

Special: **Bollywood's** Makeover

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How to Lose Your Shirt in

A Bull Market

It's easy if you're greedy: Buy stocks of those companies—and there are hundreds of them—that are in the doldrums and are yet outrageously valued. When the end comes, it will be swift, painful and tragic.

The TV News Boom Bharat Forge's Global Play Mysore: The World's Yoga Capital Meet The Wallenbergs

HEADLINER

G.V. Prasad



AFTER A PATH-BREAKING DEAL IN MARCH this year for funding the launch of generic drugs in the US, Dr Reddy's Laboratories has signed another novel agreement for drug discovery and development. Christened Perlecan Pharma, the company has investment from ICICI Ventures (which funded the earlier deal too) and Citigroup Venture Capital (CVC) International of \$22.5 million (Rs 99 crore), with Dr Reddy's putting in another \$7.5 million (Rs 33 crore). "This partnership marks an important milestone for the company and will put Dr. Reddy's at the forefront of drug discovery and development over the next decade," Chairman Anji Reddy said in a release. As per the plan, Dr Reddy's will transfer rights to four new chemical entities (NCEs, or potential drugs) to the new company, which will then take them through further development and stages I and II of clinical trials. Thereafter, Perlecan will out-license them to a big pharma company for the next stages of trials and possible launch. "The deals we are getting into allow us to be a discovery-led organisation without adversely affecting the current operations," says CEO G.V. Prasad. It's a model that may soon find imitators.

E. KUMAR SHARMA

Apollo-Michelin's Surprise Split-Up



Apollo's Kanwar: Now, a solo act

IN A SURPRISING MOVE, APOLLO TYRES decided to bail out of its joint venture with Michelin for bus and truck radial tyres. Citing slow pace of radialisation in India, Michelin bought out Apollo's 49 per cent stake (worth about Rs 40 crore) in Michelin Apollo Tyres. Interestingly, however, Apollo says it will go ahead and launch truck and bus radial tyres on its own. Apollo's MD & CEO Onkar Singh Kanwar must be hoping that the French tyre giant, which owns 14.9 per cent of Apollo's equity, doesn't pull an MRF on it. In the mid-90s, Michelin tried unsuccessfully to buy into its partner MRF.

Second Time Unlucky?

ESCORTS CHAIRMAN RAJAN NANDA'S second attempt to sell Escorts Heart Institute & Research Centre (EHIRC) ran aground after brother Anil once again cried foul, leading the Delhi High Court to put the Rs 650-crore deal on hold, although money has changed hands. When *BT* went to press, the next hearing was slated for October 22. There's no doubt that the sale of EHIRC is critical to Escort's turnaround plans. Recently,

the company had revamped its board after it defaulted on loans. "We expect the sale to reverse our fortunes," says Shailesh Tandon, Escorts' CFO.

Tool Down At Tata Motors

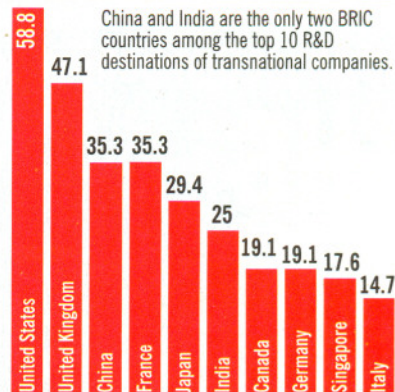


Tata Motors' Ravi Kant: IR snafu

WORKERS AT TATA MOTORS' JAMSHEDPUR plant struck work for one day on September 30 after negotiations over a bonus payment broke down. The last time the plant witnessed a strike was in 1969. According to a company spokesperson, there was no significant loss of production, and the workers returned to work the following day.

THE R&D RUSH

China and India are the only two BRIC countries among the top 10 R&D destinations of transnational companies.



Figures represent the percentage of survey respondents (being the largest R&D spenders among TNCs) who carry out R&D in the mentioned countries. Source: UNCTAD's World Investment Report 2005

Drugs That Talk

RFID makes its way into Indian pharma.

IT MAY BE THE ULTIMATE CRADLE-TO-GRAVE ACCOUNTING of drugs for pharma companies. RFID, or radio frequency identification, is beginning to find takers among drug manufacturers in India. Bartronics, a Hyderabad-based company that vends the smart-tag technology in India, says that it has signed deals with four pharma companies already to implement it on a pilot project basis and is in talks with nine others. The benefits of RFID: A much better supply chain management, spanning everything from lot and batch tracking to expiration date management to curbing spurious drugs. The RFID tag, which can be attached to or incorporated into a product, contains an antenna and a programmable memory chip to communicate wirelessly with an RFID reader, thereby allowing inventories of finished drugs and raw materials to be updated real time. In India, Dr Reddy's Labs is looking at using RFID tags domestically, although it is already using the technology on a trial basis for what it sells in North America. Says J.N.J.J. Shankar, Vice President (Supply Chain Management), Dr Reddy's Labs: "Cost is a major hindrance, besides which the technology is still nascent."

Cost is really the bigger issue. Globally, RFID tags cost between 40 and 50 cents, and companies like Pfizer and GlaxoSmithKline use it on specific drugs; the former uses it on its Viagra and the latter on its anti-AIDS drugs, Combivir and Eпивir. In India, RFID tags cost Rs 30 apiece, but here's the problem: Unlike in the US, drugs are low priced in India. Therefore, to convince a manufacturer to use a Rs 30-tag on a cough syrup that costs Rs 19 isn't possible. A complete roll out could cost a drug maker Rs 2 crore. But Bartronics' Vice President Bhanu Prakash says that prices are coming down and may soon become viable on a mass scale. Until then, though, drug makers will prefer to manage their stocks the old-fashioned way.

E. KUMAR SHARMA

A. PRABHAKAR RAO

Bartronics' Prakash:
RFID evangelist

