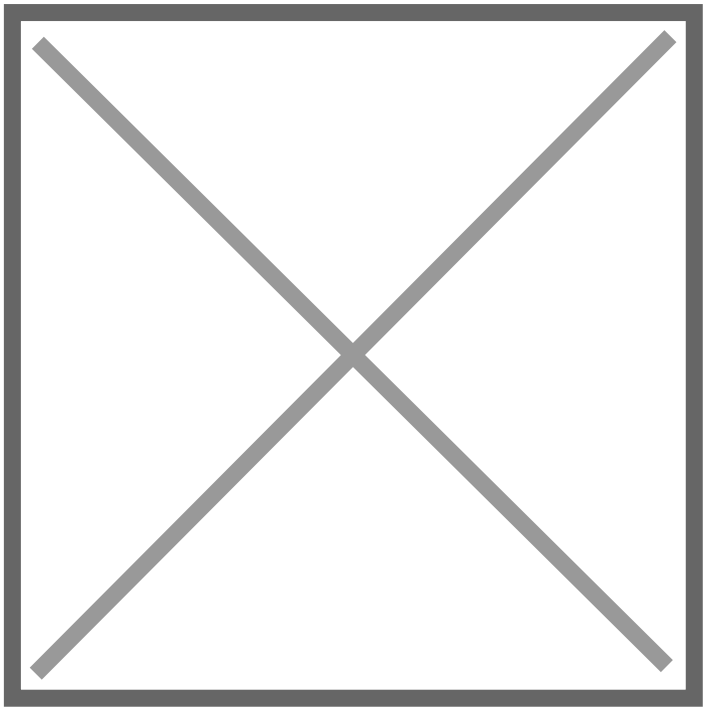
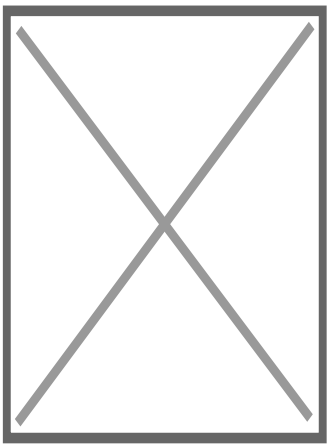
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Smiles again

15 October 2009 | News



Smiles again



Things are beginning to look up for the Indian biotech sector. The interest level from investorsÂ has increased in recent months and key VCs (venture capitalists) are favorable to the sector again. Almost all the VCs BioSpectrum spoke toÂ for the October issue cover story are positive about biotech's prospects in the medium and long term. This is certainly good news.

Â Â Â More importantly, VCs who have their ears close to the ground agree that India's biotech companies are not lacking in innovation. They are only frustrated by the fact that not many of these innovative steps are maturing into the next stage of product development. Probably, a large pipeline will help as the nature of the industry indicates that the regulatory approval rate hovers around 5 percent globally.

Â Â Two new product developments by Indian companies in recent months indicate the reasons for the optimism shown by VCs. A VC-funded starter, Premas Biotech, based in Gurgaon, has expanded beyond its role as a manufacturing services player, to develop a novel drug metabolism enzyme, part of the CYP P 450 suite of enzymes. With just 10 scientists, the company, led by Rajeev Soni, has developed this recombinantÂ enzyme in less than two years. More remarkably, Premas has demonstrated the ability to scale up the product for mass production.

Â Bangalore-based Bhat Biotech is the other company which has demonstrated its expertise in its niche segment. As the deadly Chikungunya viral fever rages in many parts of south India, Shama Bhat's company has quickly launched a test kit to detect the presence of the virus. The kit claims to detect the virus in three minutes, and is certainly a boon to medical practitioners and also chikungunya-hit patients as treatments can start early.

Â Another heartening news is the major investment of around Rs 250 crore committed by Bangalore-based Kemwell to set up a large biological manufacturing facility in the city in collaboration with German biopharma manufacturing giant, Boehringer Ingelheim. Kemwell has specialized in contract manufacturing for more than 15 years and has demonstrated its expertise globally. In fact, Subhash Bagaria's Kemwell was one of the first to foray to Europe three years ago when it bought Pfizer's manufacturing unit in Sweden.

The half-a-dozen biological manufacturing facilities run by companies like Biocon, Serum Institute, Shantha Biotech, Bharat Biotech, Panacea Biotec, Biological E are mostly for captive use. And so Kemwell is opening up another revenue stream for India's biotech sector.

The signs of upswing are also visible when Avesthagen talks about its intention to restart its IPO activity. The IPO was postponed in 2008 as the stock market conditions turned for the worse.

Of course, biotech has still a small share of the investments made in the country's life sciences sector. Pharma continues to get bulk (40 percent) of the investments, followed by healthcare (24 percent) and biotech gets about 13 percent. CROs get about 10 percent and the rest goes into many allied sectors.

Meanwhile, the swine flu toll continues to mount. More than 200 Indians have succumbed to the virus which originated in Mexico and reached the national shores through air travelers. The indigenous vaccine developed by Serum Institute is undergoing further trial. The company showcased its first pilot vaccine in early September. Bharat Biotech and Panacea Biotec have also readied their products which are undergoing trials.Â Two foreign companies have announced their intention to conduct Ã¢â?¬Å?bridge trialsÃ¢â?¬? in the country to speed up the vaccine's entry. Amidst all this action, the government has yet to formulate a vaccination strategy to minimize the impact of swine flu at least during the 2010 flu season. How many more swine flu deaths will spur the government in to action, is a questions citizens should start asking now.