

# 2 PLETHICO PHARMACEUTICALS LIMITED - SUBSCRIBE

## COMPANY BACKGROUND

Plethico Pharmaceuticals Ltd (PPL) is a Madhya Pradesh based mid-sized pharma company. It caters to sport nutritions and supplements in the domestic market and herbal medications, cardiovascular drugs, diabetes drugs, lifestyle drugs, etc. in the overseas markets. It derives 68 per cent of its revenues from the overseas semi-regulated and unregulated markets.

## INDUSTRY PERSPECTIVE

According to a study conducted by WHO, the global market for herbal products is estimated over US \$ 60 billion and is growing at the rate of 7 per cent per annum.

## PUBLIC ISSUE FUND UTILISATION

Funds raised

through the public issue will be utilised towards:

- ▶ Partially financing the upgrading and expansion of the existing infrastructure.
- ▶ Acquisitions.
- ▶ Setting up a corporate office in Mumbai.
- ▶ Meet working capital requirements.
- ▶ Issue expenses.

## FINANCIALS

In FY05, the company has reported revenues of Rs 222.19 crore and net profit of Rs 56 crore. In the first three months of FY06 ending 31st December, the company reported sales of Rs 63 crore and net profit of Rs18.54 crore.

## OPINION

PPL has been a consistent profit making company with high operating and net profit margins. However, the growth in the revenues seems to

be slow and inconsistent. At the higher price band of Rs 300, on an annualised EPS for FY06E, the issue is priced at around 14x on a post equity basis which is rather attractive. **YM**

