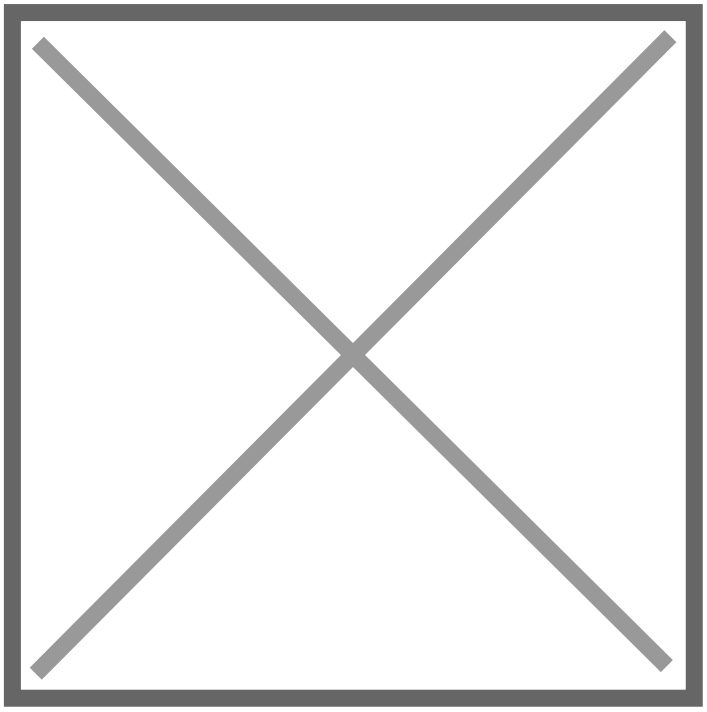
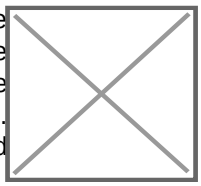
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AP launches Rs 150

13 June 2003 | News





The Biotechnology Venture Fund will be the country's first national fund focusing on the early stage development of biotechnology companies. While the AP government has committed Rs 15 crore, the Life Insurance Corporation of India will contribute another Rs 15 crore. Andhra Bank will initially add Rs 10 crore to the kitty. APIDC-VCL hopes to complete the financial closure(organize the full funds) before next March. Fund officials said three proposals from entrepreneurs, including one to set up a bank for cancer tissues and a project to arrest the growth of virus in prawn culture are being considered for immediate disbursal.

"It is always good for any biotech entrepreneur to have funding bodies exclusively for biotech ventures. Although we have government agencies who are funding the biotech industry at the research level, 'The Biotechnology Venture Fund' will definitely increase the dimensions of fund availability," remarked Council of Scientific and Industrial Research director-general R A Mashelkar while launching the fund in New Delhi.

The May issue of BioSpectrum had estimated the immediate requirement of early seed funds for biotech ventures to be around Rs 200 crore and had stressed the need to make available the resources immediately.

"If India is to continue on this path of driving its economy through service oriented and knowledge oriented businesses, it needs to focus on other areas besides IT that has potential advantages. One prominent area is 'biotechnology' related activities," Mashelkar said. He also emphasized the need to focus on small start ups as the growth driver of the biotech industry .

The fund would invest primarily in early-stage businesses that have the potential for huge growth in the long run in biotechnology and life sciences. The fund would invest in such diverse businesses such as health care, drug discovery, agriculture, dairy, environmental and industrial applications. The fund would normally invest up to 15 percent of the total project cost of a new venture. It may go up to 25 percent in select cases. The investment exposure per company would be restricted to 2 to 49 percent of the fund's total share capital. The fund would make investments in about 20 to 25 ventures in the first four years and look for disinvestment thereafter.

"Biotechnology is an ideal candidate for VC investment. It is a relatively new industry and a number of future drug discoveries and plant-technologies are expected to be born in small start up companies. These companies will not only require venture capital funding but need a lot of hand-holding," APIDC-VCL managing director Sarath Naru said.

Existing venture funds in India are not very keen to support early stage developments in biotech. APIDC-VCL has therefore decided to focus on early stage tech businesses. The Ventureast team already manages two other early stage funds which are APIDC VCF '90 and the Ventureast Tenet Fund. Supporting the involvement of insurance companies in the fund, the Insurance Regulatory Development Authority (IRDA) Chairman N Rangachary said, "In developed markets such as the US

insurance companies have as large as 10 per cent exposure to VC funds. Pension funds and insurance companies account for almost three fourths of all investment in venture capital funds. In India, insurance companies have invested less than one per cent in venture funds." IRDA had approved APIDC-VCL's biotechnology fund for investment by insurance companies. This was the first technology fund to receive such an approval from IRDA.

Cleveland Clinic gets $17 million grant from NIH

The National Institutes of Health (NIH) has released a grant of $17 million to the Cleveland Clinic to establish a General Clinical Research Center (GCRC). The five-year, renewable grant is the largest NIH award ever received by the Clinic.

It will expand the Clinic's patient research capabilities significantly, providing centralized support for clinical and translational research and expanding clinical research training and career development programs. Research at the center will be conducted in the areas of cancer, pulmonary disease, multiple sclerosis, cardiovascular disease, liver disease, inflammatory bowel disease, pediatrics, arthritis, collagen vascular disease, women's health, pain, septic shock, bioterrorism and biomedical engineering. The Clinic received $17 million grant from the National Center for Research Resources (NCRR) which is an arm of the National Institutes of Health dedicated to developing infrastructure for patient research at academic medical centers and teaching hospitals. The Clinic has received $2.9 million for the initial year of the program to establish and build up the new research center.

Roche signs $230 million deal with Maxygen

Roche Holding has signed a $230 million deal with the US biotech firm Maxygen Inc. to develop hepatitis drugs using Maxygen's technology that shreds genes and then recombines them into new ones with altered properties. According to a report, it will help Maxygen to attempt to develop more effective forms of alpha interferon, an immune system protein that is the active ingredient of Roche and Schering-Plough Corp drugs used to treat the hepatitis C and B viruses and a variety of cancers.

Earlier, Maxygen has formed partnerships with privately held Danish drug maker Lundbeck and Brisbane and California-based InterMune Inc. to develop altered forms of interferon. But the report said that its deal with Roche was far broader and gives the firm the option to develop other alpha and beta interferons against cancer, auto immune diseases, inflammatory diseases and infectious diseases like HIV. Maxygen would receive full research and development funding from Roche for the first two years of the collaboration. It was also eligible for milestone payments and royalties based on product sales. Total payments could exceed $230 million plus royalties.

Hepatitis treatment is a key part of Roche's business following the launch of Pegasys, its new hepatitis C drug viewed as central to reviving the company's flagging pharmaceutical sales. Roche also sells Roferon-A for hepatitis B. The company has recently forged a number of deals with biotech companies, including a cancer-drug partnership late last year with Britain's Antisoma Plc. potentially worth up to $500 million.

Flourous Technologies completes financing round

Fluorous Technologies Inc. completed a $ 3 million round of financing from a combination of corporate and private investors, reports Pittsburgh Business Times.

The existing shareholders investing additional funds in this round include Albany, New York -based Albany Molecular Research Inc.; Dr. Alfred Bader, founder of Aldrich Chemical Co., now St. Louis-based Sigma-Aldrich Co.; and Hazelwood-based Innovation Works, a publicly funded venture capital organization. Among the new investors were Downtown-based Fairview Fund and several other private individuals.

Fluorous creates chemical compounds that help pharmaceutical and biotech companies to develop prescription drugs quickly. Customers of the Fluorous Technologies include most of the big pharma and biotech firms like Merck, Pfizer, Eli Lilly, Genentech and Amgen.

Fluorous was founded by Prof. Dennis Curran of University of Pittsburgh after spinning it out of the school two years ago. Fluorous then received $750,000 in its seed round of investment. The National Institutes of Health, through its Small Business Innovation Research program, put in $1 million; and Hazelwood-based Innovation Works has put in $500,000 in three rounds of investments.

Acorda receives $55.3 million investment

Some private investors have agreed to inject an additional $55.3 million into Acorda Therapeutics, a biotech company that is researching and developing new drugs for spinal cord injuries, multiple sclerosis and nervous system disorders , according to The Journal News from Hawthorne. This was reportedly the third-largest investment in a private US biotech company this year. Ron Cohen, president and chief executive officer of Acorda was quoted by The Journal News saying that "we believe that this strong participation by both new and existing investors is an important validation of Acorda's development path."

The venture capital investment was led by Easton Hunt Capital Partners of New York. ABN AMRO Capital in Amsterdam, Cross Atlantic Partners in New York, JP Morgan Fleming Asset Management in New York and Techno Venture Management in Boston and Munich were the other major investors. Since its launch in 1995, Acorda has raised $129 million in financing.

Fampridine-SR, Acorda's lead drug candidate is in clinical trials for the treatment of chronic spinal cord injuries. Acorda licensed the drug from a Canadian research group and is developing it with the Irish drugmaker Elan Corp. A test of the medication on 360 patients in the US and Canada is scheduled to end later this year.

Redtape-hit BT firms may move to Malaysia from Singapore

Malaysia's upcoming BioValley project could gain from the frustration that is mounting in some of the 30 biotech startup companies in Singapore. The Malaysian government project, to be ready by 2006, hopes to attract 150 biotech companies and pull in $10.5 billion in investments in the next decade, reports Channel News Asia.

Quoting industry sources, Channel News Asia reported that a number of companies in Singapore are considering moving out - some to Malaysia, where costs are lower and some to the US where funding is more readily available. A major bugbear is the bureaucracy biotech companies face in getting funds. This is despite the existence of various funds worth over $1 billion, allocated by the Singapore government, to help startups as well as entice international firms to set up base here.

The founder of Lynk Biotechnologies, Prof Lee Chee Wee was quoted as saying, "It's easy to complain but the reality is that it is difficult to get money from anyone, even your father".