

## **Contract manufacturing is the future of small and medium size companies**

Prakash Setia, Managing Director APCO Pharma and general secretary, Uttaranchal Pharmaceutical Manufacturers Association speaks with Express Pharma about the present situation and what lies in future for small and medium, size companies. Excerpts:

### **How has the advent of patent regime impacted your business? Elaborate on the specific strategies that you have devised to survive and succeed?**

At present there is no effect of patent on our business but in coming years it will definitely affect our business. At APCO, we are planning to have a world class manufacturing facility and tie up with Multinationals for contract manufacturing. Secondly, we are also planning to look into export business for generic products.

Many companies identify marketing tie-ups as a driver for growth and reach out to large area. What do you think? It is a very good strategy but only if you get a reliable partner.

### **Contract manufacturing has come up in a big way in India giving huge business opportunities to small / mid level companies. Have you also tied up with any company for this? Are you preparing yourself in this direction?**

Yes, contract manufacturing is the future of small and medium size companies but they should have a vision to produce quality products with a low margin otherwise it would be difficult because already we are facing a lot of competition in that space. It is better to tie up with MNCs or foreign companies. Our company is also moving in this direction.

### **What are the hurdles for tapping such opportunities by small players?**

It may lack of good manufacturing facilities and shortage of technical staff. But small players can also be in the race if they overcome these shortfalls.

### **What are challenges faced by small players? And according to you what is the right approach for survival?**

Small players have to have good manufacturing facilities and highly technical staff. The only hurdle and big hurdle is investment and profit for survival.

### **Comment on the financial expectations from the current fiscal? What are the targets sets and how do you plan to achieve this?**

Apco's turnover is about Rs 15 crore in financial year 2005-06 and now we want to achieve 100 per cent growth. For this we are tying up for manufacturing with some other big players.

### **What are your short, medium and long-term strategies and priorities?**

In short term we want achieve utilisation of our production capacity to 100 per cent. We are also focusing on marketing and have a plan to grow by 100 per cent. We might borrow more financial support from bankers. Our long-term strategy is to concentrate in exports and tie up with some foreign comapnies. We are planning to have world class manufacturing facilities and get finance by public issue in the near future if we achieve growth as per our plans.

**How do you assess the Indian pharmaceutical industry in terms of growth prospects, challenges and opportunities ahead?**

The small players are going to see tough times ahead. But whosoever will change as per the requirement will survive.

Due to streamlines operations and low overhead small-scale sector would get a cost advantage and in terms of contract manufacturing for large firms the prospects seem pretty good. Your comments.

Yes, this is absolutely true.

**Current scenario of the pharmaceuticals industry in your place. What is the total turnover, growth prospects, number of players, major players, etc?**

Uttaranchal is gradually becoming very competitive. New companies are establishing units at Haridwar showing that growth prospects are positive.