite rebounding from recent crises, pharmaceutical supply chains remain vulnerable, with an overdependence on upstream API suppliers (often clustered in specific geographies), limited redundancy, and logistics bottlenecks that trigger frequent shortages, even for off patent or essential medicines. Human resource gaps compound the issue: the industry faces shortages of skilled experts in STEM, data, biomanufacturing, and clinical operations, exacerbated by retirements and lagging recruitment. This dual challenge means delays in manufacturing and approvals, escalating rebuild costs, and reduced flexibility in responding to demand spikes or shifts in global demand.

3 Domestic Pharmaceutical Industry

3.1 Overview and Market Size of the Indian Pharmaceutical Industry

The Indian pharmaceutical industry (IPI) ranks 3rd globally in terms of volume and 14th in terms of value. Its lower market share by value is due to the dominance of generic medicines, which make up around 70% of the industry's revenue and are priced lower. The IPI is highly fragmented, with over 10,000 manufacturers in both the organised and unorganised sectors. Pharmaceutical manufacturing is primarily concentrated in Maharashtra, Gujarat, Andhra Pradesh, Telangana, Uttarakhand, and Himachal Pradesh. As per the Confederation of Indian Industries (CII), approximately 8,000 small and medium enterprises (SMEs) make up about 70% of the total pharmaceutical units in India.

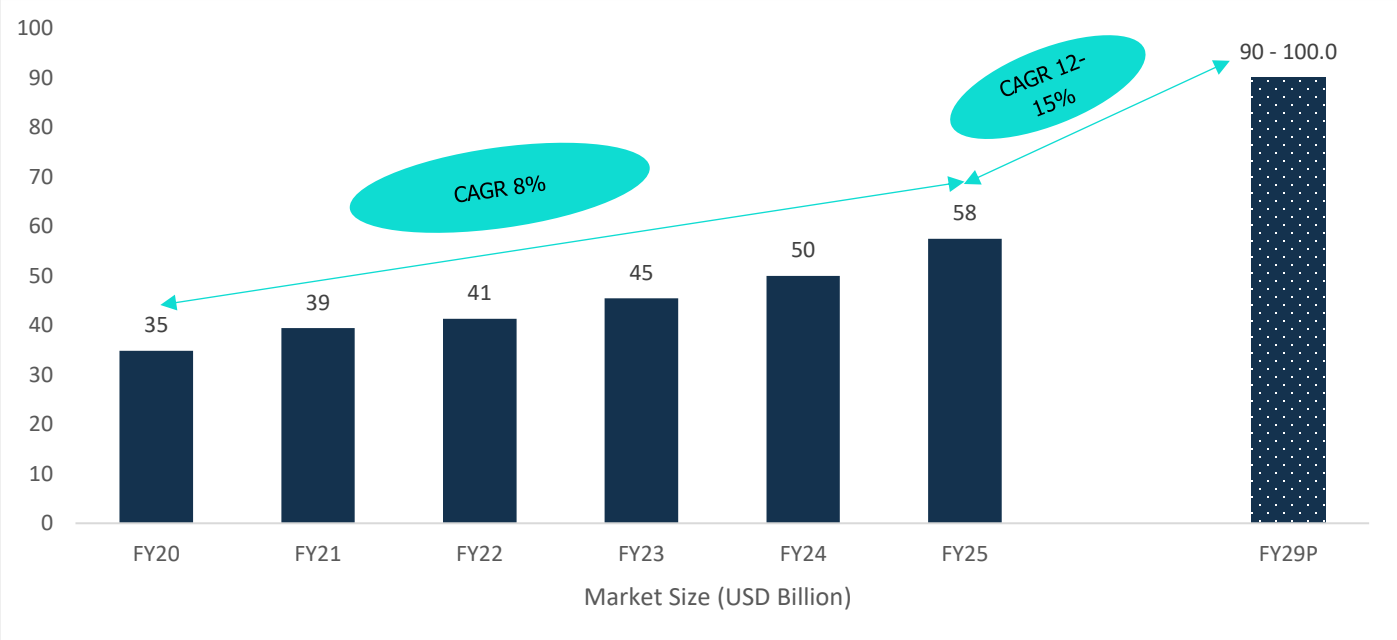
The growth of the domestic pharmaceutical market is anticipated to be driven by factors such as increased health insurance coverage, better access to healthcare facilities, a growing prevalence of chronic diseases, and rising per capita income. On the export front, growth is expected to be fuelled by greater generic drug penetration in regulated markets, supported by a focus on niche and complex product segments, patent expiries, licensing agreements from the medicine patent pool, and rising demand from semi-regulated markets. In the long term, emerging markets like Russia, Brazil, and South Africa are expected to sustain export growth.

India's prominence in the pharmaceutical industry is driven by its cost-effective manufacturing capabilities. The country offers significantly lower production costs compared to many developed nations, making it an attractive hub for outsourcing and contract manufacturing. Furthermore, India has the largest number of USFDA-compliant pharma plants outside the USA, underscoring its strong regulatory compliance. The industry's focus on R&D fosters the development of novel formulations and the discovery of new APIs, enhancing growth and competitiveness. Over the next 2-3 years, patented products worth USD 251 billion are set to go off patent, presenting a substantial opportunity for Indian pharma companies to capitalise on.

India's pharmaceutical sector has seen significant growth from FY20 at an 8% CAGR and has touched USD 58 billion in FY25. Low cost of production without compromising on quality, along with the highest number of USFDA-approved pharmaceutical plants (outside the USA), has placed India strategically to emerge as one of the leading producers for pharma products, which has led to robust growth.

The sector is expected to grow at a CAGR of 12% to USD 100 billion by FY30. The main drivers of growth are the rising incidence of non-communicable diseases like cardiovascular disease, stroke, cancer, diabetes, and chronic lung diseases. Population growth and rising demand for pharmaceuticals are expected to further accelerate industry expansion, positioning India as one of the largest pharmaceutical markets globally in the coming years. Government initiatives, such as the Production Linked Incentive (PLI) scheme aimed at promoting domestic production of key pharmaceutical ingredients, are expected to support sustained growth within the sector. However, the pace of growth is anticipated to moderate compared to previous trends. This is primarily due to increasing competition and oversupply in the generics segment, which has historically been a key growth driver. Additionally, price controls on essential medicines under the Drug Price Control Order (DPCO) are likely to limit price increases, thereby constraining revenue growth.

Chart 11: Domestic market size for the Pharmaceuticals Industry



Source: Industry Reports, Department of Pharmaceuticals, CareEdge Research; Note: P denotes projected

3.2 Key growth drivers for the Pharmaceutical Industry

- **Growth in the chronic diseases segment**

The chronic disease segment is poised for sustained growth in the medium term, driven by the need for long-term treatments and recurring prescriptions. Chronic care drugs, addressing non-communicable diseases like cancer, cardiovascular ailments, diabetes, and mental disorders, see higher prescription frequency due to their prolonged treatment cycles and the interconnected pharmaceutical supply chain. According to WHO data, India has experienced an increase in life years lost to non-communicable diseases from 2000 to 2021, while losses from communicable diseases like tuberculosis and respiratory infections have declined, reflecting the rising burden of chronic conditions. This trend underpins the expanding demand for chronic care medications.

Table 5: Disability adjusted life years lost in India led by non-communicable diseases.

Particulars	Disability adjusted life years (DALYs)	
	2000	2021
Communicable diseases	**32.6%**	**15.2%**
Tuberculosis	15.4%	3.4%
Respiratory functions	4.3%	7.6%
Diarrhea diseases	4.8%	1.3%
Other	8.1%	2.9%
Non-communicable diseases		
Cancer	1.0%	1.6%
Diabetes mellitus	0.5%	1.0%
Mental disorders	2.0%	2.2%
Endocrine, blood, immune disorders	0.3%	0.2%
Neurological conditions	1.0%	1.1%

Cardiovascular diseases	4.2%	5.5%
Respiratory diseases	1.8%	2.3%
Sense organ diseases	0.9%	1.1%
Other	6.3%	6.3%
Total non-communicable diseases	**18.1%**	**21.4%**

Source: World Health Organisation, CareEdge Research

- **Government support via PLI schemes**

The support under PLI schemes is expected to promote the production of high-value products in the country and increase the value addition in exports, as well as generate employment for both skilled and unskilled personnel, estimated at 20,000 direct and 80,000 indirect jobs, because of growth in the sector. Three bulk drug parks, located in Gujarat, Himachal Pradesh, and Andhra Pradesh, should provide a consistent supply of bulk drug active components and will ensure India's drug security.

- **Growing Infrastructural development**

India has the greatest number of FDA-regulated drug manufacturing facilities after the U.S. Around 650 plants, constituting a quarter of all USFDA-approved facilities outside the United States, highlight its significant role in pharmaceutical production.

- **With life expectancy improving and a changing demographic profile, healthcare services are necessary.**

India's improving life expectancy and demographic shift are driving increased healthcare needs. By 2031, 13% of the population is projected to be aged 60 or older, compared to 8% in 2011. According to the UNFPA's 2023 report, over 30% of elderly women and 28% of men suffer from chronic conditions such as arthritis, hypertension, and diabetes, with one-fourth experiencing multiple morbidities. With India’s population expected to reach 8.5 billion by 2030, the rising prevalence of age-related diseases highlights significant growth opportunities for the domestic pharmaceutical industry, particularly in chronic care formulations.

4 Global Generics Drugs Market

4.1 Overview and Market Size of the Global Generics Drugs Market

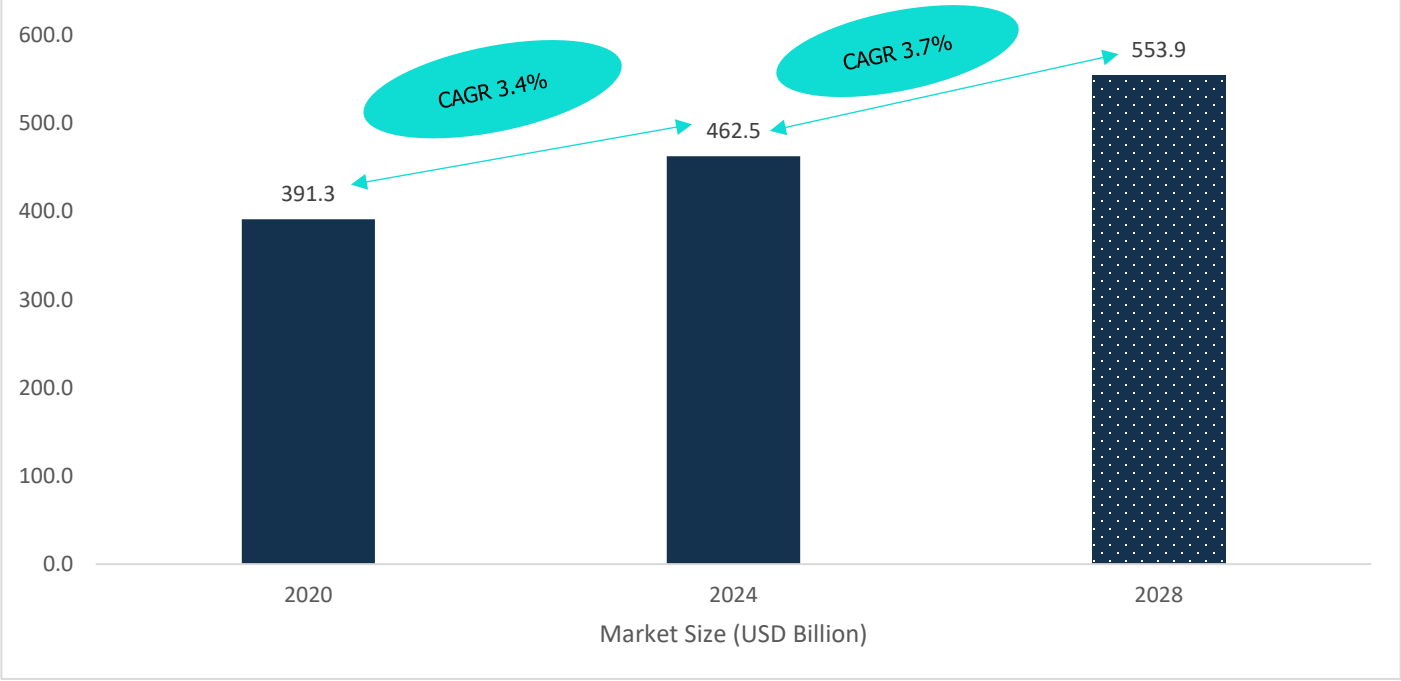
The global generics drug market has emerged as an essential pillar of modern healthcare, underpinned by rising demand for affordable, therapeutically equivalent medicines. As high-value branded drugs lose patent protection, generic manufacturers are able to enter formerly proprietary markets, expanding access while intensifying price competition. This shift often results in sharply reduced drug prices alongside rapidly growing market volumes, creating a nuanced dynamic were scale substitutes for margin profitability.

Market dynamics vary by region. In Europe, tender systems and reference pricing tightly control reimbursement levels and lead to frequent "winner-takes-all" procurements that reinforce cost-efficiency but raise supply-risk concerns. In North America, generics comprise most prescriptions, though they occupy a small share of total pharmaceutical spending, reflecting deep regulatory trust and entrenched substitution policies.

Asia-Pacific stands out as the fastest-growing generics hub, driven by expanding healthcare infrastructure, supportive government policies, and dominant low-cost manufacturing ecosystems in countries like India and China. India, often referred to as the "pharmacy of the world," supplies a considerable proportion of global generics volume and plays a pivotal role in global vaccine production. Many governments actively incentivise generic uptake through substitution mandates, public procurement frameworks, and transparency reforms, further accelerating adoption and demand.

Looking ahead, advances in manufacturing automation, streamlined regulatory approvals, and shifting industry focus on complex generics and biosimilars are shaping the evolution of the generics landscape. While persistent margin pressure and supply-chain vulnerabilities pose challenges, generics' affordability and accessibility cement their vital role in global health strategy.

Chart 12: Global Generics Drugs Market Size



Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

The global generics drugs market has expanded at a compound annual growth rate (CAGR) of around 3.4%, rising from USD 391.3 billion in 2020 to around USD 462.5 billion in 2024. The expansion has been fuelled primarily by the wave of patent expirations among high-profile branded drugs. As exclusivity erodes, generic firms can introduce bioequivalent versions without costly new clinical trials, drastically lowering prices. This affordability is critical for managing widespread chronic illnesses such as diabetes, cardiovascular disease, respiratory ailments, and cancer, particularly in ageing populations. Governments, payers, and physicians actively promote generics to curb healthcare spending.

All these factors combine to boost adoption, expand access, and drive growth in the generic sector. Looking ahead, the market is projected to continue growing at a 3.7% CAGR over the next four to five years, reaching an estimated USD 553.9 billion by 2028. This is due to the escalating prevalence of non-communicable diseases and demographic ageing. Regulatory bodies around the world are fast-tracking approvals and incentivising prescribing of generics, while public awareness of their effectiveness and reliability is rising. Technological innovations, such as automation, AI, and advances in manufacturing and biosimilars, are reducing production costs and speeding product launches. Emerging markets and expanding strategic partnerships further widen distribution.

4.2 Key Growth Drivers for the Global Generics Market

- **Impact of Patent Expiration on Market Access**

As numerous high-sales branded drugs lose exclusivity, generic manufacturers gain entry opportunities into previously protected therapeutic areas, turning off-patent biologics and small-molecule compounds into low-cost substitutes. This wave of patent expirations fuels competition and volume growth even as it exerts downward price pressure. This creates a dual dynamic, significant new market opportunities alongside increasing pressure on profit margins, which is a key characteristic of today's generics market.

- **Global Healthcare-Cost Containment Pressure**

Across public and private payers, escalating drug budgets are leading to strong policy and formulary shifts favouring generics over branded therapies. This creates an ongoing, sustainable demand base for generics, especially in chronic disease and maintenance treatments. Concurrent regulatory initiatives like expedited review pathways further amplify generic manufacturers' ability to respond swiftly to rising payer needs.

- **Chronic Illness & Aging Populations Demographics**

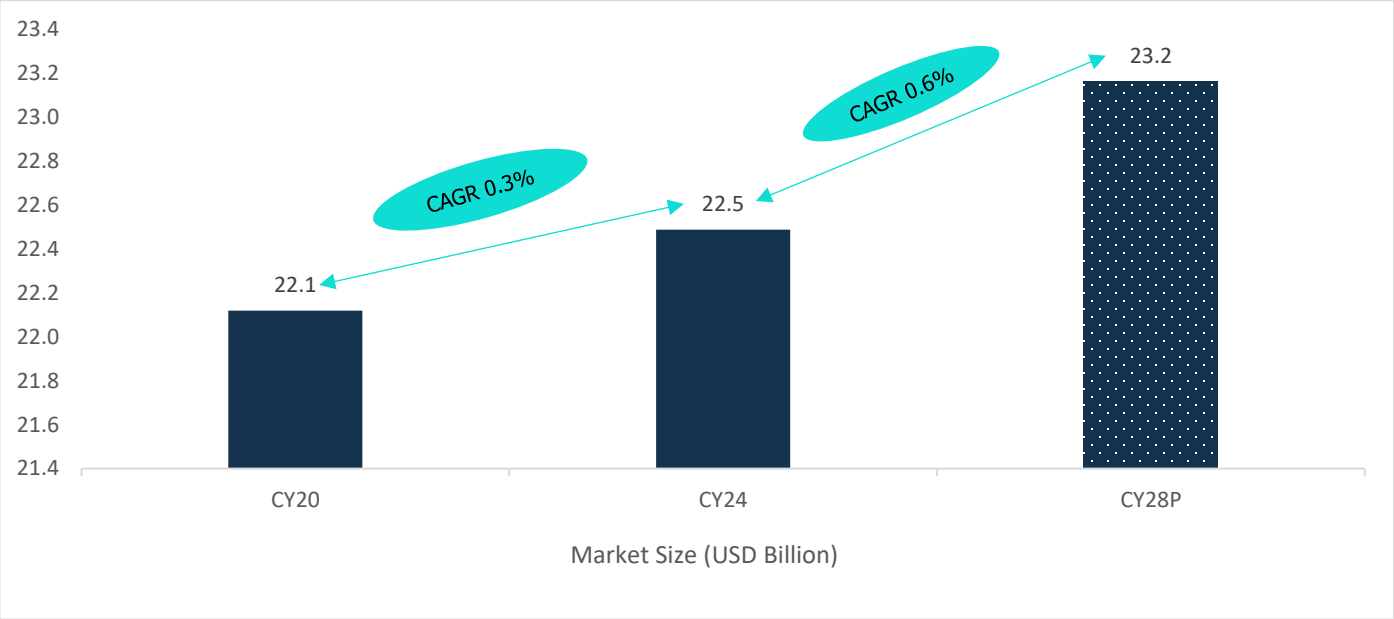
As populations age and chronic non-communicable diseases like hypertension, diabetes, cancer, and COPD rise globally, the need for affordable, long-term medication grows. Since generics provide lower-cost but equivalent therapies for these enduring conditions, they align with healthcare system policy objectives and physician prescribing patterns focused on value-driven, lifelong treatment regimens.

- **Governmental & Regulatory Incentives**

Many governments actively support generic uptake through substitution policies, public procurement schemes (e.g. India's PMBJP), national tender programmes, and streamlined approval pathways. Such policies, often coupled with public awareness or prescribing incentives, lower barriers to entry for manufacturers and underpin market expansion. Regulatory shifts like simplified filings and automatic substitution rules are becoming strategic enablers for generics adoption.

4.3 The Global B2G Unregulated and Semi-Regulated Generics Drugs Market Size

Chart 13: Global Unregulated Generics Drugs Market Size

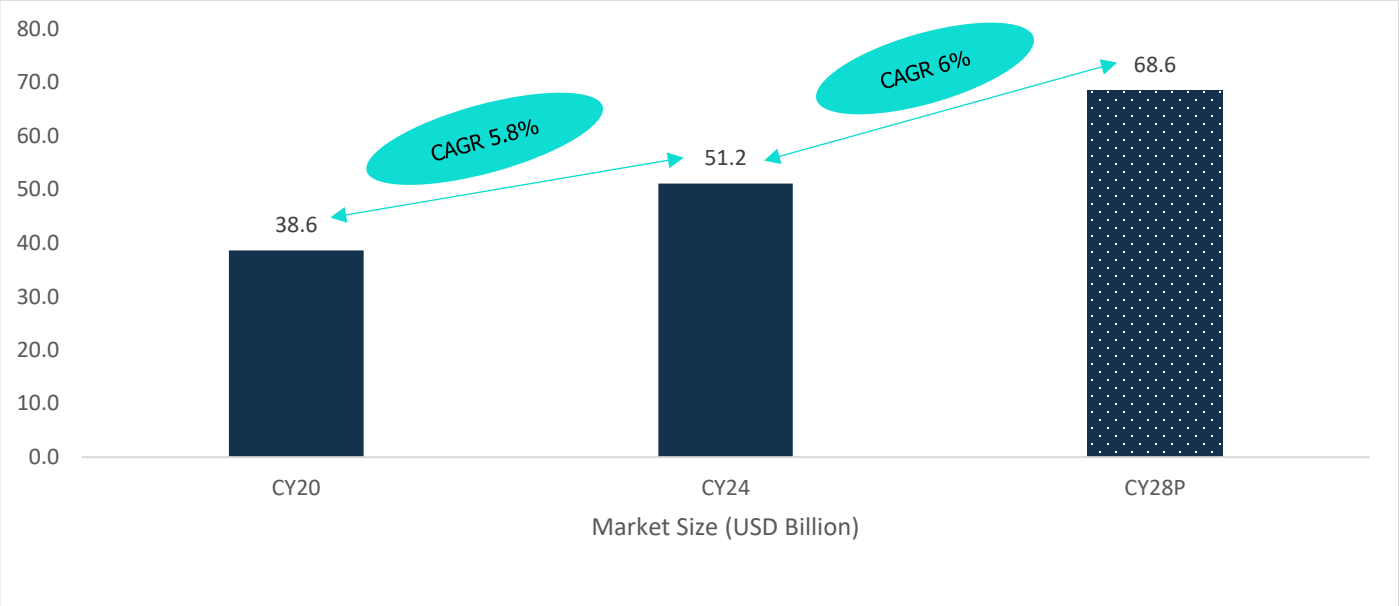


Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

The global B2G unregulated generics drugs market stood at USD 22.1 billion in 2020, growing modestly to USD 22.5 billion in 2024, and is projected to reach USD 23.2 billion by 2028, reflecting a steady but subdued expansion. The market recorded a CAGR of 0.3% during 2020–2024 and is expected to grow at a slightly higher CAGR of 0.6% between 2024-2028. Growth has remained restrained due to intense price competition in government tenders, greater procurement efficiency, and a gradual regulatory shift favouring compliant and quality-assured suppliers.

Despite limited value expansion, the market remains supported by consistent demand for essential generics through public health programs and national medicine distribution schemes. Going forward, incremental growth will likely stem from localised manufacturing incentives, expansion of healthcare access in low- and middle-income countries, and occasional tender-linked volume surges. Over the long term, the market is expected to undergo consolidation, with competitive advantages favouring suppliers capable of maintaining low-cost production while progressively aligning with evolving quality and compliance norms.

Chart 14: Global Semi-Regulated Generics Drugs Market Size



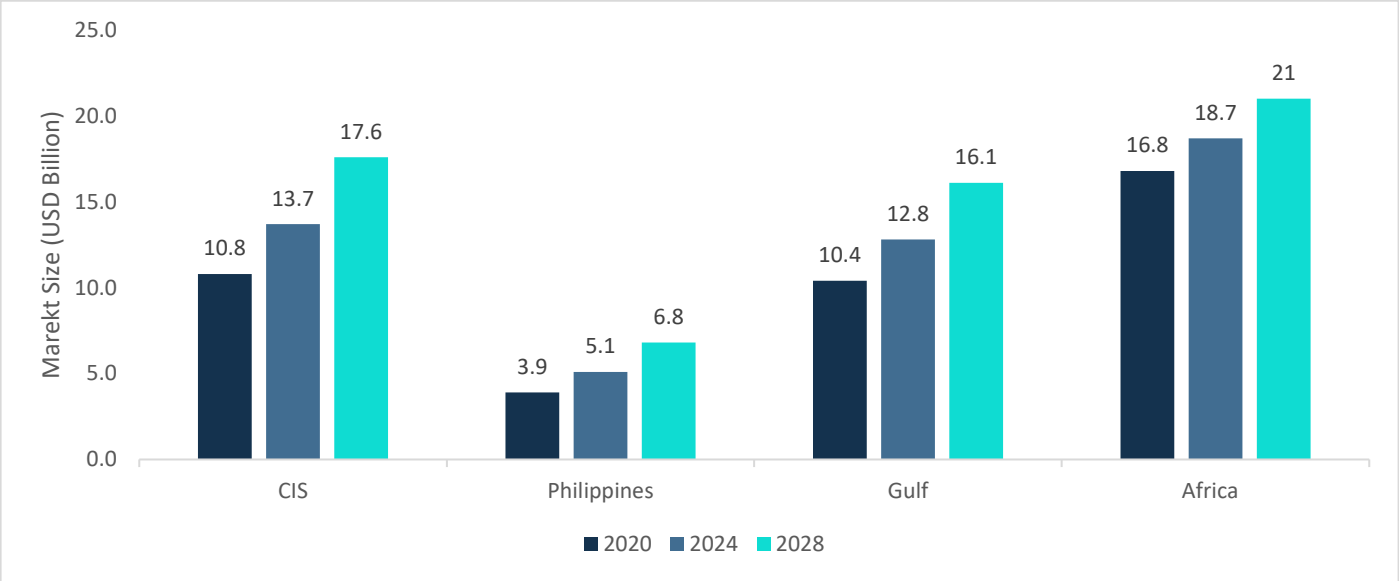
Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

The global semi-regulated B2G generics drugs market was valued at USD 38.6 billion in 2020, grew to USD 51.2 billion in 2024, and is projected to reach USD 68.6 billion by 2028, reflecting a robust CAGR of 5.8% during 2020–2024 and 6% during 2024–2028. Growth is driven by expanding government healthcare programs, increasing adoption of generics to reduce public healthcare costs, and the expiry of key drug patents enabling large-scale generic procurement.

The market's sustained expansion is underpinned by rising healthcare coverage in emerging economies, greater focus on affordable medicines, and localisation initiatives promoting domestic production. While intense price competition and tightening regulatory norms continue to pressure margins, volume growth through large government tenders and inclusion of complex generics are expected to sustain a healthy mid-to-high single-digit growth trajectory over the medium term

4.4 Global generic drug market by region

Chart 15: Market Size of the Global Generic Drug Market by Region



Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

The global generics drugs market across key emerging regions has demonstrated consistent growth between 2020 and 2028, driven by rising healthcare demand, expanding government programs, and increased focus on cost-effective medicine distribution.

The Commonwealth of Independent States (CIS) market grew from USD 10.8 billion in 2020 to USD 13.7 billion in 2024, reflecting a CAGR of approximately 4.9%, and is expected to reach USD 17.6 billion by 2028 (CAGR of 5.2% from 2024–2028). This growth is supported by expanding public healthcare coverage, increasing prevalence of chronic diseases, and government initiatives promoting generic drug adoption to control healthcare expenditure.

In the Philippines, the market expanded from USD 3.9 billion in 2020 to USD 5.1 billion in 2024 (CAGR of 5.6%) and is projected to reach USD 6.8 billion by 2028 (CAGR of 5.8%). Growth is underpinned by national health insurance schemes, rising awareness about affordable medicines, and strengthening regulatory oversight to ensure quality and accessibility.

The Gulf region witnessed an increase from USD 10.4 billion in 2020 to USD 12.8 billion in 2024 (CAGR of 4.4%), and is expected to grow to USD 16.1 billion by 2028 (CAGR of 4.6%). Government initiatives to reduce healthcare costs, coupled with increasing private sector participation in drug distribution, have driven generics uptake in these countries.

The African market grew from USD 16.8 billion in 2020 to USD 18.7 billion in 2024 (CAGR of 2.1%) and is forecasted to reach USD 21 billion by 2028 (CAGR of 2.4%). While growth is slower relative to other regions, increasing donor-funded programs, improvements in supply chain infrastructure, and gradual regulatory strengthening are contributing to greater generics penetration.

Overall, these regions are collectively driving the expansion of the global generics drugs market, with semi-regulated and emerging healthcare systems showing stronger adoption rates. The combination of government-led initiatives, rising disease burden, and cost pressures ensures sustained demand for generics across these geographies over the forecast period.

5 Indian Generics Drugs Market

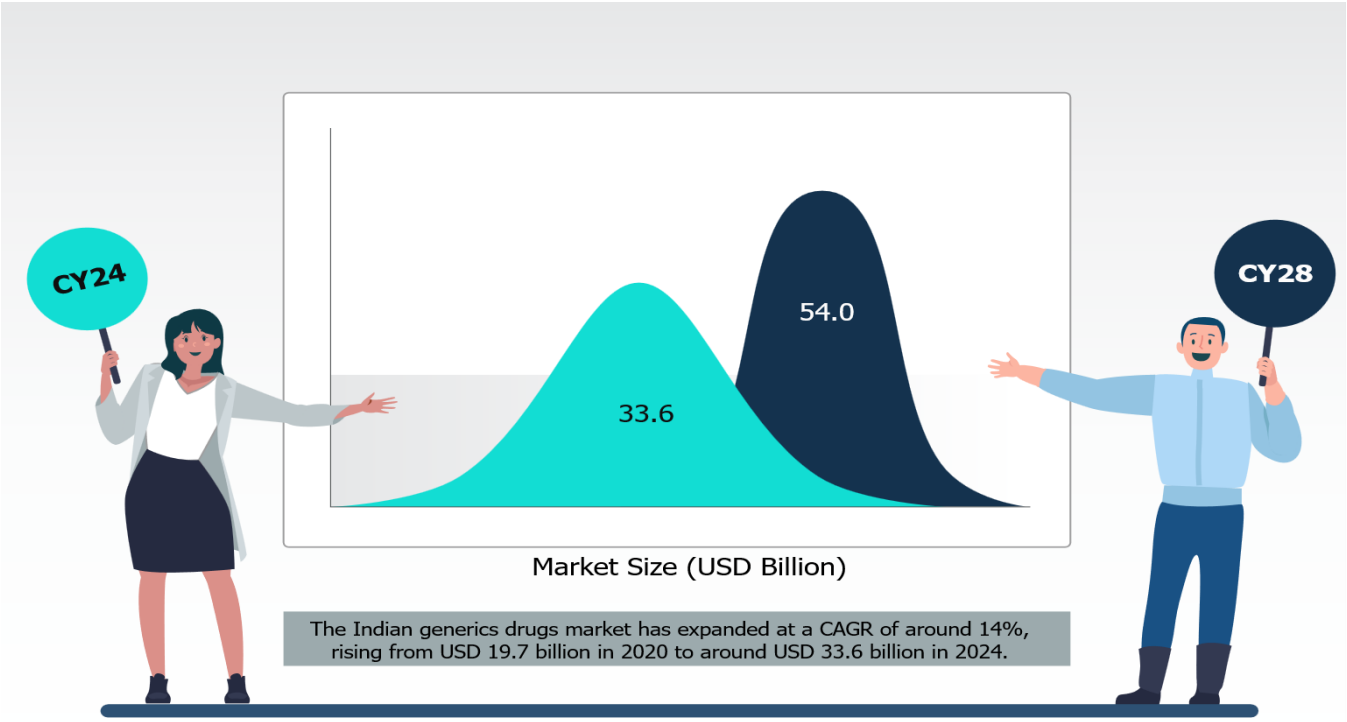
5.1 Overview and Market Size of the Indian Generics Market

Domestic uptake of generics is strongly supported by government policy, most notably through the Pradhan Mantri Bhartiya Janaushadhi Pariyojana. This initiative distributes medicines via dedicated Jan Aushadhi Kendras that provide drugs at significantly lower costs compared to branded alternatives, while adhering to WHO-GMP and NABL-accredited quality standards. Doctors are encouraged to prescribe by generic name, and public hospitals primarily prioritise generics, boosting both awareness and utilisation across socio-economic strata.

Demand within India is shaped by a growing burden of chronic health conditions, an ageing population, and expanding health literacy, driving the long-term need for low-cost treatments. Indian generic manufacturers are known for responsive agility, quickly launching equivalents as patents expire internationally. This responsiveness preserves affordability and widens access. Nevertheless, the industry contends with persistent challenges. Consumer and physician scepticism about quality, amid variable perceptions, can dampen acceptance. Compliance with global regulatory norms remains complex, and heavy reliance on imported active pharmaceutical ingredients introduces supply-chain risks that must be managed strategically.

Despite these pressures, India's blend of manufacturing excellence, robust government support, and fast market responsiveness continues to position the country as a critical hub for affordable, high-volume generics both domestically and globally.

Chart 16: Indian Generics Drugs Market Size



Source: Industry Sources, CareEdge Research; Note: The numbers for CY28 are projected numbers

India's generics boom is propelled by strong government backing, especially through programs like the Janaushadhi initiative, which ensures access to affordable, quality generics, while physicians are encouraged to prescribe generic

names. Middle-class families, educated and cost-aware, have led the shift toward generics, influencing wider acceptance across urban and rural populations. Rising burdens of chronic conditions such as diabetes and cardiovascular disease, coupled with demand for cost-effective long-term care, have sharply increased uptake. Looking ahead, the market is projected to continue growing at a 6.8% CAGR over the next four to five years, reaching an estimated USD 47.1 billion by 2028. Going forward, global patent expirations are creating large opportunities for Indian manufacturers to launch affordable generics. Supply-chain trends favouring diversification away from reliance on China further boost India's appeal as a low-cost, reliable supplier. The rise of biosimilars offers an additional growth frontier, positioning India to expand its global leadership in biologic generics. Continued expansion of domestic retail chains and increasing public awareness will sustain demand, reinforcing India's role in affordable medicines both at home and abroad.

5.2 Key Trends and Drivers for the Indian Generics Market

- **Patent Expirations Fuelling Entry of Cost-Effective Alternatives**

A steady stream of blockbuster branded drugs is losing patent protection, creating market openings for generic manufacturers. These companies can introduce equivalent therapies at a fraction of the price, disrupting established pricing structures and expanding patient access. The growing importance of this mechanism is heightened by upcoming patent cliffs in major therapeutic areas. As generics enter the space immediately after patent expiry, they capture significant volume, and healthcare systems around the world increasingly favour these lower-cost options.

- **Rising Burden of Chronic Disease and Demographic Shifts**

In India, the growing burden of chronic and non-communicable diseases, such as diabetes, cardiovascular ailments, respiratory disorders, and cancer, creates sustained demand for affordable, long-term treatments. With an ageing population and rising lifestyle-related health issues, the need for continuous medication is expanding rapidly. Generics play a critical role in meeting this demand by offering cost-effective alternatives that improve treatment adherence. Price sensitivity among patients, coupled with government emphasis on affordable healthcare, further drives adoption. This widespread use of generics strengthens access to essential medicines, especially for low- and middle-income groups and supports better public health outcomes across the country.

- **Regulatory and Policy Support for Generics in India**

India promotes generic drug adoption through a supportive policy framework that encourages prescribing by generic names, fostering rational use and reducing brand influence. Government initiatives like the Pradhan Mantri Bhartiya Janaushadhi Pariyojana expand access by supplying quality-assured generics at affordable prices through a growing network of dedicated outlets. Incentives for these outlets and targeted support for underserved areas further strengthen availability. Together, these measures improve accessibility, reduce patient expenditure, and promote trust in generics, creating a favourable environment for their large-scale adoption across the country's healthcare system.

- **Technological and Manufacturing Advancements**

Innovations like robotic process automation, AI-assisted formulation, continuous manufacturing, and advanced analytics are improving efficiency, reliability, and quality control in generics production. These technologies speed up regulatory compliance, reduce operational costs, and support wider portfolio development, including complex generics and biosimilars. Enhanced manufacturing capabilities also enable better supply-chain resilience and market responsiveness. This tech-driven evolution enables generic drugmakers to scale rapidly while maintaining high standards and affordability.

- **Compliance Burden Amid Costly Schedule M Upgrades**

By early 2025, drug manufacturing units in India risked non-compliance with the revised Schedule M provisions under the Drugs & Cosmetics Rules, due to limited capital and turnaround time. Firms supplying government tenders must also secure WHO-GMP, NABL test reports, and digital traceability credentials. These regulatory demands, and looming risk of licence suspension, elevate entry barriers, skew selection in favour of well-capitalised firms, and limit tender participation by mid- and small-sized units, thereby constraining diversity and competition in public-sector sourcing.

- **Systemic Payment Delays and Working Capital Strains**

Even when suppliers comply fully, payment delays remain endemic—public sector enterprises (CPSEs) were found to carry trade payables averaging 18% more than procurement volumes, with 8% of MSME payments remaining unpaid beyond 45 days. In the B2G context, this unpredictability disrupts the working capital cycle, especially affecting SMEs that lack access to formal credit and rely on rapid turnover. Though high-volume schemes like Ayushman Bharat or NTEP offer scale, cash-flow volatility, and bureaucratic payment verification processes reduce the attractiveness of bidding despite their apparent stability.

- **Demand Forecasting & Digital Portal Instabilities**

Government tenders leverage digital platforms like e-Aushadhi and Ni-Kshay Aushadhi for inventory and logistics. Yet, research highlights frequent mismatches between tendered volumes and actual patient needs, leading some suppliers to face overstock or stock-outs. Further, a qualitative study in Madhya Pradesh revealed internet outages, insufficient portal training, and sudden interface changes that hinder reliable drug indent cycles. Together, these operational challenges undermine seamless government-pharma engagement and raise project delivery risks.

- **Access to High-Volume, Long-Term Demand Pools**

Public health programmes like Ayushman Bharat PM-JAY and NTEP constitute massive public demand generators. PM-JAY alone covers ~550 million beneficiaries across 30,000+ empanelled hospitals, providing drugs and diagnostics to low and middle-income groups via centralised procurement. NTEP, India's flagship TB control initiative, procures anti-TB drugs, CB-NAAT kits, and diagnostics for millions of patients annually through multi-year rate contracts via CMSS tendering. For pharma suppliers, this translates to stable, predictable volumes and reputational visibility within government healthcare infrastructure.

- **Transparent, Accessible Procurement via Digital Platforms**

The Government e-Marketplace (GeM) has transformed public procurement in India into a far more transparent, competitive, and accessible process. For pharmaceutical companies operating under the B2G model, GeM acts as a centralised gateway that levels the playing field—enabling both established manufacturers and emerging MSMEs to compete on equal terms. Its digital-first design allows suppliers to access live tenders, participate in reverse auctions, and track procurement opportunities without the delays and opacity that often characterise traditional tendering. By integrating with payment systems like PFMS and linking to sector-specific platforms such as Ni-Kshay Aushadhi, GeM fosters trust, streamlines order execution, and supports long-term supplier-government relationships.

5.3 Overview of the B2G Model of Pharma Companies

The Business-to-Government (B2G) model in India's pharmaceuticals sector involves companies securing bulk contracts and tenders directly with central, state, and local health agencies to supply drugs, diagnostics, vaccines, contract manufacturing, logistics, and clinical services. These contracts are awarded through formal procurement channels such as competitive tenders, reverse auctions, and framework agreements governed by price transparency rules. Participating companies are evaluated on parameters such as NPPA-regulated pricing, WHO-GMP certification, NABL-accredited testing, and bid security compliance, ensuring alignment with stringent public-sector standards.

At the core of this ecosystem is the Ministry of Health & Family Welfare and its Central Medical Services Society, which oversees national procurement for flagship schemes like Ayushman Bharat and Jan Aushadhi Kendras. By late 2024, over 4 crore individuals had received cashless inpatient care under Ayushman Bharat, while centralised bulk procurement for 14,000 Jan Aushadhi Kendras enabled the supply of generic medicines at up to 80% lower prices than branded alternatives.

It delivers the benefits of long-term contract stability, enhanced brand credibility, and expanded access to underserved populations. Success in this space depends on proactive tender intelligence, strong engagement with procurement agencies, and the ability to scale production in line with health programme cycles. Many leading firms invest in specialised regulatory and commercial teams, pursue early certification, and maintain flexible manufacturing capacity, making B2G a key pillar of public-sector pharma engagement in India.

5.4 Government Health Budget and Procurement Channels

The Government of India has significantly strengthened health financing over the past decade. National Health Accounts data reveal that the Department of Health & Family Welfare's annual budget rose by 82%, climbing from Rs 52,800 crore in 2018–19 (BE) to Rs 95,958 crore in 2025–26 (BE).

Key Public Procurement Channels Under the B2G Model

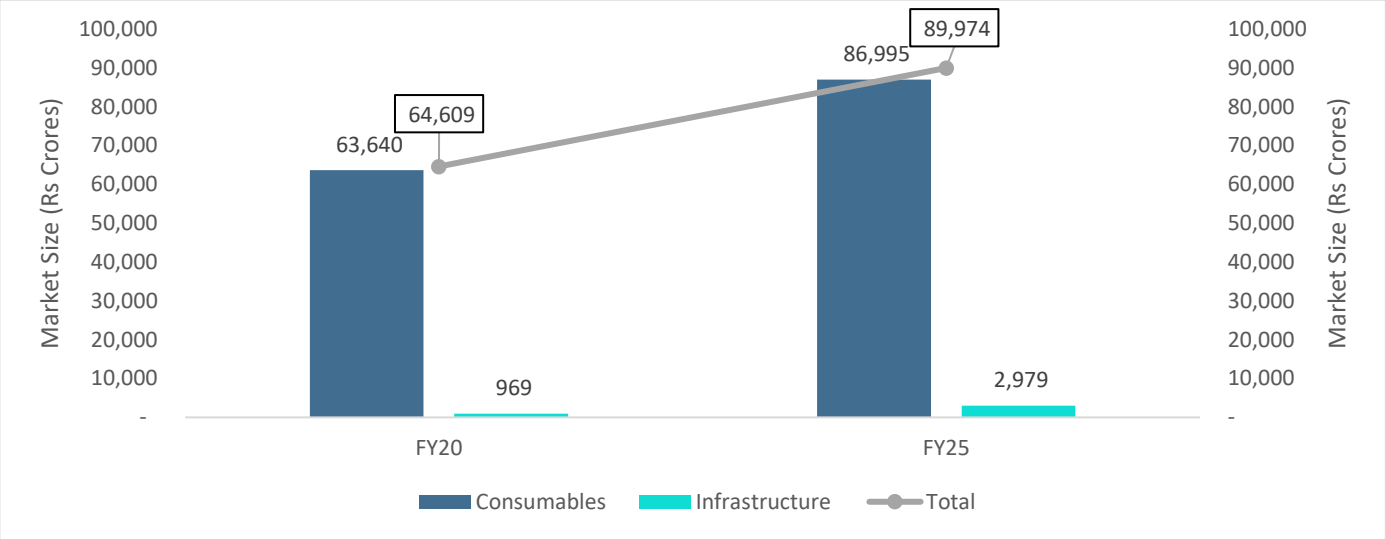
- **Central Medical Services Society (CMSS)** serves as the central procurement agency under the Ministry of Health & Family Welfare, responsible for sourcing medicines, vaccines, diagnostics, and logistics services for flagship national health programmes like Ayushman Bharat and Jan Aushadhi Kendras. For pharma companies, CMSS is a gateway to high-volume, centrally coordinated contracts. It issues bulk tenders, reverse-auction bids, and framework agreements, following strict Government of India procurement norms. Vendors must meet stringent compliance requirements, including NPPA-regulated pricing, WHO-GMP certification, and quality testing through NABL-accredited laboratories. Winning a CMSS contract not only secures steady business but also builds a supplier's credibility within the public health procurement ecosystem.

- **E-Aushadhi** is a flagship web-based drug inventory and logistics platform deployed in most Indian states. It introduces demand consolidation, real-time issue/receipt tracking, scheduled warehouse replenishment, quality hold checks, and barcode-based expiry reporting across district and facility levels, far beyond manual punch-card systems. The system comprises key modules—demand, order, transfer, quality, alerts, dashboard analytics, and user authentication—that feed a live "central dashboard" at state and CMSS HQ. Through integration with the Ministry of Health and Family Welfare (MoHFW) programmes, it facilitates batch monitoring and fiscal reporting back to public procurement authorities. Crucially, eAushadhi automates driver communications, monthly 'critical-stock' alerts, expiry-triggered recalls, and helps implement a just-in-time, stigma-free public-sector medicine supply chain for government-run pharmacies.

- The **Government e-Marketplace (GeM)** is India's digital procurement platform for procurement of common-use goods and services available on GeM by all central government ministries and departments. It streamlines public purchasing through e-bidding, reverse auctions, and direct buying, ensuring transparency, competition, and faster procurement. For pharma companies, GeM offers direct access to central and state buyers, simplified compliance checks, and faster payments via integrated digital systems. Features like AI-driven price monitoring, reputation management, and emergency procurement support (as seen during COVID-19) make GeM a vital channel for high-volume, compliant, and efficient B2G engagements in India's healthcare sector.

5.5 Government Spending through various Channels

Chart 17: Government Spending by Type



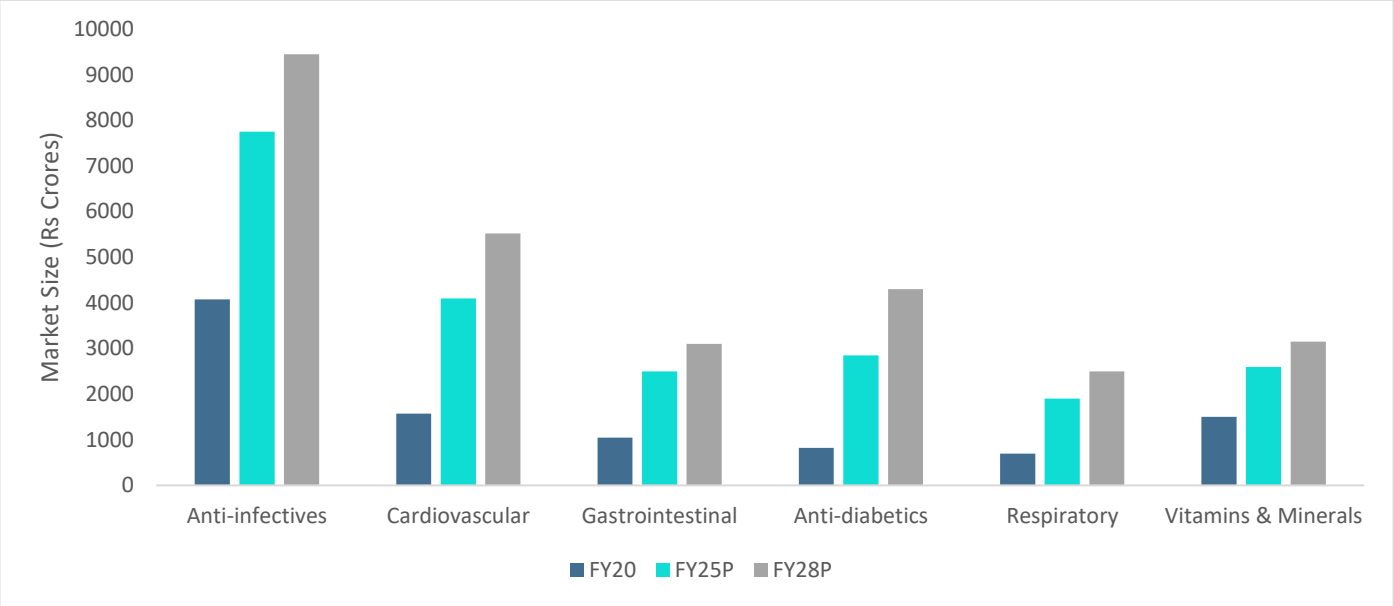
Source: Cervicorn Consulting, CareEdge Research

Over the past few years, India's government healthcare spending has seen a steady rise, reflecting a growing focus on strengthening both medical infrastructure and the supply of essential consumables. Investments have been directed towards expanding hospital facilities, upgrading diagnostic and treatment equipment, and building health and wellness centres under schemes like Ayushman Bharat. Simultaneously, spending on consumables such as medicines, medical devices, and other supplies has increased to ensure consistent service delivery across public hospitals and rural health centres.

The Consumables consist of a major share of the expenditure. Overall expenditure has shown a compounded annual growth (CAGR) of 8.6% over the 4 years and reached Rs 89,974 crores in FY25. The consumables have shown and CAGR of 8.1% between FY20-FY25, whereas Infrastructure has shown a CAGR of 32.4% between FY20-FY25.

This growth in spending has been driven by multiple factors: the need to enhance public health resilience post-COVID-19, population growth, rising disease burden (both communicable and lifestyle-related), and the government's commitment to achieving Universal Health Coverage. Increased expenditure on healthcare is vital not only for improving accessibility and quality of care but also for reducing out-of-pocket expenses, fostering a healthier workforce, and supporting long-term economic productivity.

Chart 18: Government Spending through Tenders- Therapeutic Area-Wise



Source: Cervicorn Consulting, CareEdge Research, P-denotes projected

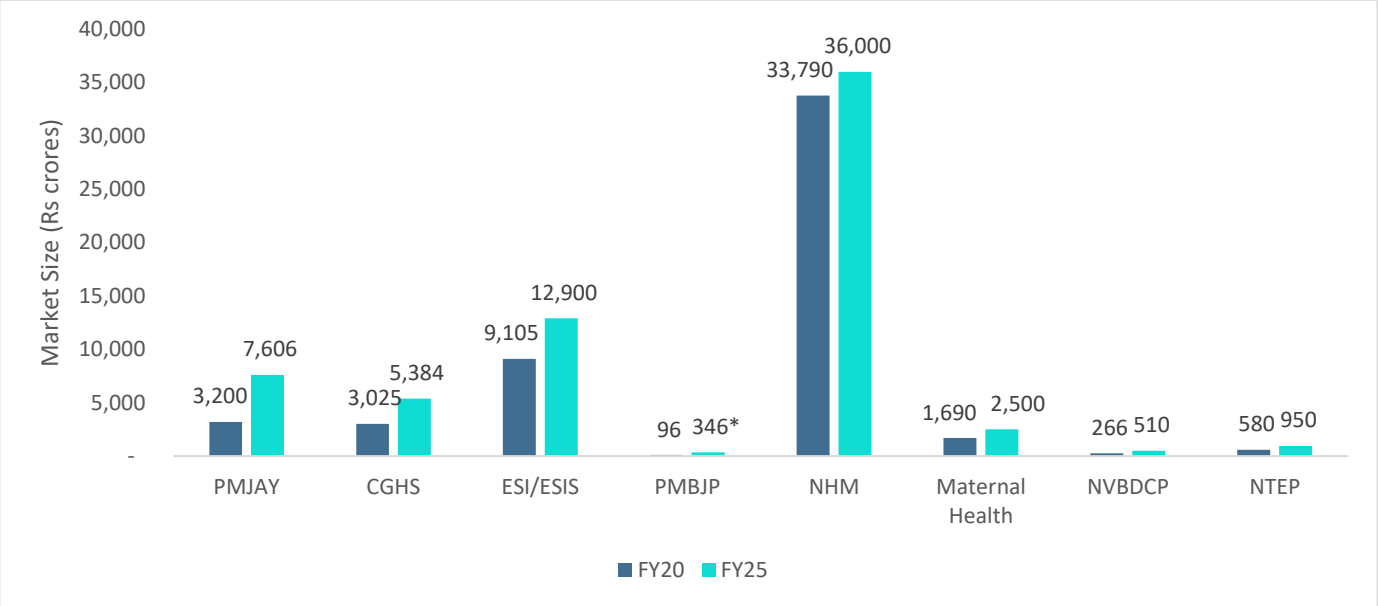
Table 6: Government Spending through Tenders- Therapeutic Area-Wise (Rs crores)

Therapeutic Area	FY20	FY25P	FY28P
Anti-infectives	3850-4300	7200-8300	9100-9800
Cardiovascular	1400-1750	3700-4500	5150-5900
Gastrointestinal	950-1150	2200-2800	2800-3400
Anti-diabetics	720-920	2500-3200	4000-4600
Respiratory	610-780	1600-2200	2200-2800
Vitamins & Minerals	1250-1750	2300-2900	2900-3400

Source: Cervicorn Consulting, CareEdge Research, P-denotes projected

Government spending on pharmaceuticals through tenders is set to rise sharply across all major therapeutic areas, reflecting both evolving disease patterns and policy priorities. Anti-infectives remain the largest category, growing by a CAGR of 13 to 14% by FY20-FY25 and over 3-5% by FY25-FY28, driven by infection control programs, antimicrobial resistance management, and pandemic preparedness. Chronic disease therapies (Cardiovascular & Anti-diabetics) show explosive growth. Cardiovascular spending is expected to rise a CAGR of 6-7% by FY28, reflecting an ageing population and hypertension prevalence. Anti-diabetics surged 3.5x, due to India's diabetes epidemic and the government's push for affordable insulin and oral drugs. Gastrointestinal and Respiratory segments are expected to grow steadily (1.2-1.4x by FY28), supported by lifestyle-related digestive issues and post-pandemic respiratory health awareness. Vitamins & Minerals might see moderate growth (~1.2-1.3x by FY28), indicating continued emphasis on preventive care and nutrition schemes, though at a slower pace compared to chronic disease drugs.

Chart 19: Government Spending on Regulatory Schemes



Source: Cervicorn Consulting, CareEdge Research

Note: PMJAY-Pradhan Mantri Jan Arogya Yojana, CGHS-Central Government Health Schemes, ESI/ESIS-Employee State Insurance Scheme, PMBJP-Pradhan Mantri Bhartiya Janaushadhi Pariyojana, NHM-National Health Mission, NVBDCP-National Vector Borne Disease Control Programme, NTEP- National Tuberculosis Elimination Programme. *-Estimated number

As of 1st February 2025, budget updates –

- The National Health Mission (NHM) received an allocation of Rs. 37,227 crores under the central sector component, which is nearly the same as the funding for FY24-25.
- To support Universal Health Coverage, Rs. 4,200 crores were allocated to Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (AB-PMJAY), marking a nearly 43% decrease from the FY24-25 allocation.
- A sum of Rs. 80 crores was allocated for the National Tele Mental Health Programme, aiming to provide widespread access to quality mental health care through tele counselling.
- The government has outlined plans to establish 200 cancer centres and add 10,000 new medical seats in the coming year, to expand this number to 75,000 within the next five years.
- Finance Minister Nirmala Sitharaman, in the Union Budget 2025, unveiled several healthcare initiatives, including the creation of 200 cancer day-care centres in government hospitals over the next three years. She also introduced plans to boost medical tourism through the 'Heal in India' initiative, easing visa processes in collaboration with the private sector.
- 36 life-saving drugs, including those for cancer and rare diseases, will be exempt from basic customs duties. The government will also be adding 10,000 medical seats next year and 75,000 over the following five years.
- Further, GIG workers would be included under the PM Jan Arogya Yojana for healthcare coverage, and broadband connectivity would be expanded to secondary schools and primary healthcare centres.
- **PM Jan Aushadhi Kendras**

This scheme aims to provide quality medicines at 50-90 per cent cheaper than market rates. As on June 2025, under the scheme, more than 16,000 Kendras have been opened worldwide. More than 2047 medicines & 300 surgical equipment are available at the Kendras

• **Ayushman Bhav Campaign**

Launched in September 2023, this campaign aims to saturate selected healthcare services in every village/town across the country and inform citizens about the Government's flagship schemes.

As of August 2025, commendable milestones achieved during the campaign are:

- 5.7 crore wellness, yoga, and meditation sessions
- More than 1.8 lakh Ayushman Arogya Mandirs are operational
- 79.8 crore ABHA IDs created, and 65.3 crore Electronic Health Records linked in various health portals.
- 10.2 crore women above 30 years of age screened for cervical cancer

- **National Digital Health Mission**

The National Digital Health Mission (NDHM) aims to create a management mechanism to process digital health data and facilitate its seamless exchange, develop registries of public and private facilities, health service providers, laboratories, and pharmacies, and support clinical decision-making as well as offer services like telemedicine. It has the potential to make the health system more evidence-based, transparent, and efficient.

Further, the digitisation push by the government will not only enable patients to share their health profiles with providers for treatment and monitoring purposes but also access accurate information about the credentials & pricing of services offered by various health facilities, providers, and diagnostic laboratories. It is anticipated that over the next 10 years, an incremental economic value of over USD 200 billion can be unlocked for the health sector through rigorous implementation of the NDHM.

Three major shifts can enable this –

- greater demand for health services, especially seeking early care for NCDs, improvement in quality of care enabled by digital health (shift from volume-based to value-based healthcare)
- streamlining of multi-stakeholder processes
- interactions using an integrated health data system

All these elements together will lead to greater efficiency and cost savings and ultimately improve health outcomes and productivity.

and public awareness. The focus is on the **elimination of major vector-borne diseases** in a phased manner.

- **Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP)**

The Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) is a flagship initiative that coordinates the procurement and wholesale supply of approved generic medicines and surgical products to Jan Aushadhi Kendras (JAKs)—now numbering over 14,000 outlets across India. These Kendra offer 2,110 generic medicines and 315 surgical items, sourced exclusively from WHO-GMP certified manufacturers, and quality-tested in NABL-accredited laboratories. Central procurement is managed by the Bureau of Pharma Public Sector Undertakings (BPPI) under the Department of

Pharmaceuticals, which issues bulk tenders to suppliers. The distribution network is operated through a mix of small entrepreneurs, state bodies, NGOs, and women/self-help groups, ensuring widespread public access to affordable healthcare products.

For pharmaceutical companies, PMBJP represents a clear B2G procurement channel, where contracts are awarded via central tenders to supply BPPI, which then distributes stock to JAKs under a public-private operational model. Suppliers must comply with stringent norms, including NPPA-regulated pricing, WHO-GMP manufacturing standards, and batch-wise NABL quality testing. Efficient logistics management is critical to meet the programme's consistent, store-level replenishment needs. Increasingly, integration with the Government e-Marketplace (GeM) is streamlining procurement for back-end consumables and store setup, further enhancing transparency, traceability, and price standardisation. This model offers pharma companies predictable demand volumes, stable long-term contracts, and a strong foothold in India's public-sector pharmaceutical supply chain.

- **Universal Immunisation Programme (UIP) & U-WIN platform**

The Universal Immunisation Programme (UIP) is one of the world's largest public health vaccination initiatives, targeting around 3 crore pregnant women and 2.7 crore newborns each year through more than 90 lakh immunisation sessions. Centrally financed, it delivers a standard national vaccine basket—including BCG, DPT, OPV/IPV, measles, pneumococcal, and rotavirus—procured primarily via Central Medical Services Society (CMSS) tenders or state procurement agencies based on centrally issued forecasts.

Since January 2023, vaccine delivery has been digitally managed through the U-WIN platform, integrated with the Ayushman Bharat Digital Mission. U-WIN enables real-time tracking of vaccine sessions, beneficiary registrations, session logs, and administered doses, enhancing transparency and supply-chain coordination. Pharmaceutical suppliers compete in tenders to provide vaccine doses, prefilled syringes, and cold-chain consumables, meeting stringent requirements such as WHO-prequalification, GMP certification, and detailed batch traceability. Contracts are typically awarded as long-term framework agreements or annual rate-contracts, with the possibility of multi-year renewals. Payments are centrally processed, while storage and last-mile logistics are handled by state governments and designated depots.

For pharma companies, UIP represents a high-volume but highly regulated procurement channel. Strict eligibility criteria—covering vaccine price caps, cold-chain integrity, and integration with U-WIN—ensure only qualified suppliers participate. While profit margins are modest, the scale and stability of demand make UIP a valuable opportunity, providing long-term business continuity and strengthening credentials for participation in both domestic and global public-sector tenders.

- **National Tuberculosis Elimination Programme (NTEP)**

The National Tuberculosis Elimination Programme (NTEP), formerly known as the Revised National Tuberculosis Control Programme (RNTCP), is India's flagship TB-control initiative under the National Health Mission (NHM), with the ambitious goal of eliminating tuberculosis by 2025. The programme provides free-of-cost diagnosis and treatment for TB, covering both first-line and second-line regimens, along with diagnostics, medical equipment, and test kits. Central procurement is managed by the Central TB Division (CTD) through the Central Medical Services Society (CMSS) via annual rate contracts. Public tenders issued under NTEP include essential anti-TB medicines such as Bedaquiline, Pretomanid, Isoniazid-Rifampicin fixed-dose combinations, injectable agents, and diagnostic kits, all systematically listed on the CMSS procurement portal.

In addition to medicines, the programme acquires CB-NAAT (Truenat/CBNAAT) testing cartridges, Line Probe Assay (LPA) kits, LED microscopes, and mobile-van diagnostic units through competitive bidding processes. All suppliers must meet stringent quality requirements, including WHO or CDSCO certification, adherence to global TB-drug quality standards, and registration as Ni-Kshay Aushadhi-approved suppliers. The Ni-Kshay Aushadhi digital platform provides

full visibility over stock movements, batch traceability, and billing, helping strengthen compliance and readiness for future tenders.

For pharmaceutical companies operating under the B2G model, NTEP represents a high-volume, long-term opportunity with a strong public health impact. While margins are modest, the programme offers nationwide supply scale, reputational value, and a stable government-linked demand base, making it a strategically important channel for public-sector engagement in the fight against TB.

Overall, procurement across India's major public health programmes, PMBJP, and NTEP, is centrally managed, tender-based, and highly regulated. Most purchases are routed through CMSS or BPPI, with stringent WHO-GMP, NABL, and NPPA compliance requirements. The system is progressively integrating with digital platforms such as GeM, and Ni-Kshay Aushadhi to promote transparency, traceability, and operational efficiency in public-sector healthcare supply chains.

5.6 Regulatory and Pricing Environment

Indian pharmaceutical companies participating in Business-to-Government (B2G) procurement face a tightly regulated operating environment, especially under the Central Drugs Standard Control Organisation (CDSCO) and the Drug Price Control Order (DPCO) framework enforced by the National Pharmaceutical Pricing Authority (NPPA).

Regulatory Landscape

All government tenders mandate valid manufacturing licences or import authorisations (including loan licences), with drug procurement limited to WHO-GMP and Schedule M compliant manufacturers. The Ministry of Health and Family Welfare notified updated Schedule M quality norms requiring all manufacturers with turnovers above Rs 250 crore to upgrade production facilities by June 2024; small and medium manufacturers (less than or equal to 250 crore turnover) were granted an extension till December 2025, conditional on submitting a formal upgrade plan by February 11, 2025. This ensures multinational pharma firms under B2G arrangements meet stringent quality and safety standards.

Pricing Regime

The National Pharmaceutical Pricing Authority (NPPA) tightly regulates prices under the Drug Price Control Order (DPCO). Every year on April 1, ceiling prices for over 923 scheduled formulations are adjusted based on the Wholesale Price Index (WPI). In 2024, the adjustment was negligible, and a modest hike is permitted from April 1, 2025, both reflecting minimal pricing flexibility even in the face of cost inflation. In 2019, NPPA imposed a 30% trade-margin cap on 42 non-scheduled anti-cancer drugs, which led to price reductions across 105 brands.

This pricing framework offers predictability for public procurement, but it also compresses margins sharply for suppliers serving government tenders like CMSS or GeM. As a result, firms must bid aggressively near the ceiling price and carefully manage cost inputs like APIs and logistics; even WPI-linked price hikes are pre-set and cannot be renegotiated mid-contract. While this structure limits revenue flexibility, it ensures price discipline, tender transparency, and scalable, government-backed purchase volume—making disciplined NPPA compliance a strategic moat for long-term B2G pharma engagement.

Implications for B2G Suppliers

As an essential element of tender eligibility, suppliers are required to furnish Schedule M compliance certificates, valid CDSCO licences, and WHO-GMP certificates. Price bid submissions must align with NPPA's ceiling price and Trade Margin Rationalisation frameworks, even for essential medicines already listed under the National List of Essential Medicines (NLEM). While these conditions reduce margins, they also structure a predictable, long-term procurement platform. Government tenders often include rate contracts extending multiple years, offering steady volumes and reputational credibility within public healthcare, but only if regulatory and pricing discipline is maintained.

6 Indian Generics Drugs Market by Type

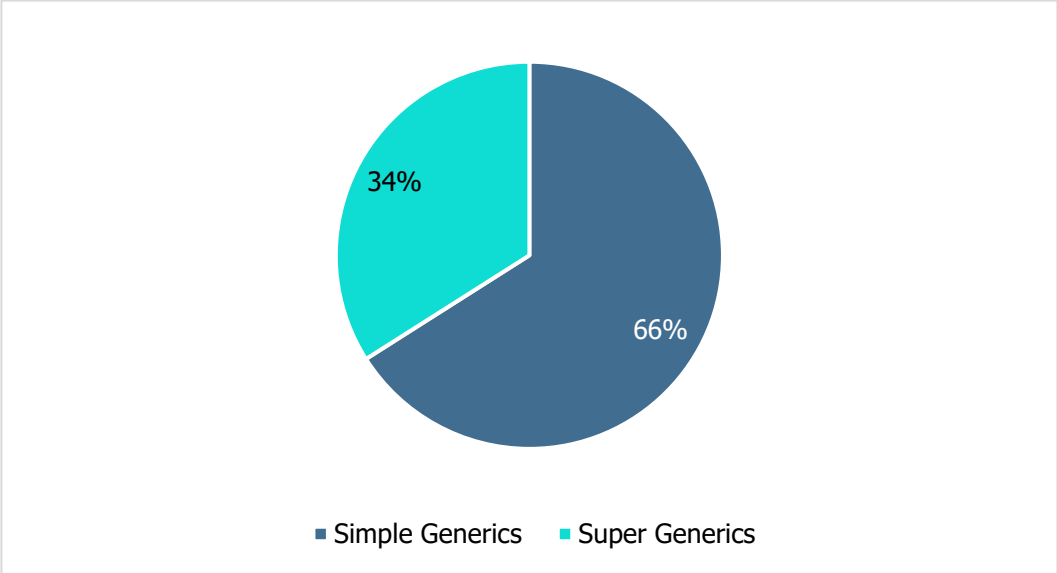
6.1 Overview and Market Size

India's generic pharmaceuticals sector is broadly divided into two categories: simple generics and super generics. **Simple generics**, also known as small-molecule generics, are chemically identical to original branded drugs, using the same active ingredient and dosage form. These are mass-produced at scale under established regulatory pathways, without extensive new clinical testing. As relatively easy to manufacture and fast to approve, they form the backbone of India's generics business, supplying essential medications affordably across both domestic and global markets.

Super generics, in contrast, are value-added or complex generics. They modify existing molecules or delivery systems, such as extended-release formulations, fixed-dose combinations, or improved absorption profiles, to enhance therapeutic benefits or patient compliance. Unlike simple generics, super generics require more stringent regulatory reviews, often involving new clinical or bioequivalence studies before approval by India's Central Drugs Standard Control Organisation (CDSCO). This category represents a strategic move toward innovation within the generic space and supports higher margins for manufacturers.

While simple generics dominate in volume and ensure widespread access to essential medications, super generics are gradually gaining prominence among leading pharmaceutical firms seeking differentiation. They facilitate modest exclusivity and support exports of more complex products. Together, the two segments reflect India's evolving position, from a provider of basic generics to a hub for value-added versions that contribute to market diversification and competitive growth across therapeutic areas.

Chart 20: Market Share of India Generics Drug Market, By Type (as of CY24)



Source: Industry Sources, CareEdge Research

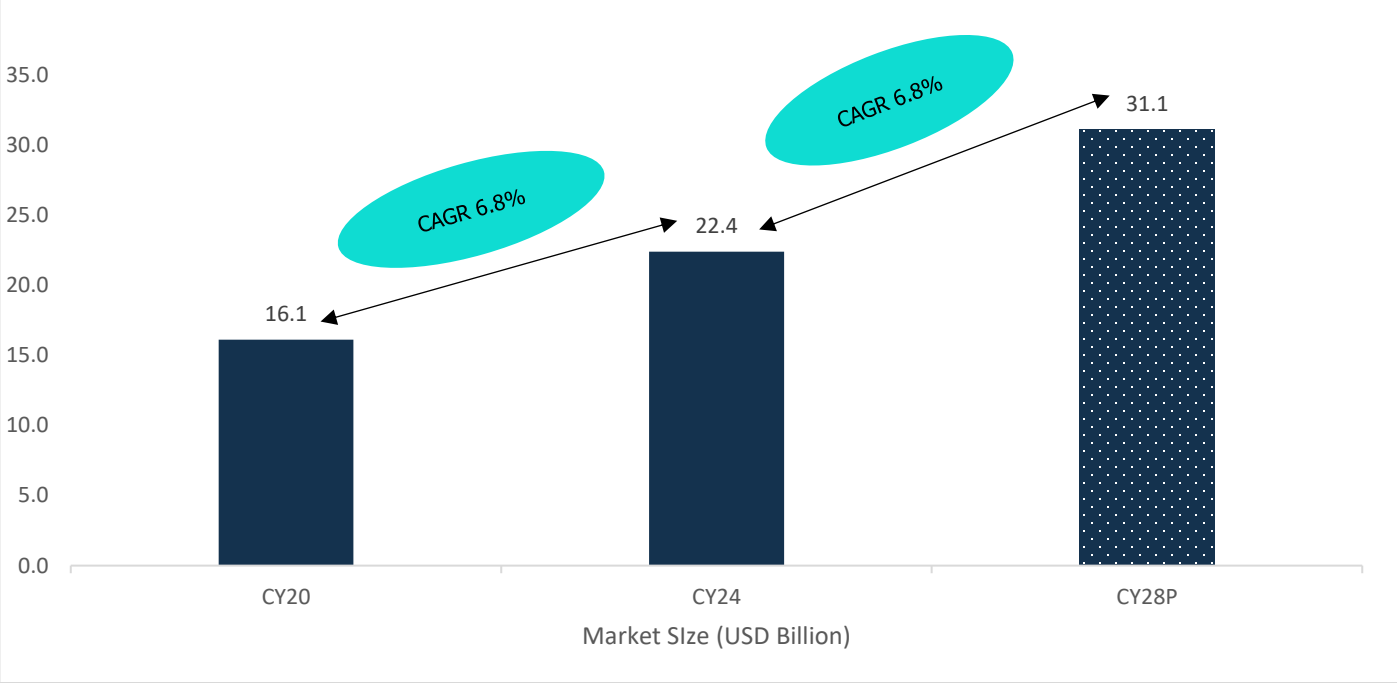
As of 2024, simple generics, small-molecule, chemically identical medicines, hold the lion's share of India's generics market due to their straightforward, well-established regulatory approval pathways. These medications are easy to manufacture in large volumes and can be quickly approved by India's drug regulators without complex trials, making them exceptionally cost-effective and widely available. In contrast, super generics or complex formulations require more rigorous review, including clinical studies, which raises production costs and slows market entry. The extensive competition in the simple generics space has also driven efficiency and price reductions, reinforcing their dominance.

6.1.1 Simple Generics

India's simple generics segment has grown steadily, driven by the rising prevalence of chronic diseases such as diabetes and cardiovascular conditions, which create sustained demand for affordable, long-term treatments. A growing middle-class and greater health awareness have encouraged a shift toward cost-effective generics, while government initiatives like the Jan Aushadhi scheme, supportive pricing policies, and strong competition among manufacturers have made these medicines widely accessible across both urban and rural areas.

Looking ahead, the market is set for continued expansion, supported by persistent demand for essential therapies, proactive government measures to enhance accessibility, and India's robust manufacturing capabilities. Cost-efficient production, strong export opportunities, and advancements in regulatory standards and manufacturing technology are further strengthening confidence in generics. As healthcare infrastructure expands and public awareness deepens, the affordability and availability of simple generics will remain central to meeting the country's healthcare needs and sustaining market momentum.

Chart 21: Simple Generics Drugs Market Size



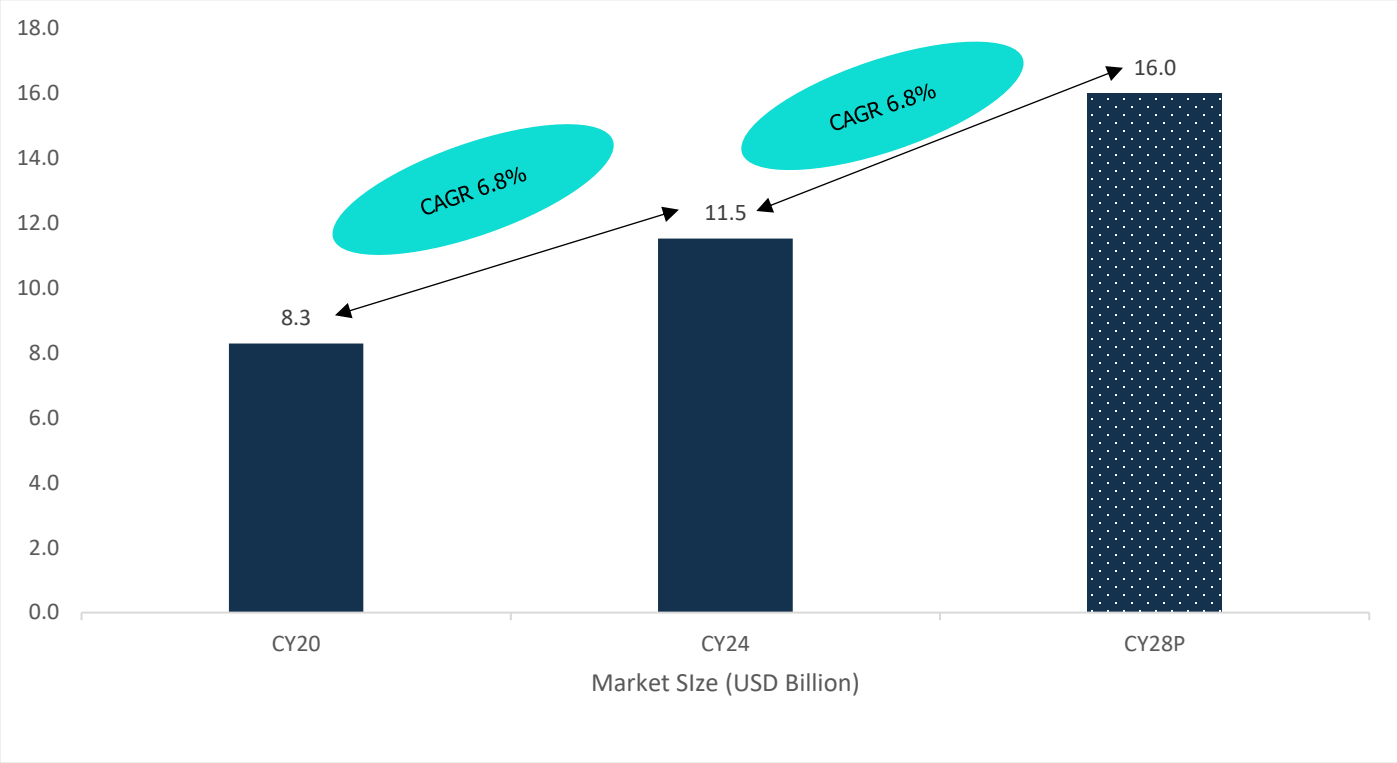
Source: Industry Sources, CareEdge Research; Note: P-Projected

6.1.2 Super Generics

India's super generics, complex or value-added versions of off-patent drugs such as extended-release formulations and fixed-dose combinations, are gaining momentum as pharmaceutical companies pursue product differentiation and stronger margins. Leveraging advanced reverse-engineering capabilities and a cost-efficient manufacturing base, Indian firms have developed and exported these enhanced formulations to regulated markets. The shift in therapeutic needs, driven by chronic illnesses and lifestyle diseases, has created demand for improved drug delivery and better patient adherence. Supportive government policies for innovation and growing confidence in quality generics have further propelled this segment.

Looking ahead, super generics in India are poised for sustained growth as companies increase investments in research and development, focusing on complex molecules, biosimilars, and advanced delivery technologies. These products bridge the gap between branded biologics and simple generics, delivering affordable yet therapeutically superior alternatives. Impending patent expires in high-value treatment areas, such as diabetes and GLP-1 therapies, present significant opportunities for timely market entry. Coupled with advancements in manufacturing technology, stronger regulatory alignment, and strategic expansion into export markets, India's super generics sector is well-positioned to capture a greater share of the global demand for cost-effective, high-quality complex generics.

Chart 22: Super Generics Drugs Market Size



Source: Industry Sources, CareEdge Research; Note: P-Projected

7 Indian Generics Drugs Market by Brand

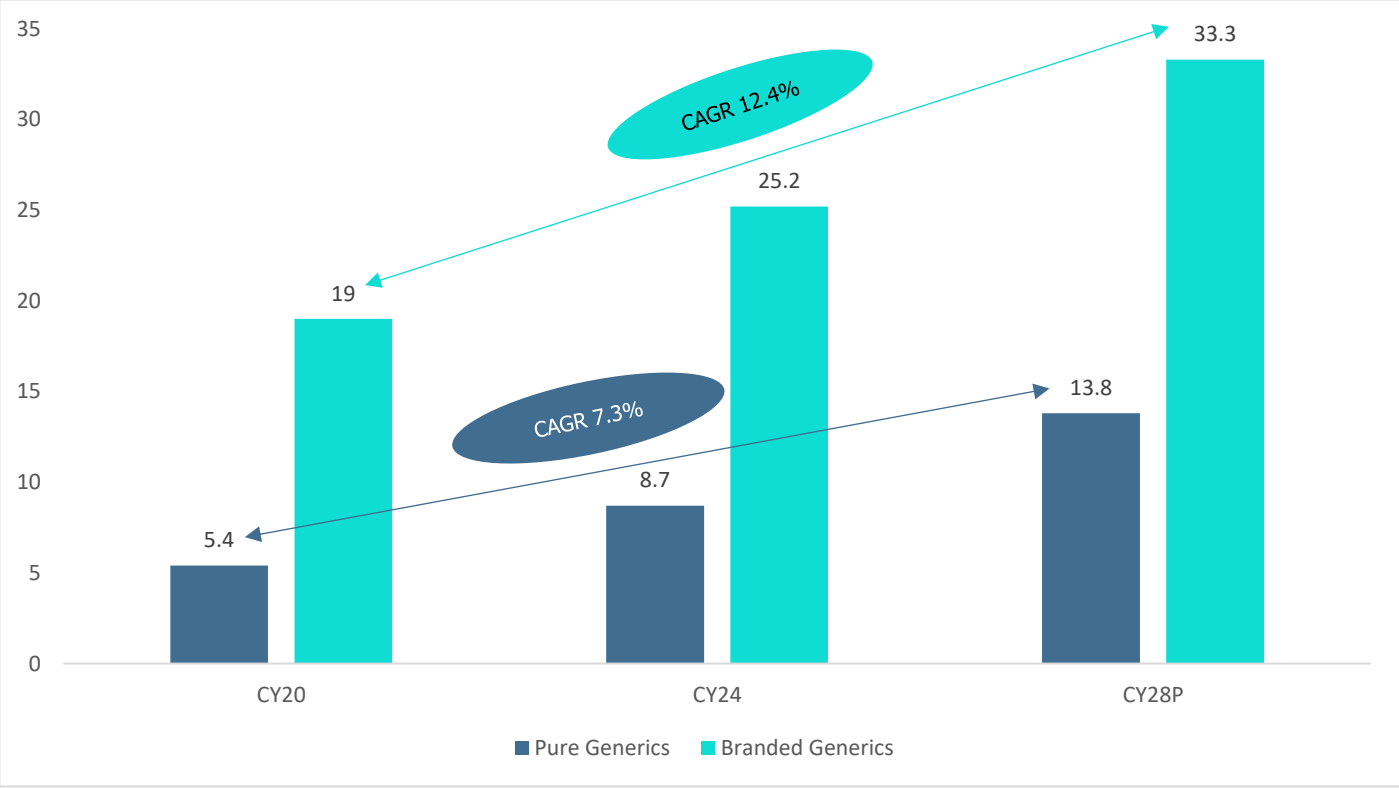
7.1 Overview and Market Size

India's pharmaceutical landscape is characterised by two generic categories. **Pure generics**, sold under their chemical name without branding, are typically low-cost options offered by smaller manufacturers. These products often come through schemes like the Jan Aushadhi programme and are perceived as budget-friendly alternatives.

Branded generics, by comparison, are off-patent molecules marketed under a brand name by established pharmaceutical companies. Although they carry the same active ingredients, these products command higher pricing due to strong marketing support, established trust, and higher trade margins. Physicians often favour them for life-saving or chronic medications, citing perceived reliability and consistent formulation standards. Market concentration is significant: branded generics dominate prescription volumes and revenue in India's domestic pharmaceutical market, accounting for the overwhelming majority compared to unbranded generics.

Combined with aggressive physician promotion and consumer trust in branded names, this dynamic entrenches branded generics at the forefront of India's generic drugs ecosystem.

Chart 23: Branded and Pure Generics Market Size



Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

In 2024, India's branded generics drug market reached USD 25.2 billion and is expected to reach USD 33.3 billion, showing a CAGR of 5.7%. Meanwhile, in 2024, India's pure generics drug market reached USD 8.7 billion, and is expected to reach USD 13.8 billion, showing a CAGR of 9.8%. The unbranded generics segment has seen significant growth due to its affordability and government support. Initiatives like the Jan Aushadhi scheme have improved access to essential medicines at minimal cost. With growing healthcare awareness and promotion by small manufacturers,

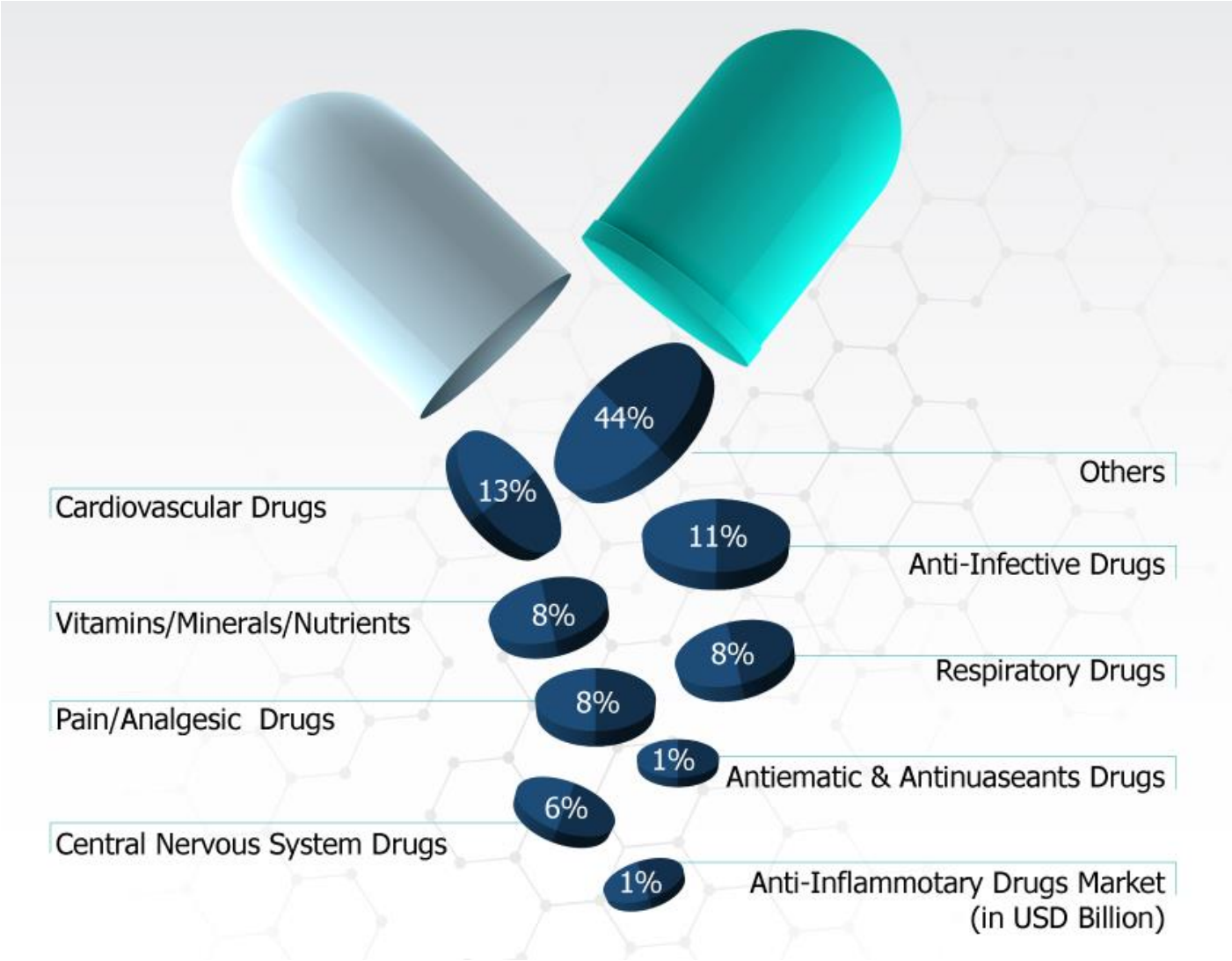
unbranded generics are expected to thrive, supported by favourable government policies and expanding distribution networks. Meanwhile, the branded generics segment has grown steadily, as established companies leverage brand trust to drive demand in urban markets. High trade margins encourage distributors to prioritise these products, despite competition from pure generics. Overall, the outlook remains positive for both branded and unbranded generics, with expanding access in underserved areas and continued demand for affordable healthcare solutions in India's evolving pharmaceutical landscape.

8 Indian Generics Drugs Market by Therapeutic Areas

The Indian generics market is well-diversified across key therapeutic areas, with cardiovascular drugs contributing the largest share due to rising lifestyle diseases and improved diagnosis. Anti-infective medicines remain essential, particularly in rural regions, despite moderated growth due to antimicrobial resistance concerns. Pain management and anti-inflammatory drugs are widely used in both acute and chronic conditions, supporting their continued demand.

Therapies like antiemetics and antinauseants, though smaller in size, play an important role in supportive care, especially in gastrointestinal and oncology settings. The CNS segment is gradually expanding, driven by increasing awareness and better mental health diagnosis. Respiratory drugs are gaining traction amid urban pollution, though access remains limited in smaller towns. Therapeutic nutrients and supplements, while a niche segment, are growing fast due to rising preventive health awareness. Together, these therapy areas form the core of India's generics market, offering stable demand and long-term growth opportunities across both chronic and acute care.

Chart 24: Therapy Wise Share of Indian Pharmaceutical Market (CY24)

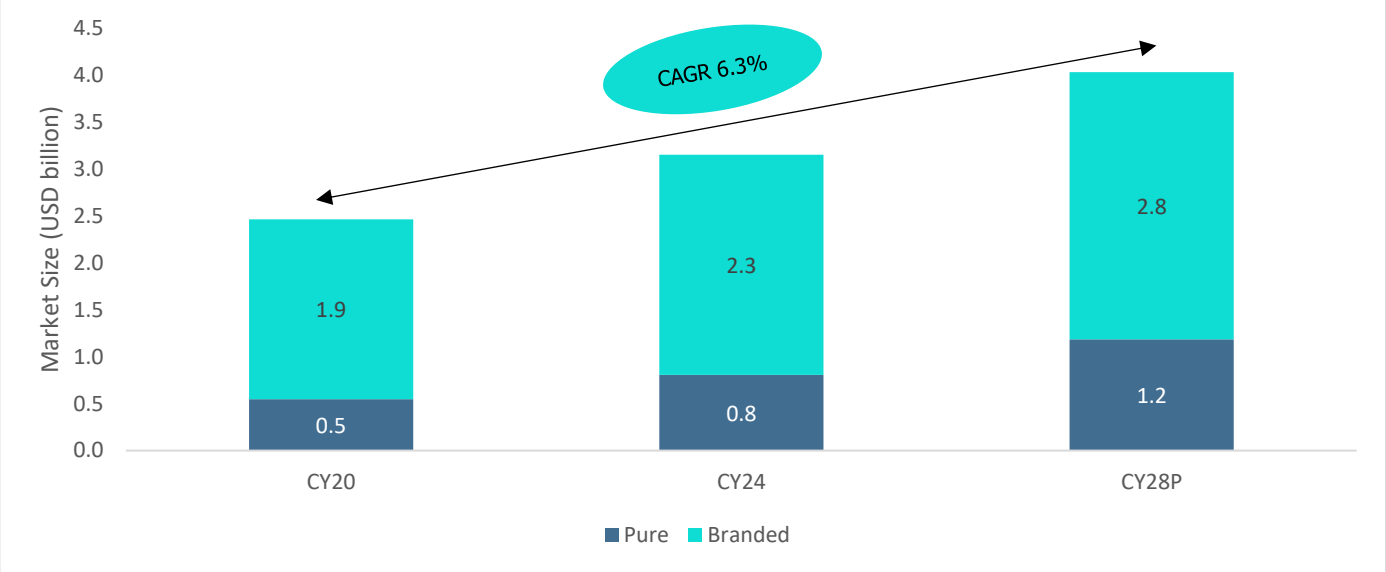


Source: Industry Sources, CareEdge Research

8.1 Vitamins/Minerals/Nutrients

Addressing vitamin and mineral deficiencies, particularly among pregnant women and children, continues to be a priority in India's public health efforts. Supplements such as multivitamins, iron-folic acid tablets, and electrolyte solutions are widely available through government programs, retail pharmacies, and online platforms. Indian brands often combine modern science with traditional ingredients to create affordable, accessible products that meet diverse nutritional needs.

Chart 25: Market Size of Vitamins/Minerals/Nutrients (CY20-CY24-CY28P)



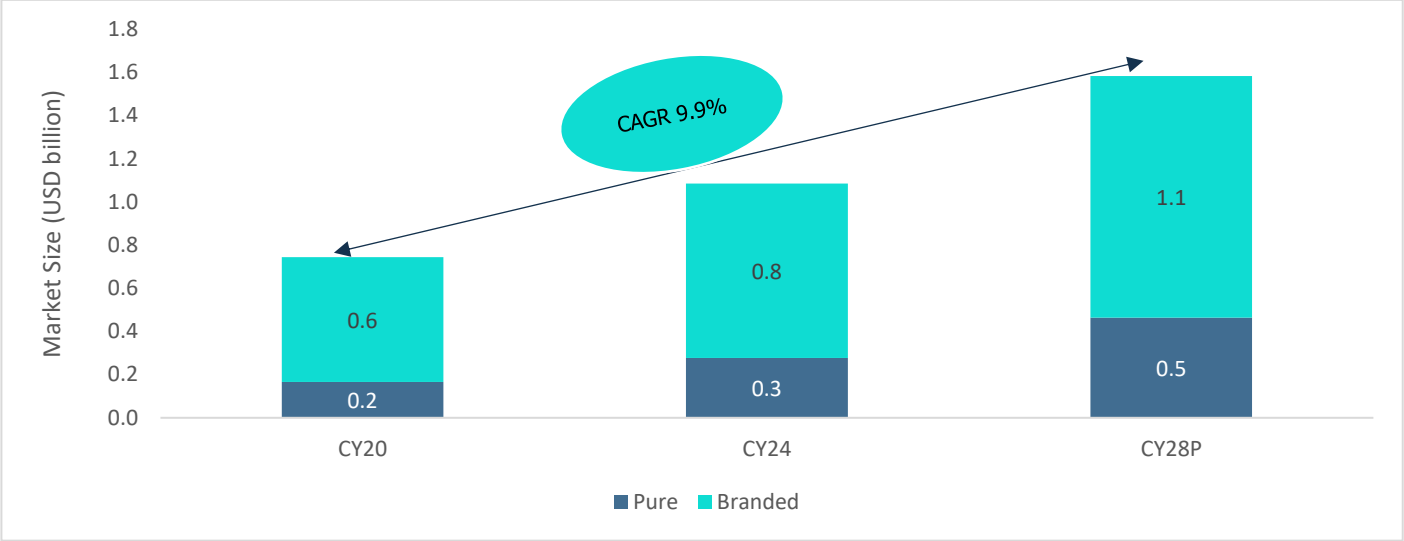
Source: Cervicorn Consulting, CareEdge Research, P denotes projected

India's therapeutic vitamins, minerals, and nutrients market was valued at USD 3.2 billion in 2024, and is projected to reach USD 4 billion by 2030, growing at a CAGR of 6.3%. The market is benefiting from increasing awareness around preventive healthcare, stronger rural and e-commerce reach, and the active participation of domestic manufacturers offering cost-effective formulations. Rising disposable incomes, lifestyle-related health issues, and government-led nutrition programs are also contributing to the steady demand across both urban and smaller-town populations.

8.2 Blood Related (Anaemia)

Anaemia continues to affect a large section of India's population, especially women and children, mainly due to poor nutrition, maternal health issues, and limited dietary variety. Growing health awareness and government initiatives like the National Iron Plus Initiative and Anaemia Mukt Bharat have made screening and treatment more widespread across cities and smaller towns. The demand for iron, folic acid, and vitamin B12 medicines has risen as affordable generics and fortified supplements become easily available through both government programs and private healthcare providers. Better diagnostic access and the introduction of improved oral and injectable therapies are also helping people manage anaemia more effectively, leading to steady growth in this segment.

Chart 26: Market Size of Blood Related (Anaemia) Drugs (CY20-CY24-CY28P)



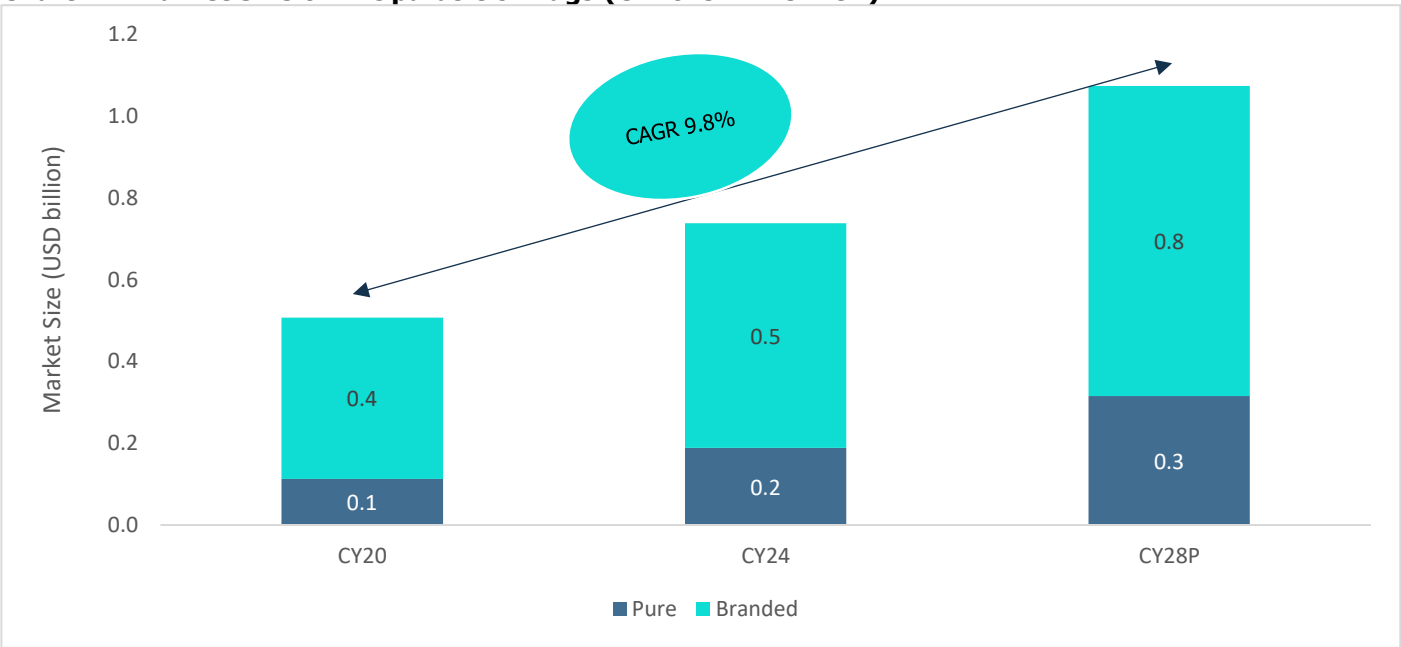
Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

India's blood-related (anaemia) therapeutics market grew from USD 0.7 billion in CY20 to USD 1.1 billion in CY24, and is projected to reach USD 1.6 billion by CY28, registering a healthy CAGR of around 9.9%. Growth is driven by the high prevalence of anaemia, rising health awareness, and government programs like Anaemia Mukt Bharat that promote early screening and supplementation. The wider availability of affordable generics, improved formulations, and stronger rural healthcare outreach are further supporting consistent demand across both urban and semi-urban regions.

8.3 Antiparasitic

Controlling parasitic infections remains a key focus of India's public health initiatives, especially in rural and semi-urban areas where sanitation challenges and limited healthcare access persist. Antiparasitic medicines, including treatments for intestinal worms, malaria, and other parasitic diseases, are widely distributed through national programs and local healthcare networks. The government's regular deworming drives, along with improved diagnostic outreach and awareness about hygiene, have helped expand treatment coverage. Affordable generic formulations and combination therapies developed by Indian manufacturers are ensuring that effective antiparasitic care reaches both low-income and remote populations.

Chart 27: Market Size of Antiparasitic Drugs (CY20-CY24-CY28P)



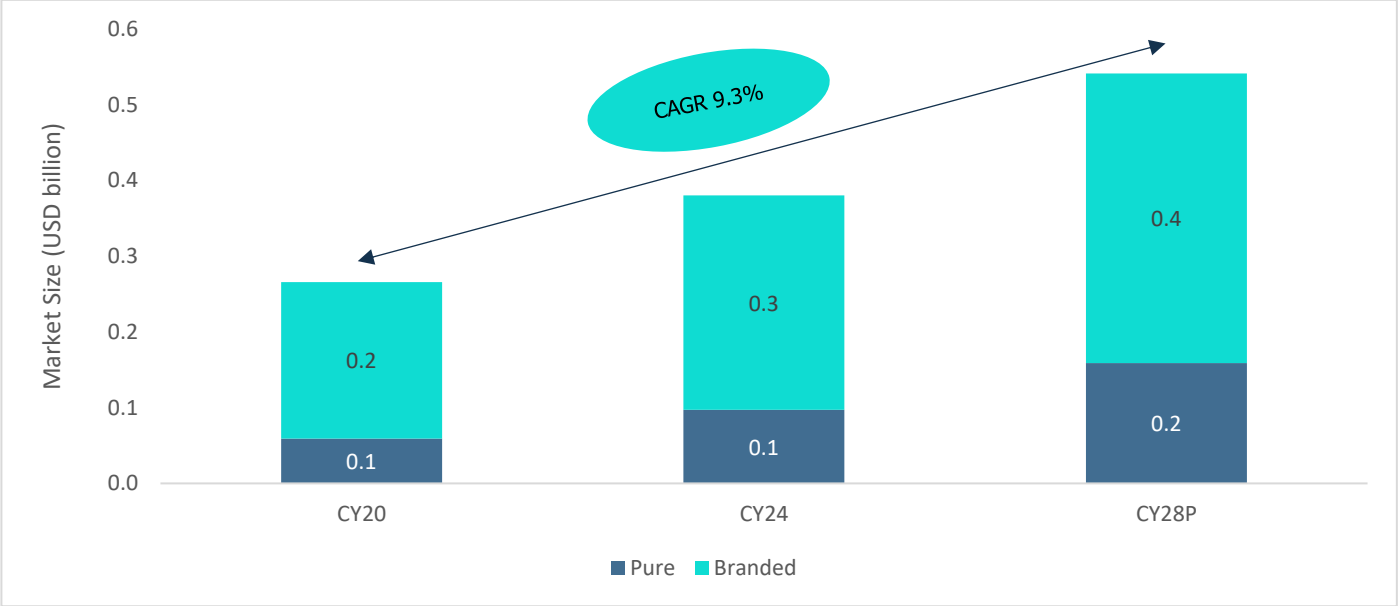
Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

India's antiparasitic drugs market, comprising both pure and branded formulations, has shown steady growth with rising disease awareness and expanding public health initiatives. The pure generic segment increased from USD 0.1 billion in 2020 to USD 0.2 billion in 2024 and is projected to reach USD 0.3 billion by 2028, while the branded segment grew from USD 0.4 billion to USD 0.5 billion over the same period and is expected to touch USD 0.8 billion by 2028. Together, the market is expected to grow at a CAGR of 9.8% between 2020 and 2028. Growth is driven by large-scale government deworming campaigns, improved sanitation awareness, and increased access to affordable treatments for intestinal and vector-borne parasitic diseases. Expanding rural healthcare infrastructure and the availability of cost-effective generics are further enabling broader treatment reach, supporting sustained momentum in this category.

8.4 Keratolytic

The demand for keratolytic drugs in India has been rising as more people become aware of skin health and look for effective ways to manage common conditions like acne, psoriasis, calluses, and warts. Factors such as pollution, changing lifestyles, and stress have made skin problems more widespread, prompting greater use of topical treatments. Easy access to over-the-counter products and growing trust in dermatologist-recommended formulations have boosted the popularity of keratolytic agents like salicylic acid and urea-based creams. Indian pharma companies are also introducing affordable, skin-friendly options that cater to both medical and cosmetic needs. With people paying more attention to skincare and grooming, this segment is seeing steady growth, especially in urban and semi-urban areas.

Chart 28: Market Size of Keratolytic Drugs (CY20-CY24-CY28P)



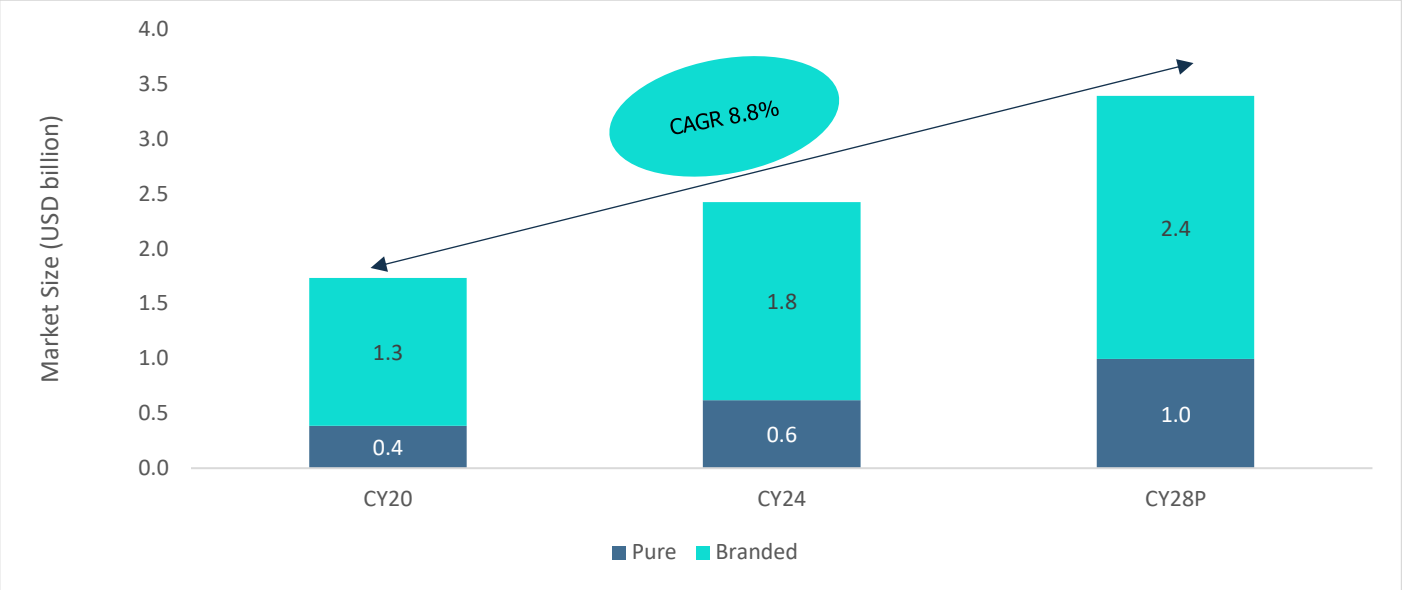
Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

India's keratolytic drugs market, including both pure and branded products, is gradually growing. The pure segment is projected to increase from USD 0.1 billion in 2020 to 0.2 billion by 2028, while the branded segment is expected to grow from USD 0.2 billion to 0.4 billion over the same period, reflecting an overall CAGR of 9.3%. Growth is being driven by rising awareness of skin health and common conditions such as acne, psoriasis, and warts, along with greater access to affordable, dermatologist-approved treatments. Increasing over-the-counter availability and wider reach of skincare products in urban and semi-urban areas are helping more people manage their skin effectively, supporting steady market expansion.

8.5 Pain/Analgesic Drugs

India's pain-relief market covers a wide range of needs, from common headaches and body aches to more severe post-surgical and cancer-related pain. Commonly used medicines include paracetamol, non-steroidal anti-inflammatory drugs (NSAIDs), and, in more serious cases, carefully regulated opioids. Over-the-counter painkillers are widely available for everyday use, while hospitals follow clearer pain-management protocols, especially for chronic or palliative care. Domestic pharmaceutical companies play a key role in ensuring the steady supply of both basic and advanced formulations at affordable prices.

Chart 29: Market Size of Pain/Analgesic Drugs (CY20-CY24-CY28)



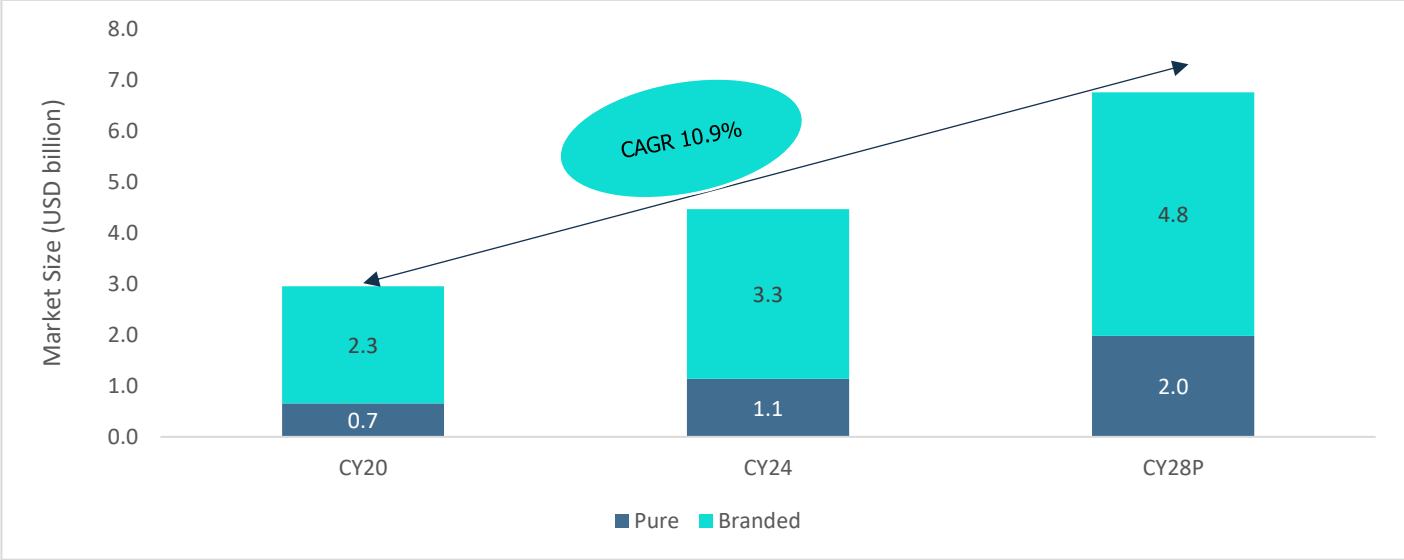
Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

In 2024, India's analgesic drug market was valued at USD 2.4 billion, and is projected to reach USD 3.4 billion by 2028, growing at a CAGR of around 8.8%. This growth is driven by increasing numbers of surgeries, a rise in chronic pain linked to lifestyle conditions, and greater access to medicines in smaller towns. The combination of cost-effective generics, broader pharmacy networks, and rising comfort with self-medication continues to support strong demand across the country.

8.6 Cardiac

The demand for cardiac drugs in India has been steadily rising as more people become aware of heart health and the risks of cardiovascular diseases, especially among middle-aged and older adults. Rising rates of high blood pressure, diabetes, high cholesterol, and lifestyle-related factors such as sedentary habits and stress have increased the need for effective treatments. Both prescription medications and easily accessible options for managing blood pressure, cholesterol, and heart rhythm are becoming more widely used, with doctors and cardiologists guiding patients on long-term management. Indian pharmaceutical companies are offering affordable, high-quality formulations to help people manage their heart conditions effectively. With better healthcare access, improved diagnostics, and growing awareness about lifestyle management, the cardiac drugs segment continues to see steady growth across urban and semi-urban areas.

Chart 30: Market Size of Cardiac Drugs (CY20-CY24-CY28P)



Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

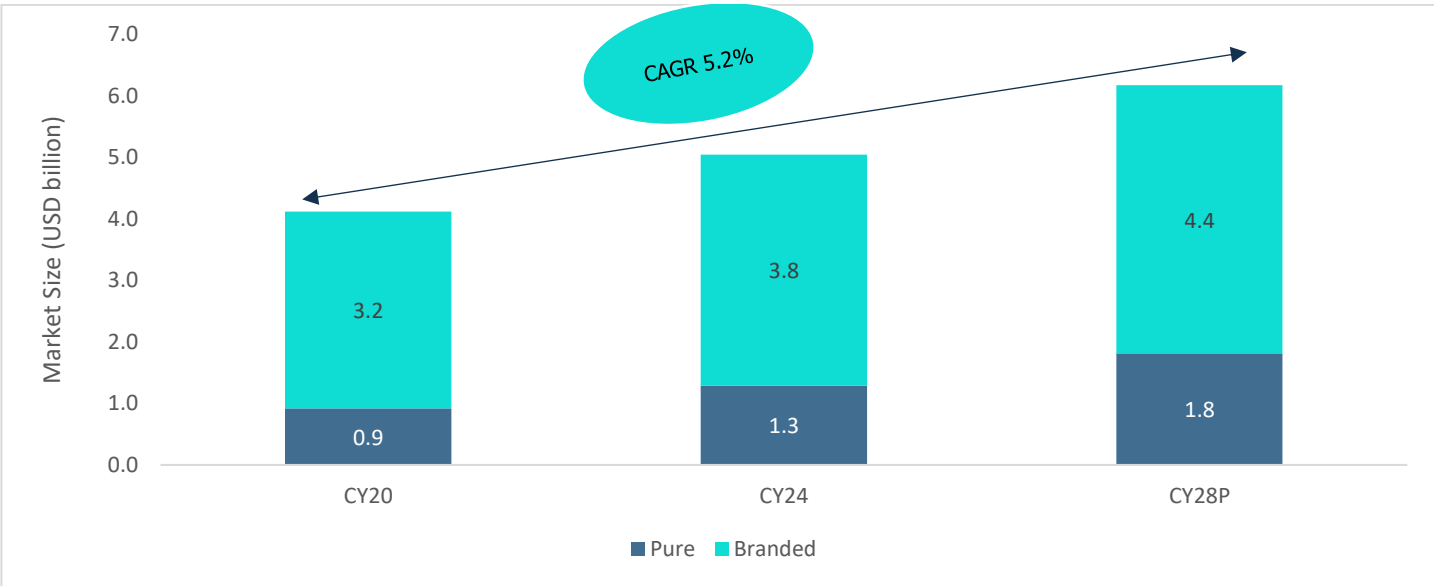
India's cardiac drugs market, including both pure and branded formulations, has been steadily growing and is expected to continue this trend over the coming years. The market grew from USD 3.0 billion in 2020 to USD 4.4 billion in 2024 and is projected to reach USD 6.8 billion by 2028, The pure generic segment increased from USD 0.7 billion in 2020 to 1.1 billion in 2024, reaching 2.0 billion by 2028, while the branded segment grew from USD 2.3 billion in 2020 to 3.3 billion in 2024 and is expected to touch 4.8 billion by 2028. registering a CAGR of around 10.9%.

Growth is being driven by the rising prevalence of cardiovascular conditions such as hypertension, heart disease, and high cholesterol, along with increasing awareness of heart health among urban and semi-urban populations. Lifestyle factors like sedentary behaviour, stress, and unhealthy diets have further increased the demand for effective treatments. Wider availability of affordable generics and trusted branded medications, coupled with better access to diagnostics and regular medical check-ups, is helping more people manage their heart conditions proactively. Expanding healthcare infrastructure and government initiatives focused on preventive care are also supporting steady growth in this segment.

8.7 Anti-Infective Drugs

Anti-infective medicines, including antibiotics, antivirals, antifungals, and anti-parasitic drugs, are a vital part of India's healthcare system, helping manage the country's ongoing burden of infectious diseases. Seasonal outbreaks, rising fungal infections, and growing access to hospitals and clinics, especially in tier-2 and rural areas, have kept demand high throughout the year. Widely available vaccines and better public awareness are improving infection control, while domestic manufacturers play a key role in supplying affordable, quality generics. Responsible use of antibiotics is also gaining attention, with initiatives aimed at curbing overuse and preserving long-term effectiveness.

Chart 31:Market Size of Anti-Infective Drugs (CY20-CY24-CY28)



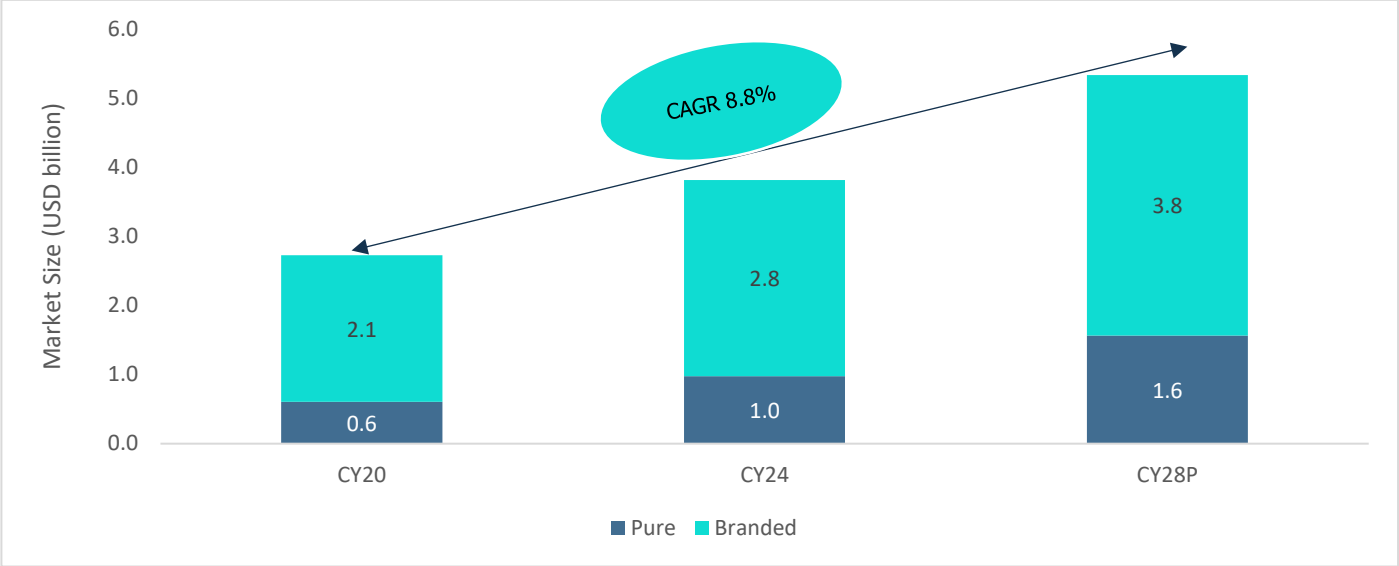
Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

India's anti-infective market stood at USD 5.1 billion in 2024 and is expected to reach USD 6.2 billion by 2028, growing at a CAGR of 5.2%. While antibiotics remain the largest segment by revenue, antifungals are showing the fastest growth, driven by a rise in fungal infections. With continued improvements in access, affordability, and public health efforts, India remains one of the most rapidly growing anti-infective markets globally.

8.8 Gastrointestinal

The demand for gastrointestinal drugs in India has been steadily rising as more people pay attention to digestive health and seek relief from common issues like acidity, gastritis, ulcers, and irritable bowel syndrome. Busy lifestyles, changing diets, and stress have made digestive problems more widespread, prompting greater use of both prescription and over-the-counter treatments. Doctors and gastroenterologists are increasingly guiding patients on managing their gut health over the long term, while Indian pharmaceutical companies are offering affordable, reliable medications that make treatment accessible. With better healthcare access, improved diagnostics, and growing focus on preventive nutrition, the gastrointestinal drugs segment is seeing steady growth across both urban and semi-urban areas.

Chart 32: Market Size of Gastrointestinal Drugs (CY20-CY24-CY28P)



Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

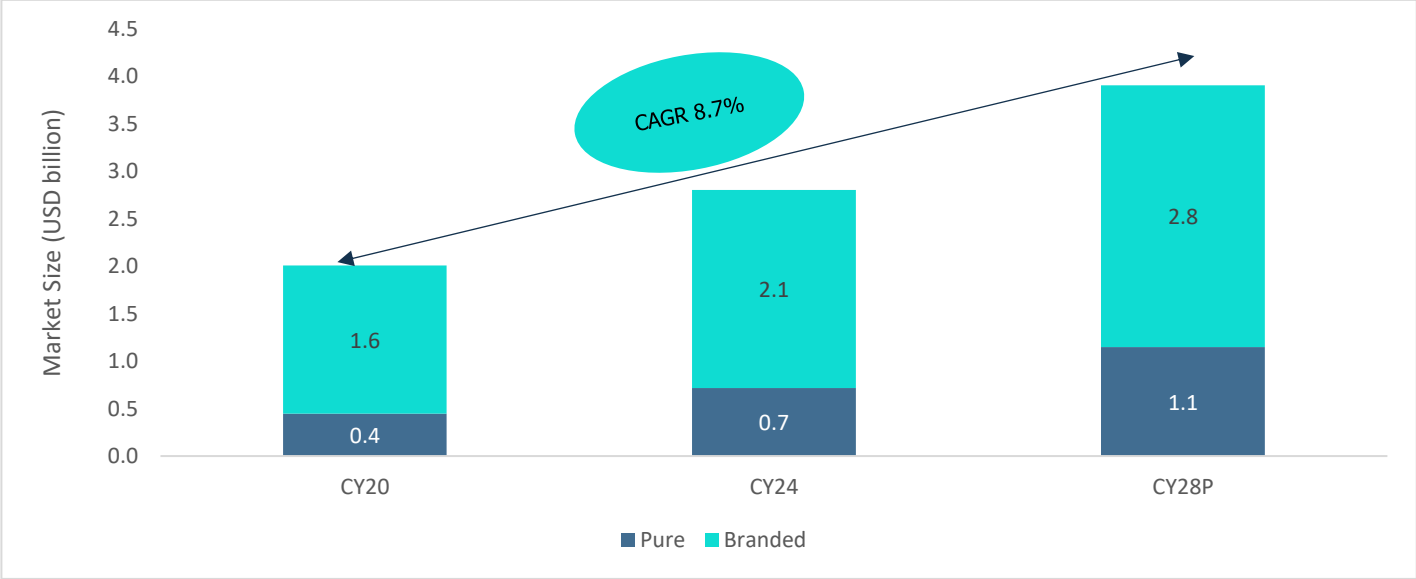
India's gastrointestinal drugs market, covering both pure and branded formulations, has been showing steady growth and is expected to continue expanding in the coming years. The pure generic segment grew from USD 0.6 billion in 2020 to 1.0 billion in 2024 and is projected to reach 1.6 billion by 2028, while the branded segment increased from USD 2.1 billion in 2020 to 2.8 billion in 2024 and is expected to reach 3.8 billion by 2028. Overall, the market is projected to grow at a healthy CAGR of around 11% between 2020 and 2028.

Growth is being driven by rising digestive health concerns such as acidity, gastritis, ulcers, and irritable bowel syndrome, which are becoming more prevalent due to changing diets, stress, and lifestyle habits. Greater awareness about digestive wellness, improved access to doctors and gastroenterologists, and the availability of both affordable generics and trusted branded medications are helping people manage their gastrointestinal conditions effectively. The expansion of healthcare infrastructure, better diagnostics, and growing emphasis on preventive nutrition are further supporting steady growth in this segment across urban and semi-urban areas.

8.9 Respiratory Drugs

Respiratory illnesses such as asthma, Chronic Obstructive Pulmonary Disease (COPD), and bronchitis are becoming more common in India due to rising air pollution, tobacco use, and seasonal infections. Treatment options like inhalers, nebulisers, and oral medications have become more widely available, especially as pulmonology services and mobile health units expand into smaller towns. Locally made, cost-effective formulations allow more patients to manage their symptoms without a significant financial burden.

Chart 33: Market Size of Respiratory Drugs (CY20-CY24-CY28P)



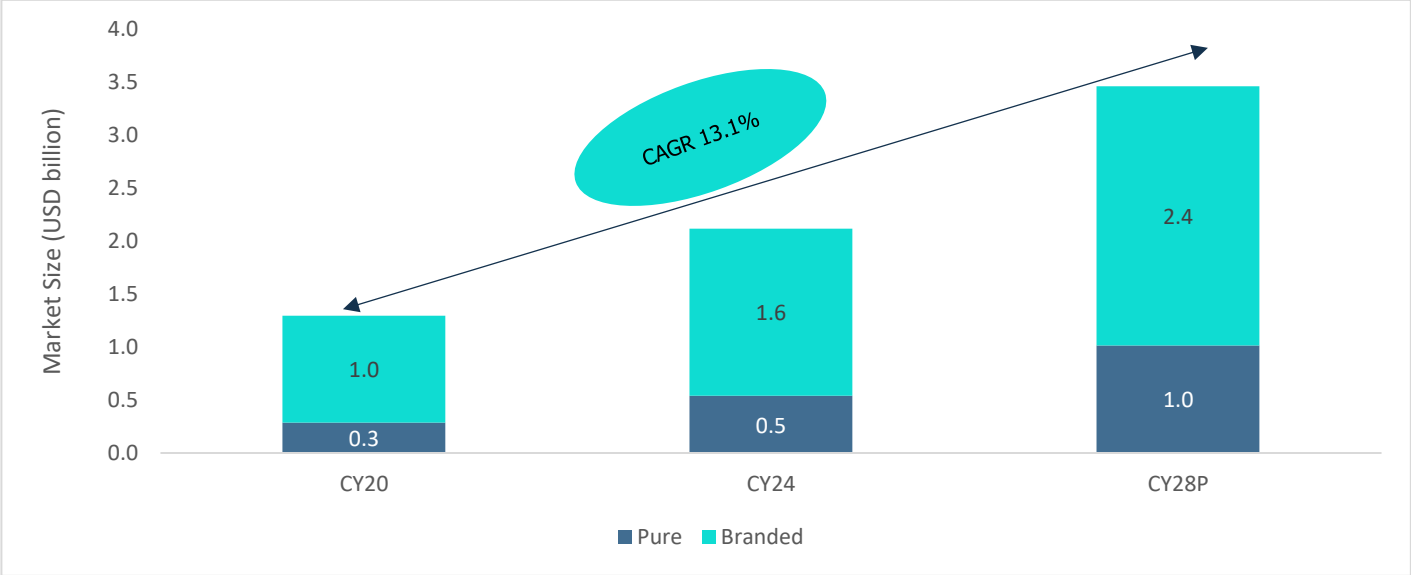
Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

As of 2024, India's respiratory drug market is valued at USD 2.8 billion and is expected to reach USD 3.90 billion by 2028, growing at a CAGR of 8.7%. This steady growth is supported by the increasing burden of air-related lung conditions, improved access to primary care in tier-2 and tier-3 cities, and the availability of affordable generic inhalers and bronchodilators. Growing patient awareness and the introduction of user-friendly treatment options, such as combination inhalers, are also contributing to the market's continued expansion.

8.10 Antidiabetic

The demand for antidiabetic drugs in India has been steadily rising as more people become aware of the risks of diabetes and its long-term complications. Lifestyle changes, including sedentary habits, unhealthy diets, and rising obesity rates, have made managing blood sugar increasingly important. Both prescription medicines and easily accessible oral and injectable treatments are being used more widely, with doctors and endocrinologists guiding patients on day-to-day management and lifestyle adjustments. Indian pharmaceutical companies are offering affordable, reliable medications that help people keep their diabetes under control. With better access to healthcare, improved diagnostics, and growing awareness about preventive care, the antidiabetic drugs segment is seeing steady growth across urban and semi-urban areas.

Chart 34: Market Size of Antidiabetic Drugs (CY20-CY24-CY28P)



Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

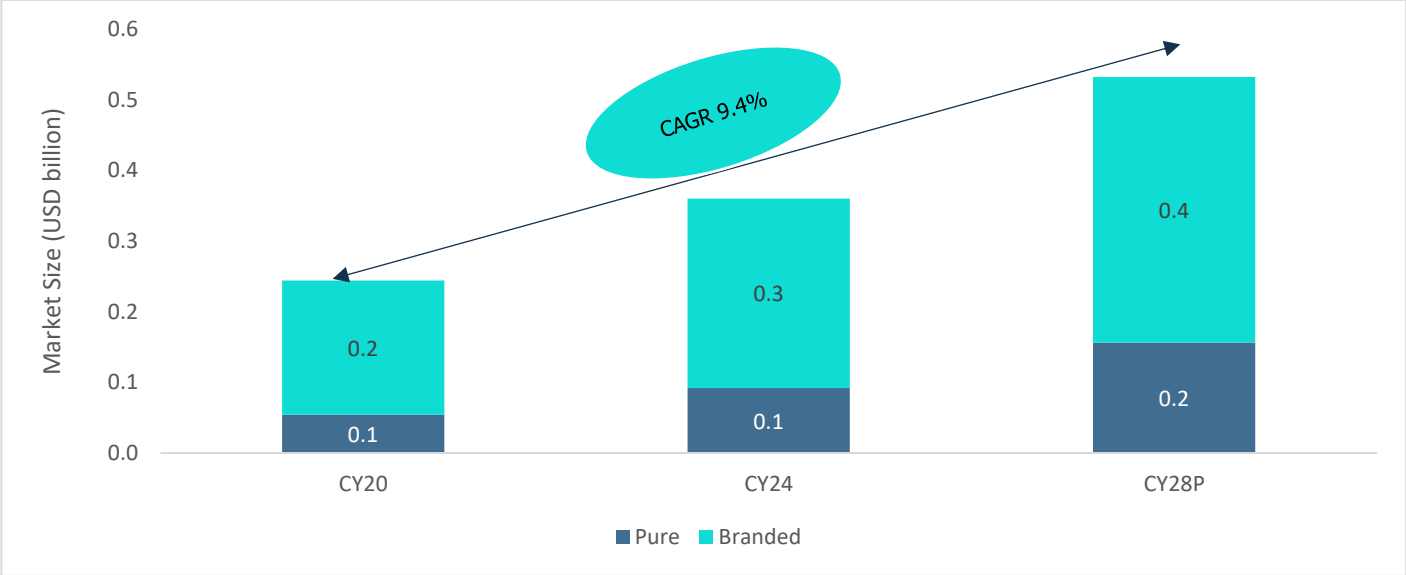
India's antidiabetic drugs market, including both pure and branded formulations, has been steadily growing and is expected to continue expanding in the coming years. The pure generic segment increased from USD 0.3 billion in 2020 to 0.5 billion in 2024 and is projected to reach 1.0 billion by 2028, while the branded segment grew from USD 1.0 billion in 2020 to 1.6 billion in 2024 and is expected to touch 2.4 billion by 2028. Overall, the market is projected to grow at a CAGR of around 13% between 2020 and 2028, reflecting strong and consistent demand.

This growth is driven by the rising prevalence of type 2 diabetes across India, fueled by changing lifestyles, unhealthy diets, and increasing obesity rates. Greater awareness about diabetes management, improved access to doctors and endocrinologists, and the availability of both affordable generics and trusted branded medications are helping more people manage their blood sugar effectively. Expanding healthcare infrastructure, better diagnostics, and an increasing focus on preventive care and lifestyle management are further supporting steady growth in the antidiabetic drugs segment across urban and semi-urban populations.

8.11 Antimalarial

The demand for antimalarial drugs in India has been steadily growing as more people become aware of the risks of malaria and the importance of timely treatment. Seasonal outbreaks, changing weather patterns, and areas with limited sanitation have made access to effective medicines increasingly important. People are relying more on both prescription treatments and easily available preventive options, with doctors and community health workers guiding them on proper care. Indian pharmaceutical companies are providing affordable, reliable antimalarial medications that help people prevent and manage infections effectively. With better healthcare access, government programs reaching more communities, and growing awareness about mosquito control and early treatment, the antimalarial drugs segment is seeing steady growth across urban, semi-urban, and rural areas.

Chart 35: Market Size of Antimalarial Drugs (CY20-CY24-CY28P)



Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

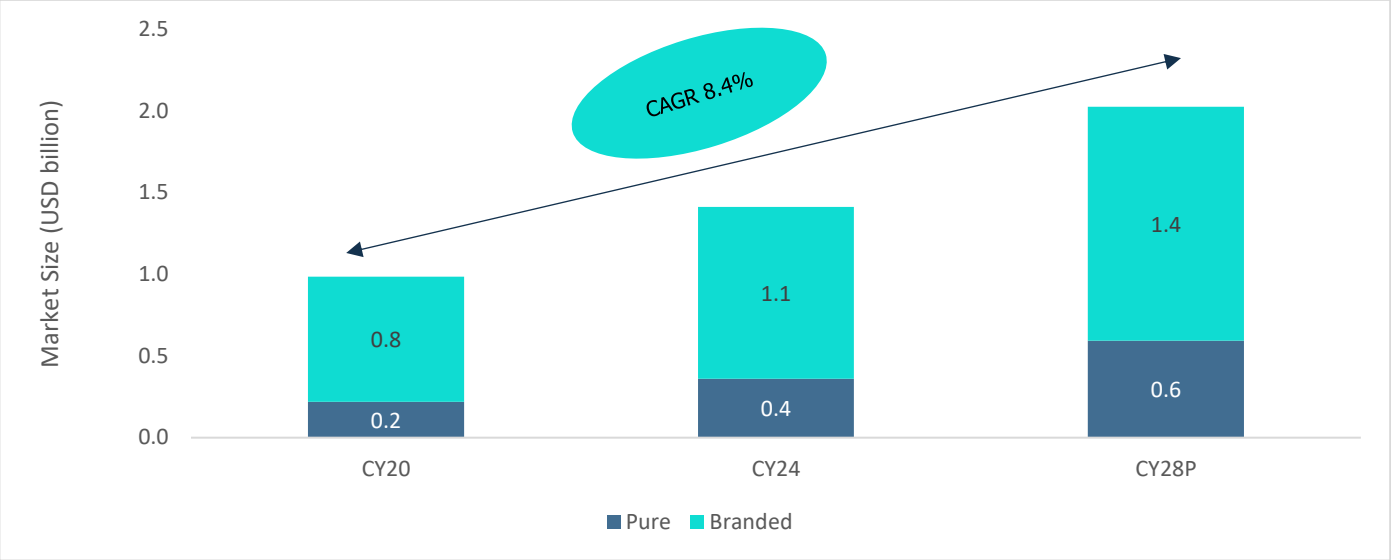
India's antimalarial drugs market, including both pure and branded formulations, has been gradually growing and is expected to continue expanding over the coming years. The pure generic segment remained at USD 0.1 billion in 2020 and 2024 and is projected to reach 0.2 billion by 2028, while the branded segment grew from USD 0.2 billion in 2020 to 0.3 billion in 2024 and is expected to reach 0.4 billion by 2028. Overall, the market is projected to grow at a CAGR of around 8% between 2020 and 2028.

Growth is being driven by the continued prevalence of malaria in certain regions of India, seasonal outbreaks, and increasing awareness about prevention and early treatment. Affordable and easily accessible medicines, coupled with guidance from doctors and community health programs, are helping people manage and prevent infections effectively. Government initiatives, wider healthcare access, and growing public education on mosquito control are supporting steady demand, ensuring that the antimalarial drugs segment continues to expand across urban, semi-urban, and rural areas.

8.12 Anti-Allergic

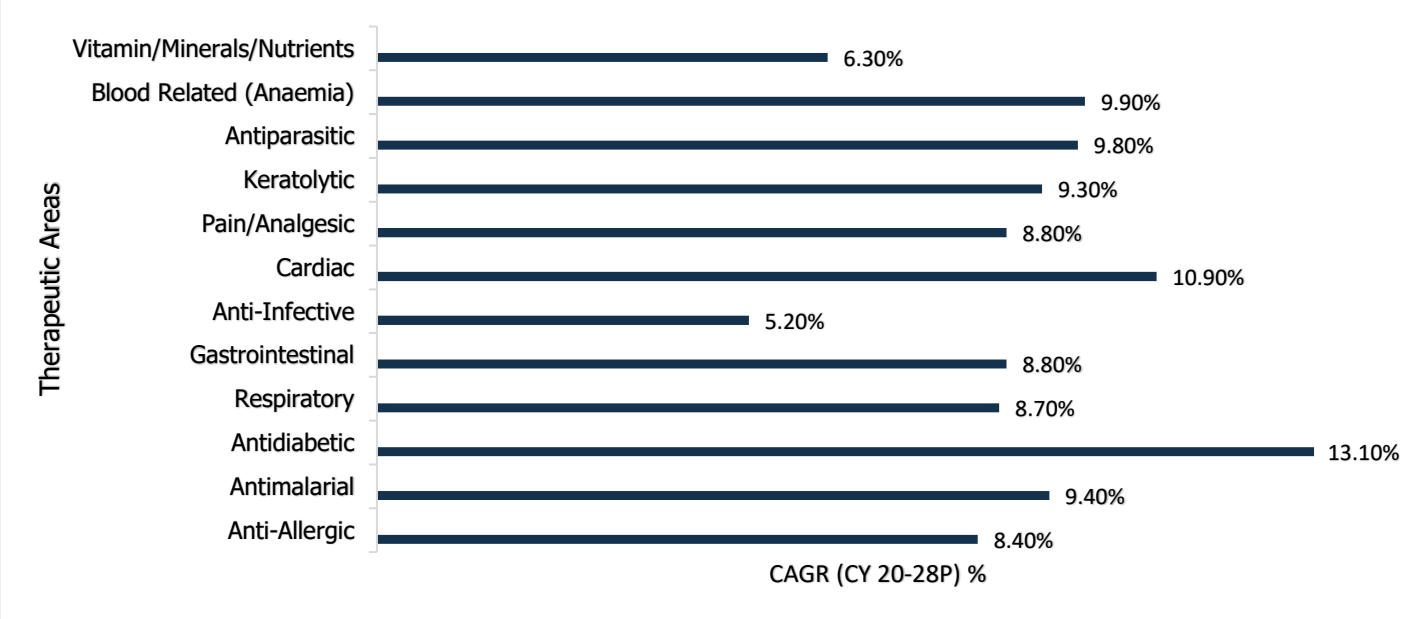
The demand for anti-allergic drugs in India has been steadily growing as more people recognise how allergies can affect their daily lives. Seasonal changes, rising pollution, and exposure to dust, pollen, and other triggers have made managing allergy symptoms more important than ever. People are increasingly turning to both prescription medicines and easily available over-the-counter options, with doctors and healthcare providers guiding them on how to prevent and manage their symptoms effectively. Indian pharmaceutical companies are offering affordable and reliable treatments that help relieve sneezing, rashes, and respiratory discomfort. With better healthcare access, growing awareness about allergy prevention, and wider availability of medications, the anti-allergy drugs segment is seeing steady growth across urban, semi-urban, and rural areas.

Chart 36: Market Size of Anti-Allergic Drugs (CY20-CY24-CY28P)



Source: Cervicorn Consulting, CareEdge Research; Note: P-Projected

Chart 37: Therapeutic Areas (Growth Rate)



Source: Cervicorn Consulting, CareEdge Research, P denotes projected

9 Indian Generics Drugs Market by Route of Administration

In India, a variety of drug delivery methods are used to ensure effective treatment across different medical needs. Oral medications, such as tablets, capsules, and syrups, are the most used, thanks to their affordability, convenience, and ease of patient use. Topical applications, including creams and ointments, are mainly used for skin-related and localized conditions. Injectable forms, whether intravenous or intramuscular, are critical in hospital settings for fast-acting treatment, particularly in urgent or emergency cases. Inhalation therapies are widely used for respiratory conditions like asthma and COPD, as they deliver medication directly to the lungs for quick relief. Other less common routes, such as transdermal patches, rectal, and sublingual formulations, cater to specific treatment requirements where traditional methods may not be suitable.

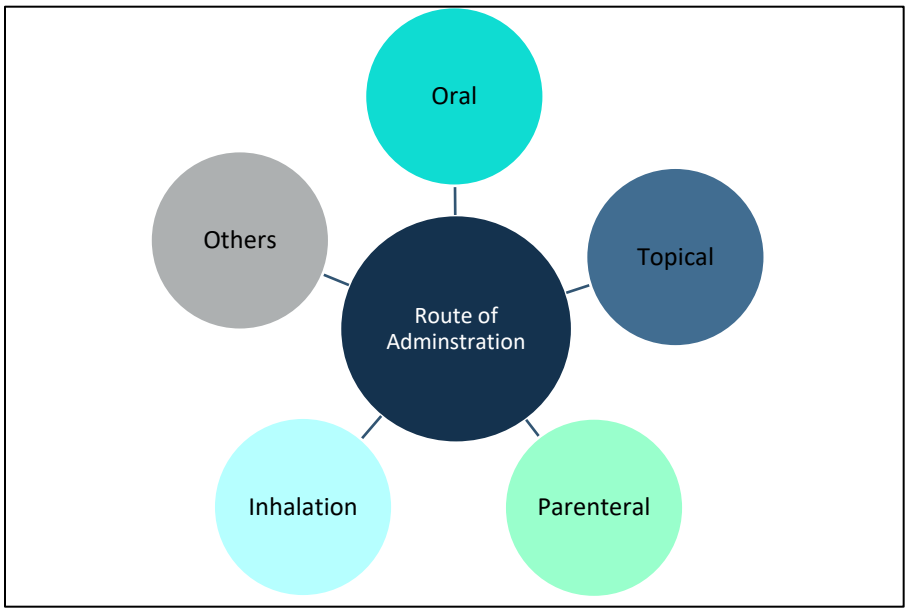
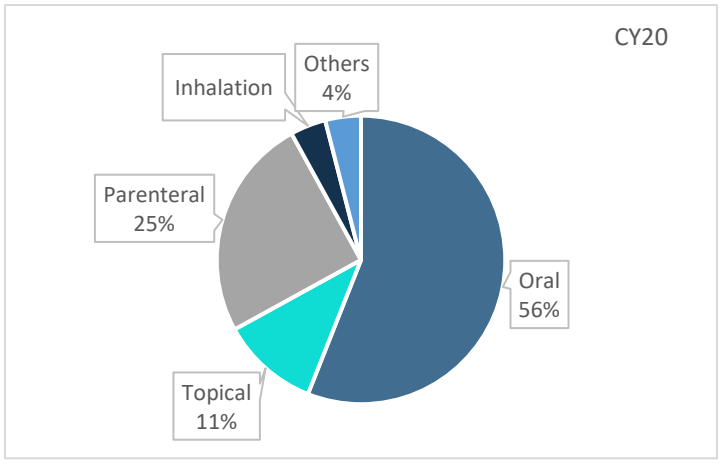
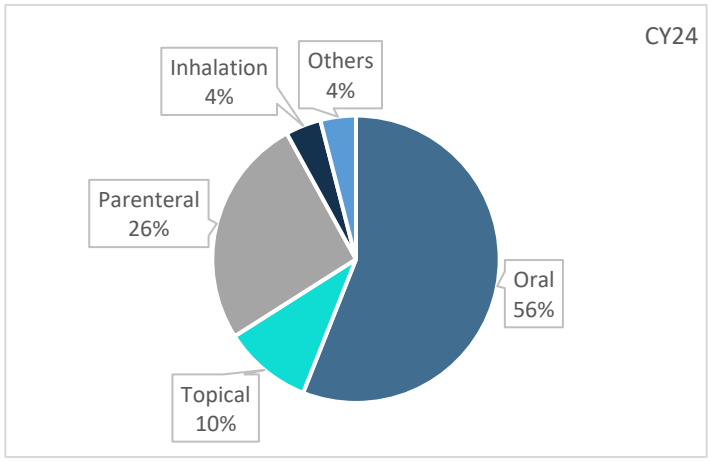
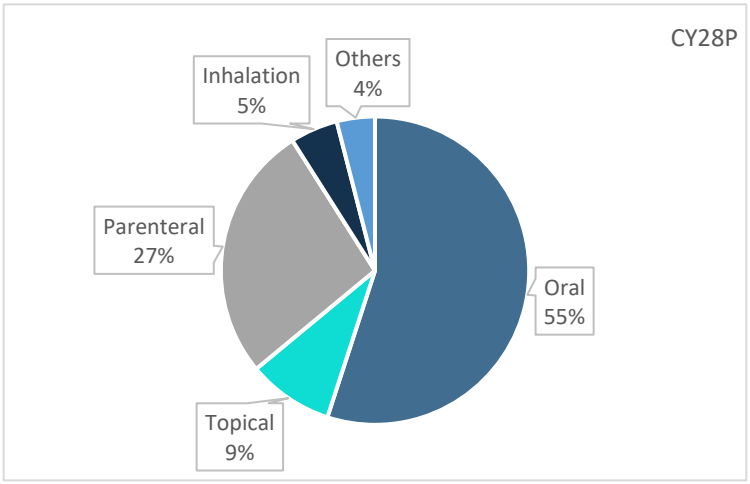


Chart 38: Market Share Breakup (CY20-CY24-CY30P)





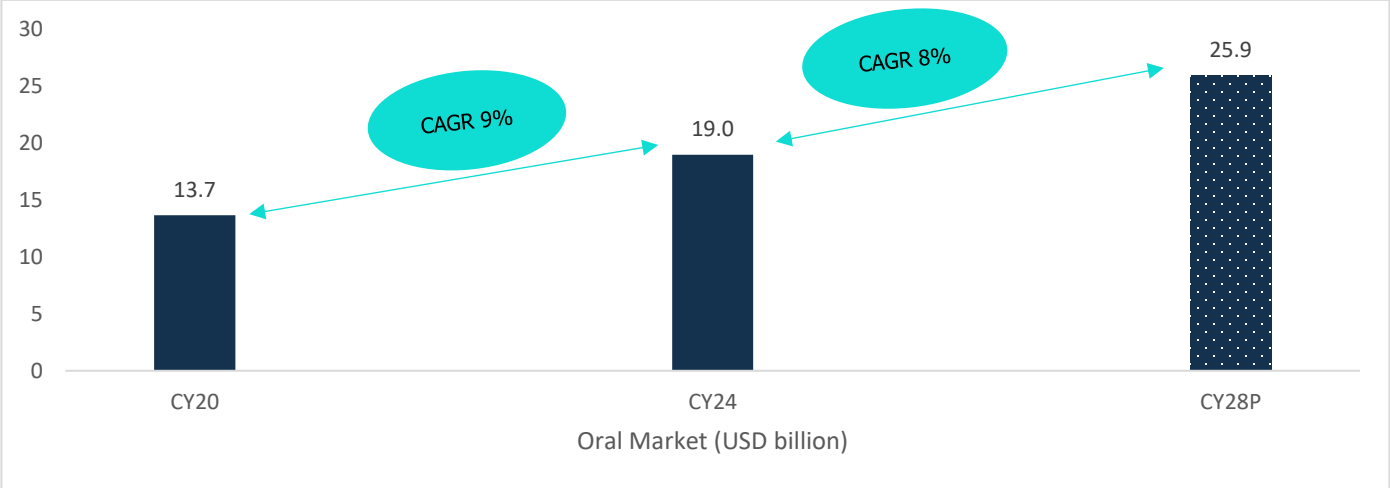


Source: Industry Sources, CareEdge Research, P denotes projected

9.1 Oral

In India, most medicines are taken by mouth, tablets, capsules or syrups, because they're easy to use, non-invasive and can be self-administered. Drugs given orally travel through the entire digestive tract, which helps with consistent absorption and encourages patients to stick to their treatment plans. However, stomach acids can break down some medications, and relief may take longer compared with other methods, making oral dosing less suitable in emergencies.

Chart 39: Market Size of Oral Route of Administration (CY20-CY24-CY28)



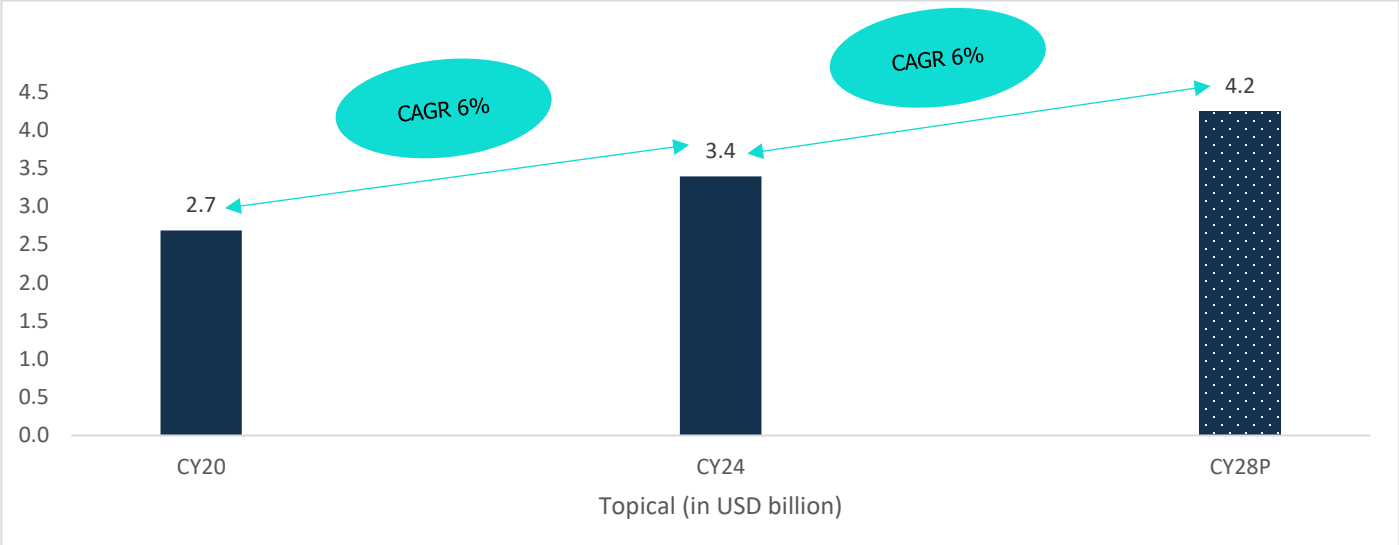
Source: Industry Sources, CareEdge Research, P denotes projected

India's generics market for oral drugs has surged from USD 13.7 billion in 2020 to USD 19 billion in 2024, with expectations to reach USD 25.9 billion by 2028, showing an 8% CAGR, as companies refine formulations for faster action and greater stability.

9.2 Topical

Applying medication directly to the skin or mucous membranes, via creams, gels, ointments or sprays, delivers treatment straight to the affected area with minimal absorption elsewhere. This targeted approach reduces systemic side effects and provides sustained relief, making it ideal for chronic skin issues and for children or elderly patients who prefer non-invasive options.

Chart 40: Market size of Topical Route of Administration (CY20-CY24-CY28)



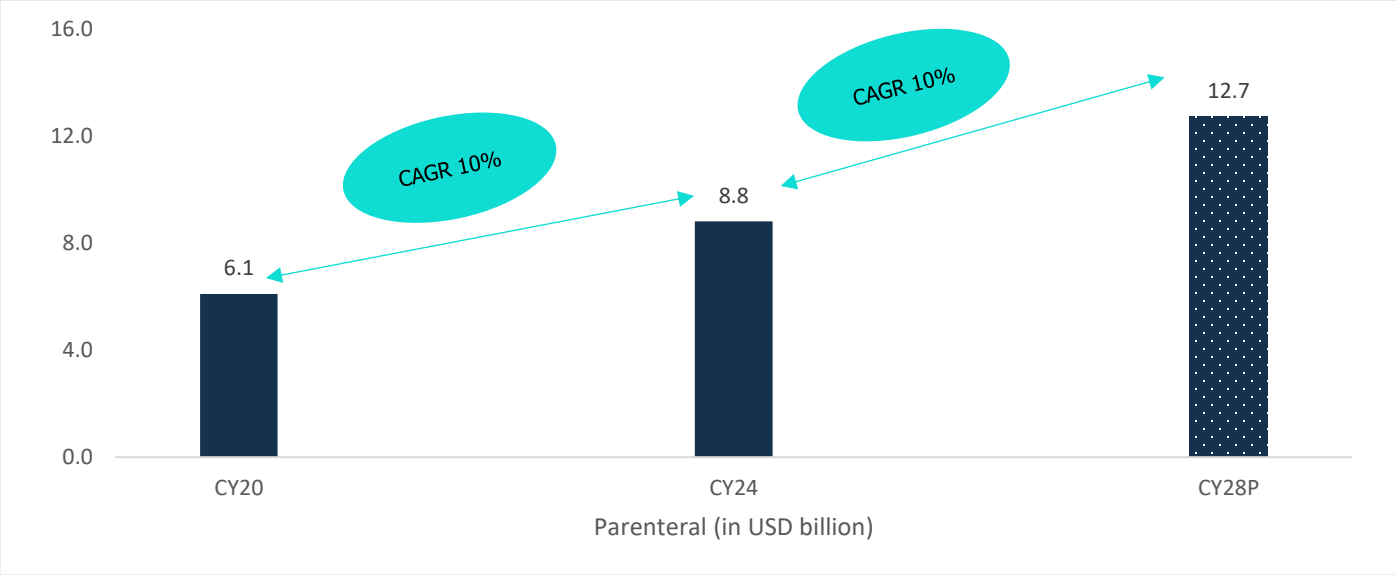
Source: Cervicorn Consulting, Industry Sources, CareEdge Research, P denotes projected

India's generic topical segment grew from USD 2.7 billion in 2020 to USD 3.4 billion in 2024 and is projected to hit USD 4.2 billion by 2028, showing a 6 % CAGR, driven by a rise in conditions like eczema, psoriasis and fungal infections, alongside innovation in skin-friendly formulations.

9.3 Parenteral

Injections, whether into a vein (IV), muscle (IM) or under the skin (SC), bypass the gut entirely, offering immediate and complete drug delivery. This precision is crucial in emergencies, critical care and for patients unable to swallow pills, and it is vital for treatment with vaccines, biologics and other complex therapies.

Chart 41: Market size of Parenteral Route of Administration (CY20-CY24-CY28)



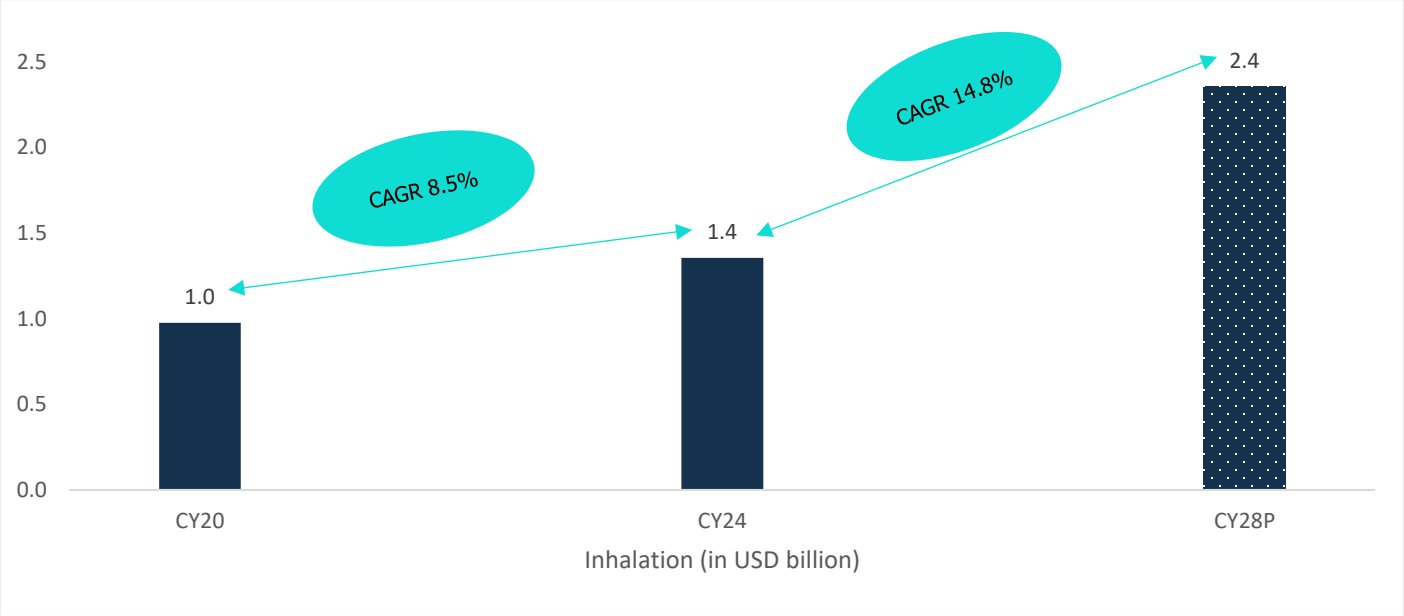
Source: Cervicorn Consulting, Industry Sources, CareEdge Research, P denotes projected

Though it requires sterile preparation and trained staff, India's parenteral generics market has expanded from USD 6.1 billion in 2020 to USD 8.8 billion in 2024, with forecasts of USD 12.7 billion by 2028 showing a 10 % CAGR. The country's strong manufacturing base, including numerous US FDA–approved facilities, supports large-scale, cost-effective production of injectable medicines.

9.4 Inhalation

Medications delivered by inhalers, nebulisers or dry-powder devices go straight to the lungs, providing fast relief for asthma, COPD and other respiratory illnesses while limiting effects on the rest of the body. This method is vital for both day-to-day management and sudden flare-ups.

Chart 42: Market size of Inhalation Route of Administration (CY20-CY24-CY28)



Source: Cervicorn Consulting, Industry Sources, CareEdge Research, P denotes projected

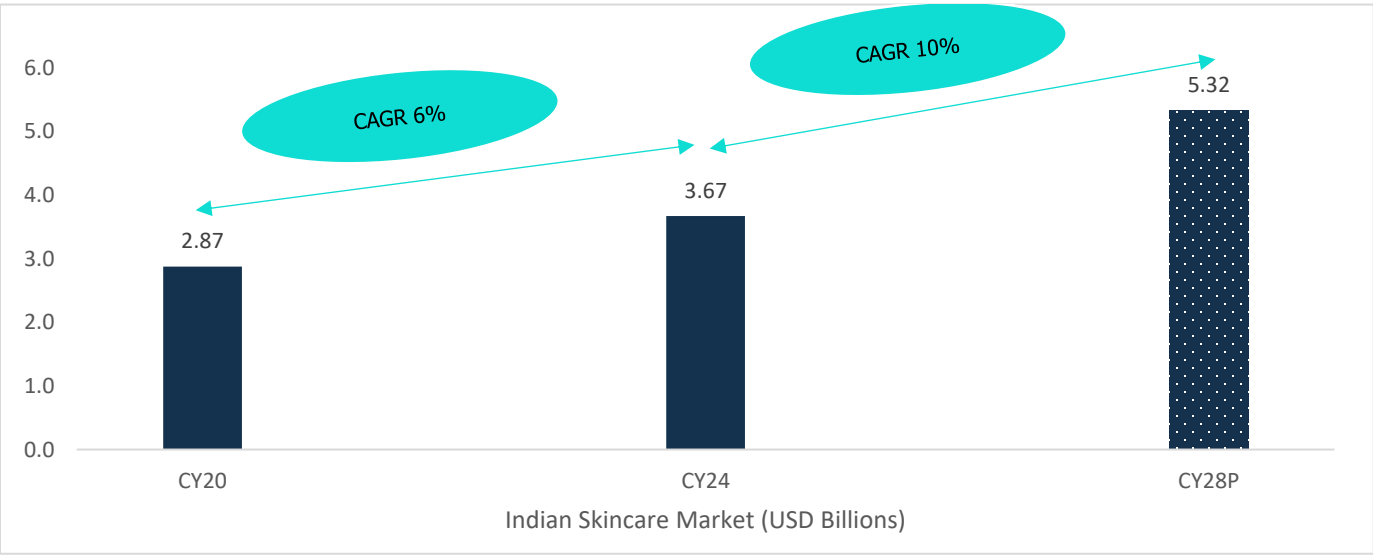
India's inhalation generics market rose from USD 1 billion in 2020 to USD 1.4 billion in 2024 and is set to reach USD 2.4 billion by 2028, showing a 14.8% CAGR, as growing pollution and smoking-related lung problems spur demand for targeted, fast-acting therapies, especially among children and the elderly.

10 Indian Skin Care Market

10.1 Indian Skin Care Market

India's skincare market is divided into four key product categories, each serving distinct consumer needs and preferences. Creams hold the largest share, offering a wide range of uses, from moisturising and anti-ageing to fairness, making them popular across various age groups and regions. Lotions come next, known for their light, easily absorbed texture, which makes them ideal for daily use, particularly in India's warm and humid climate. Powders, while more traditional, remain in demand, especially in rural and semi-urban areas, due to their effectiveness in controlling oil and providing a feeling of freshness. Sprays are a fast-growing segment, offering convenient, hands-free application of products like toners, facial mists, and sunscreens, catering to modern, fast-paced lifestyles.

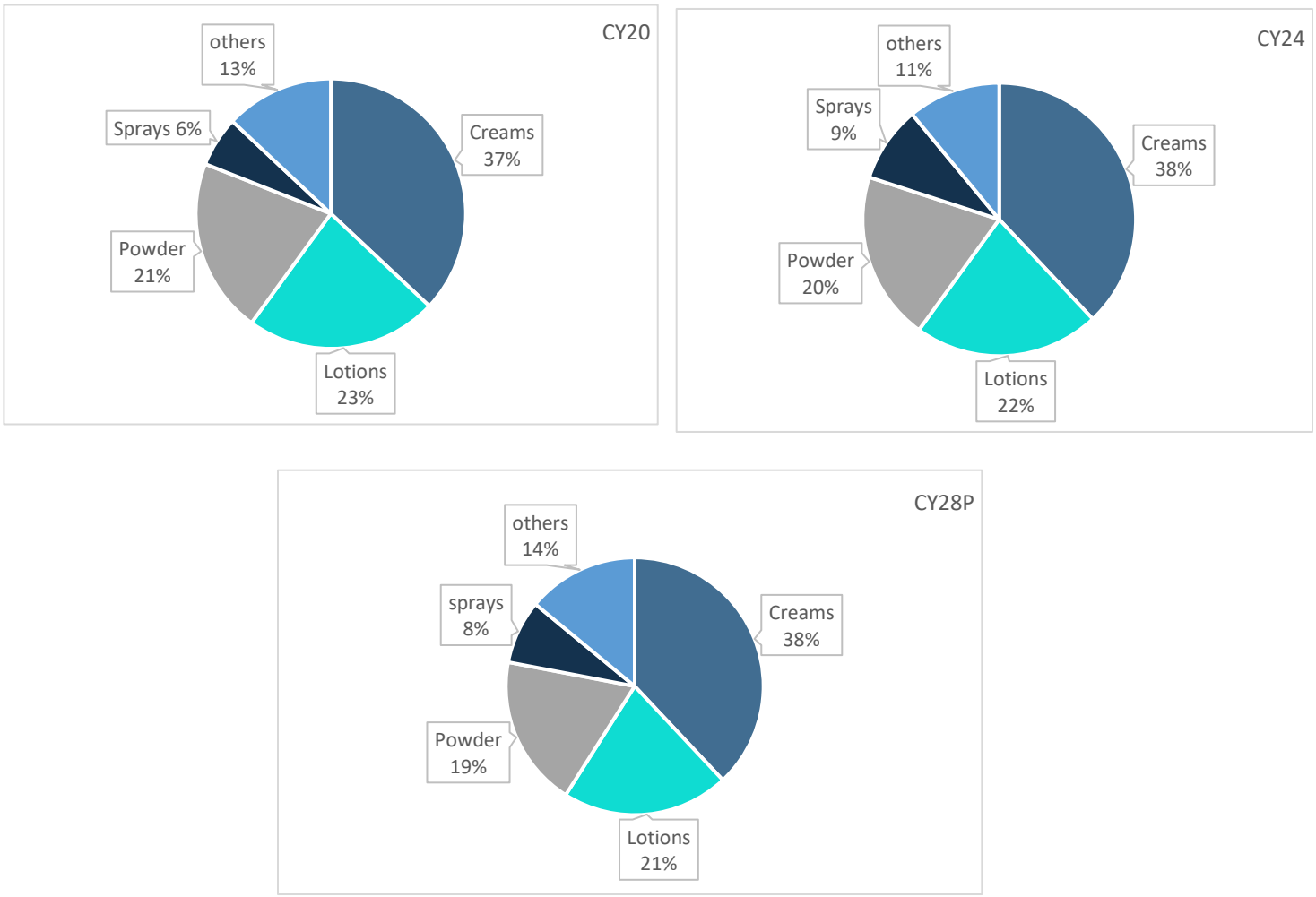
Chart 43: Market Size of the Indian Skincare Market (CY20-CY24-CY28P)



Source: EMIS, CareEdge Research, Note: P-Projected

India's skincare market rose from USD 2.87 billion in 2020 to USD 3.67 billion in 2024 and is set to reach USD 5.32 billion by 2028, showing a 10% CAGR. Greater awareness of skin health, driven by social media and influencer trends, has shifted demand toward targeted solutions like sunscreens and anti-pollution serums. Urban lifestyles and increasing exposure to pollution and UV damage further boost interest in specialised treatments. At the same time, home-grown brands offering natural or ayurvedic formulations at attractive price points have strengthened distribution across retail and online channels, ensuring that innovative skincare is within reach nationwide.

Chart 44: Market Share Breakup (CY20-CY24-CY28P)

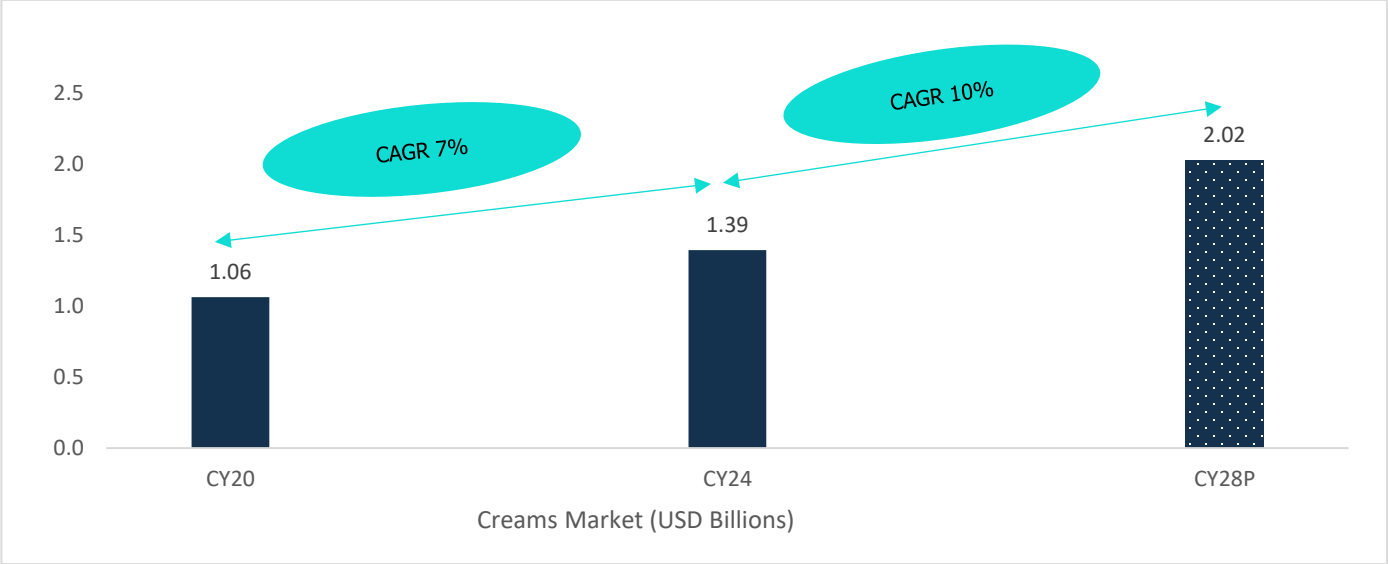


Source: EMIS, CareEdge Research, Note: P-Projected

10.2 Creams Market

India's creams segment, the leading category within India's skincare market, covers a broad spectrum of products designed for hydration, anti-ageing, sun protection and targeted skin repair. From everyday moisturisers to specialised formulations that address fine lines or pigmentation, creams appeal to consumers across age groups and skin types.

Chart 45: Market Size of Creams Market (CY20-CY24-CY28P)



Source: EMIS, CareEdge Research, Note: P-Projected

India's cream market rose from USD 1.06 billion in 2020 to USD 1.39 billion in 2024 and is set to reach USD 2.02 billion by 2028, showing a 10% CAGR. This rise is supported by higher disposable incomes, urban lifestyles that demand protection against pollution and UV damage, and savvy online shoppers learning about active ingredients via social media. E-commerce and direct-to-consumer brands are bringing niche and premium creams to smaller towns, while an ageing population and a growing men's grooming market are creating fresh opportunities for specialised treatments.

10.3 Lotions Market

India's lotions segment delivers lightweight, fast-absorbing skincare solutions designed to hydrate, soothe, and protect the body, especially suited to warmer climates and use over larger areas. These products span unscented daily moisturisers to formulations enriched with botanical extracts, vitamins, and SPF protection.

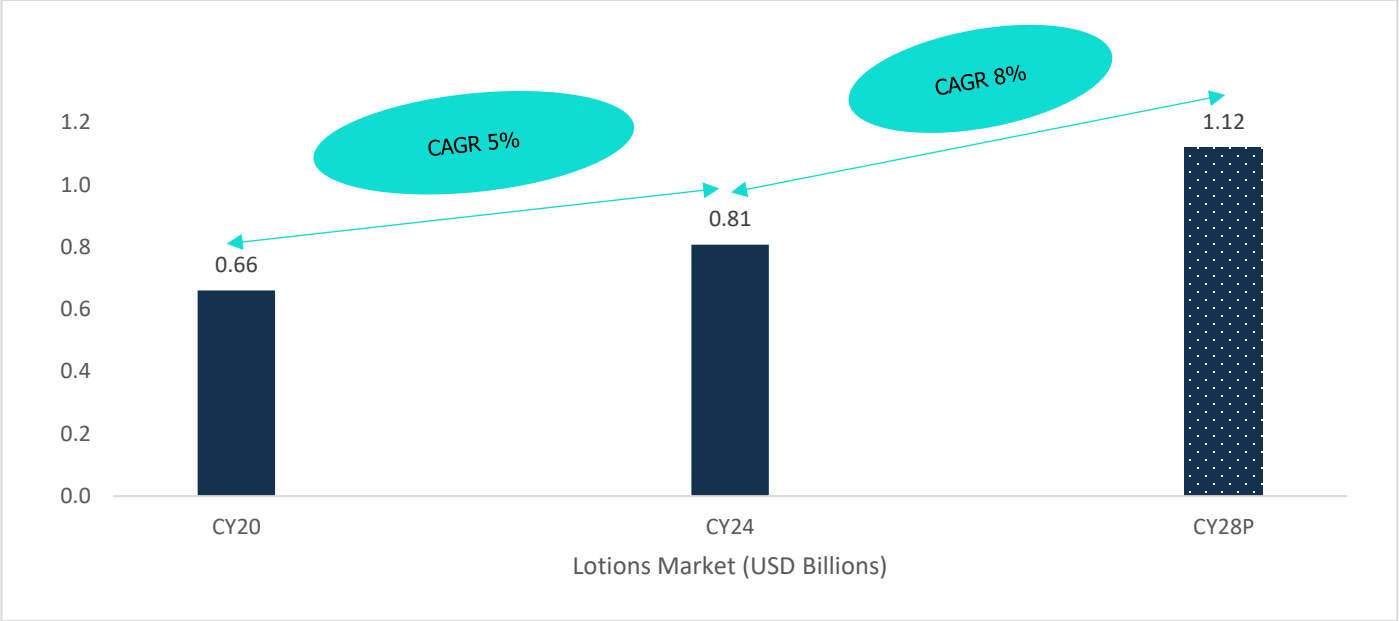
Moisturising Lotion

Moisturising lotions play a central role in maintaining healthy, radiant skin across India's diverse climates. From light, fast-absorbing lotions for summer to richer, nourishing creams for dry winters, consumers seek year-round hydration that feels pleasant on the skin. Modern formulations often include vitamins, aloe, and natural oils, offering not just softness but also protection from environmental stress and pollution.

Sunscreen Lotion

Sunscreen has moved beyond being a seasonal product to becoming a daily essential for many Indians. With growing awareness around sun damage, pigmentation, and premature ageing, consumers now prefer lightweight, non-greasy formulations suitable for humid weather. Brands are innovating with hybrid sunscreens that combine SPF protection with skincare benefits such as brightening, hydrating, and repairing, making them a trusted companion in India's sun-intense climate.

Chart 46: Market Size of Lotions Market (CY20-CY24-CY28P)



Source: EMIS, CareEdge Research, Note: P-Projected

India's lotion market rose from USD 0.66 billion in 2020 to USD 0.81 billion in 2024 and is set to reach USD 1.12 billion by 2028, showing 8% CAGR. Growth in this market is being driven by several trends, as more Indians embrace full-body skincare routines, demand rises for gentle yet effective lotions that won't feel heavy in humid conditions. E-commerce platforms and beauty influencers are educating consumers on the benefits of ingredients such as hyaluronic acid and niacinamide, encouraging trial of premium and natural-based options. Additionally, the surge in fitness culture has consumers seeking post-workout soothing lotions, while there are new segments for fragrance-free and eco-friendly formulations are also opening.

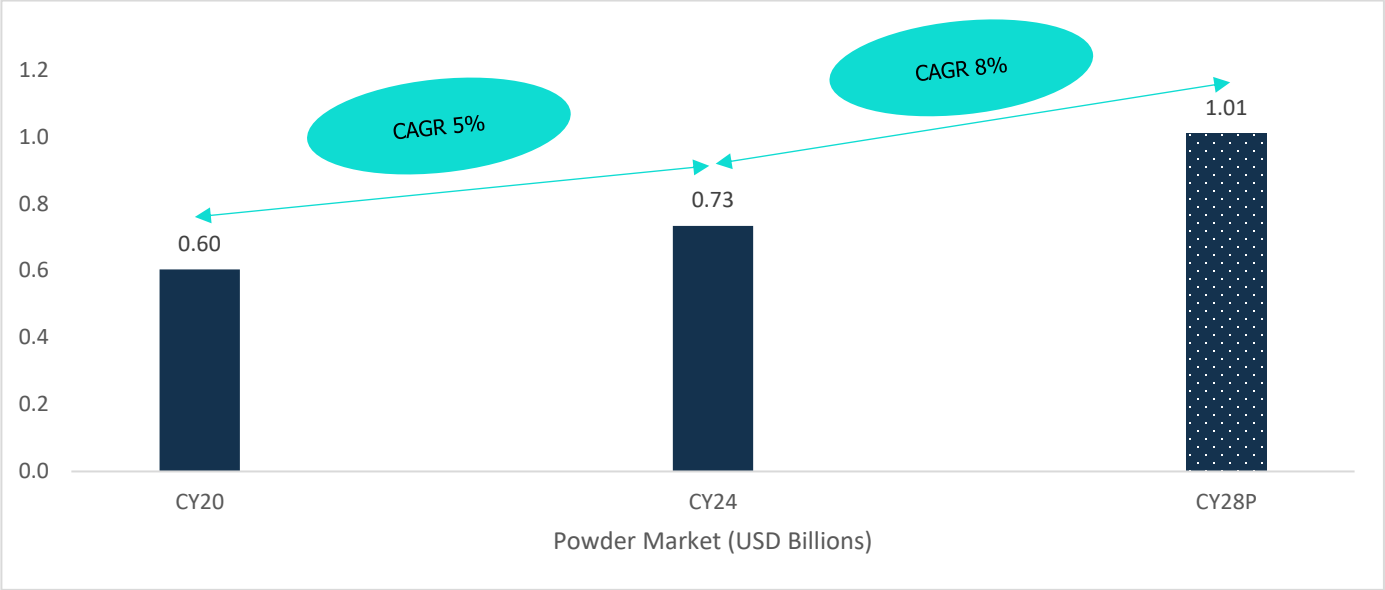
10.4 Powder Market

India's powders segment encompasses talcum, setting, and medicated formulations designed to absorb excess oil, soothe irritation, and impart a smooth, matte finish to the skin. These products, ranging from classic baby powders to advanced medicated blends, are often integrated into daily routines to complement creams, lotions, or makeup, offering lightweight comfort and protective benefits.

Deodorising Talc

Deodorising talcs hold a nostalgic yet relevant place in Indian grooming routines. They combine cooling comfort with fragrance, helping absorb sweat and control body odour through long, hot days. Beyond freshness, modern talcs are being infused with skin-soothing and antibacterial ingredients, making them gentle on the skin while maintaining all-day dryness, especially popular in tropical regions where heat and humidity dominate.

Chart 47: Market Size of Powder Market (CY20-CY24-CY28P)



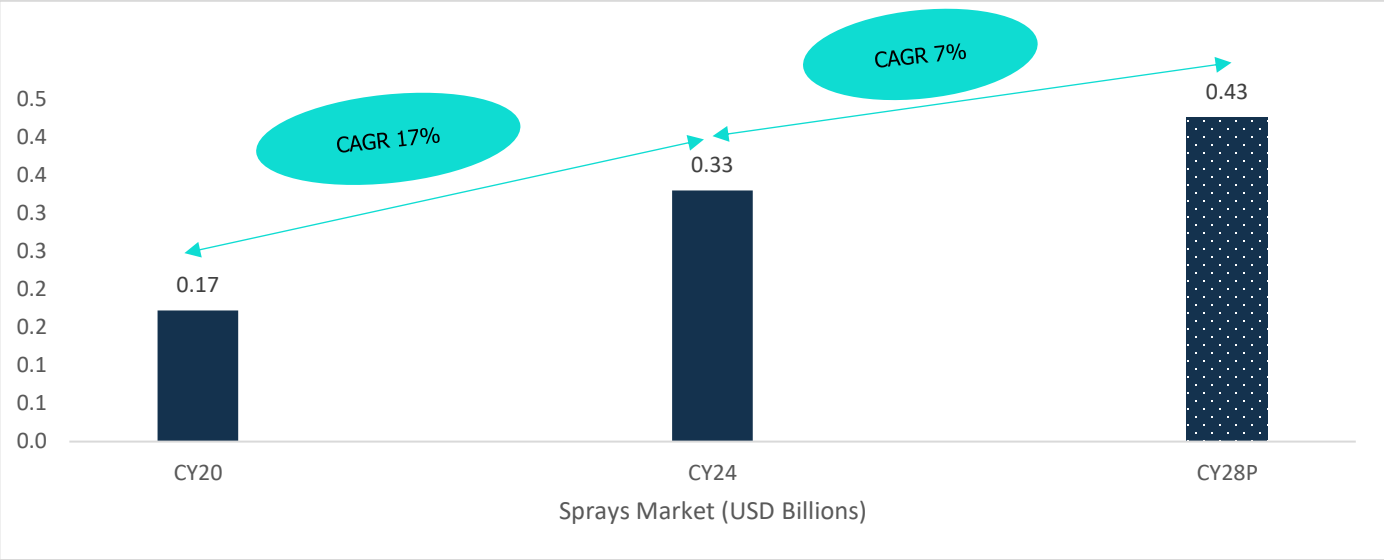
Source: EMIS, CareEdge Research, Note: P-Projected

India's powder market rose from USD 0.60 billion in 2020 to USD 0.73 billion in 2024 and is set to reach USD 1.01 billion by 2028, showing a 8% CAGR. Several factors are boosting the powder market in India. In hot and humid regions, powders help control sweat and shine, making them indispensable for everyday freshness. Growing awareness of foot- and skin-care hygiene has increased demand for medicated powders that prevent fungal infections and soothe rashes. The rise of active lifestyles, from gym workouts to outdoor sports, has spurred use of post-exercise powders for comfort and odour control. Additionally, traditional preferences in rural and semi-urban areas sustain talcum's popularity, while newer "clean" and fragrance-free options appeal to health-conscious urban consumers. Together, these trends are driving steady growth across both mass-market and premium powder segments.

10.5 Sprays Market

India's sprays segment offers lightweight, mist-style skin products, such as hydrating facial mists, makeup-setting sprays, and sun-protection mists, housed in convenient aerosol or pump bottles. These fine-particle formulas deliver an instant burst of moisture or a dewy finish, making them popular for on-the-go touch-ups and quick refreshment throughout the day.

Chart 48: Market Size of Spray Market (CY20-CY24-CY28P)



Source: EMIS, CareEdge Research, Note: P-Projected

India's spray market rose from USD 0.17 billion in 2020 to USD 0.33 billion in 2024 and is set to reach USD 0.43 billion by 2028, showing a 7% CAGR. The market's growth is driven by India's fast-paced urban lifestyles, where consumers value portable, easy-to-use products that fit into busy routines. Rising awareness of pollution's impact on skin has led to demand for sprays infused with antioxidants or SPF, offering protection in a single mist. Beauty influencers and social media tutorials showcasing multi-step skincare rituals have also popularised facial mists as 'must-have' items, and as e-commerce and travel retail expand, these sprays are increasingly accessible outside major metros, further driving demand.

Body Spray

Body sprays have become an everyday essential for India's young and urban population, offering instant freshness and a subtle burst of fragrance. Lightweight and affordable, they strike the perfect balance between deodorants and perfumes, making them ideal for daily use. As consumers seek long-lasting freshness in humid conditions, brands are experimenting with new scents and skin-friendly, alcohol-free formulations that keep users feeling refreshed all day.

Fragrance Body Spray

Fragrance body sprays bring an element of sophistication and individuality to daily routines. Positioned as an affordable luxury, they cater to consumers who enjoy layering scents and expressing personality through fragrance. With elegant packaging and long-lasting notes inspired by fine perfumery, these sprays are gaining strong traction among younger audiences looking for a refined alternative to conventional deodorants.

10.6 Others

India's other skincare market includes skincare products such as serums, sheet masks, facial oils, and treatment-based formulations. These products target specific skin problems like ageing, pigmentation, dryness, and acne. Serums are enriched with high efficacy ingredients like Vitamin C, hyaluronic acid, or niacinamide etc, These products offer benefits which address consumer problems. Facial oils provide nourishment and barrier support, while masks offer targeted rejuvenation in a short period of time. In 2024, the other skincare market accounted for 11% of the total skincare market in India, showing consumer interest in other skincare products.

Face Wash

Face washes have evolved from basic cleansers into targeted skincare essentials, offering a refreshing start and end to the day. Indian consumers now look for solutions that address specific concerns like oil control, acne, dullness, and pollution damage. With natural extracts like neem, tea tree, and charcoal gaining popularity, brands are blending Ayurveda with modern skincare science to offer gentle yet effective cleansing that suits diverse Indian skin types.

Hair Shampoo

Hair shampoos in India cater to a wide range of needs, from tackling dandruff and hair fall to providing deep nourishment against dryness and pollution. Consumers increasingly prefer products that combine the purity of natural ingredients with the performance of advanced formulations. Herbal shampoos with ingredients like amla, hibiscus, and aloe vera are especially favored, reflecting a shift toward gentle care that restores shine and scalp health without harsh chemicals.

Handwash

The handwash category has transformed from a hygiene product to a symbol of care and responsibility. Post-pandemic awareness has made hand hygiene a part of everyday consciousness, with consumers seeking effective yet moisturizing options that protect without drying the skin. Fragrance-infused, pH-balanced, and naturally enriched formulations have made handwashing a sensory experience, blending cleanliness with comfort.

11 Key Threats and Challenges

- **Quality Perception Risks**

Indian generic drug makers often come under scrutiny over product quality. Instances of commonly used formulations being flagged as substandard by regulators have created mistrust among buyers and healthcare institutions. Without strong brand recognition or international regulatory approval, Hindustan Laboratories may face scepticism over product efficacy and consistency, especially in high-stakes government procurement scenarios.

- **Vulnerability in Tender Processes**

Government tenders in India have at times been plagued by opaque decision-making and corruption risks, where pricing rather than quality determines contract awards. Such dynamics can disadvantage mid-tier suppliers and favour incumbent or politically connected entities, limiting Hindustan's ability to secure major contracts even when bids are competitive.

- **Regulatory and Inspection Pressures**

Indian pharmaceutical exports, particularly to regulated markets, face increasing scrutiny. The U.S. FDA and other agencies now conduct more frequent unannounced inspections and issue warnings for compliance violations. Companies like Hindustan Labs must sustain rigorous quality systems to meet evolving standards, or risk losing government tender eligibility both domestically and internationally.

- **Cost Competition and Pricing Pressures**

The Indian generics industry is highly competitive, with pricing under constant pressure from small-scale producers and government rate caps. Lower margins make it hard for manufacturers to invest in quality upgrades or R&D. In government contracts, where price ceilings may apply, sustaining both competitiveness and profitability is a significant ongoing challenge.

Threats and challenges in exporting medicines to semi-regulated/unregulated countries through their government schemes

- **Regulatory ambiguity**

While government schemes in semi-regulated markets may have minimal documentation requirements, inconsistent inspections and sudden enforcement of local standards can lead to unexpected shipment rejections or fines. Exporters often have to balance maintaining international quality standards with adapting to local regulations that are sometimes unclear or loosely enforced.

- **Unpredictable Tender Processes**

Tenders are often announced irregularly, with opaque evaluation criteria and shifting timelines. This unpredictability makes production planning, logistics scheduling, and financial forecasting extremely challenging, leaving exporters exposed to both overstocking and lost opportunities.

- **Delayed Payments from Government Agencies**

Payment cycles under these schemes can stretch over several months, sometimes even a year. Delays, coupled with currency restrictions or sudden changes in government funding priorities, create significant cash flow pressure, particularly for smaller or mid-sized pharmaceutical companies.

- **Weak Supply Chain and Storage Infrastructure**

Many semi-regulated countries lack reliable cold chain systems, adequate warehousing, and consistent transportation networks. Temperature-sensitive medicines like vaccines or insulin face a high risk of spoilage, which can lead to wastage, contract penalties, and reputational damage.

- **Risk of Counterfeit Substitution**

These markets often have a high prevalence of counterfeit or substandard medicines. Even when exporters supply genuine products, their brand can be undermined if fake alternatives circulate, potentially eroding trust with both the government and local healthcare providers.

- **Compliance Burden Despite Loopholes**

Exporters must maintain international certifications such as WHO-GMP and ISO to participate in government schemes, even if local regulations are lax. Minor errors in labelling, documentation, or batch certification can result in shipment rejection or blacklisting, creating both financial and reputational risks.

- **Political and Policy Instability**

Sudden changes in government leadership, shifts in health program priorities, or unexpected adjustments in import tariffs can abruptly halt ongoing contracts or make participation financially unviable, forcing exporters to constantly adapt to an unpredictable policy environment.

- **Limited Market Visibility and Demand Data**

Government schemes often provide minimal insight into actual consumption patterns, forcing exporters to rely on estimates. Misjudging demand can lead to stockouts that harm credibility or overproduction that ties up capital and increases wastage.

- **Local Partner and Distribution Risks**

Many programs rely on local distributors, NGOs, or contractors to deliver medicines. Weak coordination, lack of accountability, or malpractice by these partners can delay delivery, result in diversion, or even expose exporters to legal liabilities.

- **Reputational Exposure**

Any lapse in quality, delivery, or compliance can damage relationships with government agencies, local partners, and international buyers. Maintaining trust requires continuous monitoring, proactive risk management, and strong communication, as even a single incident can have long-term consequences for future opportunities.

12 Key Players

12.1 Hindustan Laboratories Limited

Hindustan Laboratories Limited (HLL) is an Indian pharmaceutical company engaged in the large-scale manufacturing and supply of generic medicines to government institutions under a business-to-government (B2G) model. They primarily supply generic formulations, off-patent medicines that serve as cost-effective alternatives to branded drugs, through procurement contracts with central government agencies under the Ministry of Health and Family Welfare and various state government bodies. Their diversified product portfolio spans multiple acute and chronic therapeutic segments. As of September 30, 2025, the company held licenses to manufacture more than 900 formulations.

The company's revenue mix reflects a strong presence across several high-growth therapeutic areas within the Indian pharmaceutical market. Notably, their products in vitamins and nutritional supplements, blood-related, antiparasitic, keratolytic and pain/analgesic segments contributed 59.38% and 63.62% of their revenues from operations in H1FY26 and FY25, respectively. Their large, diversified and fast-growing formulation product portfolio helps in winning procurement tenders from Government Customers.

Table 7: Financials of Hindustan Laboratories Limited

Particulars	FY23	FY24	FY25	H1FY26
Revenue From Operations (Rs millions)	1,723.39	1,863.74	2,197.46	1,126.32
Profit After Tax (PAT) (Rs millions)	222.50	341.38	412.66	182.38
PAT Margin (%)	12.91%	18.32%	18.78%	16.19%
Return on Net Worth (%)	24.18%	28.39%	26.11%	9.71%
Return on Capital Employed (%)	31.76%	37.25%	33.13%	12.86%
Debt/ Equity (Times)	0.01	0.08	0.06	0.04
EBITDA (Rs millions)	306.93	440.93	538.77	254.58
EBITDA Margin (%)	17.81%	23.66%	24.52%	22.60%
Net Working Capital Days	52	78	115	133
Inventory Days	18	15	18	28
Debtor Days	97	92	97	124
Creditor Days	52	33	20	26

Sources: Company Reports, CareEdge Research

12.2 Ajanta Pharma

Ajanta Pharma is an Indian pharmaceutical company that aims to strengthen its presence in the global pharma space through innovation and focused product development. The company is known for creating niche and differentiated medicines that address emerging patient needs across key therapeutic areas such as cardiology, dermatology, ophthalmology and pain management. Ajanta Pharma operates in both domestic and international markets with a growing portfolio of branded generics and speciality products.

Ajanta Pharma employs over 11,000 people and provides quality medicines across 30+ countries in the world, mainly South-East Asia, the Middle East, Central Asia and Africa on one hand and Generics in the USA. It operates 7 state-of-the-art manufacturing facilities in India. Out of this, 6 facilities manufacture finished formulations, and 1 manufactures Active Pharmaceutical Ingredients (APIs), primarily for captive consumption.

Table 8: Financials of Ajanta Pharma

Particulars	FY23	FY24	FY25	H1FY26
Revenue From Operations (Rs millions)	37,426.40	42,087.10	46,481.00	26,563.80
Profit After Tax (PAT) (Rs millions)	5,879.80	8,161.70	9,203.90	5,155.30
PAT Margin (%)	15.71%	19.39%	19.80%	19.41%
Return on Net Worth (%)	17.68%	23.47%	25.02%	12.72%
Return on Capital Employed (%)	21.73%	31.00%	31.59%	15.78%
Debt/ Equity (Times)	0.01	0.01	0.01	0.06
EBITDA (Rs millions)	7,832.50	11,719.40	12,595.00	6,791.80
EBITDA Margin (%)	20.93%	27.85%	27.10%	25.57%
Net Working Capital Days	134	149	132	162
Inventory Days	78	71	68	59
Debtor Days	101	100	95	91
Creditor Days	37	38	36	30

Sources: Company Reports, CareEdge Research

12.3 Windlas Biotech

Windlas Biotech is an Indian pharmaceutical formulations company, started in 2001 in Dehradun, known for its expertise in contract development and manufacturing. The company provides end-to-end solutions that include product development, technical documentation, commercial-scale manufacturing and packaging for a wide range of therapeutic categories. Windlas is also focused on creating innovative and value-added formulations, such as ready-to-fill sachets and novel drug delivery formats that help brands differentiate their products in the market. Windlas also produces Tablets, capsules, Liquids and Injectables.

Table 9: Financials of Windlas Biotech

Particulars	FY23	FY24	FY25	H1FY26
Revenue From Operations (Rs millions)	5,130.83	6,309.56	7,598.78	4,324.88
Profit After Tax (PAT) (Rs millions)	426.26	581.87	609.94	354.64
PAT Margin (%)	8.31%	9.22%	8.03%	8.20%
Return on Net Worth (%)	10.70%	13.66%	12.76%	6.82%
Return on Capital Employed (%)	14.30%	18.17%	16.96%	8.86%
Debt/ Equity (Times)	0.01	0.01	0.06	0.06
EBITDA (Rs millions)	602.26	781.72	941.07	550.80
EBITDA Margin (%)	11.74%	12.39%	12.38%	12.74%
Net Working Capital Days	148	133	139	128
Inventory Days	47	40	34	32
Debtor Days	81	73	73	77
Creditor Days	54	63	72	76

Sources: Company Reports, CareEdge Research

12.4 Syncom Formulations

Syncom Formulations, established in 1995, is a growing Indian pharmaceutical company located in Pithampur, Madhya Pradesh. The company produces tablets, capsules, liquids, ointments and other dosage forms across several therapeutic areas, with a strong focus on meeting everyday healthcare needs. Syncom has built capabilities in efficient large-scale

production, regulatory compliance, and consistent quality control, which enable it to serve government institutions, private markets, and export clients. The company is also engaged in contract manufacturing for various pharma brands, offering reliable and timely production support. With its emphasis on accessibility, dependable quality and operational discipline, Syncom Formulations continues to strengthen its presence in 25 countries worldwide, having 400 products registered as a trusted supplier in the pharmaceutical space.

The company's marketing network is expanding globally. Currently, Syncom operates in around 25 countries worldwide, having more than 400 products registered.

Table 10: Financials of Syncom Formulations

Particulars	FY23	FY24	FY25	H1FY26
Revenue From Operations (Rs millions)	2,242.54	2,633.87	4,650.13	2,386.19
Profit After Tax (PAT) (Rs millions)	200.71	253.14	494.35	323.56
PAT Margin (%)	8.95%	9.61%	10.63%	13.56%
Return on Net Worth (%)	8.39%	9.30%	15.69%	8.98%
Return on Capital Employed (%)	9.46%	10.84%	18.47%	11.59%
Debt/ Equity (Times)	0.32	0.25	0.01	0.00
EBITDA (Rs millions)	196.30	296.47	541.32	342.08
EBITDA Margin (%)	8.75%	11.26%	11.64%	14.34%
Net Working Capital Days	233	240	168	183
Inventory Days	33	29	24	27
Debtor Days	116	124	83	80
Creditor Days	28	31	26	34

Sources: Company Reports, CareEdge Research

12.5 Summary

	Hindustan Laboratories Limited			Ajanta Pharma Limited			Windlas Biotech Limited			Syncom Formulations (India) Limited		
PARTICULARS	FY24	FY25	H1FY26	FY24	FY25	H1FY26	FY24	FY25	H1FY26	FY24	FY25	H1FY26
Revenue From Operations (Rs millions)	1,863.74	2,197.46	1,126.32	42,087.10	46,481.00	26,563.80	6,309.56	7,598.78	4,324.88	2,633.87	4,650.13	2,386.19
Profit After Tax (PAT) (Rs millions)	341.38	412.66	182.38	8,161.70	9,203.90	5,155.30	581.87	609.94	354.64	253.14	494.35	323.56
PAT Margin (%)	18.32%	18.78%	16.19%	19.39%	19.80%	19.41%	9.22%	8.03%	8.20%	9.61%	10.63%	13.56%
Return on Net Worth (%)	28.39%	26.11%	9.71%	23.47%	25.02%	12.72%	13.66%	12.76%	6.82%	9.30%	15.69%	8.98%
Return on Capital Employed (%)	37.25%	33.13%	12.86%	31.00%	31.59%	15.78%	18.17%	16.96%	8.86%	10.84%	18.47%	11.59%
Debt/ Equity (Times)	0.08	0.06	0.04	0.01	0.01	0.06	0.01	0.06	0.06	0.25	0.01	0.00
EBITDA (Rs millions)	440.93	538.77	254.58	11,719.40	12,595.00	6,791.80	781.72	941.07	550.80	296.47	541.32	342.08
EBITDA Margin (%)	23.66%	24.52%	22.60%	27.85%	27.10%	25.57%	12.39%	12.38%	12.74%	11.26%	11.64%	14.34%
Net Working Capital Days	78	115	133	149	132	162	133	139	128	240	168	183
Inventory Days	15	18	28	71	68	59	40	34	32	29	24	27
Debtor Days	92	97	124	100	95	91	73	73	77	124	83	80
Creditor Days	33	20	26	38	36	30	63	72	76	31	26	34

Sources: Company Reports, CareEdge Research

Hindustan Laboratories Limited (HLL)'s EBITDA margin in FY25 stands at 24.52%, ahead of Windlas at 12.38% and Syncom at 11.64%. In H1FY26, HLL's margin of 22.60% again sits between Ajanta at 25.57% and the smaller peers. Return ratios show a similar pattern. HLL reports a RoCE of 33.13% and RoNW of 26.11% in FY25, broadly aligned with Ajanta's 31.59% and 25.02%, and notably higher than Windlas at 16.96% and 12.76%, and Syncom at 18.47% and 15.69%. On efficiency, HLL maintained a lean inventory of 18 days in FY25, significantly lower than Ajanta at 68 days and Windlas at 34 days, while debtor days at 97 are higher than peers. Overall, HLL's margins, returns and inventory efficiency place it closer to the stronger performers in the peer set.

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