

Bio Venture

20 October 2003 | News



APIDC-VCL to invest \$1.62 million in three BT companies

APIDC Venture Capital Ltd has decided to invest a total of \$1.62 million (about Rs 8.1 crore) in three companies—Bioserve Biotechnologies, Genomik Design Pharmaceutical Pvt Ltd and Silico Insights from the "Biotechnology Venture Fund", India's first national fund focused on biotechnology companies. These three companies will get \$54,000 each from APIDC-VCL, a public-private partnership between the Ventureast Group and the Andhra Pradesh Industrial Development Corporation (APIDC).

SM Balasubramaniam, chairman, APIDC-VCL, said, "The opportunity for venture capital investment into early stage companies and 'biotechnology' companies is huge in India but there is little venture capital targeting such companies. The Biotechnology Venture Fund from APIDC-VCL will increase the fund availability for such companies. In line with this view and the Funds philosophy, we are the first VC investors into these companies"

Sarath Naru, managing director, APIDC-VCL added, "These three cross-border companies are pioneering in using the India advantage, have a strong and capable founding team, innovative proprietary technology/processes and a risk diversified approach with a service and product offering. We are pleased with our decision as they offer tremendous opportunity to maximize returns for our investors." Further, according to Naru, the investment committee has identified five more companies for investment and they would be announced shortly. Interestingly, two of these companies are from Bangalore and they are in diagnostics and ayurvedic fields.

US-based Bioserve Biotechnologies Inc (Bioserve) specializes in custom laboratory services, biomedical research and the development of diagnostic reagents. The company has already built an order book of \$6.7 million. Besides it has recently acquired the genotyping division of Qiagen (a Top10 biotech supplies company) that had pre-existing business, which could accrue to Bioserve.

SM Balasubramaniam, chairman, APIDC-VCL
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Genomik Design Pharmaceuticals Ltd and its US-based parent deliver drug design services for drug discovery companies and address "niche" product/drug opportunities. Founded by a well known scientist, Dr U Chandra Singh, the company will service contracts for drug identification and validation using the proprietary platform GALAXY. It already has a \$1.5 million service contract.

Silico Insights Inc. is a US-India clinical research organization. It has developed a proprietary computational platform that identifies disease genes and proteins that may be used as drug targets or diagnostic markers. The company has a service contract pipeline of about a \$1 million.

Commenting on the details of the biotech fund, Naru said, "The Fund is raising capital commitments of Rs 150 crore from institutional investors. It has reached a corpus of Rs 40 crore with commitments from GIC for Rs 5 crore, LIC for Rs 10 crore, Andhra Bank for Rs 10 crore, Andhra Government for Rs 15 crore. We are discussing with other institutions. IFC is looking at the fund, the State of Pondichery too is evinced interest, and a Saudi Arabia-based company is also looking at the fund. These trends suggest that in the next three-four months, we would exceed Rs 150 crore."

ICICI Venture sells stake in Biocon India

ICICI Venture Funds Management Company has sold its 10 percent stake in the Bangalore-based biotech company Biocon India for Rs 46 crore to Gary Wendt Capital and American International Group (AIG). ICICI Venture had a 10 percent stake in Biocon India as well as its wholly owned subsidiary Syngene for \$4 million. According to reports the sell-off of the stake has generated a 32 percent IRR for ICICI Venture. The exit by the ICICI venture is rated as one of the first by any venture firm from the domestic biotech sector.

The ICICI venture fund managing director and CEO Renuka Ramnath was quoted as saying, "We are very happy with the way the Biocon investment has turned out for us. Our decision to exit amply indicates the phenomenal value the promoter has built and is continuing to build in the company. It also exhibits ICICI ventures ability to help create value as also in timing the exit in keeping with the company's need. I firmly believe that given the stage at which Biocon is at today, it will definitely benefit from the new set of investors."

Kerala sets up biotech SPV

The Bangalore-based Avestha Gengraine Technologies Pvt Ltd has signed a MoU with the Industries Department, Government of Kerala, for the establishment of a company that will work towards leveraging Kerala's rich biodiversity and expertise in traditional healing systems. Dr Viloo Morawala-Patell, CEO, Avesthagen and John Mathai, principal secretary, industries, Kerala Government, signed the MoU in the presence of the State industries minister, PK Kunhalikutty.

According to the MoU, the new entity fashioned as a Special Purpose Vehicle (SPV) will be constituted in three months with a minimum initial corpus of Rs 10 crore. The two will work together for obtaining the necessary funding for the new entity, with Avesthagen taking the lead. As a first step, a steering committee is being formed, consisting of two members from either side, which shall prepare the detailed business plan including specific research objectives, investment particulars, milestones, etc. Avesthagen will take the lead, with necessary support from the Department of Industries, Government of Kerala, for securing the funding for the SPV. It will also work with the US-based Avesthagen Inc. on finding suitable partners who will facilitate the worldwide commercialization of its products.

According to Dr Patell, Avesthagen will assist the new company in creating modern biotechnology infrastructure and expertise in the state for phytopharmaceutical/ nutraceutical development. The new company will also offer its services to organizations and individuals who want to have their traditional medicinal products evaluated. As the first step in this process, a four-member steering committee has been formed to prepare a detailed business plan for the new venture. This committee will outline research objectives to be followed by the new venture, determine investment guidelines and identify significant

milestones.

Elaborating on the motive behind Kerala in this venture, Kunhalikutty stated "The Government of Kerala is interested in promoting industrial initiatives and investment within the state that sustainably, scientifically, efficiently and profitably utilize the biodiversity resources of the state, while ensuring that the intellectual property rights of different and multiple stakeholders within the State be protected and shared in a transparent, fair and equitable manner. Kerala has pre-eminent ownership of the knowledge and practice of the Ayurvedic system of medicine, in addition to a rich, tribal/ethno medicine tradition. Through such partnerships with the private sector we expect to take the Kerala traditional medicine tradition to the world, packaged and validated to global market regulations and expectations".

Alexion raises \$44 million

Alexion Pharmaceuticals Inc. came up with a public offering of 3.6 million shares of its common stock at \$13 per share to raise about \$44 million. Alexion expects to use the net proceeds of the sale of the common stock to fund working capital and other general corporate purposes, including additional clinical trials of pexelizumab and eculizumab, as well as other research and product development activities.

Alexion is engaged in the discovery and development of therapeutic products aimed at treating patients with a wide array of severe disease states, including cardiovascular and autoimmune disorders, inflammation and cancer. Alexion's two lead product candidates, pexelizumab and eculizumab, are currently undergoing evaluation in several clinical development programs. It is developing pexelizumab, an antibody fragment with Procter & Gamble Pharmaceuticals.

Sontra raises \$3.1million

Sontra Medical Corp., the pioneer of SonoPrep, a non-invasive ultrasound-mediated skin permeation technology that enables transdermal diagnosis and drug delivery, has completed a \$3.1 million preferred stock financing. Under the terms of the financing completed in September, individual investors, institutions and certain members of the Board of Directors purchased 3,139,167 shares of the company's series

Sontra's products under development include the Symphony, Diabetes Management System for continuous non-invasive glucose monitoring; a rapid onset (less than 5 minutes) topical anesthetic delivery system; a skin preparation system to improve electrophysiology tests and the use of SonoPrep for the transdermal delivery of large molecule drugs and biopharmaceuticals.

U3 raises \$14.75 million

U3 Pharma AG, a German biotech firm developing novel therapeutic products, raised \$14.75 million in second round financing. This was co-led by Atlas Venture (London) and LCF Rothschild Venture Partners (Paris) and including the BioMedical Sciences Investment Fund of Singapore (Singapore). All three are new investors in U3 Pharma. The proceeds will be used to advance several anticancer candidate drugs through IND and into clinical development. U3 Pharma is developing therapeutic products based on targeting specific components of cellular transduction systems involved in diseases such as cancer and other hyper-proliferative diseases.

Paul Allen provides \$100m to help map brain genes

Paul Allen, who along with Bill Gates created Microsoft, donates \$100 million as seed money for brain research and setting up of the Allen Institute for Brain Science in Seattle. This is help map the genes of the brain so that medical researchers can discover new drugs and treatments for disorders like Alzheimer's and schizophrenia. Allen is one of the richest men in the world with a net worth of \$21.5 billion. His ambition is to release the first information in early 2004.