



Domain knowledge and solid business plan keys to success: Ketan Patel

Ketan Patel, Chairman & Managing Director of Troikaa Pharmaceuticals Limited is a techno-entrepreneur having more than 30 years of experience in the field of pharma. In an interview Mr. Patel talked candidly on SMEs and its issues in context of changing environment of trade and industry

Q. How Financial Management is important for SMEs in current scenario of trade and industry?

A. Modern approach of financial management matters a lot if you want to make it big in the business. One needs to adopt cotemporary double entry system in accounts. Even if the entrepreneurs are not expert in financial matters, they should have basic knowledge and understanding, so that they can discuss their requirement with the experts or consultants. Initially, being a techno-entrepreneur I had no idea on financial management, but very quickly, I understood the importance of having basic knowledge of financial management.

Q. How important it is for the SMEs to maintain proper books of accounts?

A. This is the most vital area. We at Troikaa religiously maintain correct books of accounts, which helped us to draw attention of financial institutions towards Troikaa. Besides, all taxes need to be paid without hiding income, if you want to grow big. Generally SMEs commit mistake by not showing real revenue on paper. But they forget that the financial institutions evaluate any business establishment by their books of account. SMEs can only build their reputation based on these facts.

Q. Please share your experience of availing finance as an SME? How SMEs can minimize the risk of being refused from financial institutions?

A. I strictly believe that if you are skilled SME with domain knowledge and proper business plan, you can easily convince bankers or other financial institutions or even Private Equity (PE) players. Like many start-ups, initially we also struggled to avail finance, but from our own experience I can say that if you do good job and perform well while maintaining quality, availing finance is no big deal. It is as simple as that they (Financial Institutions) are also looking for good companies, as they are into a business of lending.

Q. Do you think government schemes to encourage SMEs really helps the beneficiaries? Can you share your own experience in this regard?

A. According to me, Government Schemes can go a long way to generate revenue for government itself in terms of taxes. Troikaa is existed today because of such government schemes. There are many such companies in Gujarat, which are running successfully because of government schemes. In my initial years, if Gujarat State Finance Corporation (GSFC) had not financed us, I would have gone to the United States and Troika might not be formed.

Q. In your company's growth journey, have you ever considered alternative sources to avail finance?

A. We had to. I had to update my plant to fulfill one order from World Health Organization (WHO) few years back. Despite our good track record, our regular nationalized bank denied to finance. Ultimately we had to take money from a co-operative bank at 21 per cent interest rate. At that time, rate of interest in nationalize banks was hardly 13 per cent, but we had no other option. Second time, when we were in the process to avail loan for our Uttarakhand unit, again the same nationalize bank was taking too much time for giving finance and we had to resort on a foreign bank.

Q. Given to the competitive business environment, which are the major challenges for your company?

A. We have potential to go global and invade the international market based on quality and innovation. But the process of entering in international market involves lots of capital expenditure right from research and development, hiring quality manpower, creating infrastructure and others. Apart from high rate of interest, increasing labor cost in our country is a big challenge. Besides, skilled manpower is not available. In fact, technically skilled manpower is scrolling towards western world. Now, the only option is to resort on Private Equity players. Other thing, you need to go through long registration process to sale your products to other countries in context of pharmaceutical companies. Despite all these, risk factor of rejection of your products is there.

Q. What has been your company's motivation for growth?

A. Acquire high-esteem and self-belief through the development of the best original product. Besides focusing on knowledge and quality to enhance reputation of an organization we are working for.

Q. What is your message to upcoming MSMEs?

A. Be proficient in your domain knowledge. Come out with differentiated products. Always be committed to work without diverting focus and put your all energy and money to achieve your business goals. And above all please be careful to maintain integrity.

Q. Importance of Chamber of Commerce for SMEs or for any business establishment?

A. We had very good experience with chamber in availing various certifications for exporting our produces. For SMEs seminars and events organized by chamber are extremely important to keep abreast with the latest happening in the trade and industry related issues. It is a platform where entrepreneurs get chance to meet experts and policy makers.

- Excerpts from Interview by Mayuri Dave