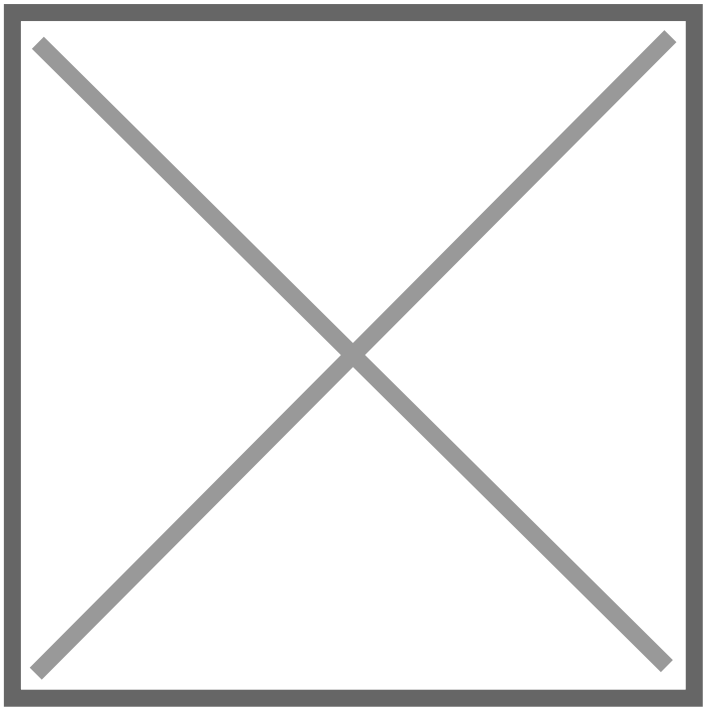
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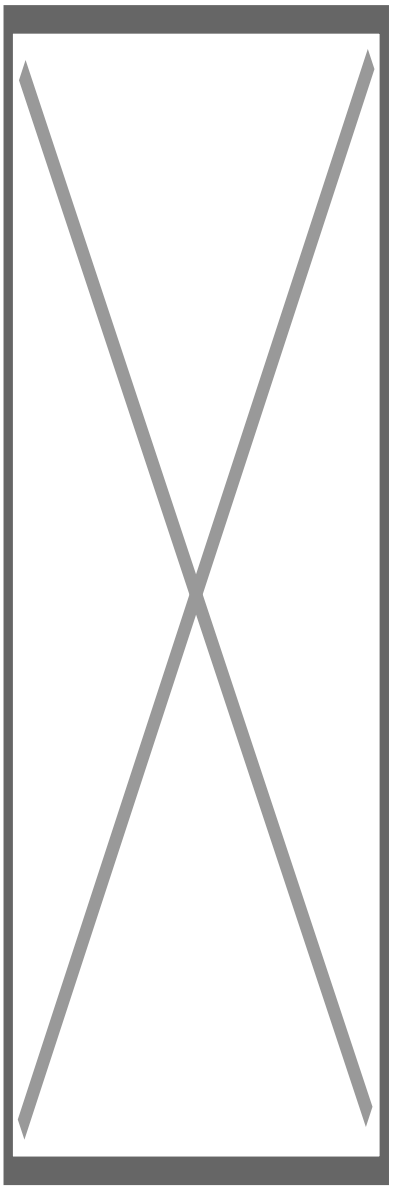
Panacea Biotec

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Rank 3

Panacea Biotec



Powering immunization

Panacea Biotec forayed into oncology with seven products at the same time championing the cause of global immunization along with a drug discovery pact with Punjab University.

Panacea Biotech registered net turnover of Rs 830.44 crore during 2007-08 as compared to Rs 831.55 crore for the previous financial year. The formulations turnover grew by 17.6 percent at Rs 152.10 crore during the financial year 2007-08 against Rs 129.64 crore during the previous financial year. Income from vaccine business was better by $10 million due to marginal improvement in demand of the vaccines. The total biotech turnover (including vaccines) was Rs 677. 9 crore during the financial year 2007-08 as compared to Rs 701.13 crore during the previous financial year. The PBT for the financial year 2007-08 was Rs 190.47 crore as compared to Rs 209.1 crore during previous financial year.

The company filed 143 patent applications internationally this year, taking the tally to 828 patent applications so far. The company currently is a market leader in the private Indian combination vaccine market, with a 45 percent market share. The formulations segment of the company registered 18 percent growth in 07-08 which is higher than industry growth of 14 percent as per ORG IMS. The previous year also saw Panacea Biotec foray into oncology segment to provide treatment for breast cancer, brain tumor, ovarian cancer, pancreatic cancer, prostrate cancer and colorectal cancer with its seven anti-cancer products. The drugs were manufactured by a Mumbai-based company and sold under the brand name of Panacea Biotec. A new strategic business unit SBU, Oncotrust with a strength of 50 sales specialists on oncology was set up to market the drugs with an aim to register sales volumes of Rs15-20 crore in oncology chemotherapy segment in the next three years.

Panacea Biotec has been playing an imperative role in immunization through its novel and innovative, world's first fully liquid vaccine with brands such as, Easy Four and Easy Five, for over three years. It has partnered with the WHO and UNICEF with a mission of supporting the cause of maximizing coverage of vaccines under the Expanded Program on Immunization (EPI) for more than a decade. In continuation to the same, it entered into a Memorandum of Agreement (MoA) with Family Vaccines, Philippines last year to provide access to value added combination vaccines under the umbrella of Easy Vaccines manufactured by Panacea Biotec, to the people in Philippines through a chain of 50 immunization clinics, run by Family Vaccines.

The company also inaugurated its ultra modern, Greenfield construction, vaccine production plant at Baddi, Himachal Pradesh with over Rs 100 crore (approximately $25 million) investment in September 2007, having capacity of more than one billion doses per annum, to cater to domestic and global markets. In January 2008, the company received pre-qualification by WHO for two of its innovative combination vaccine for pediatric immunization Ã¢â?¬â?? Ecovac-4 (DTP+ Hep.B) and Easy Four (DTP+ Hib). Panacea Biotec is already a pre-qualified supplier of OPV and Hepatitis-B vaccines to UN agencies. The combined demand for all combination vaccines globally is estimated at $600 million and is expected to grow up to $1.6 billion by 2012.

The company also entered into a Memorandum of Understanding (MoU) with Punjab University, Chandigarh, for a drug discovery project. Under the MoU, Drug Discovery Research, an SBU of Panacea Biotec located at Mohali (Punjab) and Punjab University will collaborate to identify a lead molecule with an aim to bring a drug superior to existing marketed products in the therapeutic area of psychiatric disorders. As per the agreement, the university would transfer chemical and biological information on molecules to Panacea Biotec to develop as drugs.

In recognition of the company's achievements, the joint managing director, Rajesh Jain was ranked 40th in the list of 40 global, most influential persons to determine the course of pharmaceutical industry by World Pharmaceutical Frontiers and published in SPG Media, London. Looking forward, the company feels that it would be able to launch novel drug delivery based anti-cancer drug in the next 2-3 years. "We plan to develop novel and innovative drug delivery systems (NDDS) of the existing anti-cancer molecule. The new research based drug development will take 2-3 years as we need to develop an effective distribution chain and occupy a significant market share in oncology drugs," Jain said.

"We aim to up the ante on innovation"

-Rajesh Jain, joint managing director, Panacea Biotec

What are the different products that Panacea has introduced?

Many new brand extensions in the Diacar SBU were launched, which offer a better therapeutic profile to doctors to manage the relevant disease more effectively. An innovative Inactivated Polio Vaccine (IPV), Polprotec, has been launched in June 2008. Another novel vaccine, Novohib (Hemophillus Influenza Conjugate), is expected to be launched in this quarter (July-September 2008).

What were the challenges in the last fiscal?

Rupee's appreciation against the US Dollar was the greatest challenge. The company minimized the impact of this challenge through a mix strategy by hedging, price revision and volume growth. Also, competition in pharma and vaccines market in India due to generic players through value added products and marketing strategies was another challenge. With India being a price-sensitive market, one needs to balance affordability with the cost of marketing and R&D and I think we have been reasonably successful in doing so.

What has been the R&D spend in the last one year?

It has been close to Rs 54 crore for 2007-08. Our fifth, state-of-the-art, world class R&D center -- Global Research & Development (GRAND) at Navi Mumbai was inaugurated in February this year. GRAND has been set up with a vision to be a global leader in the delivery of conventional and biotech-based drugs for unmet therapeutic needs of safety, efficacy and compliance involving world class science. The research at GRAND will be an intersection of biological, clinical, pharmaceutical sciences and engineering/design to develop Novel Drug Delivery Systems (NDDS) based products leading to generation of intellectual property and know-how. Built on truly international standards, GRAND will reflect Panacea Biotec's leadership in R&D in the field of cancer, GI, CNS and CVS diseases.

How has Oncotrust fared since its launch last year?

Oncotrust is fairly on course. We started with five products and then added one more product to our oncology basket. Despite a few initial hiccups, we have had a reasonable market share. Market for oncology products is highly competitive, yet we have been able to garner sales of around Rs 50 lakh every month. Our target is to achieve a sales of around Rs 12 crore by the financial yearend.

What is the future strategy of the company?

We are looking at consolidating on our anti-cancer segment in the next few years. I think we shall be looking at nurturing new opportunities at the same time consolidating our position in the existing segments. Going forward, the key strategy will be to maximize the shareholders wealth by increasing the company's top and bottom line through successful implementation of key projects within stipulated times.

You have recently been ranked one among the influential people to determine the course of the Indian pharma industry. How do you see the way forward for the Indian biotech industry?

India has for long been a cost effective hub, be it for software, pharma, telecom or automobiles. But with the rising per capita income, there is going to be an increase in the per capita expenditure as well. Thus, innovation is going to be the key for every industry including the biotech industry. Panacea Biotec as a company has its foundation in a symbiotic and synergistic interaction of several small units within the company, which is a unique business model. We aim to up the ante on innovation as we continue to grow in size.