

“We need seamless and quicker interactions between the industry and government for better economic growth”

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The first half performance in FY 23-24 at Rs 1718 crore for Bengaluru-based Syngene International was characterised by positive contributions from all divisions, as well as the achievement of several significant strategic goals namely the agreement to acquire the multi-modal biologics facility from Stelis Biopharma; the purchase of a 17-acre land parcel in Genome Valley, Hyderabad, as an extension to the existing research campus; and the regulatory approval from the US Food and Drug Administration (FDA) for the commercial manufacturing facility in Mangalore. With continued growth at a lower level expected in the second half of the year, owing to temporary slowdown in US biotech funding, Jonathan Hunt, Managing Director and Chief Executive Officer, Syngene International interacted with BioSpectrum, unveiling the company’s growth plans for 2024 and beyond.

Syngene has reported a strong set of results for the first half of the financial year. How would you sum up the key developments during FY 2023-24 so far? What more is in store for Syngene next year?

I am pleased to report a strong set of results for the second quarter and first half of the financial year, particularly in our Development and Manufacturing Services. In Development Services, we also added a new non-GMP capability centre to meet market demand for agile, cost-efficient, early phase development and scale-up services. In Manufacturing, we made good progress on our long-term biologics partnership with Zoetis, as well as commissioning a state of the art, digitally-enabled Quality Control laboratory to support our growing biologics operations. The acquisition of a multi-modal facility from Stelis Biopharma, announced last quarter, is progressing.

Within research services, our Dedicated Centres made a steady contribution to growth and in Discovery Services, while global demand remained generally healthy. We saw the US-based biotech segment showing signs of slowed growth year-on-year as companies adjust to a new funding environment.

On the small molecule side, we have built a state-of-the-art facility in Mangalore. We have got a 40-acre site and we have developed about 25 per cent of that site which is up and running. It has passed its key US FDA regulatory inspection this year. That is a key milestone. So, we have got the infrastructure and the capacity now, and we need to build the business over the coming cycle, that is, the next three to five years.

Regarding our extension in Hyderabad, scientific innovation does not happen in isolation: it is a multi-dimensional process and we have been able to make all the connections that we need at Genome Valley. Syngene started operations in Genome Valley in 2020 with the inauguration of our first research laboratory. Since then, we have gradually increased our presence encouraged by the good infrastructure and availability of scientific talent, which is ideal for fast-growing organisations like Syngene. In the last three years, our employee base has grown to over 900 scientists. In the next expansion phase, we plan to build world-class research laboratories primarily focusing on drug discovery that will create up to another 1000 jobs.

Speaking of the new job opportunities, is there a particular area of expertise that Syngene will be looking for? How soon would the recruitment and work start?

I think the area of expertise will be research focused predominantly, but it will cover all of the research disciplines, such as chemistry, biology, DMPK. It will grow as an integrated research centre rather than a single specialisation. We have got the capacity to create thousands of jobs. We just have to do that at the right rate and pace depending on market demand.

The construction of the new facilities will begin in 2024, following the necessary statutory approvals. The company anticipates an investment of up to Rs 788 crore to develop the expanded campus in Genome Valley to its full potential, including the creation of up to 1000 jobs in science, in the next five years. It is a development site at the moment. It is a building project for approximately the next two years, but we do have capacity to grow already.

Syngene has a presence in Hyderabad and Bengaluru, are you exploring any other city for your expansion in the future?

No, not immediately. I would not rule it out, but if you look in India, we have got headroom for growth in Mangalore, we have got some headroom for growth in Bengaluru and then we have just acquired land in Hyderabad. In terms of India, beyond that, whether or not, if we see reason too, I think we may well open up operations in other regions of the world.

How do you view the contract research/manufacturing sector in India when compared to the global counterparts? What are the current challenges facing this sector in India? What are your expectations from the government to elevate the bioservices sector in India, in order to promote pharma innovation?

There are many contract manufacturing organisations recognised in India, but they are sort of in the shadow of what is the world's leading generics industry. But I think that is starting to change, and we are going to see a client-led acceleration in the demand for contract research, manufacturing and development services, and some of that is to do with learnings in the pandemic. The other element, of course, is a little bit of the geopolitics, particularly for Western side and I would say US based businesses to be more nuanced and balanced in their exposure to China. So I don't see people coming away from China completely because there are some very good firms there that provide good services.

But I do think it is a risk lens rather than a capability lens. It's about not having everything in one place and therefore having more resilience built into your supply chain and that's an opportunity for countries outside of that are not China and India is a strong contender there. But there are things that we have got to do and I think the Indian Government recognises this. If you look at some of their incentive programmes, some of their policies that the government is actively trying to promote, the creation of the sort of deep supply chain ecosystem that is needed if India is going to compete with and surpass China as a supply point. It is not just about the firms being able to do contract service, it is about integrated supply chain and ecosystem. Also, India has now become one of the most digitally enabled countries. We need more of that in business interactions with the governments.

If you look at the regulatory environment, the Drugs Controller General of India (DCGI) is looking to really simplify and accelerate things, and more of the same would be good. The more seamless and quicker we can make those interactions, the more we can focus on our customers, the better we serve them, the more we grow, the better it is for the Indian economy.

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