

Crystal ball Gazing 2015: Sartorius

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The Indian pharmaceutical industry is expected to revive growth at a faster pace in the coming years. This could be fuelled by the growing demand for economic drugs all over the world as well as slowdown in China due to stricter implementation of global quality norms. More importantly for us, fast-paced growth is likely to continue in the Indian biotech industry which is expected to increase in size to over \$11 billion by 2017.

This may be driven by a range of factors including growing demand for locally produced biotech drugs for degenerative diseases including cancer, intensive investments in R&D by Indian biotech majors, ever increasing availability of experienced personnel and stronger facilitation from the government of the day.

The pharma regulatory environment across the world is getting increasingly stringent. As one of the biggest suppliers to the US market in particular, we need to step up our quality and manufacturing compliance culture in strict compliance with USFDA regulations. Increasing confidence in drugs manufactured in India is most significant. A holistic regulatory approach on all these aspects could pave the way for the 'Make in India' vision.

Our investments in infrastructure, people, engineering and global standards over last years have borne excellent dividends since 2013. Sartorius Stedim India is now established as our center of excellence for Integrated Solutions with reusable technologies within the Sartorius Group. We export over three quarters of our engineering and production capacity to global clients in Europe, Latin Americas, and Asia. The New Year will be a stellar year for us in terms of both revenues as well as profitability, although we need to go a long way in terms of shop-floor productivity. Most of our business verticals and divisions have registered encouraging results.

We are fully aware of the expectations from a knowledge-based industry like biotechnology or life sciences. Developing our Bangalore operations as a center of excellence for bioprocess solutions and setting up a fully equipped R&D lab have been two key steps towards meeting India's growing demands for designing and setting up complex bioprocess facilities for monoclonals and vaccines. This is part of our global 'Made by Sartorius' approach and also in line with the 'Make in India'

clarion call from our Prime Minister.

We have rolled out a go-to-market strategy that aims at aligning our people and knowledge resources to the expectation of our clients' process requirements. This includes talent acquisition and development in our sales and marketing resources in line with our strategy 2020 expectations in terms of market potential and industry trends. We will continue to strengthen our application specialist, integrated solutions and service teams to fulfil our clients' process, costs (capex/opex), and time to market requirements. While our focus will remain on biopharmaceuticals as a total solution provider, adjacent markets such as blood and plasma or certain functional food applications will be addressed by our centralized specialized teams.

The demand supply situation for the life sciences sector will not necessarily change on a year-to-year basis. However, the global markets may not have any positive effect on this sector in the coming year.

Hence, the industry may continue to streamline their operating costs as in most sectors in India. Operating costs in India remain challenging due to very high energy costs, ever growing personnel and logistics costs. The taxation regime may offer some relief if the govt of the day succeeds in rolling out economic reforms including the long awaited GST. Positive trends are expected as far as investments are concerned as industry is getting more and more hopeful of continuity in policies and governance from the government of the day.

The new government has already sent out positive industry-friendly signals to provide impetus to industrial growth in general. These measures are expected to help the life science industry as well, as the sector has been identified as one of the key growth drivers of industry in India.

As we all know, after thirty years we have a government elected with a clear mandate and many expect the present disposition to run the country for another ten years. It appears to be acting on the good policies of the past governments as well as bringing in a culture of disciplined functioning.

Like most people in the industry, we are very appreciative of the leadership demonstrated by the current government, and believe that it will successfully play the facilitator's role for the industry. This will encourage industry managements to take risk decisions, build capacities, and address local as well as global potentials. The life sciences in particular has tremendous opportunities for growth, given the entrepreneurial and management talent available in India, access to capital and an ever growing need for high tech as well as mass biopharmaceutical products.