"India offers significant market opportunities,"

05 November 2008 | News

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Dr Harry S Rathore, President and Country Head, Lonza India Pvt Ltd

In a free wheeling interview, Dr Harry S Rathore, President and Country Head, Lonza India Pvt Ltd, talks about the Lonza's initiatives in India especially in biosimilars along with a sneek peek into its product offerings to the Indian market

Can you elaborate on Lonza's Indian Operations which was set up recently?

We are expanding our business in India. Currently we are focusing on five major areas â€“sales of the intermediates for the production of APIs used in the ARVs (anti-retroviral) formulations for access-to-medicines markets under PEPFAR. Indian companies such as Aurobindo, Hetero, and Astrix are our customers for these ARV intermediates, in the second area, we are expanding our services and products offerings in the area of Cell Discovery and Molecular Biology. Recently Lonza acquired Amaxa, a market leader in gene transfection into primary cells. Shortly Amaxa product offerings will be available to R&D scientists engaged in biologics research in India, then we have sales and business development of disinfectant formulations for hospitals and pharma clean rooms under the Lonzaguard brand, another arena is building the external-manufacturing-network of Indian companies to outsource production of small molecules to compliment internal capacities of our API plants worldwide. Nutrition ingredients is the other major area where we will soon be exploring marketing opportunities in India. The middle class in India is growing and health and wellness are becoming serious concerns of the Indian families. We see opportunities for our nutritional supplements such as Carnipure especially in functional foods and dietary supplements.

Acquiring Cambrex's two businesses was a major deal for Lonza's Life Sciences division in India. Is the company now targeting the API business of Cambrex?

Yes, in 2007, we acquired two businesses from Cambrex--Bioproducts which we renamed Lonza Bioscience, and the microbial biopharmaceuticals business which was integrated into the Lonza Biopharmaceuticals business after the acquisition. Now we are not looking at its API business. We have our own small molecules API (active pharmaceutical ingredients) business.

How is Lonza cashing on to the biosimilar opportunity?

Biogenerics or biosimilars could be a huge opportunity for Indian companies. However there are some initial hic-ups. The regulatory pathway is still not well defined in Europe and the US for biosimilars. Contrary to biogenerics the small molecules generics are relatively easy because they are chemically similar and bioequivalent. In the case of biosimilars, the innovators argue that "the process makes the product" so if you are using different cell lines and different non-infringing process you are getting a different product. That makes life difficult for regulators as to how to enact regulatory guidelines to approve biosimilars. However, momentum is on their side as governments across the globe wish to reduce soaring medical costs. Hence, regulatory agencies are working on enacting the regulations in Europe and possibly in the US. EPO has already been approved for several markets. The domestic markets in India for biosimilars is relatively small because of the affordability of the patients but then we do see that a number of Indian companies have biosimilar programs at different stages of the development and they are looking out for partnerships. Lonza here has the knowledge and expertise of building large-scale biopharmaceutical plants vis-Ã -vis experience in manufacturing recombinant proteins and antibodies on the industrial scale for regulated markets. Our GS Gene Expression System (GS: glutamine synthetase) coupled with the application of the Aggresolve technology from the recently acquired Zyentia Ltd in Cambridge (UK) puts us in the realm of production of antibodies and recombinant proteins.

Is the India business model similar to that of the parent company considering that the dynamics are different in India?

It is pretty much the same. Lonza is much focused on the customers' R&D and manufacturing needs in clearly defined life sciences markets. Our endeavors are to offer our services to innovator customers throughout the life-cycle of their product leading to generics. India offers significant market opportunities for Lonza's products and services.

Any strategic collaborations to look out for in the future?

We built a strong rapport with many of our customers and suppliers in India. Now we wish to transform few of these relationships to strategic collaborations. Hygiene and disinfectant formulations, tissue acquisition and cell isolations, production of biotherapeutic media, and R&D services in biopharmaceuticals are some of the areas where we see possibilities of collaborations and business expansion in India.

Nayantara Som

Lonza's focus

Lonza, which is headquartered in Basel, Switzerland and is listed on the SWX Swiss Exchange, is a major player offering products and services spanning its customers' needs from research to final product manufacture. Lonza is also into production and support of active pharmaceutical ingredients both chemically as well as biotechnologically. The company has strong capabilities in large and small molecules, peptides, amino acids and niche bioproducts which play an important role in the development of novel medicines and healthcare products. In addition to this, Lonza is a leader in cell-based research, endotoxin detection and cell therapy manufacturing and a provider of value chemical and biotech ingredients to the nutrition, hygiene, preservation, agro and personal care markets.

In the fiscal year ending December 2007, Lonza delivered strong performance through portfolio changes along with growth in biopharmaceuticals and life science ingredients. The sales were up by 25.6 percent, EBITDA was up 40.9 percent to CHF 682 million, EBITDA margins rose by 2.6 percent points to 23.8 percent of sales and net income grew by 51.3 percent to CHF 301 million