

## Industry on a roll

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The 4th BioSpectrum-ABLE Biotech Industry Survey clearly indicates that the industry has attained the critical momentum and is on a roll. For the third year in a row, the industry has clocked growth in excess of 35 percent. In 2004-06, the industry grew by 37.42 percent to record \$1.45 billion (Rs 6,521 crore) in revenue. In the previous year, the industry recorded 36.5 percent growth to cross the \$1-billion threshold for the first time ever.

What is heartening is that despite pricing pressures faced by some of the industry leaders, other players, particularly the BioAgri sector with galloping sales of Bt cotton seeds and the BioServices sector have registered handsome growth to keep the growth momentum upwards.

Another remarkable development is the BioPharma segment, which accounts for over two-thirds of the industry, on its own has recorded sales in excess of \$1 billion ( \$1.04 billion or Rs 4,708 crore to be precise) and has emerged a strong player in the overall pharma market which clocked sales of approximately \$8 billion in 2005-06.

The BioAgri sector, buoyed by the overwhelming response to Mahyco-Monsanto's Bollgard Bt cotton seeds had shown the world what it could do in the previous year itself. Last year, with 81 percent growth rate, the industry has shown that the 2004-05 performance was not just a flash in the pan. In fact, the popularity of Bt cotton has helped the BioAgri sector to nearly double its size to Rs 598 crore from Rs 330 crore and brought four seed companies into the BioSpectrum Top 20 rank for the

first time.

Coming to the BioSpectrum Top 20 table, there are some surprises. Pune-based Serum Institute, led by Dr Cyrus Poonawalla, has edged past Biocon, the leader for the last three years, to be the No.1 biotech company in the country. The many vaccines it sells in nearly 150 countries has given Serum the booster shot to notch up Rs 703 crore sales, ahead of Biocon's Rs 688 crore by Rs 15 crore.

The Top 20 list has begun to reflect the churnings and growth in the industry with all the major segments, BioPharma, BioAgri, BioIndustrial companies finding good representation at the head table of the biotech industry.

The fledgling biotech industry, which started to gain size in the 21st century, is still dependent on exports to get over half its revenue. In fact, the share of exports has increased marginally last year from 48.5 percent to 51.5 percent in 2005-06, accounting for Rs 3,357.17 crore (or \$756 million). In many ways, biotech is mirroring the software industry. In fact, the BioServices sector, including clinical research and clinical trials, is predominantly dependent on foreign clients who account for 95 percent of the industry revenues of Rs 720 crore. It also indicates that the introduction of the product patent regime has prompted big pharma to move a lot of clinical trials to take advantage of India's competitiveness.

That the biotech industry is research intensive is well known. This has been revalidated by the increasing investment levels (Rs 1,650 crore against Rs 1,215 crore in the previous year). The industry is investing 25.3 percent of its revenues into research and building infrastructure. The southern region as a whole continues to be second accounting for 36 percent of the industry revenues, while the West is the topper for the fourth year in a row with companies from the region totaling Rs 3,234.42 crore or 49.6 percent of the national biotech share.

Overall, the industry and the BioSpectrum-ABLE Survey are breaking new grounds and the survey results will be available for the first time in two volumes with the June and July issues.

Happy number crunching!