

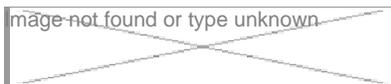
MNCs up direct presence

04 January 2011 | News



India is now witnessing acquisitions in the biosuppliers space. In the two recent deals, US companies have acquired major Indian suppliers with an aim to strengthen their direct presence in the country

In November 2010, US-based Avantor Performance Materials decided to acquire New Delhi-based biosupplier company, RFCL Limited. The acquisition, to be completed by the end of January 2011, is expected to further boost the product and service offerings of Avantor.



The deal comes after ICICI Venture sold its 85 percent stake in RFCL to Avantor. In 2005, ICICI Venture acquired RFCL for \$22.18-27.73 mn (₹100-125 crore). Now, reports put the current acquisition deal at \$111 mn (₹500 crore). This transaction thus marks the complete exit of ICICI Venture investment in RFCL.

Around the same time, US-based Life Technologies decided to acquire certain assets of Gurgaon-based LabIndia, a long-time distributor of its products. The transaction is expected to allow the former to offer a more complete and complementary line of products directly to its customers.

Mr Mark Smedley, head of Asia Pacific, Life Technologies, says, "Our primary goal of acquiring LabIndia is to meet the increased demand from our customers, and better serve their needs. LabIndia has been a strong partner and a great steward of the Applied Biosystems brand for last 20 years, and can be credited for helping us build a thriving presence in India."

These two deals will see the increased presence of US-based companies — Life Technologies and Avantor — in the Indian biosupplier market. Given the increased government funding to research institutes and the growing biopharma industry, both

the companies are expecting good opportunities for their growth. Further, these deals are customer-driven allowing companies to deal directly with them. The understanding of local needs will help in serving quality-specific products and further delivery on time.

These two major deals it is expected will begin a trend of foreign companies acquiring well-established Indian biosupplier companies. Other Indian biosuppliers have positive sentiment about this development and think that this acquisition will bring about market consolidation.

The Life Technologies-LabIndia deal creates a full-service business, allowing the former to provide its Applied Biosystems products directly to customers alongwith its Invitrogen portfolio, which includes GIBCO cell culture products, Lipofectamine transfection reagents, and a variety of benchtop instruments. Similarly, Avantor will use the RFCL network in India to push its products in the market, in exchange, RFCL can benefit from the global experience of Avantor, which can lead to great improvements in product offerings. Avantor will also expand its global presence in important geographies and end markets.

With these two deals happening at a time when there is increased demand for quality research products, it is expected that in the long run, the ultimate beneficiaries will be the researchers in India.

image not found or type "Image" is incorrect	The capabilities of US companies will receive major boost and definitely it is the best strategy on their part to enter Indian market by acquiring the established firms with good market presence.” — Mr Neeraj Gupta , MD, Imperial Life Sciences
image not found or type "Image" is incorrect	This trend of consolidation will continue. Major MNCs will continue to look at Indian market. Everybody wants a piece of growing Indian market.” — Mr Rupinder Singh , MD, Biohouse Solutions
image not found or type "Image" is incorrect	The two transactions have revalidated the potential of the bio lab supply sector. Post the Qualigen-Thermo Fisher deal, we have not seen large deals for a while now. I also hope that ‘revalidation’ and ‘re-evaluation’ of this sector encourages Indian entrepreneurs to grow more aggressively.” — Mr Arun Prakash , MD, Genetix

Rahul Koul in New Delhi