

<https://www.vccircle.com/%e2%80%8bmanipal-backed-%e2%80%8b%e2%80%8b%e2%80%8b%e2%80%8bigenetic-to-branch-out-into-b2c-mass-diagnostics-vertical/>

Manipal-backed iGenetic to branch out into B2C mass diagnostics vertical



iGenetic Diagnostics Pvt. Ltd, a healthcare diagnostics firm with a focus on specialised and differentiated tests, will soon offer routine assessments for consumers under a different brand, a top executive of the company told VCCircle.

This will see the company go head-to-head with larger diagnostics firms such as Dr Lal PathLabs, SRL Ltd and Metropolis Healthcare, but the extension into the business-to-consumer space is not expected to come at the cost of its specialised tests.

“(In the long run), we want to be a leader in (the) critical care space. We will selectively operate in the routine segment to expand our reach and scale,” said Arunima Patel, managing director at iGenetic.

The company, which was founded in 2013, has focused primarily on diagnostics tests ranging from biochemistry to advanced molecular

genetics. It has also been doing routine tests through its business-to-business model.

“B2C is a more sustainable and a higher margin segment,” said Patel, a former executive with private equity firm Actis.

The company has earmarked Rs 10 crore to invest in the B2C vertical and will begin operations by opening six collection centres in Mumbai.

She said that the B2C vertical will function under a different brand because the iGenetic name resonates more with the firm’s specialised business. The B2C vertical will cater to home collection, wellness, and will involve tie-ups with corporates for their wellness needs, Patel added.

Currently, iGenetic’s routine segment under the B2B model contributes 70% to the firm’s revenue because the diagnostics industry is more routine driven.

Patel is, therefore, unfazed by competition with larger players because she believes that there is still space to operate profitably in the market, which is shifting towards more health-oriented packages.

Patel, who had founded iGenetic with former Actis colleagues Siddharth Patodia and Homer Paneri, however, explained that its focus on specialised tests will not wane.

“The mix is expected to change for the company to 60-40 (routine:specialised) as the higher growth is coming from the specialised segment,” she said.

Funding and acquisitions

[iGenetic had raised a significant Rs 133 crore](#) (around \$20 million) from Manipal Education and Medical Group (MEMG) and UK-based development financial institution CDC Group Plc in March 2017.

This was also the first bet by the Rs 500-crore (around \$75 million) healthcare fund launched by MEMG and CDC Group. [Prior to this funding round, the company had raised Rs 7 crore](#) (over \$1 million) from angel investors and high net-worth individuals (HNIs) in January 2016.

Patel said that the funds from MEMG and CDC Group were raised for organic and inorganic growth.

In terms of inorganic growth, the company is yet to see some action as it has not struck any acquisitions.

“We expect an acquisition to happen in the next couple of months as these take time,” said Patel. The company is looking at both B2C routine labs as well as specialised ones to expand. It aims to buy labs in the range of Rs 2-20 crore per firm.

In terms of organic growth, the company has started operating from new geographies such as Kerala, Karnataka, Andhra Pradesh, Ahmedabad, and Indore. Prior to its funding in March 2017, it operated in Mumbai, Delhi, Hyderabad and Nagpur.

The company aims to enter Tamil Nadu to cover the entire southern region and deepen its presence in the existing regions. “Pune is next on the company’s radar, too,” said Patel. It, however, does not intend to touch the eastern region now, although there is demand from Kolkata and Bhubaneswar.

“There is logistics delay there that we will have to sort before we start marketing aggressively,” Patel explained. Launching the B2C vertical is also part of its organic growth, she added.

The company has almost 1,400 different tests on its menu. In the specialised space, its focus is on critical care, and the company is also awaiting regulatory approval to conduct non-invasive prenatal testing (NIPT).

The company currently has three labs in Mumbai and one in Nagpur and Delhi each that will all cater to the B2C segment.

Lack of awareness among both clinicians and patients is the biggest challenge for its specialised test business, said Patel.

Other high-end diagnostics players

The high-end diagnostics segment is at a nascent stage in India, but it has been attracting private investments for a while now.

In early March this year, genomics-based diagnostics and research firm [MedGenome Labs Pvt. Ltd completed its Series C round of funding of \\$40 million](#) (Rs 260.3 crore) after new investor HDFC Ltd and its associates put in money into it.

Another major fundraise in the space was by Gurgaon-based Core Diagnostics Pvt. Ltd, which in December 2016 raised \$12 million from private equity firm Eight Roads Ventures and US-based F-Prime Capital Partners. Its existing investor Artiman Ventures had also participated in the round.

A healthcare expert, who did not wish to be identified, said that while iGenetic, Core Diagnostics and MedGenome operate in the high-end segment, their focus areas are different with iGenetic majorly concentrating on the critical care business. “The industry is still nascent and we’ll have to wait and see who makes the cut,” he added.