Amrutanjan Health Care Ltd produces and sells ayurvedic over the counter healthcare products. They have two main business segments- OTC products and beverages. Their OTC product offerings include pain relief products (in balms, lotions, sprays and patches), hand sanitizers, cough and cold relief (nasal inhalers, cough syrups etc.), and corn caps. One big segment within OTC, which is expected to be a big driver of growth going forward, is the sanitary napkins business, which operates under the brand ‘Comfy’. Comfy is now available in 2.88 lakh (i.e., 0.288 million) outlets across India. outsourced manufacturing for Comfy sanitary napkins. The target market for Comfy is women in rural areas, as opposed to Procter and Gamble or J&J who target the urban population. Main competition is Whisper (P&G), Stayfree (J&J) and Sofy (Unicharm)

The company has a rich history. Amrutanjan Healthcare traces its roots back to the 19th Century when Kasinadhuni Nageswara Rao – Freedom fighter and Journalist – developed the iconic balm. Born in Andhra Pradesh’s Krishna district in 1867, Rao studied many books on Ayurveda during his College days in Madras. He combined this knowledge with the experience he gained while working for a medical shop in Calcutta and prepared some medicines. In 1893, he prepared a medicine (balms) for headache and other pains – the flagship yellow coloured Amrutanjan balm. It quickly became popular as a pain-killer and KN Rao formed a company to manufacture the same on a large scale. Over the years, the group ventured into several businesses like chemicals, non-bank financing, infotech, biotech, etc. However, not only did these other ventures not succeed, they eclipsed the relative success of the core head pain balm venture. In 2005, 30 year old Sambhu Prasad Sivalenka, a fourth-generation promoter family member (grandson of the founder), took charge of the company and brought about some key changes to revamp the company. He focused on (1) Re-Branding the company (2) Expanding Distribution (3) Focused entry into new but complimentary product categories. In 2005, Sambhu Prasad Sivalenka, , took over as the Managing Director. Upon taking charge, Sambhu divested or closed down most of the non-profitable ventures. Once this objective was achieved, the Company refocused on growth by: (a) Improving the core head pain balm business by revamping the distribution network including geographic expansion beyond southern states, addressing changing market dynamics (towards white coloured balms), product innovations (roll-on), etc; (b) targeting adjacencies like body pain balm segment; and (c) forays into new FMCG categories like beverages and sanitary napkins through a measured capital allocation strategy.

The head balm market in India is relatively saturated with somewhat less salience amongst the younger generations. Further, over the years the category has been witnessing increased competition from allopathic alternatives like paracetamol. Amrutanjan has addressed this issue in two ways. **Firstly**, by increasing its addressable market by increasing focus on the Body pain management and Congestion management in recent years. Body pain and Congestion are natural extensions of the Head balm market given the key ingredients as well as the supply chain remain largely similar. **Secondly**, the company has launched innovative formats for all the pain management products such as roll-ons, sprays and pain-patch which find higher traction with the younger generation.

The pain relief business is the ‘cash cow’ of the company. The return on capital employed (RoCE) in the OTC segment is consistently above 100%. Amrutanjan has a very strong brand recall in pain balm products. Bobby Fischer, the late chess legend, is believed to have asked Viswanathan Anand for Amrutanjan pain balm, complaining that he could not get it in Iceland!

“This industry is driven by investments in the brand and this is a fact. Share of Voice and Share of Market are correlated strongly. We wish to steadily increase our share of voice to a level that will help us build new brands, and sustain existing ones.” – Chairman, FY14 Annual Report

The company’s 100% subsidiary AHCL makes the chemicals for the products

A few years back the company undertook a re-branding exercise and launched a white pain balm. It also acquired Siva Soft Drink which owns the Fruitnik brand.

When they enter a new business segment, their objective is to become a leader in that segment.

In 2018, the company initiated work on implementing SalesForce Automation which will further help the firm: (a) obtain granular data on outlets covered/SKUs sold, (b) shift from paper-based order taking to tablet based order taking feeding data directly into ERP, (c) with availability of granular and real time data for analytics and forecasting,

Most of the OTC products, barring De-corn caps, Sanitary Napkin and Joint Muscle Spray are manufactured in-house

Amrutanjan has partnered with Bella Hygiene (a leading producer of women hygiene products and machineries in Poland and Eastern Europe) giving it access to superior technology to make a better-quality product and offer it at price which is 20-25% lower than that of the incumbents.

<https://www.ambit.co/public/thought_leadership/Ambit_Disruption_VOL11_ARJN.pdf>

<http://stalwartvalue.com/why-we-bought-amrutanjan-healthcare-and-continue-to-like-it/>