

# Syngene Expects Biz to Pick Up by H2 on Funding Revival

Potential order wins from western MNCs as they cut reliance on China to also help: MD

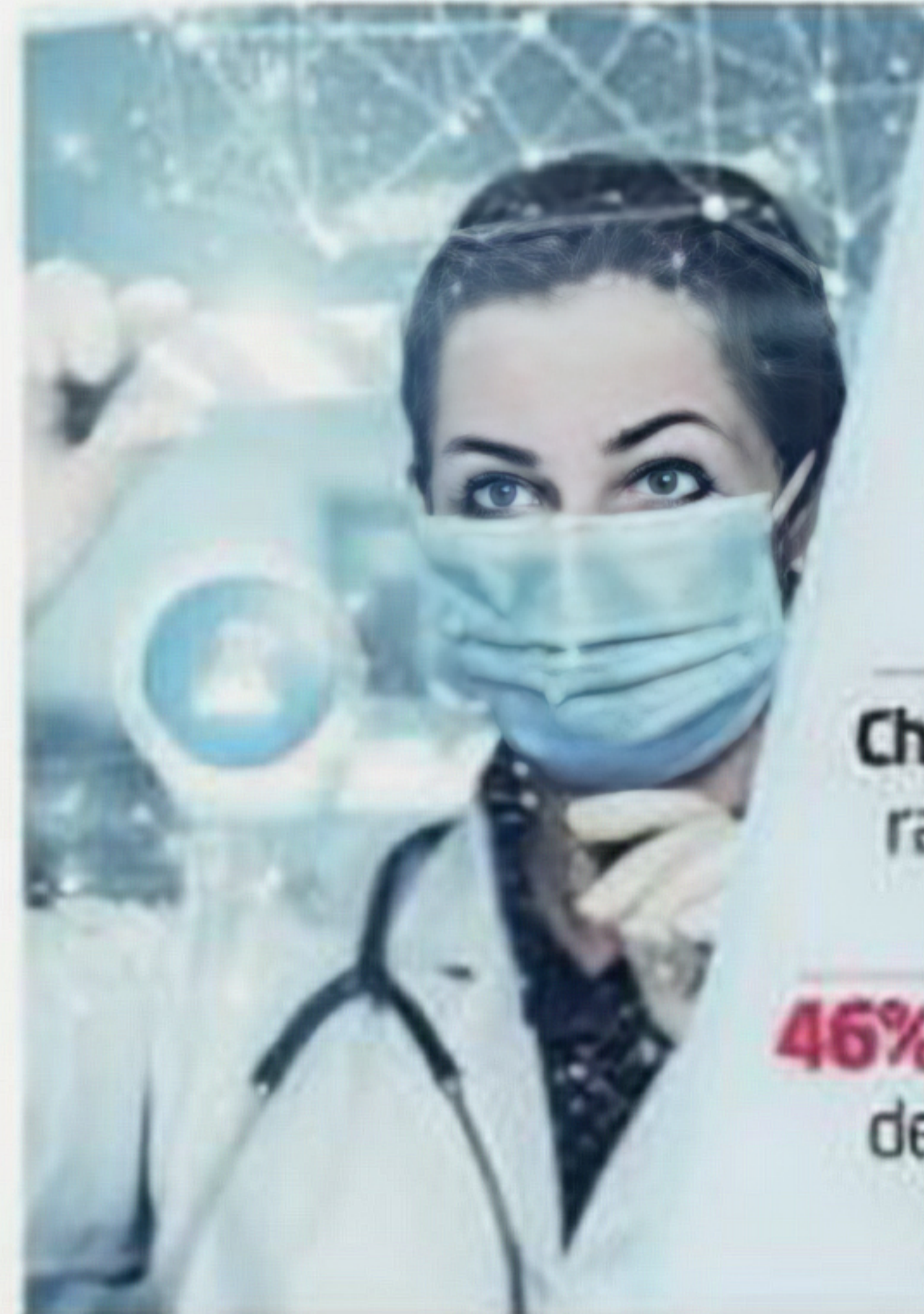
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**Mumbai:** Syngene International, the Bengaluru-based research services arm of Biocon, expects rebound of business momentum from the second half of FY25 led by signs of recovery in the biotech funding environment and potential order wins from western MNCs as they reduce supply chain reliance on China, the company top executive said.

“The fourth quarter was a tough one (Q4FY24). We still have those headwinds that we’ve got to work through,” Jonathan Hunt, managing director of Syngene said in an interview to ET.

“They’re (headwinds) starting to slow down,” Hunt added.

Syngene provides end-to-end services to innovator pharmaceutical, biotech, animal health and speciality chemical companies from drug discovery and development processes, which include early-stage research, pre-clinical and clinical development of a novel molecule, to manufacturing and commercial supply.



## Improving Prospects

Biotech venture financing was in a downturn during 2022 and 2023

Challenges: High interest rates & inflation leading to low R&D spends

46% Increase venture financing deal value among pvt biotech cos in Q1 2024 vs Q4 2023

The next 2 to 5 years will be characterized by experiments & pilots for restructuring supply chains

JONATHAN HUNT, MD, Syngene



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The company has been impacted due to reduced demand for discovery services within US biotech stemming from a difficult funding environment.

The biotech venture financing saw a downturn during 2022 and 2023, influenced by macroeconomic challenges such as high interest rates and inflation, which led to increased investor caution, forcing many small biotechs to cut down on their R&D spends.

Hunt says he saw the investor interest returning in the last 12 weeks led by anticipation of lower interest rates and moderation of inflation. According to data and analytics GlobalData, the private biotech sector witnessed a 46% increase in total venture financing deal value in the first quarter of 2024 compared to the fourth quarter of 2023.

“This uptick signals progress towards recovery in venture finan-

cing as investor confidence improves,” GlobalData report said.

Hunt says there is a “tectonic” shift happening as global multinational pharmaceutical companies are gradually diversifying supply chain dependency on China.

“Over the last three to six months, I think the same is true for all of the CRO and CDMOs outside of China, all of them have seen a increase in the number of RFPs (request for proposals), RFQs (request for quotations),” Hunt said.

Hunt said the companies that are looking to diversify their supply chains in the initial stage are experimenting by giving multiple small projects to gauge the capabilities of CROs and CDMOs.

“I think the next two to five years will be characterised by lots of those sort of experiments and pilots for restructuring the supply chains,” Hunt said.

