

"Indian customers are not receptive due to cost factor"

14 February 2013 | Interviews | By BioSpectrum Bureau

Indian customers are not receptive due to the cost factor



Pharmalab, which was started in 1962, celebrated its 50 years of service, which is quite an achievement in the Indian supplier industry. Continuing with its tradition of collaborating with international players, Pharmalab is strengthening its existing partnership with Germany-based Skan, by launching a new range of laboratory instruments.

BioSpectrum caught up with Mr Karnik Parikh, director, Pharmalab and Mr Daniele Bazzicalupo, head, Sales Management, Skan AG, Germany in Mumbai to understand their perspectives and their expansion plans.

Share with us your thoughts on Skan's collaboration with Pharmalab? Currently, what products do you plan to introduce in the Indian market?

Mr Bazzicalupo: We have been working with Pharmalab since three years. In the past, it was just our representative company, but now we are strengthening our bond. Skan primarily manufactures and distributes aseptic barrier isolator technologies that are used in sterility testing and other applications. These are made available in India through Pharmalab. Soon, we will start marketing our own range of laboratory equipment. We also hope to introduce products from basic instruments such as laminar hoods to more advanced lab equipment. In our view, as compared to last year, things are starting to take shape in Indian market for us, thanks to our relationship with Pharmalab, which has increased our visibility. India is a very interesting market for us and we hope to explore it further.

Mr Parikh: We are very happy with the way this collaboration is shaping up, especially with the new developments. For the laboratory equipment range, we are looking to create a separate group for marketing them, depending on the market response.

What was Pharmalab's gross revenue for the last financial year?

Mr Parikh:

Last year, the Pharmalab group revenues were Rs 85 crore. The group consists of three verticals, PharmalabIndia, the main company, that also handles the overseas expansion of all divisions; Pharmatech, which is into process equipment; and Liquipac, which handles packaging equipment.

In the past, Pharmalab has focused on the African and the South American markets.

How has that experience been and do you plan to explore countries in the APAC region as well? How does Skan view India and other APAC markets?

Mr Parikh: Exports contribute to almost 37 percent of our total revenues. We have a good customer base in APAC countries like Indonesia and Thailand. We will now focus on Vietnam and Cambodia along with continuing investments in other countries like Russia. We have also been very successful in Middle Eastern market.

Mr Bazzicalupo: Apart from India, in the APAC region, China is the country with the most customer base for Skan. We also have a fully owned subsidiary in Japan and will continue to explore our options in other parts of Asia in future.

Can you elaborate on the locally manufactured equipment distributed by Pharmalab?

Mr Parikh: We manufacture distillation systems, sterilizers and more, keeping in mind the necessary international norms. We have installed many of such systems in India and would have also exported these worldwide to almost 30 countries by now. In countries like Turkey, Greece and Russia, where the customers require this equipment at a reasonable price, we are able to cater to suit their needs. Wherever we can locally manufacture, we will do so. Since we have laid an emphasis on local manufacturing in our operations, we are well placed to absorb any modern technology. Many other companies who have decided to focus on distribution cannot do so, as they lack the design infrastructure. We have the ability to better service this equipment locally, and hence the reduced costs.

In which market segment is Pharmalab playing a leading role?

Mr Parikh: We have the largest, of more than 70 percent in water systems, for steam generation and injecting systems. We have a decent market share in sterilizing equipment. Though we are a late entrant into the freeze dryer technology, we hope to have a strong foothold in the future. We are also confident about attracting the market for high end equipment such as isolators in the next 3-5 years.

What are your observations on the trends in life sciences segment in the last year?

Mr Parikh: There hasn't been much increase in the spending from biotech companies as compared to the last year. The equipment that we market is quite capital intensive. They are high end products and has a good market potential but, Indian customers are not immediately receptive because of the cost. Yet, the requirement do exist, and hence we are seeing a slow and steady interest being generated in the biotech and pharma industry. With respect to that, we have also decided to intensify our efforts. In terms of Skan equipment, some of them, which are of special interest to companies in India and China will be locally manufactured, whereas the rest will be imported. This will help us save some capital and make it attractive for the customer.