

Bridging the biotech communities

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Five hundred participants from 25 countries converged at BioAsia 2004 in Hyderabad. The summit lived up to its promise of being a platform for bridging the Asian and global biotech communities and underlined the potential opportunities that India offers to companies seeking to expand their operations.

The three-day global bio business forum BioAsia 2004 (February 26-28) saw UNESCO Chair in Ecotechnology and Chairman of MS Swaminathan Research Foundation call for a genetic literacy movement and by the time the summit came to a close, Asia came together in a Federation of Asian Biotech Associations. Asian countries realize they have a lot of catching up to do in biotechnology and one way to accelerate the process is pool resources and build collaborative relationships within Asia. Genetic literacy divide could derail the progress on the front, hinted M S Swaminathan especially, in the case of genetically modified food, he said.

Swaminathan also recommended that a National Resource Centre be set up for safe and responsible use of biotechnology and dissemination of information through media.

According to CSIR-Director General Dr RA Mashelkar, reducing drug discovery costs and time to market is top of the agenda for the industry hence the immediate opportunity for India is in drug discovery, contract research and manufacturing, clinical trials and bioinformatics. "However, there is no reason why India cannot do well in basic biology," he said. Allaying concerns on IP and data protection in compliance with TRIPS Mashelkar said, "It will all be in place by 2005." Here are some highlights from first BioAsia 2004 held in Hyderabad:

- The first Genome Valley Excellence award was conferred on Prof. MS Swaminathan, UNESCO Chair in Ecotechnology and Prof. William Rutter, CEO, Synogenics LLC.
- The B2B Forum coordinated by All-India Biotech Association (AIBA) Southern Chapter lined up 46 one-on-one sessions for the entrepreneurs. According to Dr A K Sadhukhan, vice chairman of AIBA, 12 MoUs were signed. He also mentioned four letter of intent have been released and another two MoUs are in an advanced stage.
- The leaders of the delegates from Asian countries unanimously decided to launch a Federation of Asian Biotech Associations (FABA). Institutions, industries and associations dealing in biotechnology in various countries in Asia can become members by paying \$300 as seed money. Dr M K Bhan, secretary, Department of Biotechnology, Government of India and BP Acharya, secretary Industries and Commerce Department, Government of Andhra Pradesh, have agreed to become patrons of FABA. A working group will be formed and FABA would be registered within three months. AIBA Southern Chapter headed by Dr BS Bajaj would work as convener. The agenda is to help Asian countries consolidate their strengths and accelerate development of biotechnology.
- Jai Nagakatti , President, Sigma Aldrich Scientific Research listed chemistry as one of India's strengths and announced an investment of \$8m on its R&D unit at the ICICI Knowledge Park in Hyderabad. The facility, a 50,000 laboratory scale production complex with 70-80 chemists doing contract research, process development and small-scale custom synthesis, is slated to go operational in early 2005. It will be the feeder center for company's large-scale production in Germany, UK, US and Switzerland. Sigma is ranked among the top 100 companies on the US stock exchange and has offices in 34 countries.
- Andreas Wicki, CEO of HBM Partners, one of the world's largest venture capital fund in biotechnology sector, has set aside \$10-\$20 m for investments in the Indian biotechnology sector. Looking for later stage deals HBM partners is evaluating certain proposals for making investments through JV with Indian VC firms.

- Abhiram Seth, executive director of Pepsico signed a MoU with D Nalini Mohan, additional secretary of Industries and Commerce and director of biotechnology, Government of Andhra Pradesh for taking up a project to support the livelihood of fisherman in the coastal belt of AP. To be established in the Marine Biotechnology Park, Visakhapatnam, the project involves cultivation of seaweed *Euचेuma cottonii* initially in Srikakulam and Guntur districts. Its derivative carragenan has binding properties that has applications in food processing industry, cosmetics, confectionary and pharmaceuticals. Pepsi will fund initial trials and the project will be coordinated by the Society for Elimination of Rural Poverty (SERP). The seaweed cultivated inside the marine waters has a cycle of 45-60 days and can yield \$400-\$500 per ton in the agricultural commodities market.
- Six-month-old Aquas, a spin off of Bangalore headquartered Avestha Gengraine Technologies, is the first private sector company to be set up at the Agri Biotech Park, ICRISAT. The company is a JV between ICRISAT and Avestha Gengraine and is on its way to become an integrated quality testing and certification company for food, water and seed quality. According to Aquas CEO, Dr Viloo Morawala-Patell, the GMO testing and certification in India alone is estimated to be a \$400 m opportunity and is expected to grow at 40 percent every year for the next five years. The company has tied up with US-based Genetic-ID for testing and certification of genetically modified organisms in food and food products exclusively in India and Bangladesh and non-exclusively in Pakistan. The company will expand its service offering through alliances with companies and institutions that develop these new age technologies.
- Prof. William J Rutter, CEO, Synogenics LLC, mentioned about putting up a facility in Bangalore which will go operational in the Q4 of this financial year. It will be a sales company involved in selling diagnostic kits. The self-contained state-of-the-art kit manufactured in China comprises a reader and a cassette and is used in conducting blood tests.
- At the trade show TCS was the hottest stall with a preview of their latest product in life sciences Bio Suite. The first product under the New Millennium India Technology Leadership Initiative (NMITLI), Bio Suite, is likely to be launched in April 2004.
- Dr Anji Reddy of Dr Reddys Labs committed Rs 20 crore to the Life Sciences Institute coming up in the Hyderabad University campus. The top of the agenda project under consideration is on HIV vaccine.

Nandita Singh, Cyber Media News

India biotech is now on global VC radar

After information technology global optimization comes to the biotechnology industry and those who are ready stand to gain. The opportunity is obvious. However, it is not just the labor arbitrage that drives the big opportunity to India. It is the proposition of India as a whole that matters. Country's strength in chemistry technology is being acknowledged worldwide, the cost of clinical trials estimated to be \$150m per drug in India works out to 50-60 per cent less and the quality of manpower significantly brings down per head cost of creating IP.

Besides the huge opportunity of drugs worth \$53b going off patent in the next couple of years, beginning from basic biology research there is not an area of biotechnology that lacks potential in India. Little wonder that in last 10 days a number of VCs came over and made it a point to halt in Hyderabad in order to evaluate the investment opportunities.

The point to be noted is all of them mentioned the Indian biotech sector interesting. However, biotech companies with US presence are the ones that will be the first ones to gain and later stage deals are likely to take prominence over start-ups. The insight comes from G Michael Alder, MD of Redmont Venture Partners Inc.

Alder, who on day one of BioAsia 2004 insisted that great opportunity exists for India in pharma biotechnology and clinical trials only if the country puts IP and data protection framework in place, had his perception altered by day three of BioAsia. His earlier statement: "Believe me, the industry in the US does not believe that India can provide IP protection by 2005" had changed to "Seeing is believing." Alder explained this is his first visit to India and that how impressed he was with what he saw. In an initiative to take the partnership further he invited the Indian biotech industry to BIO 2004 to be held in Washington later this year.

Growing opportunities for biotech companies through cross border linkages are worth capitalizing on. However, VC funding is not easy to come by even for companies based out of US or front-ended in US. Vipin Garg, president & CEO of Tranzyme Pharma couldn't agree more. He has raised five companies in a career spanning 19 years and is currently setting up operations in India. "Even if there is too much money floating in the VC industry, biotech is a unique high risk industry with at times incredibly long gestation. VCs ought to be cautious," he said.

But long gestation period are hardly a deterrent to VCs who have been playing the biotech field. They just try and safeguard the investments. Andreas Wicki, CEO of HBM Partners, one of the world's largest venture capital fund in biotechnology sector, announced that they have set aside \$10-\$20 m for investments in the Indian biotechnology sector and expressed the intent to do it through a JV with an Indian VC. Though not everybody is willing to give away what they have set aside for investing in various geographies but right from Vinod Khosla of KPCB who was the first one to create a ripple by his India visit followed by Raymond Lane again of KPCB to Izhar Armony of Charles River Ventures, another US-based VC firm, all of them have been unable to resist checking out what exactly is the biotech noise all about. Low key evaluation and scouting for good deals is decidedly on.