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Plethico Pharmaceuticals Ltd was established in **1985** to augment a focused approach towards global brand marketing. Plethico has always been following a Pledge; to follow ethics; to establish presence globally. The company has spread an aura of being a professionally managed and a committed organization not only in India but also the world over. Meticulous planning and sound understanding of

various countries and their medical needs has enabled the company to enjoy the trust and support of the medical fraternity in these countries in the areas of Ethical medicine, Medical Disposables, Surgicals, Ayurveda and Herbal formulation.

Shashikant A. Patel (B.Sc), is the **Managing Director of Plethico Pharmaceuticals.** – A dynamic entrepreneur of 59 Years he has been associated with the business for the last 35 years. An eloquent speaker with an eye for detail, he has vast experience in Global dealing as well as Domestic Marketing. Sourcing is his forte.



Speaking with **Anil Mascarenhas** of *India Infoline*, **Shashikant Patel** says, "Our vision is to be a global healthcare company and we hope to hit the Rs10bn mark by 2010."

Could you give us a brief background of the various businesses at Plethico?

Plethico Pharmaceuticals Ltd. is a multi-product company, with a large global presence and a product range, which encompasses Ethical & Generic Pharmaceutical Formulations, Consumer Healthcare Products & Nutraceuticals, Food Supplements & Herbal formulations, Disposables & Hospitals Consumables, Veterinary Products.

We offer a wide range of products in various therapeutic segments. These include anti-malarials, anti tuberculars, anti-asthmatics, NSAIDs, Nutraceuticals, anti-infestives, antibiotics, antibacterials, herbal products etc.

In short, from marketing of generic drugs to foray into international markets and successful launch of OTC division, that's our story.

To give you a brief background, we started our operations in 1963 under the name of Plazma Laboratories for marketing generic drugs. Plethico



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Pharmaceuticals, the flagship company of the group, was formed in 1985, initially as a partnership firm. December 1991 saw the firm being corporatised into a private limited company and finally a year later, in August 1992 Plethico company became a public limited company.

The name 'Plethico' is derived from the motto and moral code of the company 'pledged to ethics'. Our mission is to become a global healthcare company, offering a broad range of pharmaceuticals and allied healthcare products, driven by the highest standards of quality, ethics and human values.

We have many firsts to our credit. We were the first to launch Doxycycline (Minicycline) and Cotrimoxazole (Timizole) in the Indian market. We were also the first Indian company to have a chain of M&D companies in CIS for concentrated M&D efforts.

Brief us on your international operations?

In 1996, we made a foray into the International market by initiating exports to Russia, CIS, Africa and Eastern Europe. We have a major presence in over 18 countries. Our exports to more than 50 countries is on account of strategic tie ups coupled with a strong marketing and global distribution network in CIS, Africa, Latin America, Middle East and South East Asia. We also have an ambitious plan for East Europe, GCC and South East Asia.

Brief us on the segments you operate?

We have over 400 formulations in more than 39 therapeutic segments. We are also into niche segments like NDDS, Cardiovascular, Diabetology and other Lifestyle drugs, nutraceuticals, medicated candies, food supplements, OTC/Consumer Products and Herbal preparations besides already being present in Generic & branded formulations overseas.

Which are the new areas you plan to enter?

We are developing our core strengths in areas like New Drug Delivery Systems (NDDS), Effervescent drug delivery systems, fast melt mouth dissolving tablets, center filled lozenges, finger printed herbal extracts and various sustained release dosage forms.

The company also offers products like condoms, surgical disposables, diagnostic kits and veterinary products.

The hallmark of our various products include innovative packaging like the laminates, pouches, combi-packs, flow packs, wallets and sleeves, folding cartons and attractive dispenser packs

Name some of your clients?

Plethico exports to the International companies like National Medical Store of Uganda, Pharmaceutique De' la Sante of Ivory Coast, Mex of France, Astron of Sri Lanka and Sel J of Philippines.

You also have custom manufacturing services. Who are your clients?

We offer custom manufacturing services to Ranbaxy Laboratories, Nicholas Piramal, IPCA Laboratories and Ajanta Pharma.

In the international front, we offer custom manufacturing services to Kuwait Saudi Pharmaceuticals Ltd., a company in GCC-Kuwait and also to leading player in Malaysia. Shaphaco of Yemen is another client of ours.

You have two large manufacturing units. What is the capacity utilization?

Our capacity utilization has been a little less (Around 60%) but we see it picking up going ahead in keeping with our strategy of sustained growth. We have two fully integrated state of the art manufacturing units located near Indore, in Madhya Pradesh. In both the plants we have centralized humidity and temperature controlled warehousing. In our Kalaria plant, we have invested close to Rs1.25bn. This unit can cater to High Capacity Production of Tablets, Capsules, Injectables, Liquid Orals, Eye/Ear drops, Injectables, Ointments & Creams. Most importantly, this plant strictly adheres to stringent WHO-cGMP norms. The UKMHRA upgradation is in process for this plant. We also have a third plant in Kandla SEZ.

Comment on your marketing initiatives?

In terms of marketing, we have succeeded in adding a lot of professional flavor. The expertise gained in Domestic Ethical market has been honed to our advantage for the International markets but of course with a touch of localization as per the needs of the markets. This skill has specifically been upgraded after we receive direct input from our M&D companies where Plethico has a tie up on account of a stake in the company.

It has been a two way communication process, wherein we have contributed material tools for marketing and further Plethico has also understood newer way of direct reach to retailer. For example, in Kazakhstan, there is a concept of "Aptheka Direct Sale system" in which a medico marketing expert would go to retail chemist shop (Prescription products) or super market or malls (for OTC Products like food supplement etc) and speak to the consumers at large and tell them the benefits of the product, clarify any misconception and also talk about the manufacturer. This is an innovative way of selling, which is not practiced in India normally as a selling tool. Besides, we are also professionalizing the marketing inputs by giving medical literature in their local language, which gives a lot of support to the sales & para medical staff.

Could you name some of your brands, which have stood out in the crowd?

In 2003 we launched our OTC Division by Launch of Coach's Formula, a branded Protein Health Drink. Under Coach's Formula, we have several products. Coach's Formula is a one stop super brand which has sports supplement products like Super Protein, Super Creatine, Muscle mass, Weight Gainer, Weight Loss, etc and also includes a rehydration drink post work out. We created special business units for each of the segments we operate viz. Exports-CIS/NCIS, OTC (Nutriscience, Confectionery & OTC care) and CM/TM SBU. In the past prior to hiving off the domestic division Plethico had star brands like Monto3, Monto4, Recofast, Recofast Plus, Amloz, Minicycline, Reziz, Y-Vex, Mumcare, etc.

What is your strategy for the international markets?

Our strategy, especially for International markets is to enter a market and do some seed marketing. Once we are comfortable with the market and our partners, we then form a strategy to capture a large market share. This could happen through M&A or investment in a JV. We then look at spreading across and creating sufficient demand. Once this is done, we even consider a manufacturing set up.

Tell us more about your Kenyan foray?

For Plethico, Kenya is a gateway to Africa. This is true because a presence in Kenya entitles us access to East & Southern Africa (COMESA), which is a common market between 18 countries of the continent. We have signed a Joint Venture MoU with a Kenyan company to

set up a state of the art plant in Kenya. In Kenya, we were comfortable with our associates there and also with the country. That explains our added interest in Kenya.

In African countries, we get a 15% tax benefit for setting up factories there. We also have the logistics benefit. Semi-skilled labor is available in plenty and for skilled work we have our own pool of resources.

Give us a geographical break-up for your revenues?

CIS contributes around 33% and India sales account for around 31%. Africa is around 20%, rest 16% is contributed by South East Asia, Latin America & Gulf countries. We are in the process of de-basketting and looking for a fourth market, which will contribute roughly 20-25% of our sales thus rationalising the spread. Plethico believes in developing, through concerted effort, an upcoming region and allows natural growth for existing regions such that the top line swells, which reduce the share of the existing regions in the overall revenue pie. In the long term, Plethico will try to ensure no region contributes more than 15%.

What is the vision for the company?

In a broad sense, we have a vision to be a global healthcare company by 2010. This would be accompanied by a strong presence in the area of consumer healthcare business and nutraceuticals, both in the domestic as well as the international market. To put a financial perspective, we hope to hit the Rs10bn mark by 2010.

We are looking at making an entry into niche European & US markets. To make our foray into such markets we will evaluate the best route possible. Our work towards this objective has already begun by upgrading our plant to comply with stringent UK MHRA requirements and regulatory approval.

We hope to make more headway in sports nutrition. We will look at making a significant mark in the lifestyle category, may be through acquisitions.

You are a closely held company. Any plans to dilute stake?

We will look at various options. Our consultants are evaluating various options like Private Equity, an IPO or even Bank Finance, as we are a low-gear company. Plethico is currently a closely held, professionally managed company. The current promoters include me as the CMD, Mr. Chirag S. Patel, the Whole-time Director and CEO and Mrs. Gauravi K. Parikh, the Executive Director of the company. Even if we do an IPO, the promoters will look at diluting a maximum of 10-15% stake.

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