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Biotech Cos eye big investments in Malaysia

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Biotech cos eye big investments in Malaysia

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BANGALORE

INDIAN biotech companies are increasingly looking to make major investments in Malaysia, lured by the south-east Asian country's tax sops, easy market access and better infrastructure. A number of companies including industry majors such as Biocin and Avesthagen have recently indicated plans to manufacture in Malaysia through their own units or tie-ups. The move is likely to have great implications for India's biotech policy.

Malaysia is positioning itself as a cost-competitive country and regional hub for global biotech companies as it expects to benefit from the knowledge transfer and contribution to GDP.

It is drawing Indian firms with a ten-year tax holiday, duty exemptions, incentives for large investments, access to Asian markets through free trade agreements and no restrictions on equity.

India's own biotech efforts towards setting up R&D centres, funding entrepreneurship and creating public-private partnerships to promote innovations are being widely accepted by industry players. Yet, many of these moves have been more recent in nature and India does not present an attractive



GROWTH TRAJECTORY

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Ramaraj, said. The Indian biotech industry, growing at an annual rate of 30%, is estimated in fiscal 2009-10 at \$4 billion and is set to deliver exponential growth, industry observers said. Although this is supported by the mushrooming of at least 10-12 biotech parks in the country, including Hyderabad-based 'Genome Valley' which hosts the Shapoorji Pallonji biotech park as well as the ICICI knowledge park, Bangalore Helix, TIDCO centre for life sciences in Chennai and International Biotech Park in Pune, it does not seem to be enough.

Biotech parks create an ecosystem for firms to use shared infrastructure such as effluent treatment plants, instrumentation facilities as well as technology provided by the investors through a subscription or pay per use model.

But there are problems, Dr. Arun Chandavarkar, COO of Biocin, said that many Indian parks are geared more towards service-led and diagnostic firms than large biotech companies. Malaysia's new biotech park Bioexcel ecosystem is focused on supporting manufacturing while offering built-to-lease models for investors.

Biocin has signed a memorandum of understanding with the intention of setting up a fully-finished products manufacturing facility.

"As we expand, we also need global facilities. The Malaysian opportunity could allow us to create a large manufacturing base to access all south-east Asian markets," Mr Chandavarkar added. Dr Reddy's Laboratories' subsidiary Aurigene Discovery had signed an agreement for a drug discovery project this year. Dr Reddy's is also exploring the possibility of a pharma manufacturing plant, a statement said.

Avesthagen too tied up with Kuala Lumpur-based contract manufacturing organisation Inno Biologics to manufacture biosimilars for anaemia and autoimmune disorders. Since Avesthagen's own mammalian manufacturing facility was slated for completion only in December, the company turned to the Malaysian firm's strong infrastructure capabilities to prevent delay in clinical trials, Dr Viloo Morawala-Patel, CMD of Avesthagen said.

"There isn't enough risk capital in the biotech industry. Being a capital-intensive industry, firms will seek out capital wherever they can. It seems to be a situation of demand-led growth outstripping the supply of infrastructure," Dr Vijay Chandru, president of trade organisation the Association of Biotech Led Enterprises and chairman of Strand Life Sciences said.

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investor climate as Malaysia with its financial incentives and favourable drug policies, industry players say.

Stempeutics Research, which has tied up with Cipla to market its products, had invested Rs 25 crore in Malaysia in 2008, citing the ease in getting approvals.

"The Malaysian government's regulations for stem-cell products are more