

A Good Year Again

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BioPharma sector alone crosses \$1 billion (Rs 1,046 crore) in revenues, but the industry falls short of the \$1.5 billion mark by \$50 million.

Repeating the previous year's growth rates, India's biotechnology industry has notched up another good year in 2005-06 with sales growth of 37.42 percent to reach Rs 6,521 crore (\$1.45 billion) in revenues. The industry narrowly missed the \$1.5 billion mark by just \$50 million (Rs 225 crore).

All sectors witnessed growth

Last year has followed another landmark year of 2004-05 when it crossed the \$1 billion (Rs 4,745 crore) mark. What is remarkable is that the BioPharma sector, comprising vaccines, therapeutics and diagnostics has recorded \$1.05 billion in revenues (Rs 4,708 crore). The sector recorded 31.88 percent growth. It was the single largest sector and accounted for 72.20 percent share of the Rs 6,520 crore biotech industry.

BioAgri sector continued to be the fastest growing sector for the second year in a row. It posted 81 percent growth clocking Rs 598 crore in sales. However, the BioAgri sector remained the third largest contributor to the industry. BioAgri's share of the industry was 9.17 percent. BioServices with 11.03 percent share of the industry garnered Rs 719.5 crore in sales and registered 69.29 percent growth on the previous year's figure. BioIndustrial and Bioinformatics grew by 17.19 percent and 20 percent respectively to Rs 375 crore and Rs 120 crore in 2005-06.

Exports soar

The total biotech exports in 2005-06 were at Rs 3,357.17 crore, while the domestic business reported Rs 3,163.83 crore in sales. The exports accounted for 51.48 percent share of the total industry. BioPharma exports accounted for 74.33 percent of the total exports of Rs 3,357.17 crore, clocking Rs 2,495.24 crore in revenues. BioAgri's share of exports was the lowest at 1.07 percent and exports from this segment stood at Rs 35.88 crore. BioServices overseas revenues were Rs 684 crore. BioIndustrial and Bioinformatics sector accounted for 1.23 percent and 3 percent share of the total exports respectively.

BioPharma again accounted for the largest share of the domestic business. Its business in India accrued to Rs 2,212.76 crore and accounted for 69.94 percent share of the total domestic market of Rs 3,163.83 crore. BioAgri was the next big contributor to the domestic biotech business. The revenues from this sector in India was Rs 562.12 crore.

NOTE

This year BioSpectrum-ABLE Survey is being reported in two issues-June 2006 and July 2006. While this issue focuses on the Top 20 Ranking and directory of biotech companies, the second issue (July 2006) will cover in detail the analysis of each of the major segments, human resource aspects, and BioSuppliers among other things.

Serum Institute of India, the No. 1 biotech company

Pune-based Serum Institute of India tops the industry rankings with total sales of Rs 703 crore, moving ahead of Biocon Ltd, which occupied the top slot in the previous three surveys. Biocon closed the year with total sales of Rs 688 crore from its biopharmaceutical and enzymes businesses. While Biocon registered 6.44 percent growth, Serum Institute of India grew by 39.21 percent in FY06.

The Top 20 and Next 21-35 Companies Tables clearly point out that the industry is not only growing, but is also maturing as an all-inclusive industry. The Top 20 list includes BioAgri companies, BioPharma companies-both animal and human health as well as BioIndustrial companies. The Top three companies are primarily in the BioPharma sector and accounted for a total business of Rs 1,829 crore. Panacea Biotec is the third largest company with biotech revenues of Rs 437.82 crore. The fourth, fifth and eighth ranked companies are focused on the BioAgri segment. Mahyco Monsanto Biotech ranks fourth with Rs 391 crore, while Rasi Seeds is fifth with Rs 309 crore and Mahyco stands at Rs 117.76 crore. The three account for Rs 817.76 crore in revenues. The sixth and tenth places are occupied by companies primarily focused on animal health segment. Venkateshwara Hatcheries is ranked sixth at Rs 280 crore and Indian Immunologicals with Rs 102.67 crore in revenues is ranked tenth. These two account for Rs 382.67 crore.

Further, it may be observed that the difference between MNC versus indigenous is thinning down. The MNCs are positioning themselves as local companies, home-grown companies. There are many MNCs too in the Top 20 ranks-Novo Nordisk and Aventis. This is a clear sign of the heterogeneous nature of the biotech businesses. Further the change in the rankings reflect that companies are doing businesses in sync with the industry trends.

It has to be pointed out that the Top 20 Rankings do not include the diagnostics and bioservices companies, a conscious decision taken to evolve true list of biotech companies as is the global practice.

Top 20 Home Grown Companies

We have drawn a list of Top 20 Homegrown companies to track the progress being made by India-grown biotech companies. While the Top 20 companies of the "Top 20 Biotech" list have recorded total sales of Rs 4036.59, the "Top 20 Homegrown" companies registered total sales of Rs 3,419.57 crore. The Top 20 Biotech companies in 2005-06 accounted for close to 61.9 percent of the total biotech market of Rs 6,521 crore. Compared to that figure, the Homegrown companies contributed 48.45 percent of the total biotech business in 2005-06.

The top five companies in the list of "Top Homegrown" companies and "Top 20 Biotech" are the same. The homegrown companies are maturing and consolidating their global positions too. For example, Serum is a global leader in MMR vaccines and Indian Immunologicals is one of the largest producers of Foot and Mouth Disease (FMD) vaccines. The next five in the homegrown list were Venkateshwara Hatcheries, Mahyco, Indian Immunologicals, Shantha Biotechnics and Bharat Serums.

This list also reflects the diverse nature of the sector. The top five companies accounted for 38.79 percent of the total market of Rs 6,521 crore in both categories. While the Top 10 homegrown companies accounted for 46.47 percent of the market

share, the Top 20 biotech companies in the country accounted for 50.9 percent of the total biotech business.

Top Groups

Biocon and Serum are the two largest biotech groups in the country. Biocon Group's total sales during 2005-06 were Rs 793 crore. It is an integrated biotechnology enterprise focused on biopharmaceuticals, enzymes, and research services. Biocon Group consists of Biocon Ltd, focused on biopharmaceuticals business, which includes statins and immunosuppressants, and enzymes, and it reported total sales of Rs 688 crore for the year ending March 2006 from these businesses. The Group's other companies include Syngene International, Clinigene and Biocon Biopharmaceuticals. Syngene and Clinigene are focused on custom research and clinical research respectively, while Biocon Biopharmaceuticals is focused on new molecule developments. The research services business of Biocon, mostly comprising that of Syngene, has grown by 52 percent to Rs 100 crore from Rs 66 crore and contributed to 13 percent of the group's operating revenues in FY 2006.

Serum Group, on the other hand, has Serum Institute of India and Serum International as the two major companies. Serum Institute of India is the top biotech company in the country with record sales of Rs 703 crore in 2005-06, registering 39.21 percent growth. Serum Institute of India leads the industry with a range of vaccines-Rubella, BCG Vaccine, Measles, MMR and HepB. Serum International Ltd is its marketing arm to sell research-based products of Serono, Switzerland, and this recorded sales of Rs 39 crore compared to 2004-05 sales of Rs 60 crore. The reason for the drop is mainly because the management wants to now focus on launching its own indigenous products. Now Serum Group is also setting up Serum Bio Pharma Park at Pune, India's first biotech SEZ. The Park is located in Hadapsar, adjoining Serum Institute's existing manufacturing unit and it proposes to invest about Rs 1,200 crore to develop the park. The entire project will be completed in phases by 2010.

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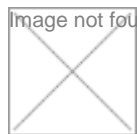


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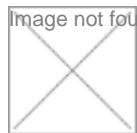


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