

# Streamlining Pharma Supplies

Late bloomer Ashutosh Garg scores big in pharma retail with Guardian Lifecare

SREKALIA C

He became an entrepreneur at an age when most others would be busy making plans for retirement.

At 47, Hyderabad-based Ashutosh Garg decided to strike out on his own, leaving a nearly 25-year-long corporate career that had taken him from consumer products firm ITC to aerospace major Lockheed. But as he neared the 50-mark, Garg knew it was now or never for him. And thus was born Guardian Lifecare.

He credits his stint with ITC for his knowledge of the retail business. "I started studying various formats of retail and different opportunities in the segment. I realised that pharma retail is largely unorganised," says Garg.

According to him, ₹43,000 crore worth medicines are sold by largely fragmented small pharma shops controlled by about 7.5 lakh chemists across the country. "I found that a small retail shop that can offer all medicines under one roof will help attract customers," he says.

He started the business in 2003 with ₹10 crore pooled in from family members, friends and his own savings. The first outlet was set up in the NCR region and later opened another one in Delhi.

What changed the future of the business was his exclusive master franchise agreement with GNC in 2004, consti-



Ashutosh Garg, founder, Guardian Lifecare

ered to be the world's largest chain for vitamins and health products. Subsequently, it has also partnered with Yves Rocher, a France-based natural beauty company.

Of all the sub-sectors that need a complete revamp and modernisation, pharmacy retail is one of the most critical because it relates to the health and well being of hundreds of millions of Indians, according to Arvind Singhal, chairman, Technopak Advisors.

"Ironically, the poor and the less privileged are impacted the most by the inefficiency of the current state of pharmacy retail," said Singhal.

He said the traditional pharmacy retail, with a few exceptions, allows for spontaneous and expeditious drug to find their

## Guardian Lifecare

The company was founded by Ashutosh Garg in 2003 with a capital of ₹10 crore

The line of business is pharmaceutical retail

As on Mar 31, 2010, the company has 230 outlets of 10-300 sq ft

The target revenue for March 2011 is ₹55 crore

The major investors in the firm are Garg & Sangar Capital

The benchmark deal for the firm came in partnership with GNC & Yves Rocher

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way to the unsuspecting. The customers also end up usually paying more than what they should be.

"Guardian is an excellent example of what an efficient, modern, and ethical pharmacy retail model should be," Singhal said. The product and services mix targeted at middle-income households impressed him the most.

"Its own private labels offer great value to such households in this very high price inflation environment," he added.

In 2008, Guardian received its first round of funding from Samara Capital. It had invested ₹100 crore in the company

ing Tamil Nadu and Karnataka.

Currently, it has 230 outlets and revenues to the tune of ₹110 crore. It expects revenues to touch ₹155 crore next year. It also achieved breakeven this financial year.

The pharma retail market is over \$10 billion and is a growing opportunity in India. The high growth, evolution of consumers and under-penetration (less than 4% of modern formats is attracting organised retailers).

"A player like Guardian with requisite management & financial capabilities and well thought out strategy is in strong position to cater to this market," says Anil Rajpal, head (retail & consumer products - India), Global Consulting Practice, TCS.

Guardian is all set to explore the potential. The company has aggressive plans to add approximately 70-100 stores every year across both company owned and franchised formats.

"We propose to invest around ₹50 crore every year to expand the chain. In the next three years, the company aims to grow to 600 stores across India," says Garg. They are also targeting 30% growth for the next fiscal year (2011-12). It has also tied up with HFLC to open shops on its petrol outlet premises.

Guardian also has a presence in all major hospitals including Medanta Medicity, BL Kapoor Memorial Hospital and Rockland Hospital. "We are adequately funded for operational expansion in the next two years," he says.

Guardian also has one of the largest private label products. Garg says they have over 250 private label products, which are priced at about 25-30% lower compared to leading labels. "We also have a large number of manufacturers who supply products," he said.

About the reason behind his success, he said, "I could not afford to fail. I had invested everything for this venture and there was no looking back," Garg said.

Miscellaneous