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Enormous potential, but no early lucre

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BANGALORE: Will India catch the biotech bus? That seems to be a major question today. The Times of India finds out from Viloo Morawala Patel, founder and CEO of one of Bangalore's leading biotech companies, Avestha Gengraine Technologies, where exactly this industry stands today and what the potential is.

A lot's been said about the potential in biotech. Is it hype or for real?

There is enormous potential but the hype that anyone can stand up and start a serious biotech company is wrong. You need enormous knowledge of both the industry and the science and have a serious vision to be successful. You also need enormous grit, determination broad shoulders and a strong heart to survive the first three years. There are no short cuts in this business and no early lucre.

What kind of position does India hold on the biotech map?

As of now minimal. Everybody recognises the potential but it will need a greater effort from all concerned to really make it big.

Do you think Bangalore has the wherewithal to become a biotech hub?

Absolutely. It has the necessary freedom and respect for intellectual property that provides the incendiary mix for clusters to grow.

Is funding a big problem for the Indian biotech industry?

Yes, funding is a problem. And some of the reasons are the following:

- New faces, no history to attract banks into lending.
- Knowledge-based entrepreneurs with no collateral power for banks to fund.
- Government loans take a long time to process and also require collaterals
- Esoteric inventor unable to communicate with venture capitalists (VCs).
- Too much hype by media results in wrong notions among VCs, so the entrepreneur spends a lot of time convincing the VC otherwise.
- The VC needs to study the international scenario better, do a thorough homework and should not rely on the entrepreneur to do the convincing. This will save time and energy.
- The VC role has to be more supportive rather than critical for the first three years.

What do you think of the kind of research happening on the Indian biotech front?

I think there is some good work going on in the research labs but no big tickets. On the industry side there are biotech companies making products and I know they are doing well and are good companies. But what I believe we should aim for is new discovery, something not found before that could contribute on a global scale and put us on the map as inventors.

Has Avesthagen broke even?- How many Indian biotech companies do you think are doing good business as of now?

No chance. It will take us a couple of years more to break even. You cannot categorise all biotech companies under the same roof and ask as to who is doing well. Because this depends on the business plan. If you have a discovery-services company such as ours where a large amount of the money is going into research then you would require 2-3 years to break even. And we are not so concerned even of that as our play is really for the big ticket at the end of 4-5 years. If you look at companies such as Shantha Biotechnics and Biocon who are in product development, then they are doing decent business. All other start-ups like Strand Genomics and Gangagen are in various stages of their creative cycle.