



APRIL-JULY 2018 PHARMA EXPORT ANALYSIS

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Overview of the Period April-July

India's Pharma exports for the Period April- July, 2018-19 financial year is \$ 5984.73 million and has recorded a growth of 13.4%.

Following are the monthly sales during April, May, June & July 2018 month wise.

Table-1

India's Exports During April-July Month wise \$ million				
Month	Fy-18	Fy-19	Change%	Change in Revenue
April	1295.83	1469.40	13.39	173.56
May	1206.56	1517.23	25.75	310.67
June	1377.12	1582.98	14.95	205.86
July	1398.10	1415.12	1.22	17.03
April-July	5277.61	5984.73	13.40	707.12

Category wise following are Pharma exports during the period.

Table-2

India's Exports During April-July by Category \$ Million					
	Fy-18	Fy-19	Change%	Change in Revenue	Contbn%
Ayush	41.44	45.63	10.09	4.18	0.76
Bulk Drugs & Drug intermediates	1081.73	1198.69	10.81	116.96	20.03
Drug formulations & Biologicals	3685.32	4220.82	14.53	535.50	70.53
Herbal Products	96.46	108.07	12.04	11.61	1.81
Surgicals	176.60	187.12	5.96	10.52	3.13
Vaccines	196.07	224.41	14.46	28.35	3.75
Grand Total	5277.61	5984.73	13.40	707.12	100.00

Exports during the period has grown by all categories with Drug formulations category achieving the highest by 14.53%. Vaccines which is a sub category of Drug formulations, which has negatively grown throughout 2017-18, has also begun well this year and has achieved 26.28% growth by May but has come down to 17.76% cumulative June, has further lost momentum and has recorded a growth of 14.46% for the period.

The other major category, namely, Bulk drugs & Drug Intermediates has also grown by 10.81%.

Ayush, Herbals & surgicals have all grown by 10.09%,12.04% and 5.96% respectively.

Revenue increase for the period in discussion is \$707.12 million when compared to the corresponding period of last financial year.

July

Exports for the month of July, 2018-19 financial year is \$ 1415.12 million and has recorded a growth of mere 1.2%, over July 2017-18. Revenue collection is less than June 2018 collection by \$167.86 million.

Table-3

Exports category wise during the month of July 2018.

India's Exports During July by Category \$ Million					
	Fy-18	Fy-19	Change%	Change in Revenue	Contbn%
Ayush	9.50	11.17	17.50	1.66	0.19
Bulk Drugs & Drug intermediates	270.33	265.87	-1.65	-4.46	4.44
Drug formulations & Biologicals	995.49	1013.82	1.84	18.32	16.94
Herbal Products	23.25	23.46	0.90	0.21	0.39
Surgicals	44.73	42.53	-4.93	-2.20	0.71
Vaccines	54.78	58.27	6.37	3.49	0.97
Grand Total	1398.10	1415.12	1.22	17.03	23.65

During the month of July the two major categories Bulk drugs & drug Intermediates and drug formulations have performed far below the June and/or 1st quarter performance.

Category of bulk drugs has negatively grown by 1.65% after a continuous growth month after month during the last eight months ending June 2018. Drug formulations has recorded a modest growth of 1.84%, the two main causes for Exports during July recording a low growth of mere 1.22%

Vaccines a part of drug formulations has grown by 6.37%. Ayush & Herbals have grown by 17.5% and 0.9% respectively, while surgicals has negatively grown by 4.93%.

As China has clamped down on polluting industries and has raised compliance standards forcing many of the industries out of business. This has resulted in sharp spike in prices of many Drug intermediates and key starting materials which India imports. This rise has cascading effect on APIs and also Drug formulations.

Industry experts told Scrip that prices of captopril API have risen by over 60% to \$83 per kg in 2018 as against \$50 per kg in 2017; rifampicin prices are up by around 36% to \$150 per kg in 2018, while metronidazole prices have risen to \$11 per kg to from around \$8.5-9 per kg in 2017. For certain antibiotics like azithromycin prices have seen a spurt of around 29% in 2018 to \$110 per kg, while roxithromycin prices are up by around 50% to \$90 per kg in 2018.(Source: As appeared in Scrip 3rd July 2018).

In case of Drug Intermediates which India imports mostly has gone up by 40-100%.Exporters may find it difficult to get commensurate price increase from their clients as Most of the countries have price controls of essential drug lists(Definition of Essential drug lists differs from country to country depending on the epidemiology profile).

These situations to a large extent are the major causes of low profile performance in July 2018 after a flying start in the first quarter of Fy-19.

Regional Picture during July 2018.

Table-4

India's Exports During July by Region \$ Million				
Region	Fy-18	Fy-19	Change%	Contbn%
Africa	271.85	249.16	-8.35	17.61
Asean	75.19	100.08	33.10	7.07
Asia (Excluding Middle East)	50.40	46.82	-7.11	3.31
CIS	49.31	61.45	24.62	4.34
EU	208.87	212.79	1.88	15.04
LAC	97.60	110.24	12.94	7.79
Middle East	67.44	71.92	6.64	5.08
North America	475.03	461.27	-2.90	32.60
Oceania	26.11	21.01	-19.53	1.48
Other America	3.37	3.30	-2.00	0.23
Other European Countries	12.69	11.45	-9.80	0.81
South Asia	60.23	65.64	8.98	4.64
Grand Total	1398.10	1415.12	1.22	100.00

Exports to ASEAN has recorded the highest growth of 33% while exports to CIS region has recorded over 24%. Exports to LAC Region has grown by almost 13%. Exports to Middle East & south Asia has grown below 10%, at 6.64% and 8.98% respectively. Exports to EU, one of three major Destinations, has recorded a growth but stunted at 1.88%. All these regions form 44% of our Exports during the month of July 2018.

Exports to India's top destinations regions namely, North America & Africa have negatively grown by 2.9% and 8.35% respectively. The other notable region, Asia (Excluding Middle East) has also experienced negative growth of 7%, while the minor regions of Oceania, Other America & other European countries have experienced negative growth of 1.98%, 2% and 9.8% respectively.

July 2018 Top 25 Destinations

Table-5

India's exports Country wise Top 25 destinations in July \$ mn						
S.No	Country	Fy-18	Fy-19	Change%	Contbn%	Change in Revenue
1	U S A	455.65	440.05	-3.43	31.10	-15.61
2	U K	42.70	45.53	6.64	3.22	2.83
3	SOUTH AFRICA	56.70	43.41	-23.45	3.07	-13.29
4	RUSSIA	34.14	42.38	24.13	3.00	8.24
5	BRAZIL	37.27	38.89	4.32	2.75	1.61
6	NIGERIA	30.13	34.87	15.72	2.46	4.74
7	GERMANY	31.86	32.97	3.48	2.33	1.11
8	FRANCE	17.15	21.32	24.28	1.51	4.16
9	CANADA	19.37	21.23	9.57	1.50	1.85
10	BELGIUM	13.00	20.33	56.40	1.44	7.33
11	NEPAL	20.02	19.85	-0.85	1.40	-0.17
12	INDONESIA	9.78	18.91	93.37	1.34	9.13
13	PHILIPPINES	15.65	17.20	9.90	1.22	1.55
14	AUSTRALIA	21.08	16.97	-19.50	1.20	-4.11
15	ETHIOPIA	10.19	16.46	61.46	1.16	6.26
16	NETHERLAND	18.66	16.32	-12.54	1.15	-2.34
17	PAKISTAN IR	12.10	16.19	33.77	1.14	4.09
18	SRI LANKA DSR	16.15	16.09	-0.34	1.14	-0.06
19	VIETNAM SOC REP	16.46	16.07	-2.36	1.14	-0.39
20	MOZAMBIQUE	10.91	16.04	46.92	1.13	5.12
21	CHINA P RP	16.32	15.95	-2.28	1.13	-0.37
22	THAILAND	9.95	15.57	56.49	1.10	5.62
23	U ARAB EMTS	10.27	14.51	41.34	1.03	4.24
24	KENYA	24.36	14.23	-41.59	1.01	-10.13
25	VENEZUELA	6.74	13.25	96.49	0.94	6.51
	Top 25 total	956.64	984.57	2.92	69.58	27.93
	Grand Total	1397.85	1415.12	1.24	100	17.27

During the month of July 2018, exports to top 25 Destinations contributed 69.6% of the total exports and together has grown by 2.92%, which is more than twice the total growth, an index showing exports to our Top destinations are better than to the rest. During Fy-18, for a major part of the year it was not so.

Exports to 9 out of 25 top destinations has negatively grown varying from 0.34 to Sri Lanka to 41.59% to Kenya. A drop of 3.43% in exports to our best Destination country (USA), which has brought in a deficit revenue of \$ 15.67 million has been majorly responsible for low growth of 1.24% on the whole and a meagre \$ 17.27 million of incremental value during the month. The other important destination to which exports has negatively grown is South Africa with 23.45% , Netherland 12.54%.

April-July Period

Exports of Bulk drugs during April-July is tabulated below.

Table-6

India's exports of Bulk drugs By Month \$ Million				
Month	Fy-18	Fy-19	Change%	Change in Revenue
April	278.05	311.87	12.16	33.82
May	260.34	317.70	22.04	57.37
June	273.01	303.24	11.07	30.23
July	270.33	265.87	-1.65	-4.46
April-July	1081.73	1198.69	10.81	116.96

Though April-July 2018 shows a healthy growth of 10.81, observation of Monthly performance shows July 2018 has been below par due to the circumstances cited above.

Exports of Drug Formulations & Biologicals during April-July is tabulated below.

Table-7

Exports of Drug formulations & Biologicals by Month \$ mn				
Month	Fy-18	Fy-19	Change%	Change in Revenue
April	909.15	1027.32	13.00	118.17
May	808.33	1043.05	29.04	234.72
June	972.35	1136.63	16.90	164.28
July	995.49	1013.82	1.84	18.32
April-July	3685.32	4220.82	14.53	535.50

Export of Formulations is shaping well. Export of Formulations in Regions of Africa a major region for formulation exports (most of it on tender basis) and to USA also which is on tender basis to a large extent for an agreed period, would be affected due to sudden increase in bulk drugs and drug intermediates as it may take some time for the exporters to renegotiate price and terms.

Region wise

Table-8

India's Exports During April-July by Region \$ Million				
Region	Fy-18	Fy-19	Change%	Contbn%
Africa	995.19	1078.03	8.32	18.01
Asean	355.70	428.50	20.47	7.16
Asia (Excluding Middle East)	202.26	206.41	2.05	3.45
CIS	233.99	295.97	26.49	4.95
EU	817.78	948.26	15.96	15.84
LAC	343.93	409.10	18.95	6.84
Middle East	263.93	310.44	17.62	5.19
North America	1667.27	1865.81	11.91	31.18
Oceania	102.74	110.48	7.53	1.85
Other America	14.16	18.00	27.07	0.30
Other European Countries	47.51	49.18	3.51	0.82
South Asia	233.15	264.57	13.47	4.42
Grand Total	5277.61	5984.73	13.40	100.00

Exports to all regions when looked at during the period April-July shows a double digit growth, but the growth rate is reduced from 17.76% during April-June to 13.4% during April-July period. Regions of LAC, Asia & CIS where the component of Tenders is less in comparison to other regions may show a steady growth than the other regions. However, Dependence on Africa, North America and Europe being almost 65%, exports being affected in these regions would have a telling effect on the whole.

Country wise

Table-9

India's Exports by Country during April-July \$ Million						
S.No	Country	Fy-18	Fy-19	Change%	Contbn%	Change in Revenue
1	U S A	1599.87	1759.39	9.97	29.40	159.51
2	SOUTH AFRICA	176.21	206.68	17.29	3.45	30.47
3	U K	155.29	204.27	31.54	3.41	48.98
4	RUSSIA	150.46	162.63	8.09	2.72	12.17
5	BRAZIL	114.78	146.78	27.88	2.45	32.00
6	GERMANY	115.46	141.97	22.96	2.37	26.51
7	NIGERIA	109.78	139.19	26.79	2.33	29.41
8	CANADA	67.40	106.42	57.91	1.78	39.03
9	BELGIUM	65.84	95.47	45.01	1.60	29.64
10	AUSTRALIA	81.94	91.98	12.26	1.54	10.04
11	FRANCE	68.03	86.17	26.66	1.44	18.14
12	U ARAB EMTS	33.37	85.29	155.58	1.43	51.92
13	VIETNAM SOC REP	74.49	83.00	11.43	1.39	8.51
14	NEPAL	74.02	79.65	7.61	1.33	5.64
15	KENYA	72.96	77.92	6.80	1.30	4.96
16	PHILIPPINES	63.45	75.84	19.53	1.27	12.39
17	UKRAINE	28.57	75.62	164.71	1.26	47.05
18	SRI LANKA DSR	66.53	71.81	7.94	1.20	5.28
19	CHINA P RP	64.44	67.66	5.00	1.13	3.22
20	ETHIOPIA	34.77	64.37	85.15	1.08	29.60
21	THAILAND	47.80	64.20	34.31	1.07	16.40
22	INDONESIA	51.64	63.89	23.73	1.07	12.25
23	NETHERLAND	66.37	62.74	-5.47	1.05	-3.63
24	MEXICO	46.01	56.87	23.61	0.95	10.86
25	MYANMAR	53.40	56.87	6.49	0.95	3.47
	Total of the above	3482.85	4126.68	18.49	68.96	643.83
	Grand Total	5277.16	5984.35	13.40	100.00	707.19

Salient Features:

Exports to top 25 destinations contribute almost 69% to the total exports.

Except to Netherlands, exports to all of the top 25 destinations are growing.

Out of the total revenue increment of \$ 707.19 million during the period exports to top 25 destinations brought in \$643.83 million.

Among the top ten Destinations exports to three Destinations have grown over 30%. They are to UK (35.4%), Belgium (45%) & Canada (58%)

Among the top ten Destinations exports to four destinations have grown over 20%.They are Brazil (28%), Germany (23%), Nigeria (27%) and to France (27%).

Low growth rates in exports to USA, Nepal, Kenya and to Sri Lanka are due to negative growth exports experienced to these countries in July 2018.