

Small company, big dreams

Competing in niche segments like parenterals and injectibles, Marck Biosciences has a story which is not very run-of-the-mill. Arshiya Khan finds out why Marck is a class apart

Marck Biosciences was born in the calendar year of 1997. Though quite a young company it rose fast under the leadership of Bhavesh Patel, the Managing Director of the company. In its very first year of its inception, the company generated an annual turnover of Rs 6.5 crore. In the second year, it

had absolutely no knowledge of the pharma industry. An engineer with an MBA in finance, Patel just dreamt and today the dreams are true. Set up on an area of 12 acres of land at Kheda, with an investment of Rs 22 crore, the company has expanded to 25 acres. "Initially the company was present in a small scale.

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Bhavesh Patel
Managing Director
Marck Biosciences



almost doubled the turnover touching a whopping Rs 11 crore. But that was not all. "My baby has grown more than ten times in less than eight years," beams Patel. According to him, the reasons for the fast growth are investment and diversified business mix. It is perhaps the way of life that the company believes in. The company started off with IV fluids because they consider IV fluids to be the first line of defence in terms of an emergency.

Not a big deal

Every rose comes with a thorn and so also there were obstructions that came the way of Marck. The biggest of all challenges being that the man who started the company

When it was born it was number twelve in terms of age and capacity. Therefore, it was difficult to be competitive," says Patel.

Apart from competition, there were calamities which made their way into the history of the company. As unpredictable as they are, heavy rains in 1998 struck Marck destroying the plant facility. Those were still in the initial stages of the company and the floods came as a blow. It took around three to four months for them to get the plants in place. Since then, nothing could stop the company from growing with steady flows of investment from the management into Kheda facility. Being a family owned company, there were a lot of

personal finances (from the family) which went in as investments in addition to loans from banks.

The stepping stones which came in the form of floods did not make the journey any easier but the company managed to wade its way through the troubles to a better future.

Trickling down

There is more than water which trickled down into the company. Initially the company dabbled in IV fluid manufacturing and grew into small and large volume parenterals and IV parenteral formulations. Today the company boasts of products like irrigation solutions, formulations in ophthalmic and respiratory care, diluents and small volume injectibles. What gives the company an edge over others is that it is the only company producing 0.5 ml injectibles to 1,000 ml irrigation solutions. In both LVP and SVP categories, Marck directly sells the products in both international and domestic markets. However, 40 percent of the revenues come from IV fluids alone, 20 percent from diluents and the remaining from respiratory products and contract manufacturing.

Products are not just what interests the company. Marck

does contract manufacturing for 48 of India's top 50 pharma companies and also some major international pharma companies. Marck's customer base in contract manufacturing includes companies like Dr Reddy's, Torrent, Cadila, Themis, Zyclus, Shreya, Glenmark, Ranbaxy and international customers from USA, South East Asia and Africa. Commenting on a macro view of the present scenario of contract manufacturing as a long term business interest, Patel predicts, "With Baddi and Jammu facility on the rise there might be a decrease in formulations for contract manufacturing from the present 60 percent to a 35 percent."

Contract manufacturing demands state-of-the-art facilities and the company ensured the same and recently invested Rs 72 crore on its Kheda facility. After expansion of the Kheda facility, Patel predicts that the company's national sales business would grow four times. "You cannot grow unless you have some volumes in place and volume cannot grow unless we create capacity. So all these seven, eight years, our strategy has been investment centric. But now that we have created enough capabilities, enough versatility and good amount of experience our focus from

Playing with business

The man behind Marck has all clear in its mind. What to manufacture, how to manufacture and of all how to supply. Since it exports to different countries a well-laid distribution network gains prime importance. The company manufactures the products and gives it to its clients who are the distributors and they further take it to the next step of supplying it to the hospitals. The company strictly adheres to requirements of the regulatory authorities of the advanced markets such as MHRA, MCC, TAG and other regulations. The company's facilities too are ISO certified and cGMP compliant.

The management of over 525 employees is perhaps a difficult task. The company manages it by lenient environment and ranks values over performance. "I don't remember sacking even a single employee based on performance. The moment you give the freedom they come out with marvellous performance," says Patel. Marck organises football tournaments at Kheda facility where the boss is like any other player and the employee acts as the coach and the captain as well. Besides play, Marck also provides complete training right from hygiene to shop floor management to its employees.

► 2007 will be on marketing driven. So we will shift our focus from manufacturing to marketing," explains Patel. With marketing on the cards the company is moving up the value chain and aims to achieve an all India presence for its products.

Numbers that matter

A decade is enough in business to decide a company's future. As we all know that the market is least predictable like any other natural calamity, the numbers change with a blink of an eye. So to sustain in a highly competitive environment, there is definitely hardwork that goes in besides the luck factor that also plays a pivotal role. The company till now has taken an upward scale with generating revenues.

As the company is catering to different areas of businesses, the revenue also comes through different ways. Thirty percent comes from

market development itself is a costly affair. Unless we have good product basket it doesn't make sense. So with the ophthalmic and respiratory products, we will enter into South East Asia. South East Asian market is much smaller than the Indian market in terms of units but in terms of pricing, it is very high."

The company will bank on ophthalmics and diluents in the Philippines market as it does

not want to export diluents over a certain distance due to the high cost of transportation. The company expects a market share of ten percent for its diluents by 2008 and for ophthalmics, it is targeting at two to five percent to start with and an increase it to 12 to 15 percent by 2009.

A 50 and a 100...

The company has more dreams to work on as it aims

to get into the top 50 league for IV fluids. "We had the capability in the initial stages now we also have the capacity to produce larger volumes. So we are looking at revenue of Rs 100 crore post-expansion," says Patel.

The company is also looking at having a presence in all the advanced markets of EU and US. Anything more than injectibles and parenterals can eventually happen at a later

stage. But the prime focus for Marck is to commission the Kheda facility. Patel says, "That by way of logic we will have to continue that process and the logic is not only on commissioning programme but also in doing smart marketing, which we will be doing now. Probably when this is over we will focus on other options but this time our focus will be the same." ■

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exports, 25 percent from contract manufacturing and 45 percent comes from national sales. Earlier national sales were very small in terms of contribution to the company's revenue. Major revenues were generated from contract manufacturing and exports.

Marck crossing borders

Exporting to more than forty countries, the company's next target is the South East Asian market because of its highly lucrative nature. The company started its exports with the African countries and gradually expanded to CIS, Central America and some parts of Latin America. Patel gives two reasons for not capturing the South East Asian market, "First we did not have that kind of capacity to do justice to that kind of market development. Secondly the