

Pharma companies worried as exports to Russia, Ukraine may get hit

Synopsis

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The [Russia-Ukraine crisis](#) and sanctions against [Russia](#) by many western countries including the US may cause some damage to Indian [pharmaceutical exports](#), executives of pharma industry told ET.

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Dr Reddy's and Sun Pharma, which have significant front-end presence in both Russia and [Ukraine](#), said they are closely monitoring the situation, adding that their primary focus at the moment is to ensure safety of employees.

"Ensuring the well-being of our staff is the first and foremost priority, along with meeting patient needs and business continuity," said a spokesperson at Dr Reddy's that has had a presence in the region for more than three decades. "We have been monitoring developments closely and preparing accordingly."

India's largest drug maker Sun Pharma, which has presence in both the countries, said it is "hoping for the best outcome". "We are in constant touch with our employees in both countries and they are safe," a company spokesperson said.

India had exported pharmaceuticals worth \$591 million to Russia and worth \$182 million to Ukraine in 2020-21, as per Pharmaceuticals Export Promotion Council (Pharmexcil) under the commerce department. Dinesh Dua, former chairman of Pharmexcil and CEO of Nectar Lifesciences, said the impact on pharmaceutical exports may not be huge. However, if the sanctions against Russia by the West escalate, then the industry may find it hard to do any business there, he said.

Indian drug makers had similar problems with Iran and Venezuela in the past. "In Iran we couldn't transact business for a very long time," Dua said. "Russia business may possibly become like that."

Russia accounts for 2.4% of total pharmaceutical exports from the country while Ukraine has a share of 0.74%. India exported pharmaceuticals worth \$24.5 billion in FY21. Revenues from Russia for Dr Reddy's was about ₹1,580 crore, or 8.5% of its total revenues, in FY21. It is also among top 10 [pharma companies](#) in Ukraine.