

Quote by Shravan Shetty, Managing Director, Primus Partners

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Pharma stocks rise as US considers exempting generics from tariffs



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Article Content:

Indian pharmaceutical shares gained on Thursday, with the Nifty Pharma index rising 1.05 per cent amid reports that the United States is considering exempting generic medicines from potential new tariffs.

Among major gainers, Aurobindo Pharma led the rally, surging 4.49 per cent to Rs 1,118.9, followed by Lupin, which climbed 2.73 per cent to Rs 1,957.6. Piramal Pharma rose 2 per cent to Rs 197.6, while Sun Pharma advanced 1.65 per cent to Rs 1,658.5, and Cipla added 1.26 per cent to reach Rs 1,513.4. Laurus Labs, Biocon, and Dr Reddy's Laboratories also ended higher.

On the other hand, a few frontline stocks witnessed mild profit-booking – Gland Pharma slipped 0.61 per cent, Abbott declined 0.71 per cent, and Ipca Laboratories edged down 0.98 per cent.

According to a Wall Street Journal report, the US administration is weighing the exclusion of generics from the list of tariffed goods, though the proposal is not yet final and could still change based on ongoing internal deliberations.

The report added that US President Donald Trump's administration is also exploring alternative measures such as federal grants or loans to encourage domestic production of critical generic medicines, aiming to reduce reliance on foreign suppliers, including India.

The report further noted that the administration has been considering levying duties on a broad range of pharmaceutical products and ingredients under a Section 232 investigation of the Trade Expansion Act of 1962, which addresses potential national security threats.

Last month, President Trump announced plans to impose 100 per cent tariffs on branded drugs starting October 1, though generic medicines were not mentioned in his statement. The move was later put on hold, with officials saying the administration wanted to allow more time for negotiations with drugmakers.

The new development has buoyed investor sentiment across Indian drugmakers, many of whom derive a significant portion of their revenues from the US market.

Analysts said the market responded positively to indications that Washington may avoid adding new trade barriers for low-cost medicines.

Shravan Shetty, managing director, Primus Partners, said India's generic pharmaceutical exports to the US, worth around \$10 billion, represent a significant portion of revenues for domestic pharma companies. "The news that generics may be exempted from new tariffs will safeguard this revenue stream," he said.

"The market gain is also a correction from the fall we saw over the last few weeks, and there is further scope for upside as adoption of generics rises due to the widening price differential between branded and generic drugs in the US."