

Interview: Satish Kumar Singh - Managing Director; Shashi Shekhar Kumar - Vice President International Business, M/s Cachet Pharmaceuticals Pvt. Ltd., India



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Satish Kumar Singh (managing director) & Shashi Shekhar Kumar (vice president International Business) from M/s Cachet Pharmaceuticals Pvt. Ltd., discuss their success with special reference to marketing, distribution and operating strategies for non-regulated markets. M/s Cachet Pharmaceuticals Pvt. Ltd. is a subsidiary of M/s Alkem Laboratories Ltd.

Mr. Singh, before asking you to introduce Cachet to our audience, can you give us an overview of the background of your father, Shri Samprada Singh, founder and chairman of Alkem Laboratories Ltd., Cachet's parent company?

Shri Samprada Singh founded M/s Alkem Laboratories Ltd. in 1973 when he decided to choose healthcare and pharmaceuticals as his focus area.

Samprada Singh is the Chairman Emeritus of the company. He is not only one of the most respected and successful entrepreneurs of the Indian pharmaceutical industry but also a fine human being.

In 1953, my father made a small beginning as a retail chemist in Patna. In 1960, he started a business of pharmaceutical distribution under the banner of 'Magadh Pharma'. Due to his sincerity, hard work and affable nature, he was able to acquire the distributorship of several renowned

multinational companies and successfully built a sound distribution network in the Eastern region of India. The growth of M/s Alkem Laboratories Ltd. and success of my father is because of his dynamism, vision and leadership. His hardwork and passion for success have taken M/s Alkem Laboratories Ltd. to be in the top five pharmaceutical companies in India.

Can you introduce Cachet to our international readers in terms of revenue and operations?

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M/s Cachet Pharmaceuticals Pvt. Ltd. was incorporated in 1978. It started as a manufacturing unit for the group companies and then ventured into marketing and sale of its own products in 1993. By beginning of 2017, Cachet had its own 3 manufactories in the States of Rajasthan, Himachal and Sikkim to cater to its group companies as well as cater to its own medical fraternity. In terms of sales, we are about USD 50 million company. We have a good number of brands listed in top five in the Indian market as per IMS ORG Data. We have a strong presence in Africa and we operate with our own marketing set up. In the marketing model we control the salesforce from the headquarters based in Mumbai. With this model we can provide end-to-end solutions to our customers. While M/s Cachet Pharmaceuticals Pvt. Ltd. is a family owned business, it has a strong professional touch.

Mr Kumar can you take us through your existing product portfolio - which ranges from anti-infectives, gastroenterology and nutraceuticals - by highlighting which segments have performed better this year?

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The anti-infective segment has outperformed this year. Following anti-infectives the pain management segment was the sought after category. Few top-selling products which we vouch for are Traxol-S which is number 2 brand, Traxol-T which is number 4 brand and Traxol is number 5 brand in the Indian brands ranking as per IMS ORG Data.

Over the years, we managed to build a strong portfolio under the leadership of Mr Samprada Singh, Chairman Emeritus of the company. We have given special focus to nutraceuticals. We have added probiotics and prebiotic range that is doing extremely well. In international markets, we launched a prebiotics-probiotics combination, hydrolysed collagen combination etc. which is now present in about 10 countries. We have already achieved half a million dollars in revenues from this segment. While Nutraceutical segment is lucrative at the moment our anti-infectives and pain management segment has remained to be the main source of income for the present and immediate future.

What is your current internationalization strategy?

We grow through our own marketing and distribution network. In some cases we also provide contract manufacturing services when we realize that it is challenging to operate in a given market which we do not know fully. In addition we are open to work on in-licensing and out-licensing model. We are a strong marketing company. Wherever we see potential we conduct the studies and survey. Based on our internal research, market surveys and risk evaluation we decide to operate in the country. Sometimes it is just very fortunate. For instance, I once read an article about blood products being carried by drones from one city to the other in Rwanda. We did a primary research in India and then decided to travel there with my team for survey and to check the possibility to start pharmaceutical business. Now, we successfully operate there.

Estimated to exceed by €1.3 trillion in 2020, the global pharmaceutical market will continue to grow at a compound annual growth rate of 4-5%. There are primarily two kinds of markets in this sector - mature and emerging. What main challenges and opportunities have you experienced when unlocking potential in the emerging markets?

I believe that one of the major advantage of operating in emerging markets is business viability. Whenever the economy is growing there is a lot of potential for businesses. Most of the times in regulated markets, risks are low, and, in turn, rewards are fairly low too. We have been quite lucky from the very start as we have a big network of contacts with people who are able to support us with the needed documentation, studies and the registration of the products in those particular countries. The challenge is to bring in efficacious product at an affordable price to the market. We always ensure that we bring in new product periodically to the market. Every six months patients see new drugs coming in. As M/s Cachet Pharmaceuticals Pvt. Ltd. we focus on non regulated markets and M/s Alkem Laboratories Ltd., our parent company has its hold in regulated markets. We complement each other.

Operating in non regulated markets exposes to commercial and financial risks at times. If you operate in Africa there are political risks too. The latest news of Mr Robert Mugabe, Zimbabwe's President who resigned after 37 years in power had a deep and negative repercussions on the business for short while.

Cachet has two state of art manufacturing facilities at Baddi and Bhiwadi and you recently finalized a third one in Sikkim. What led the company to receive so many international regulatory accreditations (e.g. WHO GMP)?

While setting up a manufacturing unit Quality is the only essential factor. We need to ensure that our patients receive top-notch treatments with quality drugs. M/s Cachet Pharmaceuticals Pvt. Ltd. earned itself a formidable presence across 25 countries in Asia, CIS countries and Africa. We have been appreciated for the quality in drugs by our distributors. We supply to the United Nations Relief Welfare Associations (UNRWA). M/s Alkem Laboratories Ltd. has received most of the world regulatory accreditations from Health ministries. We have a complete basket of products available to tap any market that we propose to begin.

Prime Minister Modi's Make in India has the objective to boost the country's manufacturing agenda. How can Cachet benefit from it, given your manufacturing capacities?

Every country is trying to boost its own manufacturing. Our all three manufacturing plants run at 90-100 percent capacity. Our manufacturing capacity is full and for the foreseeable future we will be able to supply products to our customer as per our delivery commitments. The group today translates to about USD 750 mn dollars in terms of revenues. On average we clock in two to three million sales every day. In order to meet commitments for present and future sales requirement we prefer to produce most of the formulations in our own manufacturing plant. This is in line with our Make in India objective of our Prime Minister, Mr Modi.

While private companies are heavily increasing their R&D spending, India as a country spends less than USD 1 per capita on healthcare research. However, your personnel is focusing on certain niche therapeutic segments for which development is ongoing. As a generic producer what role does research play?

Major R&D activities is carried out at M/s Alkem Laboratories Ltd. They have a dedicated R&D centre. At M/s Cachet Pharmaceuticals Pvt. Ltd. we have small R&D department which operates at Baddi manufacturing location. We are committed to develop world class medicines to benefit the patients at affordable prices. For products to be marketed in international market, we carry out additional studies like bio equivalence studies, stability studies as per the country requirement. Our scientists ensure the safety and efficacy of our products at par with the innovator.

What do you think are the fundamental trends changes that will affect the Indian market in the coming years, and what is the winning strategy to navigate them?

Indian companies are now going global and setting up manufacturing units in those countries. Similarly they are bringing global brands to Indian markets. Multinational companies are acquiring stakes in companies which has a formidable presence either in particular therapeutic area or in a

geographical region. This is resulting into consolidation. The companies only with established marketing setup, having own manufacturing units will be able to sustain growth.

Ambitious companies are constantly growing and expanding and are always on the lookout for strategic business partnerships. Why makes you the partner of choice?

Today, as a group, we are among the top five in India so if someone looks at the data it is easy to find out how well we are doing. As a group we have expertise in manufacturing, marketing and have all India presence. We are open to companies seeking partners in India to launch their products. Our distribution network is present in entire country. In addition to this, we are an old company and we have seen the ups and downs in the industry, we have survived and we will survive in future. Companies mostly look for stability and we are in the position to provide such stability.

Mr Singh, after so many years with Cachet, what has been your proudest achievement?

Building up the company and considering my employees as my family. People enjoy working at M/s Cachet Pharmaceuticals Pvt. Ltd. In last three years we have received

- “International Star for Leadership in Quality Convention award” at Paris by Business Initiative Directions (BID)
- “European Award for Best practices 2016” at Brussels by European Society for Quality Research (ESQR)
- “UBM Initiative Recognition-Emerging Exporters of the Year 2016” for our business achievements by UBM India

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