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Speeding Up Drug Discovery

A CONTRACT RESEARCH INDUSTRY focused on developing new compounds for foreign drug companies is rapidly emerging in India. Although India currently plays a marginal role in the pharmaceutical world, it has an opportunity to become an important link in the creation of new, international blockbuster drugs.

This burgeoning industry is centered in two dynamic southern cities: Hyderabad and Bangalore. Well managed and relatively calm, the cities are far removed from the violence that has raged in the northeast Indian state of Gujarat since February. Moreover, local company managers can point to the earlier success of the software industry in both Hyderabad and Bangalore to convince foreign clients that they can meet deadlines and deliver results.

"About 40 companies are going in this direction, and more people will be joining the bandwagon," says Venkat Jasti, Managing Director of Suven Pharma and president of the Bulk Drug Manufacturers Association of India. Suven offers research compounds to foreign drug companies.

Andhra Pradesh, the state where Hyderabad is located, is already home to about 40% of India's pharmaceutical production capacity, Jasti says. The state has enjoyed a business-friendly environment since 1995, when Chief Minister N. Chandrababu Naidu came to govern. Bangalore has a long tradition of supporting scientific research and is home to the prestigious Indian Institute of Sciences.

For the time being, entrepreneurs are starting up companies or offering contract research services that are based on India's advantages. Under the prevailing patent regime, Indians have become proficient at discovering novel ways to synthesize various molecules. Companies such as Suven Pharma and Hyderabad's Avra Laboratories are harnessing this capability to provide foreign drug companies with the compounds and intermediates that are used in the production of new chemical entities still under trial.

About five years ago, the MD of Suven Pharma, Venkat Jasti, started to supply foreign customers with intermediates used in the production of new chemical entities in clinical trials. Suven, which employs about 30 research staff, has supplied about 180 intermediates so far. Two of them have become part of commercial products; the majority are still at various stages of clinical trials. When approved, Suven can expect rewarding production contracts.

Suven follows a business model that Jasti calls CRAMS, for contract research and manufacturing services. "We supply from the ground level and scale up to mass production if required," Jasti says. Jasti earned a master's degree in industrial pharmacy from St. John's University, Queens, N.Y., and from 1977 to 1989 owned six drugstores in the New York City area. When he founded Suven in 1990, he initially focused on the production of bulk actives. He later focused on niche products, before transitioning to his current business of supplying intermediates for new chemical entities.

However, he believes that some Indian contract research companies are billing their customers only for time and effort and are not sharing in the upside of the intellectual property discovered. But he concedes at the same time, that, initially, Aurigene may simply bill customers for the time spent on various projects. Other companies, such as Suven or Avra, are paid for the compounds that they develop and produce.

Depending on whom one talks to, there are between a handful and 40 pharmaceutical contract research companies in India already. The wide range arises from differences in definition. Dr. Reddy's Prasad considers GVK Bio and Aurigene contract research companies because their mission is to perform drug discovery work something that only a handful of companies do in India. Suven's Jasti, however says there maybe 40 firms that like Suven, are now merely providing chemical intermediates for new chemical entities to foreign drug companies, but who hope to get involved in discovery work after 2005. (C& EN)