

June 2, 2010

## **CARE ASSIGNS 'CARE IPO GRADE 2' TO THE PROPOSED IPO OF PARABOLIC DRUGS LTD.**

CARE has assigned '**CARE IPO Grade 2**' to the proposed Initial Public Offer (IPO) of Parabolic Drugs Ltd. (PDL). CARE IPO Grade 2 indicates 'Below Average Fundamentals'. **CARE assigns IPO grade on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.** CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the fundamentals of the issuer. PDL proposes an IPO aggregating up to Rs.200 cr having a face value of Rs.10 per share.

### **IPO Grading Rationale**

The grading is constrained by PDL's unfavourable capital structure, project stabilization risk, volatility in prices of imported raw material along-with exposure to exchange risk on account of imports and liabilities denominated in foreign currency, though partially mitigated because of direct exports. The grading factors in the strong growth in revenue reported in past, experienced management, approvals and certificates of suitability for few products from regulatory authorities in USA, EU and other regulated markets, reputed client base, strong focus on R&D activities and the company's strategy to diversify into CRAMS business.

### **Company Profile**

PDL was incorporated as a public limited company in 1996 promoted by Mr. Pranav Gupta and Mr. Vineet Gupta, with financial assistance from Punjab State Industrial Development Corporation (PSIDC). PDL is mainly engaged in the manufacturing of API and intermediates.

PDL has obtained the US FDA approval for supplying 6-APA to US markets. PDL has also been granted Certificates of Suitability by European Directorate for the Quality of Medicines (EDQM) for two of its products. As on February 25, 2010, PDL had filed 17 Drug Master Files (DMF) applications in EU, US and other markets.

During the period FY 2006-2009, PDL's operating income has grown at a healthy CAGR of 64.66% on account of introduction of expanded product range including Oral Cephalosporin and Sterile (Injectible) products and expansion of existing facilities. PDL recorded operating income of Rs.395 crore with PBILDT and PAT of Rs.60 crore and Rs. 24 crore respectively in FY09.

In 9MFY10, PDL has reported a total operating income of Rs.346 cr, and earned PAT of Rs.23 cr.

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