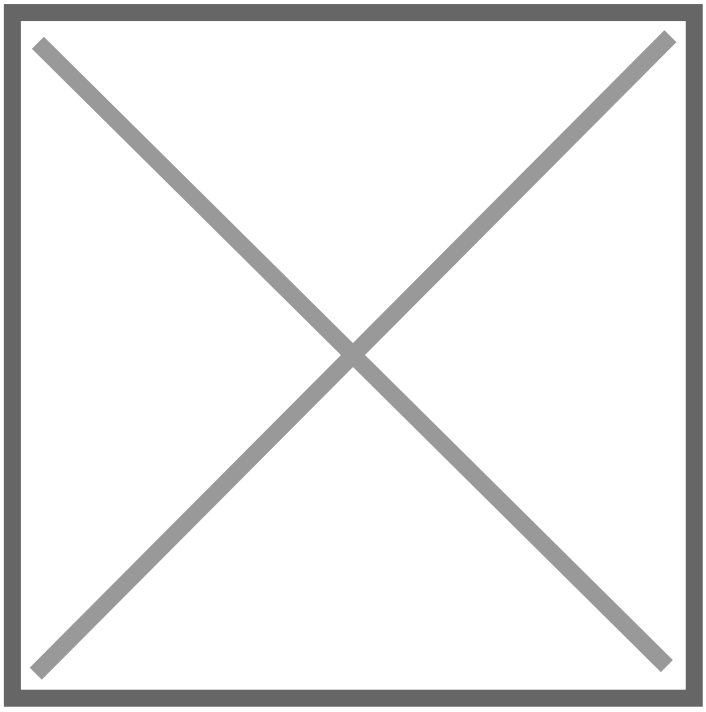
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Rs 1,000 crore for Karnataka Biotech

The biotech sector in Karnataka expects an investment of Rs 1,000 crore over the next three years from Indian and multinational companies, said Kiran Mazumdar Shaw, chairperson, KarnatakaVision Group on Biotechnology. Speaking at the inauguration of Bangalore Bio 2003, Shaw said, despite the tough market conditions, the project investments in the year 2002-03 were around Rs 250 crore, which contributed to the total investments of Rs 750 crore in the state.

Regarding venture capital (VC) investment in the state, Shaw said, the investments have gone up to Rs 30 crore in 2002-03 from Rs 17 crore in the previous year. Out of the 30 crore,
Rs 10 crore was from the government-run millennium initiative in funding new technologies, she said.

Looking at the opportunity and scope for biotechnology in the state she called for more private investors to recognize the potential of the sector and co-operate with the projects on a larger scale.

Last year, 22 new biotech companies were set up taking the total number of companies in the state to 84, out of which 20 are in Bangalore alone. Every month one new company is setting up a shop in Karnataka, she said.

The biotech sector is providing an employment for 8,000 people out of which scientific manpower alone counts for 5,000, Shaw said. Bioinformatics and contract research organizations comprise the largest chunk-30 percent, followed by agri biotech at 25 percent, health 20 percent, industrial biotech 15 percent and others 10 percent.

The biotech industry has garnered revenues of Rs 1,400 crore in 2002-03 from Rs 750 crore in the previous year. Exports contributed Rs 525 crore this fiscal compared Rs 250 crore in the previous fiscal.

Eppendorf sets up its subsidiary in Chennai

Eppendorf AG, the Hamburg-based biotechnology system supplier has announced the opening of its Indian subsidiary, Eppendorf India. The subsidiary will be based in Chennai. The company, which is already present in the country through distributors, has partnered with one of its distributors - Micro Devices - for setting up the subsidiary. Eppendorf will hold a majority interest in the new company.

Announcing the opening of the center, Klaus Fink, chief executive officer, Eppendorf, said that India is considered to be one of the main growth markets for biotechnology with excellent prospects. He further said, "we attach great importance to the developments in the Indian market. We also want to add impetus to the long-term relationship between Eppendorf and our Indian partners with a focus on sales. India plays a significant role in the group's international growth strategy."

With marketing, sales, service and support force in Chennai, the company expects to increase its direct access to the Indian market. Eppendorf will pursue its ambitious expansion plans for the next few years and would provide the latest technology for biotech research.

The new company will have 50 employees and seven branch offices spread across the country with the aim of serving local users and distribution partners more effectively. Fink said, "the company plans to open an application lab to support its customers especially research users in India." Eppendorf's customers in India include research and academic institutions, food industry, pharma and biotech companies and end users in clinical diagnostics segment.

Having recently opened its Chinese office, Eppendorf also has its own subsidiaries in Japan, Malaysia and Australia. Specializing in the supply of research tools for the biotechnology industry worldwide, Eppendorf employs 1,600 people across four continents. The company has enjoyed a sales turnover of more than 297 million Euro in 2002, a 20 percent increase over the previous year.

Australia seeks partners in India

The Australian biotech industry, estimated to be over A$1 billion, is keen on forging an alliance with its Indian counterparts in terms of manufacturing, clinical trials and joint research and development.

Dr Peter Riddles, Director and President, AusBiotech Ltd (the apex body for the Australian biotech industry), said Australian companies were strong on the R&D front and were looking for partners in manufacturing and clinical trials. About 38 percent of the Australian biotech activity is in the pharmaceutical and therapeutic segments and about 10 percent is in agriculture.

On the worldwide debate about various biotech pharma products, he said, biotechnology across the board was gaining acceptance in Australia since the government put in place a regulatory framework to monitor the products that went into the market.

Like other multinationals looking to set up shop in India, intellectual property rights issues are a prime concern with Australian biotech firms too, points out Chris Gibson, Major Projects Manager, Isonet, a non-profit organisation financially supported by the government to facilitate Australian manufacturers in doing business abroad. Echoing his sentiments, Dr Riddles pointed out that tighter and transparent norms would help instil faith in companies wanting to do business.

Further, he pointed out that Indian companies had also sought help in commercialization of their R&D efforts. Interestingly, AusBiotech, formerly the Australian Biotechnology Association, also facilitates the commercialization of Australian bioscience in the international marketplace.

Australian firms doing business in India include JRH biosciences and Gribbles. JRH manufactures and markets a range of products for cell culture, research, immunohematology and human diagnostics. The range is supplied to local and international research institutions, universities, biotechnology and pharmaceutical companies, hospitals and pathology laboratories. Gribbles has a joint venture company with Dr Reddy's Laboratories to set up a network of path-labs in India.

Biogenus India to set manufacturing units in AP

Biogenus India Ltd, a subsidiary of the US-based biotechnology company Biogenus Inc, is planning to set up manufacturing facilities and a technology development center in Andhra Pradesh, the largest shrimp producing state in India.

KS Reddy, CEO, Biogenus India said that the company is planning to set up aqua media and biofuels plant at Pharma City, Parvada near Visakhpatnam. The government of Andhra Pradesh has already allocated 104 acres for the project, he said.

"The company is also planning to set up a technology commercialization and development center at a cost of $7 million at Hyderabad. The ICICI Knowledge Park has allocated 6000 sq. ft of space and issued a letter of intent for housing the same", he said.

"We are currently in the process of demonstrating our proprietary technologies to the state government in the areas of aquaculture media production and bioremediation technologies for effluent treatment and water bodies remediation. We will set up the manufacturing units once this process is successfully completed," Reddy said.

Briefing about the process of demos he said, "In aqua media two-phase tech demos will be taken up in active partnership with the National Institute of Oceanography (NIO). In these demos the patents of Biogenus and NIO will be demonstrated. The phase I demo started in April 2003 and will end in June 2003. The phase II demo will start in September 2003 to will end in December 2003."

The tech demo of tannery effluent treatment will be taken up in June 2003 in active partnership with the Central Leather Research Institute (CLRI), Chennai and will end in October 2003. The lake remediation tech demo will be taken up in September 2003 in active partnership with the Environment Protection Testing & Research Institute (EPTRI) and will end in March 2004, he added.

The company has signed memorandum of understanding (MOUs) with three national institutes in India to facilitate production of "shrimp culture media" based on its platform technology.

Biogenus India has established a strategic relationship with NIO for commercialization and localization of Biogenus Platform Technologies and license and use NIO Patents.

Biogenus is in the advanced stage of negotiations with Marine Products Exports & Development Agency, Central Institute of Brackish Water Aquaculture, Central Institute of Fresh Water Aquaculture, CLRI and EPTRI. EPTRI and Biogenus will be jointly bidding for the bioremediation projects for lakes and rivers. ICICI Tech fund has in principle agreed and is actively considering the proposal to jointly fund the technology demonstrations of the Biogenus Platform technology in the fields of aquaculture and bioremediation, Reddy said.

GW Capital, AIG buy out ICICI Venture in Biocon

Gary Wendt Capital and the American International Group (AIG) have acquired ICICI Venture's 10 percent stake in Bangalore-based biotech firm Biocon. The deal, which is currently in the final stages of being formalized, marks the first significant exit by a venture capital fund in the domestic biotech sector. The value of the deal is not yet available.

Confirming the development, GW Capital CEO Vishal Nevatia said, "We would not like to comment on the size of the investment till the formalities of the deal have been completed."

GW Capital and AIG have been negotiating with ICICI Venture for over six months to pick up the latter's stake in Biocon. ICICI Venture had originally invested $4m to acquire the 10 percent stake in Biocon about two years ago.

Promoted by master brewer Kiran Mazumdar-Shaw, the company manufactures enzymes and pharmaceuticals using fermentation technology and is expected to report Rs 300 crore in revenues for the fiscal ended March 31, '03. It has two wholly-owned subsidiaries Ã¢â?¬â?• Clinigene and Syngene Ã¢â?¬â?• which are involved in clinical research and contract research.

With the Biocon deal, GW Capital would have invested 45 percent of its $32m India Value Fund. The fund expects up to 80 percent of its corpus to be invested within a year and is looking at three new investments during this period.

GW Capital is promoted by former GE Capital CEO Gary Wendt, Housing Development Finance Corporation (HDFC), Industrial Development Bank of India (IDBI) and Ambit Corporate Finance.

The fund's future investment focus would continue to be on media and entertainment, healthcare, retail and outsourced services. It's current portfolio of investments, besides Biocon, include Shringar Films, Hyderabad-based healthcare company Quality Care and Mumbai-based BPO company Epicenter Technologies (promoted by the Baba Kalyani group).

According to Nevatia, the firm is also raising $50-75million from FIIs in the US and Middle East. While the $32m India Value Fund is registered with the Securities and Exchange Board of India (Sebi), the new fund is likely to be registered overseas.