

"Packaging industry has a great scope for entrepreneurship and marketing"

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Sudip Dutta, MD, Dutta Group of Companies

What is the present scenario of the packaging industry for the pharmaceutical/biotechnology industry in India?

The packaging industry for the pharmaceutical/biotechnology industry has undergone a sea change in the past decade, coming out with a number of innovations and solutions that are consumer-friendly besides being safe and aesthetic. It is no surprise that the packaging for the pharmaceutical/biotechnology industry in India is considered a sunrise industry, worth about Rs 25,000 crore and growing at a rate of 12-14 percent annually. The Indian packaging industry for the pharmaceutical/biotechnology industry is extremely competitive and is now bringing this competitiveness to the world market in many forms. The competitive advantage that will make all the difference is its competitive edge in R&D, which costs one fifth to one seventh of what it does in the US and EU. The domestic packaging industry for the pharmaceutical/biotechnology industry is offering the products in a cost effective manner by meeting the international standards.

The Indian pharmaceutical/biotechnology industry is leaping towards global effectiveness and joining hands with the research based packaging industry so as to use their expertise and experience in application of the novel viable alternatives developed by them. Effective partnering and not reinventing the wheel, will be the only viable way of entering the global arena and maintaining a position of repute amongst the global players.

How do you see the future of packaging industry for the pharmaceutical/biotechnology industry in India?

The packaging for the pharmaceutical/biotechnology industry is one of the fastest growing sectors. As noted earlier, it is a sunrise industry with a great scope for entrepreneurship and marketing. The packaging industry is in a heterogeneous phase. The total packaging industry is worth about Rs 65,000 crore and growing at a rate of 15 percent annually, which is almost double to the growth of the global packaging industry.

What kind of support is the government offering to companies in the packaging industry?

The government has given due importance to the packaging industry in this Budget in comparison with the last Budget through concessions announced for major bulk plastics like PVC, LDPE and PP- the duty reduction from 10 percent to 5 percent, duty removal on naphtha for plastics and reduction of duty on packaging machines from 15 percent to 5 percent. The government has also implemented measures in conjunction with drug manufacturers to enhance educational programs aimed at physicians, pharmacists and other health care professionals about their role in identifying, minimizing exposure to and reporting counterfeit drugs. Such incentives in the form of tax concession, tax rebates, common toll and octroi would encourage the companies in the packaging industry to meet global challenges.

Considering the opportunity and growth of the packaging industry, what are your future plans?

We are mainly into the businesses of printing, coating and packaging for the pharmaceuticals/biotechnology industry. Fully dedicated to the healthcare sector, the group has printing, PVC film, aluminum foil rolling mills, packaging and PVDC coating units in four locations in the country.

This is a very exciting time at Dutta Group of Companies with a drive towards both consolidation and major expansion. To meet growing international and domestic demand, we are expanding our capacity to over three times, with the foil plant in Daman, Vasai and Goa adding 500 tons capacity being set up to meet growing capacity and expansion plans. We are expanding our business horizons in the area of flexible packaging and other foil related products. We are investing about Rs 100-120 crore over the next two years for setting up an additional PVDC coating unit in Goa, second aluminum foil rolling mill in Daman, new printing unit in Baddi, Himachal Pradesh, upgrading all existing units in line with current good manufacturing practices (cGMP) standards, green fields converting unit in Daman in line with the US FDA standards and castor and aluminum sheet rolling unit. As a part of our overseas plan, we have shortlisted three companies in Latin America for acquisition. The move is aimed at strengthening our supply channel in these markets. We have similar plans for the US and European markets as well. Our alliance with GARMCO of Bahrain will support us for uninterrupted procurement of foil stock for our aluminum foil rolling mill.

For the proposed expansion, we are planning to raise funds of about Rs 150-200 crore from capital market through the initial public offering (IPO) that is planned by July this year. The funding will help us reach the set target of Rs 500 crore by 2008 from the current turnover of Rs 125 crore from the three flag ship companies Ess Dee Aluminum, Flex Art Foils and Atlanta Vinyl.

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