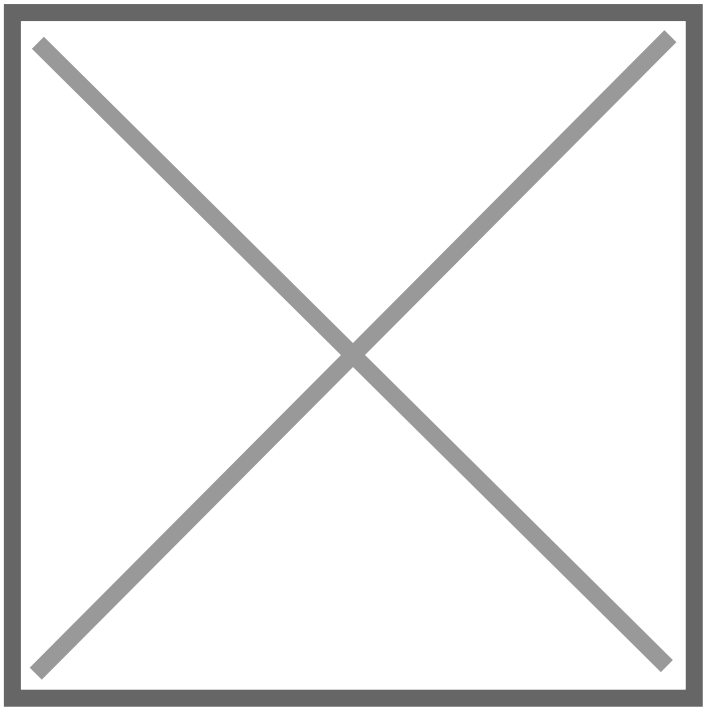
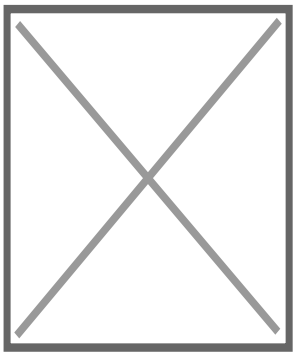
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"India to witness demand for pediatric vaccines"

04 January 2011 | News





Mr KV Balasubramaniam
managing director,
Indian Immunological, Hyderabad

Hyderabad-based Indian Immunological Limited (IIL) has seen a host of milestone achievements in 2010 including expansion to high-demand international markets such as the Africa and CIS countries; acquisition of an animal breeding and reproduction genetics unit; and increase in supplies of its products to government-driven healthcare programs.

In a free-wheeling chat with BioSpectrum, Mr KV Balasubramaniam, managing director of IIL, throws light on the company's growth drivers, the pivotal role of government programs in the growth of the company and the prevailing trends in animal biological vaccines market.

Q What were the key achievements and growth drivers for IIL in 2010?

Mr KVB: In the domestic market, the company focused on nutraceutical products for animal health and also the creation of Raksha Veterinary Centers which provide affordable healthcare to the livestock sector, particularly in the rural areas. We have launched products like calcium supplements, region specific mineral mixture and fertility improvement products. In 2010, we also acquired animal breeding and reproduction genetics company, IndiaGen. In international markets, IIL expanded its footprint into the Africa and CIS countries. IIL's Raksha FMD vaccine and Abhayrab, the human rabies vaccine, are leading brands in many foreign markets.

Government's emphasis on livestock vaccination for diseases such as Foot-and-mouth disease (FMD), brucellosis, Peste des Petits Ruminants (PPR); and growing understanding of nutrition needs of livestock are the major growth drivers for the company. On the human health side, the growth will be driven by the growing private market for vaccines not covered under the universal immunization program (UIP) and for newer vaccines in the pediatric segment.

Q Which business division (animal health/human health) showed maximum growth in 2010?

Mr KVB: Out of the $59 million revenue in 2009–10, animal health contributed $22.8 million, animal breeding contributed $2.3

million, human health contributecd $25.2 million, and exports contributed $8.7 million. The maximum growth was delivered by the human health division, which was 30 percent over the previous year, thanks to the growing strength of the Abhayrab – Rabies vaccine, also supported by sales of pediatric vaccine to the government's UIP.

Q Could you give an overview of the contribution of government/public health programs to IIL's overall business?

Mr KVB: There is an increased emphasis by the government on enlarging the Disease Control Programs to include brucellosis and PPR for vaccination. Besides, the scope of the FMD control program is also being increased to cover 221 districts as compared to 54 at present. This will be taken up in the remaining two years of the current 11th Five Year Plan. This will consequently lead to the demand for FMD, brucellosis and PPR vaccines. On the human health side, we understand that the government is also working on enlarging the vaccine range under the UIP and on improving the vaccination coverage, which is relatively low in India. The Indian government is also planning to introduce a measles vaccination program this year. As a result, there would be increase in demand for pediatric vaccines, for hepatitis B, measles and MMR.

Q IIL has made sizable investments in R&D last year. Could you throw light on the areas where these investments were made?

Mr KVB: IIL spends about five percent of its sales for R&D activities ($2.8 million in FY 2009–10). IIL focuses on vaccines – for both animal and human health - which are critically needed in India and in developing countries. The platform technologies that we work on are various recombinant technologies, hybridoma and plant biology, apart from novel delivery systems. Among the vaccines that are being developed for animal health are glycoconjugate vaccines for brucellosis; novel recombinant vaccines for FMD, enterotoxemia, porcine cysticercosis, canine parvovirus, and tick infestations; and conventional vaccines for blue tongue, Calf diarrhea and IBR in the animal health segment. On the human health side, there are vaccines for chikungunya, hepatitis A, Japanese encephalitis, hook worm, combination pediatric vaccines, and HPV. IIL's R&D center in Hyderabad has about 60 scientists working in state-of-the-art facilities occupying 3,000 sq.m. The R&D facilities are being operated as per GMP standards and a few laboratories have BSL4 standard facilities for safe handling of pathogens.

Q How has exports contributed to the overall growth of the business?

Mr KVB: IIL's mandate is to export its vaccines only after meeting the domestic requirements. The company has focused on building a strong presence for its two flagship vaccines – Raksha FMD and Abhayrab in several international markets. IIL exports its products to about 40 countries with the Asian region accounting for bulk of the sales. We are the largest animal health product exporter from India.

Q What are the company's expansion plans for 2011?

Mr KVB: The company is investing about $32.6 million for a manufacturing facility at the Karkapatla Biotech Park near Hyderabad to manufacture brucellosis vaccine, animal health formulations and human rabies vaccine in the first phase. Thereafter, human health vaccines such as Japanese encephalitis, chickungunya, hepatitis A, human papillomavirus will be manufactured from this facility. These products will hit the market in 2012.

Q Does IIL has any plans to enter veterinary health services, animal and human biotherapeutics, and diagnostic products segments?

Mr KVB: IIL has entered the veterinary health services market through its unique concept of Raksha Veterinary Centers (R Vet Cs). R Vet Cs are basically micro franchisee networks having veterinary clinics in rural areas manned by qualified veterinarians, as also mobile veterinary teams which offer quality healthcare, breeding and nutrition services to farmers at their door steps at truly-affordable prices. The project is currently in its final pilot phase and we plan to expand this in the coming years.

IIL research team is also involved in the development of Granulocyte colony-stimulating factor (GCSF). Development of diagnostics will include interferon gamma release assay for bovine tuberculosis, Johne's disease, FMD and HPV diagnosis.

Q Growth in animal biologics market saw a drop last year. Do you expect to see a revival in 2011?

Mr KVB: There was a marginal drop in animal biological market last year, mainly due to deferment of certain vaccination programs. On account of the expansion of the disease control program, we will see a very strong revival in 2011. We expect animal biologicals market which is about 50 percent of the total market currently to increase in size and gain prominence in the coming years.

Q What are the emerging trends in the animal vaccines market?

Mr KVB: There is a very strong initiative by the government to cover more animal diseases simultaneously. There is also an

increasing awareness among farmers to adopt broader livestock practices and better concern for animal health. As a result, we expect that the animal health market, particularly the biological segment, will see consistent growth between 12 and 15 percent per annum in the coming years.

Nayantara Som in Mumbai