

A Threshold Crossed

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Last year, the 2nd annual BioSpectrum-ABLE industry survey surmised that the Indian biotech industry was on the arrival mode. With the industry zooming past the \$1 billion mark, registering revenues of Rs 4,745 crore (\$1.07 billion), a threshold has been crossed. And one can say, it has now arrived.

The biotech industry continued to grow at almost the same rate that it did in the previous fiscal despite a growing base. The industry recorded 36.55 percent growth compared to the previous year's revised figure of Rs 3,475 crore (\$788 million). In 2003-04, there were just four companies with revenues in excess of Rs 100 crore. This year two more companies crossed this landmark. Interestingly, these are not the companies from the health care pharma biotech sector, which so far occupied the top five positions. Venkateshwara Hatcheries is an animal health care company and Mahyco-Monsanto Biotech is an agribiotech company. This is yet another reason to say that a threshold has been crossed.

Top Companies

A comparison of the composition of the top five companies reveals this. The market leader, Biocon is an integrated biotech company with interests in discovery, biopharmaceuticals, and enzymes. Serum Institute of India and Panacea Biotec follow it respectively with biotech sales of Rs 565 crore and Rs 217.19 crore. These two are homegrown vaccines manufacturers of international repute. The fourth in the ranking, Venkateshwara Hatcheries is a leading poultry vaccines manufacturer, which

registered a record growth of 113.64 percent to end the year with a business of Rs 118 crore. This company is now expanding into the human health care market. Mahyco-Monsanto Biotech, a JV between India's leading seed company Mahyco and bioagri leader Monsanto, is a bioagri company, which registered record sales of Rs 166.40 crore. These five are a representation of the different type of biotech companies.

Biotech Industry in 2004-05

Segment	Revenues (in Rs crore)		Market Share (%)		Growth (%)
	2003-04	2004-05	2003-04	2004-05	
BioPharma	2752	3570	79.19	75.24	29.7
BioServices	275	425	7.91	8.96	54.5
BioAgri	130	330	3.74	6.95	153.8
BioIndustrial	238	320	6.85	6.74	34.4
Bioinformatics	80	100	2.3	2.11	2
Total Industry Size	3475	4745	100	100	36.5

BioPharma corners three-fourths of Indian market(\$811 million out of \$1070 million)

Further down the ranking, Novo Nordisk, the #6 company, is a global major, which has direct presence in India and it is the leader in the human insulin market here and is basically a therapeutics player. Rasi Seeds at the seventh position is an Indian agri company, which sourced the technology from Monsanto. Aventis Pharma, Bharat Serums and Chiron Behring Vaccines, ranked eight, nine, and 10 respectively, are into the human health care segment.

Homegrown Companies

It may be noted that this year's table of Top 20 Biotech companies does not include the diagnostics and bioservices companies. This was a conscious decision taken to evolve true list of biotech companies, as is the global practice. Also this year, we have created a list of Top 20 Homegrown companies. This is a list to track how Indian entrepreneur-led biotech companies are performing in the market place. While the top 20 companies of the "Top 20 Biotech" list have recorded total sales of Rs 2,843 crore, the "Top 20 Homegrown" companies registered total sales of Rs 2,479 crore.

Top20 Biotech Companies

Rank	Company	Biotech Turnover (Rs Crore)		Growth (%)
		2003-04	2004-05	
1	Biocon	502	646.36	
2	Serum Institute of India	550	565	
3	Panacea Biotech	149	217.29	
4	Venkateshwara Hatcheries	88	188	
5	Mahyco Monsanto	54	166.4	
6	Novo Nordisk	110	135	
7	Rasi Seeds	-	86.87	

While the Top 20 Biotech companies registered a growth of close to 34 percent, the homegrown companies too were not far either. They registered a total growth of 35.6 percent in 2004-05. The Top 20 Biotech companies in 2004-05 accounted for close to 60 percent of the total biotech market of Rs 4,745 crore. Compared to that figure, the Homegrown companies contributed 52 percent of the total biotech business in 2004-05.	8 Aventis Pharma	73	61.3
	9 Bharat Serums	79.68	81
	10 Chiron Behring Vaccines	67	78
	11 GlaxoSmithKline	61	77.82
The top five list of "Top Homegrown" companies and "Top 20 Biotech" companies remained the same. A clear trend is that the homegrown companies are maturing and consolidating their global positions too. The next five in the homegrown list were Rasi Seeds, Bharat Serums, Indian Immunologicals, Shantha Biotechnics and Wockhardt. Again this list represents the presence of the companies in various sectors. The top five companies accounted for 33 percent of the total market of Rs 4,745 crore in both categories. While the Top 10 homegrown companies accounted for 43 percent of the market share, the Top 10 biotech companies in the country accounted for 47 percent of the total biotech business.	12 Indian Immunologicals	56.69	72.38
	13 Shantha Biotechnics	40	70
	14 Novozymes	53	69
	15 Celis and Company	67.4	68.38
	16 Wockhardt	40	67
Segments Performance	17 Bharat Immunological & Biological Corp.	21.59	53.25
BioPharma is the single largest contributor to the total business. This sector with total sales revenues of Rs 3,570 crore (\$1141 million) accounted for more than 75 percent of the total business. BioPharma registered close to 30 percent growth, primarily driven by the vaccines business. The BioServices sector is the next big market with nearly 9 percent market share. The BioServices market is estimated to be Rs 425 crore in 2004-05, recording close to 54.6 percent growth. With the two Bio cotton companies, Mahyco and Nuziveed, in 2004-05 the BioAgri sector was the fastest growth sector, though it accounted for only 6.95 percent share of the total market. This sector grew nearly by 154 percent to Rs 330 crore. BioIndustrial sector generated total revenues of Rs 320 crore, registering 34.45 percent growth. It accounted for 6.74 percent of the total market. Bioinformatics sector registered 25 percent growth to record total business of Rs 100 crore and accounted for 2.11 percent of the market.	18 Bharat Biotech International	36	91
	19 Advanced Biochemicals	30.1	39.55
	20 Biological E	38.37	36.25
	Total Top 20 Revenues	2146.83	2842.85

Exports Vs Domestic Sales

The total biotech exports from the country stood at Rs 2,001 crore and contributed to 42.17 percent of the total biotech business. The domestic business accounted for Rs 2,744 crore. The BioPharma sector accounted for the largest share of exports with total revenues of Rs 1,463.7 crore and accounted for 73.15 percent of the total exports. The next big contributor was the BioServices segment with total exports of Rs 391 crore. It accounted for 19.54 percent of the total exports. Among the other segments, Bioinformatics contributed 3.6 percent, BioIndustrial 2.56 percent, and BioAgri 1.15 percent to the total exports of Rs 2001 crore.

The domestic business was mainly driven by BioPharma sales. BioPharma accounted for 73.15 percent share of the total domestic biotech business of Rs 2,744 crore (\$623 million). BioPharma's contribution was Rs 2,106.3 crore in 2004-05. BioAgri was the next big contributor with total domestic sales of Rs 306.9 crore and accounted for 11.18 percent of the Rs 2,744 crore domestic biotech business. BioIndustrial's share of the business was 9.8 percent and it generated Rs 268.8 crore sales. Bioinformatics and BioServices are yet small markets for domestic business and they accounted for 1 and 1.24 percent share of the total pie.

SURVEY & RANKING METHODOLOGY

BioSpectrum conducted this survey in association with the Association of Bio Suppliers segment grew by 42 percent to Rs 1236 crore (US\$280 million), clearly indicating the continuing investments made by the biotech companies in the country. The questionnaire (survey form) is sent to over 450 companies to capture the needed information for the analysis. This was done in April-May 2005 and the forms were collected till 25 May. Over 200 companies shared information with us to the extent it was possible about their companies and the industry. Over 90 percent of the companies are in the private sector and unlisted, yet they shared financial information for this survey. The companies that are into biotech business and another 120 that supply technology products to these biotech companies. The information provided by the companies was crosschecked before publishing this report.

The industry is well spread across the country. Several states have biotech policies and also biotech parks to promote the industry. The biocluster in the Western region is the largest in terms of revenues generated. The industry comprises over 280 companies that are into biotech business and another 120 that supply technology products to these biotech companies. The southern cluster is housed in Bangalore, Hyderabad, and Chennai. The West is centered around Aurangabad, Ahmedabad, Mumbai, and Pune. Companies in the North are primarily located in Delhi-Gurgaon-Noida region.

NOTES

Bangalore is home to the country's largest biotech group Biocon and global companies like Accelrys, Astra Zenica and Monsanto have set up their research centers in the city. products sales and service figures. In several cases where revenue figures were not

- available estimates were made based on diverse industry inputs.
- The heterogeneous nature of the cluster, which has companies ranging from bioagri to bioinformatics to bioindustrial, also makes it an attractive destination for companies to set up shop here. Avesthagen, for example, works in diverse areas from plant research to agri research.
- Biotech from plant research have not been considered as part of the biotech industry definition.
- BioPharma included products made by fermentation/animal cell culture
- Today most of the biotech companies want to harness the prowess of IT to develop products and Bangalore, a global IT hub, makes it a natural choice.
- The Agri segment analysis has included only the GM seeds and molecular markers and related products. So the hybrid seeds business is not a part of the agribusiness sales values.
- For all the ranking purposes, we have taken the biotech business only into consideration. Wherever TURNOVER is mentioned it means sales turnover from biotech. That means it is not necessarily the total sales turnover of the company.
- Women form a significant part of the workforce in research-intensive companies. They account for nearly 30 percent of the employees in this sector. However, biotech companies, which are primarily sales and marketing driven, are exceptions to the general trend of biotech companies having more women employees. Many of these companies are keen to induct women even in marketing, sales and technical functions, which require extensive traveling.
- Bangalore is a global brand. It has a strong technology culture; it has several R&D establishments like NCBS and IISc. In "How the Regions Fare" table, the figures mentioned are the revenues generated by the companies based in that respective region and not the sales done in that region. As the East has very little base, we have included the same in North.
- Bangalore will have a Biotech Park by the end of next year.

- Hyderabad is another important destination in South.
- A strong pharma base and presence of mature biotech manufacturers like Indian Immunologicals, Shantha Biotechnics, Bharat Biotech, Dr Reddy's and Biological E make it a strong hub. Also has a strong representation in bioagri sector with companies like Emergent Genetics, JK Agri Genetics, and Nuziveedu Seeds.
- Hyderabad already has established biotech parks-ICICI Knowledge Park and Shapoorji Pallonji Biotech Park to provide the ambience.
- The state government is business friendly and has actively pursued the cause of the biotech industry. It also created India's first biotech venture fund APIDC.
- Leading research institutes like CCMB, CDFRI and IICT provide the right scientific atmosphere.

In the West, Mumbai is home to some of the leading global biotech players like GlaxoSmithKline, Aventis and Pfizer. Serum, the second largest biotech group in the country, is established in Pune along with Venkateshwara Hatcheries. Also other leading pharmaceutical companies in the country like Wockhardt, Nicholas and Intas have their base in Maharashtra and

Gujarat.

In terms of the biotech revenues generated by the companies based in the regions (not the sales done in that region), West accounts for the biggest chunk of the market. Led by Serum Institute of India, Venkateshwara Hatcheries, and Mahyco-Monsanto, the region accounted for 50.8 percent of the total biotech business generated. West's contribution was Rs 2,412.36 crore. South's share in the pie was 40.01 percent and Biocon along with Rasi Seeds led the way. The business of South headquartered companies was Rs 1,898.47 crore. North with total business of Rs 434.17 crore accounted for 9.15 percent share of the market. Panacea and Eli Lilly are the two major players from this region.