Bhupendra Sangani â?? CEO, Galentic, India

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Bhupendra Sangani, founder and managing director of Galentic, one of Indiaâ??s expert manufacturers of sterile and non-sterile semi-solid products in the dermatology and ophthalmology arenas, provides insights into the international development of his ambitious company in 40+ export markets. In line with the recent set up of Galenticâ??s new manufacturing plant in Gujarat and the expected US FDA approval of the plant, he also documents the strategic partnerships he envisions in the coming years.

Galentic was initially registered in 1992 â?? could you introduce the company to our international readers and describe its positioning on the global market?

While Galentic was indeed initially incorporated in 1992, the companyâ??s manufacturing operations only began in 1995 â?? at a time where India was still far from the pharmaceutical hub of global relevance it has become over the past fifteen years. Since our beginnings, our strategy was to focus on niche areas, and we ultimately chose to concentrate our efforts on both topical and ophthalmology products. On the topical/dermatology side, we offer a wide range of products including ointments, creams and gels, as well as lotions, applications, emulsions, solutions, hand scrubs and medicated shampoos. With regards to ophthalmic products, we first started manufacturing ointments and gels before eventually enriching our offering with the production of eye drops. During the first 5-7 years of activity, we positioned ourselves as a contract manufacturer in these two aforementioned areas, and we swiftly started working with prestigious European partners.

At the beginning of the millennium, we however decided to accelerate the development of our own portfolio of generics products, with the idea to sell them in international markets under our own brand name. Over the past 16 years, we have moreover been partnering with Europe-based NGOs such as MSF as well as aid and UN agencies including UNICEF. The latter notably rely on centralized procurement to supply various emerging markets, notably in Africa. As a result, these partnerships also provided us with a great opportunity to increase our visibility in several African countries. Consequently, we approached the relevant health authorities and started directly exporting our products to Ethiopia, Tanzania, Uganda, Zimbabwe, Madagascar, Namibia, Kenya, Ivory Coast, and Botswana after having been GMP certified by these countriesâ?? regulatory authorities.

Building on our rapidly expanding presence in the African continent, we started registering our products across the Middle East and in several Southeast Asian and Latin American countries. Leveraging our contacts with EU-based NGOs and aid organizations and the fact that TUV Germany has accredited our company with ISO 9001: 2008 and ISO 13485:2003 certification, we also entered European markets four years ago, where we supply an OTC ophthalmic gel. Our largest distributor is located in the UK, and the latter distributes our products across Europe from Germany to Romania.

In less than two decades, Galentic products are already approved in 40 countries, and international markets make up around 90 percent of our revenues. As a result, our exposure to the Indian ecosystem is so far particularly limited, although we have a partnership with the domestic powerhouse MicroLabs for a product that is sold in India.

Price erosion in the US generics market was in excess of 15 percent in 2017 and will perhaps be at similar levels in 2018 due to sales channel consolidation, US Congress crackdown on price hikes and a spurt in competition from newer entrants. To what extent have you been affected by the headwinds shaping this crucial market?

As per Galentic, we have indeed entered the US market with an OTC, ophthalmic ointment products. Regarding the price erosion you mentioned, the latter has essentially affected solid products so far, while semi-solid products were largely spared by this challenging trend.

In this regard, our companyâ??s focus on semi-solid, niche products has been absolutely game-changing: only a handful of competitors are able to operate in our main areas of expertise and the number of players has not significantly increased over the past years.

Looking forward, I am utterly convinced that both Canada and the US will continue to be extremely attractive markets for our products if we are able to offer a price effective structure to our partners. The US FDA has inspected our main production facility in 2017 and 2018, and the upcoming certification of this facility would allow us to significantly increase the number of products we export to the US. In this context, a key success factor will be to remain focus on niche products while expanding our product portfolio to the US, without forgetting to strengthen our footprint in all international markets to avoid any US dependence.

[Featured_in]

You recently set up a new facility in Gujarat to complement your state of the art manufacturing facility in Mumbai, the commercial capital of India. How do you plan to leverage this heightened production capacity?

Around two years ago, we set up this new manufacturing unit in Gujarat, one of Indiaâ??s main pharmaceutical hubs. This facilityâ??s production has been rising steadily over the past two years, and the latter today runs at around 40 percent of its full capacity.

In light of this spare capacity, we are now looking at strategic partners to better leverage this unique asset, and we currently consider several options that could interest US- or EU-based companies. For example, this facility could be used to manufacture products already registered in international markets by Galentic and work with our partners for marketing and distribution purposes. Another option at hand would be to in-license our partnersâ?? products and handle the manufacturing in our new Gujarat plant, which would enable our partners to leverage our plantâ?? certifications. In this context, our plant would truly become our partnersâ?? gateway to international markets, whether it relates to products we out-license or in-license.

What shall we expect from Galentic within the next five years?

After 23 years of operations, I believe that we have established ourselves as a global specialist for sterile and non-sterile semi-solid products, and we are currently expanding our product portfolio without altering our niche focus.

Within the next five years, our objective is to leverage the production capacities of our two plants to grow our sales from USD12 million today of USD45 million by 2023. In the meantime, we want to be seen as strategic partners by ambitious companies that are eager to leverage our international experience and manufacturing expertise.

Although India is not significant in our current operations, we do not want to rule out the opportunity to intensify our operations in the domestic market either. However, given that developing our own footprint in India and promoting our portfolio would require huge investments, we plan to continue working on a partnership basis in the foreseeable future.

What would be your piece of advice to aspiring entrepreneurs or professionals that would like to follow you way?

First of all: do not get into entrepreneurship if you do not have a burning desire to grow a company through the tremendous challenges that will arise over the years. From a personal standpoint, I have always been a very business-oriented person, and my drive for entrepreneurship actually emerged in my early twenties â?? I had just finished my studies that I was already looking at licensing opportunities to set up my own company!

However, this burning desire must be linked with an unrivalled patience and persistence, especially when operating in such as complex and competitive ecosystem as the Indian and global pharmaceutical industries. One may consider the Indian market and its thousand of manufacturers look incredibly packed â?? in this regard, it actually looks like Indiaâ??s trains, which are famously crammed with people. When you look at these trains from the outside, one may think that there is no space left inside; however, when you are inside, you actually always find a space for yourself. The same thinking applies to the Indian market: it will be no bed of roses but patience and persistence can enable you get your own space in the market.

Finally, for small and medium companies like Galentic, resources allocation emerges as a particularly crucial and perilous endeavor, and company heads must be particularly skilled to conduct risk analysis and evaluate their returns on investment. When a company of our size goes for a multiple-million investment, any mistake could threaten the sustainability of the company.

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