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A phase of consolidation in biopharma sector

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From doubling capacity of its research lab and pilot plant for biology and chemistry synthesis, Anthem Biosciences is now sprucing up its business game-plan to keep pace with the rapidly changing market place, which is scouting for high quality domain expertise in research and production of biopharmaceuticals. In an interaction, **Ajay Bharadwaj**, Chief Executive Officer & Founder, Anthem Biosciences provides an overview of the industry, challenges being faced by the biopharma business and also the details of his company's future growth plans to **Nandita Vijay**. Excerpts:

What are your views on the global as well as the Indian biopharma industry?

The current phase in the biopharma sector is one of a shake-out and consolidation. Between 2005-2007, the outlook was positive, where sound US and EU markets looked for good growth prospects offering many Indian companies opportunities to grow. But the phase between 2008 to 2010, was bleak and a blow to the sector. The unprecedented global economic downturn took the industry by surprise. There was a visible slowdown in terms of company growth rates and signs of scale-back indicating considerable reduction in activity. The big companies were hit and small-medium sized pulled back much of their business development plans and investment initiatives. Even now the growth is hazy. There is no clear picture emerging primarily because US economy is over leveraged, there is currency crisis in EU, wars in the Middle East and natural disasters in Japan. My view is that Full Time Equivalent dependent companies cannot succeed. However one thing is clear that this is an age of differentiated offerings by mature companies, as opposed to start ups in the contract research and manufacturing services (CRAMS) space. While the BRIC nations are a key part of the global growth story, bio-pharma companies from India will not be opted for mere cost, but high quality and fast turnaround time line deliveries.

What according to you could help companies to take a positive growth trajectory?

The visible trend is that only companies which are truly research focused having a market comprehension can survive. These companies will need to be aggressive and have sound strategies to spur the growth path ahead. The small scale research start ups who cannot quickly scale up would be handicapped.

What according to you are the key issues which are hampering the growth of this sector in India?

There are several issues and challenges in India which are hampering the growth of the biopharma sector. Firstly setting up a business in India is tough for entrepreneurs. There are no clear cut norms, clearances are cumbersome and lead to inordinate delays. Secondly land prices are exorbitant which is affecting industrial growth in India and the industry needs land to progress. Although biopharm is a knowledge industry, it still needs mud and mortar for construction and growth. We need manufacturing facilities and effluent treatment plants all of which come with a cartload of approvals and clearances. Presently, there are indications on the new world order which is unclear and unpredictable.

Anthem is a four year old enterprise, could you briefly outline the growth so far?

We have grown and this growth is attributed to the highly qualified, experienced and dependable teams created by the company. There was a strong foundation of trust, capability and expertise. We started the company with a Rs. 40 crore investment and today we are a Rs. 80 core profitable small medium sized company. As part of the expansion plans, we have infused an additional Rs. 30 crore sourced through internal accruals and via debt.

What are the likely future efforts of the company. Would you continue to be in CRAMS space or diversify? What is your action plan to spur growth?

As part of our efforts in the CRAMS space, we are expanding in terms of infrastructure and people. We are setting up a 200,000 sq. ft lab in the present premises which will be commissioned by early 2012. We have also invested in SIPCOT at Hosur, Tamil Nadu to establish a synthesis-fermentation process bio-manufacturing facility.

Further, Anthem tread the inorganic growth path to acquire Vestas Life Sciences which is a small molecule, finished dosage formulation marketing company in Bangalore with drugs for diabetology and cardiovascular. This move enabled us to transform into an integrated biopharma enterprise.

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