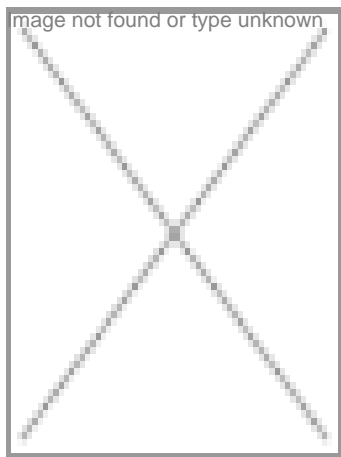
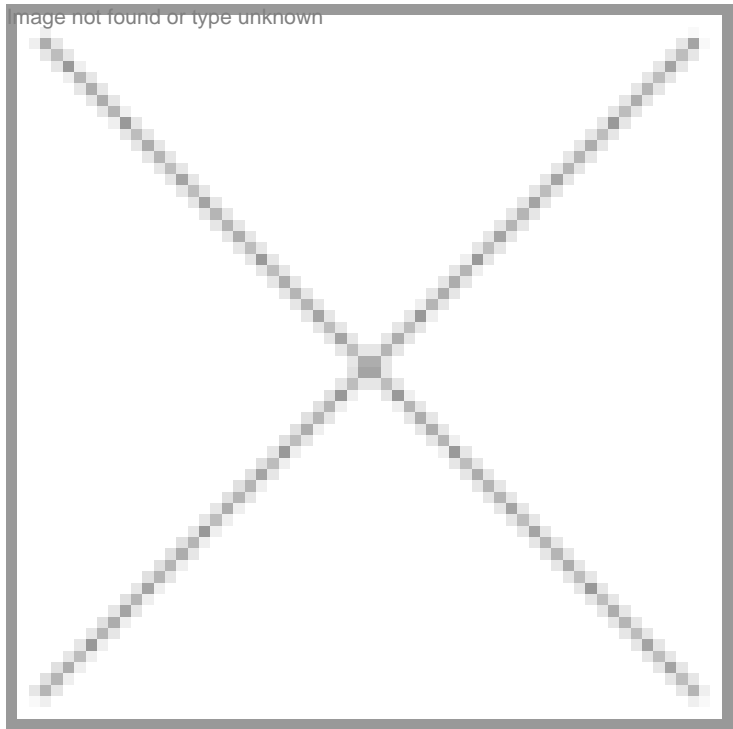


Slow recovery for Indian biotech

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Is the Indian biotech industry chugging slowly out of the recessionary mode? This is a question that has been asked within the industry for some time now. Some partial answers are available with the results of the 8th BioSpectrum-ABLE Biotech Industry Survey. The highlights are spectrum.

The industry has achieved a modest growth rate of 17 percent to cross the Rs 14,000 crore mark for the first time in 2009-10. Will the industry go back to the days of heady growth of 30 percent or more in the near future? Most industry leaders agree that the industry is maturing and 20 percent will be something everyone will be extremely happy with.

There are reasons for this mature approach. One, the industry's base has been increasing and so high growth numbers are not very easy to achieve. Two, the growth is based mainly on the good showing by the BioServices and BioAgri sectors with the dominant BioPharma segment with the rest of the industry.

As a globally connected industry, with 53 percent of the revenues coming from exports, in dollar terms the overall industry size has been fluctuating with the value of the US currency. Thanks to the depreciation of the Rupee in the last 12 months, the export-dominant industry has raked in good numbers to cross the \$3 billion mark for the first time. However, the expectation of reaching \$5 billion in revenues in 2010 has not happened. Biotech is not the first industry in the country to go through such a phase. What is heartening is the biotechnology ecosystem has become strong in the last five-six years. Two key players who are part of the ecosystem are the technology providers to the industry and the biotech education sectors. The revenues of these two segments are currently not counted as part of the survey for industry size. These two segments will have revenues close to \$1 billion and they too are on way to make strong recovery thanks to the increasing investments

in the biotech industry, by government-led infrastructure building and industry investments.

There has been some churn in the BioSpectrum-ABLE Top 20 list with Biocon regaining its No.1 slot after four years thanks to some good revenues from its European operations and also the market acceptance of its recently introduced innovative products. The survey has captured the revenues of more than 60 companies this time, compared to only 50 in the previous years. With just a few publicly listed companies, revenue details are hard to get and in the case of many private organizations, BioSpectrum team has estimated the revenues based on information gathered from multiple sources.

BioServices sector is clearly a strong player now and there is now a move towards further expansion to become regional players. So, many of these companies are in the process of expanding their footprint to South East Asian countries and this has become a differentiator for many. The trend will continue for some more time, along with a drive for consolidation too within the industry.

The moratorium on Bt brinjal and the uncertainty over regulatory approval for genetically-modified (GM) foods has not had much impact on the BioAgri industry's performance last year. The industry is waiting for the correct signals from the regulator and the recent regulatory approval to conduct field trials of 17 crops has sent out mixed signals about the future prospects for this sector. Also, the added public scrutiny over GM products due to the relentless campaign against Bt brinjal has added to the misery of the industry. There is now a clamor for further reduction in prices of Bt cotton with the demand to scrap the technology fee charged by the innovator. This is certainly a sector that is in for some interesting times ahead.

Overall, there is cautious optimism within the biotech industry and the recent government efforts to boost the infrastructure and support for various industry initiatives have been highly appreciated. I am inclined to believe that the worst is over for the industry and things can only go well from here.

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