



*Pledged to Ethics*



# From The Chairman's Desk

## Dear Shareholders

The year 2012 witnessed a laggard growth in the economy which however ended with improvement on a modest note in synchronization with the global scenario. In a globalized economy, there is no escape for any country from the consequences, be it positive or negative. Barring no exception, over the decades, India has also firmly integrated with the world economy. The very fact remains that policy uncertainty and slowdown in the global demand has hampered the overall growth of all economies with major injury bearers being growing economies like India. It has been generally difficult for the companies that have their major revenues coming from exports markets as reasons like slowdown in demand, currency fluctuations and recovery of receivables have a key role to play.

Sensing the above situation, as some of it was a spillover of the previous year as well, we as a company had the target of maintaining and improving operational efficiencies in tandem with trying our best on the working capital management. We also worked on the product profile enhancement along-with retaining the market share in different geographies.

One of the key issues to be addressed during the year was the refinancing of the FCCBs that matured in October 2012. This needed prime attention as the currency fluctuations played a spoilt sport. Also with the economy jitters being felt globally, refinancing at exorbitantly high interest rates way beyond the comfort zone of even the biggies in the industry, was a huge challenge. We had been taking adequate measures to stop the vicious circle of excess debt leading to disaster by executing strategic program of structured funding having combination of low-cost long-term debt and equity. We did manage to tie up for long term funding proposals to restructure the bonds. Lot of efforts are underway for negotiating with the bondholders, betting on the fact that the macro environment was difficult to handle.

Although the emerging and developing markets are not expected to rebound to the high growth rates of 2010-11, as indicated by the IMF survey, it is still projected to clock decent growth in 2013. This is however keeping in mind that weakness in the advanced economies will reflect on the performance of the developing economies impacted by the external demand. The increasing level of intense competition, complexity and mounting uncertainty leads to a challenging environment and needs to be handled strategically as the level of uncertainty is expected to remain high and keep increasing in the coming years.

We have been working on strategies that enable us to anticipate competitor's actions beforehand, consider innovative pricing options, engage and connect with stakeholders and collect and analyze real-time data helping to quickly grasp changes in the

market places and to formulate business plans more aptly. This is based on the realization that the environment is getting complex and traditional guidelines are no longer applicable.

In this challenging environment, we at Plethico have still managed to maintain our performance with regards to product innovation and capturing newer clients and markets while serving the existing ones. We have geared-up our core executive team for the possibility that there could be another downturn or slowdown in the coming years and as such to improve competitive strengths permanently.

Foreseen the fact, that innovation is the only key to sustain and rebound, we had been laying emphasis on our R&D activities and in-process innovations. Keeping in mind that pricing would be the core pillar of any product profile development; we have optimized our processes and applied innovation pricing strategies. The company also developed a very competent management team and an effective information system suitable to the organization's needs. Comprehensive reporting system has also been developed that tracks KPIs in real-time, enabling to quickly understand the changes happening in the markets globally and thus modifying strategies to achieve the expected growth levels.

Our focus during the year 2012 was bifurcated on one hand into financial aspects that would help us cap our liabilities in order to strengthen our balance sheets and have stable cash flows while on the other hand business development that focused on differentiation, accelerating product development to the optimum level, creating tangible values for customers, identifying core activities, applying game-changing strategies, creating new business models and pursuing opportunistic investments.

As a company we are well positioned to capture the demand growth of the emerging markets; however turnaround in the overall macro environment is the key. Although there is a gradual improvement being witnessed, sustainability and growth would still be a challenge.

I maintain my motive and promise to all the shareholders to give better returns through robust performance appreciating intrinsic value of the investment of the shareholders. I also express my sincere gratitude to all my stakeholders who have reposed trust in us and extended their full co-operation. I am also grateful to the Board of Directors for their steady support and guidance.

Your's truly



**Shashikant Patel**  
Chairman & Managing Director



## Mission

To create a 'Global Healthcare' brand identity synonymous with Nurturing Healthcare, Eternal Values, Strong Ethics and Global Quality of highest standards in Pharmaceuticals, Nutraceuticals and allied Healthcare Products.

## Corporate Information

**Chairman &  
Managing Director**  
SHASHIKANT PATEL

**Whole-time Director &  
Chief Executive Officer**  
CHIRAG PATEL

**Executive Director**  
GAURAVI PARIKH

**Director**  
DR. G.N. QAZI  
PRAMOD SHRIVASTAVA  
HITESH THAKAR

**Company Secretary**  
AMRISH KUMAR CHOURASIA

**Registrar & Transfer Agent**  
LINK INTIME INDIA PRIVATE LIMITED  
C-13, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West), Mumbai-078

**Auditors**  
N.P. GANDHI & CO.  
Chartered Accountants

**Bankers**  
Bank of Baroda  
IDBI Bank Limited  
Exim Bank  
State Bank of India  
Punjab National Bank  
Allahabad Bank

**Registered Office**  
A.B. Road, Manglia-453-771,  
Distt. Indore (M.P.)

**Corporate Office**  
Sabnam House, Ground Floor  
Plot No. A/15-16, Central Cross Road  
B, Andheri (East), Mumbai-400 093

**Administrative Office**  
37, Industrial Estate, Pologround,  
Indore-452-015 (M.P.)

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2009 - 2012

- Company's Kalaria - Indore Unit got approval from the Medicine and Healthcare Products Regulatory Agency of UK (UKMHRA).
- Company's Kandla SEZ Unit have been awarded highest export award consecutively for the fifth year.
- Formation of a new step-down subsidiary in UAE - Natrol Global FZE, LLC to strengthen marketing of nutraceutical and herbal brands in UAE, CIS, south East Asia and African Countries.
- Successful business integration with Tricon LLC, UAE in which company acquired 20% equity stake during 2008.
- Successful commencement of business operation by UAE subsidiary Plethico International Limited through outsourcing at large scale.
- Company's Kalaria-Indore Unit got approval from TGA Australia.



2001 - 2007

- Commissioning of the state of the art formulation manufacturing plant at Kalaria, Indore, as per the requirements of WHO GMP, UK MHRA and US FDA.
- Plethico, ranked amongst the Top five Anti-TB companies in India, with its revolutionary three/four drug fixed dose Anti-TB combinations.
- The company launched its Consumer Healthcare Division in India.
- Ultra modern fully integrated plants set up for manufacture of PET bottle (AOKI, Japan) and hard boiled candies (Klockner Hansel GmbH, Germany).
- The company acquired a marketing and distribution chain in the CIS, with subsidiaries in Russia, Ukraine, Kazakhstan, Moldova, Azerbaijan and Kyrgyzstan. Marketing and Distribution Joint ventures in South East Asia, Africa and Latin America.
- Initiative to acquire a USD 100 million company Natrol, in the United States of America, opening up the regulated markets like US, UK, Europe, Australia, New Zealand.



1981 - 1990

- An ultra modern formulation plant was established at Manglia, near Indore, India to manufacture a wide range of allopathic formulations.
- Innovative branded formulations were introduced and established in Anti-malarials, Anti-tubercular, Cardiovascular & Cough & Cold segments.
- The company pioneered the launch of Doxycycline and Cotrimoxazole in the Indian market.



1963 - 1970

- The beginning of the group activity.
- Company's first formulation plant, manufacturing Tablets, Capsules and Liquid Orals, at Indore, Madhya Pradesh, India, established.



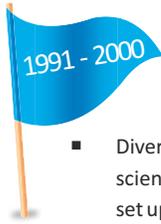
1963 - 2012

## Milestones



2008

- Successful acquisition of Natrol Inc., USA and integration of its business along with Indian operations.
- Acquisition of 20% stake in Tricon Holdings FZE, having Retail Pharmacy Chain across CIS enabled company to expand its retail reach in CIS.
- Manufacturing project at UAE is being technically and commercially evaluated. This manufacturing unit after completion will enable the company to make UAE as the main hub going forward.
- Up-gradation project of existing Kalaria Manufacturing Unit to make it UK MHRA compliant is at the advanced stage of completion.
- Project related to setting-up of another manufacturing unit at Kandla Special Economic Zone, Gandhidham, Gujarat commenced.



1991 - 2000

- Diversification into Herbal & Natural formulations with scientific and modern manufacturing plant for Herbals set up at Indore.
- Introduction of novel herbal products for hepatocare, diabetes and Syndrome X developed with in-house research and clinical evidence.
- Major thrust into International Marketing. Travisil, an indigenously developed herbal Cough & Cold product became a star performer in the entire CIS market.



1971 - 1980

- Up-gradation and expansion of Manufacturing facilities. Establishment of a nation wide marketing and distribution network. Introduction of branded formulations in various categories.



## About Plethico

Incorporated in 1963 as a small partnership firm, the company has now transformed into a fully integrated pharmaceutical and nutraceutical company with strong research and development capabilities coupled with a robust manufacturing platform. Today the Company manufactures and markets variety of pharmaceutical formulations, nutraceuticals, herbals, lozenges, candies, food supplements, dietary supplements and many other consumer and healthcare products in India and internationally to several key markets across the globe. Company's manufacturing facilities are complying with world class specifications backed by an in-house R&D Center. Plethico possesses core competence in finished formulations and herbal preparations since last four decades. The existing activities are spread globally with product portfolio of about 500 formulations in more than 20 therapeutic segments. The company has significant presence worldwide with strategic tie-ups and alliances and a very strong global marketing and distribution network in CIS, African continents and third front including Latin American Countries, Middle East, South East Asia and GCC. With significant presence across the globe, Plethico is committed to become an innovative and integrated partner to the global pharmaceutical industry by creating a profitable enterprises with due respect to the stockholders' interests, corporate governance and social responsibilities.

## About Natrol, USA

Natrol is synergistically operating in the Herbal and Nutraceutical sphere, predominantly present in USA. It has a portfolio of healthcare and wellness brands representing quality nutritional supplements, functional herbal teas and sports nutritional products. Established in 1980, Natrol's portfolio of brands includes Natrol®, MRI®, BioSil™, Laci Le Beau®, Promensil®, Trinovin®, Nu Hair® and Shen Min®, which are household names in USA. It distributes products nationally through more than 54,000 retail outlets as well as internationally in over 40 other countries through distribution partners and subsidiaries in UK and Hong Kong. The company pledges to deliver nutritional products with uncompromised service, quality, and innovation through the best that science, nature, and technology can offer as consumer needs are central to Natrol's focus.





## Indian Operations

For more than 48 years, Plethico has been at the forefront of providing top-notch healthcare products for curing critical and chronic diseases worldwide. With its apt chemistry skills and low cost advantage both in research and manufacturing coupled with skilled manpower, Plethico has emerged as an excellent healthcare institution committed to deliver high quality sustainable healthcare products. Social transformation, lifestyle changes, higher disposable incomes, health consciousness and regulatory changes have boosted the consumer healthcare segments significantly in India. Plethico has forayed in these market segments and identified consumer healthcare as a major growth area. The Consumer Product Division today has an established range of products in sports nutrition, confectionary, lozenges, pharma OTC and herbal supplements marketed across the country with a vibrant supply-chain network. Plethico is swiftly moving towards basic research driven undertaking with a vast portfolio of quality products and healthcare services. Committed ourselves to meet company's mission everyday - to enhance, preserve and restore vision worldwide, we at Plethico always try to deliver sustainable healthcare products at affordable cost.

## Global Operations

At Plethico, we have realized that going forward a successful global company will be the one that enters into business-enhancing alliances and acquisitions with International companies that have established competencies. Recognizing this philosophy, the company had made initial beginnings of entering the International market through acquisitions, joint ventures and strategic alliances that has led to quicker growth, better capital allocation and plugging of business gaps. In 2003-04, the company decided to stretch its wings into new geographies and acquired controlling stake in CIS based Rezlov Group of Companies. In early 2008, the company acquired US\$100million US based leading nutraceutical company Natrol Inc. having a portfolio of premium health and wellness brands with predominant presence in the US, UK and Hong Kong. Within the course of five years, the company has concluded major acquisitions across the globe that enabled the company better positioning in the global markets. Plethico has evolved from an Indian pharmaceutical company to a global organization with an international footprint in terms of outlook, focus, presence, customers and employment. The acquisitions gave the company a strong foothold not only in CIS, Africa, South East Asia, Latin America and GCC but also in other regulated markets like US, Europe, Australia, New Zealand and Hong Kong. Today, Plethico has operations in 25 countries, exports to over 40 countries and presence in almost 20 therapeutic segments with more than 500 product approvals. The extensive distribution and marketing network successfully established the company as a dominant player in many regions across the globe. Internationally, the company is now on an exponential growth path, continuously expanding the target markets to add new countries to its operational business map.

# Manufacturing

The company has two ultra-modern, fully integrated, state of the art, WHO-GMP certified units located in the lush green, pollution free surroundings of Indore, in the state of Madhya Pradesh, in Central India. Both the plants conform to the regulatory requirements of USFDA, UKMHRA & the CEU guidelines. The manufacturing unit at Kandla also complies with the WHO-GMP specifications. In order to expand its manufacturing capacities, the Company plans to setup an ultra-modern manufacturing unit at UAE. All the plants are well equipped with the most modern and validated manufacturing and analytical equipment and detailed SOPs are in place, with respect to Quality management, Personnel, Premises, Equipment, Documentation, Production, Complaints and Self Inspection / Audits. All the plants are eco-friendly in design and operations, in conformity with Indian and International standards for effluent treatment.

# Product Portfolio

Sustained growth is the quest of every enterprise, more so in pharmaceuticals, where newer product registrations and effective marketing of products, adds buoyancy to the product stability. We at Plethico understand that growth means a changing product profile with continuous introduction of new products and widening of consumer base. In order to widen the product spread, Plethico has successfully diversified its product profile over pharmaceutical formulations, OTC drugs, nutraceuticals, herbals and sports supplements. A coordinated effort between market research, product development and product launch teams, ensures a continuous flow of new products in our pipeline thereby feeding the respective market segments to ensure sustained growth in volumes and margins. With over 400 different formulations in more than 20 therapeutic segments, Plethico has a strong presence in Cardiac, Anti-malarial, Anti-tubercular, Anti-infectives, Pain, Gastro, Cough & Cold and other nutraceutical segments. Identification of new therapeutic categories, products, innovation in Novel Drug Delivery Systems & patient compliance is the basis of our product selection. A range of clinically proven herbal products, developed from scientifically validated herbal extracts offers a safe and natural alternative in treating lifestyle related disorders like diabetes, high cholesterol, sleep disorders, digestive disorders and pain management.





## Research And Development

Our R&D is a manifestation of our belief in quality and innovation. Commitment of channelizing substantial revenues into R&D has always made sound business sense to us at Plethico. "As we sow, so shall we reap", is the research and development philosophy we follow. Over 400 product approvals and an innovation team of 40 research personnel in two separate R&D centers, is testimony to our focus on R&D. Our team consists of committed scientists with expertise in botany, pharmacognosy, analytics and pharmacology as well as consultants having long associations with the herbal drug industry. Procuring authentic material, pharmacological evaluation in laboratory models, formulation development and modern clinical trials are integral processes of the herbal product development cycles. We are presently strengthening development in the areas of effervescent products, finger printed herbal extracts, range of medicated/center filled lozenges, sustained release formulations, fast melt tablets and use of pelletization technology.

## Quality Assurance

Quality culture and Quality consciousness has been an inherent virtue in Plethico's operation, be it in processes, equipments, test methods, standards, validation or cleaning procedures. Adherence to strict norms of pharmacopoeial standards that are practiced worldwide is mandatory at our ultra-modern quality control labs. We have the latest technical equipments, be it analytical, chemical, microbiological or specialized testing methods. Our Quality Management Systems includes compliance with cGMP and GLP, detailed SOPs and regulatory validation procedures to ensure Total Quality Management (TQM). Quality building at each stage is a routine procedure right from raw material, storage, testing, approval and production. Quality is assured through stringent in-process monitoring and testing of finished product against predetermined specifications. Regular in-house and sponsored manpower training and developmental programmes provide a regulatory environment that encourages continuous improvement in processes, testing methods and Total Quality Compliance (TQC).

## Human Resource

It is our firm belief, that the primary productive and generative asset in any business is the people. We at Plethico believe that it is of prime importance to enhance the emotional and intellectual equity of the people as well as gain their trust and commitment to achieve the organizational and individual goals. Nurturing people, motivation and training form the cornerstone of our 'People Philosophy'. We have been nominating our personnel for regular training programmes conducted by specialists and in-house training programmes on an on-going basis. We realize that we all need to change and re-invent ourselves, to achieve the goal of perfection. 'ATIRE' the acronym for Attitude, Team Work, Innovation, Responsibility and Excellence is the base for the working culture for our people. Defining specific work areas, empowering people and encouraging team work has contributed in building an organizational structure where individual goals are in tune with the organizational goals, thus enhancing value for all.

## NOTICE

NOTICE is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of **Plethico Pharmaceuticals Limited** will be held on Friday, 28<sup>th</sup> day of June, 2013 at 9.30 A.M. at the registered office of the Company situated at A.B. Road, Manglia – 453 771, Indore (M.P.) to transact the following business:

### I Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> December 2012 and the Profit and Loss Account and Cash Flow Statement for the period ended on 31<sup>st</sup> December 2012 together with the reports of the Board of Directors and Auditor thereon.
2. To appoint a director in place of Mr. Chirag Patel, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint N.P.Gandhi & Co., Chartered Accountant, Mumbai (F.R.No 116574W) as Statutory Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### II Special Business :

4. To consider and if thought fit, to pass with or without modification(s) if any, the following as an Ordinary Resolution:

“RESOLVED THAT CA. Hitesh Thakar who was appointed as an Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, CA. Hitesh Thakar as a candidate for the office of the Director be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.”

5. To consider and if thought fit, to pass or with or without modification (s) the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to applicable provisions of the Companies Act, 1956 (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), Article 149 of the Articles of Association of the Company and the Circular No. CIR/CFD/DIL/11/2012 dated 29<sup>th</sup> August, 2012 of the Securities and Exchange Board of India (“SEBI”) prescribing the manner of achieving the minimum public shareholding requirements in terms of the Securities Contracts (Regulation) Rules, 1957 and subject to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subject to the Foreign Exchange Management Act, 1999 and consequent upon receipt of such approvals, permissions and sanctions as may be necessary and also subject to such terms, conditions and modifications as may be prescribed in granting such approvals, permissions, sanctions by appropriate authority or authorities and agreed to by the Board of Directors of the Company (hereinafter called the Board, which term shall be construed as to include any Committee of the Board that may be constituted by the Board to exercise the powers conferred by this resolution), the consent of the Company be and is hereby accorded to the Board for capitalization of ₹ 1,51,91,250/- (Rupees One Crore Fifty One Lacs Ninety One Thousand Two Hundred and fifty) only (or such amount, as may be approved by the relevant authority

and accepted by the Board ) standing to the credit of General Reserves or any other permitted reserves/surplus of the Company as are available for issue of bonus shares as may be deemed appropriate and suitable by the Board, for the issue of bonus shares of the face value of ₹ 10/- (Rupees Ten) each, to be credited as fully paid up to the existing equity shareholders of the Company (except to the promoter/promoter group company who have waived their entitlement / rights in the proposed bonus issue) whose names appear on the Register of Members/list of beneficial owners maintained by the Depositories as on such date to be fixed by the Board (“Record Date”), in the proportion of 1(one) new equity share for every 5 (five) existing equity shares held by them subject to the following terms and conditions:

1. This Resolution will not be operative in the event of the Company being unable to obtain all necessary approvals/consents of the appropriate authorities to enable allotment of Bonus Shares to the members other than promoters and promoter group, as the purpose of this Resolution is to increase public shareholding to the extent of the 25% of the total paid up equity capital of the Company.
2. The shares so distributed shall be treated for all purposes as an increase in the amount of capital held by members and not as an income;
3. The new equity shares shall be allotted subject to the provisions of the Memorandum and Articles of Association of the Company and shall in all respects rank pari passu with the existing fully paid up equity shares of the Company including the right to participate in full in dividend, if any, that may be declared for the financial year in which the bonus shares are allotted;
4. No letter(s) of allotment shall be issued to the allottees of the bonus shares. Share Certificates with respect to the bonus shares will be issued and dispatched to the members who hold the existing shares in physical form and the respective beneficiary accounts will be credited with the bonus Shares, for such members who hold the existing equity shares in dematerialized form, within the prescribed time;
5. All fractions resulting from the said issue of bonus shares will be rounded off to the next higher whole number;
6. The issue and allotment of the bonus shares to non-resident members, Foreign Institutional Investors (FIIs) & other foreign investors shall be subject to approval of Reserve Bank of India, as may be necessary.

“RESOLVED FURTHER THAT, for the purpose of giving effect to this resolution, the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this resolution and to settle any question, difficulty or doubt that may arise in regard to the issue or distribution of the bonus shares, which shall be final and binding on all members of the Company and other interested persons.”

By Order of the Board of Directors  
of Plethico Pharmaceuticals Ltd.

**Amrish Kumar Chourasia**  
Company Secretary

Mumbai, 1<sup>st</sup> June, 2013

## NOTES

1. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company will remain close from 25.06.2013 to 28.06.2013 (both days inclusive).
4. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days i.e. Monday to Friday between 11.00 a.m. and 1.00 p.m. upto the date of meeting.
5. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Shareholders holding shares in physical form are requested to intimate their change in address/Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to M/s Link Intime India Private Ltd., Registrar and Share Transfer Agent, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W) Mumbai-400078. Beneficial owners holding shares in electronic form are requested to intimate their change in address/Bank Mandate/National Electronic Clearing Service (NECS) details, if any, to their respective Depository Participants (DP) in order to get the same registered.
9. As per the Circular No. MRD/Dop/Cir-05/2009 dated 20<sup>th</sup> May, 2009 issued by Securities and Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer of shares in physical form. Therefore, the transferee (s) is required to furnish a copy of their PAN card to the Company/Registrar and Share Transfer Agent of the Company for registration of transfer of shares.
10. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
11. Members are requested to preferably send their queries to the Registered Office 7 days before the date of Annual General Meeting.
12. The Relevant details as required by clause 49 of the Listing Agreement entered with the Stock Exchanges, of person seeking appointment/re-appointment as Director of the Company are annexed hereto.
13. In terms of provisions of Section 205C of the Companies Act, 1956, the application money received for allotment of shares at the time of Initial Public Offer (IPO) of the Company and due for refund and

remaining unclaimed is required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Accordingly the Company has transferred the application moneys received at the time of IPO of the Company in the year 2006 and remaining unclaimed to IEPF within prescribed time.

14. In terms of provisions of Section 205A read with Section 205C of the Companies Act, 1956, as amended, the amount of dividend remaining unpaid or unclaimed is required to be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. The information pertaining to date of declaration of dividend and corresponding dates after which such unpaid or unclaimed dividends would be transferred to IEPF are given as under:

Financial Year	Dividend per Share	Date of Declaration	Due date for Transfer	Unpaid/ Unclaimed
2005-06	2.50	30.03.2007	29.04.2014	34510.00
2006-07	2.50	27.06.2008	26.07.2015	30213.50
2007-08	2.50	26.06.2009	25.07.2016	60989.00
2008-09	2.50	30.06.2010	29.07.2017	103158.00
2009-10	2.50	28.09.2011	27.10.2018	24781.00

Please note that no claim shall lie against the Company or IEPF for such unclaimed dividend once such amount is transferred to IEPF. Members, who have not yet encashed their dividend warrants for any of the aforesaid financial years, are therefore requested to contact the Company's Registrar and Share Transfer Agents, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai-400 078, at the earliest for revalidation.

15. For faster communication and for supporting in full measure, a green initiative taken by the Ministry of Corporate Affairs, allowing services of notice/documents including Annual Report through e-mail, the shareholders holding shares in electronic form are requested to kindly register/update their e-mail addresses with their respective depository participants. The shareholders holding shares in physical form are requested to register/update their email addresses with M/s Link Intime India Private Limited, Registrar and Share Transfer Agent of the Company.

## Annexure to the Notice

### Explanatory statement in pursuant to the provisions of section 173(2) of the Companies Act, 1956 in respect to the special business

#### Item No. 4

To broad base the Board of directors and to comply with the requirement of Clause 49 of the listing agreement CA. Hitesh Thakar was appointed by the Board as an Additional Director and categorized as non-executive independent director of the Company to hold office till the date of the ensuing Annual General Meeting.

The Company has received notices under section 257 of the Companies Act, 1956 from members proposing his appointment for the office of the Director of the Company. CA. Thakar is a Member of the Institute of Chartered Accountants of India and his brief resume including other details as per Clause 49 of the Listing Agreement is given in this annual report and form part of this notice.

The Board recommends for the appointment of CA. Hitesh Thakar and proposes to pass the resolution as set out in item No. 4 of the Notice by way of an ordinary resolution.

Except, CA. Hitesh Thakar, none of the directors of the Company are interested or concerned in the resolutions as set out in item No. 4.

#### Item No. 5

As per the amended Rule 19A(1) of the Securities Contracts (Regulation) Rules, 1957 ("SCRR") and the corresponding provision (Clause 40A) of the Listing Agreement, every listed company is required to maintain a minimum public shareholding of at least 25%. The listed companies in which public shareholding was below 25% as on the date of amendment of the Rule 19A(1) to this effect were given a period of three years from the date of such commencement for attaining the minimum shareholding, i.e. till 3<sup>rd</sup> June, 2013.

Presently the public shareholding in the Company is only 22.30%, the rest (77.70%) being held by the Promoter and Promoter Group.

The Securities and Exchange Board of India ("SEBI") has prescribed the methods in which a company may increase its public shareholding in order to comply with the SCRR. One of the methods prescribed by SEBI is 'bonus issue to public shareholders, with promoters/promoter group shareholders foregoing their bonus entitlement' ("Bonus Method").

Your Directors have decided, subject to prior approval of SEBI, Members of the Company and any other approvals, to adopt the Bonus Method to increase the public holding in the Company. The public shareholders of the Company will be allotted fully paid up bonus shares in the ratio of 1 (one) new equity share for every 5 (five) existing equity shares held by them on the Record Date with fractions being rounded off to the next higher whole number.

The shareholders belonging to the Promoter/Promoter Group have waived their right for bonus entitlement. The Company is required to make an application to the Securities and Exchange Board of India for waiver of certain conditions for issue of Bonus shares as stipulated in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time. In case the approval is not granted by SEBI or approval is granted but the terms and conditions may not be acceptable to the Board of Directors of the Company, then in that event this resolution will not be operative and implemented. Subject to the above the Board of Directors recommends the passing of the Resolution as set out in item No.5 of the Notice.

Mr. Shashikant Patel, Chairman & Managing Director, Mr. Chirag Patel, Whole-Time Director & Chief Executive Officer, Mrs. Gauravi Parikh, Executive Director, may be deemed to be concerned or interested in the resolution to the extent of the equity shares respectively held by them in the Company.

By Order of the Board of Directors  
of Plethico Pharmaceuticals Ltd.

**Amrish Kumar Chourasia**  
Company Secretary

Mumbai, 1<sup>st</sup> June, 2013

#### Profile of Directors seeking appointment / re-appointment at the twentieth Annual General Meeting as stipulated under Clause 49 of the listing Agreement as under:

##### Mr. Chirag Patel

He is a young dynamic entrepreneur aged 42 years with bright, innovative & fresh ideas to do business. He is a Whole Time Director and Chief Executive Officer of the Company with over 17 years of experience working in the global pharmaceutical industry. Mr. Patel started his career and looking the sales, Distribution, Production and finance. Mr. Patel is actively associated with the Company's business since 1996. He is responsible for the Company's brand building and its entry into the consumer healthcare business. He is also responsible for the Company's international operations being conducted in more than 50 countries with significant presence in US, CIS, Africa and GCC. He also looks after and monitors business operations of Company's Wholly Owned Subsidiaries at UAE, Step down subsidiaries at US and Strategic Alliances with Rezlov & Tricon. Mr. Patel holds a Bachelor of Pharmacy degree from Manipal University, Karnataka, India

He is a director of Plethico Laboratories Pvt. Ltd., Plazma Laboratories Pvt. Ltd., Plearc Limited, Plethico Global Holding B.V., Netherlands, Plethico US Holdings Kft, Hungary, Plethico International Limited, Dubai, Natrol Global Fz LLC, UAE.

He is a member of Audit Committee, Share Transfer & Shareholders/ Investor Grievance Committee, Securities Issue and Allotment Committee and QIP Issue Committee of the Board of Directors of the Company.

He holds 7,84,000 equity shares aggregating to 2.30% of the paid-up capital of the Plethico as on 31<sup>st</sup> December, 2012.

##### CA. Hitesh Thakar

The Board of Directors of the Company appointed CA. Hitesh Thakar as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company effective 9<sup>th</sup> November, 2012 and he holds office upto the date of this Annual General Meeting.

CA. Thakar aged about 33 years is a Commerce Graduate from the University of Mumbai and a Member of the Institute of Chartered Accountants of India. He is also qualified as a Company Secretary. He is a practicing Chartered Accountant since last 7 years. He has varied experience in the field of Finance, Taxation, Law, Audit and Management. He has worked as an associate with M/s. Bansi S. Mehta & Co.

CA.Thakar, and any other directors of the Company do not have any inter se relationship and is an independent Director in the Board.

He does not hold any Directorships and Committee memberships of any other Companies.

He is a member of the Audit Committee, Share Transfer & Shareholders/ Investor Grievance Committee, Remuneration Committee, Securities Issue and Allotment Committee of the Board of Directors of the Company. He does not hold any Equity shares in the Company.

## DIRECTORS' REPORT

### Dear Members

The Directors are pleased to present this the 20<sup>th</sup> Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> December, 2012. The working results of the Company for the year ended 31<sup>st</sup> December, 2012 vis-à-vis those of the previous year are summarized below:

₹ in Million

Particulars	Consolidated		Standalone	
	Current year ended 31 <sup>st</sup> December, 2012	Previous year ended 31 <sup>st</sup> December, 2011	Current year ended 31 <sup>st</sup> December, 2012	Previous year ended 31 <sup>st</sup> December, 2011
Sales	16315.41	15570.41	4750.60	4120.09
Other Income	365.29	843.39	357.59	812.70
<b>Sales and Other Income</b>	<b>16680.70</b>	<b>16413.80</b>	<b>5108.19</b>	<b>4932.79</b>
Total Expenditure excluding Interest, depreciation, amortization & tax	14735.71	13460.20	4829.64	3722.96
Profit before Interest, Depreciation, Amortization & Tax	1944.99	2953.59	278.55	1209.83
Interest (Net)	614.32	835.43	499.26	771.88
Depreciation and Amortization	177.29	176.27	83.01	82.38
<b>Profit Before Tax, Exceptional and Extraordinary Item</b>	<b>1153.38</b>	<b>1941.89</b>	<b>(303.72)</b>	<b>355.57</b>
Exceptional Item	81.15	-	374.95	-
Extraordinary Item	(141.75)	(630.00)	(141.75)	(630.00)
Provision for Taxation	77.90	282.78	8.40	101.95
<b>Profit After Tax</b>	<b>1014.88</b>	<b>1029.11</b>	<b>(78.92)</b>	<b>(376.38)</b>
Profit bought forward	7604.53	6575.40	2610.28	2986.67
<b>Profit available and carried to General Reserves</b>	<b>8622.38</b>	<b>7604.53</b>	<b>2531.36</b>	<b>2610.28</b>

### Overview

The Global economy in 2012 improved slightly but was short of expectations. Several key countries' economy experienced recession due to high unemployment, banking fragility, fiscal tightening and sluggish growth. The year 2012 proved to be challenging year amidst global economic uncertainties and disturbances in many parts of the world. Despite these constraints and challenging environment, the company performed reasonably well.

During the year under review, the sales on consolidated basis has grown up slightly by 4.78% to ₹ 16315.41 mn. whilst Net profit has declined to ₹ 1153.38 mn. However, on standalone basis sales has grown up to ₹ 4750.60 Mn. against ₹ 4120.09 Mn. in the previous year registering a growth of 15.29% but there was dip in the profitability. This happened because of strategic shifting of business during the year to subsidiaries abroad reflecting growth in consolidated performance.

The Global meltdown, turbulent economy, high foreign currency volatility, increasing debt cost are the major factors amidst others that severally affected Company's overall performance during 2012.

However, our aim through the year was to provide world-class healthcare services to all the customers throughout the world while increasing both our customer base and ability to provide blockbuster products at affordable prices to this growing customer base. Along the way, we received accolades for our work from within the country an internationally. We are proud to say that company's Kandla SEZ Unit has been awarded highest export award consecutively for the fifth year.

Today, company has transformed business globally to leverage Plethico's financial and technical skills, open new vistas for the enterprise and the energetic talent and to create new values worldwide. And during this process, Plethico has nurtured relationship across the entire range of customers, business partners, techno-economic consultants, stakeholders, which helps the company to understand pertinent issues, develop business, enhance shareholders

values and manage risks better. It is the relationship and trust that make the Plethico more robust, resilient and sustainable.

### Dividend

In view of the loss in the standalone accounts, no dividend has been proposed for the year ended 31<sup>st</sup> December, 2012 (Previous Year Nil).

### Subsidiary and other Business Alliances

The company has adopted a completely different path of acquisition and buyouts to carve a unique niche in highly growth-ended regulated and semi regulated markets worldwide. The recent acquisitions enabled the company to ride on new opportunities that would have taken years to start from scratch. Such acquisitions have begun yielding benefits in different ways that go beyond size and scale.

Currently company has two Wholly Owned Subsidiaries namely Plethico Global Holdings B.V., Netherlands (PGH) and Plethico International Limited, UAE (PIL). The PGH is also having subsidiaries and step-down subsidiaries in many countries that had given added advantage of rapid scaling-up, broad-ended customer base and global footprint. PIL has plans to setup an ultra modern medicated lozenges and solid doses formulation unit in UAE.

Apart from subsidiaries and step-down subsidiaries, the Rezlov Group of Companies in which company currently hold 45% equity stake, also contributed significantly in the growth of the organization. Tricon, a Dubai based retail pharmacy chain in which company holds 20% stake also strengthened Company's clench in pharmaceutical and nutraceutical markets of the CIS.

The tax-efficient structure of subsidiaries, step-down subsidiaries and business alliances created by the company worldwide has given a strong foothold to the company across the globe.

### Consolidated Financial Statements

As stipulated in the listing agreement with the stock exchanges, the consolidated financial statements have been prepared by the company in connection with its subsidiaries in accordance with the relevant accounting standards issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements together with auditor's report thereon form part of annual report. Company's all the subsidiary companies are non-material, non-listed Indian companies as defined under clause 49 of the Listing Agreement with the Stock Exchanges.

A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies is attached to the accounts. In terms of the general exemption granted by the Ministry of Corporate Affairs vide its circular no. 02/2011 dated 8<sup>th</sup> February, 2011, the audited accounts and Reports of Board of Directors and Auditors of the Company's subsidiaries have not been annexed to this Annual Report. The Company has complied with the requirements as prescribed under the said circular.

### Employee Particulars

None of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended

### Directors

Mr. Chirag Patel, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offers him selves for re-appointment. The Board recommends his re-appointment

The Board has appointed CA. Hitesh Thakar as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company effective 9<sup>th</sup> November, 2012 and holds office upto the date of this AGM. The Company has received Notice under Section 257 of the Companies Act, 1956 proposing the candidature of CA. Hitesh Thakar as a Director of the Company.

Mr. Abhay Suhane, the Independent Director has resigned from the directorship of the Company with effect from 3<sup>rd</sup> October, 2012. The Board expresses its appreciation for the valuable services rendered and matured advice provided by Mr. Abhay Suhane.

### Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Director's responsibility statement in relation of the financial statement for the year ended on 31<sup>st</sup> December 2012 is furnished herein below and state and confirm:

- i) that in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> December 2012 and of the loss of the company for the year ended on that date.
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance

with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv) that the directors had prepared the financial statement and annual accounts on a going concern basis.

### Fixed Deposits

The Company is accepting deposits u/s 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 as amended. The company is not having overdue deposits outstanding other than those unclaimed deposits of ₹ 4.216 Mn. as on 31<sup>st</sup> December, 2012. The total balance of Deposits as on 31<sup>st</sup> December, 2012 stood at ₹ 1466.04 Mn. There is no default in repayment of deposits or interest thereon as at 31<sup>st</sup> December, 2012.

### Management Discussions and Analysis Report

Management Discussion and Analysis Report for the year under review, as required under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is annexed and forming part of this Report.

### Corporate Governance

Your company has been practicing the principal of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity. Yours directors adhere to the stipulation set out in the listing agreement to the Stock Exchanges. As required by Clause 49VI of the Listing Agreement, a detailed report on the Corporate Governance forms part of this Report. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached to the Corporate Governance Report.

In terms of sub clause V of Clause 49 of the listing agreement, certificate of the CEO and CFO inter alia confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the audit committee in terms of the said clause, is also enclosed as a part of the report.

### Auditors

M/s. N. P. Gandhi & Co., Chartered Accountants, Mumbai (F.R.No. 116574W), the Statutory Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Auditor has confirmed that their re-appointment, if made shall be within the limits of Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment as Auditors and to fix their remuneration.

### Auditors' Report

The report of the auditors of the Company and notes to the accounts are self-explanatory and therefore do not call for any further comments and may be treated as adequate compliance of section 217(3) of the Companies Act, 1956.

### Cost Auditors

The Board appointed M/s Rajesh Runwal & Associates, Cost Accountants, as the Cost Auditors of the Company for the year ended 31<sup>st</sup> December, 2012. The Audit report of the Cost Accounts for the year ended 31<sup>st</sup> December, 2012, will be submitted to the Central Government in due course.

### Safety, Health and Environment (SHE) and Energy Conservation

Safety, Health and Environment (SHE) management is a non-negotiable priority at Plethico. Safety and Health of our people is of paramount concern and so is minimization of environmental impact of our industry. Our vision is to be a zero-injury organization. Effective implementation of the safety and environmental standards is supported by your company's occupational safety program based on the behavioral safety management techniques. The company continued to focus on behavioral safety aspects of employees and visitors along with continual improvements in engineering controls and safety management systems.

Your company has been focusing on improving environmental performance and has drawn up an ambitious plan to reduce the environmental aspects of operations including reduction in the energy costs.

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be given pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto in Annexure and forms part of this report.

### Research & Development and Technology

Your Company has a long-standing culture and history of delivering high consumer business value through creative ideas and superior technology for its brands. Research and Development (R&D) has always been considered crucial for the continuous up-gradation & sustained growth of the Company. This sustained high performance has helped in building a strong foundation for our business and also differentiated our brands strongly. The technology drive in your company is a journey that began with the great vision of Late Shri Bhaskar Patel (known as Babuji with great affection), the former Founder Chairman and Managing Director of the Company. The strong research foundation laid by him and its expansion over the years have enabled to produce a steadily accelerating stream of high-value deliveries to the domestic & global customers.

The global challenges faced by the Indian Pharmaceutical industry at large have increased several folds in the face of the transition from process to product patent regime in India from 2005. Your Company has stepped-up investments in R&D to keep pace with the changing domestic and global scenario. High quality R&D has been pursued to innovate in the area of herbals and nutraceuticals. After exploring our country's vast traditional knowledge base & the latest nutraceuticals active elements, the best sustainable offerings are identified and refined to provide specific performance benefit to consumers in the area of personal healthcare. We firmly believe in the philosophy of "PREVENTION IS BETTER THAN CURE". By and large the society is accepting these thoughts and moving towards better health. Our R&D team is thriving to develop products in food and dietary supplements. It continues to be focused on providing dietary options with the combination of superior aroma and tests with specific enhancement in health and nutritional benefits to the consumers at large.

### Human Resources

Your company believes that today a major HR challenge for any organization is capability building aligned to business strategy meeting the challenges posed by the changing business scenario. The company

continued to enhance capability by realigning leadership competency frameworks to new business realities and the company's future roadmap.

The company implemented various measures to build a strong, adaptive and matured corporate structure, which is flexible, responsive and cohesive. Development workshops were organized to improve the overall competency level of employees with an objective to improve the operational performance of individuals keeping in view stringent quality norms of different regulatory authorities. The employee training and development function was aligned to add greater thrust on building required competencies for meeting the new emerging business challenges. Based on feedback from employees, key initiatives like benchmarking and revising of performance management system, reward and recognition process and measurement of training effectiveness were undertaken.

The involvement of employees at all levels has been achieved through continued promotion of TQM activities across the organization with the involvement of top management team.

The overall employee relationship and working environment was healthy, cordial and harmonious across various locations.

### Corporate Social Responsibilities (CSR)

The company continued to involve itself in social welfare activities, both through charity and social investment issues like education, health, nutrition and over the years serious efforts have been directed towards making a meaningful contribution to uplifting and transforming the lives of the underprivileged. The Company is contributing to sustainable development by its economic activities combined with the fulfillment of its social responsibilities relating to the health, safety and environment aspects. The Company took a conscious decision to contribute towards its belief that "*If you educate a boy, you are educating a person and If you are educating a girl, you are educating a family...*" Towards this end, the "Shri Hari Charitable Trust" was setup to serve society at large by providing totally free education to the poor and needy girls of the rural areas.

Your company is alive to the challenges and remains firm in its believe that it is possible to 'do good while doing well' and that running a successful business and creating positive social impact are not separate objectives.

### Listing of Shares

The Equity Shares of the Company continue to be listed on Bombay Stock Exchange Limited and The National Stock Exchange of India Limited, Mumbai. The annual listing fees for the year 2012-2013 have been paid to these Exchanges.

### Website

The Company has a well designated and updated website [www.plethico.com](http://www.plethico.com) containing information about the Company's products, manufacturing facilities, area of specialization, performance overview etc. The details with respect to new product developed, new market explored, company's upcoming plans etc. have also been put on the website. The parties associated with the organization are welcome to visit the website to keep them selves updated on the Company.

## Acknowledgement

Your Directors place on record their sincere appreciation for significant contribution made by the employees through their dedication, hard work and commitment and the trust reposed on us by the medical fraternity and the patients.

We also acknowledge the support and wise counsel extended to us by the analysts, bankers, government agencies, shareholders and investors at large. We look forward to have the same support in our endeavor to help people lead healthier lives.

On behalf of the Board of Directors

**Shashikant Patel**

Chairman and Managing Director

Indore, 1<sup>st</sup> March, 2013

## Annexure to the Director Report

**Particulars under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31<sup>st</sup> December 2012.**

### CONSERVATION OF ENERGY

From the early stage, conscious efforts have been made to minimize energy consumption and company is introducing more and more innovations and improvements to further reduce energy consumption. Some additional energy conservation features incorporated during the year under review are as under:

#### At Manglia Formulation Unit

1. Maintaining power factor between 0.99 to unity, to get the incentive from MPSEB leading to average savings of ₹ 17746/- per month.
2. Cut- off the excess lighting to minimize the lighting load and provided required new with electronic ballast. Savings of ₹ 6000/- per month.
3. Removing of extra leakage from Steam Trap leading to savings of ₹ 24525/- per month.
4. Extra Load cutting leading to savings of ₹ 14,336/- per month.
5. Optimization of chilled water temperature to reduced the electric power consumption leading to savings of ₹ 16,800/- per month.

#### At Kalaria Formulation Unit

1. Minimize the lighting load by extensive monitoring and switching "OFF" the excess lights in different departments of the Plant leading to saving of ₹ 20000/- per month.
2. Maintained the Power factor between 0.99 - 1.00 throughout the Year and received the incentive from MPSEB. Average Savings of ₹ 71,585/- per month.
3. Power savings by installing Variable Frequency Drive with the Motor of 234 CFM air compressor leading to Savings of ₹ 6,000/- per month.
4. Power savings by installing Variable Frequency Drive with the

Motor of 95 CFM air compressor leading to savings of ₹ 23,076/- per month.

5. Fuel savings on recovery of condensate coming out from Water System. Average Savings of ₹ 17,061 /-per month.
6. Fuel savings on recovery of hot cooling water coming out from Multi Column Distill Water Still. Average Savings of ₹ 6164 /- per month.
7. Power savings by close monitoring on operation of Non BMS and Non Critical Air Handling Units. Average Savings of ₹ 18000/- per month.
8. Power Savings by close monitoring and selection of proper chiller for operation as per the Load requirements. Average Savings of ₹ 161886 /-per month.

### Additional Cost Saving Proposals (Under Consideration)

#### At Manglia Formulation Unit

1. Variable Frequency Drive (VFD's) for the High Side Pumps of HVAC . Average min savings in Units /day (approx.) = 300 Kwh/day = ₹ 825.00/Day.
2. Street Light Poles to be lighted by Solar Energy. Average min savings ₹ 700.00/Day.
3. Provisions of PES Energy saver in Lighting feeders ₹ 750.00 /day.
4. Provisions of Variable Frequency Drive in Air Handling Units for power saving purpose. Average Savings - ₹ 512/day.

#### At Kalaria Formulation Unit

1. Min 10 % Energy Savings can be done by replacing V- Belt Pulley by Flat Belt Pulley of both the Air Compressors. Average min savings in Units /day (approx.) = 120 Kwh/day = ₹ 660.00/Day.
2. Min 10 % Energy Savings can be done by replacing V- Belt Pulley by Flat Belt Pulley of Higher Capacity AHU's in Phase - I. Average min savings in Units /day (approx.) = 168 Kwh/day = ₹ 920.00/Day.
3. VFD's for the High Side Pumps of HVAC . Average min savings in Units /day (approx.) = 300 Kwh/day = ₹ 825.00/Day.
4. Economizers - Chillers and Condensers Heat Recovery for Hot Water applications. Average min savings ₹ 800.00/Day.
5. Conversion of Boiler to Gas fired/Coal fired in place of Oil Fired.
6. Street Light Poles to be lighted by Solar Energy. Average min savings ₹ 700.00/Day.
7. Provisions of PES Energy saver in Lighting feeders ₹ 750.00 /day.
8. Centrifuge Filtration Technology for Furnace Oil. ₹ 4500.00 / day

**Impact of the measures taken as above for reduction of energy consumption and consequent impact on the cost of production of goods.**

The various measures taken as above for energy conservation have resulted in substantial saving of energy and fuel and have resulted in reduction in expenses and thus the cost of production has also reduced.

**Particulars with respect to Conservation of Energy****A. Power and fuel consumption**

Particulars	Current year ended 31 <sup>st</sup> December, 2012	Previous year ended 31 <sup>st</sup> December, 2011
<b>Electricity</b>		
(a) Purchased Unit (KWH)	4388341	5938179
Total amount (₹ In Million)	33.42	36.67
Rate/unit (₹)	7.61	6.14
(b) Own Generation Through diesel generator Unit KWH	168644	228944
Units (KWH) per ltr of diesel oil	3.13	3.25
Cost/unit (₹)	14.56	13.73
<b>Fuel Consumption</b>		
(i) Coal (Kg.)	Nil	Nil
(ii) Light Diesel Oil (Ltr.)	Nil	Nil
(iii) Diesel (Ltr.)	53267	70433
(iv) Furnace Oil	390609	510934

**B. Consumption per unit of production**

The working of consumption per unit of production is practically not possible as the operations of the Company involve multiple products.

**TECHNOLOGY ABSORPTION**

Particulars with respect to the technology absorption are as under:-

**I. Research and Development (R & D)**

- **Specific area has been created for in-house R&D at large scale.**

Research & Development is mainly concentrated in development of new formulations. The Research & Development activities are going on in the fields of NDDS, such as effervescent, sustained release, center filled lozenges, fast melting tablets. The company has intensified its focus on R&D in nutritional & animal health care division. The development activities are aimed at:

- New product development.
- Opening of the new segments & market for the company.

- **Benefit derived as a result of the above R & D :**

The above R&D activities have and will result in development of new formulation as indicated above & some of which have already been launched in international markets. The company expects that the above activities would help in the development of new products & will help the company to move into new segments & catering to a new category of customers, in future at reduced cost.

- **Future plan of action :**

In order to strengthen the research and development and to create intellectual properties for providing safe, cost effective, contemporary and quality therapeutics, the company is planning to set-up a high-tech R&D Center well equipped with latest technologies, accoutrement and highly skilled manpower dedicated to the profession.

- **Expenditure on R & D (year ending 31<sup>st</sup> December, 2012):**

Capital : ₹ NIL

Recurring : ₹ 25.18 million on material, manpower and manufacturing and other overheads.

Total : ₹ 25.18 million.

Total R & D expenditure as a percentage of Turnover (including other income): 4.94% However, as per the established accounting policy, the expenditure incurred on R&D remains merged within various heads.

**II. Technology absorption, adaptation and innovation :**

- **Efforts, in brief, made towards technology absorption, adaptation and innovation.**

The company has been adapting new technologies by keeping the tracks of latest development in the field of technology. The company is well aware of the need to procure & install latest technology.

- **Benefits derived as a result of above efforts**

The main benefits derived as a result are cost reduction, quality improvement & new product development.

- **Details of Imported Technology :**

There is no technology imported during the year under review

**FOREIGN EXCHANGE EARNING AND OUTGO**

₹ in Million

Sr. No.	Particulars	Current year ended 31 <sup>st</sup> December, 2012	Previous year ended 31 <sup>st</sup> December, 2011
i	Total Foreign Exchange earning	3175.34	2744.55
ii	Total Foreign Exchange outgo	2363.88	1398.95

On behalf of the Board of Directors

**Shashikant Patel**

Chairman and Managing Director

Indore, 1<sup>st</sup> March, 2013

## Management Discussions and Analysis

### Company Profile:

Plethico Pharmaceuticals Limited is a leading global healthcare / pharmaceutical company with strong emphasis on the herbal and nutraceuticals segments. The company which was established in 1991 is focused on manufacturing, marketing and distribution of pharmaceutical and allied healthcare products in the nutraceuticals and herbal segments in both domestic and global markets. Plethico operates in the segments of sports nutrition, confectionary and OTC in India. It is also a leading player in the Commonwealth of Independent States (CIS), Africa, South East Asia, Latin America and in the GCC for its Travisil range of products. In 2008, Plethico acquired Natrol, a leading manufacturer and marketer of branded nutritional products in the United States.

The consolidated revenue of Plethico in year 2012 was USD 314 Mn., an annual increase of 1.6%. The nutraceutical segment's share of revenue was 49% while the herbal segment's contribution was 35%. The balance 16% was accounted by allopathic segment which included trading sales.

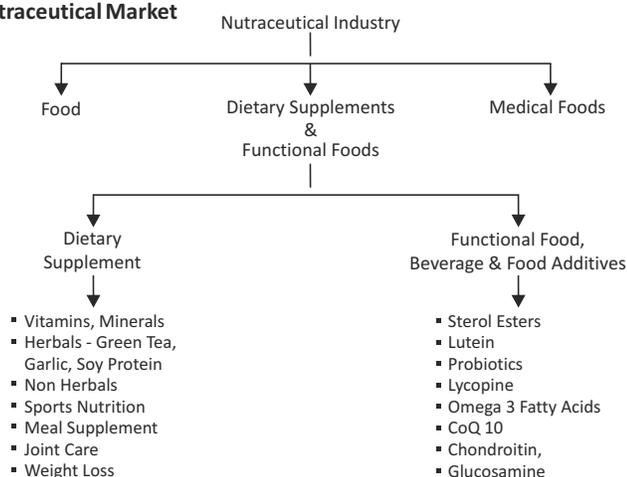
As per the market research firm Euro Monitor, Plethico is one amongst the top 20 players in the USD 5 Bn. sports nutrition product market. The group today has a portfolio of over 200 branded products sold in more than 60 countries.

### Vision:

To be amongst the top 10 international herbal / nutraceutical player by creating a 'global Plethico healthcare brand', drawing upon the rich heritage of the Indian system of herbal medicine.

### Industry Overview:

#### Nutraceutical Market



Nutraceuticals can be broadly categorised as products, which supplement the diet to provide nutrition or health benefits including the prevention and treatment of diseases in addition to the basic nutritional value found in foodstuffs.

Nutraceuticals are particularly of interest to the present generation because they have the potential to maintain health and normal body functions. Nutraceuticals are also widely used as adjuvant supplements for management of chronic and lifestyle related diseases. Primarily used in functional foods and dietary supplements, nutraceutical ingredients are natural, bioactive or chemical compounds that have health promoting properties.

Since the early 1990s, there has been a considerable shift in consumers' (especially consumers from developed countries) perspective towards nutraceuticals and functional foods. Currently, consumers are much more conscious and aware about health and many share the perception that the onset of many

chronic diseases can be prevented with the proper intake of nutritious diet. Dietary supplements serve the purpose of maintaining the functioning of body systems and also serve as an aid for performance enhancement and disease prevention.

In addition to the above-mentioned changes, consumers' preference has now undergone a paradigm shift from synthetic ingredients toward natural and organic foods, beverages and supplements. Present day's consumers are more informed, and this could be attributed to current day media, which keeps consumers abreast of the latest scientific developments in health and wellness. Consumers are now moving towards food products that are obtained from natural non GMO (genetically modified organisms) extracts.

Although the term nutraceuticals is in vogue, there is no universally accepted definition of the term. Broadly put, nutraceuticals can be defined as foods or food derived substances in extracted form, which claim to provide medicinal and health benefits. In fact, the term is so broad that functional foods/beverages, dietary supplements and any other type of food that provides health benefits fit into the nutraceutical category. However, the term becomes too broad and needs to be differentiated. Thus, for the purpose of this report, the term nutraceutical is restricted to functional foods and beverages and dietary supplements.

The global nutraceutical market has seen maximum growth in the last decade. While, nutraceuticals as an industry emerged in the early 1990s, 2002-2010 has been the key growth period for the industry. From 1999 to 2002, the nutraceutical industry grew at an Annual Average Growth Rate (AAGR) of 7.3 %, while from 2002 to 2010, the AAGR doubled to 14.7 %. The industry is expected to maintain comparable growth till 2015 driven by growth from India, China and Brazil.

### State of the market

Globally, US and Japan are the most developed markets for nutraceuticals, due to the consumer acceptability achieved in these regions. India, China and Brazil are developing nations which show huge potential for the nutraceuticals market. Germany and Israel have emerged as the key innovation hubs of the nutraceutical industry.

### North America

Currently, US enjoys the highest share in the world's nutraceutical market. The sector is fast approaching maturity in the dietary supplements segment, while functional food and beverages are quickly catching up. US Consumers are extremely health conscious and they demand specific ingredients in the nutraceutical products they consume, resulting in a need for customization of nutraceuticals for each target group. Currently, companies in the US are looking to diversify their products and are leaning more and more towards natural nutraceutical ingredients in their product offering, mainly due to the increasing consumer demand for all-natural, non-modified functional ingredients.

### India

In 2011, the Indian Nutraceutical industry was estimated at USD 2Bn., roughly 1.5 % of the global nutraceutical industry. Although currently a nascent market, efforts are being undertaken trying to incorporate traditional herbal ingredients (usually ayurvedic) into the nutraceutical portfolio. The existence of alternative medicine in India and the Indian consumer belief in them could provide a platform for the nutraceutical industry to capitalize on. The Indian

consumer awareness about conventional nutraceutical ingredients such as omega-3 fatty acids or lutein is severely limited, so nutraceutical manufacturers need to take up the cause and spread awareness about their products to the Indian masses. In India, functional foods are expected to see increased consumption over the next five years resulting in functional foods and beverages garnering greater product share in the market as compared to dietary supplements. The total Indian nutraceuticals market in 2015 is expected to be roughly USD 5 Bn.

### Herbal and Ayurvedic Market

Herbal medicine involves the use of any or all of the different parts of plants (roots, leaves, stems and seeds) to treat illnesses and maintain health. The herbal medicines are extracted from leaves, petals and roots of plants and are often a complex mixture of different phytochemicals.

Right from the ancient times, India has a rich heritage of usage of Ayurveda & herbal medicines. Herbal industry at times get clubbed with the nutraceutical industry in the sense that primary and secondary produce viz. medicinal plants and extracts respectively are shipped to European and other places either for final formulation preparation or for extraction or intermediate preparation. Herbal medicine is being practiced in many countries all over the world for many centuries but has only recently started getting legal acceptance by the global regulatory authorities as complimentary & alternative system of medicine; however, they demand the validation of the claims of clinical efficacy of these products.

### Trends

Major trends influencing the market include growing competition leading to industry consolidation, maturing markets in the developed regions, food and pharmaceutical players flooding the market and volatile conditions in the herbal supplements market.

The factors that drive this market include an aging population, affluence of working population with growing interest in healthy diet and reducing affordability of sick care that is driving consumers towards wellness. The positive trends for the industry are facilitated by increasing physician awareness, media penetration and increased accessibility due to newer distribution channels.

The world, which due to technological advances, developed medicines which are quick acting, potent and capable to treat and provide symptomatic relief, has now started to feel the need for longer lasting and more fundamental cures for their health problems. Attention is now being shifted from relief to prevention cure giving rise to the intent to go back to nature & use natural materials & methods of ancient times.

Nutraceutical market is becoming increasingly competitive with the entry of major food and pharmaceutical companies, including Kellogg, Heinz, Quaker, Uniliver, Royal Numico, Dupont, Novartis, Abbott, Amway, Cargill, Hormet, GlaxoSmithkline, Warner-Lambert, Wyeth and others. The Indian nutraceutical market is dominated primarily by pharmaceuticals and FMCG companies with very few pure-play companies. Pharmaceutical and FMCG players' active in the nutraceuticals space have diversified by introducing product extensions and developing variants under existing brand names.

Pharmaceutical companies are employing state-of-the-art technologies to improve therapeutic value of natural substances

derived from herbal and other sources. One of the key ingredients to rapidly expand and succeed in this arena will require the players to develop new competencies by way of different and better dosage forms for the Nutritional Delivery (NDDS).

Quality standards and regulations are becoming more and more stringent similar to that of pharmaceutical markets. Some of the regulations of recent times include the GMP (Good Manufacturing Practices) Act of UK introduced in 2007 and the Dietary Supplement Health and Education Act (DSHEA) of US in 1994. The latter lays down regulatory guidelines for the manufacture, marketing and distribution of dietary supplements. DSHEA also regulates the claims made by dietary supplement manufacturers and retailers.

### What will drive the Nutraceutical Market in the future?

- Investment in awareness programs to educate the public about the ingredient.
- Branding, to differentiate the product and position it as a high quality, effective and value for money offering.
- Investment in Research and development to develop innovative products, packaging and delivery mechanisms.
- Investment in verifying health claims of the products.
- Investment in market research to tune in to consumer behavior.
- Customization of the product offering to suit the target audience to increase penetration.
- Synergistic Mergers and Acquisition to enter new geographical and product markets.
- Increased advertising and promotional activities.

### Plethico - Core Business

#### Overview of brands/products

Plethico group has two major lines of business- Nutraceuticals and Herbal finished formulations. The Company also engages in Allopathic finished formulation as well as contract manufacturing/ toll manufacturing.

Plethico has its own brands in the herbal wellness space like Travisil, Mountain Herbz, Actifresh and Travopassit selling mostly in the emerging markets like CIS, SEA and Africa. Similarly, it has a large portfolio of Nutraceutical wellness brands like MRI, Prolab, Coach's formula in the sports nutrition.

Natrol and its subsidiaries (collectively referred to as "Natrol") manufacture and market branded, high-quality dietary supplements, herbal teas, and sports nutrition products under seven primary brands: Natrol, MRI, Laci Le Beau, NuHair, ShenMin, Promensil, and Prolab. The majority of Natrol's dietary supplements are sold under the Natrol brand. The Natrol brand focuses on supplements that are in high demand as well as specialty niche and proprietary formulations. These supplements include vitamins, minerals, herbal products and specialty combination formulas that contribute to an individual's physical and mental well-being.

Natrol's second largest brand umbrella is MRI. MRI develops markets and distributes sports nutrition products including NO2, Black Powder, CE2, Pro-Nos, HSP Active, WAR and Anabolic Switch. The Prolab sports nutrition line of products is targeted at body builders and health conscious individuals seeking a high degree of physical fitness. Prolab's products include supplements designed to help these individuals gain and lose weight as well as improve muscle mass and muscle definition.

## Sales:

Plethico group sells largely into International markets like US, Europe including CIS, Africa, Asia Pacific, Middle East and LatAm. It also has presence in India.

### US

Plethico Group has its presence in the US through Natrol Inc; which sells its products in the US under the brand name Natrol through multiple channels of distribution that reach customers through mass-market drug, warehouse/club stores, grocery store chains, health food stores, fitness centers, internet retailers and independent catalog companies and reaches out to more than 40 countries through international distributors including through Plethico distribution capabilities. Natrol products have more than 54,000 points of distribution.

Plethico's super speciality sports SBU MRI, sells its products mainly through health nutrition outlets such as GNC (General Nutrition Corporation), Vitamin Shoppe, NBTY, Lifetime Fitness, 24 Hour Fitness, internet outlets that focus on sports nutrition and distributors.

Prolab products are sold primarily through sports nutrition retail stores, fitness centers, websites, health-food stores and internationally, through designated distributors. The NuHair brand of hair product is sold exclusively through the mass market channel of distribution in the US while the ShenMin brand of hair products is sold exclusively within the health food channel of trade.

### Asia Pacific, Latin America and Middle East

This region comprises of: Latin American countries like Chile, Mexico, Trinidad & Tobago, Barbados, Colombia, Bahamas, Bermuda, Brazil and several other countries. Asia Pacific Countries like Taiwan, Korea, Philippines, Myanmar, Cambodia, Vietnam, Australia, Singapore, Indonesia and other Countries and Middle East countries like Kuwait, UAE, Iran, Lebanon, Bahrain, Turkey, Israel and other Countries. The principal products are herbal and nutraceuticals, specifically the Natrol, Prolab, Travisil and Coach's Formula ranges.

### CIS

The Commonwealth of Independent States (the "CIS") SBU focuses on marketing and distribution of herbal/Nutraceuticals/allopathic formulations in Russia, Kazakhstan, Ukraine, Moldova, Kyrgyzstan, Azerbaijan, Belarussia and several other countries including the Eastern European countries. Its principal products are Travisil, Prolab, Natrol, Mountain Herbz and Effertabs range of products alongwith various other herbal and allopathic formulations, all of which require significant sales and marketing efforts. The CIS market is characterised by typical long credit cycles, with most purchases made on the basis of credit rather than cash payments. During the period 2004-06, the company acquired majority stakes in six marketing and distribution companies operating under the name of Rezlov as separate legal entities in Russia, Kazakhstan, Ukraine, Moldova, Kyrgyzstan and Azerbaijan (the "Rezlov group of companies"). The Company's investment in the Rezlov group of companies enabled it to extend its geographic presence as well as provided it with a strong distribution platform. Other benefits included better recovery, thorough product registration & filings in the CIS. The Company consolidated its position in the distribution chain in the CIS market through its acquisition of a stake in Tricon, a leading retail pharmacy chain.

Due to the extremely cold winters affecting the CIS during the period October to March, there is a strong seasonal factor in the CIS SBU shipments and sales. This period is the peak period for colds, coughs and related ailments leading to a high demand for the company's products in related category. However, the extreme weather conditions in the CIS necessitate shipments to be made in advance i.e. during February to August.

### Africa

The countries where Plethico is present is: Ivory Coast, Gabon, Kenya, Uganda, Congo, Nigeria, Ghana, Togo, Benin, South Africa and many other countries. The major products include Travisil, Therasil, Natrol, Prolab and Coach's Formula. The Company is one of the leading Indian Companies in terms of reach in French West Africa.

### India

The Company's current activities in India are broadly divided into:

- Consumer Product Division
  - Sales to Tricon retail pharmacy chain
  - Contract manufacturing / Toll Manufacturing
- a) the Company has been selling one of its globally recognised brand "Travisil" in India in both syrup and lozenge form as well as other products such as "Doctor Relief" foot powder and a mouth ulcer gel. It also engages into selling sports nutrition products under Coach's formula, MRI and Prolab.
  - b) Herbal formulations including extracts in own brand as well as private labels are sold.
  - c) Plethico Pharma was formerly engaged in some contract manufacturing activity, but no longer pursues any material activity in this segment.

### Brand Building

For over a decade, Plethico group has followed a focused strategy of building brands. The company uses various advertising vehicles such as media, modes of travel, in-store promotion, doctor detailing, conferences, medical symposiums and exhibitions in the respective countries of operation.

In the US, its core strategy has been to build brands within the channels of distribution that are appropriate for each brand and to develop increased brand awareness and strong brand recognition among consumers seeking products with a reputation for quality. A suitable illustration is the "MRI" range, which is positioned as a premium brand within the sports nutrition segment worldwide and its brand identity is underpinned by a reputation for innovative science.

### Trademark and Patents

The company regards its trademarks, patents and other proprietary rights as valuable assets and believes that protecting the key trademarks is crucial to its business strategy of building strong brand name recognition. Plethico's policy is to pursue registrations for all of the trademarks associated with all key products.

Natrol has US patent for its Kavatro product and two US patents relating to two amino acid products, SAF and SAF for Kids. MRI holds a number of patents most of which are related to products that contain Alpha Lipoic Acid.

### Manufacturing Units

The manufacturing facilities of Plethico in India are located in the state of Madhya Pradesh & Gujarat.

The Kalaria plant located in Indore is WHO-GMP certified and is also approved by other 10 regulatory bodies from Africa, CIS, SEA, FWA etc. The plant has received "Approval" note from UKMHRA and TGA Australian authorities for Oral Solid dosage forms area - Tablets & Capsules. The area is also equipped with manufacturing of Effervescent Tablets. The Kalaria plant has 3 Manufacturing blocks:

1. Herbal Block- Tablets, Capsules, Liquid orals with special premises for Lozenges/ Medicated Lozenges products. This is being geared up to comply with the 21 CFR 111, Dietary supplement Good Manufacturing Practices (GMP) and THMP registration guidelines (Traditional Herbal Medicine Product) / EU-GMP in coming years.
2. Allopathic Block- Tablets, Capsules, Liquid orals, Injectables. Allopathic block is expected to comply with the UKMHRA (Injectable Unit), USFDA, TGA, ANVISA, PIC(s) & SA-MCC.
3. Nutraceuticals-Powder, Granules, Tablets and Capsules

Manglia plant at Indore is WHO-GMP certified having manufacturing facilities for chewables, coated tablets, hard gelatin capsules, dry syrup and dry powder suspension, with isolated block for manufacturing Antibiotics products (Beta-lactam, Cephalosporins). It also has a separate block for Rifampicin based Anti-TB formulations. The company plans to make suitable upgradation of this plant and get the same approved through WHO-Geneva Pre-Qualification program for Antimalarials and Anti-Tubercular products. There are plans to get the approval for the isolated block at Manglia from SA-MCC and also some other CIS/SEA regulatory Authorities.

In 2001, the Company commissioned its Kandla plant in the Special Economic Zone in Kutch, Gujarat. The plant was established to cater to the Company's export markets, particularly the CIS, Africa and Latin America. This unit is currently equipped to manufacture food supplements and herbal products in tablet, capsule and lozenge dosage forms. The design and construction of the Kandla unit conforms to GMP guidelines for herbal products and supplements.

The Kandla plant has been awarded the "Top Exporter Award" consecutively for the fifth year for the chemicals, drugs, pharmaceuticals and allied sectors and for the combined category of manufactured products and services, respectively, by the Office of the Development Commissioner, Kandla Special Economic Zone, Ministry of Commerce and Industry.

UAE Plant: The Company through its wholly-owned subsidiary, Plethico International Limited, plans to commence work to establish a manufacturing facility for high end, herbal lozenges and other solid dosage preparations (including NDDS) in UAE, to cater to the demand of high end markets such as US, Europe (Including OTC segment, the company faces competition from products from CIS and Eastern Europe), French West African and GCC markets, coordinate the sale/distribution of the Company's and Natrol's high-end products and to take advantage of the proximity to the market and tax-free zone/ free-trade zone status in the Middle East.

### Natrol - Chatsworth Plant

Natrol manufactures most of its tablets and capsules at its 94,000 square foot manufacturing facility and headquarters located in

Chatsworth, California.

In June 2009, this facility was certified new cGMP compliant by the NPA (Natural Products Association). At this facility, tablets and capsules are manufactured, which account for the vast majority of Natrol's supplement sales. Natrol's liquid products, powders, softgels and herbal teas are outsourced to third party manufacturers.

### Raw Materials

The basic raw materials required to manufacture the Company's products are a combination of herbal ingredients and bulk drugs comprising both active and non-active ingredients. Active raw materials are the herbal/chemical compounds that are needed to produce the desired medicated or therapeutic effect in any herbal/pharmaceutical product. Non-active materials are all other materials used in the manufacture of such products. The active raw materials are required in bulk quantities whereas the non-active ingredients are required in small quantities. The majority of its raw materials are available in India. Most of the purchases are made on an unsecured credit basis of between 90 and 120 days without any letters of credit. There is currently no supply shortage in most of the raw material items.

Natrol obtains its raw materials from third-party suppliers. Many of the raw materials used in Natrol's products are harvested internationally. Natrol does not have substantial multi-year contracts with suppliers committing such suppliers to provide the materials required for the production of our products.

### Competition Export markets

In the herbal products segment, formulations of German and US origin dominate the market while products from the rest of the world, including those of the Company and other Indian companies, compete for the remainder of this market. The competition in this market is compounded by low cost producers from South East Asia and by-products based on the Chinese alternative system of medicine. In the CIS, the Company's major competitor for herbal cough and cold related products is a mid-sized Indian player. For food supplements, the Company's principal competitor in the CIS is also a noted mid-sized Indian player, which has a wide range of food supplement products competing with many of the Company's products. The competition in the food supplements segment is again from smaller Indian players, while it is the US companies that are active in the sports supplements segment. In the allopathic products segment, the Company faces competition for its effervescent products from UPSA Laboratories (France), which is marketing a product similar to one of the Company's therapeutic products. For its other allopathic products the Company faces intense competition from a large number of generic pharmaceutical companies.

### Domestic markets

Following its 2003 exit from the ethical segment in India, the Company only operates domestically in the OTC market for consumer products. For sports nutrition products, the Company faces competition from international companies, particularly those from the US, and, due to the semi-regulated nature of the market, even from relatively small scale and informal producers. For the OTC segment, the Company faces competition from products like 'Vicks' and 'Strepsils.'

### Natrol and US markets

The dietary supplement industry is highly competitive. Competition is based primarily on price, quality and assortment of products, customer service, marketing support and the availability of new products. However, price is a key variable. Natrol competes by positioning itself as a supplier of quality products, often with unique compositions.

Natrol's principal competition in the health food store distribution channel comes from a limited number of large nationally known manufacturers and many smaller manufacturers of dietary supplement sales viz. health and natural food store chains, drugstore chains, mass merchandisers and supermarket chains.

In the mass-market distribution channel, Natrol's principal competition comes from broad line manufacturers as well as major private label manufacturers. In addition, several large pharmaceutical companies compete with the nutritional supplement companies. Competition from such companies is strong because these companies have greater financial and other resources available to them and possess manufacturing, distribution and marketing capabilities far greater than Natrol.

### Business strategy:

- Focus on key brands and leverage on cross-selling opportunities

  - Develop a network of strong brands and agile businesses in Nutraceutical, Herbal and Allopathic segments in identified geographies
  - Focus on brands with high relative market share and strong consumer franchise
  - Continue to focus on marketing efforts in India for herbal and allopathic products and significantly increase brand awareness campaigns for nutraceutical products
  - Cross sell products and optimise product portfolio
- Successfully leverage Acquisitions and alliances

  - Acquire products, brands and businesses that are complementary to our existing product line.
  - Expand into new markets via the inorganic route which could be a manifold approach
- Strong focus on distribution network

  - Expand distribution capabilities in the CIS, Europe and Asia Pacific
  - Leverage strong distribution network to introduce herbal products in the US
  - Plan for our own distribution set up and / or field force in all principal places of business like FWA, SEA, Lat Am and Europe by 2020.
- Manufacturing

  - Integrate multi-location production facilities to capture cost efficiencies
  - Exploit locational advantages and tax holiday schemes
  - Decrease outsourced production
  - Emphasis on quality and adherence to regulations
- Financial Management

  - The Company is looking to reduce its debt burden from its current levels
  - Receivables management and reduction of receivables period from CIS and Third Front markets

### Capability to deliver results

#### Diversified product portfolio & Recognised brands

The company has a portfolio of over 200 brands including recognized brands like Prolab, Natrol, Travisil & host of wellness products. Its presence is across a wide range of mature and high-growth nascent product categories such as sports nutrition, food supplements, mouth fresheners, cough and cold medications and lifestyle diseases. The Company has an established presence in markets with high growth potential for lifestyle /nutraceutical products such as India, Middle East and the emerging economies of LatAm & South East Asia.

#### Large distribution network

A critical success factor for the Company has been the emphasis on building a strong global distribution network. Plethico has a wide marketing and distribution network in the US, Russia and other CIS countries, French West Africa and Cambodia. The acquisition of Natrol enables the Company to access the US market with its existing products. Natrol has strong relationships with nearly every retail establishment in the US in all channels of trade. These channels extend from Wal-Mart, the largest American retail store, drug chains including Walgreens, specialty chains that include GNC and grocery outlets to smaller stores including internet retail.

#### Engaged management team

The company's board is well represented in experience and skill sets in the context of the industry and managerial skills. The entrepreneurial nature of the management is well illustrated with the company being the pioneers in the organized sports nutraceuticals industry in India.

#### State of art manufacturing and stringent quality standards

The company has a well-defined modern manufacturing set up which can cater to multiple market regulation requirements. This is demonstrated in the following:

- 3 manufacturing facilities in India which are cGMP compliant. Kalaria facility is UKMHRA & TGA accredited.
- 1 manufacturing facility in the US certified by industry organization as US cGMP complaint

The Management has reviewed the implementation of UAE plant and in view of continuing global financial uncertainty status quo is maintained.

#### Strong brand recognition

The Company has established several brands of repute like Travisil, Coach's Formula, Prolab, Natrol, Actifresh and many others in different parts of the world. The success has come out of focused brand marketing and a conscious strategy of "feet on the street."

Natrol's core brands are well established in the US market. The Natrol brand is almost thirty years old and the brand holds leading national positions in many key niche markets such as Melatonin, 5-HTP, Carb Intercept, Acai Berry. MRI is widely recognized as a science-based leader in sports nutrition technology. The NuHair and ShenMin brands are one of the leading natural alternatives in hair enhancement products.

Prolab is recognized both within the US and internationally for its weight gain and weight loss sports products. Laci Le Beau is one of the leading diet tea brands within the health channel of trade.

**Successful acquisition synergy**

The company's success in deriving synergy from its acquisitions and partnerships is evident in the continuing growth of Natrol and the distribution leverage from the investments in CIS based firms. Natrol has also profited from acquisition of brands and manufacturing rights. The above reflects well on the company's ability to venture and manage inorganic growth initiatives, which is slated to be a key success factor governing the increasing consolidation trends in the industry.

**Threats, Risks and Concerns**

In the pharma / nutraceutical industry, the risk and regulatory concerns span the full product life cycle - from drug development, testing, manufacturing, and marketing. The company carries out a detailed risk management exercise for identification of risks and putting in place corrective measures and controls to mitigate these risks.

**Lack of awareness among consumers**

According to Research on India's Healthcare Industry series, 45% of Indian consumers have no idea or a vague idea about nutraceuticals and their benefits whereas a major portion of the balance 55% have a mixed level of understanding about the category. In some instances, the high prices of nutraceuticals and perception regarding credibility of nutraceuticals (Scientific studies and clinical trials supporting safety and efficacy claims) and Herbal formulations not being precise parameter driven unlike Synthetic drugs could have led to the alienation. Moreover, the Indian market is majorly prescription driven and there is no secular trend in these being regularly recommended by the physician.

**Competition from global and Indian manufacturers and indirect competition from substitutes**

The nutraceutical industry is highly competitive. On the one hand, there could be competition from countries that offer low cost manufacturing such as China, Korea and Taiwan. Low barriers to entry and nascent regulations in the developing markets have led to a highly fragmented nutraceutical industry with lot of small and in some instances, spurious manufacturers. The latter actually affect the consumer confidence by supplying sub standard products.

On the other hand, the company's products compete with a wide variety of commercial weight-loss programs, pharmaceutical products, self-help diets, supplements and meal replacements.

**New diets or pharmaceutical solutions could put the company at a competitive disadvantage.**

The food industry is highly subjective and influenced by many factors. Another new diet could sweep the nation or consumer preferences could change, which may impact existing business growth.

**The company's business is subject to regulatory and legislative restrictions but there is an absence of clear regulatory guidelines.**

Indian nutraceutical industry is regulated by multiple laws. But there is a lack of clarity on setting up of manufacturing units or in product categorization. In such a situation, availing subsidies, quality and price control become major issues.

Drug production and marketing are highly regulated by a variety of federal, state and local agencies in most countries. Additionally,

selling practices are regulated by competition authorities in the United States and abroad. Some of the Governments may also desire to play a more active role in regulating market access, particularly for high-cost medicines. The Government of India through its Drugs (Prices Control) Order, 1995 (DPCO) imposes price controls for specified pharmaceutical products under certain circumstances.

**Third parties may infringe on the company's brand and other intellectual property rights, which may have an adverse impact on our business**

The company relies on a combination of trademark, copyright, trade secret, patent and other intellectual property laws and confidentiality procedures to establish and protect proprietary rights, including the various brands. The precautions may not prevent misappropriation of intellectual property, particularly in foreign countries where laws or law enforcement practices may not protect our proprietary rights fully.

**The company's results of operations may decline as a result of a downturn in general economic conditions or consumer confidence**

A downturn in general economic conditions or consumer confidence and spending in any of our major markets could result in people curtailing their discretionary spending, which, in turn, could lead to a decrease in product sales. Any such reduction would adversely affect our results of operations.

**The sale of ingested products involves product liability and other risks**

Like other distributors of products that are ingested, the company does face an inherent risk of exposure to product liability claims if the use of our products results in illness or injury. The food products sold in the U.S. are subject to laws and regulations, including those administered by the USDA and FDA that establish manufacturing practices and quality standards for food products.

**The company may not successfully make acquisitions or enter into joint ventures and may not be successful in realizing the benefits of such businesses.**

The company may not realize the anticipated benefits of acquisitions and joint ventures or may experience difficulties in integrating any acquired companies and products into the existing business; attrition of key personnel from acquired businesses; significant charges or expenses; higher costs of integration; or unforeseen operating difficulties.

**Internal Control Systems**

The Company, in consultation with its Statutory Auditors, periodically reviews and ensures the adequacy of Internal Control Procedures for the orderly conduct of business and also includes a review to ensure overall adherence to management policies and applicable laws & regulations. The Company's internal audit team carries out extensive audits throughout the year, across all functional areas, and submits its reports to the Audit Committee of the Board of Directors. Cost control measures, especially on major cost determinants, are continuously being implemented. The Company also has a proper and adequate Internal Control System to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and those

transactions are authorized, recorded and reported correctly. The Company will continue to take substantial measures to ensure compliance through routine internal and external audits.

#### **Human Resources Development:**

During the year under review, the Company continued with its emphasis on Human Resource Development as one of the critical areas of its operations. Executives and officers of the Company having high potential in the field of Finance, Accounts, Marketing, International Business, Production, Quality Control, Quality Assurance and New Drug Development were regularly met at all the plant locations as well as the head office with a view to update their knowledge and skills and keep them abreast of the present scenario for meeting the challenges ahead.

We have the highest degree of intellectual and technical milieu which is a perennial one at the company. The Company organizes periodical external and internal trainings to encourage and develop vital human resources. All the efforts are aimed to develop and nurture the entrepreneurial attitude and skill among the employees.

#### **Company viewpoint**

The company is cognizant that future success depends on its ability to continue to develop and market new products and to enhance existing products on a timely basis to respond to new and evolving customer demands, achieve market acceptance and keep pace with new nutritional developments. Hence, the emphasis has always been on product development and brand building. The company's research and development efforts moving forward will be more targeted by monitoring developments within the dietary supplement industry. The company has been able to align its product mix and place more emphasis on exports to off-set the lower consumer awareness as well as the overall impact of moderate prices in domestic market on the top and bottom line of the company. Additionally, the company is focusing on de-controlled products to maintain profitability. While concentration on cough and cold segment continues, the company intends to diversify its product and geographical spread to mitigate any risk arising from such concentration. To date, the company has not been a party to any product liability litigation. The company is not aware of any instance in which any of their products are or have been defective in any way that could give rise to material losses or expenditures related to product liability claims. The company does maintain adequate product liability insurance. The company's legal staff reviews all label claims and manufacturing process to ensure that

the company is in compliance with Federal Drug Administration and Federal Trade Commission rules and regulations.

The company adheres to environmental laws and regulations that seek compliance with a number of permits, authorizations and approvals and to maintain and update training programs and safety data regarding materials used in various processes. The company's manufacturing operations presently do not result in the generation of material amounts of hazardous or toxic substances.

#### **Financial Performance**

Plethico's consolidated revenues for 2012 stood at ₹ 16680.70 Million an increase of 1.6% over 2011 figure of ₹ 16413.80 Million EBITDA margins for the year 2012 at 12% against 18% for Year 2011, a decrease of 600 bps. Consolidated net profit for the year 2012 stood at ₹ 1014.88 Million against ₹ 1029.11 Million in Year 2011. This translated to a basic EPS for the year 2012 ₹ 29.79 decrease by 1% over the Previous Year 2011 of ₹ 30.21..

The details of the financial performance of the Company appear in the Balance Sheet, Statement of Profit and Loss and other financial statements appearing separately. Please refer the Directors' Report for highlights.

In spite of the challenging market conditions, the Company was able to maintain its client base and market share of various products across different geographies. The Company continued its efforts towards geographic diversification both by exploring new markets and cross selling of products across geographies which to a great extent yielded the desired results. We believe that these efforts would continue and the focus of the Company would be to constantly devise ways and means of rewarding the shareholders.

#### **Disclaimer**

The statement made in this report and those appearing elsewhere may be 'business outlook' that set forth anticipated results based on management plans and assumptions. These statements are likely to address the company's growth strategy, financial results, product development, product approval, product potential and development programs. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks, uncertainties materialized or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Some of the factors that could cause actual results to defer materially are stated in the section "Threats, Risks and Concerns."

## CORPORATE GOVERNANCE REPORT

### 1. Company's philosophy on Corporate Governance:

Plethico Pharmaceuticals Limited (Plethico) is committed to conduct its business strictly in compliance with the applicable laws, rules and regulations and with highest standards of business ethics. Plethico considers good corporate governance a key contributor to sustainable corporate growth and creating superior value for our stakeholders. It is primarily concerned with transparency, accountability, fairness, professionalism, social responsiveness and complete disclosure of internal facts. Policy of Plethico on Corporate Governance has been:

- To enhance the long term interest of its shareholders and to provide good management, the adoption of prudent risk management techniques and compliance with the related standards of capital adequacy, thereby safeguarding the

interest of stakeholders such as creditors, customers, suppliers and employees.

- To identify and recognize the Board of Directors and Management of Plethico as the principal instruments through which good corporate governance principles are articulated and implemented.
- To identify and recognize accountability, transparency and equality of treatment for all stakeholders, as central tenets of good corporate governance.

Plethico is speedily marching towards its mission "To create a 'Global Healthcare' brand identity synonymous with nurturing healthcare, eternal values, strong ethics and global quality of highest standards in pharmaceuticals and allied healthcare products."

### 2. Board of Directors

#### Composition & Category of Directors

Plethico's policy is to maintain optimum combination of executive and non-executive directors. The non-executive Director with their diverse knowledge, experience and expertise bring their independent judgment in deliberations and decision of the Board.

The Board consisted of six directors, including Three Independent & Non-Executive Directors. The Chairman of the Board was an executive director and half of the Board comprised of

independent directors. The composition of the Board is in compliance with the requirements of Clause 49(I)(A) of the Listing Agreement as on 31<sup>st</sup> December, 2012.

#### Meeting and Attendance

During the financial year 2012 the Board of Directors met 7 times on 2<sup>nd</sup> January, 2012, 29<sup>th</sup> February, 2012, 11<sup>th</sup> April, 2012, 15<sup>th</sup> May, 2012, 24<sup>th</sup> July, 2012, 14<sup>th</sup> August, 2012 and 9<sup>th</sup> November, 2012.

The gap between any two meetings did not exceed four months.

Name of Directors	Category*	Attendance		No. of Directorship/Committee Positions held in other Companies			No. of Shares held by NED in Plethico Pharmaceuticals Limited as 31.12.2012
		Board	Last AGM	Directorship	Committee Chairmanship	Committee Membership	
Mr. Shashikant Patel	ED	7	Yes	1	-	-	N.A.
Mr. Chirag Patel	ED	4	Yes	1	-	-	N.A.
Mrs. Gauravi Parikh	ED	4	Yes	1	-	-	N.A.
Dr. G.N. Qazi	ID & NED	4	No	-	-	-	NIL
CA. Pramod Shrivastava	ID & NED	6	Yes	-	-	-	NIL
Mr. Abhay Suhane <sup>®</sup>	ID & NED	5	Yes	1	-	-	NIL
CA. Hitesh Thakar <sup>^</sup>	ID & NED	1	No	-	-	-	NIL

\*ED-Executive Director, ID-Independent Director, NED- Non Executive Director

<sup>@</sup> Resigned as a director with effect from 3<sup>rd</sup> October, 2012.

<sup>^</sup> CA. Hitesh Thakar was appointed as an Additional Director on 9<sup>th</sup> November, 2012.

#### Notes:-

- Excludes private and foreign companies and companies registered under Section 25 of the Companies Act, 1956.
- Includes only the membership of Audit and Share Transfer and Shareholders/Investors Grievance Committee of Indian public limited companies.

#### Board Procedure

The Board meets at regular intervals and apart from regular Board business, it discusses policies and strategy matters. All the necessary documents and information pertaining to the matters to be considered at each Board and Committee meetings, is made available to enable the Board and Committee members to discharge their responsibilities effectively.

#### Directors appointment/ re-appointment

Mr. Abhay Suhane resigned from the post of Director on 3<sup>rd</sup> October, 2012 and CA. Hitesh Thakar appointed as Additional Director on 9<sup>th</sup> November, 2012.

Mr. Chirag Patel, director of the Company is retiring at the forthcoming annual general meeting by rotation and he is eligible for re-appointment.

### 3. Committees of the Board

The Board Committees focus on certain specific areas and make informed decisions within the delegated authority. Each committee of the Board functions according to its scope that defines its composition, power and role in accordance with the Companies Act, 1956 and the Listing Agreement. The composition, meetings, attendance and the detailed terms of reference of various committees of the Board are noted below:

### (i) Audit Committee

The Audit Committee of the company has been constituted in terms of the Provisions of Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement with the Stock Exchanges.

#### Composition

The Audit Committee comprises of three members out of whom two are independent directors including the Chairman and one is an Executive director. The composition of the Audit Committee is in compliance with the requirements of Clause 49(II)(A) of the Listing Agreement as on 31<sup>st</sup> December, 2012.

#### Meetings and Attendance

During the year under review, the Committee met 4 times. The details composition and attendance of the members of the Audit Committee in the meetings are as follows:

Name	Position	Meeting Attended
CA. Hitesh Thakar <sup>1</sup>	Chairman	1
CA. Pramod Shrivastava	Member	4
Mr. Abhay Suhane <sup>2</sup>	Member	3
Mr. Chirag Patel	Member	4

1. Inducted as member and appointed as Chairman w.e.f. 9<sup>th</sup> November, 2012.

2. Resigned from Board and consequently ceased to be member w.e.f. 3<sup>rd</sup> Oct., 2012.

The Chairman & Managing Director, Chief Financial Officer, representatives of the statutory auditors and senior officials of the Company are invited to attend the meetings of the Audit Committee from time to time.

The Company Secretary of the Company acts as the secretary to the Audit Committee.

The Chairman of Audit Committee was present at the General Meeting of the Company.

#### Terms of reference

The broad terms of reference includes the following as is mandated in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- To review the following information:
  - Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee

**(ii) Share Transfer and Shareholders/Investors Grievance Committee**

The Share Transfer and Shareholders/Investors Grievance Committee has been constituted as per the requirements of Clause 49 of the Listing Agreement.

**Composition**

The Share Transfer and Shareholders/Investors Grievance Committee consisted of three members out of whom two are independent directors including the Chairman. The composition of the Share Transfer and Shareholders/Investors Grievance Committee is in compliance with the requirements of Clause 49(IV)(G)(iii) of the Listing Agreement as on 31<sup>st</sup> December, 2012.

**Meetings and Attendance**

During the year, the Committee met 4 times. The details composition and attendance of the members of the Committee in the meetings are as follows:

Name	Position	Meeting Attended
CA. Hitesh Thakar <sup>1</sup>	Chairman	1
CA. Pramod Shrivastava	Member	4
Mr. Abhay Suhane <sup>2</sup>	Member	3
Mr. Chirag Patel	Member	4

1. Inducted as member and appointed as Chairman w.e.f. 9<sup>th</sup> November, 2012.
2. Resigned from Board and consequently ceased to be member w.e.f. 3<sup>rd</sup> Oct., 2012.

**Terms of Reference**

The broad terms of reference includes the following:

- The Committee, inter alia, approves issue of duplicate share certificates and oversees and reviews all matters connected with securities transfers.
- The Committee also looks into redressal of shareholder's complaints like transfer of shares, non-receipt of balance sheet, dividend, refund orders etc.
- The Board of Directors, in order to expedite the process of share transfers, has delegated the power of share transfer to the Registrar & Share Transfer Agent of the Company.
- The Committee reviews the performance of the Registrar & Share Transfer Agent of the Company from time to time.

Mr. Amrish Kumar Chourasia, Company Secretary is the "Compliance Officer" pursuant to the requirement of the Securities and Exchange Board of India (SEBI) Regulations and Listing Agreement.

The company has resolved all the complaints/grievances expeditiously and replies have been sent usually within 15 days, except in case of dispute or other legal constraints.

The Company received 14 shareholder's complaints from Investors/Stock Exchanges/SEBI, which inter-alia, include non-receipt of annual report, dividend, refund order and Non-receipt of credit of shares in their demat account/mutilated cheque(s) corrections. The complaints were duly attended to and the Registrar and Share Transfer Agent have furnished necessary documents/information to the shareholders and outstanding complaints pending at the end of year were NIL.

**(iii) Remuneration Committee**

This is the non-mandatory requirement of Clause 49 of the Listing Agreement. The Committee recommends the terms and conditions for appointment of executive directors of the Company, their remuneration packages including pension rights,

any compensation payment and other matters related thereto.

**Composition**

The remuneration Committee consisted of three members, all of whom were non-executive independent directors.

**Meetings and Attendance**

During the year, the committee met 2 times. The details composition and attendance of the members of the Committee in the meetings are as follows:

Name	Position	Meeting Attended
CA. Hitesh Thakar <sup>1</sup>	Chairman	1
CA. Pramod Shrivastava	Member	2
Mr. Abhay Suhane <sup>2</sup>	Member	1
Dr. G.N.Qazi	Member	2

1. Inducted as member and appointed as Chairman w.e.f. 9<sup>th</sup> November, 2012.
2. Resigned from Board and consequently ceased to be member w.e.f. 3<sup>rd</sup> Oct., 2012.

**Remuneration to directors:****Executive directors**

The remuneration being paid to the executive directors in terms of recommendations of the Remuneration Committee and the Board and approval granted by the shareholders of the Company at their General Meeting:

Name of the Director	Salary, Allowances & Perquisites	Comm- -ssion	Total <sup>*</sup>	Service Contract	
				Tenure	Notice Period & Severance Fees
Mr. Shashikant Patel	₹ 40800000	-	₹ 40800000	3 Years	--
Mr. Chirag Patel	₹ 20400000	-	₹ 20400000	3 Years	--
Mrs. Gauravi Parikh	₹ 1560000	-	₹ 1560000	3 Years	--

However in terms of the special resolution passed by the shareholders, in case of loss or inadequacy of profits, the aforesaid remuneration shall be restricted to the limits as prescribed under Section II (B) of Part II of Schedule XIII to the Companies Act, 1956. Since the Company has incurred losses for the financial year 2012, the excess remuneration beyond the limits specified in Section II (B) of Part II of Schedule XIII to the Companies Act, 1956 has been recovered from the executive directors and accordingly the remuneration paid to executive directors after the refund of excess amount stands reduced as under:

Name of the Director	Salary, Allowances & Perquisites	Comm- -ssion	Total <sup>*</sup>	Service Contract	
				Tenure	Notice Period & Severance Fees
Mr. Shashikant Patel	₹ 1788000	-	₹ 1788000	3 Years	--
Mr. Chirag Patel	₹ 1788000	-	₹ 1788000	3 Years	--
Mrs. Gauravi Parikh	₹ 1560000	-	₹ 1560000	3 Years	--

\* Exclusive of provision for leave encashment and contribution to the approved E.P.F. and approved Group Gratuity Fund, which are actuarially determined on an overall basis.

**Non-Executive Directors**

The non-executive directors are not paid any remuneration except sitting fees for attending the meetings of the Board and / or Committees thereof which is within the limits prescribed by the Companies Act, 1956. The details of the sitting fees paid to the non-executive directors during the financial year 2012 are as under:

Name of the Director	Sitting Fees
Dr. G. N. Qazi	₹ 20000
CA. Pramod Shrivastava	₹ 30000
Mr. Abhay Suhane#	₹ 25000
CA. Hitesh Thakar <sup>^</sup>	₹ 5000

# Resigned as a director with effect from 3rd October, 2012.

<sup>^</sup> CA. Hitesh Thakar was appointed as an Additional Director on 9th Nov., 2012.

**Notes:**

- i. Presently, the Company does not offer any scheme for grant of stock options either to the Executive Directors or to the employees.
- ii. As on 31<sup>st</sup> December 2012, none of the Non-Executive Directors held any equity shares in the Company.

**(iv) Securities Issue and Allotment Committee**

This is the non-mandatory requirement of Clause 49 of the Listing Agreement. This committee has been set up pursuant to board resolution dated 8<sup>th</sup> December, 2011, to decide, consider, approve, issue and allot equity shares and/or other securities convertible into equity shares and/or equity linked instruments in terms of the provisions of the SEBI ICDR Regulations.

**Composition and Attendance**

During the year, the committee met once. The details composition and attendance of the members of the Committee in the meetings are as follows:

Name	Position	Meeting Attended
CA. Hitesh Thakar <sup>1</sup>	Chairman	-
Mr. Pramod Shrivastava	Member	1
Mr. Abhay Suhane <sup>2</sup>	Member	1
Mr. Chirag Patel	Member	-
Mrs. Gauravi Parikh	Member	1

1. Inducted as member and appointed as Chairman w.e.f. 9<sup>th</sup> November, 2012.
2. Inducted as member w.e.f. 24<sup>th</sup> July, 2012 and
3. Resigned from Board and consequently ceased to be member w.e.f. 3<sup>rd</sup> Oct., 2012.

**(v) QIP Issue Committee**

This is the non-mandatory requirement of Clause 49 of the Listing Agreement. QIP Issue committee has been set up pursuant to a board resolution dated 30<sup>th</sup> October, 2009, to decide matters pertaining to issuance of equity shares and/or FCCB and/or GDR and/or QIP or other securities convertible into equity shares and/or such other equity linked instruments.

**Composition and Attendance**

Mr. Chirag Patel and Mrs. Gauravi Parikh, Directors of the Company are member of the Committee. Mr. Chirag Patel acts as Chairman of the Committee.

No Meeting of the Committee was held during the year under review.

**4. Annual General Meetings**

Year	Location	Date	Time	No. of Special Resolution passed
2009	A.B. Road, Manglia-453771 Dist. Indore (M.P.)	30 <sup>th</sup> June, 2010	9.30 a.m.	0
2010	A.B. Road, Manglia-453771 Dist. Indore (M.P.)	28 <sup>th</sup> Sept., 2011	9.30 a.m.	0
2011	A.B. Road, Manglia-453771 Dist. Indore (M.P.)	29 <sup>th</sup> June, 2012	9.30 a.m.	4

During the year ended on 31<sup>st</sup> December 2012, there have been no resolutions passed by the Company's shareholders through postal ballot. Also, at the ensuing Annual General Meeting, there is no resolution proposed to be passed by postal ballot.

**5. Code of Conduct**

The Company is committed to conducting its business in

conformity with ethical standards and applicable laws and regulations. This commitment stands evidenced by the Code of Conduct adopted by the Board of Directors at their meeting held on 4<sup>th</sup> May, 2006 and posted on the website of the Company, which is applicable to each member of the Board of Directors and Senior Management of the Company. The Company has received confirmations from all the Directors and Senior Management of the Company regarding compliance with the said Code for the year ended 31<sup>st</sup> December, 2012.

**DECLARATION BY THE MANAGING DIRECTOR PURSUANT TO CLAUSE 49(I)(D)(ii) OF THE LISTING AGREEMENT FOR THE YEAR ENDED ON 31.12.2012**

All the Board members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the year ended on 31<sup>st</sup> December, 2012.

For Plethico Pharmaceuticals Ltd.

**Shashikant Patel**

Chairman and Managing Director

Indore, 1<sup>st</sup> March 2013

**6. CEO & CFO Certification**

The Board has recognised the Chairman and Managing Director of the Company as the CEO for the limited purpose of compliance under the Listing Agreement. Mr. Shashikant Patel, the Chairman and Managing Director of the Company shall be holding the additional portfolio of Chief Financial Officer. Certificate from Chief Executive Officer of the Company for the year ended 31<sup>st</sup> December, 2012 has been provided as annexure to the Corporate Governance Report.

Mr. Sanjay R. Pai, Chief Financial Officer of the Company has resigned from the services of the Company and accordingly ceased to hold the position of Chief Financial Officer (CFO) of the Company w.e.f. 3<sup>rd</sup> August, 2012.

**7. Disclosures**
**a) Related Party Transactions**

None of the transactions with any of the related parties were in conflict with the interest of the Company. The details of such transactions for the year 2012 are given in the notes to the accounts forming part of financial Statement in this Annual Report.

**b) Disclosure of Compliances by the Company**

There is no instance of non-compliance by the Company and no penalties, strictures etc. imposed on the Company by the Stock Exchange, SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

**c) Disclosure of Accounting Treatment**

In preparation of the Financial Statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountant of India (ICAI), to the extent applicable.

**d) Status of Compliance with non-mandatory requirements**

The Company has constituted a Remuneration Committee of Directors comprising of non-executive and Independent Directors.

**8. Means of Communication**

The Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges immediately after these

are taken on record by the Board. These financial results are normally published in the Free Press/ Hindustan Times (English) and Choutha Sansar (Hindi) and are displayed on the website of the Company www.plethico.com.

The Company's above Quarterly results in addition to being published in newspapers are also provided on receipt of an individual request from the shareholders.

In accordance with the Circulars issued by the Ministry of Corporate Affairs on the Green Initiatives and amendment in Clause 32 of the Listing Agreements with the Stock Exchanges, the Company sends Annual Reports and Notice of General Meeting (s) along with Proxy Form electronically/physically.

## 9. Management Discussion & Analysis

A Separate report containing Management Discussion & Analysis, as required under the listing agreement with the stock exchange is annexed herewith and forms part of this Annual Report.

## 10. General Shareholder Information

### Annual General Meeting

Day, date and time : Friday, the 28<sup>th</sup> day of June 2013 at 9.30 A.M.

Venue : Registered Office of the Company at A.B. Road, Manglia-453 771, Indore (M.P.)

**Financial Calendar** : The Company follows the period of 1<sup>st</sup> January to 31<sup>st</sup> December, as Financial Year.

For the Financial Year 2013, the financial results will be announced as per the following tentative schedule subject to the Listing Agreement:

Results for the 1<sup>st</sup> Quarter : within 45 days from the close of quarter

Results for the 2<sup>nd</sup> Quarter : within 45 days from the close of quarter

Results for the 3<sup>rd</sup> Quarter : within 45 days from the close of quarter

Results for the 4<sup>th</sup> Quarter : within 60 days from the close of quarter

**Date of Book closure** : 25.06.2013 to 28.06.2013 (both days inclusive).

**Listing on Stock Exchanges** : **BSE Limited (BSE)**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400001  
**National Stock Exchange of India Ltd. (NSE)**  
Exchange Plaza, Plot no. C/1,  
G Block, Bandra-Kurla Complex  
Bandra (E), Mumbai - 400 051.  
(The Company has paid the listing fees for the year 2012-13 to the aforesaid Stock Exchanges)

### Stock Code/ Symbol

For BSE : 532739

For NSE : PLETHICO

Demat ISIN Number : INE491H01018

Corporate Identity Number : L24232MP1991PLC006801

(CIN) allotted by the Ministry of Corporate Affairs

### Custodial Fees to Depositories

: The annual custodial fees for the financial year 2012-13 has been paid to the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL)

## Market Price Data

The High and Low prices of the Company's share (of the face value of ₹ 10/- each) from January, 2012 till December, 2012 are as follows:

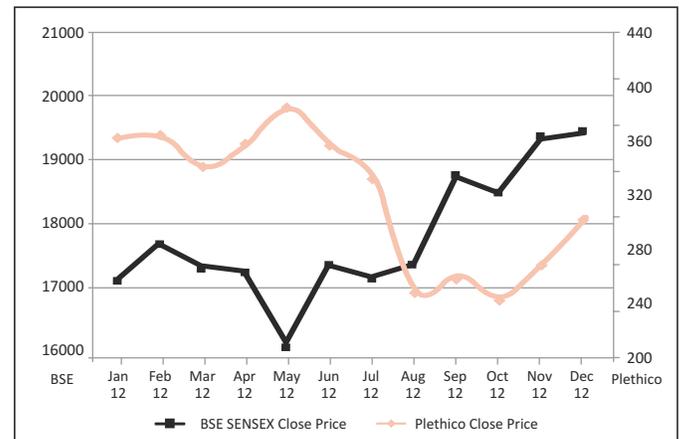
(₹ per share)

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	Month's High Price ↑	Month's Low Price ↓	Month's High Price ↑	Month's Low Price ↓
Jan., 2012	385.00	351.00	384.95	348.00
Feb., 2012	383.75	362.00	397.20	362.00
March, 2012	370.00	335.50	370.00	322.95
April, 2012	374.00	330.00	367.90	326.65
May, 2012	396.85	361.00	400.00	363.20
June, 2012	393.00	335.05	394.70	347.90
July, 2012	375.00	329.00	368.50	333.60
Aug., 2012	353.00	156.40	353.05	155.95
Sept., 2012	305.25	255.00	304.40	254.00
Oct., 2012	274.00	211.00	274.00	205.50
Nov., 2012	275.00	212.20	277.00	212.15
Dec., 2012	313.25	262.20	312.50	264.00

Source of data: Website of BSE & NSE.

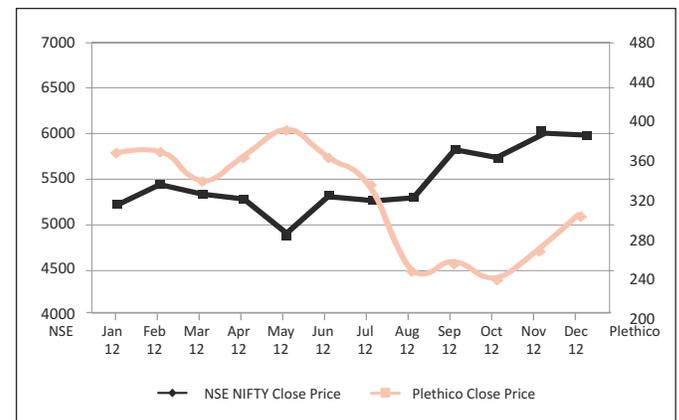
### Share Price performance - Plethico Vs BSE Sensex

Company's closing price movement during the year 2012 on BSE Ltd. (BSE).



### Share Price performance - Plethico Vs NSE (S&P CNX Nifty)

Company's closing price movement during the year 2012 on National Stock Exchange of India Limited (NSE).



## Registrar and Transfer Agents

For Physical & Demat Shares:

M/s Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (West), Mumbai - 400 078

Tel.: 91-22-25946970, Fax: 91-22-25946969

E-mail: rnt.helpdesk@linkintime.co.in

## Share Transfer System

The shares lodged for transfer in physical form are processed and the share certificates returned after transfer within a period of 10 to 15 days from the date of receipt, subject to the documents being valid and complete in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days.

## Distribution of Shareholding as at 31<sup>st</sup> December, 2012

### By category of shareholders:

Category of Shareholder	Number of Shareholders	Total Number of Shares	Percentage
Promoters' Group	14	28174045	82.70
Mutual Funds and UTI	-	-	-
Banks, FIs & Insurance Companies.	6	1459182	4.28
Foreign Institutional Investors	21	1874514	5.50
Other Bodies Corporate	229	1198523	3.52
Indian Public	10395	1360403	4.00
<b>TOTAL</b>	<b>10665</b>	<b>34066667</b>	<b>100</b>

### By size of shareholding:

Shareholding of Nominal Value of ₹	Shareholders (Number)	% Age of Total	Share amount ₹	% Age of Total
1 - 5000	10361	97.1496	4390350	1.2888
5001 - 10000	108	1.0127	863610	0.2535
10001 - 20000	39	0.3657	581330	0.1706
20001 - 30000	18	0.1688	445380	0.1307
30001 - 40000	14	0.1313	486530	0.1428
40001 - 50000	14	0.1313	637580	0.1872
50001 - 100000	37	0.3469	2819870	0.8278
Above 100000	74	0.6939	330442020	96.9986
<b>TOTAL</b>	<b>10665</b>	<b>100</b>	<b>340666670</b>	<b>100</b>

## Dematerialization of Shares and Liquidity

The shares of the Company form part of the compulsory demat segment. The Company has established connectivity with both the Depositories viz. National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its Registrars, Link Intime India Private Limited. As on 31<sup>st</sup> December, 2012, 99.9929 % of the paid-up share capital of the Company representing 34064251 equity shares has been dematerialized.

As per directions of SEBI, equity shares of the company can be traded by all the investors only in dematerialized form. The Company's shares are actively traded on BSE and NSE.

## Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ ADRs during the year. However, On 22<sup>nd</sup> October, 2007 the Company had issued zero coupon foreign currency convertible bonds due 2012 in the aggregate principal amount of USD 75.00 Mn. ("FCCBs"), which are listed on the Official List of the Singapore Exchange Securities Trading Limited. The said FCCBs issued by the Company had fallen due on 23<sup>rd</sup> October, 2012 and the Company is in the process of seeking approval for restructuring of said FCCBs from all concerned authorities including bond holders. RBI has approved elongation of maturity period in respect of said FCCBs upto 23<sup>rd</sup> April, 2013.

Pursuant to the decisions taken in the Board meeting held on 8<sup>th</sup> December, 2010 and the Extra Ordinary General Meeting held on 10<sup>th</sup> January, 2011, the Securities Issue and Allotment Committee of Directors of the Company, in its meeting held on 14<sup>th</sup> February, 2011, had issued and allotted 2,000,000 warrants on a preferential basis at a price of ₹ 400/- per warrants in accordance with the provisions of Chapter VII of the SEBI ICDR Regulations.

As per the terms of issue of these warrants, upon payment of Exercise Price of ₹ 300 per warrant, as reduced by the 25% upfront money paid at the time of allotment of warrants, the warrant holder was entitled to apply for and obtain allotment of one equity share of ₹ 10 each against each warrant held. The last date for the exercise of the conversion right of the Warranholder was 13<sup>th</sup> August, 2012 (within 18 months from the date of their allotment).

As the Warranholder did not exercise its option to convert the aforesaid 20,00,000 warrants into equity shares of the Company, the amount of ₹ 200 Mn. being the initial 25% of the total consideration of ₹ 800 Mn. received by the Company has been forfeited and resulting Warrants stands lapsed.

## Details of unclaimed shares in terms of Clause 5A(I) of the Listing Agreement

In terms of Clause 5A(I) of the Listing Agreement, the details of equity shares allotted pursuant to the Initial Public Offering (IPO) which are unclaimed and are lying in demat suspense account are given below:

Particulars	No. of Cases	No. of Shares
■ Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the financial year i.e. as on 1 <sup>st</sup> January, 2012	22	440
■ Number of shareholders who approached to Issuer / Registrar for transfer of shares from suspense account during the financial year 2012	Nil	Nil
■ Number of shareholders to whom shares were transferred from suspense account during the financial year 2012	Nil	Nil
■ Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the financial year i.e. as on 31 <sup>st</sup> December, 2012	22	440

The voting rights on these shares lying in the demat suspense account shall remain frozen till the rightful owners of such shares claim the shares.

**Plant Locations:**

- A.B. Road, Manglia-453 771, Dist. Indore Madhya Pradesh
- Village - Dharawra, Post - Kalaria, Indore - 453 001 Madhya Pradesh
- Shed No. 347/348, A-II Type, Sector-IV, Kandla Special Economic Zone Gandhidham, Kachachh-370 230, Gujarat

**Address for Correspondence:**

- Link Intime India Private Limited  
Unit : Plethico Pharmaceuticals Limited  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (West), Mumbai - 400 078  
Tel.: 91-22-25946970, Fax: 91-22-25946969  
E-mail: rnt.helpdesk@linkintime.co.in
- Company Secretary & Compliance Officer  
Plethico Pharmaceuticals Limited  
Administrative Office  
37, Pologround, Industrial Estate Indore - 452015 (M.P.), India  
Tel.: 91-731-2422881-4, Fax: 91-731-2420938, 2421309  
E-mail: pledge@plethico.com , Website: www.plethico.com

**11. Compliance Certificate of the Auditors**

Certificate from the Auditor of the Company M/s. N.P.Gandhi & Co., confirming compliance with the conditions of Corporate Governance as stipulated under clause 49 is attached to the Corporate Governance Report forming part of the Annual Report.

**Investors Safeguards**

In order to serve you better and enable you to avoid risks while dealing in securities, you are requested to follow the general safeguards as detailed hereunder:

- **Demat your shares**  
Members are requested to convert their physical holdings to demat/electronic form through any of the nearest depository participants (DPs) to avoid the hassles involved in the physical shares such as possibility of loss, mutilation etc. and also to ensure safe and speedy transaction in securities in transaction in securities.
- **Register your Electronic Clearing Service (ECS) Mandate**  
ECS helps in quick remittance of dividend without possible loss/delay in postal transit. Members are requested to register their ECS details with the Company or their respective DPs.

- **Do not forget to encash your Dividends**  
Please encash your dividend promptly to avoid hassles of revalidation/ losing your right to claim owing to transfer of unclaimed dividend beyond seven years to Investor Education and Protection Fund.
- **Update your address / E-mail address**  
To receive all communications promptly, please update your address / E-mail address registered with the Company.
- **Consolidate your multiple Folios**  
Members are requested to consolidate their shareholdings under multiple folios to save them from the burden of receiving multiple communication and corporate benefits.
- **Register Nominations**  
To help your successors get the shares transmitted in their favour, please register your nomination. Members desirous of availing this facility may submit nomination form, which can be obtained from Link Intime India Private Limited at address mentioned above. Member(s) holding shares in dematerialized form are requested to register their nomination directly with their respective DPs.
- **Prevention of frauds**  
There are certain instances of fraudulent transactions observed, relating to dormant folios, where the shareholder has either expired or has gone abroad. Hence we urge you to exercise due diligence and notify us any change in address/stay in abroad or demise of any shareholder as soon as possible. Do not leave your demat account dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified.
- **Confidentiality of Security Details**  
Do not disclose your Folio No./DP Id./Client Id. to an unknown person. Do not hand over signed blank transfer deeds/delivery instruction slips to any unknown person.
- **Dealing of securities with Registered Intermediaries**  
Members must ensure that they deal with only SEBI registered intermediaries and must obtain a valid contract note/ confirmation memo from the broker/sub-broker within 24 hours of execution of the trade and it should be ensured that the contract note/confirmation memo contains order no., trade no., trade time, quantity, price and brokerage.

## AUDITORS' CERTIFICATE

REGARDING COMPLIANCE OF CONDITIONS  
OF CORPORATE GOVERNANCE  
UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To

The Members of Plethico Pharmaceuticals Limited

We have examined the compliance of condition of Corporate Governance by the Plethico Pharmaceuticals Limited for the year ended on 31<sup>st</sup> December, 2012 as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

**For N.P. GANDHI & CO.**  
Chartered Accountants  
(Firm Reg No: 116574W)

**N. P. Gandhi**  
Proprietor  
(M.No.44294)

Indore, 1<sup>st</sup> March, 2013

## CEO & CFO CERTIFICATION

### PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT FOR THE YEAR 2012

To  
The Board of Directors  
Plethico Pharmaceuticals Limited

Dear Sir,

- a. We have reviewed the financial statements and the cash flow statement of Plethico Pharmaceuticals Limited ("the Company") for the year and to the best of our knowledge and belief :
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit committee :
  - i. there have not been any significant changes in internal control over financial reporting during the year under reference;
  - ii. there have not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii. there have not been any instances during the year of significant fraud of which we had become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours truly

Shashikant Patel  
Chairman & Managing Director

Indore, 1<sup>st</sup> March, 2013

# AUDITORS' REPORT

TO,

**THE MEMBERS OF PLETHICO PHARMACEUTICALS LIMITED**

We have audited the attached Balance Sheet of PLETHICO PHARMACEUTICALS LIMITED, as at 31<sup>st</sup> December, 2012 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date and report that these financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and the cash flow statement dealt with by this report comply, with the requirement of the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - (e) Based on the representations made by the Directors of the Company and the information and explanation as made available to us, the Directors of the Company do not prima facie have any disqualification as referred to in clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and according to information and explanations given to us, the said accounts read with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view and are in conformity with the accounting principles generally accepted in India.
    - (i) In the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> December, 2012 and
    - (ii) In the case of Profit and Loss Account, of the loss of the Company for the year ended on that date and
    - (iii) In so far as it relates to the cash flow statement, of the cash flow of the company for the year ended on that date.

**For N.P. GANDHI & CO.**  
Chartered Accountants  
(Firm Reg No: 116574W)

**N. P. Gandhi**  
Proprietor  
(M.No.44294)

Indore, 1<sup>st</sup> March, 2013

## ANNEXURE TO THE AUDITORS REPORT

**STATEMENT REFERRED TO IN PARAGRAPH II OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF PLETHICO PHARMACEUTICALS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED ON 31<sup>ST</sup> DECEMBER, 2012.**

### 1. FIXED ASSETS:

- (a) As per information & explanation provided to us, the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As per information & explanation provided to us, fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) During the year under review, no substantial part of fixed assets has been disposed off and the going concern status of the company is not affected.

### 2. INVENTORY :

- (a) As per information & explanation provided to us, the physical verification of inventories has been conducted at reasonable intervals by the management.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventories and as explained to us, the discrepancies noticed on physical verification of stock were not material and the same have been properly dealt with in the books of account.

### 3. LOAN AND ADVANCES :

- (a) The company has not granted any loan, secured or unsecured to Companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) Since the company has not granted any secured or unsecured loan to companies, firm or other parties covered under section 301 of the Act, the question of rate of interest and other terms & conditions does not arise.
- (c) Since the company has not granted any secured or unsecured loan to companies, firm or other parties covered under section 301 of the Act, the question regarding receipt of principal and interest and overdue amount does not arise.
- (d) The Company has taken unsecured loans from parties covered in the register maintained under section 301 of the Act. The numbers of parties involved were two and the maximum amount involved is ₹157.80 Million and the year ending balance is ₹125.34 Million.
- (e) As per the information and explanation provided to us, there are no terms and conditions with regard to rate of interest to be charged and repayment period, therefore, in view of the above, the same are not prima facie prejudicial to the interest of the company.
- (f) As per the information and explanation provided to us, since there are no terms & conditions with regard to rate of interest chargeable and repayment period, the question of regularity of payment of interest and repayment of principal does not arise.

### 4. INTERNAL CONTROL SYSTEMS:

In our opinion and according to the information & explanation provided to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal controls.

### 5. TRANSACTION WITH PARTIES UNDER SECTION 301 OF THE COMPANIES ACT 1956:

- (a) According to the information & explanation provided to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) According to information and explanation provided to us, transactions made in pursuance of such contract or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time where such market prices are available with the company or the prices at which transactions for similar goods or services have been made with other parties.

### 6. FIXED DEPOSITS:

The Company has accepted deposits from public amounting to ₹534.37 Million during the year under review, the directive issued by Reserve Bank of India and the provisions of Section 58A & Section 58AA or any other relevant provisions of the Act and the rules framed there under are complied with.

### 7. INTERNAL AUDIT :

The Company did not have an internal audit during the year under review.

### 8. COST RECORDS :

We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

### 9. STATUTORY DUES :

- (a) According to the records of the company and the information and explanations provided to us the company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty except for Professional Tax dues with the appropriate authorities. According to the information and explanations given to us, there are no disputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty were outstanding as at 31<sup>st</sup> December, 2012 except for Professional Tax dues amounting to a sum of ₹0.03 million for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us. There are no disputed statutory dues that have not been deposited with the relevant authorities.

**10. POTENTIALLY SICK COMPANY :**

The company has no accumulated losses, however as per the information and explanation provided to us, the company has not incurred cash losses during the financial year covered by our audit and there were no cash losses incurred in the immediately preceding financial year.

**11. REPAYMENT OF DUES :**

According to the information and explanation provided to us, we have been intimated that the company has not defaulted in repayment of dues to financial institutions or banks.

**12. LOAN AND ADVANCES GRANTED ON THE BASIS OF SECURITIES :**

According to the records of the company and according to the information and explanations provided to us, the company has not granted loans and advances on basis of security by way of pledge of shares, debentures & other securities.

**13. CHIT FUND/NIDHI/MUTUAL BENEFIT SOCIETY :**

In our opinion, the company has not a chit fund or Nidhi mutual benefit fund / society. Therefore, clause 4 (XIII) of the companies (Auditors Report) order 2003 is not applicable to the company.

**14. INVESTMENT COMPANY :**

The company has maintained proper records, transaction and contracts in respect of dealing in securities and timely entries have been made therein. All such securities have been held by the Company in its own name.

**15. GUARANTEES GIVEN:**

According to the information and explanations provided to us, the Company has given a corporate guarantee for loan taken by a company from a bank.

**16. TERM LOANS :**

According to the records of the company and according to the

information and explanation provided to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

**17. SOURCES AND APPLICATION OF FUNDS :**

According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for the purpose of long term investment.

**18. PREFERENTIAL ALLOTMENT:**

The company has not made any preferential allotment of shares during the year under review to parties and companies covered in the Register Maintained under section 301 of the Act.

**19. DEBENTURE :**

The company has not issued/raised any money by issue of debentures during the year under review.

**20. PUBLIC ISSUE :**

The Company has not raised any money by a public issue during the year under review.

**21. FRAUD :**

Based upon the audit procedures performed and the information and explanations provided to us by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

**For N.P. GANDHI & CO.**  
Chartered Accountants  
(Firm Reg No: 116574W)

**N.P.Gandhi**  
PROPRIETOR  
(M.No. 44294)

Indore, 1<sup>st</sup> March, 2013

# PLETHICO PHARMACEUTICALS LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER, 2012

₹ in Million

Particulars	Note	AS AT 31.12.2012	AS AT 31.12.2011
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	340.67	340.67
(b) Reserves and surplus	3	5,132.92	6,110.29
(c) Money received against share warrants	4	-	200.00
		<b>5,473.59</b>	<b>6,650.96</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	1,302.09	1,517.39
(b) Deferred tax liabilities (net)	6	168.00	159.59
(c) Other long-term liabilities	7	125.75	152.46
		<b>1,595.84</b>	<b>1,829.44</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	8	2,189.39	1,441.58
(b) Trade payables	9	228.82	186.12
(c) Other current liabilities	10	6,942.95	5,953.36
(d) Short-term provisions	11	611.36	291.36
		<b>9,972.52</b>	<b>7,872.42</b>
<b>TOTAL</b>		<b>17,041.95</b>	<b>16,352.82</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
i) Tangible assets	12A	1,282.12	1,328.73
ii) Intangible assets	12B	-	-
(b) Non-current investments	13	8,065.59	8,065.59
		<b>9,347.71</b>	<b>9,394.32</b>
<b>2 Current assets</b>			
(a) Inventories	14	225.37	223.28
(b) Trade receivables	15	6,729.52	5,960.58
(c) Cash and Bank Balances	16	260.44	275.32
(d) Short-term loans and advances	17	478.91	494.31
(e) Other current assets	18	-	5.01
		<b>7,694.24</b>	<b>6,958.50</b>
<b>TOTAL</b>		<b>17,041.95</b>	<b>16,352.82</b>
<b>Summary of significant accounting policies &amp; Notes</b>	1-42		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**For N. P. GANDHI & CO**  
Chartered Accountants  
(Firm Reg No: 116574W)

For and on behalf of the Board of Directors of  
Plethico Pharmaceuticals Limited

**N.P. Gandhi**  
Proprietor  
(M.No. 44294)

**Amrish Kumar Chourasia**  
Company Secretary

**Hitesh Thakar**  
Director

**Shashikant Patel**  
Chairman cum  
Managing Director

Indore, 1<sup>st</sup> March, 2013

## PLETHICO PHARMACEUTICALS LIMITED

### STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2012

₹ in Million

Particulars	Note	Year Ended 31.12.2012	Year Ended 31.12.2011
<b>INCOME</b>			
Revenue from operations (Net)	19	4,750.60	4,120.09
Other income	20	357.59	812.70
<b>Total (I)</b>		<b>5,108.19</b>	<b>4,932.79</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	21	2,515.55	2,158.25
Purchases of traded goods	22	1,531.15	482.87
(Increase)/ decrease in inventories of finished goods, traded goods and work-in-progress	23	(9.31)	(56.75)
Employee Cost	24	289.15	353.95
Other expenses	25	503.10	784.64
<b>Total (II)</b>		<b>4,829.64</b>	<b>3,722.96</b>
<b>Earning before Interest, Depreciation, Amortisation and tax (EBITDA [I-II])</b>		<b>278.55</b>	<b>1,209.83</b>
Finance costs	26	499.26	771.88
Depreciation and amortisation expenses	12	83.01	82.38
<b>Profit before Tax, Exceptional and Extraordinary Item</b>		<b>(303.72)</b>	<b>355.57</b>
Exceptional items		374.95	-
<b>Profit before extraordinary items and tax</b>		<b>71.23</b>	<b>355.57</b>
Extra Ordinary items		(141.75)	(630.00)
<b>Profit Before Tax</b>		<b>(70.52)</b>	<b>(274.44)</b>
<b>Tax expense:</b>			
Current tax expense for current year		-	97.50
Deferred tax		8.40	4.45
<b>Total Tax Expenses</b>		<b>8.40</b>	<b>101.95</b>
<b>Profit for the Year</b>		<b>(78.92)</b>	<b>(376.39)</b>
<b>Earnings per equity share(EPS) (face value of ₹ 10/- each):</b>			
<b>i) Before Extraordinary Items</b>			
(a) Basic Earning Per Share		1.84	7.44
(b) Diluted Earning Per Share		1.84	6.25
<b>ii) After Extraordinary Items</b>			
(a) Basic Earning Per Share		(2.32)	(11.05)
(b) Diluted Earning Per Share		(2.32)	(9.28)
<b>Summary of significant accounting policies &amp; notes</b>		1-42	

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**For N. P. GANDHI & CO**  
Chartered Accountants  
(Firm Reg No: 116574W)

For and on behalf of the Board of Directors of  
Plethico Pharmaceuticals Limited

**N.P. Gandhi**  
Proprietor  
(M.No. 44294)

**Amrish Kumar Chourasia**  
Company Secretary

**Hitesh Thakar**  
Director

**Shashikant Patel**  
Chairman cum  
Managing Director

Indore, 1<sup>st</sup> March, 2013

# PLETHICO PHARMACEUTICALS LTD

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2012

₹ in Million

Particular	Year Ended 31.12.2012	Year Ended 31.12.2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit / (Loss ) Before Tax and Extraordinary Items	(303.72)	355.57
Adjustment For		
Depreciation	83.02	82.38
Interest Expenses	523.15	785.29
Miscellaneous Expenditure Amortized	5.01	9.74
Interest received	(23.89)	(13.41)
Dividend Received	(0.01)	-
Loss / ( Profit ) on sales of Fixed Assets (Net)	0.97	(0.07)
Agriculture Income	(0.22)	(0.09)
<b>Operating Profit Before Working Capital Change</b>	<b>284.32</b>	<b>1,219.41</b>
Adjustment For		
Trade Payables and Other Liabilities	106.56	62.49
Inventories	(2.09)	(63.71)
Trade and Other Receivable	(757.38)	(2,405.06)
<b>Cash Generated From Operation</b>	<b>(368.59)</b>	<b>(1,186.87)</b>
Agriculture Income	0.22	0.09
<b>Net Cash From Operating Activities</b>	<b>(368.37)</b>	<b>(1,186.78)</b>
<b>A</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sales of Fixed Assets	0.90	0.27
Purchase of Investment	-	(309.88)
Purchase of fixed assets	(38.29)	(18.04)
Dividend Received	0.01	-
Interest Received	27.73	13.41
<b>Net Cash Used in Investing Activities</b>	<b>(9.65)</b>	<b>(314.24)</b>
<b>B</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Long Term & Other Borrowings	820.09	1,961.36
Proceeds From Warrant	-	200.00
Dividend Paid	-	(85.17)
Tax on Dividends	-	(13.82)
Interest paid	(456.95)	(410.34)
<b>Net Cash From Financing Activities</b>	<b>363.14</b>	<b>1,652.03</b>
<b>C</b>		
<b>Net Increase / ( Decrease ) in Cash and Cash Equivalents ( A+B+C )</b>	<b>(14.88)</b>	<b>151.01</b>
Cash and Cash Equivalents at beginning of period	275.32	124.31
Cash and Cash Equivalents at end of period	260.44	275.32

**For N. P. GANDHI & CO**  
Chartered Accountants  
(Firm Reg No 116574W)

For and on behalf of the Board of Directors of  
Plethico Pharmaceuticals Limited

**N.P. Gandhi**  
Proprietor  
(M. No. 44294)

**Amrish Kumar Chourasia**  
Company Secretary

**Hitesh Thakar**  
Director

**Shashikant Patel**  
Chairman cum  
Managing Director

Indore, 1<sup>st</sup> March, 2013

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

### 01. SIGNIFICANT ACCOUNTING POLICIES

#### A Basis for preparation of financial statement

The financial statements have been prepared and presented under the historical cost convention on accrual basis in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956.

#### B Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles if requires management to make assumptions and estimates, which it believes are reasonable under the circumstances that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Examples of such estimates include useful lives of Fixed Assets, provision for doubtful debts / advances, deferred tax, export incentives, provision for retirement benefits, etc.

#### C Revenue recognition

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefits will flow to the company.

The Company recognizes sales at the point of dispatch of goods to the customers. All other income are recognized as revenue, when earned or when the right to receive is established.

#### D Purchase

Purchases are accounted net of cash discounts, wherever applicable.

#### E Fixed Assets

(i) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non refundable taxes and levies, freight and other incidental expenses related to the acquisition and installation of the respective assets and reducing there from refundable levies received/receivable, if any. Borrowing cost attributable to acquisition or construction of fixed assets are capitalized to respective assets.

(ii) The computer software cost are capitalized and recognized as intangible assets in terms of the Accounting Standards 26 on Intangible Assets based on materiality, accounting prudence and significant economic benefit therefrom expected to flow for a period longer than one year. Capitalized costs include direct costs of implementation and expenses directly attributable to the development of software.

#### F Depreciation

(i) Depreciation on fixed assets (except lease hold land and information technology assets) is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

(ii) Computer Software cost capitalized is amortized over estimated useful life of 3 to 5 years as estimated at the time of capitalization.

#### G Impairment of Assets

If indications suggest that assets of the Company may be

impaired, the recoverable amount of assets are determined on the Balance Sheet date and if it is less than its carrying amount, the carrying amount of assets are reduced to the said recoverable amount.

#### H Inventories

(i) Stock of Raw Materials and Finished Goods are valued at lower of cost or realizable value. The cost of Raw Materials is determined on FIFO basis. The cost of Finished Goods produced is determined on weighted average basis whereas cost of Finished Goods traded is determined on FIFO basis and including manufacturing overheads where applicable.

(ii) The stocks of Packing Materials, Consumables Stores, Promotional Materials & Stock-in-Process are valued at cost. The cost of Packing Materials, Consumable Stores & Promotional Material is determined on FIFO basis. The cost of Work In Progress produced is determined on weighted average basis.

#### I Retirement Benefits

##### (a) Short terms Benefits :

Short term employee benefits are recognised as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered. Short term employee benefits are recognized as expense in the profit and loss account of the year in which service is rendered.

##### (b) Long term benefits :

##### (i) Defined Contribution Plan :

Provident and Family Pension Fund :

The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees eligible salary (currently 12% of employees eligible salary). The contributions are made to Employees' Provided Fund Organisation (EPFO) and the Central Provident Fund under the State Pension Scheme. Provident Fund and Family Pension Fund are classified as Defined Contributions Plans as the Company has no further obligation beyond making the contribution. The Company's contribution Plan are charged to profit and loss account as incurred.

(ii) Contribution to defined contribution schemes such as Provident Fund, Family Pension Fund and ESI Fund are charged to the profit and loss account.

##### (iii) Defined Benefit Plan :

##### 1. Gratuity :

The Company has an obligation towards gratuity, a defined benefits retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company an employees' gratuity fund managed by the Life Insurance Corporation of India (LIC) based on an independent actuarial valuation made at the year end Actuarial gains and losses are recognised in the profit and loss account.

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

### 2. Compensated absences :

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is recognised based on number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the profit and loss account.

(iv) The defined benefit obligations in respect of gratuity are recognized on the basis of valuation done by an independent actuary applying project unit credit method. The actuarial gain / loss arising during the year and recognized in the profit and loss account of the year. The company has an employees' gratuity fund managed by the Life Insurance Corporation of India (LIC).

(v) Leave encashment is charged to revenue on accrual basis.

### J Investments

(i) Long Term Investments are stated at cost and provision is made to recognize any diminution in value other than that of a temporary nature.

(ii) Current investments are carried at lower of cost and market value. Diminution in value is charged as a loss in profit and loss account.

### K Foreign Exchange Transactions

(i) The Transactions in Foreign Currency have been accounted at the exchange rate prevailing on the date of the transaction. Year-end Receivables / Payables have been translated at the year-end rate of exchange. The difference on account of fluctuation in the rate of exchange as prevailing on Sales / Purchase transaction date and on Realization / Payment / year-end date are recognized in Profit & Loss Account.

(ii) Investment in shares in Foreign Subsidiaries and other companies abroad are expressed in reporting currencies at the rate of exchange prevailing at the time when the original investments were made.

(iii) Foreign Exchange Gain or Foreign Exchange losses arising out of revaluation in respect of outstanding FCCB at the Balance Sheet date shall be recognized in the books of accounts and amount of such gains / losses shall be disclosed as extraordinary item in Profit & Loss account.

(iv) The premium payable on redemption of FCCB shall be provided in the books of accounts as per the terms of the Offering Circular. The Premium on Redemption of FCCB will first be adjusted from Share Premium available and after full utilization of Share Premium, the balance would be adjusted from Free Reserves or charged to Profit & Loss Account and premium so payable shall be disclosed separately

### L Research and Development

Research and Development costs (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

### M Income/Expenditure during construction period

Revenue Expenditure during construction are capitalized to respective assets. Similarly revenue incomes during construction are reduced from respective assets.

### N Provisions, Contingent Liabilities and Contingent Assets

(a) A provision is recognised, if as a result of past event, the Company has a present legal obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

(b) A disclosure for a Contingent Liability is made when there is possible obligation or a present obligation that may, but probably will not, required outflow of resources. Where there is a possible obligation or present obligation where likelihood of outflow of resources is remote, no provision or disclosure is made.

(c) Contingent Assets are neither recognised nor disclosed.

### O Miscellaneous Expenditure (to the extent not written off)

Security Issue Expenses and other Deferred Revenue Expenses shall be amortized on the basis of 1/5th of the total expenses and the extent to which they are not written off shall be disclosed in the Balance Sheet.

### P Provision for Current & Deferred tax

Provision for Tax for the year comprises Current Income Tax and Deferred Tax. Provision for Current Tax is determined after taking in to consideration the provision of the Income tax Act'1961 relevant for the fiscal year as applicable or substantively enacted as on the balance sheet date.

a) In accordance with Accounting Standard 22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences is accounted for, using the tax rates and laws that have been enacted or substantively enacted on the Balance Sheet date.

b) Deferred Tax Assets arising from timing differences are recognised only on the consideration of prudence.

### Q Lease

Assets taken on lease, under which all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating lease. Operating lease payments are recognized as expense in the Profit and Loss Account.

The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current year presentation

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

### 02. SHARE CAPITAL

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>Authorised Share Capital</b>		
6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of ₹ 10 each	600.00	600.00
<b>Issued Share Capital</b>		
3,40,81,767 (Previous Year 3,40,81,767) Equity Shares of ₹ 10 each	340.82	340.82
<b>Subscribed and Paid Up Share Capital</b>		
3,40,66,667 (Previous Year 3,40,66,667) Equity Shares of ₹ 10 each	340.67	340.67

2.1 Subscribed and paid up share capital including 2,91,09,060 Equity Shares (Previous year 2,91,09,060) Equity Shares of ₹ 10 each allotted as fully paid bonus shares by way of capitalisation of General Reserve and Share Premium.

2.2 The details of Shareholders holding more than 5% Shares :

Name of Shareholders	AS AT 31.12.2012		AS AT 31.12.2011	
	No. of Shares	%held	No. of Shares	%held
Mr. Shashikant Patel	27388825	80.40%	28854780	84.70%

2.3 The reconciliation of the number of shares outstanding at end of year:

Subscribed and paid up equity shares capital ₹ 10 each	AS AT 31.12.2012	AS AT 31.12.2011
Share outstanding as at the Beginning of the year	3,40,66,667	3,40,66,667
Add : Share Issued During the Year	-	-
Share outstanding as at the end of the year	3,40,66,667	3,40,66,667

### 03. RESERVES AND SURPLUS

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>3.1 Share Premium</b>		
As per last Balance Sheet	-	165.07
Add : Current Year	-	-
Less : Provision for Premium Payable on Redemption of FCCB	-	165.07
	-	-
<b>3.2 General Reserve</b>		
As per last Balance Sheet	3,500.00	3,500.00
Add : Transferred from Profit and Loss account	-	-
Add : Amount of Share Warrant forfeited	200.00	-
	3,700.00	3,500.00
Less : Provision for Premium Payable on Redemption of FCCB	778.44	-
Less : Provision for earlier years Taxation	320.00	-
	2,601.56	3,500.00
<b>3.3 Surplus</b>		
As per last Balance Sheet	2,610.28	2,986.67
Add : Profit / (Loss) of the Year	(78.92)	(376.39)
	2,531.36	2,610.29
<b>TOTAL</b>	<b>5,132.92</b>	<b>6,110.29</b>

3.4 The said Investor as on the date of conversion that is 13<sup>th</sup> August, 2012 did not exercise the option for the conversion hence the initial amount received has been forfeited.

3.5 Provision for Premium Payable made from General Reserve of ₹ 403.49 Million during the current year and ₹ 374.94 Million of Previous Year.

3.6 Income Tax Provision provided from 2004-2005 (AY 2005-06) to 2009-10 (AY 2010-11) of ₹ 320.00 Million

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

### 04. MONEY RECEIVED AGAINST SHARE WARRANTS

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
Subscription Received Against Share warrant	200.00	200.00
Less: Share Warrant forfeited amount transferred to General Reserve	200.00	-
<b>TOTAL</b>	<b>-</b>	<b>200.00</b>

4.1 The said investor as on the date of conversion that is 13<sup>th</sup> August, 2012 did not exercise the option for the conversion hence the initial amount received has been forfeited.

### 05. LONG TERM BORROWINGS

₹ in Million

Particular	AS AT 31.12.2012		AS AT 31.12.2011	
	Non-Current	Current	Non-Current	Current
<b>Secured</b>				
i) Term/Corporate Loan from Bank	169.39	284.85	734.04	27.57
ii) Vehicle Loan	1.13	1.04	2.17	2.26
<b>Unsecured</b>				
i) Foreign Currency Convertible Bond	-	2,970.75	-	2,970.75
ii) Premium Payable on Redemption of FCCB	-	1,841.78	-	1,438.28
iii) Foreign Currency Fluctuation on FCCB	-	1,153.88	-	1,012.13
iv) Public Deposit	1,083.54	382.50	781.18	276.23
v) Interest accrued but not due on borrowings	48.03	43.00	-	24.83
<b>TOTAL</b>	<b>1,302.09</b>	<b>6,677.80</b>	<b>1,517.39</b>	<b>5,752.05</b>

5.1 The corporate term loan of Punjab National Bank is secured by:

- (a) Pledge of company's equity shares held by one of the Director
- (b) Personal Guarantee of one of the Director of the company.

5.2 The term loans taken from EXIM Bank, Mumbai is secured by:

- (i) Exclusive first charge by way of equitable mortgage of company's land and building situated at Khasra No.821/2, Village Dharawara, Depalpur Tehsil, Indore
- (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/2, Village Dharawara, Depalpur Tehsil, Indore
- (iii) Pledge of equity shares of the company by a director of the company
- (iv) Personal Guarantee of two directors of the company.

5.3 The Term loan of IDBI Bank is secured by:

- (a) First charge by way of equitable mortgage over company's land and building situated at Khasra No.285/1/1, Village Gari Pipliya, Manglia, Indore
- (b) Hypothecation of Plant and Machinery installed in the factory premises situated at Khasra No. 285/1/1, Village Gari Pipliya, Manglia, Indore
- (c) Personal Guarantee of one of the director of the company.

5.4 Vehicle Loan is secured by hypothecation against related vehicle of the company.

5.5 Terms of Repayment of Secured Term Loans from Banks and others are given below:

₹ in Million

Banks/Others	Terms of Repayment/Periodicity	Amount Outstanding As At 31.12.2012	Amount Outstanding As At 31.12.2011
EXIM Bank	In 20 equal quarterly Installment from 27.10.2010 to 26.02.2015	280.38	360.00
EXIM Bank	In 12 equal quarterly Installment from 20.09.2010 to 19.09.2013	76.28	145.83
Punjab National Bank	In 11 equal quarterly Installment from 15.04.2010 to 14.01.2013	32.22	112.45
IDBI Bank Ltd	In 10 equal quarterly Installment from 06.08.2010 to 05.02.2013	14.08	60.00
IDBI Bank Ltd	In 12 equal quarterly Installment from 01.07.2011 to 30.06.2014	51.28	83.33
<b>Total</b>		<b>454.24</b>	<b>761.61</b>

5.6 Provision of ₹ 403.45 Million (Previous year ₹ 540.02 Million) has been made during the year on account of premium payable on redemption of FCCB in terms of the Offering Circular dated 18<sup>th</sup> October, 2007, which has been charged to the General Reserve Account. The Company has outstanding bonds at face value of USD 75 Million. Till date neither bonds have been converted nor redeemed or cancelled. The term of the bonds are 0% coupon, premium 7.7% YTM, Reset conversion price is ₹ 484/-. The said FCCB had fallen due on 23<sup>rd</sup> October, 2012 and the company is seeking approval of restructuring of said FCCBs from Bondholders and concern authorities. RBI has approved extension of maturity period in respect of said FCCB up to 23<sup>rd</sup> April, 2013.

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

### 06. DEFERRED TAX LIABILITIES (NET)

Major components of Deferred Tax arising on account of temporary timing differences are given below:

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
Deferred Tax Liabilities		
Depreciation and Amortization Expenses	168.00	159.59
<b>TOTAL</b>	<b>168.00</b>	<b>159.59</b>

### 07. OTHER LONG TERM LIABILITIES

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
Sales Tax Deferment	0.41	0.41
Loan & Advances from Directors	125.34	152.05
<b>TOTAL</b>	<b>125.75</b>	<b>152.46</b>

### 08. SHORT TERM BORROWING

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>Secured</b>		
Working Capital Loan from Bank	2,189.39	1,441.58
<b>TOTAL</b>	<b>2,189.39</b>	<b>1,441.58</b>

8.1 The working capital loans taken from Bank of Baroda are secured by:

- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
- (b) On first pari passu charge basis by:
  - (i) Equitable mortgage of company's land and building situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore.
  - (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore
- (c) Personal Guarantee of two directors of the company.

8.2 The working capital loans taken from IDBI Bank are secured by:

- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
- (b) Second charge by way of equitable mortgage over company's land and building situated at Khasra No.285/1/1, Village Gari Pipliya, Manglia, Indore
- (c) Hypothecation of Plant and Machinery installed in the factory premises situated at Khasra No. 285/1/1, Village Gari Pipliya, Manglia, Indore
- (d) Personal Guarantee of one of the director of the company.

8.3 The working capital loan taken from State Bank of India is secured by:

- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
- (b) On first pari passu charge basis by:
  - (i) Equitable mortgage of company's land and building situated at Khasra No.821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore.
  - (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore
- (c) Personal Guarantee of one of the director of the company.

8.4 The working capital loan taken from Punjab National Bank is secured by:

- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
- (b) On first pari passu charge basis by:
  - (i) Equitable mortgage of company's land and building situated at Khasra No.821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No.285/1/2, Village Gari Pipliya, Manglia, Indore
  - (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore
- (c) Personal Guarantee of two directors of the company.

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

8.5 The working capital loan taken from Allahabad Bank is secured by:

- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
- (b) On first pari passu charge basis by:
  - (i) Equitable mortgage of company's land and building situated at Khasra No.821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No.285/1/2, Village Gari Pipliya, Manglia, Indore
  - (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore
- (c) Personal Guarantee of one of the director of the company.

### 09 TRADE PAYABLE

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
Trade Payable Other (See Note No. 34 for MSME)	228.82	186.12
<b>TOTAL</b>	<b>228.82</b>	<b>186.12</b>

### 10 OTHER CURRENT LIABILITIES

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
Current Maturities of Long Term Debts (See Note 5)	6,634.79	5,727.23
Interest accrued but not due on borrowings (See Note 5)	43.00	24.83
Unclaimed Dividend	0.25	0.29
Unclaimed Share Application Money	0.42	0.48
Dealers' Deposit	8.45	8.25
Inter Corporate Deposit	131.27	103.29
Advance from Customers	46.34	23.10
Other Liabilities		
(a) for employee benefits.		
Statutory Liabilities Payable	1.46	0.78
Bonus Payable	2.43	2.80
Gratuity Payable	5.94	5.03
Leave Encashment Payable	6.42	8.00
(b) for others	62.18	49.29
<b>TOTAL</b>	<b>6,942.95</b>	<b>5,953.36</b>

10.1 There is no amount due and outstanding to be credited to Investor Education and Protection Fund

10.2 Inter Corporate deposit against Pledge of company's equity shares held by one of the Directors.

### 11. SHORT TERM PROVISION

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
Provision for Current Taxation	611.36	291.36
<b>TOTAL</b>	<b>611.36</b>	<b>291.36</b>

### 12. FIXED ASSETS

₹ in Million

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.01.2012	Addition	Deduction/ Adjustment	As At 31.12.2012	As At 01.01.2012	For the Year	Deduction/ Adjustments	As At 31.12.2012	As At 31.12.2012	As At 31.12.2011
<b>A) Tangible Assets</b>										
Land	26.67	-	-	26.67	-	-	-	-	26.67	26.67
Land Development	1.67	-	-	1.67	-	-	-	-	1.67	1.67
Office Premises	3.94	-	-	3.94	0.60	0.06	-	0.66	3.28	3.34
Factory Building	605.10	-	-	605.10	160.78	20.21	-	180.99	424.11	444.32
Plant & Machinery	1,138.66	36.91	3.46	1,172.11	344.55	53.47	1.66	396.36	775.74	794.11

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

₹ in Million

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.01.2012	Addition	Deduction/ Adjustment	As At 31.12.2012	As At 01.01.2012	For the Year	Deduction/ Adjustments	As At 31.12.2012	As At 31.12.2012	As At 31.12.2011
Furniture & Fixtures	60.55	0.73	0.06	61.22	26.69	3.29	0.03	29.95	31.27	33.86
Computers	41.08	0.65	0.98	40.75	27.74	4.18	0.98	30.94	9.81	13.34
Vehicles	23.66	-	0.38	23.28	12.78	1.80	0.35	14.23	9.05	10.88
Agricultural Equipment's	0.54	-	-	0.54	-	-	-	-	0.54	0.54
<b>Total</b>	<b>1,901.86</b>	<b>38.29</b>	<b>4.88</b>	<b>1,935.27</b>	<b>573.14</b>	<b>83.01</b>	<b>3.02</b>	<b>653.13</b>	<b>1,282.12</b>	<b>1,328.73</b>
<b>Previous Year</b>	<b>1,856.11</b>	<b>48.79</b>	<b>3.03</b>	<b>1,901.87</b>	<b>493.61</b>	<b>82.38</b>	<b>2.84</b>	<b>573.14</b>	<b>1,328.72</b>	<b>1,362.50</b>
<b>B) Intangible Assets</b>										
Nil	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Previous Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 13. NON-CURRENT INVESTMENT

₹ in Million

Particular	No of Share as at 31.12.2012	Face Value	AS AT 31.12.2012	AS AT 31.12.2011
<b>A. Investment in Subsidiary Companies (Unquoted)</b>				
Plethico Global Holding, Netherland	191	Euro 100	3797.48	3797.48
Plethico International Ltd , UAE	1142	AED 150000	2278.87	2278.87
<b>TOTAL</b>			<b>6076.35</b>	<b>6076.35</b>

13A.1 The company holds 100% equity of Plethico Global Holding BV, Netherlands who in turn holds directly or indirectly 100% equity of Natrol INC, USA, Natrol Global, UAE and Plethico US Holding KFT, Hungary. Therefore, such companies are step down subsidiaries of our company. The company also holds 100% equity of Plethico International Ltd. UAE which plans to set up medicated lozenges and solid dosage formulation manufacturing unit in UAE

₹ in Million

Particular	No of Share as at 31.12.2012	Face Value	AS AT 31.12.2012	AS AT 31.12.2011
<b>B. Investment in Overseas Companies (Unquoted)</b>				
TOO Rezlov Ltd., Kazakhstan	1559025	Tenge 100	270.49	270.49
OOO Rezlov Ltd., Kyrgyzstan	62100	Som 100	141.03	141.03
ICS Rezlov MO SRL., Moldova	33345	Leu 100	202.99	202.99
Rezlov LSS., Azerbezan	548550	Manat 1000	81.47	81.47
SC Rezlov., Ukraine	16088	Rubal 100	159.77	159.77
CJSC Rezlov., Russia	303750	Hryvnia 100	198.05	198.05
Tricon Holding FZE, UAE	5	AED 150000	935.44	935.44
<b>TOTAL</b>			<b>1989.24</b>	<b>1989.24</b>
			<b>8,065.59</b>	<b>8,065.59</b>

13B.1 During the year, company's equity holdings in other overseas companies remained unchanged. The equity holding percentage and status of loans in such companies was as under as on 31<sup>st</sup> December,2012.

Company	Country	% of Equity Holding	Loans & Advances As At 31.12.2012
TOO Rezlov Ltd	Kazakhstan	45%	Nil
ICS Rezlov – MO SRL	Moldova	45%	Nil
OOO Rezlov Ltd	Kyrgyzstan	45%	Nil
CJSC Rezlov	Russia	45%	Nil
SC Rezlov	Ukraine	45%	Nil
Rezlov LLS	Azerbaijan	45%	Nil
Tricon Holding FZE	UAE	20%	Nil

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

13B.2 The company does not have significant influence in any of the above companies as defined under AS18 "Related Party Disclosure" and AS23 "Accounting for Investment in Associates in consolidated financial statements" and as such, all above companies are neither related party nor associate companies within the meaning of above accounting standards. Consequently consolidation of accounts has not been done for the above companies.

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>14. INVENTORIES</b>		
(As valued and certified by management)		
Raw Materials	45.35	65.01
Finished Goods	97.66	83.00
Stock-in-Process	12.54	17.89
Packing Material Consumables etc.	69.82	57.38
<b>TOTAL</b>	<b>225.37</b>	<b>223.28</b>
<b>15. TRADE RECEIVABLE</b>		
(Unsecured & Considered Good)		
Debts exceeding six months	4,535.77	4,124.81
Other Debts	2,193.75	1,835.77
<b>TOTAL</b>	<b>6,729.52</b>	<b>5,960.58</b>

15.1 The company is duly applying to the competent authority for getting extension with respect to the overdue export proceeds in accordance with the provisions of the Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Export of Goods and Services) Regulations, 2000.

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>16. CASH AND BANK BALANCES</b>		
Cash on Hand	0.49	0.23
Balance With Bank		
- On Current Account	72.03	13.63
- On Unclaimed Dividend Account	0.25	0.29
- On Unclaimed Share Application Money	0.42	0.48
Deposit with Bank		
- Fixed Deposits - Margin Money	101.04	56.13
- Fixed Deposits - Others	86.19	204.56
<b>TOTAL</b>	<b>260.44</b>	<b>275.32</b>
<b>17. SHORT TERM LOANS AND ADVANCES</b>		
Loan and Advances Recoverable	86.69	82.71
Balance with Excise Department	90.37	83.06
Advance tax paid	257.34	254.58
Export Incentive Entitlements	33.68	63.10
Sundry Deposits	10.83	10.87
<b>TOTAL</b>	<b>478.91</b>	<b>494.31</b>
<b>18. OTHER CURRENT ASSETS</b>		
Public Issue / Product Launching Expenses	-	5.01
<b>TOTAL</b>	<b>-</b>	<b>5.01</b>
<b>19. REVENUE FROM OPERATIONS</b>		
Sales (Net)	4,750.60	4,120.09
<b>TOTAL</b>	<b>4,750.60</b>	<b>4,120.09</b>
<b>20. OTHER INCOMES</b>		
Export Incentives	15.48	23.46
Foreign Exchange Fluctuation (net)	291.30	744.15
Central / State Excise Duty Refund	44.83	33.39
Processing Charges	3.98	9.32
Other non-operating Income	2.01	2.37
<b>TOTAL</b>	<b>357.59</b>	<b>812.70</b>

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

₹ in Million

Particular	Year Ended 31.12.2012	Year Ended 31.12.2011
<b>21. COST OF MATERIAL CONSUMED</b>		
Raw Material Consumed		
Opening Stock	65.01	60.71
Add : Indigenous Purchases	1,576.10	1,464.34
Add : Imported Purchases	810.70	534.97
Less : Closing Stock	45.35	65.01
	<b>2,406.46</b>	<b>1,995.01</b>
Packing Material Consumed		
Opening Stock	57.38	54.72
Add : Indigenous Purchases	121.53	165.90
Add : Imported Purchases	-	-
Less : Closing Stock	69.82	57.38
	<b>109.09</b>	<b>163.24</b>
<b>TOTAL</b>	<b>2,515.55</b>	<b>2,158.25</b>

### 21.1 Raw Material Consumed :

₹ in Million

Particular	Year Ended 31.12.2012		Year Ended 31.12.2011	
	Value	%	Value	%
Imported	810.70	32.23%	534.97	24.79%
Indigenous	1,704.85	67.77%	1,623.28	75.21%

₹ in Million

Particular	Year Ended 31.12.2012	Year Ended 31.12.2011
<b>22. PURCHASES OF TRADED GOODS</b>		
Finished Goods	1,531.15	482.87
<b>TOTAL</b>	<b>1,531.15</b>	<b>482.87</b>
<b>23. (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS</b>		
Opening Inventories		
Finished Goods	83.00	31.03
Stock-in-Process	17.89	13.11
	<b>100.89</b>	<b>44.14</b>
Less :Closing Inventories		
Finished Goods	97.66	83.00
Stock-in-Process	12.54	17.89
	<b>110.20</b>	<b>100.89</b>
<b>TOTAL</b>	<b>(9.31)</b>	<b>(56.75)</b>
<b>24. EMPLOYEE COST</b>		
Salary Wages Bonus and Benefits	267.83	276.07
Director Remuneration Including Statutory Contribution	5.17	62.75
Sitting Fees	0.08	0.15
Contribution to P.F , Gratuity & other funds (Refer Note no. 40)	16.08	14.98
<b>TOTAL</b>	<b>289.15</b>	<b>353.95</b>

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

₹ in Million

Particular	Year Ended 31.12.2012	Year Ended 31.12.2011
<b>25. OTHER EXPENSES</b>		
Power & Fuel	53.52	60.53
Other Manufacturing Expenses	16.32	31.32
Excise Duty	42.28	57.35
Bank and financial charges	32.16	27.77
Travelling Expenses	9.83	14.28
Repair and Maintenance		
Machinery	14.71	16.56
Building	6.11	11.87
Others	2.54	5.06
Selling & Distribution Expenses	229.88	419.03
Misc. General & Admns. Expenses	75.07	115.63
Rent	10.71	11.81
Shed Lease Rent	0.47	-
Insurance	1.12	1.52
Audit Fees	0.88	0.67
Misc Expenditure amortized	5.01	9.74
Donations	2.51	1.50
<b>TOTAL</b>	<b>503.10</b>	<b>784.64</b>
<b>26. FINANCIAL COST</b>		
Interest on working capital loans	239.08	168.49
Interest on Term Loan	78.02	127.48
Premium on FCCB redemption	-	374.95
Interest on Public Deposit	165.15	59.65
Other Interest	40.90	54.73
	<b>523.15</b>	<b>785.29</b>
Less : Interest Received	23.89	13.41
<b>TOTAL</b>	<b>499.26</b>	<b>771.88</b>
<b>27. EXTRA ORDINARY ITEM</b>		
The Foreign Exchange loss of ₹ 141.75 million (Previous year loss of ₹ 630.00 Million) arising out of revaluation in respect of outstanding FCCB of USD 75.00 Million as on 31 <sup>st</sup> December, 2012 has been recognised and debited to the Profit and Loss Account of the year as an Extra Ordinary item.		
<b>28. EARNING PER SHARE</b>		
Basic and Diluted Earning per share ('EPS') computed in accordance with Accounting standard (AS) 20 "Earning per Share"		
<b>Basic</b>		
Profit after tax and before Extra Ordinary Items (₹ in Million)	62.83	253.62
Weighted average number of shares outstanding	34.07	34.07
<b>Basic EPS ( Rupees ) before Extra Ordinary Item</b>	<b>1.84</b>	<b>7.44</b>
Extra Ordinary Item	141.75	630.00
Profit after tax and Extra Ordinary Items (₹ in Million)	(78.92)	(376.38)
<b>Basic EPS ( Rupees ) after Extra Ordinary Item</b>	<b>(2.32)</b>	<b>(11.05)</b>
<b>Diluted</b>		
Profit after tax (₹ in Million)	62.83	253.62
Add : Interest / Exchange difference ( gain ) / loss on bonds convertible into equity shares (net of tax)	-	-
Adjusted profit for diluted earning per share (₹ in Million)	62.83	253.62
Weighted average number of shares outstanding	34.07	34.07
Add : Weighted average number of potential equity shares that could arise on conversion of FCCBs	-	6.07
Add : Weighted average number of potential equity shares that could arise on conversion of Warrant's	-	0.44
Weighted average number of shares outstanding for Diluted EPS	34.07	40.58
<b>Diluted EPS ( Rupees ) Before Extra Ordinary Item</b>	<b>1.84</b>	<b>6.25</b>
Adjusted Profit after tax and Extra Ordinary Items (₹ in Million)	(78.92)	(376.38)
<b>Diluted EPS ( Rupees ) After Extra Ordinary Item</b>	<b>(2.32)</b>	<b>(9.28)</b>

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

### 29. BALANCES WITH NON-SCHEDULED BANK

There is no balance in current year (previous year ₹ Nil) with non-scheduled bank.

### 30. BALANCE CONFIRMATION OF PARTIES

Debtors, Loans & Advances, Creditors and Bills Payable are subject to confirmation by the parties. The company has issued confirmation letters to such parties and differences if any shall be reconciled in the current Year.

### 31. CURRENT ASSETS AND LIABILITIES

In opinion of the Board, the provisions for known liabilities are adequate and current assets in the ordinary course of business have a value at least equal to the amount at which they are stated.

### 32. REGROUPING OF FIGURES

The figures of previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

### 33. PAYMENT TO AUDITOR

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
a. Audit Fees	0.80	0.50
b. Tax Audit Fees	0.05	0.05
c. In Other Capacity (for Taxation/Certification)	0.03	0.12
<b>TOTAL</b>	<b>0.88</b>	<b>0.67</b>

### 34. DISCLOSURE TO MSME ACT.

The company is obtaining confirmation from suppliers regarding the registration under the MSME Act "Micro Small and Medium Enterprises Development Act 2006", which came into effect from 2<sup>nd</sup> October, 2006. The suppliers are not registered wherever the confirmations are received and in other cases, the company is not aware of their registration status and hence information relating to outstanding balance or interest due is not disclosed as it is not determinable.

### 35. FOREIGN CURRENCY TRANSACTION

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
Expenditure in Foreign Currency		
a) Travelling Expenses	2.47	4.39
b) Selling and Other Overseas Expenses	55.26	124.46
F.O.B. Earning in Foreign Exchange	3,175.34	2,744.55
C.I.F. Value of Imports	2,306.15	960.22

### 36. SEGMENT REPORTING

Segment Information for the year ended 31<sup>st</sup> December, 2012, Information about Primary Business segment. The company is Exclusively in the healthcare business segments. Information about Secondary Geographical segments

₹ in Million

Particulars	India		Outside India	
	As At 31.12.2012	As At 31.12.2011	As At 31.12.2012	As At 31.12.2011
Segment Revenue from External Customer	1,524.83	1,334.95	3,581.35	3,621.33
Carrying amount of segment assets	143.37	213.56	6,683.81	5,918.15

#### Segment Revenue Comprises

₹ in Million

Sales	4,750.60	4,120.09
Other Income excl. Dividend, agriculture income and insurance claim.	355.59	810.33
<b>TOTAL</b>	<b>5,106.18</b>	<b>4,930.41</b>

Segment Revenue and Assets include the respective amounts identifiable to each of the segments.

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

### 37. RELATED PARTY DISCLOSURE : AS PER ACCOUNTING STANDARD -18

#### A. Name of related parties and description of relationship

Name	Country	Relationship
Plazma Laboratories Pvt. Ltd.	India	Significant influence of Director
Plethico Laboratories Pvt. Ltd.	India	Significant influence of Directors/Relatives
Plethico Products	India	Significant influence of Directors/Relatives
Wiscon Pharmaceuticals P. Ltd	India	Significant influence of Directors/Relatives
Rezcom Realty Pvt Ltd	India	Significant influence of Directors
Plethico Global Holdings BV	Netherlands	Wholly owned subsidiary
Plethico International Ltd.	UAE	Wholly owned subsidiary
Plethico US Holdings KFT	Hungary	Wholly owned subsidiary (step-down)
Natrol INC	USA	Wholly owned subsidiary (step-down)
Natrol Global FZ-LLC	UAE	Wholly owned subsidiary (step-down)

#### B. Key Managerial Personnel

Name	Designation
Mr. Shashikant A. Patel	Chairman Cum Managing Director
Mr. Chirag S. Patel	Whole Time Director and CEO
Mrs. Gauravi Parikh	Executive Director
Mr. Aditya Moona	VP - International Marketing & Business
Mr. Anil K Mohta	Chief Technical Officer
Mr. John Philip Roy	VP - International Sales
Mr. Mangesh Joshi	VP - Human Resource

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>C. Transaction with Related Parties</b>		
Sales	441.98	279.42
Purchase	12.52	10.95
Remuneration to Key Managerial Person	19.04	78.29
Rent Payment	0.26	0.46
Rent Received	0.12	0.16
Loan received from Directors	250.75	254.82
Loan repaid to Directors	277.46	103.17
Investment in equity shares	-	309.88
<b>D. Outstanding Amount of Related Parties</b>		
Amount Payable	361.11	152.05
Amount Receivables	23.01	-

No Amount have been written off/provided for or written back during the year in respect of debt due from or to related parties.

#### E. Amount Receivable from Managerial Staff ₹ Nil (Previous Year ₹ Nil)

### 38. DISCLOSURE ON LEASE AS PER ACCOUNTING STANDARD 19 ON "ACCOUNTING FOR LEASE"

The company has entered into operating lease agreement for office premises, Guest house, warehouse and vehicle renewable on periodic basis and is cancelable. The rental expenses for operating lease are amounting to ₹ 21.77 Million (Previous year ₹ .21.86) have been recognized in the P&L account.

### 39. DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED CURRENCY EXPOSURE

There were no foreign exchange derivatives or forward contracts outstanding as on 31<sup>st</sup> December, 2012. The year end foreign currency exposures that have not been hedged by a forward cover or derivative instrument or otherwise are given below

## Notes on Financial Statements for the Year ended 31<sup>st</sup> Dec, 2012

₹ in Million

Particulars	As At 31.12.2012			As At 31.12.2011		
	US Dollars	Euro	₹ Equivalent	US Dollars	Euro	₹ Equivalent
<b>(a) Amount receivable in Foreign Currency on account of following:</b>						
i. Sale of Goods	113.53	9.46	6,632.53	102.00	6.39	5,855.57
ii. Bank Balance	0.76	0.00	42.11	0.55	0.04	31.63
<b>(b) Amount Payable in foreign currency On account of following</b>						
i. Import of Goods and services	0.13	-	6.90	0.92	-	48.70
ii. Loan and Interest payable Outstanding Foreign Currency Convertible Bond and premium payable thereon	108.49	-	5,966.40	102.08	-	5,421.16
iii. Customer Advance	0.74	0.06	45.48	0.31	-	16.46

#### 40. EMPLOYEE BENEFIT

The company has an Employees' Gratuity Fund managed by Life Insurance Corporation of India. As required by AS-15, the status of the present value of the obligations under the gratuity plan at the end of the year was ₹ 31.12 Million whereas fair value of plan assets at the end of the year was of ₹ 35.00 Million. The total benefit of ₹ 2.67 Million has been paid during the year. The return on plan assets during the year was ₹ 3.02 Million; however there was no excess/ short amount over estimated return on plan assets.

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>41 CONTINGENT LIABILITIES NOT PROVIDED FOR</b>		
i Pending Bank Guarantee	0.16	17.92
ii Corporate Guarantee against third party Loan	2,150.00	2,150.00
iii Pending Letter of Credit	111.70	69.98
iv Estimated amount of contract remaining unexecuted on capital account	-	3.76
v Interest on FCCB not provided for the overdue period	81.81	-
<b>42 DEFERRED TAX LIABILITIES</b>		
The deferred tax liability of ₹ 8.40 Million for the year ended 31 <sup>st</sup> December, 2012 has been debited to the profit & loss account.		
Year end Deferred tax Liability comprises		
Excess of Book W.D.V Over Tax W.D.V.	8.40	4.45

Signature to Notes 1 to 42  
in terms of our report of even date.

**For N. P. GANDHI & CO**  
Chartered Accountants  
(Firm Reg No 116574W)

For and on behalf of the Board of Directors of  
Plethico Pharmaceuticals Limited

**N.P. Gandhi**  
Proprietor  
(M.No. 44294)

**Amrish Kumar Chourasia**  
Company Secretary

**Hitesh Thakar**  
Director

**Shashikant Patel**  
Chairman cum  
Managing Director

Indore, 1<sup>st</sup> March, 2013

## Statement Pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies in terms of the general exemption granted by the Ministry of Corporate Affairs

₹ in Million

1	Name of the Subsidiary Company	Plethico International Ltd. (PIL)	Plethico Global Holding B.V.(PGH)	Plethico US Holdings KFT	Natrol Global FZ LLC	Natrol Inc.	Natrol Direct Inc.	Natrol Products Inc.	ProLab Nutrition Inc	Medical Research Institute	Natrol (UK) Ltd.
2	Financial Year of the Subsidiary Company	1st Jan to 31st Dec	1st Jan to 31st Dec	1st Jan to 31st Dec	1st Jan to 31st Dec	1st Jan to 31st Dec	1st Jan to 31st Dec	1st Jan to 31st Dec	1st Jan to 31st Dec	1st Jan to 31st Dec	1st Jan to 31st Dec
3	Country of Incorporation	UAE	Netherlands	Hungary	UAE	USA	USA	USA	USA	USA	England
4	No. of Equity Shares held in the Subsidiary Company by Holding	1142	191	10000	10000	10000	10000	10000	10000	10000	10000
5	Financial Information of Subsidiary Companies										
a	Capital	2,281.67	1.21	0.004	333.850	0.004	0.004	0.004	0.004	0.004	0.004
b	Reserves	3,964.13	8,007.49	4,432.96	2,300.60	1,827.99	51.75	370.02	69.8	201.69	(138.83)
c	Total Assets	6,277.67	10,451.95	4,702.70	5,807.37	4031.87	68.07	415.46	143.62	353.11	164.22
d	Total Liabilities	31.87	1,256.36	118.81	912.51	2150.30	0.00	4.08	88.61	175.54	5.02
e	details of investment (expect in case of investment in the subsidiaries)	0.00	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f	Turnover	2,503.45	9081.57	0.00	3,944.34	5,137.23	15.81	3715.77	253.47	482.03	10.84
g	Profit before Taxation	278.27	885.03	131.37	496.21	257.45	12.58	54.14	(87.35)	(228.70)	(3.37)
h	Provision for Taxation	0.00	69.5	13.98	0.00	55.52	4.58	19.09	23.33	78.71	0.00
i	Profit after Taxation	278.27	815.53	117.38	496.21	201.94	8.00	35.10	(64.02)	(150.00)	(3.37)
j	Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note : Natrol (Hong kong) Ltd. China, a step down subsidiary of Natrol Inc, USA has ceased to be a subsidiary during the year ended 31<sup>st</sup> December, 2012.

For and on behalf of the Board of Directors of  
Plethico Pharmaceuticals Limited

**Amrish Kumar Chourasia**  
Company Secretary

Indore, 1<sup>st</sup> March 2013

**Hitesh Thakar**  
Director

**Shashikant Patel**  
Chairman cum  
Managing Director

## AUDITORS REPORT TO THE BOARD OF DIRECTORS OF PLETHICO PHARMACEUTICALS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS

**To The Board of Directors of  
Plethico Pharmaceuticals Limited**

We have audited the attached Consolidated Balance Sheet of Plethico Pharmaceuticals Limited "Plethico" and its subsidiaries as at 31<sup>st</sup> December, 2012 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the sole responsibility of "Plethico's" management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of ₹ 16350.94 million, total revenue of ₹ 11564.81 million and related cash flows for the year ended as at 31<sup>st</sup> December, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by "Plethico's" management in accordance with the requirements of Accounting Standards (AS) 21 issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of Plethico and its subsidiaries included in the consolidated financial statements.

Based on our audit and on consideration of reports of other auditors on separate financial statements and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

In case of the consolidated Balance Sheet of the consolidated state of affairs of Plethico Pharmaceuticals Limited and its subsidiaries as at 31<sup>st</sup> December, 2012.

In case of the consolidated Profit & Loss Account of the consolidated result of operations of Plethico Pharmaceuticals Limited and its subsidiaries for the year ended on that date; and

In case of the consolidated cash flow statements, of the consolidated cash flows of Plethico Pharmaceuticals Limited and its subsidiaries for the year ended on that date.

**For N.P. GANDHI & CO.**  
Chartered Accountants  
(Firm Reg No: 116574W)

**N.P. Gandhi**  
Proprietor  
(M.No. 44294)

Indore, 1<sup>st</sup> March, 2013

# PLETHICO PHARMACEUTICALS LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> DECEMBER, 2012

₹ in Million

Particulars	Note	As At 31.12.2012	As At 31.12.2011
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	340.67	340.67
(b) Reserves and surplus	4	13,329.03	13,107.94
(c) Money received against share warrants	5	-	200.00
		<b>13,669.70</b>	<b>13,648.61</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	6	2,558.45	3,192.82
(b) Other long-term liabilities	7	125.75	152.46
		<b>2,684.20</b>	<b>3,345.28</b>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	8	2,207.65	1,441.58
(b) Trade payables	9	639.88	540.38
(c) Other current liabilities	10	7,479.14	6,324.51
(d) Short-term provisions	11	635.97	294.33
		<b>10,962.64</b>	<b>8,600.80</b>
<b>TOTAL</b>		<b>27,316.54</b>	<b>25,594.69</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
i) Tangible assets	12A	1,321.55	1,362.73
ii) Intangible assets	12B	249.02	317.99
iii) Capital Work in Progress		3,950.67	4,013.85
iv) Goodwill on Consolidation		2,699.74	2,769.41
(b) Non-current investments	13	1,989.60	1,989.24
(c) Deferred Tax Assets (Net)	14	89.54	134.27
(d) Long Term Loans and Advances	15	7.85	0.02
		<b>10,307.97</b>	<b>10,587.51</b>
<b>2 Current assets</b>			
(a) Inventories	16	1,894.97	1,820.36
(b) Trade receivables	17	12,237.98	9,705.82
(c) Cash and Bank Balances	18	315.67	1,104.04
(d) Short-term loans and advances	19	2,543.69	2,355.86
(e) Other current assets	20	16.26	21.10
		<b>17,008.57</b>	<b>15,007.18</b>
<b>TOTAL</b>		<b>27,316.54</b>	<b>25,594.69</b>
<b>Summary of significant accounting policies &amp; Notes</b>	1-39		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**For N. P. GANDHI & CO**  
Chartered Accountants  
(Firm Reg No 116574W)

For and on behalf of the Board of Directors of  
Plethico Pharmaceuticals Limited

**N.P. Gandhi**  
Proprietor  
(M. No. 44294)

**Amrish Kumar Chourasia**  
Company Secretary

**Hitesh Thakar**  
Director

**Shashikant Patel**  
Chairman cum  
Managing Director

Indore, 1<sup>st</sup> March, 2013

## PLETHICO PHARMACEUTICALS LIMITED

### CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2012

₹ in Million

Particulars	Note	Year Ended 31.12.2012	Year Ended 31.12.2011
<b>INCOME</b>			
Revenue from operations (Net)	21	16,315.41	15,570.41
Other income	22	365.29	843.39
<b>Total (I)</b>		<b>16,680.70</b>	<b>16,413.80</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	23	3,799.82	3,259.11
Purchases of traded goods	24	5,894.13	5,592.33
(Increase)/ decrease in inventories of finished goods, traded goods and work-in-progress	25	(125.12)	(152.58)
Employee Cost	26	1,189.16	1,149.27
Other expenses	27	3,977.72	3,612.07
<b>Total (II)</b>		<b>14,735.71</b>	<b>13,460.20</b>
<b>Earning before Interest, Depreciation, Amortisation and tax (EBITDA [I-II])</b>		<b>1,944.99</b>	<b>2,953.59</b>
Finance costs	28	614.32	835.43
Depreciation and Amortisation expense	12	177.29	176.27
<b>Profit before Tax, Exceptional and Extraordinary Item</b>		<b>1,153.38</b>	<b>1,941.89</b>
Exceptional items		81.15	-
<b>Profit before extraordinary items and tax</b>		<b>1,234.53</b>	<b>1,941.89</b>
Extra Ordinary items		(141.75)	(630.00)
<b>Profit Before Tax</b>		<b>1,092.78</b>	<b>1,311.89</b>
<b>Tax expense:</b>			
Current tax expense for current year		69.50	128.36
Deferred tax		8.40	45.72
		<b>77.90</b>	<b>174.08</b>
For previous year - Current Tax		-	(24.43)
For previous year - Deferred Tax		-	133.13
		-	108.70
<b>Total Tax Expenses</b>		<b>77.90</b>	<b>282.78</b>
<b>Profit for the Year</b>		<b>1,014.88</b>	<b>1,029.11</b>
<b>Earnings per equity share(EPS) (face value of ₹ 10/- each):</b>			
<b>i) Before Extraordinary Items</b>			
(a) Basic Earning Per Share		33.95	48.70
(b) Diluted Earning Per Share		33.95	40.89
<b>ii) After Extraordinary Items</b>			
(a) Basic Earning Per Share		29.79	30.21
(b) Diluted Earning Per Share		29.79	25.36
<b>Summary of significant accounting policies &amp; notes</b>	1-39		

The accompanying notes are an integral part of the financial statements.  
As per our report of even date

**For N. P. GANDHI & CO**  
Chartered Accountants  
(Firm Reg No 116574W)

For and on behalf of the Board of Directors of  
Plethico Pharmaceuticals Limited

**N.P. Gandhi**  
Proprietor  
(M. No. 44294)

**Amrish Kumar Chourasia**  
Company Secretary

**Hitesh Thakar**  
Director

**Shashikant Patel**  
Chairman cum  
Managing Director

Indore, 1<sup>st</sup> March, 2013

# PLETHICO PHARMACEUTICALS LTD

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2012

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit / (Loss ) Before Tax and Extraordinary Items</b>	<b>859.58</b>	<b>1941.92</b>
Adjustment For		
Depreciation	177.30	176.27
Premium on FCCB redemption	0.00	374.95
Interest Expenses	628.17	473.93
Miscellaneous Expenditure Amortized	2.04	9.74
Interest received	(23.89)	(13.46)
Dividend Received	(0.01)	0.00
Loss / ( Profit ) on sales of Fixed Assets (Net)	1.13	(0.16)
Agriculture Income	(0.22)	(0.09)
<b>Operating Profit Before Working Capital Change</b>	<b>1644.11</b>	<b>2963.10</b>
Adjustment For		
Trade Payables and Other Liabilities	275.18	(580.53)
Inventories	(74.61)	(257.74)
Trade and Other Receivable	(2779.26)	(4653.52)
<b>Cash Generated From Operation</b>	<b>(934.59)</b>	<b>(2528.69)</b>
Agriculture Income	0.22	0.09
Direct Taxes	(97.11)	(188.14)
<b>Net Cash From Operating Activities</b>	<b>(1031.48)</b>	<b>(2716.74)</b>
<b>A</b>		
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sales of Fixed Assets	101.79	71.97
Purchase of Investment	(0.36)	0.00
Purchase of fixed assets	(53.94)	(1082.34)
Dividend Received	0.01	0.00
Interest Received	27.73	13.46
<b>Net Cash Used in Investing Activities</b>	<b>75.23</b>	<b>(996.91)</b>
<b>B</b>		
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds From Long Term & Other Borrowings	576.60	3940.20
Proceeds From Warrant	0.00	200.00
Dividend Paid	0.00	(85.17)
Tax on Dividends	0.00	(13.82)
Interest paid	(560.31)	(474.32)
<b>Net Cash From Financing Activities</b>	<b>16.29</b>	<b>3566.89</b>
<b>C</b>		
<b>Net Increase / ( Decrease ) in Cash and Cash Equivalents ( A+B+C )</b>	<b>(939.96)</b>	<b>(146.76)</b>
Effect of Exchange rate on conversion of Foreign Currency	(151.61)	(845.45)
Cash and Cash Equivalents at beginning of period	1104.04	405.37
Cash and Cash Equivalents at end of period	315.69	1104.04

**For N. P. GANDHI & CO**  
Chartered Accountants  
(Firm Reg No 116574W)

**N.P. Gandhi**  
Proprietor  
(M. No. 44294)

**Amrish Kumar Chourasia**  
Company Secretary

**Hitesh Thakar**  
Director

**Shashikant Patel**  
Chairman cum  
Managing Director

For and on behalf of the Board of Directors of  
Plethico Pharmaceuticals Limited

Indore, 1<sup>st</sup> March, 2013

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

### 01. BACKGROUND

#### A Details of Subsidiaries:

The consolidated financial statement comprises the financial statements of the parent company, Plethico Pharmaceuticals Limited and the following wholly owned subsidiaries / step-down subsidiaries.

Name of Subsidiary	Country of Incorporation	Date of becoming subsidiary	Relationship with Parent company	Name of the Holding company	% of Holding
Plethico Global Holdings BV	Netherlands	02.01.08	Subsidiary	Plethico Pharmaceuticals Limited	100%
Plethico International Limited	United Arab Emirates	05.01.08	Subsidiary	Plethico Pharmaceuticals Limited	100%
Plethico US Holdings KFT	Hungary	23.04.08	Step-down Subsidiary	Plethico Global Holdings BV	100%
Natrol INC	United State of America	02.01.08	Step-down Subsidiary	Plethico US Holdings KFT Plethico Global Holdings BV	75% 25%
Medical Research Institute	United State of America	02.01.08	Step-down Subsidiary	Natrol INC	100%
Natrol Direct INC	United State of America	02.01.08	Step-down Subsidiary	Natrol INC	100%
Natrol Products INC	United State of America	02.01.08	Step-down Subsidiary	Natrol INC	100%
Natrol (Hong Kong) Limited	China	02.01.08	Step-down Subsidiary	Natrol INC	100%
Natrol (UK) Limited	England	02.01.08	Step-down Subsidiary	Natrol INC	100%
Prolab Nutrition INC	United State of America	02.01.08	Step-down Subsidiary	Natrol INC	100%
Natrol Global FZ-LLC	UAE	22.03.09	Step-down Subsidiary	Plethico US Holdings KFT	100%

Note : Natrol (Hong kong) Ltd. China, a step down subsidiary of Natrol Inc, USA has ceased to be a subsidiary during the year ended 31<sup>st</sup> December, 2012.

#### B Basis of Consolidation

- a The consolidated financial statements of the parent company Plethico Pharmaceuticals Ltd. (the company) and its subsidiary companies are prepared according to uniform accounting policies, to the extent possible, for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the company's separate financial statements.
- b The financial statements have been consolidated by a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses as per Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India.
- c The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the parent company i.e. 31<sup>st</sup> December 2012.
- d The excess of cost to the company of its investment in the subsidiary companies is recognised in the financial statements as goodwill.
- e Foreign currency translation :
  - i) Assets and Liabilities, both monetary and non-monetary, are translated at the exchange rate prevailing as at the Balance Sheet date.
  - ii) Income and Expense items are translated at the average exchange rate prevailing during the year.
  - iii) The resulting exchange differences are credited or debited to Foreign Currency Translation Reserve.

### 02. SIGNIFICANT ACCOUNTING POLICIES

#### A Basis for preparation of financial statement

The financial statements have been prepared and presented under the historical cost convention on accrual basis in accordance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, which have been prescribed by the Companies (Accounting Standards) Rules, 2006, and the relevant provisions of the Companies Act, 1956.

#### B Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles if requires management to make assumptions and estimates, which it believes are reasonable under the circumstances that affect the reported amounts of assets, liabilities and contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Examples of such estimates include useful lives of Fixed Assets, provision for doubtful debts / advances, deferred tax, export incentives, provision for retirement benefits, etc.

#### C Revenue recognition

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefits will flow to the company. The Company recognizes sales at the point of dispatch of goods to the customers. All other income are recognized as revenue, when earned or when the right to receive is established.

#### D Purchase

Purchases are accounted net of cash discounts, wherever applicable.

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

### E Fixed Assets

- (i) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non refundable taxes and levies, freight and other incidental expenses related to the acquisition and installation of the respective assets and reducing there from refundable levies received / receivable, if any. Borrowing cost attributable to acquisition or construction of fixed assets are capitalized to respective assets.
- (ii) The computer software cost are capitalized and recognized as intangible assets in terms of the Accounting Standards 26 on Intangible Assets based on materiality, accounting prudence and significant economic benefit therefrom expected to flow for a period longer than one year. Capitalized costs include direct costs of implementation and expenses directly attributable to the development of software.

### F Depreciation

- (i) Depreciation on fixed assets (except lease hold land and information technology assets) is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- (ii) Computer Software cost capitalized is amortized over estimated useful life of 3 to 5 years as estimated at the time of capitalization.

### G Impairment of Assets

If indications suggest that assets of the Company may be impaired, the recoverable amount of assets are determined on the Balance Sheet date and if it is less than its carrying amount, the carrying amount of assets are reduced to the said recoverable amount.

### H Inventories

- (i) Stock of Raw Materials and Finished Goods are valued at lower of cost or realizable value. The cost of Raw Materials is determined on FIFO basis. The cost of Finished Goods produced is determined on weighted average basis whereas cost of Finished Goods traded is determined on FIFO basis and including manufacturing overheads where applicable
- (ii) The stocks of Packing Materials, Consumables Stores, Promotional Materials & Stock-in-Process are valued at cost. The cost of Packing Materials, Consumable Stores & Promotional Material is determined on FIFO basis. The cost of Work In Progress produced is determined on weighted average basis.

### I Retirement Benefits

- (a) Short terms Benefits: Short term employee benefits are recognised as an expense at the undiscounted amount in profit and loss account of the year in which the related service is rendered. Short term employee benefits are recognized as expense in the profit and loss account of the year in which service is rendered.
- (b) Long term benefits
  - (i) Defined Contribution Plan : Provident and Family Pension Fund :The eligible employees of the Company are entitled to receive post employment benefits in respect of provident and family pension fund, in which both employees and the Company make monthly contributions at a specified percentage of the employees eligible salary (currently 12% of employees eligible salary). The contributions are made to Employees' Provided Fund Organisation (EPFO) and the Central Provident Fund under the State Pension Scheme. Provident Fund and Family Pension Fund are classified as Defined Contributions Plans as the Company has no further obligation beyond making the contribution. The Company's contribution Plan are charged to profit and loss account as incurred.
  - (ii) Contribution to defined contribution schemes such as Provident Fund, Family Pension Fund and ESI Fund are charged to the profit and loss account.
  - (iii) Defined Benefit Plan :1.Gratiuity :The Company has an obligation towards gratuity, a defined benefits retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company an employees' gratuity fund managed by the Life Insurance Corporation of India (LIC) based on an independent actuarial valuation made at the year end Actuarial gains and losses are recognised in the profit and loss account.2. Compensated absences :The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is recognised based on number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation. Actuarial gains and losses are recognised in the profit and loss account.
  - (iv) The defined benefit obligations in respect of gratuity are recognized on the basis of valuation done by an independent actuary applying project unit credit method. The actuarial gain / loss arising during the year and recognized in the profit and loss account of the year. The company has an employees' gratuity fund managed by the Life Insurance Corporation of India (LIC).
  - (v) Leave encashment is charged to revenue on accrual basis.

### J Investments

- (i) Long Term Investments are stated at cost and provision is made to recognize any diminution in value other than that of a temporary nature.
- (ii) Current investments are carried at lower of cost and market value. Diminution in value is charged as a loss in profit and loss account.

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

### K Foreign Exchange Transactions

- (i) The Transactions in Foreign Currency have been accounted at the exchange rate prevailing on the date of the transaction. Year-end Receivables / Payables have been translated at the year-end rate of exchange. The difference on account of fluctuation in the rate of exchange as prevailing on Sales / Purchase transaction date and on Realization / Payment / year-end date are recognized in Profit & Loss Account.
- (ii) Investment in shares in Foreign Subsidiaries and other companies abroad are expressed in reporting currencies at the rate of exchange prevailing at the time when the original investments were made.
- (iii) Foreign Exchange Gain or Foreign Exchange losses arising out of revaluation in respect of outstanding FCCB at the Balance Sheet date shall be recognized in the books of accounts and amount of such gains / losses shall be disclosed as extra-ordinary item in Profit & Loss account.
- (iv) The premium payable on redemption of FCCB shall be provided in the books of accounts as per the terms of the Offering Circular. The Premium on Redemption of FCCB will first be adjusted from Share Premium available and after full utilization of Share Premium, the balance would be adjusted from Free Reserves or charged to Profit & Loss Account and premium so payable shall be disclosed separately.

### L Research and Development

Research and Development costs (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.

### M Income/Expenditure during construction period

Revenue Expenditure during construction are capitalized to respective assets. Similarly revenue incomes during construction are reduced from respective assets.

### N Provisions, Contingent Liabilities and Contingent Assets

- (a) A provision is recognised, if as a result of past event, the Company has a present legal obligation that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability.
- (b) A disclosure for a Contingent Liability is made when there is possible obligation or a present obligation that may, but probably will not, required outflow of resources. Where there is a possible obligation or present obligation where likelihood of outflow of resources is remote, no provision or disclosure is made.
- (c) Contingent Assets are neither recognised nor disclosed.

### O Miscellaneous Expenditure (to the extent not written off)

Security Issue Expenses and other Deferred Revenue Expenses shall be amortized on the basis of 1/5th of the total expenses and the extent to which they are not written off shall be disclosed in the Balance Sheet.

### P Provision for Current & Deferred tax

Provision for Tax for the year comprises Current Income Tax and Deferred Tax. Provision for Current Tax is determined after taking in to consideration the provision of the Income tax Act '1961 relevant for the fiscal year as applicable or substantively enacted as on the balance sheet date.

- (a) In accordance with Accounting Standard 22 " Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the deferred tax for timing differences is accounted for, using the tax rates and laws that have been enacted or substantively enacted on the Balance Sheet date.
- (b) Deferred Tax Assets arising from timing differences are recognised only on the consideration of prudence.

### Q Lease

Assets taken on lease, under which all the risks and rewards of ownership are effectively retained by the lessor, are classified as operating lease. Operating lease payments are recognized as expense in the Profit and Loss Account.

## 03. SHARE CAPITAL

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>Authorised Share Capital</b>		
6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of ₹ 10 each	600.00	600.00
<b>Issued Share Capital</b>		
3,40,81,767 (Previous Year 3,40,81,767) Equity Shares of ₹ 10 each	340.82	340.82
<b>Subscribed and Paid Up Share Capital</b>		
3,40,66,667 (Previous Year 3,40,66,667) Equity Shares of ₹ 10 each	340.67	340.67

3.1 Subscribed and paid up share capital including 2,91,09,060 Equity Shares (Previous year 2,91,09,060) Equity Shares of ₹ 10 each allotted as fully paid bonus shares by way of capitalisation of General Reserve and Share Premium.

3.2 The details of Shareholders holding more than 5% Shares :

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

Name of Shareholders	AS AT 31.12.2012		AS AT 31.12.2011	
	No. of Shares	%held	No. of Shares	%held
Mr. Shashikant Patel	27388825	80.40%	28854780	84.70%

3.3 The reconciliation of the number of shares outstanding at end of year:

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>Subscribed and paid up equity shares capital ₹ 10 each</b>		
Share outstanding as at the Beginning of the year	3,40,66,667	3,40,66,667
Add : Share Issued During the Year	-	-
Share outstanding as at the end of the year	3,40,66,667	3,40,66,667

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>04. RESERVES AND SURPLUS</b>		
<b>4.1 Share Premium</b>		
As per last Balance Sheet	-	165.07
Add : Current Year	-	-
Less : Provision for Premium Payable on Redemption of FCCB	-	165.07
	-	-
<b>4.2 General Reserve</b>		
As per last Balance Sheet	3,500.00	3,500.00
Add : Transferred from Profit and Loss account	-	-
Add : Amount of Share Warrant forfeited	200.00	-
	3,700.00	3,500.00
Less : Provision for Premium Payable on Redemption of FCCB	778.44	-
Less : Provision for earlier years Taxation	320.00	-
	2,601.56	3,500.00
Foreign Currency Translation Reserve	2,105.09	2,003.41
<b>4.3 Surplus</b>		
As per last Balance Sheet	7,604.53	6,575.39
Add : Profit / (Loss) of the Year	1,014.88	1,029.14
Add : Excess Amortisation	2.97	-
	8,622.38	7,604.53
<b>TOTAL</b>	<b>13,329.03</b>	<b>13,107.94</b>

4.4 The said investor as on the date of conversion that is 13<sup>th</sup> August, 2012 did not exercise the option for the conversion hence the initial amount received has been forfeited.

4.5 Provision for Premium Payable made from General Reserve of ₹ 403.49 Million during the current year and ₹ 374.94 Million of Previous Year.

4.6 Income Tax Provision provided from 2004-2005 (AY 2005-06) to 2009-10 (AY 2010-11) of ₹ 320.00 Million.

### 05. MONEY RECEIVED AGAINST SHARE WARRANTS

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
Subscription Received Against Share warrant	200.00	200.00
Less: Share Warrant forfeited amount transferred to General Reserve	200.00	-
<b>TOTAL</b>	<b>-</b>	<b>200.00</b>

5.1 The said investor as on the date of conversion that is 13<sup>th</sup> August, 2012 did not exercise the option for the conversion hence the initial amount received has been forfeited.

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

### 06. LONG TERM BORROWINGS

₹ in Million

Particular	AS AT 31.12.2012		AS AT 31.12.2011	
	Non-Current	Current	Non-Current	Current
<b>Secured</b>				
i) Term/Corporate Loan from Bank	1,425.75	756.21	2,409.47	324.81
ii) Vehicle Loan	1.13	1.04	2.17	2.26
<b>Unsecured</b>				
i) Foreign Currency Convertible Bond	-	2,970.75	-	2,970.75
ii) Premium Payable on Redemption of FCCB	-	1,841.77	-	1,438.28
iii) Foreign Currency Fluctuation on FCCB	-	1,153.88	-	1,012.13
iv) Public Deposit	1,083.54	382.50	781.18	276.23
v) Interest accrued but not due on borrowings	48.03	45.69	-	27.97
<b>TOTAL</b>	<b>2,558.45</b>	<b>7,151.84</b>	<b>3,192.82</b>	<b>6,052.43</b>

- 6.1 The corporate term loan of Punjab National Bank is secured by:
- (a) Pledge of company's equity shares held by one of the Directors.
  - (b) Personal Guarantee of one of the Director of the company.
- 6.2 The term loans taken from EXIM Bank, Mumbai is secured by:
- (i) Exclusive first charge by way of equitable mortgage of company's land and building situated at Khasra No.821/2, Village Dharawara, Depalpur Tehsil, Indore.
  - (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/2, Village Dharawara, Depalpur Tehsil, Indore.
  - (iii) Pledge of equity shares of the company by a director of the company.
  - (iv) Personal Guarantee of two directors of the company.
- 6.3 The Term loan of IDBI Bank is secured by:
- (a) First charge by way of equitable mortgage over company's land and building situated at Khasra No.285/1/1, Village Gari Pipliya, Manglia, Indore.
  - (c) Hypothecation of Plant and Machinery installed in the factory premises situated at Khasra No. 285/1/1, Village Gari Pipliya, Manglia, Indore.
  - (d) Personal Guarantee of one of the director of the company.
- 6.4 Vehicle Loan is secured by hypothecation against related vehicle of the company.
- 6.5 Terms of Repayment of Secured Term Loans from Banks and others are given below:

₹ in Million

Banks/Others	Terms of Repayment/Periodicity	Amount Outstanding As At 31.12.2012	Amount Outstanding As At 31.12.2011
EXIM Bank	In 20 equal quarterly Installment from 27.10.2010 to 26.02.2015	280.38	360.00
EXIM Bank	In 12 equal quarterly Installment from 20.09.2010 to 19.09.2013	76.28	145.83
Punjab Nation Bank	In 11 equal quarterly Installment from 15.04.2010 to 14.01.2013	32.22	112.45
IDBI Bank Ltd	In 10 equal quarterly Installment from 06.08.2010 to 05.02.2013	14.08	60.00
IDBI Bank Ltd	In 12 equal quarterly Installment from 01.07.2011 to 30.06.2014	51.28	83.33
<b>TOTAL</b>		<b>454.24</b>	<b>761.61</b>

- 6.6 Provision of ₹ 403.45 Million (Previous year ₹ 540.02 Million) has been made during the year on account of premium payable on redemption of FCCB in terms of the Offering Circular dated 18<sup>th</sup> October, 2007, which has been charged to the General Reserve Account. The Company has outstanding bonds at face value of USD 75 Million. Till date neither bonds have been converted nor redeemed or cancelled. The term of the bonds are 0% coupon, premium 7.7% YTM, Reset conversion price is ₹ 484/-. The said FCCB had fallen due on 23<sup>rd</sup> October, 2012 and the company is seeking approval of restructuring of said FCCBs from Bondholders and concern authorities. RBI has approved extension of maturity period in respect of said FCCB up to 23<sup>rd</sup> April, 2013.

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>07. OTHER LONG TERM LIABILITIES</b>		
Sales Tax Deferment	0.41	0.41
Loan & Advances from Directors	125.34	152.05
<b>TOTAL</b>	<b>125.75</b>	<b>152.46</b>

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>08. SHORT TERM BORROWING</b>		
Secured		
Working Capital Loan from Bank	2,189.39	1,441.58
Unsecured		
from Other	18.26	-
<b>TOTAL</b>	<b>2,207.65</b>	<b>1,441.58</b>

- 8.1 The working capital loans taken from Bank of Baroda are secured by:
- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
  - (b) On first pari passu charge basis by:
    - (i) Equitable mortgage of company's land and building situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore.
    - (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore
  - (c) Personal Guarantee of two directors of the company.
- 8.2 The working capital loans taken from IDBI Bank are secured by:
- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
  - (b) Second charge by way of equitable mortgage over company's land and building situated at Khasra No.285/1/1, Village Gari Pipliya, Manglia, Indore
  - (c) Hypothecation of Plant and Machinery installed in the factory premises situated at Khasra No. 285/1/1, Village Gari Pipliya, Manglia, Indore
  - (d) Personal Guarantee of one of the director of the company.
- 8.3 The working capital loan taken from State Bank of India is secured by:
- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
  - (b) On first pari passu charge basis by:
    - (i) Equitable mortgage of company's land and building situated at Khasra No.821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore.
    - (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore
  - (c) Personal Guarantee of one of the director of the company.
- 8.4 The working capital loan taken from Punjab National Bank is secured by:
- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
  - (b) On first pari passu charge basis by:
    - (i) Equitable mortgage of company's land and building situated at Khasra No.821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No.285/1/2, Village Gari Pipliya, Manglia, Indore
    - (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore
  - (c) Personal Guarantee of two directors of the company.
- 8.5 The working capital loan taken from Allahabad Bank is secured by:
- (a) Hypothecation of company's entire stocks and book debts on first pari passu charge basis
  - (b) On first pari passu charge basis by:
    - (i) Equitable mortgage of company's land and building situated at Khasra No.821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No.285/1/2, Village Gari Pipliya, Manglia, Indore
    - (ii) Hypothecation of Plant and Machinery installed in the aforesaid factory premises situated at Khasra No. 821/1, Village Dharavara, Tehsil Depalpur, Indore and at Khasra No. 285/1/2, Village Gari Pipliya, Manglia, Indore
  - (c) Personal Guarantee of one of the director of the company.

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>09. TRADE PAYABLE</b>		
Trade Payable Others	639.88	540.38
<b>TOTAL</b>	<b>639.88</b>	<b>540.38</b>
<b>10. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Debts (See Note 6)	7,106.15	6,024.46
Interest accrued but not due on borrowings (See Note 6)	45.69	27.97
Interest Accrued and Due on Borrowings	5.11	3.01
Investor Education and Protection Fund (not due)		
Unclaimed Dividend	0.25	0.29
Unclaimed Share Application Money	0.42	0.48
Dealers' Deposit	8.45	8.25
Inter Corporate Deposit	131.27	103.29
Advance from Customers	46.34	27.35
Other Liabilities		
(a) for employee benefits.		
Statutory Liabilities Payable	1.46	0.78
Bonus Payable	2.43	2.80
Gratuity Payable	5.94	5.03
Leave Encashment Payable	6.42	8.00
(b) for others	119.21	112.80
<b>TOTAL</b>	<b>7,479.14</b>	<b>6,324.51</b>

10.1 There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

10.2 Inter Corporate deposit against Pledge of company's equity shares held by one of the Directors.

### 11. SHORT TERM PROVISION

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
Other Liabilities - Provisions & accruals	47.87	-
Provision for Current Taxation	588.10	294.33
<b>TOTAL</b>	<b>635.97</b>	<b>294.33</b>

### 12. FIXED ASSETS

₹ in Million

DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As At 01.01.2012	Addition	Deduction/ Adjustment	Forex Adj	As At 31.12.2012	As At 01.01.2012	For the Year	Deduction/ Adjustments	Forex Adj	As At 31.12.2012	As At 31.12.2012	As At 31.12.2011
<b>A) Tangible Assets</b>												
Land	26.67	-	-	-	26.67	-	-	-	-	-	26.67	26.67
Land Development	1.67	-	-	-	1.67	-	-	-	-	-	1.67	1.67
Leasehold Improvements	8.18	-	-	0.29	8.47	4.51	1.50	-	0.21	6.22	2.25	3.67
Office Premises	3.94	-	-	-	3.94	0.60	0.06	-	-	0.66	3.28	3.34
Factory Building	605.10	-	-	-	605.10	160.78	20.21	-	-	180.99	424.11	444.32
Plant & Machinery	1,464.60	52.19	3.46	11.57	1,524.90	653.21	60.95	1.66	11.06	723.56	801.34	811.39
Computers	172.25	0.97	0.98	1.11	173.35	156.15	5.19	0.98	0.91	161.27	12.08	16.10
Furniture & Fixtures	114.12	0.78	0.06	1.90	116.74	72.12	4.57	0.03	1.57	78.23	38.51	42.00
Vehicles	26.93	-	0.38	0.11	26.66	13.90	1.96	0.35	0.05	15.56	11.10	13.03
Agricultural Equipments	0.54	-	-	-	0.54	-	-	-	-	-	0.54	0.54
<b>Total</b>	<b>2,424.00</b>	<b>53.94</b>	<b>4.88</b>	<b>14.98</b>	<b>2,488.04</b>	<b>1,061.27</b>	<b>94.44</b>	<b>3.02</b>	<b>13.80</b>	<b>1,166.49</b>	<b>1,321.55</b>	<b>1,362.73</b>
<b>Previous Year</b>	<b>2,294.77</b>	<b>50.00</b>	<b>4.03</b>	<b>83.28</b>	<b>2,424.02</b>	<b>892.17</b>	<b>96.75</b>	<b>3.84</b>	<b>76.19</b>	<b>1,061.27</b>	<b>1,362.76</b>	<b>1,402.60</b>

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

₹ in Million

DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As At 01.01.2012	Addition	Deduction/ Adjustment	Forex Adj	As At 31.12.2012	As At 01.01.2012	For the Year	Deduction/ Adjustments	Forex Adj	As At 31.12.2012	As At 31.12.2012	As At 31.12.2011
<b>B) Intangible Assets</b>												
Goodwill	1,329.92	-	-	47.20	1,377.12	1,329.92	-	-	47.20	1,377.12	-	-
Patents	24.48	-	-	0.87	25.35	19.61	3.22	-	0.79	23.62	1.73	4.87
Brands and Customer Relationships	383.77	-	-	13.62	397.39	193.07	43.33	-	5.02	241.42	155.97	190.70
Trade Marks	304.32	-	-	10.80	315.12	183.72	34.55	-	5.53	223.80	91.32	120.60
Computer Software	37.55	-	5.45	1.33	33.43	35.73	1.75	5.29	1.24	33.43	-	1.82
<b>Total</b>	<b>2,080.04</b>	<b>-</b>	<b>5.45</b>	<b>73.82</b>	<b>2,148.41</b>	<b>1,762.05</b>	<b>82.85</b>	<b>5.29</b>	<b>59.78</b>	<b>1,899.39</b>	<b>249.02</b>	<b>317.99</b>
<b>Previous Year</b>	<b>1,750.64</b>	<b>0.58</b>	<b>0.35</b>	<b>329.17</b>	<b>2,080.04</b>	<b>1,402.79</b>	<b>79.52</b>	<b>0.35</b>	<b>280.09</b>	<b>1,762.05</b>	<b>318.00</b>	<b>347.84</b>

Note : Capital Work in Progress ₹ 3950.67 Million (Previous Year ₹ 4013.85 Million) Including Capital Advance ₹ Nil (Previous Year ₹ 1.26 Million)

### 13 NON-CURRENT INVESTMENT

₹ in Million

Particular	No of Share as at 31.12.2012	Face Value	AS AT 31.12.2012	AS AT 31.12.2011
<b>Investment in Overseas Companies (Unquoted)</b>				
TOO Rezlov Ltd., Kazakhstan	1559025	Tenge 100	270.49	270.49
OOO Rezlov Ltd., Kyrgyzstan	62100	Som 100	141.03	141.03
ICS Rezlov MO SRL., Moldova	33345	Leu 100	202.99	202.99
Rezlov LSS., Azerbezan	548550	Manat 1000	81.47	81.47
SC Rezlov., Ukraine	16088	Rubal 100	159.77	159.77
CJSC Rezlov., Russia	303750	Hryvnia 100	198.05	198.05
Tricon Holding FZE,UAE	5	AED 150000	935.44	935.44
Plethico Pharmaceuticals Corporation	42000	Pesos 100	0.36	0.00
<b>TOTAL</b>			<b>1,989.60</b>	<b>1,989.24</b>

13.1 During the year, company's equity holdings in other overseas companies remained unchanged. The equity holding percentage and status of loans in such companies was as under as on 31<sup>st</sup> December, 2012.

Company	Country	% of Equity Holding	Loans & Advances As At 31.12.2012
TOO Rezlov Ltd	Kazakhstan	45%	Nil
ICS Rezlov – MO SRL	Moldova	45%	Nil
OOO Rezlov Ltd	Kyrgyzstan	45%	Nil
CJSC Rezlov	Russia	45%	Nil
SC Rezlov	Ukraine	45%	Nil
Rezlov LLS	Azerbaijan	45%	Nil
Tricon Holding FZE	UAE	20%	Nil
Plethico Pharmaceuticals Corporation	Philippines	35%	Nil

13.2 The company does not have significant influence in any of the above companies as defined under AS18 "Related Party Disclosure" and AS23 "Accounting for Investment in Associates in consolidated financial statements" and as such, all above companies are neither related party nor associate companies within the meaning of above accounting standards. Consequently consolidation of accounts has not been done for the above companies.

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>14. DEFERRED TAX ASSETS</b>		
Deferred Tax Assets (Net)	89.54	134.27
<b>TOTAL</b>	<b>89.54</b>	<b>134.27</b>
<b>15. LONG-TERM LOANS AND ADVANCES</b>		
Long-Term Loans and Advances	7.85	0.02
<b>TOTAL</b>	<b>7.85</b>	<b>0.02</b>

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>16. INVENTORIS</b>		
(As valued and certified by management)		
Raw Materials	208.63	263.71
Finished Goods	1,489.42	1,374.71
Stock-in-Process	55.49	45.08
Packing Material Consumables etc.	141.43	136.85
<b>TOTAL</b>	<b>1,894.97</b>	<b>1,820.36</b>
<b>17. TRADE RECEIVABLE</b>		
(Unsecured & Considered Good)		
Debts exceeding six months	5,159.91	4,468.93
Other Debts	7,078.07	5,236.89
<b>TOTAL</b>	<b>12,237.98</b>	<b>9,705.82</b>

17.1 The company is duly applying to the competent authority for getting extension with respect to the overdue export proceeds in accordance with the provisions of the Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Export of Goods and Services) Regulations, 2000.

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>18. CASH AND BANK BALANCES</b>		
Cash on Hand	2.49	0.73
Balance With Bank		
- On Current Account	125.28	841.84
- On Unclaimed Dividend Account	0.25	0.29
- On Unclaimed Share Application Money	0.42	0.48
Deposit with Bank		
- Fixed Deposits - Margin Money	101.04	56.14
- Fixed Deposits - Others	86.19	204.56
<b>TOTAL</b>	<b>315.67</b>	<b>1,104.04</b>

₹ in Million

Particular	AS AT 31.12.2012	AS AT 31.12.2011
<b>19. SHORT TERM LOANS AND ADVANCES</b>		
Loan and Advances Recoverable	1,279.18	1,298.04
Balance with Excise Department	93.45	85.40
Advance tax paid	257.34	254.59
Export Incentive Entitlements	33.68	63.10
Sundry Deposits	880.04	654.74
<b>TOTAL</b>	<b>2,543.69</b>	<b>2,355.86</b>
<b>20. OTHER CURRENT ASSETS</b>		
Public Issue / Product Launching Expenses	16.26	21.10
<b>TOTAL</b>	<b>16.26</b>	<b>21.10</b>

₹ in Million

Particular	Year Ended 31.12.2012	Year Ended 31.12.2011
<b>21. REVENUE FROM OPERATION</b>		
Sales (Net)	16,315.41	15,570.41
	<b>16,315.41</b>	<b>15,570.41</b>
<b>22. OTHER INCOMES</b>		
Export Incentives	15.48	23.46
Foreign Exchange Fluctuation (net)	291.30	770.02
Central / State Excise Duty Refund	44.83	33.39

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

₹ in Million

Particular	Year Ended 31.12.2012	Year Ended 31.12.2011
Processing Charges	3.98	9.32
Other Operating Income	7.69	4.83
Other non-operating Income	2.01	2.37
<b>TOTAL</b>	<b>365.29</b>	<b>843.39</b>
<b>23. COST OF MATERIAL CONSUMED</b>		
Raw Material Consumed	3,320.04	2,672.46
Packing Material Consumed	479.78	586.65
<b>TOTAL</b>	<b>3,799.82</b>	<b>3,259.11</b>
<b>24. PURCHASES OF TRADED GOODS</b>		
Finished Goods	5,894.13	5,592.33
<b>TOTAL</b>	<b>5,894.13</b>	<b>5,592.33</b>
<b>25. (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, TRADED GOODS AND WORK-IN-PROGRESS</b>		
<b>Opening Inventories</b>		
Finished Goods	1,374.71	1,233.05
Stock-in-Process	45.08	34.17
	<b>1,419.79</b>	<b>1,267.22</b>
<b>Less :Closing Inventories</b>		
Finished Goods	1,489.42	1,374.71
Stock-in-Process	55.49	45.08
	<b>1,544.91</b>	<b>1,419.79</b>
<b>TOTAL</b>	<b>(125.12)</b>	<b>(152.58)</b>
<b>26. EMPLOYEE COST</b>		
Salary Wages Bonus and Benefits	1,039.78	958.50
Director Remuneration Including Statutory Contribution	48.71	101.88
Sitting Fees	0.08	0.15
Contribution to P.F , Gratuity & other funds	100.59	88.74
<b>TOTAL</b>	<b>1,189.16</b>	<b>1,149.27</b>
<b>27. OTHER EXPENSES</b>		
Power & Fuel	72.80	76.30
Other Manufacturing Expenses	580.15	464.53
Excise Duty	42.28	57.35
Bank and financial charges	32.16	39.22
Travelling Expenses	85.00	72.16
Repair & Maintenance		
Machinery	24.65	26.69
Building	8.83	16.06
Others	33.03	5.06
Foreign Exchange Fluctuation - Other than Exports	0.69	(4.02)
Selling & Distribution Expenses	2,096.34	1,983.29
Misc. General & Admns. Expenses	827.74	708.94
Rent	131.36	130.13
Shed Lease Rent	0.47	-
Insurance	27.35	21.74
Audit Fees	6.92	3.39
Misc Expenditure amortized	5.17	9.74
Donations	2.78	1.50
<b>TOTAL</b>	<b>3,977.72</b>	<b>3,612.07</b>

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

₹ in Million

Particular	Year Ended 31.12.2012	Year Ended 31.12.2011
<b>28. FINANCIAL COST</b>		
Interest on working capital loans	239.08	168.49
Interest on Term Loan	183.04	191.02
Premium on FCCB redemption	-	374.95
Interest on Public Deposit	165.15	59.65
Other Interest	50.94	54.73
	<b>638.21</b>	<b>848.84</b>
Less : Interest Received	23.89	13.41
<b>TOTAL</b>	<b>614.32</b>	<b>835.43</b>

### 29. EXTRA ORDINARY ITEM

The Foreign Exchange loss of ₹ 141.75 million (Previous year loss of ₹ 630.00 Million) arising out of revaluation in respect of outstanding FCCB of USD 75.00 Million as on 31<sup>st</sup> December, 2012 has been recognised and debited to the Profit and Loss Account of the year as an Extra Ordinary item.

### 30. EARNING PER SHARE

Basic and Diluted Earning per share ('EPS') computed in accordance with Accounting standard ( AS ) 20 "Earning per Share"

₹ in Million

Particulars	Year ended As At 31.12.2012	Year ended As At 31.12.2011
<b>Basic</b>		
Profit after tax and before Extra Ordinary Items (₹ in Million)	1,156.63	1,659.11
Weighted average number of shares outstanding	34.07	34.07
<b>Basic EPS ( Rupees ) before Extra Ordinary Item</b>	<b>33.95</b>	<b>48.70</b>
Extra Ordinary Item	(141.75)	(630.00)
Profit after tax and Extra Ordinary Items (₹ in Million)	1,014.88	1,029.11
<b>Basic EPS ( Rupees ) after Extra Ordinary Item</b>	<b>29.79</b>	<b>30.21</b>
<b>Diluted</b>		
Profit after tax (₹. in Million)	1,156.63	1,659.11
Add : Interest / Exchange difference ( gain ) / loss on bonds convertible into equity shares ( net of tax )	-	-
Adjusted profit for diluted earning per share (₹ in Million)	1,156.63	1,659.11
Weighted average number of shares outstanding	34.07	34.07
Add : Weighted average number of potential equity shares that could arise on conversion of FCCBs	-	6.07
Add : Weighted average number of potential equity shares that could arise on conversion of Warrant's	-	0.44
Weighted average number of shares outstanding for Diluted EPS	34.07	40.58
<b>Diluted EPS ( Rupees ) Before Extra Ordinary Item</b>	<b>33.95</b>	<b>40.89</b>
Adjusted Profit after tax and Extra Ordinary Items (₹ in Million)	1,014.88	1,029.11
<b>Diluted EPS ( Rupees ) After Extra Ordinary Item</b>	<b>29.79</b>	<b>25.36</b>

### 31. BALANCE CONFIRMATION OF PARTIES

Debtors, Loans & Advances, Creditors and Bills Payable are subject to confirmation by the parties. The company has issued confirmation letters to such parties and differences if any shall be reconciled in the current Year.

### 32. CURRENT ASSETS AND LIABILITIES

In opinion of the Board, the provisions for known liabilities are adequate and current assets in the ordinary course of business have a value at least equal to the amount at which they are stated.

### 33. REGROUPING OF FIGURES

The figures of previous year have been regrouped / reclassified wherever necessary to confirm to the current year's presentation.

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

### 34. SEGMENT REPORTING

Segment Information for the year ended 31<sup>st</sup> December, 2012, Information about Primary Business segment. The company is Exclusively in the healthcare business segments. Information about Secondary Geographical segments

₹ in Million

Particulars	India		Outside India	
	As At 31.12.2012	As At 31.12.2011	As At 31.12.2012	As At 31.12.2011
Segment Revenue from External Customer	1,524.83	1,334.95	14,790.58	15,071.65
Carrying amount of segment assets	143.37	213.56	13,584.03	11,098.56

Segment Revenue Comprises

₹ in Million

Particulars	AS AT 31.12.2012	AS AT 31.12.2011
Sales	16,315.41	15,570.41
Other Income excl. Dividend, agriculture income and insurance claim.	363.28	841.02
<b>TOTAL</b>	<b>16,678.69</b>	<b>16,411.43</b>

Segment Revenue and Assets include the respective amounts identifiable to each of the segments.

### 35 RELATED PARTY DISCLOSURE : AS PER ACCOUNTING STANDARD -18

#### A. Name of related parties and description of relationship

Name	Country	Relationship
Plazma Laboratories Pvt. Ltd.	India	Significant influence of Director
Plethico Laboratories Pvt. Ltd.	India	Significant influence of Directors / Relatives
Plethico Products	India	Significant influence of Directors / Relatives
Wiscon Pharmaceuticals P. Ltd	India	Significant influence of Directors / Relatives
Rezcom Realty Pvt Ltd	India	Significant influence of Directors

#### B. Key Managerial Personnel

Name	Designation
Mr. Shashikant A. Patel	Chairman Cum Managing Director
Mr. Chirag S. Patel	Whole Time Director and CEO
Mrs. Gauravi Parikh	Executive Director
Mr. Aditya Moona	VP - International Marketing & Business
Mr. Anil K Mohta	Chief Technical Officer
Mr. John Philip Roy	VP - International Sales
Mr. Mangesh Joshi	VP - Human Resource

₹ in Million

Particular	As At 31.12.2012	As At 31.12.2011
<b>C. Transaction with Related Parties</b>		
Sales	441.98	279.42
Remuneration to Key Managerial Person	19.04	78.29
Rent Payment	0.26	0.46
Rent Received	0.12	0.16
Loan received from Directors	250.75	254.82
Loan repaid to Directors	277.46	103.17
Investment in equity shares	-	309.88
<b>D. Outstanding Amount of Related Parties</b>		
Amount Payable	361.11	152.05
Amount Receivables	23.01	-

No Amount have been written off/provided for or written back during the year in respect of debt due from or to related parties.

#### E. Amount Receivable from Managerial Staff ₹ Nil (Previous Year ₹ Nil).

### 36. DISCLOSURE ON LEASE AS PER ACCOUNTING STANDARD 19 ON "ACCOUNTING FOR LEASE":

The company has entered into operating lease agreement for office premises, Guest house, warehouse and vehicle renewable on periodic basis and is cancelable. The rental expenses for operating lease are amounting to ₹ 21.77 Million (Previous year ₹ 21.86) have been recognized in the P&L account.

## Notes On Consolidated Financial Statements For The Year Ended 31<sup>st</sup> Dec, 2012

### 37. DISCLOSURE REGARDING DERIVATIVE INSTRUMENTS AND UNHEDGED CURRENCY EXPOSURE

There were no foreign exchange derivatives or forward contracts outstanding as on 31<sup>st</sup> December, 2012. The year end foreign currency exposures that have not been hedged by a forward cover or derivative instrument or otherwise are given below

₹ in Million

Particulars	As At 31.12.2012			As At 31.12.2011		
	US Dollars	Euro	₹ Equivalent	US Dollars	Euro	₹ Equivalent
<b>(a) Amount receivable in Foreign Currency on account of following:</b>						
i. Sale of Goods	113.53	9.46	6,632.53	102.00	6.39	5,855.57
ii. Bank Balance	0.76	0.00	42.11	0.55	0.04	31.63
<b>(b) Amount Payable in foreign currency On account of following</b>						
i. Import of Goods and services	0.13	-	6.90	0.92	-	48.70
ii. Loan and Interest payable						
Outstanding Foreign Currency Convertible Bond and premium payable thereon	108.49	-	5,966.40	102.08	-	5,421.16
iii. Customer Advance	0.74	0.06	45.48	0.31	-	16.46

### 38. CONTINGENT LIABILITIES NOT PROVIDED FOR

₹ in Million

Particulars	AS AT 31.12.2012	AS AT 31.12.2011
i Pending Bank Guarantee	0.16	17.92
ii Corporate Guarantee against third party Loan	2,150.00	2,150.00
iii Pending Letter of Credit	111.70	69.98
iv Estimated amount of contract remaining unexecuted on capital account	-	3.76
v Interest on FCCB not provided for the overdue period	81.81	-

### 39. DEFERRED TAX ASSETS

The deferred tax liability of ₹ 8.40 Million for the year ended 31<sup>st</sup> December, 2012 has been debited to the profit & loss account. ₹ in Million

Year end Deferred tax Assets comprises	AS AT 31.12.2012	AS AT 31.12.2011
Deferred Tax Assets of Subsidiary Company	257.54	293.86
Less Deferred Tax Liabilities of Parent Company	(167.998)	(159.593)
<b>Deferred Tax Assets (net)</b>	<b>89.54</b>	<b>134.27</b>

Signature to Notes 1 to 39  
in terms of our report of even date.

**For N. P. GANDHI & CO**  
Chartered Accountants  
(Firm Reg No 116574W)

For and on behalf of the Board of Directors of  
Plethico Pharmaceuticals Limited

**N.P. Gandhi**  
Proprietor  
(M. No. 44294)

**Amrish Kumar Chourasia**  
Company Secretary

**Hitesh Thakar**  
Director

**Shashikant Patel**  
Chairman cum  
Managing Director

Indore, 1<sup>st</sup> March, 2013



**ATTENDANCE SLIP****20<sup>th</sup> Annual General Meeting - 28<sup>th</sup> June, 2013**

Regd. Folio No./DP ID/Client ID \_\_\_\_\_

No. of shares held \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the 20<sup>th</sup> Annual General Meeting of the Company to be held on Friday, the 28<sup>th</sup> day of June, 2013 at 9.30 a.m. at the Registered Office of the company situated at A.B. Road, Manglia 453771, Indore (M.P.).

Name of the member/proxy \_\_\_\_\_

Signature of member/proxy \_\_\_\_\_

Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Shareholders are informed that no duplicate attendance slips will be issued at the venue of meeting. Members are requested to bring their copies of the Annual Report to the meeting.

**PROXY FORM****20<sup>th</sup> Annual General Meeting - 28<sup>th</sup> June, 2013**

Regd. Folio No./DP ID/Client ID \_\_\_\_\_

No. of shares held \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member/members of Plethico Pharmaceuticals Ltd. hereby appoint \_\_\_\_\_ of \_\_\_\_\_ as my/our Proxy or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my proxy to vote for me/us on my/our behalf at the 20<sup>th</sup> Annual General Meeting of the Company to be held on Friday, the 28<sup>th</sup> day of June, 2013 at 9.30 a.m. at the Registered Office of the company situated at A.B. Road, Manglia 453771, Indore (M.P.).

Affix  
15 Paise  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature of member \_\_\_\_\_

Note : The proxy form in order to be effective, should be duly stamped, completed and deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.





PLEGED TO ETHICS



plethico



**Plethico**  
**PHARMACEUTICALS LIMITED**

**Corporate Office**

Sabnam House, Plot No. A-15/16, Central Cross Road-B, M.I.D.C., Andheri (East) Mumbai- 400093 INDIA  
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