

Growth Pangs

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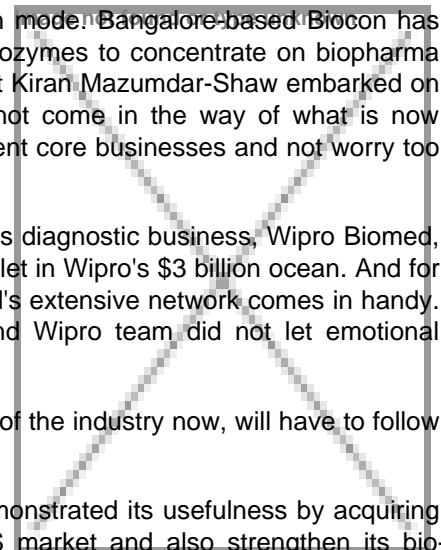
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There is growing evidence that India's \$2 billion biotech industry is on a consolidation mode. Bangalore-based Biocon has provided the latest proof. Biocon has hived off its industrial enzymes business to Novozymes to concentrate on biopharma and contract research areas where it sees maximum growth opportunities. The fact that Kiran Mazumdar-Shaw embarked on her path-breaking entrepreneurial journey by making enzymes in a small shed did not come in the way of what is now currently good for Biocon. Biocon's management energies could be focused on its current core businesses and not worry too much about industrial enzymes, which brought just a tenth of its group revenues.

Another proof has come from the IT leader, Wipro. It has decided to sell its life sciences diagnostic business, Wipro Biomed, to Delhi-based RFCL. The \$10 million revenues from Wipro Biomed was just a tiny droplet in Wipro's \$3 billion ocean. And for RFCL it is a good buy as it seeks to expand its diagnostics business and Wipro Biomed's extensive network comes in handy. Aligning with a specialist company will boost Wipro Biomed's capabilities further and Wipro team did not let emotional attachments come in the way of cold business logic.

As biotech companies grow, more and more first time entrepreneurs who form the core of the industry now, will have to follow Biocon and Wipro Biomed.

Strategic buys should also be on the radar of biotech companies. Avesthagen has demonstrated its usefulness by acquiring US-based Renaissance Herbs, which will give it a quick entry into the lucrative US market and also strengthen its bio-



nutritional focus.

Globally, the top biotech companies have focused on developing expensive therapies and products to address niche segments. And many have spoken in favor of the industry diverting some attention to develop cures against some of the 'neglected' or 'orphan' diseases, which affect nearly half the humans on earth. Tuberculosis (TB), a bacterial disease, has been the scourge of humans for centuries and in recent years, virulent forms of its, resistant to the best drugs in its class, have been causing some concern among health experts globally. Some big pharma companies like Eli Lilly, AstraZeneca and Indian players like Lupin have been at the forefront of developing new therapies to combat this dreaded disease. The Global Alliance for TB Drug Development or the TB Alliance has been in the forefront of the fight against the disease. Its recent decision to evaluate promising anti-TB drugs even at the preclinical level instead of waiting for the clinical evaluation is a bold step to reduce the time to bring new drugs to the market significantly. A candidate drug PA-824 (Nitromidazole) by Chiron/Novartis is a promising drug under development now.

Meanwhile, President Bush once again vetoed a bill on stem cells that would have permitted US Federal government to fund embryonic stem-cell research. President Bush, however, outlined the scientific advances in the use of stem cells from adults and children, and he said that he has taken steps to increase support for research on "ethically produced" pluripotent stem cells. This means that the stem cell research in the US has some restrictions on ethical grounds. Indian policy makers too are preparing the guidelines for stem cell research in India. The joint committee of ICMR and DBT met in mid-July to discuss the Annexure on "Laboratory standards for cell collection and processing for clinical use". The guidelines will be put up for debate, probably in August, before the final policy is announced.

Industry leaders have been murmuring about the "talent crunch" faced by the sector for sometime now. This has happened in spite of the oversupply with over 300 institutions training students in a range of biotech and related courses. Bridging the gap between the industry and academia is the theme of the 3rd round of BioSpectrum CEO Summit series, which kicks off in Bangalore on 17th August and will go to Delhi, Mumbai and Hyderabad in the next months. Needless to say that your presence is required to finalize the agenda and action plan for the industry and the educational sector to overcome this problem, which may become a crunch issue if not attended to in time.