

Shan5 product recall hits Shantha's revenue by 19%

09 June 2011 | News



RANK 16

In 272 crore*

Shantha Biotech

MD

Dr KI Varaprasad Reddy

Business

R&D and manufacture of human therapeutics

Start-up Year: 1993

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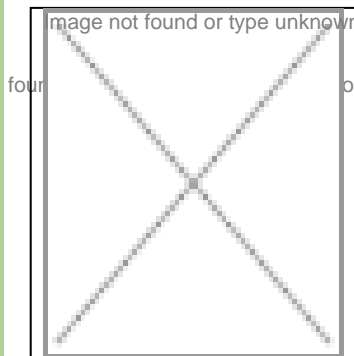
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pay 40 for a single dose of vaccine.

Shantha Biotech is undeterred by the setback faced on account of its Shan5 vaccine and is gearing to launch four new vaccines between 2011-16



Shantha Biotech, the first Indian company to launch an r-DNA vaccine in 1997, witnessed a considerable 19 percent drop in its revenue — from 334.23 crore in 2009-10 to 272 crore in 2010-11. The drop in revenue is mainly because Shantha Biotech recalled its five-in-one vaccine, Shan5, from across the global markets following

The WHO, which was procuring the Shan5 vaccine from Shantha Biotech under a long-time contract worth \$340 million, called for recall and destruction of all the batches of the vaccine after a “white sediment” was discovered in

some of the vials. Shantha Biotech supplied 24 million doses of Shan5 vaccines in January 2010.

However, it is difficult to ascertain how much portion of this supply has been used. The cost of the 24 million vaccines would be around \$72 million, assuming that the WHO

The WHO, in its July 28, 2010, statement noted that it will maintain the tetanus toxoid, Shan TT, and hepatitis B vaccine,

Shanvac, on the list of its prequalified products. Also, the prequalification for evaluation of cholera vaccine, Shancol, will continue. Since the potential root cause of the appearance of the sediment is linked with the manufacture of the pertussis component, the WHO has decided to remove the tetravalent vaccine (DTwP-hepatitis B) from the list of prequalified products. The WHO has also decided to terminate the ongoing prequalification evaluation process for a DtwP vaccine, Shantrip. Shantha Biotech, 80 percent of which is now owned by Sanofi Aventis, is one of the leading players in the field of modern biotechnology in India.

Since the development of the recombinant hepatitis B vaccine, the company has launched a tetravalent DPT hepatitis vaccine and has also commercialized three therapeutic proteins, including interferon alpha 2b, streptokinase and erythropoietin. Along with its subsidiary, Shantha West at San Diego, Shantha Biotech is engaged in the development of monoclonal antibodies using the human body's own defense mechanisms.

Realizing the potential of collaborative research, the company established collaborations with leading institutes like the Center for Cellular and Molecular Biology, the Indian Institute of Sciences and the International Vaccine Institute, Korea. Vaccines, therapeutic proteins and therapeutic monoclonals are the main focus areas of the firm for R&D in the product segment.

Channeling almost 25 percent of its revenue into research, equipped with 50,000 sq ft of laboratory area and having facilities for animal cell culture, hybridoma technology, virus handling, and upstream and downstream process development, Shantha Biotech boasts of state-of-the-art R&D infrastructure to engage in research of infectious diseases and oncology. The company has four vaccines, including a typhoid vaccine, a measles-rubella vaccine, a rotavirus vaccine and an HPV vaccine, in its product pipeline for the period of 2011-16.