

Website:	www.pharmabiz.com
Date:	March 16, 2005

GVFL launches Rs 50 cr BT venture Fund to assist early stage cos in Gujarat

The Gujarat Venture Finance Ltd (GVFL), a leading venture capital company has announced the setting up of a Rs 50 crore biotechnology venture fund. The Government of Gujarat has provided the initial seed funding of Rs 5 crore for this fund. GVFL will mobilize the balance fund from Institutional investors like SIDBI, UTI, banks, corporate entities and high net worth individuals.

The 12-year close-ended State fund is to invest in start-ups in the areas of Biopharma, Agriculture Biotechnology, Contract Research, Bioinformatics, Industrial Biotechnology, Marine Biotechnology and Environmental Biotechnology across the State of Gujarat.

Vishnu Varshney, CEO of GVFL commented on the total funding requirement for biotech sector in India by stating, "Biotechnology sector provides a tremendous business opportunity and potential for investment. Combining all the segments together, Biotechnology sector is growing at the rate of 40 per cent, with a potential to touch US\$ 5 billion by 2010. The growth drivers for this sector are rich biodiversity, growing pharmaceutical industry, large pool of skilled manpower and the huge market".

Most of the investments in the sector are happening in late stage deals and thus GVFL sees an opportunity to invest in start-ups, seed stage & early stage companies, he said.

Gujarat biotechnology venture fund will make investments in start-up companies largely through equity and convertible instruments. However, debt and quasi-debt instruments may also be used on a case-to-case basis, a company release said.

"We have been approached by few of the start ups with innovative technology and hope to finalize our first investments soon" Varshney added.

GVFL is widely regarded as the pioneer of venture capital in India. Started by Gujarat Industrial and Investment Corporation (GIIC) at the initiative of the World Bank in July 1990, GVFL is an independent board-managed, autonomous venture finance company based at Ahmedabad.

Over the past 15 years, GVFL has raised four Venture Capital Funds with a combined capital of Rs 125 crores, which is invested in 56 companies across the country. As of today, it has divested from 36 out of the total 56-investee companies.

The major stakeholders of GVFL include Gujarat Industrial Investment Corporation (GIIC), CDC (UK), HDFC, Gujarat Alkalies Chemicals Ltd (GACL), Actis, Zydus (Cadila) and ICICI.