

Syngene Expects Outsourcing Boost from West

Funding pressures in US, Europe to help India gain business, demand seen for research, mfg services: MD

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<https://economictimes.indiatimes.com/industry/healthcare/biotech/pharmaceuticals/syngene-international-sees-strong-momentum-this-fiscal-year-md/articleshow/100082312.cms?from=mdr>



We're investing because we're optimistic about the outlook, said Syngene MD Jonathan Hunt

Mumbai : Syngene International, the Bengaluru-based research services arm of Biocon, expects strong business momentum in this financial year, said a top executive of the company.

In an interview to **ET**, Syngene managing director Jonathan Hunt said biotech and pharma companies in the US and Europe are set to outsource more discovery, development and manufacturing work to companies like Syngene with relative cost advantage, as they battle high inflation, interest costs and funding slowdown. Syngene International also expects business growth from its pharma clients who are keen to make up for the time that they felt they lost during the Covid-19 pandemic.

"Rising inflation, rising cost of capital, rising labour rates push up the relative cost of doing research in Europe and the US. It also heightens the natural sort of operating cost advantage that we have in India, and with the breadth of our capabilities, it makes us quite attractive," said Hunt. "We can often do twice the amount of work for the same dollar than companies in Europe and the US can do, so there's a reason difficult economic circumstances for our clients in the West can have positive growth drivers for us."

Hunt said that while financial pressures are making companies, especially emerging biopharma firms, cautious on spending, they are going forward with their promising programmes. "These are very, very longtime horizon investments. If you invest in R&D (research and development) in a new drug... things are planned over a 20 year business cycle," he said.

He said he expects healthy demand for research and manufacturing services, and that the company's revenue in 2023-24 is expected to increase in the high teens and profit after tax in the mid-teens on a constant currency basis. Syngene International had a strong 2022-23, with revenue from operations increasing 23% year-on-year to ₹3,193 crore, and net profit up 10%.

The company will incur capex of around ₹800 crore this fiscal, including on adding biologics manufacturing capacity, laboratory space for future expansion of research business and capability additions across service lines.

"We are investing because we are optimistic about the outlook, and we see good prospective returns on those investments," said Hunt.

Syngene International is also banking on its Zoetis deal for growth this fiscal. Hunt said the company began manufacturing drug substance at commercial scale for leading animal health company Zoetis last year and expects about \$50 million per annum from the deal for the next 10 years.