

BioSuppliers Analysis

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Agilent Technologies, Becton Dickinson, Thermo Electron, Millipore, Alfa Laval, Bio-Rad, Amersham (GE Healthcare Bioscience) and Sartorius have their direct presence. While others like Perkin-Elmer and Applied Biosystems have operations through agencies here. Lab India is an exclusive reseller of the products from these companies. In fact seven of the top 10 biotech suppliers are multinationals having their subsidiaries or joint venture companies located in India. They are Agilent, Becton Dickinson, Thermo Electron, Millipore, Alfa Laval and Sartorius. Amersham, now part of GE, too is present here. The company was unable to share the data, as there has been some internal restructuring following Amersham's acquisition by General Electric.

One of the main reasons for the success of these world leaders in India is because of their commitment to the domestic market. Most of them have quality products, have started training centers, provide customized solutions and have been in the Indian market for several years now. In 2003-04, some of their worldwide CEOs and top executives too visited India and expressed their interest to set up testing and validation labs or announce expansions. It is not that all these companies have the same products, but their approach is almost the same. Due to these focused initiatives, major players have seen strong and consistent growth in line with that of the biotech sector. Agilent grew by about 55 percent, Becton by 66 percent, Thermo Electron by 51 percent, Lab India by about 25 percent, Millipore by about 21 percent, Alfa Laval by 100 percent, etc.

Agilent, Becton Dickinson, Thermo Electron, Lab India and Millipore are the Top 5 companies in this industry and account for 78 percent of the total market share with total business of Rs 383.67 crore in 2003-04. While the estimated total business of the top 10 biotech suppliers was Rs 507.21 crore, the collective revenues of the top 20 biosuppliers was Rs 603.85 crore.

These major suppliers have been investing significantly in the country both in terms of setting infrastructure and new marketing activities. In the past three years, they have invested close to Rs 1,500 crore. And this figure is on the rise. Most of the biosuppliers have established their manufacturing units in India and have nation-wide sales and support network. They have transformed from being product companies to solution-driven organizations. Customized solution is the mantra. The other important change that has come in the business approach is the need to be with the clients through their overall business strategy. This is to provide an effective solution.

For most of the biosuppliers, the biotech and life sciences sector today accounts for major portion of their total business. It is approximately 40-45 percent of the total sales. A few years back, the demand for high quality products in separation, purification and membrane technology was very low. This is changing and the number of products and even suppliers are increasing rapidly. The products supplied to the biotechnology industry include bioreactors, biotech equipment, bioprocess plants, autoclaves, analytical instruments, separation plants, analyzers, centrifuges cleanroom technology, cleaning equipment, effluent treatment plants, filters, purified water, scientific doors, heat exchangers, etc.

Company	2002-03(Rs Crore)	2003-04(Rs Crore)	% growth
Agilent	48	74.25	54.69
Becton Dickinson India	44.5	73.82	65.89
Thermo Electron	47	70.92	50.89
Lab India	54	67.5	25
Millipore India	47.15	57.18	21.27
Alfa Laval India	20	40	100
Bio-Rad Laboratories	33	38	15.15
Sartorius	19.09	30.99	62.34
Chemito Technologies	18.29	30	64.02
Genetix Biotech Asia	17.89	24.55	37.23
Chromline	18.4	20.7	12.5
Pall India	13	18	38.46
Imperial Biotech	5.65	10.2	80.53

Medispec	6	10	66.67
Axygen Scientific	4.9	7.02	43.27
Jain Biologicals	5	7	40
Biotech India	4	6.5	62.5
Life Technologies		6.5	NA
Biodigital	3.5	6	71.43
JH Bio Innovations	4	4.72	18
Total TOP20 BioSuppliers	413.37	603.85	46.08
Total Others	148.03	206.15	46.02
Total	561.4	820	46.06

There are over 13 companies, whose sales to the biotech and life sciences sector have been in excess of Rs 15 crore. The Mumbai-Pune cluster hosts the largest number of biosuppliers. While Bangalore has big suppliers like Millipore, Sartorius and Waters India, Delhi region's big suppliers include Agilent, Becton Dickinson and Lab India.

Not just the MNC suppliers, but also the distributors have focused on value addition. Most of them realize that it is not only product quality and support, but also customized process equipment and speed of delivery. The Indian engineering capabilities are coming of age now and several global companies are considering setting up joint ventures.

BIG EVENTS OF THE YEAR

GE acquires Amersham for \$9.5 Billion ... Signals the herald of a new era for personalized medicine

The strategic direction of GE is highly futuristic. While GE is a leading manufacturer of machines like Positron Emission Tomography (PET) and MRI scanners, Amersham is the leading player in the market for contrast drugs used in X-rays, CT scans, ultrasound, MRI, and PET scans. GE's management believes the acquisition will help it to create a healthcare company with broad expertise in imaging, diagnostic pharmaceuticals and drug discovery; create a group of technology and service driven healthcare businesses which will have combined 2003 pro forma revenues in excess of \$13 billion.

The Amersham Group employs over 10,000 people worldwide and had sales of \$2.43 billion in 2002. Amersham had three main business areas: medical diagnostics, operating as Amersham Health, and protein separations and discovery systems together operating as Amersham Biosciences. Amersham Health (59 percent of total Amersham sales in 2002) develops, manufactures and distributes diagnostic imaging agents and radiopharmaceuticals for all imaging modalities that are used in medical imaging procedures. Protein separations (17 percent of total Amersham sales in 2002) develops, manufactures and distributes chromatography purification systems, membrane products and reagents that are used in the development and manufacture of biopharmaceuticals and for the laboratory scale separation of proteins for research and drug development. Discovery systems (24 percent of total Amersham sales in 2002) develops, manufactures and distributes instruments, reagents and software that are used for drug discovery, research and development with applications including protein and DNA analysis for genomics and proteomics, cellular screening and bioassays.

Bio-Rad to acquire MJ Research

Bio-Rad Laboratories Inc., a multinational manufacturer and distributor of life science research products and clinical diagnostics, announced that it has signed a binding letter agreement to acquire MJ GeneWork Inc., and its subsidiaries for approximately \$47 million in cash. MJ GeneWorks is the parent company of MJ Research Inc. of Waltham, Massachusetts, a biotechnology company that specializes in thermal cycling instrumentation and reagents used to amplify DNA. The acquisition is subject to completion of a definitive purchase agreement and necessary government approvals. MJ Research is known to have pioneered the use of Peltier-effect technology and has introduced a number of other innovations in the thermal-cycling field. MJ Research employs approximately 300 employees.

As of now most of the products are imported. The duty and taxes in states vary from 30 to 50 percent. The government has given duty relaxation to import life saving equipment. But classification matters. For example some products like ELISA reader, which is used in hospitals, diagnostic labs and research organizations for conducting HIV/Hepatitis tests have not been included in the life saving equipment. Further, inter-state taxing has not helped the industry as the prices vary in different locations. Though the government is committed to help the industry, the paper work in completing any transaction is the biggest bottleneck.

The decision of the Department of Science and Technology to give a grant of Rs 2.5 crore to the private sector R&D centers under Instrumentation Development Program (IDP) has been a positive development during the year. The National Instrumentation Development Board agreed to reimburse up to 50 percent of the recurring expenses of the private sector R&D centers recognized by the Department of Scientific and Industrial Research in India. Till now the funds that came from IDP used to be given only to government research laboratories and R&D centers at the university level. Under the IDP, the private companies will partially get the running cost meant for purchase of consumables and other items. This move is beneficial to the biosuppliers. Further with the government keen on looking into the whole issue of growth of the biotech sector, the suppliers are in a buoyant mood. Going by what the industry has targeted, FY 2005 would also see the biosupplier industry grow by 40 percent to Rs 1,150 crore.