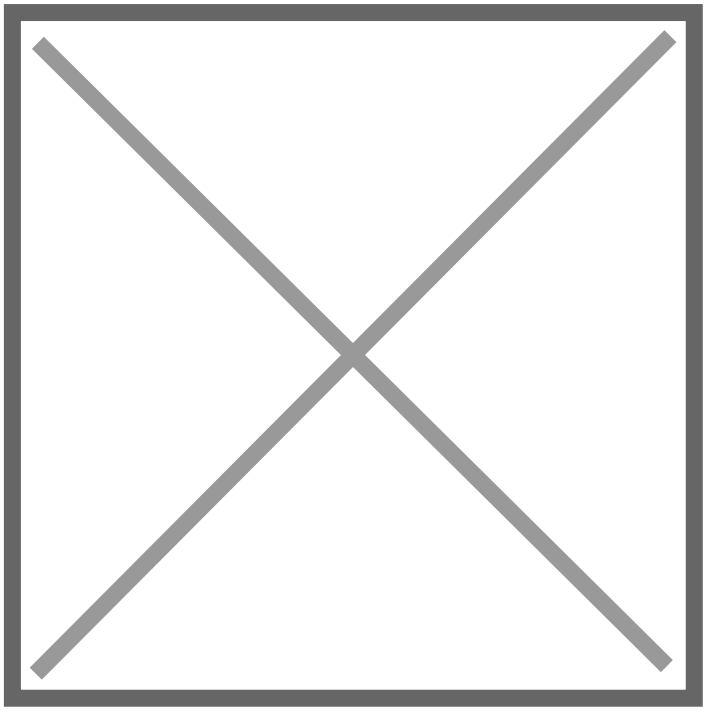
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CROs take the growth highway

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CROs take the growth highway

Ã¢â?¬Â¢Â BioServices registers 28% growth with revenue of Rs 2,639 crore
Ã¢â?¬Â¢Â Top 10 CROs make up 60% of the total segment revenue

BioServices segment registered a growth of 28 percent in 2009-10 over last year's total segment revenue of Rs 2,062 crore. The 3 percent drop in growth from a 31 percent of 2008-09 was primarily due the currency fluctuations in FY 2009-10. Exports continue to dominate this segment accounting for over 90 percent of the total revenues.

In this segment, accounting for 19 percent of overall revenue, companies such as Lambda Therapeutic Research, MaxNeeman and Anthem Biosciences have done exceedingly well in FY 2009-10 with Lambda and MaxNeeman growing well over 100 percent and Anthem Biosciences at over 60 percent. The Top 10 CROs make up 60 percent of the total segment revenue of Rs 2,639 crore.

In the last three-to-five years, many companies have set up contract research and clinical research services operations in India. Considering the potential opportunity and fast clip market growth, the number of companies in this segment will continue to grow faster than the industry average in the next two years as well.

The segment is growing on account of the growing requirements of the multinational companies that are looking at India as an outsourcing destination with high-skill,Â low cost advantage. Besides, due to business model evolutions driven by market forces, even the domestic companies are outsourcing various portions of the drug discovery chain.

However, the competition in the segment is growing to be intense impacting bottomlines adversely. The fact that all new companies are now born global is adding to this competition. SIRO Clinpharm having presence in India, Western & Central Eastern Europe, and US has now entered into an alliance with DreamCIS Inc., a leading CRO based out of Seoul in South Korea. The company has also signed an agreement with Virginia Contract Research Organization (VCRO), a Taiwan-based CRO to offer a range of services to Taiwan companies. And, it is not just Asia Pacific market that the company is looking at. SIRO is expanding operations in the developed markets like USA and Europe as well. It has entered an alliance with Advanced Clinical Trial Solutions (ACT Solutions), Flemington, NJ, USA.

Syngene International, a subsidiary of Biocon Group, has partnered with Sapient Discovery, a US-based biotechnology company. Both the companies intend to provide a highly integrated platform for structure-based drug discovery. It also signed a pact with another US company, Endo Pharma, to jointly discover and develop novel biological drug molecules to fight cancer.

Bangalore-based Ecron Acunova has tied-up with a Japanese CRO and expects this alliance to trigger a trend and set off 40-

50 clinical trials between India and Japan in the next two-to-three years. Japan is the second biggest pharma market after the US. This apart, the Indo-German clinical research major with its established presence in India and Europe is scouting for more market share in clinical research in these countries and other parts of the globe.

Veeda Clinical Research, which has completed five years of existence in January 2010, has opened its office in South East Asia by signing a collaborative agreement with the Malaysian Ministry Health to open a Phase I and Early Clinical Development Unit in the Ampang Hospital in Kuala Lumpur.

India services industry is, decidedly, set to take the collaboration growth highway.

Rank 2010	Company	2009-10 (Revenue in Rs Cr)	2008-09 (Revenue in Rs Cr)	% Change Over 2008-09
1	Quintiles India*	375	---	---
2	Syngene International	252	224.60	12.2
3	Jubilant Organosys	249.3	242.00	3.02
4	Siro Clinpharm	150	280.00	-46.43
5	Lambda Therapeutic research*	145	30.00	383.33
6	Veeda Clinpharm	110	---	---
7	Ecron Acunova	97		
8	Vimta Labs	88.42	81.60	8.36
9	Anthem Biosciences	53	32.34	63.88
10	Max Neeman International	40	15.00	166.67
* BioSpectrum estimates		All figures in Rs. Crore unless indicated otherwise		