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Industry growth slides to 20 percent

11 July 2008 | News

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The Indian biotech industry notches $2.5 billion in revenues, recording 20 percent growth, the lowest annual increase in the last five years. The industry was growing at a CAGR of 34 percent since 2003 and the 20 percent growth this year appears to be the pause before the next level of growth happens.

BioSpectrum called FY2006-07 as the year of GMP-Globalization, Maturity, and Products. And this year's survey clearly reflects the continuation of that trend. First, the Indian biotech industry recorded $2.5 billion in revenues and the 30 percent growth rate that was being witnessed for the past five years has slumped to 20 percent and is more congruous with the global line. The global biotech industry in 2007 grew at about 8 percent, while the Asia-Pacific region registered a growth of 21 percent. This is an indication that the biotech sector is consolidating and the spurt in growth will happen when the industry moves to the next level of change.

The signs of the change are visible. The most important sign of this change is increase in activities related to localization of global companies and globalization of Indian companies. This is an important development as in the past one talked about attracting investments to India--only global companies coming to India. However, this trend has reversed and now it is a two-way thoroughfare and in equal proportions. This will spike up the growth.

The indication of this change is in the deals like Ranbaxy-Daiichi Sankyo (Japan), RFCL-Bremer Pharma (Germany), Manipal AcuNova-Ecron (Germany), Jubilant Biosys-Forest Laboratories (US), and Intas Biopharmaceuticals-Biologics Process Development (US). Almost a dozen deals must have been signed during January-June 2008 alone. These are cross-border deals as well as deals within the companies in India. An important development that one cannot ignore is the Ranbaxy-Daiichi Sankyo deal. So far Asian pharma and biotech companies were involved in dozens of cross-borders merger deals, mainly in Europe and the US markets in recent years. Now the attention is turned to the region itself. The acquisition of India's second largest drug maker, the S1.05 billion Ranbaxy by Japan's $9.6 billion Daiichi Sankyo is a landmark step. For it is set to change the way Asia's strong and vibrant pharma companies are going to play the game hereafter.

The industry in 2007-08 clocked $2.5 billion (Rs 10,273.7 crore) in revenues, registering 30.98 percent growth, over the previous year's figure of $2.08 billion (Rs 8,541 core). The biopharma segment continues as the largest contributor to the biotech industry revenues. During 2007-08, it recorded sales in excess of $1.72 billion (Rs 6,899 crore) and accounted for 67 percent of the total industry revenues, registering 16 percent growth.

The biotech exports grew to Rs 5,733.7 crore. The share of exports in the total biotech pie is close to 56 percent. Exports from biopharma alone accounted for over 70 percent of the total industry, while the bioservices sector had 26 percent share in exports (Rs 1,502 crore). The bioservices sector registered 53 percent growth. The bioagri sector grew by 30 percent to Rs 1,202 crore, the bioindustrial sector by 4 percent to Rs 410, and the bioinformatics sector by 31 percent to clock Rs 190 crore in revenues.

In 2007-08, the investments touched Rs 2,750 crore, up by over 21 percent compared to the previous fiscal. Based on the current trends and the new progressive biotech policy in place, the forecast for 2015 is that the Indian biotech industry would be about $13-16 billion revenue.

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