

# Chasing growth in diabetes care

## ADVINUS THERAPEUTICS FINDS \$1-BILLION BUSINESS IN NEW MOLECULE

**B**ouyed by the success of discovering a novel molecule for the treatment of type II diabetes, pharma research start-up Advinus Therapeutics is seeking buyers for the molecule that may generate over \$1-billion business.

"The deal structure will have a price as well as royalty and success-based milestone payment as the molecule progresses. We are hoping this would be a \$1-billion-dollar drug," said Dr Rashmi Barbhuiya, managing director, chief executive and co-founder of Advinus Therapeutics.

Advinus was formed by a group of entrepreneurs and scientists lead by Dr Barbhuiya and Dr Kasim Mookhtiar in 2005, after it was hived off from agri-products firm Rallis India. By 2017, the firm plans a product to treat type II diabetes that results from insulin resistance.

The molecule is an activator of glucokinase, an enzyme that regulates glucose balance and insulin secretion in the body. This breakthrough comes at a time when other molecules not only activate glucokinase in the liver, but in the pancreas as well. This leads to hypoglycemia—a state of lower-than-normal level of blood glucose.

"That is a double whammy and not an acceptable side-effect. Our molecule will selectively work only on liver and will not go to pancreas," said Dr Barbhuiya, former Ranbaxy R&D president with over two decades of experience in pharmaceutical research. The team of scientists at Advinus have also discovered molecules to treat Kala-azar, or Black Fever, a chronic and potentially fatal parasitic disease affecting the internal organs—particularly the liver, spleen, bone marrow and lymph.

Advinus has around 490 people, most of whom are researchers. It is now seeking a funding of Rs 200-300 crore from the Tatas and PE firms to leverage its research and development work. It plans to focus on new areas such as geriatric and central nervous system diseases.

"We expect to achieve a revenue of Rs 100 crore for FY2010-2011. We require the funding to run

13-14 discovery programmes from the current 6-7 programmes," said Dr Barbhuiya, who set up the firm five years ago. Advinus, which counts Johnson & Johnson and Merck among its top customers, has also bagged contracts worth up to \$100-200 million to perform drug discovery programmes and provide contract research services in the next six years.

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Experts say that emerging, or boutique research firms, focused on certain therapies, have been successful in the developed markets such as the US and Europe. India can adopt such a model, in combination with our advantage of lower cost in research and development.

"For the development of drug, candidates with superiority over competing molecules or therapies will be key to their long-term sustainable success," says Sanjay Singh, associate director (cor-

porate finance), KPMG India.

Most of the current drugs being developed by Indian companies are pre-clinical or in early clinical (phase I or phase II) stages. The focus has been to out-license these drugs to MNCs, who can further develop and conduct multi-centric clinical trials prior to getting marketing approvals.

"This approach reduces the risk for the Indian companies and is likely to be adopted by most of the companies in the coming 2-4 years," said Mr Singh. The market opportunity to tap unmet medical needs, like treating diseases such as diabetes, is huge for start-ups such as Advinus.

Currently, there are about 300 million diabetic patients worldwide, between the age group of 20 and 79 years, and is expected to touch 450 million by 2030 globally. In India itself, it is estimated that there are 51 million diabetic patients in 2010 and this is expected to swell up to 80 million by 2030. "However, compared to USA, our R&D facilities are still at the starting block," said Dr Anoop Misra, director and head of the department of diabetes, obesity and metabolic diseases at Fortis Hospital and chairman of N-DOC.

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