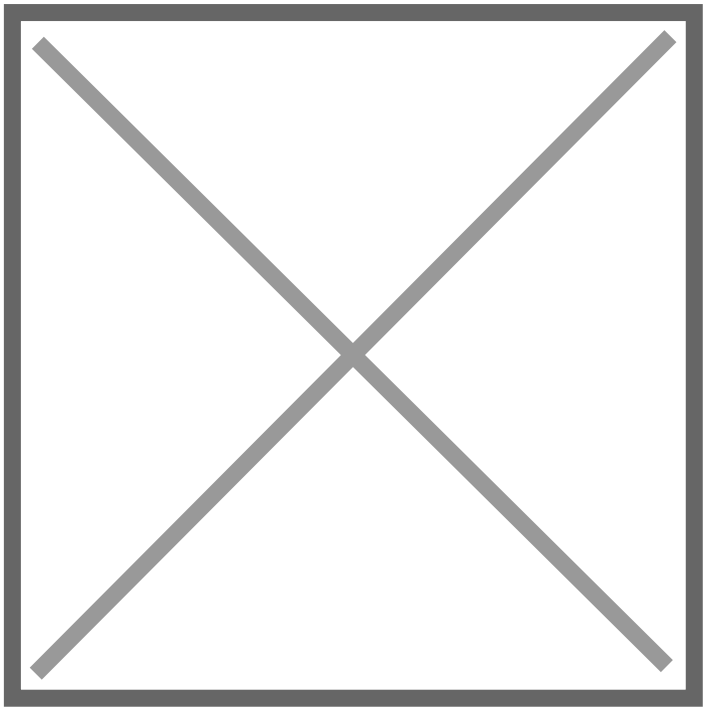
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AP a hot destination for investors

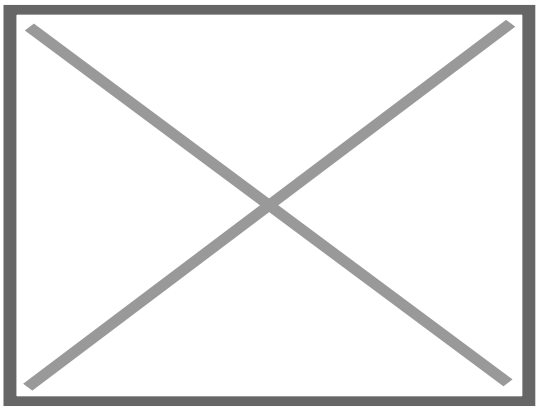
14 February 2006 | News



AP a hot destination for investors

The presence of mature biotech manufacturers and a strong representation in the bioagri sector make Andhra Pradesh a much sough-after hub.

The biotech industry in Andhra Pradesh is about Rs 455 crore, contributing to nearly 10 percent of the size of the industry in India, according to the BioSpectrum-ABLE Top 20 survey of June 2005. It accounts for 24 percent of the total biotech revenue generated by companies in south India (Rs 1,898.47 crore). The survey also shows that out of the top 20 home grown biotech companies, six are from Andhra Pradesh. These six companies - Shanta Biotechnics, Bharat Biotech, Krebs Biochemicals, Indian Immunologicals, Biological E, Dr Reddy Labs, contribute about Rs 280 crore.



The biotech industry in Andra Pradesh mainly comprises mainly biopharmaceutical, bioagriculture, bioinformatics, bioservices and industrial biotechnology companies. Hyderabad being the pharma capital of the south, the biopharma sector has a strong base in Andhra Pradesh and it consists of diagnostics, therapeutics, vaccines for human beings as well as for animals. More than 60 percent of the biotech companies are from the biopharmaceuticals sector.

Companies such as Shanta Biotechnics, Bharat Biotech, Krebs Biochemicals, Indian Immunologicals, a leading companies in the animal biotech space, Biological E, GVK BioSciences, Jupiter Biosciences, Suven Life Sciences and Dr Reddy's Laboratories have been doing well in the biopharmaceutical space. These companies are mainly into therapeutics and vaccines business. Shanta Biotechnics is the first biotech company in the country to indigenously produce rDNA-based Hepatitis B vaccine in 1997. With this launch, there has been no looking back for the biopharmaceutical sector in India. Then

came Bharat Biotech, another leading name in the Indian biotech space.

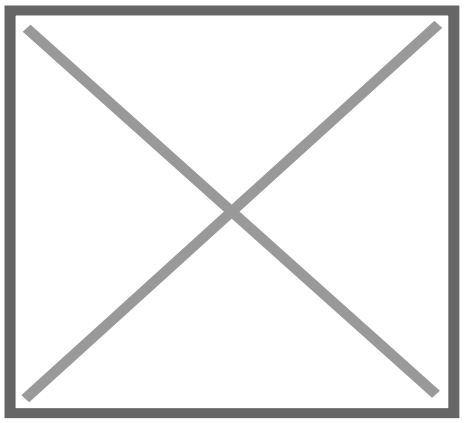
With the entry of these companies' products in the Indian market, the prices for rDNA-based products have dropped drastically, making rDNA-based therapeutic products available at an affordable price. With world class manufacturing facilities for vaccines and therapeutics, companies like Aktiva Biotech, Dano Chemicals, Indian Immunologicals, Medgene Biotech, Transgene Biotek, Biological E and Virchow Biotech - all based in Hyderabad, are working on research and development of rDNA based biopharmaceuticals.

The government recognizes the pioneering efforts made by a few entrepreneurs in setting up highly successful biotech companies such as Shanta Biotechnics, Bharat Biotech and Biological E. In a very short span of time, these companies have gained worldwide recognition and put Andhra Pradesh on the forefront of the biotech revolution in India. The government envisages a very active role of the private sector in the development of the biotechnology industry.

The state government has been encouraging the pharma and biotech sectors to leverage the existing strengths. Vaccines and recombinant DNA products in healthcare, nutraceuticals and medicinal plant formulations are some of the areas that have been identified as key sectors for growth and long-term development. This apart, contract research and clinical trials are also promising areas. Not just the biopharma and related sector, the biotech industry is vibrant in other sectors of biotech like agriculture, industrial, informatics, marine biotechnology and services.

The state has a coastline of 974 km and a continental shelf of 33,227 sq.km, a river course of over 8,500 km and large fresh water and brackish water lakes. Andhra Pradesh contributes 40 percent of India's fish exports. Currently, the state produces around 1.80 lakh tons of fish (including shrimp and other species) in the marine sector and 3.87 tons in the inland sector (including fresh water prawn). This enhances the scope for the state to emerge in the untapped space of marine biotechnology. So the government has allocated 218 acres of land for a marine biotech park at Visakhapatnam. Biogenus and Celgen have already been allotted the required land and many more companies are keen to take up ventures in the marine biotech park.

In the agribiotech segment, tissue culture for food crops and ornamental plants has been taken up in several parts of the state with considerable success. There are about half a dozen agri-biotech companies doing flourishing business in this sector in the state.



Nuziveedu Seeds, one among the four-agri companies to have received GEAC approval for commercialization of Bt cottonseeds, has launched its Bt versions of cotton hybrid varieties in Andhra Pradesh. The other leading names in this space include Emergent Genetics, Fortune Biotech, MAHYCO, Prabhat Agri Biotech and Pro Agro Seeds. Moving slightly away from others, Southern Online BioTechnologies has looked at opportunities in the biofuel space. And it is in the process of setting up a biodiesel project in Nalgonda district of Andhra Pradesh.

Thus, abundant and diverse agriculture and forest wealth of the state, large marine resources and cattle population provide tremendous opportunities for the development of the biotech industry. The state has a strong presence of centers of excellences to nurture its growth. It offers excellent opportunities for the growth of the pharma biotechnology industry by offering trained and skilled manpower, research and development facilities, including the Indian Institute of Chemical Technology, CCMB, NIN, CDFT and many universities.

With its strong base for the biopharma industry, Andhra Pradesh has attracted entrepreneurs to invest in allied sectors like clinical research, bioservices and bioinformatics that are essential for the growth of the biopharma industry.

About 17 percent of the biotech companies in Andhra Pradesh are in the bioservices sector. Hyderabad-based Vimta Labs is the third largest bioservices company in India after Syngene and Quintiles India, both based in Bangalore. To name a few more, we have BioServe Biotechnologies India, a subsidiary of BioServe Biotechnologies of USA, Genotex International, Genomik Design Pharmaceuticals and Magene Life Sciences.

In the bioinformatics space, companies such as Tata Consultancy Services, Ocimum Biosolutions, Satyam Computer Services, Bijam Biosciences, BioMed informatics and Celestial Technologies are offering bioinformatics tools, services and solutions to pharmaceutical and biotech companies. These companies have ensured a good growth of the sector.

The Andhra Pradesh government has identified the biotech sector as one of the "Engines of Growth" in the Vision 2020 document. The government will leverage the existing strengths of the state for rapid commercialization of biotechnology to produce innovative biotech products and services in a wide range of areas. While most states are still talking about wooing investors and trying to build infrastructure or drafting biotech policies, Andhra Pradesh has already begun to think on the next step forward after putting a strong foundation for the niche biotechnology industry. The government proposes to redraft the biotech policy and introduce positive changes that would enable an investor-friendly environment. This shows the government's commitment to biotech industry.

The biotech industry in Andhra Pradesh has been picking up its pace with support from the government. It is now one of the most attractive destinations for investors. Currently Andhra Pradesh is a base for over 100 companies. This is testimony to the government's initiatives and support for the biotech industry.

Andra Pradesh has achieved its leadership position through a combination of making available world-class infrastructure, investor friendly policy and an enabling environment that promotes and sustains entrepreneurship in the cutting edge field of biotechnology.

Narayan Kulkarni