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## Plethico builds drugs chest with lifestyle brands

Satish John

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MUMBAI: Aiming to make a big splash in the pharma segment when its non-compete agreement with Shreya Life Sciences expires in 2007-08, Plethico Pharmaceuticals Ltd is steadily building up its medicine chest with lifestyle products like sports medicines and over the counter products.

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“We intend to bounce back with better molecules, better distribution and stronger financials”, said Shashikant A Patel, chairman & managing director of Plethico Pharmaceuticals Ltd.

The next growth story for Plethico will come from nutraceuticals, herbal drugs, sports nutrition (energisers) and confectionery in addition to allopathic drugs.

In a surprise move in early 2003, Plethico had sold its entire drug portfolio to Shreya Life sciences for about Rs 100 crore, sparking criticism that the Patel's did not have the fight in them to stay in a market that was increasingly getting fiercely competitive. “The market was getting commoditised and it was the right time to exit”, says Shashikant. “And I have no regrets,” he adds.

He reels of numbers to prove himself. Plethico used the money to enter CIS countries and Africa, he says. In Kazhakstan, it prides itself to have the deepest market penetration. The company was making a rs 20 crore profit on a turnover of Rs 100 crore in 2002-03. It closed this year with a profit of Rs 58 crore on sales of Rs 225 crore. In the year, 2006-07 it aims to sell medicines worth Rs 310 crore and make a profit of Rs 85 crore.

We decided to hive of our products to Shreya only because the drugs we made was in an area that was facing competition coupled with government price controls. It was strong in anti-tuberculosis, anti-malarial drugs then. It was heaven-sent when Shreya Lifesciences came up with this offer. The company with deep roots in Russia was keen to have a presence in India and had acquired Plethico's portfolio and also a unit of Rallis, a group company of the Tatas.

Shashikant says in the coming months, it will concentrate on creating lifestyle brands in India. Keeping with that strategy, Travisil and Mountain Herbz are new brands in Plethico's product portfolio. A large chunk of the company's turnover comprise exports and also contract manufacturing for leading drug companies. Why, contract manufacturing? “It's just to keep our 3 plants busy,” says Shashikant.

The company recently signed a joint venture in Kenya, which will allow it to set up a factory in the African country which will also service the requirements of countries neighbouring Kenya. Additionally, a factory in Kenya will help them get a 20% subsidy from the government for products sold in the country.

Chirag Patel, director at Plethico. who's behind the company's overseas push is also eyeing European markets for their sports and herbal medicines.

On the anvil, for Plethico are a series of initiatives that include contract farming as it would require herbal plants for making drugs.

In the interregnum before it makes a re-entry into the Indian markets, the company is also building an arsenal of product patents and has build a strong R&D and legal team for the effort.

Meanwhile, talks of the company getting listed in the local stock bourses is also doing the rounds. Shashikant says they are in talks with private equity investors to get a proper valuation of the company. This could be a prelude to an initial public offering.

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Company will concentrate on creating lifestyle brands in India

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The company is also into contract manufacturing

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