

Biologics will be a major contributor to our growth, says Syngene CEO Jonathan Hunt

CEO Jonathan Hunt talks about Syngene's growth amidst challenges in the US biotech sector, biologics' growth potential, and the company's future plans.

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Syngene International plans to launch its biologics facility, Unit 3, in Bengaluru by late 2024. This advanced facility will triple Syngene's biomanufacturing capacity and offer contract manufacturing services for drug substances and products to biotech and pharma clients. Jonathan Hunt, CEO & Managing Director of Syngene, discussed in an interview with BT Syngene's growth amidst challenges in the US biotech sector, biologics' growth potential, and the company's future plans. Edited excerpts:

BT: How is your company growing and adapting to fluctuating growth rates and challenges in the US biotech sector?

JH: We are experiencing growth, albeit not as rapid as the previous year. This mirrors the current state of the industry. Growth is evenly spread across various areas of our business, including research services, dedicated centre development, and manufacturing. Strategically, we are pleased with this balanced progress. Additionally, the US biotech sector is facing a transitional phase due to new funding levels post-pandemic. There was a surge in biotech activities and outsourcing after the pandemic disruptions, from which we have greatly benefited and played a significant role. However, the funding environment for biotechs has become more challenging in recent years, impacting their ability to allocate resources to us.

BT: How do smaller biotech firms fare against larger pharmaceutical companies amidst the industry's challenges and opportunities?

JH: The demand for biotechnology remains strong, and scientific innovation continues at a steady pace. However, smaller biotech firms often rely on private equity or venture capital, needing regular returns to refinance their operations as they progress. This poses challenges, as seen by job losses and company restructuring in the US last year. Larger biotech and pharma companies, on the other hand, self-finance through cash flows, enabling them to invest in their ventures without such dynamic funding challenges. This stability contrasts with the industry's overall robust demand worldwide.



CEO and MD Jonathan Hunt on Syngene's growth amid challenges in the US biotech sector/PC: Hardik Chhabra

BT: How do you anticipate biologics contributing to your company's growth?

JH: Biologics will be a major contributor to our growth, and we have all the component parts in place. We have the capabilities in the research stage to discover new biologic entities like antibodies. We also have the development capability to optimise and engineer them as needed. With the latest capital investments we have made, we have headroom for growth in manufacturing. We are putting in place a lot of expansion capacity in Bengalore.

BT: How do you see the CDMO segment evolving in the coming years, given its recent growth and market dynamics?

JH: The industry is experiencing a significant shift in manufacturing locations, gravitating towards the east. This change is motivated by several key factors. Firstly, proximity to customers is essential, especially with the concentration of global populations in Asia. Secondly, the rapid growth of Asian markets, fueled by increasing GDP and a burgeoning middle class, is driving demand for quality healthcare. Additionally, lessons from the pandemic emphasise the importance of supply chain resilience, leading to a trend of risk diversification. The “China plus one” strategy illustrates this approach, where companies add secondary locations for supply chain robustness. This shift encompasses various aspects like research, innovation, development, and manufacturing, presenting significant opportunities for India.

BT: What mergers and acquisitions is Syngene considering?

JH: We recently acquired a manufacturing site from Stelis Biopharma, a division of Strides Pharma. Initially designed for COVID-19 vaccine production, this site is no longer needed by them due to the pandemic situation improving. Our strategic acquisition, conveniently located between our existing Bangalore sites, offers us a valuable opportunity. With planned investments, upgrades, and adaptations, we aim to convert this site into a state-of-the-art biologics manufacturing facility. Our approach to capability assessment is flexible. We consider various capacities and are open to different strategies, whether it's internal development, partnerships, or acquisitions. These approaches are seen as means to achieve our goals, focusing on investing in the right capabilities at the right time for optimal returns.

BT: Are there any plans to enter new segments or expand your portfolio?

JH: We are focused on expanding our presence in the areas where we have already made significant investments. This includes antibody manufacturing production and drug products, where we foresee continued growth and are prepared to invest further if the trend persists. The potential impact on Syngene could be substantial, given the scale of capacity we've developed in these areas. Furthermore, in the research field, we have established a strong group specialising in PROTACs, an area of drug discovery gaining significant attention. PROTACs (Proteolysis-Targeting Chimaeras) are a class of molecules used in drug discovery

and development. With over 450 scientists and one of the largest teams globally in this domain, we are committed to scaling up and exploring additional opportunities in between.

BT: How do you view the animal health market in India?

JH: The companies themselves would offer a more insightful perspective on India as a market. Our focus lies in research, development, and manufacturing, aiding in product discovery and innovation, which are then distributed globally. For a deeper understanding of market dynamics, consulting communication professionals or representatives from top animal health firms is recommended. The Indian animal health market consists of two key segments. Firstly, there's the sector related to animal foods, protein production, and farming, which is witnessing steady growth due to global population growth and rising food consumption. Secondly, the companion animal segment, including pets like dogs and cats, is growing as they are increasingly seen as family members. This trend fuels the demand for healthcare products and services for pets, presenting significant growth opportunities.

BT: What's fueling India's transition from generics to biosimilar drugs and specialty biologics?

JH: Driven by market needs, two key aspects are at play: genuine innovation and biosimilars, which are biologic equivalents of generics. These biosimilars, often modified versions of products created by originator companies years ago, are instrumental in cost reduction within global healthcare systems, paving the way for reinvestment in newer technologies and enhanced patient care. This dynamic reflects a healthy industry landscape. India's ascent as a centre for original innovation is significant. This unexpected innovation trend was initially observed in sectors like ours, fostered by partnerships with global companies focused on genuine innovation. Notably, the Contract Research Organisation (CRO) and Contract Development and Manufacturing Organisation (CDMO) sectors are at the forefront of this innovation wave.

BT: How is Syngene using AI in its R&D, and what impact does AI have on your business operations?

JH: The integration of artificial intelligence (AI) into research and development (R&D) has become indispensable across industries, including Syngene. We believe AI will significantly enhance various aspects of our operations, from administrative tasks to scientific endeavors. Just as the internet evolved from a niche academic tool to a utility, AI is following a similar trajectory, permeating every aspect of

business operations and improving efficiency and decision-making processes. At Syngene, AI is already instrumental in drug discovery, target validation, and scientific decision-making. Given the vast amount of data generated in scientific research, AI enables us to extract valuable insights and make informed decisions effectively.