

NO. 3: THE BIG LOSER? | INDIA: THE MOBILE MANUFACTURING HUB

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THE BIG, THE BOLD, THE BEST

INDIA'S MOST VALUABLE CEOs



Rs 100

CLOCKWISE
FROM TOP(R):

K.N. Radhakrishnan-TVS Motors;
Prasan Firodia-Force Motors;
Anil Jain-Indo Count;
Varun Berry-Britannia Industries
Limited; Sanjiv Mehta-HUL;
C. P. Gurnani-Tech Mahindra;
Siddhartha Lal-Eicher Motors;
Indra Kumar-Avanti Feeds

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A full-page photograph of a man with dark hair and glasses, smiling. He is wearing a dark blue plaid suit jacket over a white shirt and a yellow tie with small dark dots. He is standing against a light-colored wall with several rectangular stone tiles of varying shades of green and brown. The text 'INDIA'S MOST VALUABLE CEOs' is in the top left, 'MEDIUM' is below it, and 'A CLASSIC TURNAROUND STORY' is in large blue letters at the bottom. Below the title is a subtitle about the Agrawal brothers and Ajanta Pharma, followed by the author's name. The page number and publication details are at the very bottom.

**INDIA'S
MOST
VALUABLE
CEOs**

MEDIUM

A CLASSIC TURNAROUND STORY

How Yogesh Agrawal and brother Rajesh Agrawal
revived Ajanta Pharma By Unnikrishnan C.H.

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YOGESH AGRAWAL MD, AJANTA PHARMA

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REATING TAILOR-MADE solutions by understating the patients' unfulfilled needs through continuous innovation helped this Mumbai-based drugmaker to come back to limelight. And, it created real niche with these innovations in each of its markets and could successfully ward off the competition, including big multinationals, in those product segments to a great extent.

The Agrawal brothers of Ajanta Pharma — Yogesh and Rajesh could achieve this 360 degree turn around of the family business, which was saddled with huge debt and declining growth, in the last 10 years. Ajanta Pharma's revival in the stock market too was significant in the last three years.

Ajanta Pharma, as any other old-generation Indian generic pharmaceuticals company, was making most of the generic drug formulations, active pharma ingredients or bulk drugs, over-the-counter products including herbal brands. Its sales revenue was mainly from government supply of generic medicines or institutional sales, some from exports of bulk drugs and certain brands that sold in the OTC health and energy space. While the profit from most of these generic market segments was negligible, the government supply that was accounted for at least 30 per cent of the business was completely uncertain.

Ajanta Pharma's revival in the stock market was significant in the last three years

But, the new generation promoters were not ready to succumb to the hassles of the conventional business model. The management degree holders decided to make a difference. And, the first thing they wanted to do was to undo several of the traditional businesses, when they took over in the early 2000.

"It was painful and risky decisions to undo all these, especially discontinuing the age-old API business and completely withdrawing from government sales,"

recalls Yogesh Agrawal, the current managing director. In 2001-02, the company had sales of around Rs 85 crore with an annual loss of Rs 1.09 crore and a debt of Rs 125 crore. Its sales in 2015-16 touched Rs 1567.15 crore. The BW-Cedar Management Survey shows that its average of last 3-year CAGR of sales and profit were 22.60 per cent and 59.29 per cent respectively. The company's market value steadily grew and the growth in its return on capital employed (ROCE) was 53.89 per cent on an average in the last three years.

It was thus a rebirth for the maker of India's oldest OTC herbal energy pill 30-Plus, with the new strategy of differentiated products. It discontinued several of its me-too products in the general therapy area and the company discontinued its OTC and herbal portfolio too. After zeroing on the speciality drugs strategy, which demanded additional investment in research and development and manufacturing, the bigger challenge was the limited resources. This forced the aspiring young management to limit their focus on four key segments—ophthalmology, cardiovascular, dermatology and pain management in India and niche generic products in the unregulated and semi-regulated markets outside. It had to expand research and upgrade and set up new manufacturing facilities.

"We had to take additional risk of borrowing more to pursue the new strategies. But all these efforts were rewarding," says Agrawal. **BW**

LARGE CATEGORY

(Rs 2500-7500 cr)

Rank	CEO	Designation	Company	Revenues (Rs cr)	Overall score
1	Siddhartha Lal	Managing Director	Eicher Motors	5587.18	2.08
2	Prasan Firodia	Managing Director	Force Motors	3485.19	1.25
3	Chirayu Amin	Executive Director	Alembic Pharmaceuticals	3027.82	1.11
4	BK Goenka	Chairman	Welspun India	4907.17	1.03
5	Sameer Mehta	Managing Director	Torrent Pharmaceuticals	5439.45	0.78
6	Dr Anoop Kumar Mittal	c	NBCC (India)	5827.10	0.74
8	Pankaj Patel	CEO	Cadila Healthcare	7131.70	0.70
9	Anant Goenka	Managing Director	Ceat	6156.52	0.67
10	Sanjiv Bajaj	Vice Chairman	Bajaj Finance	7304.31	0.65
11	L Ramkumar	Managing Director	Tube Investments Of India	4208.49	0.60
12	Rajinder Gupta	Co-chairman	Trident	3729.03	0.56
13	Ashok Kajaria	Chairman and Managing Director	Kajaria Ceramics	2616.10	0.53
14	Bharat Hari Singhania	Managing Director	JK Tyre & Industries	6564.92	0.49
15	Ranji Puri	Chairman	ISGEC Heavy Engineering	3960.89	0.49

LARGE CATEGORY

(Rs 250-2500 cr)

Rank	CEO	Designation	Company	Revenues (Rs cr)	Overall score
1	Indra Kumar	Chairman and Managing Director	Avanti Feeds	2018.29	1.65
2	Anil Kumar Jain	Chairman and Managing Director	Indo Count Industries	2031.81	1.59
3	Madhukar Dev	Managing Director	Tata Elxsi	1075.21	1.39
4	Shobhana Ramachandran	Managing Director	TVS Srichakra	2237.69	1.24
5	Sabu M Jacob	Chairman and Managing Director	Kitex Garments	546.41	1.05
6	Yogesh Agarwal	Managing Director	Ajanta Pharma	1567.15	1.00
8	P Srikar Reddy	Managing Director	Sonata Software	504.80	0.83
9	Naresh Jalan	Managing Director	Ramkrishna Forgings	959.91	0.81
10	Aroon Purie	Chairman and Managing Director	TV Today Network	546.01	0.79
11	Krishna Prasad Chigurupati	Chairman and Managing Director	Granules India	1359.29	0.65
12	P D Mundhra	Executive Director	eClerx Services	1105.71	0.61
13	Mayank Singhal	Managing Director	PI Industries	2386.47	0.56
14	Arun Kumar	Managing Director	Strides Shasun	2261.28	0.56
15	K Ramaswami	Managing Director	Mahindra CIE Automotive	1774.55	0.55

RESEARCH: CEDAR MANAGEMENT CONSULTING; DATA: ACE EQUITY