



**SIDVIM**  
LIFESCIENCES PVT. LTD.



# Sidvim Lifesciences Position Paper

Analysis of Import Price  
(Time Period : 2018 to 2024)





## Disclaimer

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# Agenda

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- Price Analysis
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  - [Objective And Methodology](#)
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- [Advance Intermediates Pricing](#)
- [Fermentation and Semi-synthetic reagent Pricing](#)
- [Commodity Pricing](#)
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# Background and context

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- **Care rating report<sup>1</sup>:** According to a report by Care Ratings, bulk drug imports from China have increased from 62 per cent to 75 per cent in the past nine years. The report was published in 2023, and since we started tracking imports from China, the prices and volumes of various categories of raw materials imported from China to India have changed.
- **Surge in Import Volumes:** There has been a notable rise in the volume of pharmaceuticals imported from China, partly driven by the high demand for low-priced active pharmaceutical ingredients (APIs) globally, and India is not an exception.
- **COVID-19 Impact:** The pandemic highlighted the reliance on China for the supply of essential medications and intermediates required for API manufacturing, prompting discussions about supply chain security. The industry began to discuss the China+1 policy more prominently. Western countries are exploring alternative sourcing options to reduce their dependency on China for critical drugs. The PLI scheme of the Government of India is perhaps a result of this thought process.
- **Trade Relations:** Ongoing trade tensions between the U.S. and China have impacted tariffs and import regulations, influencing the pharmaceutical trade landscape. This will be an interesting aspect to monitor and will definitely affect prices.
- **Environmental Regulations:** Increased focus on environmental practices in pharmaceutical manufacturing in China, affecting production costs and import prices.
- **Technological Advancements:** Chinese pharmaceutical companies have invested in technology and modern manufacturing processes to enhance efficiency and comply with international standards. Technological improvements could reduce these companies' manufacturing costs and lower prices compared to Indian and European manufacturers.
- **Market Penetration Strategies:** Chinese drug manufacturers are increasingly engaging in partnerships and joint ventures with global pharmaceutical firms to enhance market access. The Indian government is also easing its China policy, which could pave the way for Chinese investment and impact the pricing of drugs and intermediates.
- This will be an interesting space to watch, and our report will cover all these aspects in the coming quarters.

<sup>1</sup>News about Care Rating Report is [here](#)



# Price Analysis : Objective And Methodology

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## **Objective:**

- To analyse price changes in the various categories of chemicals in last five years.
- Categories included for our analysis are :
  - Early-stage intermediates
  - Advance stage intermediates
  - Fermentation and semi-synthetic products
  - Commodities
  - Solvents

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## **Methodology:**

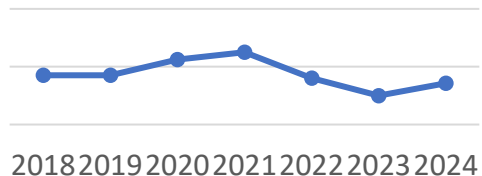
- The import-export database has been used to collate pricing information
- For the majority of this assessment, import prices have been used, while export prices were considered in specific cases.
- Price analysis has been conducted for approximately 40 imported chemicals used in the pharmaceutical industry across various categories. Relevant and meaningful information regarding import prices for these 40 items will be captured every month or quarter, and the indices will be adjusted based on the available data.
- The median prices are considered for the calculations.
- This document analyses prices for 2024.



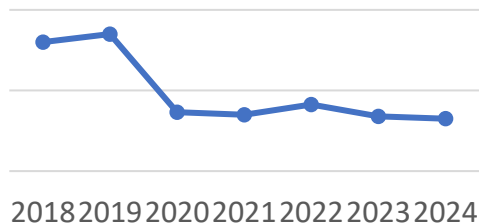
# Though intermediate prices have shown a significant dip since 2019, the trend continues; selective intermediates' prices are increasing

- Intermediate prices are below 2018-2019 levels. Prices are continuing a downtrend.
- For this document, intermediates are chemicals used in the early stages of API manufacturing.
- Typically, these intermediates are used in large volumes.
- According to Sidvim's business intelligence and database information, many Indian sources are available for these intermediates, but many are still imported from China. HEEP is an exception; it is exported to China!
- Source changes for these intermediates would be straightforward for regulatory markets. Of course, this should be assessed on a case-by-case basis.
- Though the overall trend is down, the prices of a couple of intermediates have increased in 2024. Is this an early sign of recovery? This needs to be investigated.

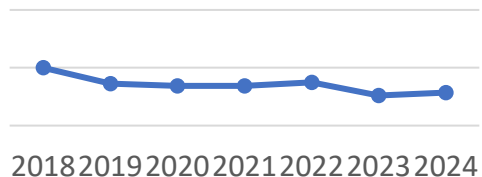
Thiophene-2-ethanol-  
Price (\$/Kg)



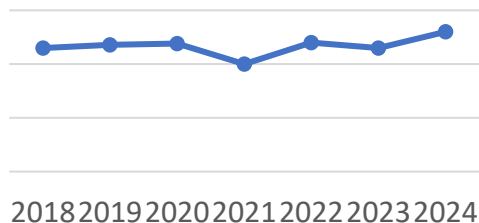
DCC -Price (\$/Kg)



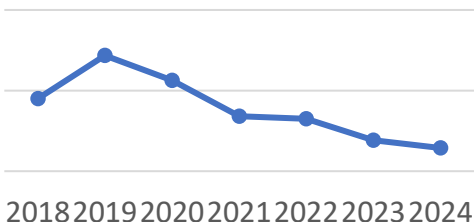
L-Lysine-acetate -Price  
(\$/Kg)



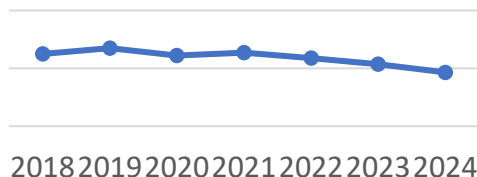
HEEP-Price (\$/Kg)



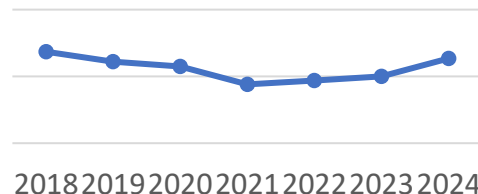
OTBN-Price (\$/Kg)



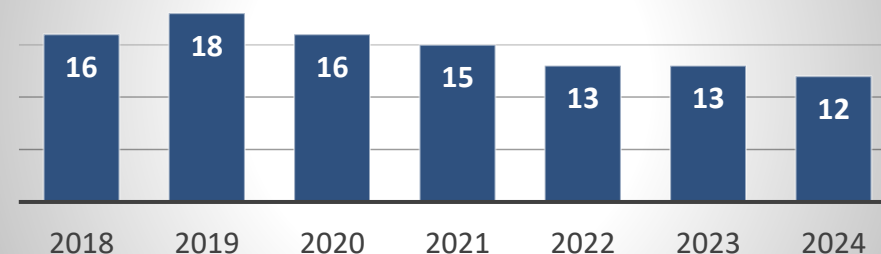
Setraline tetralone-Price  
(\$/Kg)



3,3-Dimethyl acrylic acid-  
Price (\$/Kg)



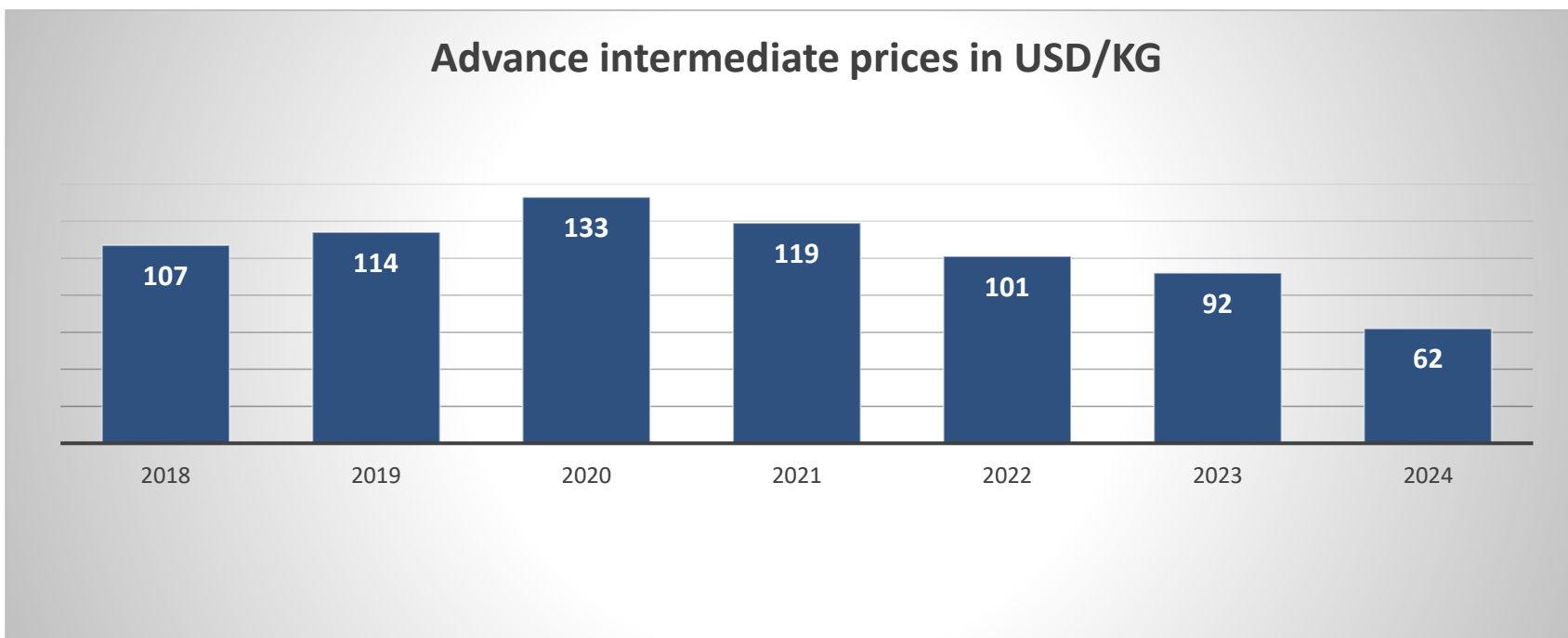
Intermediate prices in USD/KG





# Prices for advanced intermediates are trending south; the price reduction is about ~30% in 2024 (1/2)

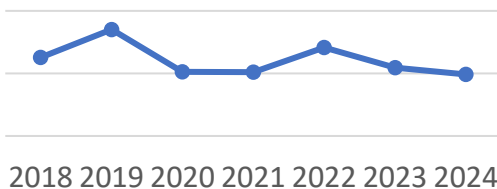
- Ten intermediates have been identified for this analysis. The prices of advance intermediates are below the 2020-2021 peak prices.
- The downtrend in advanced intermediate commodities continues in 2024. In some cases, prices have decreased by 30-40%.
- In this document, advanced intermediates refer to those used at later stages of API manufacturing. Manufacturers do not necessarily classify them as KSMs.
- These intermediates are part of the API molecule and generally require good documentation from the suppliers.
- For supply in stringent regulatory markets, these suppliers' facilities should, in principle, be auditable.
- Changing the source for these intermediates may be challenging and resource-intensive.



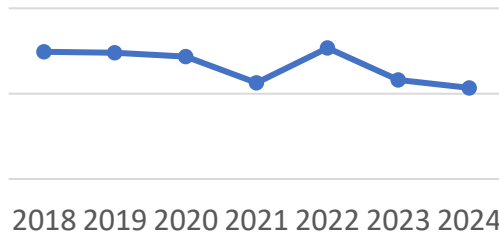


# Prices for advanced intermediates are trending south; the price reduction is about ~30% in 2024 (2/2)

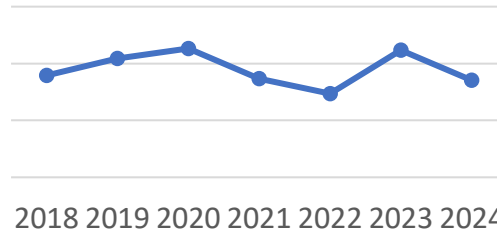
Meta bromo anisole-Price (\$/Kg)



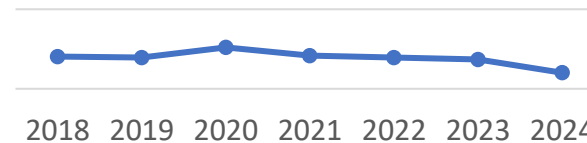
MAEM/MICA -Price (\$/Kg)



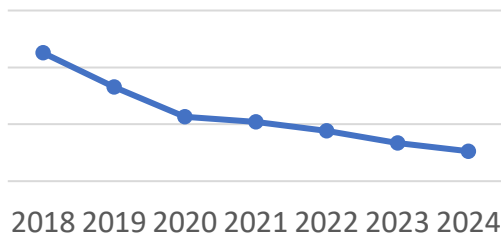
SMIA-Price (\$/Kg)



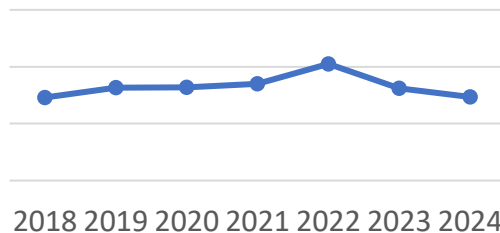
(1R,2R)-1,2-CYCLOHEXANEDIMETHANOL Price (\$/Kg)



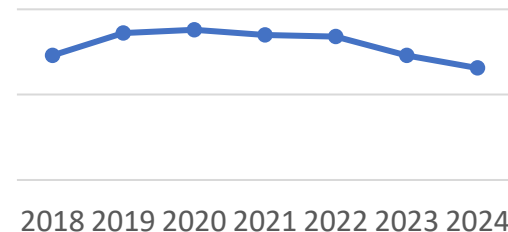
3-RAB-Price (\$/Kg)



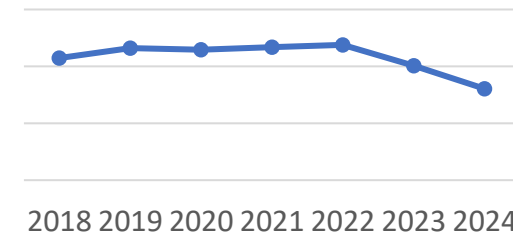
MCA-Price (\$/Kg)



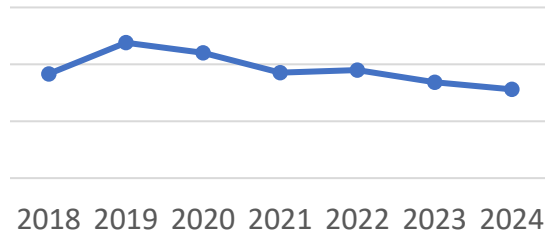
Z-7-Price (\$/Kg)



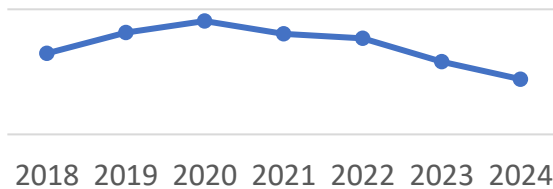
Cipro Q acid-Price (\$/Kg)



ATS-8 Price (\$/Kg)



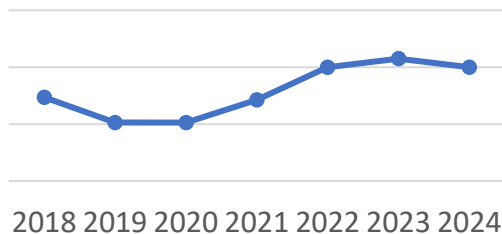
3,4-DIFLUORO NITROBENZENE -Price (\$/Kg)



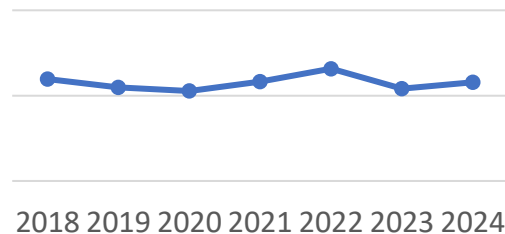


# Prices of fermentation, semi-synthetic, and animal-origin products continued to show strength compared to chemically synthesized products

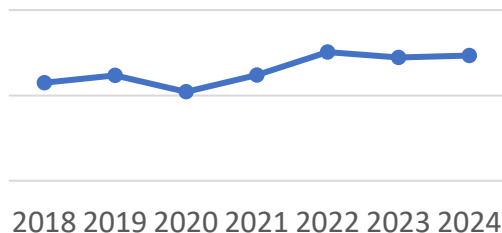
6-APA-Price (\$/Kg)



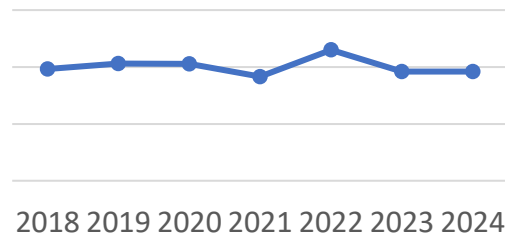
7-ACA -Price (\$/Kg)



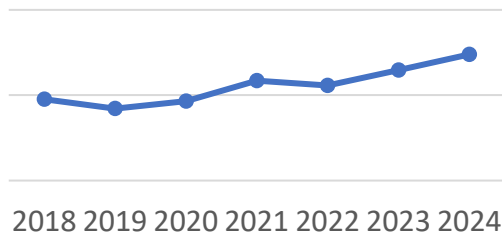
Erythromycin -Price (\$/Kg)



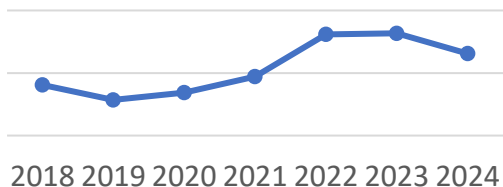
Rifa S-Price (\$/Kg)



Cholesterol-Price (\$/Kg)

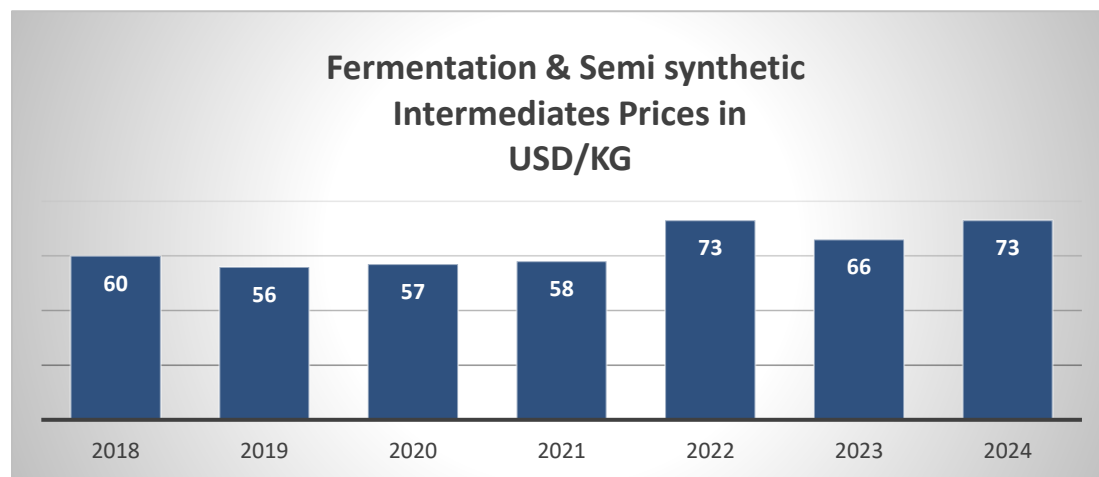


Penicillin G Potassium-Price (\$/Kg)



- Six fermentation and semi-synthetic products were identified for analysis.
- These products rely on fermentation, which entails very high energy costs.
- Most of these products are part of the PLI scheme, yet prices still do not reflect the effect of PLI; perhaps it is too early.
- One might notice a significant price impact once Indian companies begin producing these intermediates commercially under the PLI scheme.
- Prices for products 7-ACA increased in CY 2024. This should eventually be reflected in the prices of cephalosporins. 6-APA prices are showing signs of slight weakness, which could lower the prices of amoxicillin and ampicillin.

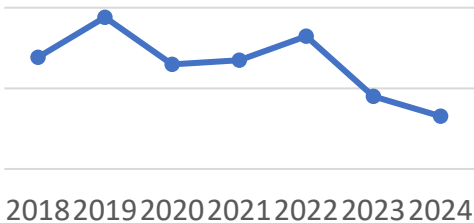
Fermentation & Semi synthetic Intermediates Prices in USD/KG



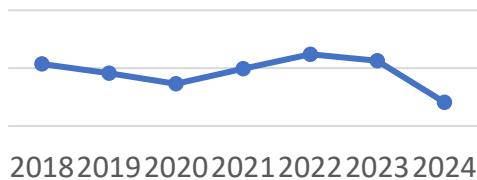


# Commodity prices are lower than their peak in CY-22, but some are showing signs of a slight recovery in CY 2024

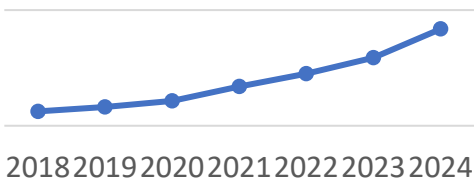
Malonic acid-Price (\$/Kg)



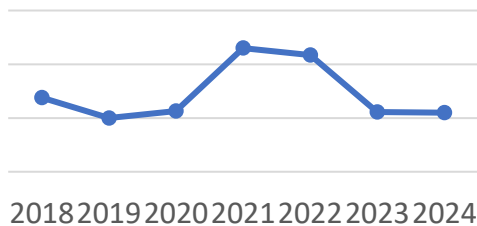
Phthalic anhydride-Price (\$/Kg)



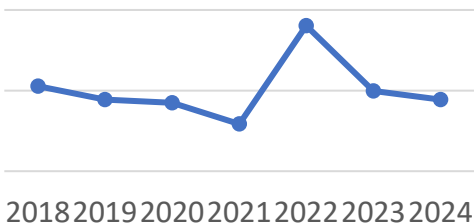
1,2,3-Trichloro Benzene-Price (\$/Kg)



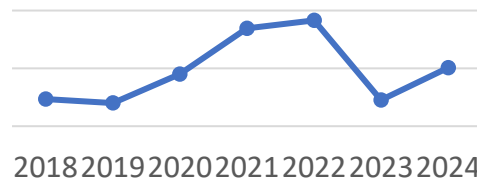
PNCB-Price (\$/Kg)



DCDA-Price (\$/Kg)

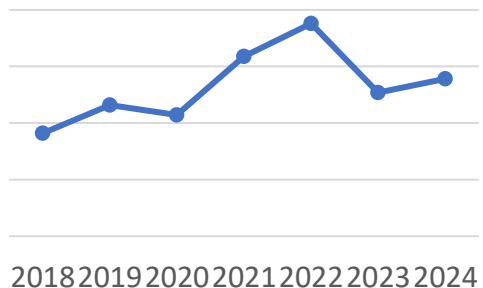


Maleic anhydride-Price (\$/Kg)

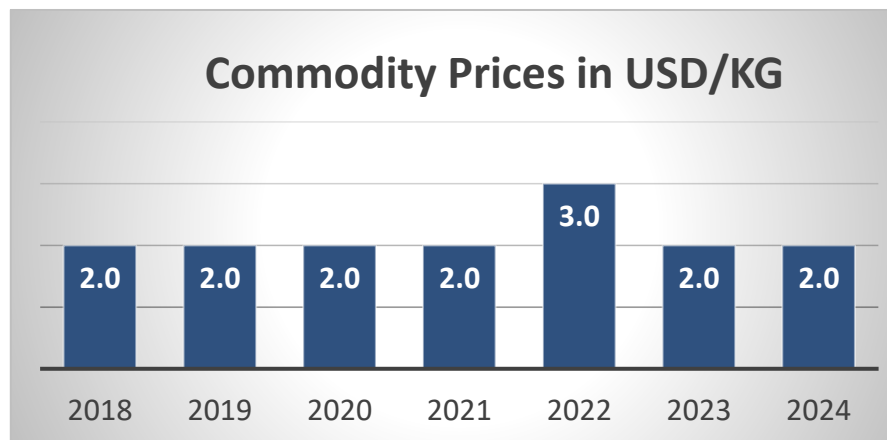


- Commodity prices were range-bound over the last 24 months, which presents a mixed bag. Products like Malonic Acid and Phthalic anhydride are in a downtrend, while some are trending upward, and others remain steady.
- PNCB and DCDA prices have remained steady for the last 12 months, and hence, paracetamol and metformin prices should have remained steady for the last 3-4 quarters.
- For this document, commodity items are defined as chemicals, which are very basic chemicals synthesised from crude oil or manufactured using specific technology.
- Generally, these chemicals have multiple applications in other areas of the chemical business.
- As per business intelligence, most of these chemicals are in excess supply; this is the buyers' market.
- These, or at least most of these commodity chemicals, do not have an economical Indian substitute and are hence imported from China.

L-Lysine HCL-Price (\$/Kg)



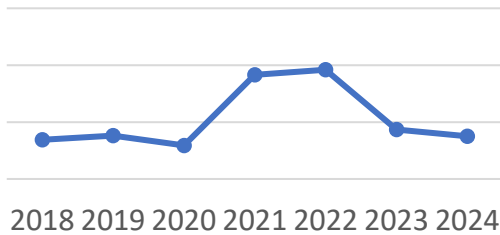
Commodity Prices in USD/KG



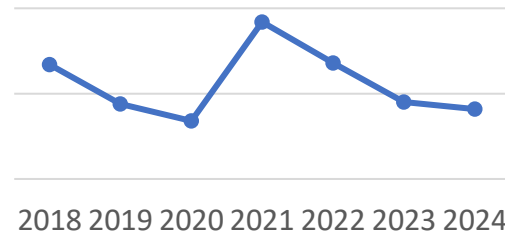


# Despite the rupee's weakening, prices of most solvents have decreased in CY 2024 in rupee terms

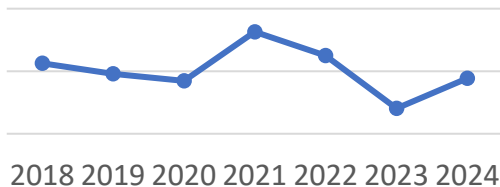
DMF-Price (\$/Kg)



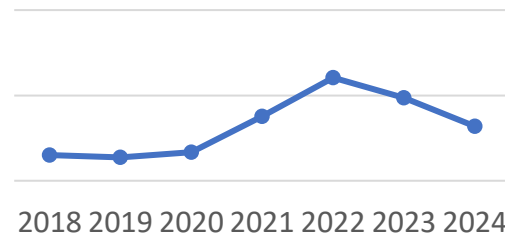
Acetic acid -Price (\$/Kg)



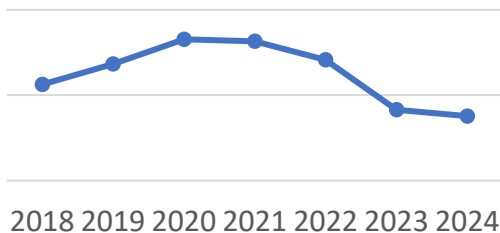
Tetrahydrofuran -Price (\$/Kg)



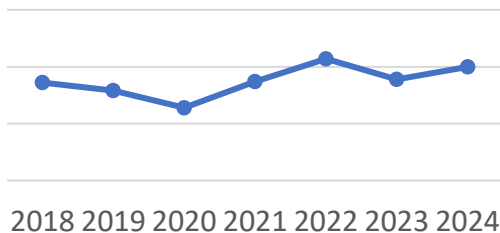
DMSO-Price (\$/Kg)



Acetonitrile-Price (\$/Kg)

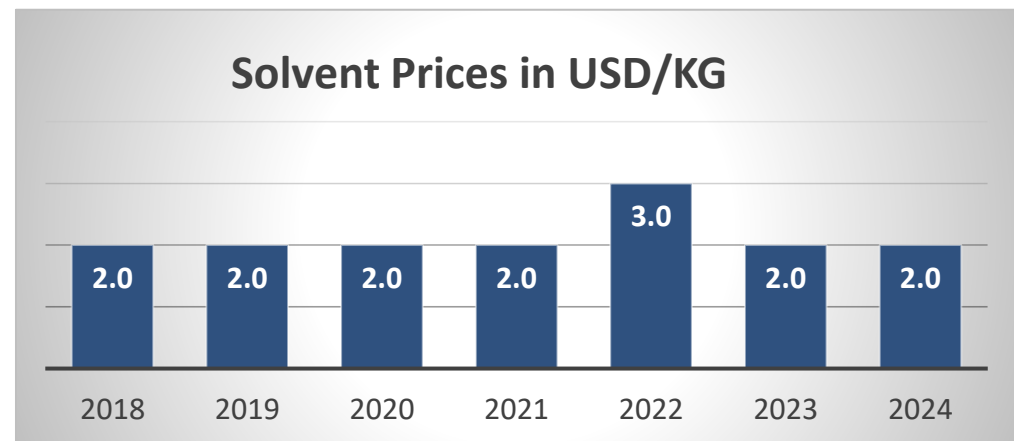


N-hexane-Price (\$/Kg)



- The average price of solvents went up in 2022 but has since started going down, and most solvents have been showing a downtrend since then.
- The price changes are mainly influenced by the prices of DMF, Acetonitrile, and acetic acid, except for N-hexane, which is increasing.
- Solvents considered for this assessment are commonly used in the pharmaceutical industry under API manufacturing.
- As tanker load and drum prices vary for some imported solvents, these price variations have been considered when determining the median prices for the year.
- Even though some Indian suppliers of these solvents are present, their imports continue to grow. The reason for this increase needs to be investigated.

Solvent Prices in USD/KG





The conclusion of the price analysis highlights the overall price drop by 20-25% from the peak in CY 20. In CY-24, prices dropped further by an additional 10%



- Overall, chemical prices are below 2018-2020 levels.
- The prices of advanced intermediates are declining in CY 2024, whereas the prices of solvents and other commodities are reasonably steady.
- However, in general, prices are much lower than pre-Covid levels, and one can safely assume that Covid has no lingering impact on pricing.
- One of the postulates for low prices is that Chinese suppliers stockpiled during COVID-19 and are now offloading the stocks.
- Probable reasons for the overall lower prices in CY 23 and CY 24
  - The slowdown of the Chinese and global economy;
  - Wider portfolios;
  - Fresh capacity created that remains idle/underutilised;
  - Relaxation in EHS norms prescribed under BlueSky policy 2018.



# Reference Document

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<https://www.apifdf.com/curated-data>

# Thank You!

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We welcome questions! For more information please contact:  
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