

Save

December 6, 2017 1:00 pm JST

Indian biotech boom triggers surge in research startups

Big companies are outsourcing lucrative contracts to achieve cost savings

NIVEDITA NIRANJANKUMAR, Contributing writer

"For a biotech company to undertake research work is not easy," Dubey said. "They have to spend a lot setting up a new facility, hiring the right people and also investing in all the raw material needed for research." Startups "already have the experts and the laboratories," he said.

"Once a contract is signed by the biotech major, the startup can begin work right away, and the client only needs to check from time to time," Dubey said. "The startups sometimes even take care of the regulatory processes needed for drug discovery."

Quality standards

India has long been a market for conducting research. Syngene International, founded in 1993 by Indian biotech pioneer Biocon, was one of the first clinical research organizations in the country.

Manoj Nerurkar, the company's chief operating officer, said that for most companies, setting up research infrastructure that meets global quality standards requires significant investment. Bringing in a CRO means not having to invest in recruiting a quality scientific talent pool.

Veena Rao, CEO of Vipragen, a startup founded in 2012 in Bangalore, said the drug-discovery environment has seen a surge of small companies. "Biotech companies need a strategic preclinical partner for performing discovery-driven, preclinical testing," she said. "Also, the ability to offer cost-effective and quality service is one of the contributing factors in starting a [contract research] service company."

Vipragen, which had revenues of 32 million rupees in the fiscal year ended March 2017, provides early-stage screening for safety and efficacy of drugs and chemicals before human use.

Asia300 COMPANIES TO WATCH

Nikkei Asia300 Index

1,353.23 -18.75 -1.37%

Hong Kong shares mark biggest fall in 13 months [China/Hong Kong]

Reliance Com shares hit low as more Chinese debtors emerge [China/Hong Kong] [India]

Hyundai Motor breached patents, claim contractor [South Korea]

Infosys gets better fit with new chief, challenges remain [India]

more news and indexes
About Asia300

Editor's picks

Hyundai Motor breached patents, claim contractor



Cover story: Asia braces for the end of easy money



Indian biotech boom triggers surge in research startups



Japan enters display fray with world's first printed OLED panels



Digital economy distorts true size of Asian economies



Print Edition



Cover story: China gains in race to develop AI-enabled weapons

With cash and perks, China woos the brightest tech minds

See all issues

Most read



Veena Rao, CEO of Vipragen

Smitha Murthy, founder and CEO of Bangalore-based Credora Life Sciences, said outsourcing benefits both big companies and startups. "For any company, the biggest cost is in setting up a laboratory with state-of-the-art technological equipment," said Murthy, whose company has awarded several projects to Cytixon. For startups, such investment is a one-off cost that can be spread across various projects.

The more difficult task for startups is to win contracts. While most large Indian CROs have teams in the San Francisco Bay area or other global innovation centers to engage with pharmaceutical clients, startups do not have that kind of presence, Vijayaraghavan said. To be successful, startup CROs need to invest in marketing and business development to attract global companies, or focus on a specialty field, she added.

Pandorum Technologies of Bangalore is one example. The developer of 3-D printed tissues has successfully created a functioning liver tissue. "It is not just supplying the functional tissue but a contract for all the research that goes into making it," said Arun Chandra, the company's co-founder.

Chandra said health care companies have begun asking Pandorum to make other body tissues. "In this way, while what we do can be termed as CRO work, we are still conducting research for our own product or project," he said.

Pandorum, which was founded in 2011, has yet to generate any revenues, having focused on research and development. However, Sachin and Binny Bansal, the co-founders of Flipkart, a large Indian online retailer, invested an undisclosed amount in the startup in 2016.

Dubey said all biotech startups in India are involved in some aspects of CRO services. "The initial grant offered by the government for any biotech startup is not more than 1 million rupees," he said.

"That amount, though good on paper, doesn't match the cost of buying equipment, setting up a laboratory, hiring people and then the most important cost of marketing your own product [or] drug," Dubey said.

"But if you do outsourced work for biotech giants, you are automatically set to make a profit."

Japan may cut corporate tax rate to 20% through incentives

Japan's corporate cash hoarders crack open the safe

BOJ's trim of bond purchases hints at 'stealth tapering'

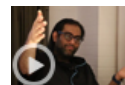
William Pesek: Odds of a Trump trade war just increased

Spike in North Korean 'ghost boats' signals deepening desperation

Videos



Dining out in Tokyo with Taiwan's biggest Japanese star



Gaggan: Cuisine as life philosophy



Transformers and vacuums! SoftBank robots on display

[more](#)

Related companies

Cipla Ltd., Dr. Reddy's Laboratories Ltd., Sun Pharmaceutical Industries Ltd.

Related stories

[Indian drugmakers see unique opportunity in biosimilars](#)

[Tejraj M. Aminabhavi: Stem cells promise treatments for a host of diseases](#)

[FDA OKs Biocon's biosimilar, raising hopes for Indian drug industry](#)

Get Insights on Asia In Your Inbox

[Register](#)

[About newsletters](#)

More in Trends



Japan's unions to demand 4% pay raise in spring wage offensive



Indian biotech boom triggers surge in research startups



Japan's listed emerging businesses see 12% profit jump

Follow Nikkei Asian Review

The best content posted

The latest headlines tweeted

Follow @NAR



[About Nikkei Asian Review](#) | [Site map](#) | [Help](#) | [Contact us](#) | [Terms of use](#) | [Copyright](#) | [Privacy & cookie policy](#) | [Advertising](#) | [Announcements](#)

Nikkei Inc. No reproduction without permission.

[Mobile site](#) | [Japanese](#) | [Chinese](#)