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Chudgars of Intas: A family that dreams big together

By [Vikas Dandekar](#) & [Arijit Barman](#), ET Bureau | Oct 07, 2016, 10.57 AM IST

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MUMBAI: "When I started in the nineties, our company had sales of around Rs 35 lakh," [Binish Chudgar](#), the zealously low-profile, god-fearing vice chairman of Ahmedabad-based Intas Pharmaceuticals, fondly reminisced on the day his company made a big splash in London by announcing the biggest cross-border acquisition that his company had ever embarked upon.

Trumping bigger rivals [Aurobindo](#), Intas shot into the limelight on Wednesday, scooping up Teva's assets in the UK and Ireland in a \$764 million deal. In fact, most had believed Intas was not even the highest bidder.

But Chudgar wasn't throwing a bash in upscale Mayfair in celebration. Instead, he was in Barcelona on Wednesday at a trade conference as if it was business as usual. That's how the Chudgars are — matter of fact, earthy, entrepreneurial and driven. They dream, talk and breathe pharma without having ever coming into the limelight — until now.

In the meantime, they have grossed global sales of \$1 billion this year. That's very Gujarati some would say. "Intas was the toast of the town. Binish was besieged by CEOs from around the world who wanted to shake his hand and introduce themselves as Intas broke into the big league of top 20 generic drug makers worldwide," said a fellow businessman. "In one shot, Intas has also become a top player in the UK market."

What has worked for Intas? What is the glue that binds the two generations of Chudgars? While patriarch Hasmukh Chudgar (77) founded the group and is currently its chairman, the tenacity and vision of his three sons — Binish, Nimish and Urmish — has taken Intas to new heights over the last three decades.

In all humility, Binish — who studied business management in Mumbai— credits his scientists and a pool of professionals with the flexibility to devise their own strategies. "We like to be consistent, work on plans and our strategies play over a longer time," he said. While the vision to make available affordable medicines forms the bedrock of the company, from the early days, Binish has been keen on gaining scale.

Early on, he decided to invest heavily in a manufacturing facility at Matoda, 25 km from Ahmedabad. Close associates said they had serious doubts about his aggressive bet. "We did not reckon the need to set up a big site and wondered where he will take his father's reputation," a veteran remembered, showing pride in Intas' latest acquisition.

Industry bigwigs in Ahmedabad say Binish raised the industry bar, took a global view and developed a roadmap. His brother Nimish took up the role of CEO, managing the operations side. Urmish, a world-renowned hematologist-oncologist, is not involved directly but his advice on identifying need gaps for cancer patients have come as invaluable insights.

"They stand out, having invested early to build a good quality manufacturing base, R&D, ANDA (abbreviated new drug application) pipeline and in areas like biosimilars which was not exciting before but is cutting edge today. These have paid off handsomely. They have also developed a strong brand," said Riddhesh Gandhi, founder, Discovery Capital, and a former healthcare banker with Goldman Sachs.

Close associates at Intas say Binish, the youngest of the three brothers, has the will and strategic ability to take the company to a global scale. For Intas, he is the man behind the Teva assets takeover. The preference however is to keep a low profile and avoid too much song and dance.



Binish Chudgar, vice-chairman of Ahmedabad-based Intas Pharmaceuticals.

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"The brothers are a dream combination," said Sanjiv Kaul, managing director, Chrys Capital, who along with Temasek is an investor in the company. The Chudgars own as much as 85% of Intas, while the two investors own the residual 15%. As Kaul put it: "If Binish is the livewire, risk-taking, master strategist and driver of growth, then Nimish is the enabler of growth, a hardcore professional specialising in operations, supply chain and organisation building. Urmish is the Mr Science, who initiated the biotech foray." Binish visualises, Nimish implements and Urmish gives the R&D push, as another person said. Their fellow industrialists say the brothers bring out the best in each other and firmly believe that Indian products can be world beaters. This possibly is the only company that has a natural edge where functions are clearly demarcated and the family members work like professionals, they said.

'Work and worship' are the two things the conservative Gujarati Jain family is known for, said one person acquainted with the promoters for over two decades.

"Our family likes movies, but that is for entertainment. We like watching movies but preferably not to be seen around the film star," Binish said with his usual measured, understated laugh. "It is a company to be watched," said DG Shah, secretary general, Indian Pharmaceutical Alliance.

Throughout the last six months of negotiations there was never a moment of doubt, said sources involved in the Teva transaction. "There was zero fuss and they followed the basic discipline — is this the right fit and the best value? They approached it with good, old-fashioned Gujarati common sense," said one of them. Another said the ethos reflects a calm confidence.

"For a company that is growing at 25% CAGR (compounded annual growth rate) for the last decade, they are not insecure. This just accelerates what they would have done anyway," the person said.

Binish said bringing Teva on board won't be a tough task. "We feel it is a good business, these are perfect and performing assets. We expect a payback period of four to four years." The acquisition gives Intas a platform and management team to consolidate its existing European footprint in 30 countries.

"They are already in UK via their European subsidiary Accord Healthcare," said an executive at a company that was also in the fray for the same asset. "It was in a sweet spot to move to the next big league. That's why they were chosen over Aurobindo. Continuity of business, jobs and operations is key in a politically sensitive market like the post [Brexit UK](#)." But a company that aspires to be big — and billed as the next [Sun Pharma](#) — has its own set of challenges.

From the past experience of buyouts, Europe has not been a very easy market for large Indian generic drug companies, turnaround plans take time and unless efficiently managed lead to chronic issues. The big blow to Dr. Reddy's from the \$560-million Betapharm deal in Germany is not completely erased, the high cost of manufacturing in Europe can burden the cost structure and run counter to supplying low cost drugs if the operations are not managed economically.

While the family has stayed under one united umbrella so far, industry veterans do recall some cracks in the past, a result of different aspirations of the brothers, which had brought difference to the verge of a potential break up. The effect of separation, if at all, will impact the business. Although so far all is well.

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