

Quote by Nilaya Varma, Group Chief Executive officer and Cofounder, Primus Partners

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Price erosion weakens pharma's US prescription

Pricing pressure in a key cancer drug, coupled with a steep rise in March shipments to the US ahead of potential tariffs, has led to a mixed performance for top drug exporters to the US in Q1FY26. Pharmaceutical majors like Dr Reddy's Laboratories, Cipla, and Aurobindo Pharma have posted a fall in US exports.

SOHINI DAS & ANJALI SINGH
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Pricing pressure in a key cancer drug, coupled with a steep rise in March shipments to the US ahead of potential tariffs, has led to a mixed performance for top drug exporters to the US in the first quarter (Q1) of 2025-26 (FY26).

Pharmaceutical (pharma) companies like Dr Reddy's Laboratories, Cipla, and Aurobindo Pharma have posted a fall in exports to the US, primarily due to price erosion in key products. Meanwhile, Sun Pharmaceutical Industries posted a modest 1.5 per cent growth, while Zydus Lifesciences posted a 3 per cent year-on-year growth. In contrast, companies like Lupin, Torrent Pharmaceuticals, and Alembic Pharmaceuticals have posted strong double-digit growth, riding on launches in the market.

A Mumbai-based pharma analyst said, "Price erosion in generic Revlimid is one of

the factors behind the fall in US revenues for some companies. Moreover, shipments to the US had grown in March as well in anticipation of potential tariffs. We don't see any systemic issues with US exports in Q1."

Some analysts expect the pricing competition to be long term. Nilaya Varma, group chief executive officer (CEO) and co-founder, Primus Partners, said, "Several Indian pharma companies experienced subdued growth in North America in Q1FY26, primarily because of the continued price erosion in the US generics market." Apart from fewer high-value launches, inventory rationalisation by US distributors and regulatory delays further exacerbated the slowdown.

Varma felt this was more "structural erosion". Over the past few years, buyer consolidation — essentially three major buying groups controlling over 90 per cent of the US market — has squeezed supplier margins. Plus, there is an oversupply in several molecules, suggesting that low pricing



Bitter pill

Q1FY26 North America formulation sales

Dr. Reddy's Laboratories	408.6	-11.00
Cipla	226.0	-9.60
Sun Pharma	473.0	1.50
Lupin	282.0	24.30
Aurobindo	408.0	-4.30
Torrent Pharma	36.0	16.00
Alembic	62.6	13.00
Gland	85.9	-5.00
Zydus Lifesciences	372.0*	3.00

*In constant currency terms Source: Companies

and high competition are long-term challenges, not temporary ones, Varma said. Firms are thus prepping for fresh launches, more so in complex products.

Zydus, which draws 49 per cent of its consolidated revenues from the US market, is expanding its presence in the specialty space and enhancing its focus on

paediatric rare diseases. It launched three products in the US in Q1 and received approval for six more during the quarter.

Sun Pharma is doubling down on its specialty portfolio too — now rebranded as "innovative medicines". It draws 29 per cent of its consolidated revenues from the US, and Chairman and Managing Director (MD) Dilip Shanghvi said that the US launch of Leqselvi will be a growth driver. It represents an important step forward, offering a new treatment option for patients with severe alopecia areata.

Complex generics and specialty products offer higher margins and regulatory protection, but they remain a small part of most Indian pharma revenue streams.

"While firms like Dr Reddy's and Lupin are making strides in inhalers, injectables, and biosimilars, these products are still scaling. The commercial impact is significant but not large enough to offset broader erosion in base generics," Varma said.

Erez Israeli, CEO of Dr Reddy's, said

they are witnessing low-level price erosion in their base business, consistent with the trend over the past few quarters.

"The timing of Revlimid's taper over the next two quarters is a bit unpredictable, but we have strong traction in our pipeline and are focused on taking additional market share," said Umang Vohra, MD and global CEO, Cipla.

Fresh launches have helped companies like Lupin and Torrent grow. Ten launches are expected in FY26 by Torrent Pharma, with some of them being Day One launches. Esomeprazole was the biggest launch in Q1FY26. However, the US business is not yet profitable.

Sudhir Menon, chief financial officer and executive director of finance at Torrent, said in an after-earnings call: "The US business is not yet profitable after research and development, but the trajectory is positive. Quarter-on-quarter losses are reducing, and we expect a stronger contribution to overall as launches gain traction."