

## A foray into the US and European markets is our goal now



**Dr Kiran Badgujar**  
Director  
Mack Pharmatech

**M**ack Pharmatech is a Nashik-based leading manufacturer of pharmaceutical and laboratory equipment for the past 20 years. Dr Kiran Badgujar, Director, Mack Pharmatech, shares insights on the company's growth strategy, challenges and the roadmap ahead with Cosmedic India. Excerpts of the interview.

**Could you tell us about the growth journey of your company so far?**

In 1999, Mr Manoj Chaudhari, partner, Mack Pharmatech and I started a service-based business. Both of us share an engineering background. At the moment, Mack Pharmatech is one of the top brands in the pharmaceutical and laboratory equipment industry, supplying to major pharmaceutical companies such as Aurobindo Pharmaceuticals, Dr Reddy's Laboratories, and Cipla, to list a few.

Mack Pharmatech is the first Indian company to have acquired the European CE Certification. All our products are CE marked. Since 2005, we have been supplying to Hungary's Sun Pharmaceutical Industries.

We have worked our way up from the absolute ground level. We do not believe in copy-paste when it comes to technology. We develop our own products. Starting out as two individuals, today we have an employee-strength of 200. We have a pan-India presence of service stations.

As a company policy, we offer jobs to those who are in need and treat them as part of our extended family. We can say it with pride that our attrition rate continues to remain low.

**The Indian pharma's sunrise segment, generics experienced certain challenges in the past. What is the current outlook of this segment?**

Our observation is that the overall pharma sector itself remains a booming industry right now. Since 2008, the sector has seen fast growth. For instance, in Himachal Pradesh, the pharma sector has the biggest share in economic growth rate, which influences other ancillary industries too. The same growth story is being witnessed in Gujarat for the

last five years especially due to the supportive role played by the government.

Earlier, Hyderabad has been the main hub of the pharma industry in the south. Similarly, cities such as Visakhapatnam are also into the competition. With the splitting of the state of Andhra Pradesh and Telangana, the market has become even more competitive. The state governments of Andhra and Telangana are focusing on the pharma sector. In the future too, the industry would continue to lead the Indian economy.

The last four to five years was a slag period. Due to the changes in infrastructure policies, a lot of companies were taken over. However, in the past three years, we remain competitive in areas such as Haridwar, Dehradun, Baddi and Parwanoo. This also includes areas of the north-east like Guwahati and Sikkim, where pharma companies are opening new plants. So many new companies are coming up. The response to Indian products has been quite favourable globally. Considering that we remain directly connected with the owner of the companies. The global demand has been extremely good.

The technical knowledge that Indians possess is quite good. The whole global perspective towards India had completely changed with genuinely good suppliers offering at the best pricing. While countries like Germany and Italy

offer good quality, the pricing is three times more. Smaller countries remain happy as they are selling at twice the price. Considering all these factors the market remains booming.

**Could you tell us about the business model? Do you conduct direct sales and distribution or have channel partners?**

Our experience with a channel partner has not been so good. So we have adopted a centralized control model. We control the sales and service from our headquarters at Nashik. We have a business presence in all the states of India. In fact, 95 per cent of the southern market has been covered by us already.

**Currently, in which countries do you have a presence?**

We have a presence in Bangladesh and South Asian countries like Malaysia. In addition, we have a presence in Ghana, Turkey, South Africa, Uzbekistan. We are working with channel partners in all these countries.

**Any business plans overseas?**

Currently, we are focusing on the South Asian and the Middle East markets. Our major focus is on Malaysia. Incidentally, in countries like Malaysia, Indian companies face stiff competition from other Indian companies operating in that market. When it comes to



product quality as well as pricing, India remains the best option. In the future, newer markets are bound to open up. We haven't conducted any exhibition for the European market so far. However, our next target is to secure entry into the European as well as the US markets.

**Do you manufacture products from the ground-up or your company sources components from China?**

We manufacture from the ground up. Our suppliers too are based in India. The whole manufacturing ecosystem has developed in India. India remains a leading nation when it comes to manufacturing and this can definitely be stated about the pharma sector. When it comes to capsule or tablet making machines, Indian companies are amongst the top manufacturers in the world.

**What are the challenges faced by Indian manufacturers like you?**

Matching the quality standards and quality control up to the maximum level with European companies such as those from Germany is the biggest challenge. The government needs to introduce newer schemes to promote exports to create a strong branding push for the products manufactured in India. The message must go out strongly through international trade expositions that products made in India stand for quality. Innovative products manufactured in India too need to be promoted at such global pharma exhibitions.

**Do you see the government being supportive on this front?**

Yes, we have high hopes from the present government at the Centre. It has been heartening to see the way the Modi government is promoting India at the global level. Yes, we are hopeful.

**What has been the impact of GST on business and product pricing?**

With GST, things have become simpler from the procedural standpoint. Many laborious processes have become simpler and seamless

after the implementation. About four to five per cent drop in product prices can also be witnessed. The GST rate of many products that earlier was 28% has been brought down to 18%. This has given a two-way benefit—to suppliers as well as buyers. As a result of these changes, sales too have improved dramatically since the GST implementation.

**Any expansion plans of your company?**

We are looking at expanding our global footprint. When it comes to targeting export destinations, the key challenge we face is identifying the right distributor with deep knowledge of the market. Currently, we are participating in about five international exhibitions. We plan to participate in 10 exhibitions by next year.

At the moment we are participating in trade exhibitions in Thailand, Indonesia, Nepal and Bangladesh. By next year, we will be focusing on entering the markets such as Turkey, Central America and Germany (Frankfurt). As mentioned earlier, a foray into the US and European markets is our goal now.

**Any innovations that you plan to introduce on the product side?**

We introduce regular product upgrades. We plan to launch star-ratings, something along the lines of electronic white goods in terms of power efficiency. Also, recently we introduced biometric. The machines designed are totally controlled by the software and can be easily operated from any area with good internet connectivity.

