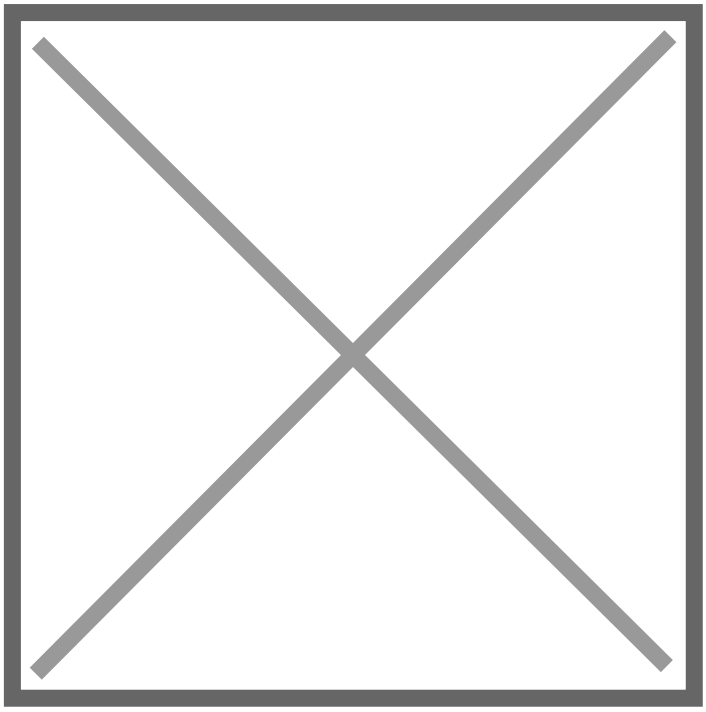
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Time for VCs to Act

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Time for VCs to Act



Several Venture Capitalists (VCs) and Private Equity (PE) players have evinced interest in investing in the Indian life sciences sector, more so in the biotech sector. Yet, that interest has not translated into real investments. The investments have come in small amounts and the deals have been only a few. According to Indian Venture Capital Journal (IVCJ) journal, there were only two VC & PE deals in 2005 in biotechnology.

The Indian biotech sector is pro-actively repackaging itself from low-end research and manufacturing base to a value-added partner in the global marketplace. BioPharma companies are focusing on high-end technologies, drug discovery and scalable products. The cautious approach of VCs in committing resources for the biotech sector is understandable but the situation is changing and evolving. The need of the hour is to create a platform for deeper understanding of the opportunities in the area. The industry and the investing communities need to get together as much as possible to understand the changing environments.

A beginning to this effect has been made through focused events like the "Life Sciences Connect", which was held on August 29, 2006 in Hyderabad. Two more events-ABLE BIOINVEST 2006 and IVCJ Conference on Private Equity & Lifesciences-would be held in November in Mumbai. The industry and the VCs need to participate in such forums to understand each other's positions and the emerging opportunities and tap into each other's abilities. The momentum has already set in and this should not be lost.

The DBT under its SBIRI scheme, which was launched in 2005, post the Union Budget, is almost ready to announce its first set of investments. GVFL Ltd, which became operational in January last, has made its first investment under its biotech fund. It is providing an early stage funding of Rs 2 crore to Ahmedabad-based Celestial Biologicals Ltd, which is promoted by the Intas Group. The Gujarat Biotech Venture Fund (GBVF) is a 12-year close-end fund with a target corpus of Rs 50 crore. The International Finance Corporation, the private sector arm of the World Bank Group, committed equity of up to $4 million to APIDC Biotechnology Fund, a private equity fund formed to invest in start-up and early stage life sciences businesses in India.

Indian companies are also getting increasingly recognized for their works. In August, two Indian bioscience companies figured in the list of winners of "Red Herring 100 Asia for 2006". The editorial board of Red Herring, which received about 600 submissions from companies throughout Asia, selected Hyderabad-based Ocimum BioSolutions as one of Asia's hottest

technology start-ups, while Bangalore-based Avesthagen was named a Red Herring 100 Asia Winner for disruptive innovation. Kudos to them!

Meanwhile, there is encouraging news for the industry. The National Biotech Authority is expected to be cleared soon. Dr MK Bhan, secretary, Department of Biotechnology, said this at first in the series of BioSpectrum's three-city CEO Summit in Bangalore. He also informed that the translational research center would become operational in January 2007 and that several other initiatives would be launched to alleviate the concerns of the industry. BioSpectrum would highlight these developments and other innovative suggestions that emerge during BioSpectrum's 2nd CEO Summit, being organized during August-September 2006, in Bangalore, Mumbai, and New Delhi, in its October issue.

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