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Zota Healthcare plans IPO to list on BSE's SME platform

EXCLUSIVE

The small drugmaker is looking to raise Rs 40-50 crore.

BY JOSEPH RAI



Drugmaker Zota Healthcare Pvt Ltd has revived its initial public offering plans, five years after it first contemplated the move, to raise funds for expansion.

The company plans to raise Rs 40-50 crore through the issue and list on the BSE's SME Ketan Zota said.

It is looking to finalise investment bankers next month, file a draft red herring prospectus in May and launch the issue in June, he added.

The Surat, Gujarat-based company intends to use the funds for expanding its manufacturing and R&D units as well as for marketing and working capital expenditure, Zota said.

The company, which is 89 per cent owned by promoters and the remaining by their relatives, had in 2011 announced its IPO plans as it needed funds after it set up an export-oriented factory at Surat, Zota said.

However, it instead made a private placement of shares to family and friends. Also, there was no SME exchange then, he added.

Acquisitions, financials

Zota Healthcare was founded in 1995 and has grown through a string of acquisitions over the years. It made its first acquisition in 2002 when it bought Vadodara-based Sayona Medicare Pvt Ltd. It purchased Aron Biotech in 2009 and Vision Medilinks in 2011.

"The company will continue to look for acquisition opportunities," Zota said.

The company has about 3,000 products covering almost all pharmacological segments. A major portion of its revenue comes from antibiotics, analgesic, antacid, cardiac and diabetic drugs, Zota said. The firm is looking at entering new segments including nutraceuticals, cosmetology and oncology, he added.

Zota Healthcare has also received patents on six products while 10 applications are pending, Zota said.

The company exports to Kenya, Nigeria, Sri Lanka, Vietnam, Myanmar, Costa Rica, Ethiopia, Bolivia, Libya, Turkmenistan, Ukraine and Georgia. It plans to enter Cambodia, Thailand, Yemen and Mali, and expand in Southeast Asia, Latin America, Commonwealth of Independent States and Africa, Zota said.

The company is expecting sales to touch Rs 63.75 crore in the fiscal year ending on March 31, up 13 per cent from Rs 56.46 crore last year. International sales accounted for 5.5 per cent of the total. It is targeting total sales of Rs 100 crore next year, Zota said.

Net profit this fiscal year is likely to increase 30 per cent to Rs 5.53 crore, he said.

SME platforms

The BSE SME platform was set up in 2012 to provide an easier option to small and medium enterprises to raise funds. The exchange has listed 125 companies till date, of which 16 have migrated to the main board.

The National Stock Exchange has a similar platform, NSE Emerge, which was launched a few months after BSE's platform. It has 12 listed companies.

According to Prime Database, a primary market tracker, 41 SMEs listed on the SME exchanges in 2015 compared with 40 the year before, 35 in 2013 and

14 in 2012. The average size of an SME issue has fallen to Rs 6.05 crore in 2015 from Rs 6.67 crore in 2014 and Rs 7.33 crore in 2012.

The average number of investors also declined to 287 in 2014 from 365 in 2012, according to Prime Database.

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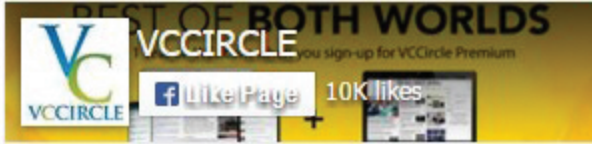
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QUANTITY (000 tonnes)

7,925

5,450

9,320

10,216

2012-13

2013-14

2014-15

2015-16\*

...and hurt production of aluminium.

PRODUCTION (000 tonnes)

1,662.00

1,728.00

1,723.00

1,481.90

2011-12

2012-13

2013-14

2014-15

SAIL: Steel Authority of India, JSPL: Jindal Steel and Power Ltd.  
\*Figures are from April 2015 to February 2016

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