

The right medicine

Sami Labs uses natural herbs to cure many illnesses

Consider the statistics – 180 million people suffer from arthritis in India, where the prevalence is higher than many diseases such as diabetes, AIDS and cancer. Ten per cent of sufferers are young people, all, shockingly, below the age of 25. All this is caused due to obesity, lack of exercise, injury in bones or muscles, hereditary defects in alignment of legs, faulty lifestyle and absence of physical activity, leading to early degeneration of muscles and cartilage around the joints. And shockingly all below the age of 25. So it was not surprising that on receiving feedback from orthopaedic specialists and joint replacement surgeons, the ₹274 crore Bengaluru-based Sami Laboratories decided to do something different.

Commonly occurring in the small joints of the hand, the vertebral column and the knees, due to wear and tear of muscles with age, causing pain at different times of the day patients had to be regularly given pain killers. The research and development unit, based in Pennya Industrial Estate, Bengaluru, came up with a unique product, Nilitis SR, a multi-layered drug with different components that gradually lessened the pain without the patient taking multiple medications daily.

As Dr Muhammed Majeed, chairman and founder of Sami Labs and Sabinsa Corporation said, "Sabinsa's mission is to provide alternative and complementary natural products for human nutrition and well-being. Over the past 20 years, Sabinsa has brought to market more than 100 standardised botanical extracts and privately funded several clinical studies in conjunction with prestigious institutions in support of these products."

Spread over 10 acres, Sami Labs, which was started by Majeed in 1991, with its presence in US, Europe and



Majeed: natural solutions are a good option

Japan has spread out to nutraceutical formulations in association with American Formulary Inc, New Jersey, USA, in the Indian market under the brand 'Care'. It is also involved in the manufacture and export of standardised herbal extracts, fine chemicals, and specialty chemicals. Sami is engaged in pioneering work in the fields of pharmaceutical chemistry, biotechnology and natural products.

Majeed, a pharmacist from Kerala, made an initial investment of ₹25 lakh and pioneered the introduction of several dietary supplements, starting with Niacin, after he started Sabinsa Corporation in 1988 in the US. With the main corporate and research and development office comprising of 120 staff, at Pennya Industrial Area the company has gradually expanded its operations pan India. It has state-of-the-art equipment such as liquid chromatography mass spectroscopy and mass spectrometry

used for residual pesticides analysis. It also has a high performance liquid chromatography used for separation of natural actives and to find the purity of molecules, a fourier transform infrared spectroscopy which is used for aliphatic or aromatic functional groups, a nuclear magnetic resonance used to gauge the number of carbon and hydrogen items in a molecule and inductively coupled plasma atomic emission spectroscopy which is used to check heavy metal content like lead, arsenic, cadmium, mercury and other heavy metals.

The demand for its products has seen the company expand with two plants in Hyderabad, where the manufacturing units are located in Genome Valley, spread over 5 acres where standardised herbal and phyto extracts are manufactured. In addition the company has manufacturing units in Nelamangala, Kunigal, Antharasana-halli and Hassan in Karnataka.

Spreading its wings

The company has also spread its wings globally with a formulation unit at Utah, USA. In Europe and Japan it has launched nutraceutical formulations in association with American Formulary Inc, New Jersey, USA, In India, they are sold under the brand series 'Care'. The company is involved in the manufacture and export of standardised herbal extracts, fine chemicals and specialty chemicals. But the company is known for its work in the field of pharmaceutical chemistry, biotechnology, natural products namely nutraceuticals and has just entered the cosmetics industry through its company Sami Direct.

According to US-based research consultancy RNCOS, the Indian nutraceuticals industry is expected to grow at 20 per cent to \$6.1 billion by 2019-2020, from \$2.2 billion today. Though small as compared to the pharmaceutical industry, the global market is valued at \$125 billion according to the report; with the major portion of \$29 billion coming from the US.

Admits Dr V.G. Nair, group CEO, "The nutraceutical market is huge and we have been growing at a CAGR of over 30 per cent. With the US

plant at Utah we are completing the formulations there and then marketing them globally."

The huge market has been attracting other countries to start promoting nutraceuticals. The projected rate of growth in the US is about 15 per cent per annum. Nutraceuticals encompass a large group of preventive and curative health care ingredients that have been predominantly derived from long-standing medical traditions such as ayurveda, Tibetan, Chinese and Japanese medical systems. The blend of these pharmaceutical and nutritional characteristics resulted in the name "nutraceuticals," to denote the nutritional origins and the design moulded on pharmaceuticals, that is, standardisation, efficacy and predictability of action. That has seen many multinationals such as Monsanto, DuPont, Abbott Laboratories, GlaxoSmith-Kline Consumer Healthcare, Johnson & Johnson, Nestle, Novartis, among others invest in this industry. Dabur India, Cadila Healthcare, British Biologicals, Himalaya Global Holdings, Parry Nutraceuticals, Wockhardt are the leading local players.

The nutraceutical market comprises of three segments: functional food, functional beverages and dietary supplements. The nutraceuticals market penetration in urban India is at around 22.5 per cent, whereas in rural India the penetration is only 6.3 per cent.

Agrees Majeed, "The nutraceutical is an untapped market. The main demand comes from northeast and southern India." And this demand has seen Sami Labs attract customers such as Abbott Pharmaceuticals, Reddy Laboratories and Unilever Hindustan Limited in addition to demand from South Africa, USA, Europe, Japan, Australia, Middle East, China, Vietnam, and Philippines.

It was due to this demand for natural products that Sami Labs entered the cosmetic market with its brand Johara in December 2014 with the initial launch in Malaysia then spreading to Vietnam and Indonesia with plans to enter the Middle East market, with products ranging from lipstick to whitening cream, because as



Nair: high value assets



R&D lab in Bangalore

Majeed laughingly said, "It is always the women who buy the essence or products for the men be it wife or mother so I told them not to change the name, leave the woman's name."

Agrees Manoj Mehta, chairman, International Beauty Mart, "It is not only women but also men who are seeking such cosmetic products."

Neutraceutical plans

To keep pace with demand for its cosmetic products, Majeed launched Sami Direct, a subsidiary, with its own research and development facility at Peenyar where 96 patents have been listed with the US Food and Drug Administration to achieve global recognition. Sami Direct offers exceptional and life changing products, in the categories of nutraceutical product range such as Bioprotectant, Calci D Max, Cran DM Plus, CoQ Energizer, Curcumin C3 Power, GlycaCare, IgG Plus, Leangard, Leangard

Protein Drink Mix, Livstrong, Lycopene, MACUMAX, Omega Bioplus, Organic Spirulina, Osteostrong, R3 Power, ToxiFlush, Vita Essentials and cosmeceutical products under brand name Johara.

Agrees Nair, "It was a correct move because Sami Direct made sales of ₹90 crore in the first year, today it is making a sales turnover of ₹150 crore, where the main exports are to Japan."

To expand its operations, Sami Labs has purchased 10 thousand acres of land in Tamil Nadu to ensure there is constant supply of herbal plants. Majeed is clear in his expansion plan – namely acquisition or acquiring a majority stake. In 2014, the company acquired KCP Biotech, for around ₹5 crore, which is in the business of biotechnology. It has modern facilities to produce natural colours and flavours that are used in several industries, including food products which will help Sami Labs, to strengthen its portfolio by adding three natural colours, red, yellow and orange, from paprika, turmeric and annatto, respectively.

As Nair said, "We are looking at assets with high value but low volume products which cater to the domestic and international markets. And keeping this in mind Sami Labs is actively looking to acquire companies and brands locally and globally to expand its footprint across the globe.

Realising the huge market in the nutraceutical market, Sami Labs is targeting a turnover of ₹1,000 crore by 2020 with an expansion of production and operational presence both in the domestic and global markets. As part of its future plans and to ensure a constant supply of raw material for its nutraceutical division, Sami Labs has invested in 10,000 acres of land in Tamil Nadu, by forming a co-operative with farmers. The long term plan is to form a co-operative with the farmers to ensure they get a good remuneration for farming the land. But at the moment while its nutraceutical division is strong it is gradually developing its cosmetic division with the company slowly making plans to enter the pharma sector.

♦ ROBIN ABREU

robin.abreu@businessindiagroup.com