SOURCE :- 16th JULY 2008, MINT

AILING SECTOR

Entrepreneurs leave Ayurveda in search of greener pastures

BY C.H. UNNIKRISHNAN
ch.unni@livemint.com

MUMBAI

Entrepreneurs eyeing rapid growth and quick returns are deserting India's Rs1,000 crore traditional Ayurveda industry, analysts say, blaming lack of new investment and government support to sustain the ancient medicinal system.

An indication of apathy towards pure Ayurveda came when some partners in **Dabur Pharma Ltd** and **Zandu Pharmaceutical Works Ltd** cashed out this year. Between them, these two firms account for about 80% of the Ayurveda market by sales. "The Ayurveda industry was built by passion years ago," says Girish Parikh, managing director of Zandu Pharma. "It doesn't cheer the younger business generation now, as it requires patience and commitment."

Parikh is fighting a takeover battle with Kolkata-based cosmetics firm **Emami Ltd**, which recently bought the entire stake of the Vaidya family. The Vaidyas have been partners with the Parikhs in Zandu for more than nine decades.

Analysts blame lack of research funding and poor marketing as culprits for the industry's dwindling charm

"The new-generation Vaidyas wanted to leave the business as growth has been slow," says a sector analyst, who tracks Zandu Pharma, but who didn't want to be identified. The Vaidyas were not available for comment.

In April, the New Delhi-based Burman family exited its pharma business, Dabur Pharma, to focus on the consumer goods business **Dabur India Ltd**. The Burmans sold the publicly traded pharma company to German health care firm **Fresenius Medical Care AG and Co.**'s Singapore arm.

A brainchild of Dabur group chairman Anand Burman, Dabur Pharma is one of the pioneers in India's classical Ayurveda industry. It focused on cancer therapies after the non-cancer drugs business was sold to Vadodara-based **Alembic Ltd** in 2007.

"As a matter of evaluation, classical Ayurveda practice is waning now. So, one who looks at the growth numbers as a business criterion would hardly enter this area," says Ranjit Puranik, chief executive of Shree Dhootapapeshwar Ltd India, a Mumbai-based classical Ayurveda drug maker.

One analyst with a Mumbai-based brokerage blames the lack of investment in modern research and poor marketing for Ayurveda's dwindling attraction. "Unless there are heavy investments from the private sector and more liberal policies, the sector will die a natural death," he says. The government does not allow these companies to promote Ayurveda drugs under exclusive brand names.

The Rs6,000 crore herbal health care industry, which makes proprietary-branded medicines and consumer products and in which **Himalaya Drug Co.** and Dabur India are key players, is faring better. Himalaya makes herbal drugs and personal care products. Dabur products range from herbal candy to toothpaste and toilet cleaners.

"Companies specializing in proprietary products using the traditional system, which is borderline drugs and health supplements or cosmetics, could sustain growth, though slower than others sectors, as they've tried to build exclusive brands over a period of time," says an industry expert, who is connected to an advisory panel at a government herbal laboratory and didn't want to be identified.