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MARC Insights Pharma Industry in Telangana

2025

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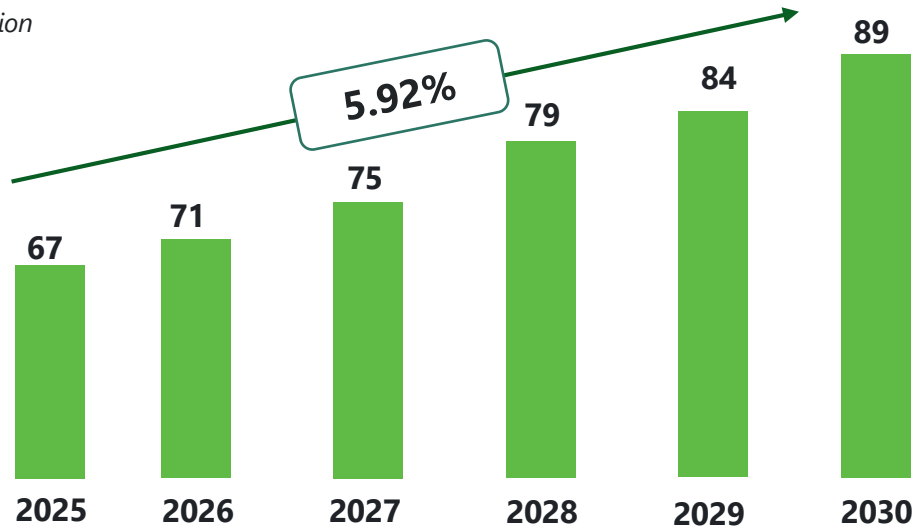
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Pharmaceutical Industry Overview – India

Snapshot of India's Pharmaceutical Industry

In USD billion



Indian Pharma industry is valued at 67 billion as of 2025, and expected to grow at a CAGR of 5.92% till 2030



India supplies **20%** of the global generic drug demand



India accounts for **60%** of the global vaccine supply

Strengths

Regulatory Compliance:

Over 4,000 FDA-approved plants are present in India

Export Powerhouse: Export to 200+ countries, including regulated markets

Cost-Effective Production:

India has one of the lowest production costs globally

Government Initiatives

Production-Linked Incentive (PLI) Scheme:

Promotes domestic API manufacturing

Ayushman Bharat: Expands healthcare coverage, boosting domestic demand

Jan Aushadhi Yojana:

Provides affordable generic medicines to the public, accelerating demand

Key Players



Geographical Distribution of sub segments



Telangana: Hyderabad is leading in API, formulations, and biopharmaceuticals, with a 40% share in India's API production. Telangana also houses Genome Valley, a global biotech hub



Maharashtra: Maharashtra is a major hub for formulations, CRAMS, and OTC products, housing global pharma giants and clinical trials. Mumbai and Pune have a significant presence in drug discovery and manufacturing



Gujarat: Gujarat is a leader in API production, generics, and packaging. Companies like Zydus Cadila and Sun Pharma are based here



Tamil Nadu: Tamil Nadu has a strong presence in MedTech, diagnostic equipment manufacturing, and nutraceuticals. Chennai is a growing hub for medical devices and health equipment



Karnataka: Bangalore is emerging as a hub for biotechnology, biopharmaceuticals, and digital health innovation, having increasing focus on digital healthcare solutions



Uttar Pradesh: Uttar Pradesh is a growing player in pharmaceutical retail, with manufacturing hubs in Noida and Lucknow for both APIs and OTC products



Delhi NCR: The NCR region contributes significantly to drug retailing, R&D, and pharmaceutical trade

Pharmaceutical Industry Overview – Telangana

State – Level Contribution

Telangana accounts for approximately **35%** of India's pharmaceutical production

Telangana contributes about **30-35%** of India's pharmaceutical exports

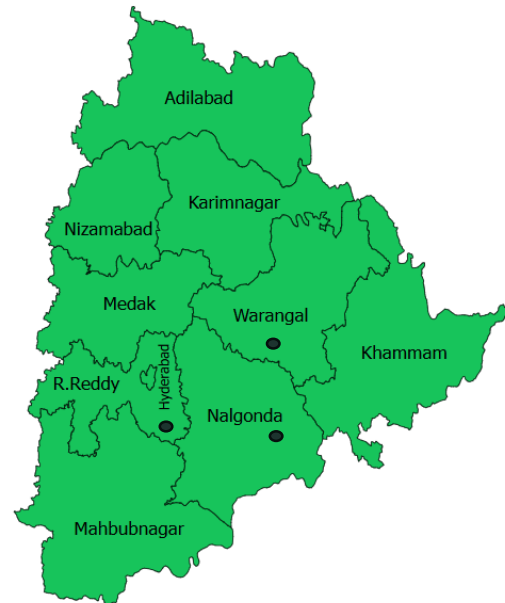
Telangana hosts approximately **600** pharmaceutical and medicine manufacturing companies

Key Regions

Warangal: Identified as a potential hub for pharmaceutical and industrial development, with plans for industrial parks to boost manufacturing

Nalgonda: Emerging industrial regions with pharmaceutical activity, supported by state incentives and infrastructure

Hyderabad: Capital of Telangana, the city houses numerous API manufacturers, and it has over 200 pharmaceutical companies



Opportunities



Collaborations with Research Institutes: Institutions like NIPER Hyderabad, IICT, and the University of Hyderabad are fostering innovation, creating opportunities for private-public partnerships and collaborative research



Vaccine Development: The state's growing role in vaccine production presents opportunities for further vaccine research and development, especially in emerging diseases and public health challenges



Logistics and Distribution: Telangana's robust infrastructure, including proximity to major ports and airports, creates opportunities for pharmaceutical logistics companies to develop efficient supply chain networks

Challenges



Intense Domestic and Global Competition: Telangana's pharmaceutical companies face fierce competition not only from other Indian states but also from global pharmaceutical hubs like China, and the U.S.



Patent Infringement: With the expansion of generic drug production, there is a growing concern about patent infringement and the protection of intellectual property

Government Initiatives & Schemes

Telangana State Industrial Project Approval and Self-Certification System

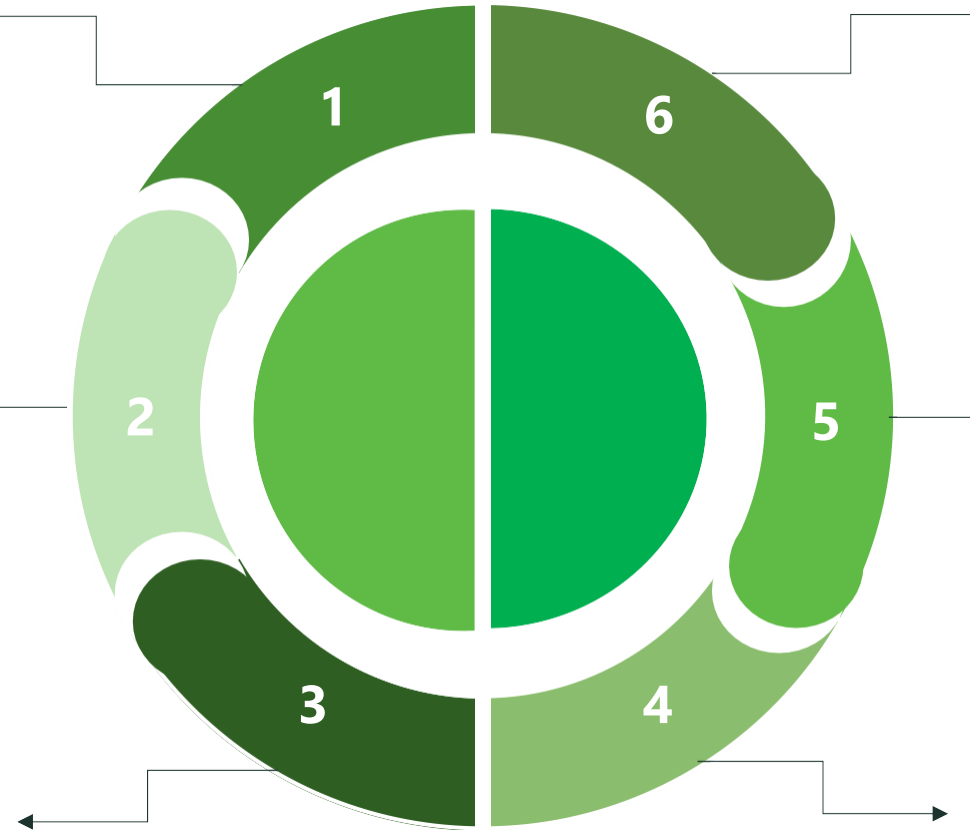
The TS-iPASS (Telangana State Industrial Project Approval and Self-Certification System) offers single-window clearance for pharmaceutical businesses. This system helps streamline the approval process for establishing manufacturing units, reducing bureaucratic delays and providing an efficient mechanism for rapid approvals.

Telangana Life Sciences Vision 2030

The Life Sciences Vision 2030 aims to make Telangana a \$100 billion life sciences hub by the year 2030, encompassing pharmaceuticals, biotechnology, and medical devices

Telangana Pharma Policy 2020-25

The Telangana government launched the Pharma Policy 2020-25 to accelerate the growth of the pharmaceutical sector and create a robust ecosystem for manufacturing, research, and exports



Intellectual Property (IP) Facilitation Scheme

The IP Facilitation Scheme supports pharmaceutical companies by offering patent filing assistance, IP awareness programs, and subsidized registration for patents, trademarks, and intellectual properties to protect innovations

Telangana Biotechnology Policy

The Telangana Biotechnology Policy promotes biotechnology growth, focusing on drug development, vaccines, and biosimilars through financial incentives, infrastructure development, and R&D support to boost biopharma innovation

Telangana Industrial Development Fund

The Telangana government has established the Telangana Industrial Development Fund to provide financial support to pharmaceutical startups and SMEs

Sub Segments Under Retail



Active Pharmaceutical Ingredients (APIs) and Intermediates: Telangana accounts for 35-40% of India's bulk drug production. Major API manufacturers like Divi's Laboratories and Dr. Reddy's Laboratories are based in Telangana



Biopharmaceuticals: Genome Valley, near Hyderabad, is a global hub for biopharmaceutical research and manufacturing. Companies like Bharat Biotech and Biological E are prominent players, especially in vaccines



MedTech and Diagnostics: Telangana has emerging clusters for medical devices and diagnostics, which includes diagnostic kits, surgical instruments, and wearable health devices. Supported by initiatives like the Medical Devices Park



Digital Health and E-Pharma: Telangana has witnessed the growth of digital healthcare platforms like Apollo Pharmacy and MedPlus, which integrate e-pharma solutions with retail



Over-the-Counter (OTC) Products: The state's pharma retail ecosystem supports a wide range of OTC products for domestic and export markets

Company Overview: Dr. Reddy's Laboratories

Company Profile

Dr. Reddy's Laboratories, incorporated in 1984, has 29 global offices worldwide. The company is known for manufacturing and marketing a wide range of pharmaceutical products,



Revenue

INR 27,916 Cr.



Headquarters

Hyderabad, India



Employees

21,000

Key Acquisitions

1. Acquired Haleon plc's global Nicotine Replacement Therapy (NRT) portfolio, including brands like Nicotinell, Nicabate, Habitrol, and Thrive, for £500 million (**2024**)
2. Acquired MenoLabs, a leading women's health and dietary supplement brand, from Amyris, Inc (**2024**)
3. Acquired Nimbus Health GmbH, a German medical cannabis distributor (**2022**)

Key Products

1. Generic Medicines: Dr. Reddy's is a major player in the generics market, with over 400 generics approved globally (**Atorvastatin, Omeprazole, Metoprolol Succinate**)
2. Active Pharmaceutical Ingredients: Supplies APIs for key therapeutic areas, including cardiovascular, anti-infectives, anti-diabetics, and oncology (**Naproxen, Ciprofloxacin**)
3. Biosimilars: Dr. Reddy's focuses on biosimilars in oncology and autoimmune diseases

Recent Developments

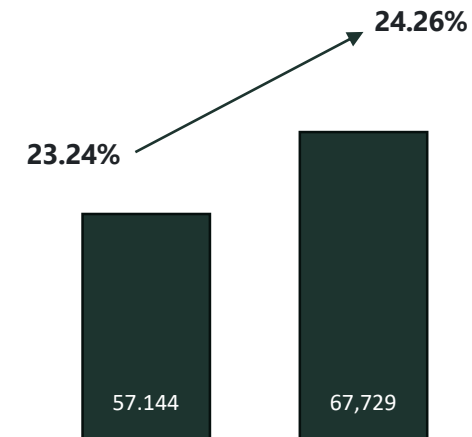
1. In collaboration with Senores Pharmaceuticals, Dr. Reddy's introduced Ivermectin Tablets USP, 3 mg, in the U.S. market (**Nov. 2024**)
2. Dr. Reddy's launched Toripalimab, an immunology drug for adults with recurrent or metastatic nasopharyngeal carcinoma (**Nov. 2024**)
3. In collaboration with MediCane Health, Dr. Reddy's launched medical cannabis products in Germany (**Nov. 2024**)

Financial Analysis - Dr. Reddy's Laboratories

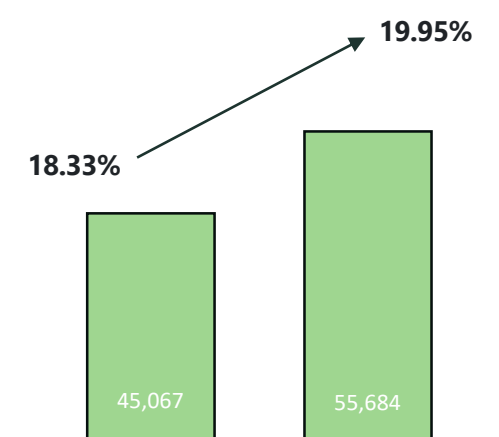
Income Statement

Particulars In INR Millions	Actuals		Common Size		Variance
	FY 24	FY23	FY 24	FY 23	
Revenue From Operations	279,164	245,879	100.00%	100.00%	13.54%
Cost of revenues	115,557	106,536	41.39%	43.33%	8.47%
Gross profit	163,607	139,343	58.61%	56.67%	17.41%
SG&A	77,201	68,026	27.65%	27.67%	13.49%
R&D	22,873	19,381	8.19%	7.88%	18.02%
Impairment of non-current assets	3	699	0.00%	0.28%	-99.57%
Other Operating (income) / expenses, net	(4,199)	(5,907)	-1.50%	-2.40%	-28.91%
Total operating expenses	95,878	82,199	34.34%	33.43%	16.64%
Operating income	67,729	57,144	24.26%	23.24%	18.52%
Finance expense / income, net	3,994	2,853	1.43%	1.16%	39.99%
Profit before income tax	71,870	60,367	25.74%	24.55%	19.06%
Income tax benefit/(expense)	(16,186)	(15,300)	-5.80%	-6.22%	5.79%
Profit for the year	55,684	45,067	19.95%	18.33%	23.56%

Operating Income Growth



Net Profit Growth



- The company's revenues increased from INR 245,879 million in 2023 to INR 279,164 million in 2024, reflecting a significant growth of 13.5%. This indicates an expanding market presence or increased sales volume.
- Gross Profit Increased by INR 24,264M (17.41%), reflecting efficient cost management and a stronger core business performance, this improvement is likely due to better cost management or a favorable change in the product mix, as the cost of revenue as a percentage of total revenue decreased from 43.33% to 41.39%
- Impairment of Non-Current Assets declined significantly by INR 696M (-99.57%), reflecting lower write-offs compared to 2023
- SG&A Expenses and R&D Expenses increased by 13.49% and 18.02% respectively which is aligned with revenue growth and continued investment in innovation
- The company's net profit for the year grew to 19.95%, reflecting a solid bottom-line improvement, supported by higher revenues and efficient cost management

Financial Analysis - Dr. Reddy's Laboratories

Balance Sheet

Particulars In INR Millions	Actuals		Common Size		Variance
	FY 24	FY23	FY 24	FY 23	
ASSETS					
Non - Current Assets					
Property, plant and equipment	51,094	47,379	16.83%	18.67%	7.84%
Capital work-in-progress	11,719	8,991	3.86%	3.54%	30.34%
Goodwill	853	853	0.28%	0.34%	0.00%
Other intangible assets	24,335	23,974	8.02%	9.45%	1.51%
Investments	32,027	31,422	10.55%	12.38%	1.93%
Loans	617	11	0.20%	0.00%	5509.09%
Other financial assets	919	533	0.30%	0.21%	72.42%
Other non-current assets	709	156	0.23%	0.06%	354.49%
Total Non Current Assets	125,434	115,865	41.32%	45.66%	8.26%
Current assets					
Inventories	40,189	30,430	13.24%	11.99%	32.07%
Investments	41,179	42,978	13.56%	16.94%	-4.19%
Trade receivables	46,239	42,889	15.23%	16.90%	7.81%
Derivative instruments	165	715	0.05%	0.28%	-76.92%
Cash and cash equivalents	2,014	1,123	0.66%	0.44%	79.34%
Other bank balances	10,155	5,335	3.34%	2.10%	90.35%
Other financial assets	22,078	2,224	7.27%	0.88%	892.72%
Other current assets	16,140	12,189	5.32%	4.80%	32.41%
Total current assets	178,159	137,883	58.68%	54.34%	29.21%
Total assets	303,593	253,748	100.00%	100.00%	19.64%
EQUITY AND LIABILITIES					
Equity					
Equity share capital	834	833	0.27%	0.33%	0.12%
Other equity	241,574	203,909	79.57%	80.36%	18.47%
Liabilities					
Non-current liabilities					
Lease liabilities	495	286	0.16%	0.11%	73.08%
Provisions	93	79	0.03%	0.03%	17.72%
Deferred tax liabilities, net	4,161	3,392	1.37%	1.34%	22.67%
Other non-current liabilities	1,055	852	0.35%	0.34%	23.83%
Total Non Current Liabilities	5,804	4,609	1.91%	1.82%	25.93%
Current liabilities					
Borrowings	7,100	6	2.34%	0.00%	118233.33%
Lease liabilities	334	216	0.11%	0.09%	54.63%
Trade Payables	20,448	17,645	6.74%	6.95%	15.89%
Derivative instruments	290	135	0.10%	0.05%	114.81%
Other financial liabilities	17,023	15,369	5.61%	6.06%	10.76%
Provisions	3,283	3,052	1.08%	1.20%	7.57%
Other current liabilities	6,903	7,974	2.27%	3.14%	-13.43%
Total Current Liabilities	55,381	44,397	18.24%	17.50%	24.74%
Total equity and liabilities	303,593	253,748	100.00%	100.00%	19.64%

Insights

- Total Assets increased by INR 49,845M (19.64%), reflecting robust growth across key components like Capital Work-in-Progress, Loans, and Other Non-Current Assets
- Loans jumped by INR 606M (5509.09%), suggesting significant advances
- Borrowings increased significantly by INR 7,094M (118233.33%), reflecting short-term funding needs
- Derivative Instruments increased by INR 155M (114.81%), reflecting changes in hedging positions
- The Cash Conversion Cycle (CCC) of 122.08 days (FY 24), indicates that the company's working capital is tied up for a significant period, indicating potential liquidity constraints
- Equity growth reflects robust profitability, while liabilities show an increase in borrowings and payables to support operational and strategic needs
- The company has a positive working capital of ₹122,778 (FY 24), indicating that it has sufficient short-term assets to cover its short-term liabilities

Company Overview: Aurobindo Pharma

Company Profile

Aurobindo Pharma, incorporated in 1986, is a global pharmaceutical company that manufactures and sells generic and branded drugs, as well as active pharmaceutical ingredients (APIs)



Revenue

INR 28,704 Cr.



Headquarters

Hyderabad, India



Employees

37,000

Key Acquisitions

1. Aurobindo Pharma acquired the remaining 49% stake in GLS Pharma Ltd for Rs 22.5 crore, making it a wholly-owned subsidiary (**2024**)
2. Aurobindo Pharma entered the Indonesian market by acquiring 15 formulation brands from Viartis Inc. and Pfizer Inc. for \$48 million (**2023**)
3. Aurobindo Pharma acquired Portugal's Generis Farmacêutica SA from Magnum Capital Partners for €135 million (**2022**)

Key Products

1. Generic Medicines: Aurobindo Pharma specializes in high-quality generic medications for various therapeutic areas (**Atorvastatin, Losartan, Metformin**)
2. Injectable Products: Aurobindo Pharma has a robust portfolio of injectable products catering to hospitals (**Vancomycin, Enoxaparin**)
3. Biosimilars: Aurobindo Pharma focuses on biosimilars in oncology, rheumatology and autoimmune diseases (**Bevacizumab, Pegfilgrastim**)

Recent Developments

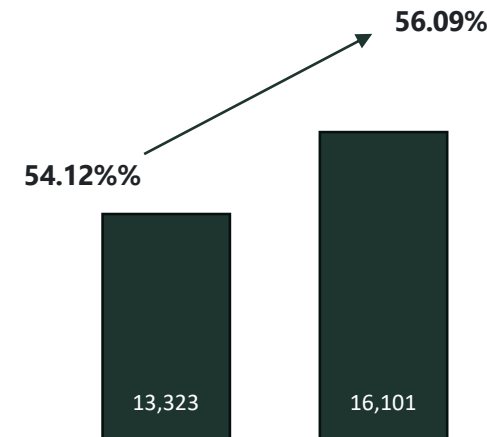
1. Aurobindo Pharma Limited has received final approval from the U.S. FDA for its Abbreviated New Drug Application Tretinoin Gel USP, 0.01% (**Jan. 2025**)
2. Aurobindo Pharma received final approval from the U.S. Food and Drug Administration (FDA) for Deutetrabenazine Tablets (**Dec. 2024**)
3. CuraTeQ Biologics, a subsidiary of Aurobindo Pharma, received approval from the UK's Medicines and Healthcare products Regulatory Agency (MHRA) for Bevacizumab, a biosimilar used in cancer treatment (**Dec. 2024**)

Financial Analysis – Aurobindo Pharma

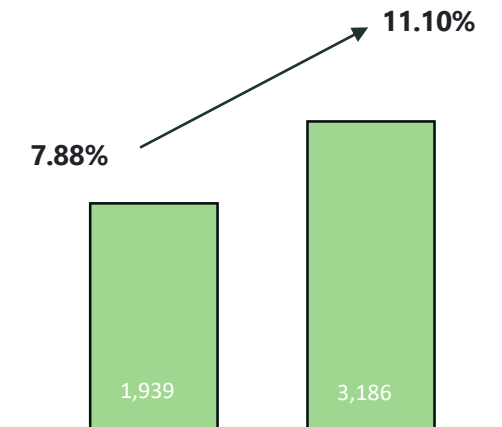
Income Statement

Particulars In INR Cr.	Actuals		Common Size		Variance
	FY 24	FY23	FY 24	FY 23	
Revenue From Operations [Gross]	28,704.50	24,617.13	100.00%	100.00%	16.60%
Cost of Revenues	12,602.90	11,293.26	43.91%	45.88%	11.60%
Gross Profit	16,101.60	13,323.87	56.09%	54.12%	20.85%
Other Income	854.75	528.84	2.98%	2.15%	61.63%
Employee Benefit Expenses	3,922.94	3,522.25	13.67%	14.31%	11.38%
Finance Costs	289.71	140.48	1.01%	0.57%	106.23%
Depreciation And Amortisation Expenses	1,521.66	1,244.58	5.30%	5.06%	22.26%
Other Expenses	6,633.03	6,321.23	23.11%	25.68%	4.93%
Total Expenses	12,367.34	11,228.54	43.09%	45.61%	10.14%
Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax	4,589.01	2,624.17	15.99%	10.66%	74.87%
Exceptional Items	-191.86	0.00	-0.67%	0.00%	-
Profit/Loss Before Tax	4,397.15	2,624.17	15.32%	10.66%	67.56%
Tax Expenses-Continued Operations			0.00%	0.00%	-
Total Tax Expenses	1,211.02	684.85	4.22%	2.78%	76.83%
Profit/Loss For The Period	3,186.13	1,939.32	11.10%	7.88%	64.29%

Gross Profit Growth



Net Profit Growth



- Revenue from operations increased by 16.60%, indicating robust business expansion and higher sales performance in FY 24 compared to FY 23
- Gross profit grew by 20.85%, and the gross profit margin improved from 54.12% to 56.09%, showcasing better cost control and operational efficiency
- Other income surged by 61.63%, which is a positive contribution to overall profitability, reflecting better non-core income generation
- Finance costs increased drastically by 106.23%, suggesting higher debt levels or increased interest payments, which should be monitored for financial risk
- Despite the rise in expenses like employee benefits (+11.38%) and depreciation (+22.26%), the company has effectively managed costs, with total expenses increasing by only 10.14%, which is lower than the revenue growth rate
- Profit before tax (PBT) saw a substantial increase of 67.56%, highlighting a major improvement in profitability and operational performance for the company

Financial Analysis – Aurobindo Pharma

Balance Sheet

Particulars In INR Millions	Actuals		Common Size		Variance
	FY 24	FY23	FY 24	FY 23	
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	58.59	58.59	0.13%	0.15%	0.00%
Reserves and Surplus	29784.21	26781.26	66.08%	67.14%	11.21%
Total Shareholders Funds	29842.8	26839.85	66.21%	67.28%	11.19%
Minority Interest	8	12	0.02%	0.03%	-33.33%
NON-CURRENT LIABILITIES					
Long Term Borrowings	2134.9	618.96	4.74%	1.55%	244.92%
Deferred Tax Liabilities [Net]	356.56	389.61	0.79%	0.98%	-8.48%
Other Long Term Liabilities	304.42	363.07	0.68%	0.91%	-16.15%
Long Term Provisions	225.7	172.72	0.50%	0.43%	30.67%
Total Non-Current Liabilities	3021.58	1544.36	6.70%	3.87%	95.65%
CURRENT LIABILITIES					
Short Term Borrowings	4180.32	4242.56	9.27%	10.64%	-1.47%
Trade Payables	4454.16	3871.31	9.88%	9.70%	15.06%
Other Current Liabilities	3307.86	3179.38	7.34%	7.97%	4.04%
Short Term Provisions	256.79	200.53	0.57%	0.50%	28.06%
Total Current Liabilities	12199.13	11493.78	27.07%	28.81%	6.14%
Total Capital And Liabilities	45071.51	39889.99	100.00%	100.00%	12.99%
ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	11545.51	7995.38	25.62%	20.04%	44.40%
Intangible Assets	2352.13	2432.24	5.22%	6.10%	-3.29%
Capital Work-In-Progress	2739.39	4496.4	6.08%	11.27%	-39.08%
Intangible Assets Under Development	1129.33	893.61	2.51%	2.24%	26.38%
Fixed Assets	17766.36	15817.63	39.42%	39.65%	12.32%
Non-Current Investments	94.78	391.74	0.21%	0.98%	-75.81%
Deferred Tax Assets [Net]	1212.64	677.49	2.69%	1.70%	78.99%
Long Term Loans And Advances	226.87	5.57	0.50%	0.01%	3973.07%
Other Non-Current Assets	970.08	855.82	2.15%	2.15%	13.35%
Total Non-Current Assets	20865.88	18344.32	46.30%	45.99%	13.75%
CURRENT ASSETS					
Current Investments	50.58	151	0.11%	0.38%	-66.50%
Inventories	9808.23	8511.23	21.76%	21.34%	15.24%
Trade Receivables	4816.74	4466.38	10.69%	11.20%	7.84%
Cash And Cash Equivalents	6278.3	6084.2	13.93%	15.25%	3.19%
Short Term Loans And Advances	12.86	12.43	0.03%	0.03%	3.46%
Other Current Assets	3238.92	2320.43	7.19%	5.82%	39.58%
Total Current Assets	24205.63	21545.67	53.70%	54.01%	12.35%
Total Assets	45071.51	39889.99	100.00%	100.00%	12.99%

Insights

- The company's Shareholder's Funds have increased by 11.19%, primarily driven by an increase in Reserves and Surplus (up by 11.21%). This reflects the company's ability to generate and retain profits for reinvestment, which strengthens its equity position
- Long-term borrowings have increased significantly by 244.92%, indicating the company has taken on additional debt for long-term financing
- There has been a massive increase of 3973.07% in Long Term Loans and Advances compared to FY 23. This dramatic growth indicates that the company has significantly increased its lending or advances to third parties, subsidiaries, or other entities
- A positive working capital of ₹12,006.50 million (FY 24) indicates that the company has sufficient short-term assets to cover its short-term liabilities, which is a good sign of liquidity and operational efficiency
- The Cash Conversion Cycle (CCC) for FY 24 is 215.49 days which is relatively long indicating that the company is taking more than 7 months to turn its investments in inventory and receivables into cash

KPI's of Pharmaceutical Industry in Telangana



Approved Facilities

200+ U.S. FDA-approved manufacturing facilities



Industrial Units

600+ pharmaceutical and life sciences companies



Manufacturing Capacity

50 billion doses annually



Vaccine Production

30% of global vaccine output



Export Contribution

40% of India's pharmaceutical exports



Clinical Trials

Telangana supports 50% of clinical trials in India



Number of Patents Filed

25% of India's total pharmaceutical patents



International Market Revenue

50% of total revenue for major companies comes from international markets



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