



Sharing the good life...



From The Chairman's Desk

Dear Shareholders

The year 2010 is slated to be year of consolidation, honing our skill set and putting behind all challenges. Plethico, during the year 2010 observed strong growth momentum, marked by a financial turnaround and robust operational performance, aimed at securing future growth drivers. Despite overall global meltdown, tremendous foreign currency turbulence, fierce competition and lot of other operational odds including search and seizure operations conducted against the company by the income tax department during September 2010, the company has come-up with the flying colours and registered comparatively significant growth not only in domestic markets but also in the international markets. Being significant global player, we could understand nuances better and able to implement them in the new paradigm.

During 2010, our concentration and focus was more towards emerging markets that have un-tapped potentials as compared to the developed markets. In next couple of years, the focus will continue to be in CIS, GCC and Africa as well as in South East Asia, Latin America and Europe.

I am proud to say that most of the clients to whom we cater to are satisfied with our specialized product profile. Being industry expert, we predicted long back that investment in novel molecules would be better rather than plain low-cost generics and follow on biologics. We also realized that opportunity is growing at a faster pace than before, and we have to participate in new markets through new enabling technologies and aggressive business strategies. We identified roadblocks that may hinder progress of the company. We aligned all our activities and business operations and geared-up efforts in the direction that secures maximum growth both in terms of top and bottom line. In our efforts, we got maximum mileage through strategic alliances that enabled access to technologies, markets, products and competencies. We leveraged breadth of our portfolio and market leadership to bring blockbuster products at global marketplaces.

Today, Plethico has a very competent management team and an effective information system in place needed to ensure smooth business operations all-around. And in the end, it is the customer who got benefitted both in terms of quality products and better healthcare solutions at an affordable cost.

At Plethico, we encourage a culture of teamwork, transparency and trust for superior operational governances. Our biggest strength lies in our highly committed people who take great pride in their work. We continuously invest in the development of our people to benchmark ourselves externally and internally to stay competitive and become best-in-class. Beside expanding employees base Plethico is looking forward to significant investment in terms of R&D and infrastructure development at global marketplaces having immense potential.

In the era of fierce competition, when performance are continuously reviewed and analyzed for gaps in strategy implementation, it is important to check whether the business strategies are really robust. At Plethico, we validate business strategy in the initial stages enabling organization to take corrective measure in time and deliver better results. Changing environment and challenging customer needs make it imperative to identify those markets where company's capabilities can yield a competitive advantage. The company is better determined to disseminate varieties of its leading brands that have improved significantly after obtaining UK MHRA approval, in the emerging markets worldwide.

I personally feel that demand and availability of drugs in non-urban areas will go up considerably in near future. Increasing educated patient population will pose huge demand for improved healthcare services, and a more focused approach to personalized healthcare. Keeping focus intact, Plethico is foreseeing underlying opportunities and confident about sterling performance in 2011.

As a value-oriented organization, we promise our shareholders to give better returns through robust performance enhancing intrinsic value of shares. I also express my sincere gratitude to all our stockholders who have reposed trust in us and extended their constraint support. 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 cum Managing Director
Shashikant Patel

Whole-time Director & Chief Executive Officer
Chirag Patel

Executive Director
Gauravi Parikh

Director
Dr. G.N. Qazi
Pramod Shrivastava
Abhay Suhane

Company Secretary
Amrish Kumar Chourasia

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.)

Auditors
N.P. Gandhi & Co.,
Chartered Accountants

Cost Auditors
Vijay P. Joshi.,
Cost & Works Accountants

Registrar & Transfer Agent
Link Intime India Private Limited,
C-13, Pannalal Silk Mills
Compound, LBS Marg, Bhandup
(West), Mumbai-400 078

Bankers
Bank of Baroda
State Bank of Indore
IDBI Bank Limited
Exim Bank
State Bank of India
Bank of India
HSBC Limited
IndusInd Bank
Karur Vysya Bank
Allahabad Bank

Registered Office

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

Website : www.plethico.com

Contents

Notice	1
Directors' Report	3
Management Discussion and Analysis	7
Corporate Governance Report	14
Auditors' Certificate on Corporate Governance	19
Certificate from CEO & CFO	20
Auditors' Report	21
Balance Sheet	24
Profit and Loss Account	25
Schedules forming part of the Balance Sheet	26
Cash Flow Statement	36
Company's General Business Profile	37
Consolidated Financial Statements	39
Attendance Slip & Proxy form	53
Green Initiative in Corporate Governance	55
E-communication Registration Form	56





Milestones

1963 - 70

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

1971 - 80

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

1981 - 90

- 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.

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.

2009-2010

- 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 got 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.

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 at advanced stage of implementation. 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.



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 company manufactures and markets variety of pharmaceutical formulations, nutraceuticals, herbals, lozenges, candies, hospital consumables, 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 to 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 39 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 stockholders' interests, corporate governance and social responsibilities.

About Natrol, USA

Natrol is synergistically operating in Herbal and Nutraceutical sphere, but is predominantly present in USA. Natrol has a portfolio of Healthcare and wellness brands representing quality nutritional supplements, functional herbal teas and sport 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.

Natrol distributes products nationally through more than 54000 retail outlets as well as internationally in over 40 other countries through distribution partners and subsidiaries in UK & Hong Kong.

Consumer needs are central to Natrol's focus. The company pledges to deliver nutritional products with uncompromised service, quality, and innovation through the best that science, nature, and technology can offer.





Indian Operations

For more than 45 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, life style changes, higher disposable incomes, health consciousness and regulatory changes have boosted the consumer healthcare segments significantly in India. Plethico quickly forayed in this 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 enlarged 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 successful global company of the future will be one that enters into business-enhancing alliances and acquisitions with International companies having established competencies. Recognizing this philosophy, the company had made initial beginnings of breaking out in the International market through small acquisitions, joint ventures and strategic alliances that has facilitated quicker growth, better capital allocation and plugging of business gaps. In 2003-04, the company decided to stretch it wings into new geographies and acquired controlling stake in CIS based Rezlov Group of Companies. In early 2008, the company acquired US\$ 100 million US based leading nutraceutical company Natrol Inc having portfolio of premium health and wellness brands with predominant presence in US, UK & Hong Kong. In December 2008, the company has concluded the deal of acquisition of 20% stake in Tricon, a Dubai-based retail pharmacy chain. Within the course of five years, the company has concluded major acquisitions across the globe that enabled the company to better positioned at global market place.

Suddenly, 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, Hong Kong and China.

Today, Plethico has operations in 25 countries, exports to over 40 countries and presence in almost 39 therapeutic segments with more than 500 product approvals. The extensive distribution and marketing network successfully established the company as a dominant player in many reasons across the globe. Internationally, the company is now on an exponential growth path, continuously expanding target markets to add new countries to its operational business map.



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 stable.

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, hospital consumables and veterinary segments.

A coordinated effort between market research, product development, and product launch teams ensures a continuous flow of new products in our pipe line thereby feeding the respective market segments to ensure sustained growth in volumes and margins.

With over 400 different formulations in more than 39 therapeutic segments, Plethico has a strong presence in Cardiac, Anti-malarial, Anti-tubercular, Anti-infectives, Pain, Gastro, and Cough & Cold segments. Identification of new therapeutic categories, product, 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.

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 US FDA, UK-MHRA & the CEU guidelines.

The manufacturing unit at Kandla set-up during the year 2000 also comply to the WHO-GMP specifications.

In order to expand manufacturing capacities, the Company has 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.

Research 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 consultant 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, a 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 simply the mundane activities like cleaning procedures.

Adherence to strict norms of pharmacopoeial standards, practiced world wide is mandatory at our ultra modern quality control labs. We have the latest technical equipment, be it analytical, chemical, microbiological or specialized testing methods. Our quality management systems includes, compliance with GLP, GCP and GEP, 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, quarantine, testing, approval and assurance at production, in-process and finished product level.

Regular in-house and sponsored manpower training and development 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 important to enhance the emotional and intellectual equity of the people and to 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 nominate our personnel for regular training programmes conducted by specialists and in-house training programmes on on-going basis.

We realize that we all need to change and re-invent ourselves, in this the path to the goal of perfection.

'ATIRE' the acronym for Attitude, Team Work, Innovation, Responsibility & Excellence is the spirit of our quality culture for people. Defining work areas, empowering people & encouraging team work has contributed work building an organizational culture where individual goals are in tune with the organizational goals, thus enhancing value for all.

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of **Plethico Pharmaceuticals Limited** will be held on Wednesday, 28th day of September, 2011 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:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2010 and the Profit and Loss Account for the period ended on 31st December 2010 together with the reports of the Board of Directors and Auditor thereon.
2. To declare dividend of Rs. 2.50 per equity share i.e. @ 25%.
3. To appoint a director in place of Mr. Shashikant Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mrs. Gauravi Parikh, who retires by rotation and being eligible offers herself for re-appointment.
5. To appoint N.P. Gandhi & Co., Chartered Accountant, Mumbai 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.

By Order of the Board of Directors
For **Plethico Pharmaceuticals Limited**

Amrish Kumar Chourasia
Company Secretary

Registered Office:
A.B. Road, Manglia
Indore – 453 771 (M.P.)

Indore, Friday, 12th Aug, 2011

Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/document including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the attached E-Communication Registration form in this Annual Report (refer page 55 & 56 of the annual Report) and send it to the Company’s Registrar and Transfer agents, M/s. Link Intime India Pvt. Ltd.

NOTICE

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy in order to be effective must be received by the company at the Registered Office of the Company not less than 48 hours before the meeting.
2. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.
3. 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.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Monday, September 26, 2011 to Wednesday, September 28, 2011 (both days inclusive). The dividend as recommended by the Board, if approved at the ensuing Annual General Meeting will be paid between 17th October, 2011 and 27th October, 2011 (both days inclusive) to those members whose names shall appear on the Register of Members of the Company on 28th September, 2011. In respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on that date.
5. The Securities & Exchange Board of India (SEBI) has made it mandatory for all Companies to use the bank account details furnished by the Depositories for crediting dividend. The Company has made arrangements for crediting the dividend through National Electronic Clearing Services (NECS) / Electronic Clearing Services (ECS) to investors where NECS / ECS facility is available. Members holding shares in electronic form, are requested to therefore, give details regarding bank accounts in which they wish to receive dividend, through their Depository Participants (DPs). Members holding shares in physical form and desirous of availing the NECS/ECS facility, are requested to update their bank details and send it to the Company's Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited.
6. Members holding shares in electronic form are requested to intimate immediately any change in their email ID, address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrars and Transfer Agents, M/s. Link Intime India Private Limited.
8. All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days i.e Monday to Friday between 11.00 a.m. to 1.00 p.m.
9. Members are requested to preferably send their queries to the Registered Office 7 days before the date of the Annual General Meeting.
10. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking re-appointment as Directors under Item Nos. 3 and 4 of the Notice, are annexed hereto.

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING (Pursuant to Clause 49 of the Listing Agreement)

1. **Mr. Shashikant Patel Resume & Expertise** : Mr. Shashikant Patel, aged 65, is the Chairman and Managing Director and a promoter of the Company. He has been associated with the pharmaceutical industry for over 40 years. Mr. Shashikant Patel has played a lead role in formulating the Company's strategy and has been actively involved in marketing and sales and overall management of the Company since its inception. Mr. Patel holds a Bachelor of Science degree from Indore University, Madhya Pradesh, India.

As a Chairman he provides strategic direction to the Company. He has vast experience in international business as well as domestic marketing and sourcing of material is his forte. In 1996 Mr. S.A. Patel had also taken charge of domestic activities, he immediately professionalized the entire marketing team and brought in the best talent available in the industry in order to take a quantum jump. Till then, Plethico was Rs 450 Mn Company. Within a span of 6 Years, the Company became Rs 1100 Mn Company which translates to a CAGR of 16%. He has been the driving force behind the company's growth. The precedent set by infusion of professional talent has till date been followed where the management has divided the business into SBU's and each manager is responsible for set goals. He is ably assisted by his son Chirag since 1996 and daughter Gauravi since 2000. The company has consistently made profits, which clearly establishes the values nourished under leadership.

Directorship in other Companies : Plethico Laboratories Private Limited, India, Plazma Laboratories Private Limited, India, Rezcom Realty Private Limited, India Plethico Global Holdings B.V., Netherlands, Plethico US Holdings Kft., Hungary, Natrol Global Fz LLC U.A.E., Plethico International Limited, U.A.E, Plearc Ltd., India.

Membership in Committees : Nil
Shareholding in equity shares of the Company : 28854780 Eq. Sh.

2. **Mrs. Gauravi Parikh Resume & Expertise** : Mrs. Gauravi Parikh, aged 33, is the Executive Director of the Company. She holds a bachelor's degree in pharmacy and a Masters of Science from the University of Ohio. She joined the Company in 2000 and currently looks after the technical and regulatory affairs, new product development and the human resource management of the Company. Mrs. Gauravi Parikh has helped the Company in streamlining its technical affairs, through recruitments of key positions in the departments and adopting a thorough professional approach towards the team through human resource management.

She is responsible for steering key projects in the organization such as UK-MHRA approvals and set up the FR and D-AMD labs in the organization, which have helped to align product developments and documentation. She also assists on mergers and acquisitions, marketing and in-licensing and other general corporate related matters of the Company. Mrs. Gauravi Parikh is daughter of Shri Shashikant Patel, Chairman cum Managing Director of the Company and sister of Shri Chirag Patel, Whole-time Director and CEO of the Company.

Directorship in other Companies : Plethico Global Holdings B. V., Netherlands, Plearc Ltd., India.

Membership in Committees : Nil,
Shareholding in equity shares of the Company : 400

By Order of the Board of Directors
For **Plethico Pharmaceuticals Limited**

Amrish Kumar Chourasia
Company Secretary

Registered Office:
A.B. Road, Manglia
Indore – 453 771 (M.P.)

Indore, Friday, 12th Aug, 2011

DIRECTORS' REPORT

Dear Members

The Directors are pleased to present this the Eighteenth Annual Report of the Company together with the audited Accounts for the year ended 31st December, 2010. The working results of the Company for the year ended 31st December, 2010 vis-à-vis those of the previous year are summarized below:

(Rs. in Millions)

Particulars	Consolidated		Standalone	
	Current year ended 31st December, 2010	Previous year ended 31st December, 2009	Current year ended 31st December, 2010	Previous year ended 31st December, 2009
Sales	15351.95	12510.72	4499.08	4735.44
Other Income	(159.19)	(25.49)	(166.8)	(40.58)
Sales and Other Income	15192.76	12485.23	4332.28	4694.86
Total Expenditure excluding Interest, depreciation, amortization & tax	12048.38	10059.10	330705	3414.81
Profit before Interest, Depreciation, Amortization & Tax	3144.38	2426.13	1025.23	1280.05
Interest (Net)	305.46	300.58	293.05	288.15
Depreciation and Amortization	283.6	185.53	93.76	81.14
Profit Before Taxation	2555.32	1940.02	638.42	910.76
Provision for Taxation	248.22	(65.72)	196.25	3.82
Profit After Tax	2307.10	2005.74	442.17	906.94
Extra ordinary Income/ (Expenses)	136.88	163.50	136.88	163.50
Profit bought forward	4480.41	2660.49	2756.58	2035.46
Profit available for appropriation	6924.39	4829.73	3335.63	3105.90
Appropriations Proposed Dividend	85.17	85.17	85.17	85.17
Tax on Distributed Profit	13.82	14.15	13.82	14.15
Transfer to General Reserve	250.00	250.00	250.00	250.00
Surplus carried forward	6575.40	4480.41	2986.64	2756.58

Overview

The company's performance on consolidated basis registered significant growth both in terms of top and bottom line. During the year under review, the turnover has grown up by 23% to Rs.15351.95 mn. whilst profit before tax has increased by 32% to Rs.2555.32 mn. Earning per share has grown up to Rs. 6772 per share. On standalone basis, there is a dip in the Turnover and profitability. This happened because of strategic shifting of some profitable business during the year to subsidiaries abroad resulting in remarkable growth in consolidated performance.

This year was a landmark year for the company, adding new dimensions to the business. The company outperformed globally and registered significant growth amidst extra ordinary challenges of high volatility in raw material prices and currency exchange rates that hit company's performance largely. The Income Tax Department also conducted search & seizure operations on the company and it's directors/key executives during September, 2010 that also effected working of the company to a large extent. The company, however fully co-operated to the department and produced required information and documents. As per extant provision of Income Tax Act, 1961, the company would be subject to reassessment and might be required to provide substantial amount towards past tax liability that may have severe impact on it's profitability. The company, even though faced all such odds, but some how maintained confidence of its employees, customers, bankers and financial institutions that gave a very strong boost up and encouragement to the company and it's management to out perform on different fronts.

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 for the year 2009-10.

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

Your Directors are pleased to recommend a dividend of 25% (i.e. Rs. 2.50

per share) for the year ended 31st December, 2010 aggregating to Rs.85.17 Million. The dividend payout will result in a total outflow of Rs.98.99 Million (including Rs. 13.82 Million towards tax on distributed profits).

The dividend payout for the year under review has been ascertained in accordance with the Company's policy to pay sustainable dividend, keeping in view the Company's need of capital to fund its growth plans through internal accruals to the maximum extent.

MHRA & TGA Approval

Up-gradation of facilities as per International standards is a continuous process in Plethico. Last year company upgraded facilities to get UK MHRA approval and facilities were approved in the first attempt itself. Now the tablet and capsule divisions of company's Kalaria (Indore) Unit has received the approval for GMP clearance the Therapeutic Goods Administration, Department of Health and Ageing, Australia. This approval will open new avenues for the company to expand its business and market its premium brands in the regulated market of Australia.

Extension of Annual General meeting

Your Board of Directors in their meeting held on June 03, 2011 had given their consent to file application with the Registrar of Companies, Madhya Pradesh & Chhatisgarh for seeking extension of time for convening 18th Annual General Meeting of the Company for the financial year 2010.

The Registrar of Companies, Madhya Pradesh & Chhatisgarh, vide their letter dated June 06, 2011 had granted extension of 3 (Three) months time for holding the Annual General Meeting (i.e. 18th AGM) for the financial year ended on December 31, 2010. The Company had intimated to the Stock Exchanges in this regard vide its letter dated June 7, 2011.

Management Discussions and Analysis Report

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

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 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. The Auditors' Report to the shareholders does not contain any qualification. Company's all the subsidiary companies are non-material, non-listed 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 approval granted by the Central Government vide letter No. 47/179/2011-CL-III dated April 28, 2011 under Section 212(8) of the Companies Act, 1956, 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 consolidated financial statements prepared in accordance with Accounting Standard - 21 issued by the Institute of Chartered Accountants of India presented in this Annual Report include the financial information of the subsidiary companies.

Research & Development and Technology

Your Company has a long-standing culture and history of delivering high consumer business value through superior technology for its brands. Research and Development (R&D) has always been considered crucial for the 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 Shri Bhaskar Patel, the former 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 customers.

The global challenges for the Indian pharma 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 nutraceuticals and herbals. After exploring our country's vast traditional knowledge base, the best sustainable offering are identified and refined to provide specific performance benefit to consumer in the area of personal healthcare. R&D in food and dietary supplements 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.

Directors

Mr. Shashikant Patel and Mrs. Gauravi Parikh, Directors of the company retire by rotation, as per Article III of the Articles of Association of the Company. Being eligible, they have offered themselves for re-appointment. Further details about Directors are given in the Corporate Governance Report as well as in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with Annual Report. The Board of Directors recommends their re-appointment.

Auditors

M/s. N. P. Gandhi & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company will retire at the ensuing Annual General Meeting and are eligible for re-appointment. M/s. N. P. Gandhi & Co. 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.

M/s Vijay P. Joshi & Co., Cost Accountants, have been appointed as the Cost Auditors of the Company for the ensuing year 2011.

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.

Fixed Deposits

The Company did not invite or accept any deposit from the public during the year under review within the meaning of Section 58A and the rules made there under. There are no unpaid or unclaimed deposits with the Company.

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 31st December 2010 is furnished herein below. Your Directors 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 31st December 2010 and of the profit or 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.

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. Your 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.

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.

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.

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 2011-2012 have been paid to these Exchanges.

Website

The Company has a well designated and updated website 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 themselves updated on the Company.

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 belief 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.

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

For **Plethico Pharmaceuticals Limited**

Shashikant Patel

Chairman cum Managing Director

Registered Office :

A.B. Road, Manglia, Indore – 453771 (M.P.)

Indore, Friday, 12th August, 2011

Annexure to the Directors' Report

Particulars under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st December 2010.

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 conservations 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 Rs. 31,346/- per month.
2. Cut-off the excess lighting to minimize the lighting load and provided required new with electronic ballast. Savings of Rs. 5,000/- per month.
3. The standby change parts of vial filling and sealing m/c are purchased to maintain & organized for next day production scheduling. The parts are sterilized in bung processor m/c at first half to switch OFF fully steam of injection area (except utility) to reduce the losses of steam. Also Heaters bank provided in dehumidifier of vial filling and sealing room to maintain the %RH and temperature will be kept "OFF" leading to savings of Rs. 24,900/- per months.
4. Production forecast made in extra hours to fully utilize the utilities (Such as Boiler, Chiller, Compressor and air conditioners/HVAC) leading to savings of Rs. 20,000/- per month.
5. Optimization of chilled water temperature to reduced the electric power consumption leading to savings of Rs. 19,200/- 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 Rs. 10,000/- per month.
2. Maintained the Power factor between 0.99 – 1.00 throughout the Year and received the incentive from MPSEB. Average Savings of Rs. 53,852/- per month.
3. Power savings by installing Variable Frequency Drive with the Motor of 234 CFM air compressor leading to Savings of Rs. 6,000/- per month.
4. Power savings by installing Variable Frequency Drive with the Motor of

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

5. Fuel savings on recovery of condensate coming out from Water System. Average Savings of Rs. 18,755 /-per month.
6. Fuel savings on recovery of hot cooling water coming out from Multi Column Distill Water Still. Average Savings of Rs. 6,776/- per month.
7. Power savings by interlocking of Tablet Area Dust Collectors with the machines. Average Savings of Rs. 4,050/- per month.
8. Power savings by close monitoring on operation of Non BMS and Non Critical Air Handling Units. Average Savings of Rs. 12,000/- per month.
9. Power Savings by close monitoring and selection of proper chiller for operation as per the Load requirements. Average Savings of Rs. 27,500 /-per month.

Additional Cost Saving Proposals (Under Consideration)

At Manglia Formulation Unit

1. Installation of 1.50 HP Air compressors PLC. Savings in Units/day (approx.)=124 units/day= Rs. 620/day.
2. Installation of 10 HP Bore well pump 2 Nos. Saving in Water Tankers 1,500/- per day.
3. Boiler fuel & energy consumption. Increase degree temperature of water by improving some work in solar system.
4. 27 station tablet compression m/c VFD installation proposal. Improve quality of tablet and save energy by installation of this Variable frequency drive (VFD).

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 =Rs 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=Rs 920.00/Day.
3. VFD's for the High Side Pumps of HVAC . Average min savings in Units /day (approx.) = 300 Kwh/day =Rs 825.00/Day.
4. Economizers - Chillers and Condensers Heat Recovery for Hot Water applications. Average min savings Rs. 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 Rs. 700.00/Day.
7. Provisions of PES Energy saver in Lighting feeders Rs. 750.00/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 31st December, 2010	Previous year ended 31st December, 2009
I. Electricity		
(a) Purchased Unit (KWH)	6385724	6392808
Total amount (Rs. in Million)	34.15	31.64
Rate/unit (Rs.)	5.34	4.95
(b) Own Generation Through diesel generator Unit KWH	243444	139615
Units (KWH) per litre of diesel oil	3.48	3.48
Cost/unit (Rs.)	11.70	11.52
2. Fuel Consumption		
(i) Coal (Kg.)	Nil	Nil
(ii) Light Diesel Oil (Ltr.)	Nil	Nil
(iii) Diesel (Ltr.)	80882	41791
(iv) Furnace Oil	468015	343432

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:

- i. New product development.
- ii. 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, accouterment and highly skilled manpower dedicated to the profession.

Expenditure on R & D (year ending 31.12.2010):

Capital	:	Rs. 31.64 million
Recurring	:	Rs. 103.11 million on material, manpower and manufacturing and other overheads.
Total	:	Rs. 134.75 million.

Total R & D expenditure as a percentage of Turnover (including other income): 3.11%. 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

Total foreign exchange used and earned (during the year ended 31.12.2010)

	Rs.in millions
i. Total Foreign Exchange earning	2623.45
ii. Total Foreign Exchange outgo	674.16

On behalf of the Board of Directors
For **Plethico Pharmaceuticals Limited**

Shashikant Patel
Chairman cum Managing Director

Indore, Friday, 12th August, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

Company profile

Plethico Pharmaceuticals Limited is a leading global healthcare / pharmaceutical company with a 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 CY 2010 was USD 337 million, an annual increase of 23%. The nutraceutical segment's share of revenue was 53% while the herbal segment's contribution was 36%. The balance 10% was accounted by allopathic segment which included trading sales.

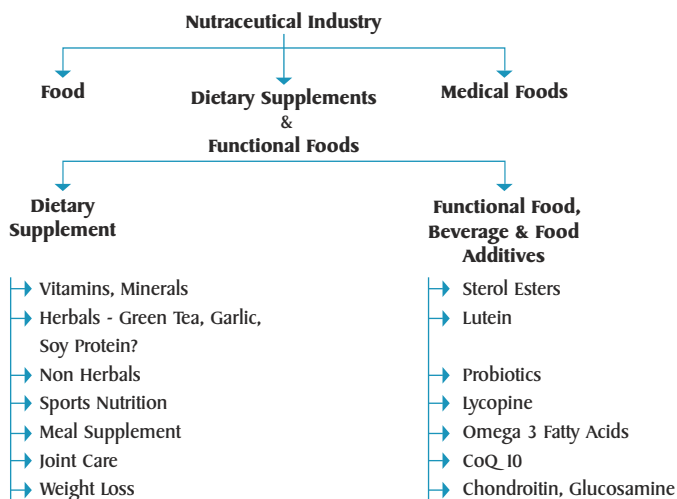
As per the market research firm EuroMonitor, Plethico is globally the 11th largest firm in USD 5 billion sports nutrition product market. The group today has a portfolio of over 200 branded products sold in more than 60 countries.

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 Structure & Development

Nutraceutical Market



Nutraceuticals can be broadly categorised as products, extracted from natural sources (nature-like) or manufactured synthetically (man-made), which supplement the diet to provide nutrition over and above regular food and help prevent nutrition related disorders. In many instances, nutraceuticals are currently classified as food and not drugs. They include foods, dietary supplements and medical foods. "Dietary supplements" include vitamins, and minerals which can be herbal or non-herbal in base. "Functional foods" contain a food component, nutrient or others, which affects one or more targeted functions in the body in a positive way. Functional foods provide benefits beyond basic nutrition by way of added components that may prevent disease or promote health.

As per the FICCI - Ernst & Young study titled 'Nutraceuticals - Critical supplement for building a healthy India', the global nutraceuticals market is expected to reach USD 177 billion in 2013, growing at a CAGR of 7% driven by the fast growing dietary supplements category. The US represents the largest market worldwide for nutraceuticals accounting for nearly 36% consumption and was worth approx. USD 60 billion in 2010.

US market is followed by Europe and Japan respectively.

Asia Pacific is expected to witness fastest growth in the nutraceuticals market through 2015, reflecting rising consumer income levels, increasing per capita consumption of nutritional products and growing investment in both bulk and end-use product industries. According to a leading report, the Indian nutraceuticals market in 2009 was USD one billion and is expected to grow at 20.24% CAGR to achieve a market size of USD two billion in 2013. The growth in the Indian market has been driven by functional food and beverages categories consisting of nutrition fortified foods, sports and energy drinks, fortified juices and probiotic foods facilitated by wider distribution across FMCG channels as well as aggressive mass marketing. However, the latent market in India is two to four times the current market size and is between USD two to USD four billion with almost 148 million potential customers.

As a concept, 'Nutraceuticals' is in its stage of infancy with several developed countries having defined it only in last 15 years. With more than 40% deaths in developing countries attributable to risk factors linked to nutrition imbalance, nutraceuticals are gaining momentum. Such imbalances in India are widely prevalent leading to adverse outcomes, which are estimated to cost nearly one per cent point to India's GDP and so improvement in nutrition status is a critical part of the country's agenda for progress.

Dietary supplements market, throughout the 1990s, enjoyed double-digit growth rates globally in buoyant market conditions led by herbal supplement products. However, growth in the market slowed down influenced by several factors including altering consumer demands and economic pressures together with tightening regulatory requirements and competitive market conditions. Market growth slowed down for herbal supplements, but other dietary supplements including non-herbals, sports nutrition and meal supplements are experiencing strong growth rates. Vitamins and minerals are projected to generate relatively slow growth in worldwide nutraceutical applications, resulting from intense pricing competition, overall lack of proprietary compounds and mature product applications. Vitamins A and E are expected to perform the best among bulk vitamins due to increasing evidence of health advantages and expanding end-user preferences for value-added natural formulations. Among minerals, calcium and potassium are expected to record fastest sales gains based on demonstrated preventive benefits in geriatric and women's health care.

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 remedies are extracted from leaves, petals and roots of plants and are a complex mixture of lots of different compounds.

Right from the ancient times, India has a rich heritage of usage of ayurvedic & herbal medicines supported by nutraceuticals. Herbal industry at times get clubbed into 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.

Ayurveda and Herbal were being practiced and used all over the world for many years but have only recently started getting legal acceptance in many countries in the world as alternative system of medicine aided by the validation of all the claims of clinical efficacy of various herbs used in ayurveda and the research being undertaken in allied issues.

As per W.H.O. report, more than 80% of the world population uses medicines made from herbal and natural products. Current global market for herbal & ayurvedic medicines including medicines, health supplements, and herbal beauty and toiletry products is estimated to be more than USD 100 billion. The EU accounts for about 40% market share, Japan and USA contribute to 20% and 10% respectively while the Asian countries together account for 30% of the global market. WHO has forecasted that the global market for herbal products would be worth USD 5 trillion by the year 2050.

Herbal supplements and vitamins are the strongest performing segments in the global OTC Market reflecting the increasing worldwide interest in self-medication. The size of this segment is USD\$ 46 billion. The leading segments in the self-medication market are the cough and cold respiratory complaints, pain relief, minerals, and vitamins. The cough and cold Respiratory complaint is worth more than USD 10 billion.

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 afford ability 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, Unilever, 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.

Lucrative nature of the market has contributed immensely to increase in consolidation activity with several mergers taking place among pharmaceutical, food and nutrition players. However, smaller companies opt for alliances to have easy access to research resources and distribution channels. Some companies utilize merger strategies to gain dominant position in a particular segment, while some companies intend to acquire complementary technologies. Others are looking at lowering of the huge R&D costs and marketing expenses of new products by adopting the merger route.

PLETHICO – CORE BUSINESS

Overview of brands/products

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

Plethico has its own brands in the herbal wellness space like Travisil, Mountain Hebz, Actifresh, Travopassit selling mostly in the emerging markets like CIS, SEA, Africa. Similarly it has a large portfolio of Nutraceutical wellness brands like MRI, Prolab, Coach's formula in the sports nutrition making it the 11th largest sports nutrition company globally coupled with Natrol brand making it the 77th largest Vitamin, Mineral and Supplement player globally.

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 Lat. Am. It also has presence in India. US (contributes 35% of Revenues)

Plethico Group has its presence in the US through Natrol Inc; which sells its products in the US under 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 (contributes 26% of Revenues)

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 (contributes 16% of Revenues)

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 Europe Countries. Its principal products are Travisil, Prolab, Natrol, Mountain Herbz and Effertabs ranges of products and various other herbal and allopathic formulations, all of which require significant sales and marketing effort.

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 (contributes 10% of Revenues)

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 are Travisil, Therasil, Natrol, Prolab, Coach's Formula. The Company has deep reach in French West Africa and is one of the leading Indian Companies in terms of reach.

India (contributes 10% of Revenues)

The Company's current activities in India are broadly three:

- a. Consumer Product Division
- b. Sales to Tricon retail pharmacy chain
- c. Contract manufacturing / Toll Manufacturing
- a. the Company launched 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 "MRI" range, which is positioned as a premium brand within the sports nutrition world 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 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 received one 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 in India of Plethico 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 received a "Approval" note from UK-MHRA and TGA Australian authorities last year 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 will be 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), US FDA, TGA, ANVISA, PIC(s) & SA-MCC.
3. Nutraceuticals – Powder, Granules, Tablets, Capsules

Manglia plant at Indore is WHO-GMP certified having manufacturing facilities for chewable, coated tablets, hard gelatin capsules, dry syrup and dry powder suspension, with Isolated Block for Antibiotics products manufacturing (Beta-lactam, Cephalosporins). Also has separate block for Rifampicin based Anti-TB formulations. The company plans to make the 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 for 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 conform to GMP guidelines for herbal products and supplements.

The Kandla plant has been awarded the "Top Exporter Award" for the years 2006-07, 2007-08, 2008-09 and 2009-10 for the chemicals, drugs, pharmaceuticals and allied sector 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: In 2008, the Company through its wholly-owned subsidiary Plethico International Limited, commenced 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 CIS & 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.

During the last decade, some of the inputs experienced significant price fluctuations as a result of short supply and/or increases in demand. As a result, Natrol has experienced occasional shortages of raw materials for a limited number of our products or, alternately, these raw materials have only been available at sharply higher prices.

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 supplements 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
- Expand distribution capabilities in the CIS, Europe and Asia Pacific

Strong focus on distribution network

- 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, lifestyle diseases.

The Company has an established presence in markets with high growth potential for lifestyle/nutraceutical products such as India, the ME and numerous emerging economies in LatAm & SE Asia.

Large distribution network

A critical success factor has been the emphasis on building a strong global distribution network. The Company 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 operational team consisting of President, COO and CFO have more than 50 years of man years in the company alone. The entrepreneurial nature of the management is well illustrated in the company being the pioneers of 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 UK MHRA & TGA accredited
- 1 manufacturing facility in the US certified by industry organization as US CGMP complaint

The company has also invested USD 45 million to set up a manufacturing facility in the UAE which enjoys 50 year tax holiday.

Strong brand recognition

The Company has established several brands of repute. 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.

Results and Performance Analysis

Summary of Results

Plethico's consolidated revenues for FY 2010 stood at Rs. 1518 cr an increase of 22% over FY 2009 figure of Rs. 1243.1 cr. EBITDA margins for the year ended at 20.7% against 19.4% for FY 09, an increase of almost 130 bp. Consolidated net profit for the year stood at Rs. 244.4 cr against Rs. 216.9 cr in FY 09. This translated to a Basic EPS of Rs. 677 an increase of 15% over the FY09 EPS of 58.8.

The highlight of the year's performance has been the strong growth despite challenging market conditions. The focus of the Company during the year was our geographic diversification strategy both by exploring new markets and cross selling of products across geographies which have yielded the desired results. The Company also put in place several operational efficiency measures which have resulted in the improvement of margin over the previous fiscal. 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.

Detailed Segmental Analysis

Plethico's business can be divided into three key segments namely Nutraceuticals, Herbs and Allopathic formulations. Nutraceuticals could be further split into Dietary Supplements and Functional Foods while Allopathic can be split into Finished Formulations and API Trading.

Nutraceuticals

Nutraceuticals contributed 53% of the revenue for FY 2010 amounting to Rs. 809 cr. This was an increase of almost 5% over the 48% contribution in FY 2009. Key reason for this uptick as mentioned earlier has been greater traction for Natrol products through our marketing campaigns and cross selling of products across various geographies.

From a geographical stand point ,US contributed 63% of the above revenues which was similar to FY 2009. However the absolute contribution from US has gone up given our revenue uptick. India which contributed 3% of the revenues in FY 2009 and this has substantially gone up to 9% in FY 2010, while Rest of the World has seen a corresponding decrease in contribution from 34% in FY 09 to 28% in FY 10. The increase in the contribution from India is primarily due to increase awareness of nutrition and dietary supplements and greater acceptance of these products from the younger generation which is extremely health conscious.

From a brand perspective, we are rather delighted than all the brands in the nutraceutical segment have shown significant increase over the corresponding fiscal. Natrol had revenues of Rs. 378 cr. which was an increase of 44% over the previous year, MRI clocked Rs. 164 cr.- up by 31% over FY 09, Prolab closed at Rs. 103 cr - up by 32%, Coach's Formula at Rs. 68 cr showed a growth of 51% and Laci Le Beau finished at Rs. 96 cr which was again an increase of 9%.

The key highlight has been sustained momentum across all brands and this has been due to the focus of the Company on reaching out to new

customers and geographies while consolidating our presence in existing markets. The growth of the Natrol brand in particular validates our acquisition and is a further sign that investments made by us have started to deliver results.

Herbals

Herbals are the second biggest segment of our business and a growing one at that. Herbals contributed 36% of our revenues or Rs. 549 cr. in FY 2010 as against Rs. 465 cr. in FY 2009. This was a growth of almost 18% while the contribution to the consolidated financial remained steady at about 36%.

The Herbals business is currently restricted to India and Rest of the World. Rest of the World contributed 88% of the said business, an increase of 6% over the previous year. India correspondingly saw a decrease in contribution of 6% in FY 10 to finish at 12% of the herbals revenues.

The flagship brand of the Herbals business is the Travisil brand that clocked revenues of Rs. 155 cr. in FY10, an increase of 19% over the corresponding fiscal. The Company is confident that Travisil as a brand can be further leveraged by introduction in the US market where we do not have a presence. Efforts are underway to market the product in the US using Natrol's distribution network.

Other brands in the Herbals stable include Mountain Herbz which generated revenues of Rs. 93 cr in FY 10 - an increase of 18%, Actifresh at Rs. 85 cr.-up by 23%, Travopassit revenues of Rs. 48 cr. - up by 30% and confectioneries and others clocked Rs. 168 cr., an increase of 12%. Much like the Nutraceuticals segment, the Herbals business has also shown all round improvement over the various brands that we currently have. We strongly believe that our US reach will have a major role to play as we plan to introduce these brands against some of the leading brands of FMCG companies in the US. However, we do believe that investments to initially market the product will be substantial and hence we could possibly see a drop in margins on account of this till the brand stabilizes.

Allopathic

Allopathic products contributed 10.1% of the consolidated revenues of Plethico in FY 10. This amounted to Rs. 161 cr. as against Rs. 180 cr. in FY 09. This segment has 97% of the revenues in FY 10 coming from Rest of the World while the balance came from India. This compares to 92% of the revenues from RoW and 8% from India in the corresponding period last year.

Effertabs and Therasil are the two dominant brands from the Plethico stable in this category. Effertabs clocked Rs. 55 cr in FY 10 - up by 17% over last year, while Therasil saw a growth of 22% as its revenues moved up to Rs. 33 cr. A clutch of other smaller brands contributed Rs. 7 cr to the business this year.

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 lead 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 System

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 Developments

During the year under review, the Company continued its emphasis on Human Resource Development as one of the critical area of its operation.

Executives and officers of the Company having high potential in the field of Finance, Accounts, Marketing, International Business, Production, Quality Control, Quality Assurance, New Drug Development and Computer were regularly meet at all the plant locations and head office with a view to update their knowledge and to keep them abreast of the present scenario for meeting the challenges ahead.

The year witnessed recruitment of prominent, proficient and distinguished personnel in all key position in the organization. This search for the highest degree of intellectual capital to enrich our professional and technical milieu is perennial one at the company. The Company organizes periodical trainings to encourage and develop vital human resource. All the efforts are aimed to ensure develop and nurture the entrepreneurial attitude and skill among the employees.

Company's 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 necessary emphasis 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.

The company expects the lacunae in regulations to be addressed in the proposed policy to be released shortly by the Central Government. 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's manufacturing operations presently do not result in the generation of material amounts of hazardous or toxic substances. 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.

Financial Performance

The financial statements have been prepared in compliance with the requirement of Companies Act 1956 and Generally Accepted Accounting Principles (GAAP) in India.

Balance Sheet

Share Capital

The company has only one class of shares viz. equity shares of face value of

Rs.10/- each. During the year under review the authorized share capital of the Company was Rs.600 Million comprising of 60 Million equity shares of Rs.10/- each.

The Subscribed and Paid up share capital as on 31st December, 2010 was Rs. 341 Million comprising of 34 Million equity shares of Rs. 10/- each.

Fixed Assets:

Since various projects are under implementation during the period under review, there was some increase in the gross block whilst some more additions have taken place in capital work in progress as detailed below:

(Amount in Millions)

Particulars	Consolidated		Standalone	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Gross Block	6404.94	6141.00	1856.11	1474.42
Net Block	4109.97	4012.91	1362.50	1052.85
Capital work in Progress	2554.36	2131.62	30.75	302.25

The funds for different projects were organized partly from internal accruals and partly from loans raised for that purpose.

Investment:

During the year under review the company has invested in its Wholly Owned Subsidiaries Rs.143.06 mn. in Plethico International Ltd. (PIL) and Rs 229.06 mn in Plethico Global Holding, (PGH) Netherlands .. There was no fresh investment in Rezlov Group of Companies and Tricon, which remained at the similar level of Rs.1989.24 mn. Investment into PIL was towards facility and routine expenses and investment into PGH was towards short term requirement of Natrol Global FZ LLC

Current Assets:

The current assets include sundry debtors, inventories, cash & bank balances and loans & advances.

(Amount in Millions)

Particulars	Consolidated		Standalone	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Inventories	1562.63	1359.83	159.57	177.47
Sundry Debtors	6371.21	4548.33	3528.89	3354.95
Cash & Bank Balance	405.38	504.03	124.32	184.12
Loans and Advances	1041.31	1015.29	520.93	690.20
Total	9380.53	7427.48	4333.70	4406.74

The receivables on consolidated basis has increased from 132 days to 151 days. The company is taking adequate measures to reduce level of receivables but due to increased exposure of Natrol Internationally has led to incremental receivables. The other components remained almost at the same level.

Loans and Borrowings

Despite increase in business volumes, there was no increase in the loan component during 2010. Rather, secured loan has decreased significantly whereas there has been slight increase in the unsecured loans as shown below:

(Amount in Millions)

Particulars	Consolidated		Standalone	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Secured Loans	155749	1982.10	155750	1762.75
Unsecured loans	4253.08	4141.85	4253.08	4126.31
Total	5810.58	6123.95	5810.58	5889.06

The unsecured loans have increased during the year despite no additional loan has been taken by the company. This is due to the fact that the company has provided for the premium payable on redemption of the FCCB amounting to Rs.268.93 mn. During the year which has been added to the unsecured loans. The provision made on account of foreign currency fluctuation on outstanding FCCB has been reduced by Rs.136.88 mn. due to rupee becoming more stronger at the end of the year. The sales tax deferred loan has also been repaid during the year to the extent of Rs.5.08 mn.

Misc. Expenditure

During the period under review, the status of misc. expenditure was as under:

(Amount in Millions)

Particulars	Consolidated		Standalone	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Misc. Expenditure	4738	66.94	33.95	53.15
Less: Amortized	19.20	19.20	19.20	19.20
Total	28.18	4774	14.75	33.95

There was no amortization of misc. expenditures in the subsidiary companies.

Profit & Loss Account

Sales & other Incomes

The company's performance on consolidated basis registered significant growth during 2010 in the top line. During the year under review, the turnover has grown up by 23% to Rs.15352 mn. There was decline in other incomes due to loss on account of foreign currency fluctuation. The company has suffered loss of Rs.23765 mn. on account of foreign currency fluctuation during 2010 whereas during previous year ended on 31.12.2009, there was foreign exchange loss of Rs.132.66 mn.

On standalone basis, there has been slight decrease in turnover, which remained at Rs.4499.08 mn. in comparison to Rs.4735.44 mn. of previous year ended on 31.12.2009. This happened because of lackluster sales in India for its products. The other income mainly includes export incentives (Rs.41.27 mn) and central excise duty refund (Rs.20.38 mn.).

Manufacturing and other Expenditures

During the year the company has incurred total expenses of Rs.12353.80 mn. on consolidated basis and Rs.3600.10 mn. on standalone basis which exclude non cash charges and taxation. Due to economies of scale and better efficiency utilization, the expenses during the year have decreased despite increase in the business volumes.

Non-cash charges

The depreciation on the assets capitalized up to 31.12.2010 worked out to Rs.264.40 mn. on consolidated basis and Rs.74.56 on standalone basis. The Misc. Expenditure has been amortized to the extent of Rs.19.20 mn. during the year in the standalone performance. There was no amortization of misc. expenditures in subsidiary companies. As per the applicable accounting standards, as on 31.12.2010 the company has provided for premium payable on redemption of the FCCB amounting to Rs.268.93 mn. on the year-end outstanding FCCB of USD 75 mn.

Profit and Appropriation

The company has posted PBT of Rs.2555.32 million on consolidated basis and Rs.638.42 mn. on standalone basis during the year ended on 31.12.2010. The current tax and deferred tax liability has been provided for total Rs.196.25 million on standalone basis and Rs.248.22 mn. on consolidated financials. The resultant PAT worked out to Rs.2307.10 million. on consolidated basis and Rs.442.17 mn. on standalone basis. The available surplus of 2010 has been apportioned to the extent of Rs.98.99 million for proposed dividend and tax thereon and Rs.250 million have been transferred to the General Reserve. The remaining surplus of Rs 6575.40 mn. on consolidated basis and Rs.2986.64 million on standalone basis have been carried to the Balance Sheet.

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 differ materially are stated in this section "Threats, Risks and Concerns."

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Plethico Pharmaceuticals Limited is committed to conduct its business strictly in compliance with the applicable laws, rules and regulations and with highest standards of business ethics. The company 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 Pharmaceuticals Limited on Corporate Governance has been:

- I. 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

I. BOARD OF DIRECTORS

A. Composition & Category of Directors

The Company policy is to maintain optimum combination of executive and non-executive directors. The non-executive with their diverse knowledge, experience and expertise bring their independent judgment in deliberations and decision of the Board. The Board comprises of Six directors, including Three Independent & Non-Executive Directors.

creditors, customers, suppliers and employees.

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

The Company 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.”**

B. Attendance Record of Directors and other Directorships/ membership

During the financial year 2010 the Board of Directors met 12 times on 20th January, 2010, 10th February, 2010, 24th March, 2010, 30th March, 2010, 13th May, 2010, 2nd June, 2010, 7th July, 2010, 3rd August, 2010, 24th September, 2010, 12th November, 2010, 8th December, 2010 and 30th December, 2010.

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 31.12.2010
		Board	Last AGM	Directorship	Committee Chairmanship	Committee Membership	
Mr. Shashikant Patel	ED	12	Yes	7	---	---	N.A.
Mr. Chirag Patel	ED	7	Yes	7	---	---	N.A.
Ms. Gauravi Parikh	ED	6	Yes	1	---	---	N.A.
Dr. G.N. Qazi	ID & NED	6	No	---	---	---	Nil
Mr. Pramod Shrivastava	ID & NED	8	Yes	---	---	---	Nil
Mr. Abhay Suhane	ID & NED	7	Yes	1	---	---	Nil

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

C. Directors appointment/ re-appointment :

Mr. Shashikant Patel and Mrs. Gauravi Parikh, directors of the Company are retiring at the forthcoming annual general meeting by rotation and they are eligible for re-appointment.

D. 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 May 4, 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 31st December, 2010.

DECLARATION BY THE MANAGING DIRECTOR PURSUANT TO CLAUSE 49(I)(D)(II) OF THE LISTING AGREEMENT FOR THE YEAR ENDED ON 31.12.2010

As a Managing Director of Plethico Pharmaceuticals Limited and keeping in view the requirement of Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that 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 31st December, 2010.

For **Plethico Pharmaceuticals Ltd.**

Shashikant Patel
Chairman cum Managing Director

Indore, Friday, 12th August, 2011

2. 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.

Mr. Pramod Shrivastava and Mr. Abhay Suhane, Independent Directors and Mr. Chirag Patel, Whole-time Director of the Company are member of the Committee. Mr. Pramod Shrivastava acts as Chairman of the Committee and the term of reference of the committee include:

1. 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.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. 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.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. 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.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. 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.
9. Discussion with internal auditors any significant findings and follow up there on.
10. 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.
11. 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.
12. 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.
13. To review the functioning of the Whistle Blower mechanism.
14. 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.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
16. The Audit Committee shall mandatorily 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 Chief internal auditor shall be subject to review by the Audit Committee

During the year under review, the Committee has met 5 times. The details composition and attendance of the members of the Audit Committee in the meetings are as follows:

Name	Position	Meeting Attended
Mr. Pramod Shrivastava	Chairman	5
Mr. Abhay Suhane	Member	5
Mr. Chirag Patel	Member	5

Members of the Audit Committee have requisite financial and management expertise.

The Statutory Auditors, Internal Auditor, Chief Financial Officer and Chief Operating Officer are invited to attend the meeting of the Committee. The Company Secretary of the Company acted as the Secretary of the Committee.

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

3. CEO & CFO Certification

Certificate from Chief Executive Officer and Chief Financial Officer of the Company for the year ended 31st December, 2010 has been provided as annexure to the Corporate Governance Report.

4. Share Transfer and Shareholders/Investors Grievance Committee

The Share Transfer and Shareholders / Investors Grievance Committee have been constituted by the Board of Directors and the broad terms of references of the committee are:

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

During the year, the Committee has met 5 times. The details composition and attendance of the members of the Committee in the meetings are as follows:

Name	Position	Meeting Attended
Mr. Pramod Shrivastava	Chairman	5
Mr. Abhay Suhane	Member	5
Mr. Chirag Patel	Member	5

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 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.

5. 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.

During the year, the committee has met one time. Mr. Pramod Shrivastava, Dr. G.N.Qazi, and Mr. Abhay Suhane, Independent Directors of the Company are member of the Committee. Mr. Pramod Shrivastava acts as Chairman of the Committee.

All the appointment of directors are made at the meeting of the board of directors and approved by the shareholders in the general meeting (if necessary).

The remuneration of the executive directors was paid in accordance with the resolution approved by the members of the company in the general body meeting.

The details of the remuneration paid to the executive directors during the year under review are as under:

Name of Director	Mr. SHASHIKANT PATEL	Mr. CHIRAG PATEL	Mrs. GUARAVI PARIKH
Period of Appointment	For a period of 3 years i.e. up to 31/03/2014	For a period of 3 years i.e. up to 31/03/2014	For a period of 3 years i.e. up to 31/12/2013
Basic Salary	15594000	6900000	660000
House Rent Allowance	6780000	3000000	330000
Leave Travel Allowance	3390000	1200000	165000
Medical Expenses	240000	120000	---
Incentive	2712000	1200000	---
Professional Pursuit Allowance	9600000	5700000	---
Traveling Allowance	54000	48000	---
Asst. Helper All	1200000	840000	---
Washing Allowance	1200000	840000	---
Children Education	---	120000	---
Children Hostel	---	300000	---
Good Work Reward	---	---	126000
TOTAL	40770000	20268000	1281000

Note : 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.

Details of remuneration paid to Non-executive Directors for the year ended 31st December, 2010 are as follows:

Name of the Director	Relation-ship with other Directors	Business relationship with Company	Loans & Advance from Company	Sitting Fees (Rs.)	Salary & Prerequisites (Rs.)	Commission (Rs.)	Total (Rs.)
Dr. G. N. Qazi	None	None	Nil	30000	Nil	Nil	30000
Mr. Pramod Shrivastava	None	None	Nil	40000	Nil	Nil	40000
Mr. Abhay Suhane	None	None	Nil	40000	Nil	Nil	35000

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 31st December 2010, none of the Non-Executive Directors held any equity shares in the Company.

6. 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 October 30, 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.

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.

7. 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 December 8, 2010, 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.

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

8. Subsidiary companies

During the year under review, the company does not have any material non-listed Indian subsidiary company as defined under Clause 49 of the Listing Agreement.

9. Annual General Meetings

Year	Location	Date	Time	No. of special resolutions passed
2006 - 07	A.B. Road, Manglia, Indore- 453771 (M.P.)	27 th June 2008	9.00 a.m.	4
2008	A.B. Road, Manglia, Indore- 453771 (M.P.)	26 th June 2009	9.30 a.m.	1
2009	A.B. Road, Manglia, Indore- 453771 (M.P.)	30 th June 2010	9.30 a.m.	0

During the year ended on 31st December 2010, 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.

10. 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 2010 are given in the notes to the accounts forming part of balance sheet in this Annual Report.

b) Disclosure of Compliances by the Company

During the last three years 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,

c) Disclosure of Accounting Treatment

In the 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.

11. Means of Communication

During the year, un-audited/audited quarterly, half-yearly and annual financial results on the standalone basis and un-audited/audited quarterly & half-yearly and annual financial results on the consolidated basis, of the Company were submitted to the stock exchange soon after the Board meeting approved these and the same be published in two leading newspapers- The Economic Times/Free Press Journal (English) and Nai-Dunia/Choutha Sansar (Hindi).

The Above said results have also been 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.

The Annual Report is posted individually to all the members entitled to receive a copy of the same.

12. 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.

13. General Shareholder Information

Annual General Meeting

Day, date and time : Wednesday, the 28th day of Sept. 2011 at 9.30 A.M.

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

Financial Calendar

The Company follows the period of 1st January to 31st December, as Financial Year.

For the Financial Year 2011, the financial results will be announced as per the following tentative schedule subject to the Listing Agreement :

Results for the 1st Quarter : 14th May, 2011

Results for the 2nd Quarter : 12th Aug, 2011

Results for the 3rd Quarter : Second Week of November, 2011

Results for the 4th Quarter : Second Week of February, 2012

Date of Book closure : 26.09.2011 to 28.09.2011 (both days inclusive).

Dividend Payment Date : On or After 28.09.2011

Listing on Stock Exchanges : **Bombay Stock Exchange 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-400051.

(The Company has paid the listing fees for the year 2011-12 to the aforesaid Stock Exchanges)

Stock Code/ Symbol

For BSE : 532739

For NSE : Plethico

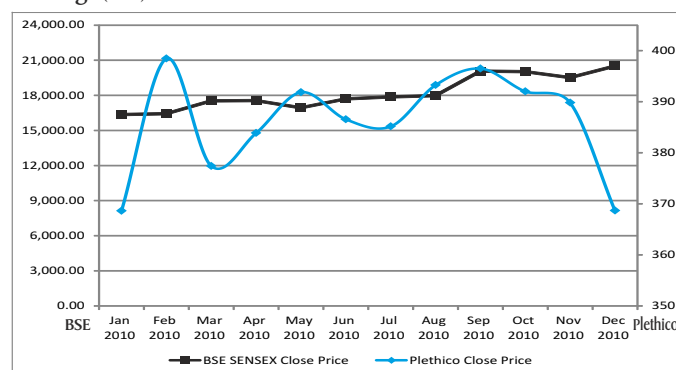
Demat ISIN Number : INE491H0I018

Corporate Identity Number : L24232MP1991PLC006801 (allotted by the Ministry of Corporate Affairs)

Custodial Fees to Depositories : The annual custodial fees for the financial year 2011-12 has been paid to the National Securities Depository Limited (NSDL) and Central Depository services (India) Ltd (CDSL)

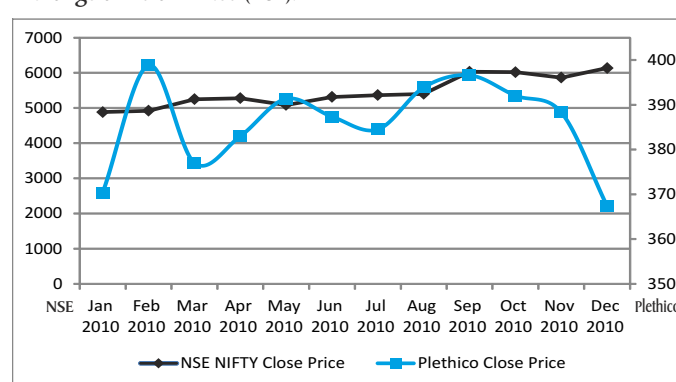
Share Price Performance – Plethico Vs BSE Sensex

Company's closing price movement during the year 2010 on Bombay Stock Exchange (BSE).



Share Price Performance – Plethico Vs NSE (S&P CNX Nifty)

Company's closing price movement during the year 2010 on National Stock Exchange of India Limited (NSE).



Registrar and Transfer Agents

For Physical & Demat Shares :

M/s Link Intime India Private Limited

(Formerly known as Intime Spectrum Registry Ltd.)

C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West), Mumbai – 400 078, Tel.: 91-22-25946970

Fax: 91-22-25946969, E-mail: mt.helpdesk@linkintime.co.in

Market Price Data

The High and Low prices of the Company's share (of the face value of Rs. 10/- each) from January, 2010 till December, 2010 are as follows:

Month	Bombay Stock Exchange Limited (BSE) (Rs. Per Share)		National Stock Exchange of India Limited (NSE) (Rs. Per Share)	
	Month's High Price ↑	Month's Low Price ↓	Month's High Price ↑	Month's Low Price ↓
January, 2010	396.45	352	396.65	355.15
February, 2010	402	312.25	402	351
March, 2010	404.6	351.4	418	352.25
April, 2010	402	372	403	376
May, 2010	395.7	326.15	396.25	328
June, 2010	406	371	448.8	374
July, 2010	405.5	375.15	404.85	363.05
August, 2010	450	371.15	440	373
September, 2010	409	380	408.9	387
October, 2010	420	375	402.7	370.2
November, 2010	404.95	350	405	342
December, 2010	417	363.25	416.5	360.25

Source of Data - website of BSE & NSE

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.

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.

Register/Update your email IDs

To receive all communications promptly, please register/update your email IDs registered with your respective DPs.

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.

Distribution of Shareholding as at 31st December, 2010

By category of shareholders:

Category of Shareholder	Number of Shareholders	Total Number of Share	As a percentage
Promoters' Group	14	29640000	87.01
Mutual Funds and UTI	-	-	-
Banks, FIs & Insurance Companies.	5	1550315	4.55
Foreign Institutional Investors	18	1492352	4.38
Other Bodies Corporate	243	533222	1.57
Indian Public	11716	850778	2.49
Total	11996	34066667	100

By Size of Shareholding :

Shareholding of Nominal Value of (in Rs.)	Shareholders (Number)	% age of total	Share Amount Rs.	% age of total
1 - 5000	11721	97.7076	5802250	1.7032
5001 - 10000	156	1.3004	1245090	0.3655
10001 - 20000	47	0.3918	704710	0.2069
20001 - 30000	15	0.1250	355990	0.1045
30001 - 40000	5	0.0417	171750	0.0504
40001 - 50000	7	0.0584	330610	0.0970
50001 - 100000	19	0.1584	1256980	0.3690
Above 100000	26	0.2167	330799290	97.1035
TOTAL	11996	100.0000	340666670	100.0000

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 31st December, 2010, 99.9917 % of the paid-up share capital of the Company representing 34063851 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/ Warrants during the year. However, On October 22, 2007 the Company issued zero coupon foreign currency convertible bonds in the aggregate principal amount of U.S. \$ 75.00 million ("FCCBs"), which are listed on the Official List of the Singapore Exchange Securities Trading Limited. The maturity date of the FCCBs is October 23, 2012. The FCCBs are presently convertible into 6,070,815 Equity Shares at the option of the holders of the FCCBs at any time prior to the close of business on October 23, 2012.

Plant Locations:

- A.B. Road, Manglia, Indore - 453 771, 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**
(Formerly known as Intime Spectrum Registry Ltd.)
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

14. 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.

15. Status of Compliance with non-mandatory requirements

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

The Company is in the regime of unqualified financial statements.

On behalf of the board of the Directors
For **Plethico Pharmaceuticals Limited**

Shashikant Patel
Chairman cum Managing Director

Registered Office :

A.B. Road, Manglia, Indore - 453771 (M.P.)
Indore, Friday, 12th August, 2011

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 31st December, 2009 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 state that generally no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the company.

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

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Indore, 12th August, 2011

CEO & CFO CERTIFICATION

PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT FOR THE YEAR 2010

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. Significant changes in internal control over financial reporting during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have 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

Chirag Patel
Whole-time Director & CEO
Indore, 12th August, 2011

Sanjay Pai
Chief Financial Officer

AUDITORS' REPORT

**TO,
THE MEMBERS OF PLETHICO PHARMACEUTICALS LIMITED**

We have audited the attached Balance Sheet of **PLETHICO PHARMACEUTICALS LIMITED**, as at 31st, December 2010 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 31st December, 2010 and
 - (ii) In the case of Profit and Loss Account, of the profit 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

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Indore, 31st March, 2011

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 31ST DECEMBER, 2010.

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 disc repancies 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 Rs. 1.63 Million and the year ending balance is Rs.0.40 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:

As per the information and explanation provided to us, the company has neither invited nor accepted any deposits from the public during the year under review.

7. INTERNAL AUDIT:

In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

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 and any other statutory dues with the appropriate authorities.
According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom duty, Excise Duty were outstanding as at December 31, 2010 for a period of more than six month from the date they become 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

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

(Firm Reg No. 116574W)

Indore, 31st March, 2011

PLETHICO PHARMACEUTICAL LIMITED

BALANCE SHEET

Rs.in Million

Particulars	Schedule	AS AT 31.12.2010	AS AT 31.12.2009
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	01	340.67	340.67
Reserves & Surplus	02	6651.70	6440.57
		6992.37	6781.24
2. DEFERRED TAX LIABILITY (NET)			
		155.14	144.60
3. LOAN FUNDS			
Secured Loans	03	1557.50	1762.75
Unsecured Loans	04	4253.08	4126.31
		12958.09	12814.90
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	05	1856.11	1474.42
Less : Depreciation		493.61	421.57
Net Block		1362.50	1052.85
Capital Work in Progress		30.75	302.25
		1393.25	1355.10
2. INVESTMENTS			
	06	7755.71	7384.98
3. CURRENT ASSETS LOANS & ADVANCES			
Inventories	07	159.57	177.47
Sundry Debtors	08	3528.89	3354.95
Cash & Bank Balances	09	124.32	184.12
Loans & Advances	10	520.93	690.20
		4333.70	4406.74
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	246.47	258.41
Provisions	12	292.85	107.46
		539.32	365.87
NET CURRENT ASSETS			
		3794.38	4040.87
4. MISC. EXPENDITURE			
(to the extent not written off or adjusted)	13	14.75	33.95
		12958.09	12814.90
NOTES TO THE ACCOUNTS			
	19		

As per our report of even date.

For N.P. Gandhi & Co.,
Chartered Accountants

For and on behalf of the Board

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Amrish Kumar Chourasia
Company Secretary

Chirag Patel
Whole-time Director
and CEO

Shashikant Patel
Chairman cum
Managing Director

PLETHICO PHARMACEUTICAL LIMITED

PROFIT & LOSS ACCOUNT

Rs.in Million

Particulars	Schedule	Year Ended 31.12.2010	Year Ended 31.12.2009
INCOME			
Sales including other Incomes	14	4332.28	4694.86
		4332.28	4694.86
EXPENDITURE			
Material Cost	15	2339.41	2379.04
Personnel Cost	16	310.92	258.42
Manufacturing & other Expenses	17	675.92	796.55
Interest (Net)	18	293.05	288.15
Depreciation		74.56	61.94
		3693.86	3784.10
Profit before Tax		638.42	910.76
Provision for Taxation			
Current Tax		185.71	2.00
Fringe Benefit Tax		0.00	0.63
Deffered Tax		10.54	1.19
Profit after Tax		442.17	906.94
Extra Ordinary Income / (Expenses)		136.88	163.50
Profit after tax and Extra Ordinary Income / (Expenses)		579.05	1070.44
Add : Profit brought forward		2756.58	2035.46
PROFIT AVAILABLE FOR APPROPRIATION		3335.63	3105.90
APPROPRIATIONS			
Proposed Dividend		85.17	85.17
Tax on Distributed profit		13.82	14.15
Transfer to General Reserve		250.00	250.00
Surplus Carried to Balance Sheet		2986.64	2756.58
Earning Per Share (in Rs. per equity share of Rs 10/-) (See note 21)			
Basic		12.98	26.62
Diluted		11.02	22.60
NOTES TO THE ACCOUNTS	19		

As per our report of even date.

For N.P. Gandhi & Co.,
Chartered Accountants

For and on behalf of the Board

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Amrish Kumar Chourasia
Company Secretary

Chirag Patel
Whole-time Director
and CEO

Shashikant Patel
Chairman cum
Managing Director

Indore, March 31, 2011

Schedule annexed to and forming part of the Financial Statements

Rs.in Million

Particulars	AS AT 31.12.2010	AS AT 31.12.2009
01. SHARE CAPITAL		
Authorised		
6,00,00,000 (Previous year 6,00,00,000) Equity Shares of Rs.10/- each	600.00	600.00
Issued		
3,40,81,767 (previous year 3,40,81,767) Equity Shares of Rs. 10.00 each.	340.82	340.82
Subscribed and Paid up		
3,40,66,667 (Previous year 3,40,66,667) Equity Shares of Rs.10/- each fully paid up [including 29109060 (Previous year 29109060) equity shares of Rs.10/- each allotted as fully paid bonus shares by way of capitalisation of General Reserve and Share Premium.]	340.67	340.67
	340.67	340.67
02. RESERVES & SURPLUS		
1. Share Premium		
As per last balance sheet	433.99	719.98
Less : Provision for Premium Payable on Redemption of FCCB	268.93	285.99
	165.06	433.99
2. General Reserve		
As per last Balance Sheet	3250.00	3000.00
Add : Trfd. from Profit & Loss Account.	250.00	250.00
	3500.00	3250.00
3. Balance in Profit & Loss Account	2986.64	2756.58
	6651.70	6440.57
03. SECURED LOANS		
1. Working Capital Loan from Banks	382.27	321.24
2. Term Loans from Financial Institutions / Banks	1169.71	1435.48
3. Vehicle / House Loans from Bank & Others	5.52	6.03
	1557.50	1762.75
04. UNSECURED LOAN		
Loan from Directors	0.40	0.61
Foreign Currency Convertible Bonds (FCCB)	2970.75	2970.75
Premium Payable on Redemption of FCCB	898.26	629.33
Foreign Currency Fluctuation on outstanding FCCB	382.13	519.00
Sales Tax Deferred Liability	1.54	6.62
	4253.08	4126.31

Schedule annexed to and forming part of the Financial Statements

PARTICULARS	GROSS BLOCK					DEPRECIATION AS AT 31.12.2010	NET BLOCK	
	AS AT 01.01.2010	ADDITION DURING THE YEAR	DEDUCTION DURING THE YEAR	TOTAL AS AT 31.12.2010	AS AT 31.12.2010		AS AT 31.12.2009	
	Rs.in Million							
Land	26.67	0.00	0.00	26.67	26.67	26.67		
Land Development	1.67	0.00	0.00	1.67	1.67	1.67		
Office Premises	4.34	0.00	0.40	3.94	3.40	3.81		
Factory Building	49763	8775	0.00	58538	444.68	375.64		
Plant & Machinery	849.51	271.05	4.51	1116.05	824.11	605.13		
Furniture & Fixtures	43.67	13.58	0.06	57.19	33.91	23.10		
Computers	26.44	13.40	0.07	39.78	16.00	4.75		
Vehicles	23.96	2.16	1.22	24.89	11.53	11.55		
Agricultural Equipments	0.53	0.00	0.00	0.54	0.54	0.53		
Total	1474.42	38794	6.26	1856.11	1362.50	1052.85		
Previous Year	1473.94	2.18	1.70	1474.42	1052.85	1113.27		

1. The Depreciation upto 31.12.2010 includes depreciation of Rs 74.56 Mn. for the year 2010

2.. Capital Work in Progress Rs 30.75 Mn. (Previous year Rs 302.25 Mn.) includes capital advances of Rs 0.52 Mn (Previous year Rs. 1.34 Mn)

Schedule annexed to and forming part of the Financial Statements

Rs.in Million

Particulars			AS AT 31.12.2010	AS AT 31.12.2009
06. INVESTMENT				
Long Term , Non Trade	Nos.as at 31.12.2010	Face Value		
A. Investment in Subsidiary Companies (Unquoted)				
Plethico Global Holding, Netherland	190	Euro 100	3700.44	3472.76
Plethico International Ltd , UAE	1040	AED 150000	2066.03	1922.97
B. Investment in Overseas Companies (Unquoted)				
TOO Reslov Ltd. Kazakistan	1559025	Tenge 100	270.49	270.49
OOO Rezlov Ltd. Kyrgistan	62100	Som 100	141.03	141.03
ICS Rezlov MO SRL. Moldova	33345	Leu 100	202.99	202.99
Reslov 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
C. Advance towards Overseas Investments			0.00	0.01
			7755.71	7384.98
07. INVENTORIES				
(As valued and certified by management)				
Raw Materials			60.71	68.14
Finished Goods			31.03	36.47
Stock-in-Process			13.11	24.25
Packing Material Consumables etc.			54.72	48.61
			159.57	177.47
08. SUNDRY DEBTORS				
(Unsecured & Considered Good)				
Debts exceeding six months			1643.32	1330.38
Other Debts			1885.57	2024.57
			3528.89	3354.95
09. CASH & BANK BALANCES				
Cash in hand			0.41	0.30
Balances with Scheduled Banks				
i. In current Accounts			111.08	169.94
(Including export proceed in transit)				
ii. In Fixed Deposit Account			12.82	12.46
Balances with Non-Scheduled Banks				
i. In current Accounts			0.01	1.42
			124.32	184.12

Schedule annexed to and forming part of the Financial Statements

Rs.in Million

Particulars	AS AT 31.12.2010	AS AT 31.12.2009
10. LOANS & ADVANCES		
(Unsecured considered good)		
Advance recoverable in cash or kind - for the value to be received	285.23	528.86
Balance with Excise Department	62.23	86.93
Advance tax paid	98.76	10.85
Export Incentive Entitlements	64.53	53.66
Sundry Deposits	10.18	9.90
	520.93	690.20
Note : Loans & advances to subsidiary companies Nil (Previous year Nil)		
11. CURRENT LIABILITIES		
Sundry Creditors	150.38	196.07
Investor Education and Protection Fund (not due)		
Unclaimed Dividend	0.13	0.13
Unclaimed Share Application Money	0.48	0.48
Dealers' Deposit	7.60	11.09
Advance from Customers	13.87	13.30
Other Liabilities	74.01	37.34
	246.47	258.41
12. PROVISIONS		
Proposed Dividend	85.17	85.17
provision for Current Taxation	193.86	8.14
Tax Payable on distributed profit	13.82	14.15
	292.85	107.46
13. MISC. EXPENDITURE		
Public Issue / Product Launching Expenses	33.95	53.15
Less : Amortized during the year	19.20	19.20
	14.75	33.95
14. SALES INCLUDING OTHER INCOMES		
Sales	4499.08	4735.44
Export Incentives	41.27	26.84
Foreign Exchange Fluctuation - Export	(237.65)	(132.66)
Central / State Excise Duty Refund	20.38	20.29
Processing Charges (TDS Rs 0.27 Mn , Prev Yr Rs. 0.52 Mn)	5.20	5.57
Dividend Received	0.02	0.03
Royalty Received (TDS Rs 0.00 Mn , Prev Yr Rs. 0.23 Mn)	1.34	1.98
Profit on Sales of Investment	0.00	3.00
Foreign Exchange Fluctuation - Other	0.00	31.50
Other Incomes	2.64	2.87
	4332.28	4694.86

Schedule annexed to and forming part of the Financial Statements

Rs.in Million

Particulars	Year Ended 31.12.2010	Year Ended 31.12.2009
15. MATERIAL COST		
Raw Material Consumed	2134.86	2217.71
Packing Material Consumed	145.40	115.37
Finished Goods Purchased	42.57	51.88
	2322.83	2384.96
Inventory Adjustment		
Closing Stocks		
Finished Goods	31.03	36.47
Stock-in-Process	13.11	24.25
	44.14	60.72
Less : Opening Stocks		
Finished Goods	36.47	41.66
Stock-in-Process	24.25	13.14
	2339.41	2379.04
16. PERSONNEL COST		
Salary Wages Bonus and Benefits	228.90	188.50
Director Remuneration	62.44	62.37
Contribution to P.F , Gratuity & other funds	19.58	7.55
	310.92	258.42
17. MANUFACTURING & OTHER EXPENSES		
Power & Fuel	55.15	37.10
Other Manufacturing Expenses	23.13	18.99
Excise Duty	71.71	26.28
Bank and financial charges	57.58	29.42
Travelling Expenses	21.24	23.13
Repairs & Maintenance		
Machinery	15.39	11.32
Building	0.69	0.51
Others	4.04	2.64
Foreign Exchange Fluctuation - Other	11.95	2.72
Selling & Distribution Expenses	277.10	528.31
Misc. General & Admns. Expenses	102.91	82.24
Rent	13.38	12.47
Insurance	1.80	1.65
Audit Fees	0.62	0.53
Misc Expenditure Amortized	19.20	19.20
Donation	0.02	0.03
	675.92	796.55
18. INTEREST (NET)		
Interest on working capital loans	83.03	75.71
Interest on Term Loan	181.20	205.35
Other Interest	30.24	9.92
	294.47	290.98
Less : Interest Received	1.42	2.83
	293.05	288.15

19. NOTES TO THE ACCOUNTS

I 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 of accounting, in accordance with the accounting principles generally accepted in India and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the relevant provision of the Companies Act, 1956 except where otherwise stated, the accounting principals have been consistently applied.

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. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized.

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 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 modvat credit 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.
- iii. Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet Date and the cost of fixed assets not put for their intended use before such date are disclosed under capital work in progress.

E 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.

F 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.

- 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.

G Retirement Benefits:

- i. Short term employee benefits are recognized as expense in the profit and loss account of the year in which service is rendered.
- 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. 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).
- iv. Leave encashment is charged to revenue on accrual basis.

H 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.

I 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 recognised 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.

J 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.

K Income/Expenditure during construction period:

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

L Provisions, Contingent Liabilities and Contingent Assets:

The Company makes a provision when there is a present obligation as a

result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made.

A disclosure is made for possible or present obligations that may but probably will not require outflow of resources or where a reliable estimate cannot be made, as a contingent liability in the financial statements.

Contingent asset is neither recognized nor disclosed in the financial statements.

M 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.

N 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 into 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.

Deferred tax resulting from “timing differences” between Taxable & Accounting Income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

O 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.

2. Contingent Liabilities not provided for :

(Amount in Millions)

Particulars	31.12.2010	31.12.2009
i Pending Bank Guarantee	0.00	19.71
ii Corporate Guarantee against third party loan	125.00	125.00
iii Pending Letter of Credit	97.12	74.65
iv Estimated amount of contract remaining unexecuted on capital account and not provided for (Advance given Rs.1.03 million) (Previous Year Rs. 1.34 million).	2.10	2.60

3. 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.

4. 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 directors of the company.

5. 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 a director of the company.

6. The working capital loan taken from Punjab National Bank is secured by

(a) Hypothecation of company's entire stocks and book debts on first paripassu 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.

7. 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 Directors of the company.

8. Corporate Loan taken from State Bank of India is secured by

(i) pledge of equity shares of the company held by one of the directors of the company

(ii) Personal Guarantee of one of the directors of the company.

9. 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.

10. 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 directors of the company.

11. Vehicle \ House Loans are secured by hypothecation of related Vehicle \House Property.
12. Term Loan repayable within one year is Rs. 488.00 million (Previous year Rs. 280.28 million)
13. The Foreign Exchange Gain of Rs.136.88 million (previous year gain of Rs. 163.50 Million) arising out of revaluation in respect of outstanding FCCB of USD 75 Million as on 31.12.2010 has been recognized and credited to the Profit and Loss Account of the year as an Extra Ordinary Item.
14. Provision of Rs.268.93 million (previous year Rs. 285.99 Million.) has been made during the year on account of premium payable on redemption of FCCB in terms of the Offering Circular dated 18.10.2007, which has been charged to the Share Premium Account. The Company currently has outstanding bonds at face value of USD 75 million. Till date no bonds have been converted nor redeemed or cancelled. The term of the bonds are: 0% coupon,77% YTM, Reset conversion price is Rs.484/- and maturity date is October, 2012.
15. 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 setting up medicated lozenges and solid dosage formulation manufacturing unit in UAE.
16. 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 31.12.2010.

Company	Country	% of equity holding	Loans & advances as on 31.12.10
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

17. 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.
18. There is no amount outstanding or due from firms/companies in which director(s) are interested as a Partner or Director.
19. 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.
20. During the year under review, the company was subject to search and seizure operations by the Income Tax department (Investigation). During the course of the search, certain documents and articles were seized from different locations and statements of company's various executives including Chairman and Managing Directors were recorded. Pursuant to the ongoing proceedings, the final tax liability has not been determined hence provision made during the year for the tax liability is subject to final assessment.

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

Particulars	Year ended 31.12.2010	Year ended 31.12.2009
Basic		
Profit after tax as per Accounts (Rs. in Million)	442.16	906.94
Weighted average number of shares outstanding	34066667	34066667
Basic EPS (Rupees)	12.98	26.62
Diluted		
Profit after tax as per Accounts (Rs. in Million)	442.16	906.94
Add : Interest / Exchange difference (gain) / loss on bonds convertible into equity shares (net of tax)	Nil	Nil
Adjusted profit for diluted earning per share (Rs. in Million)	442.16	906.94
Weighted average number of shares outstanding	34066667	34066667
Add : Weighted average number of potential equity shares that could arise on conversion of FCCBs	6070815	6070815
Weighted average number of shares outstanding for Diluted EPS	40137482	40137482
Diluted EPS (Rupees)	11.02	22.60

22. Balance with a non-scheduled bank comprises balance of Rs.0.01 million (Previous Year 1.42 Million) in current account with Karur Vysya Bank Ltd.
23. 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.
24. 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.
25. The figures of previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

26. Payment to Auditors

(Amount in Millions)

Particulars	Year ended 31.12.2010	Year ended 31.12.2010
a. Audit Fees	0.50	0.32
b. Tax Audit Fees	0.05	0.04
c. In other capacity (For Taxation/Certification work etc.)	0.07	0.17
Total	0.62	0.53

27. Managerial Remuneration

(Amount in Millions)

Particulars	Year ended 31.12.2010	Year ended 31.12.2010
a. Salary to Whole Time Directors including perquisites	62.32	62.37
b. Statutory contribution	0.03	0.03
Total	62.35	62.40

28. Computation of Net Profit under Section 349 read with Section 309(5) and Section 198 of the Companies Act, 1956: (Amount in Millions)

Particulars	Year ended 31.12.2010	
	Qty. (Nos)	Value (Mn)
Profit / (Loss) before taxation and Extraordinary Item as per Profit & Loss A/c.		638.42
Add: Depreciation charged to Accounts	74.56	
Managerial Remuneration	62.44	
Loss on Sales of Fixed Assets	0.59	137.59
Less: Depreciation U/s. 350 of the Companies Act, 1956	74.56	
Agricultural Income	0.09	74.65
Net Profit / (Loss) U/s. 349 of the Companies Act, 1956		701.36

29. 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 Oct 2, 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.

30. Additional Information pursuant to provisions of Para 3, 4c of Part II of Schedule VI to the Companies Act, 1956.

Class of Goods	Installed Capacity	
	31.12.2010	31.12.2009
Tablets \ Lozenges	125.50 Crores	125.50 Crores
Capsules	25.50 Crores	25.50 Crores
Dry Susp. /Syrup	13.14 Crores	13.14 Crores
Ampoule / Vials	6.80 Crores	6.80 Crores
Ointment / Tube / Drops	10.25 Lac	10.25 Lac
Powder / Granules (Kg)	4775 Lac	4775 Lac

Class of Goods	31.12.2010		31.12.2009	
	Qty. (Nos)	Value (Mn)	Qty. (Nos)	Value (Mn)
Tablets / Lozenges	1003439506		1042792076	
Capsules	80494445		81791999	
Dry Susp./syrups	18994427		19433226	
Vial/Amp./Inj./Kit	11381579		10467409	
Ointment/Tubes/Drops	1043993		947578	
Powder / Granules (Kg)	3670080		3896138	

Class of Goods	31.12.2010		31.12.2009	
	Qty. (Nos)	Value (Mn)	Qty. (Nos)	Value (Mn)
Tablets / Lozenges	1002568		1222645	
Capsules	1357388		1655352	
Dry Supsn./Syp.	20746		25300	
Vial/Amp./Kits/Inj.	670333		817480	
Ointment/Tubes/Drops	39827		48570	
Powder / Granules (Kg)	15038		18340	

D. Particulars in respect of Turnover:

Class of Goods	31.12.2010		31.12.2009	
	Qty. (Nos)	Value (Mn)	Qty. (Nos)	Value (Mn)
Tablets / Lozenges	1005848639	2263.13	1058788042	2382.26
Capsules	82143733	932.52	87386951	982.61
Dry Susp./Syrup	19024709	644.85	19613103	670.33
Vial/Amp./Kits	12106603	25761	13159352	272.61
Oint./Tube./Drop	1092279	43.74	1200307	46.79
Powder/Granules (Kg)	3704313	35723	3760724	380.84

E. Particulars in respect of Opening & Closing Stocks:

Opening Stock:

Class of Goods	01.01.2010		01.01.2009	
	Qty. (Nos)	Value (Mn)	Qty. (Nos)	Value (Mn)
Tablets	10046888	11.11	24820209	17.37
Capsules	2013100	9.97	5952700	10.76
Dry Susp./Syrup	68113	1.39	222690	4.23
Vial/Amp./Kits	352841	2.45	2227304	7.15
Ointment/Tubes/Drops	76898	1.30	281057	1.91
Powder / Granules (Kg)	159958	10.25	6204	0.24

Closing Stock:

Class of Goods	31.12.2010		31.12.2009	
	Qty. (Nos)	Value (Mn)	Qty. (Nos)	Value (Mn)
Tablets	8640323	9.15	10046888	11.11
Capsules	1721200	8.45	2013100	9.97
Dry Susp./Syrup	58577	1.19	68113	1.39
Vial/Amp./Kits	298150	2.07	352841	2.45
Ointment/Tubes/Drops	68439	1.15	76898	1.30
Powder / Granules (Kg)	140763	9.02	159958	10.25

F. Raw Material Consumed:

(Amount in Millions)

Particulars	31.12.2010		31.12.2009	
	Value	%	Value	%
Imported	148.58	06.96%	483.14	21.79%
Indigenous	1986.28	93.04%	1734.58	78.21%

G. Packing Material Consumed:

(Amount in Millions)

Particulars	31.12.2010		31.12.2009	
	Value	%	Value	%
Imported	Nil	Nil	Nil	Nil
Indigenous	145.40	100%	115.37	100%

(Amount in Millions)

31.12.2010 31.12.2009

31. Expenditure in Foreign Currency	134.65	278.44
32. F.O.B. Earning in Foreign Exchange	2623.45	3084.89
33. C.I.F. Value of Imports	168.78	51742

34. Segment Information for the year ended 31st December, 2010
Information about Primary Business segment. The company is Exclusively in the health care business segments Information about Secondary Geographical segments

Particulars	INDIA		OUTSIDE INDIA	
	Year Ended 31.12.2010	Year Ended 31.12.2009	Year Ended 31.12.2010	Year Ended 31.12.2009
Segment Revenue from External Customer	1510.12	1164.30	2819.50	3493.16
Carrying amount of segment assets	110.52	108.45	3434.11	3335.41
Addition of Fixed Assets				

Segment Revenue Comprises

Particulars	Year Ended 31.12.2010	Year Ended 31.12.2009
Sales	4499.08	4735.44
Other Income excluding Dividend, agriculture income and insurance claim.	(169.46)	(7798)
Total	4329.62	4657.46

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

35. Related party disclosure : As per Accounting Standard - AS18.
A. Name of related parties and description of relationship

S.No.	Name	Country	Relationship
1	Plazma Laboratories Pvt. Ltd.	India	Significant influence of Director
2	Plethico Laboratories Pvt. Ltd.	India	Significant influence of Directors / Relatives
3	Plethico Products	India	Significant influence of Directors / Relatives
4	Wiscon Pharmaceuticals Pvt. Ltd	India	Significant influence of Directors / Relatives
5	Plethico Global Holdings BV	Netherlands	Wholly owned subsidiary
6	Plethico International Ltd.	UAE	Wholly owned subsidiary
7	Plethico US Holdings KFT	Hungary	Wholly owned subsidiary (step-down)
8	Natrol INC	USA	Wholly owned subsidiary (step-down)
9	Natrol Global FZ-LLC	UAE	Wholly owned subsidiary (step-down)

B. Key Managerial Personnel

- | | |
|-------------------------|--------------------------------|
| 1. Shashikant .A. Patel | Chairman cum Managing Director |
| 2. Chirag.S. Patel | Whole Time Director and CEO |
| 3. Gauravi.K.Parikh | Executive Director |
| 4. Rajiv Bedi | President |
| 5. Hemant Modi | Chief Operating Officer |
| 6. Sanjay Pai | Chief Finance Officer |

Transaction with related parties

(Amount in Millions)

Sr. No.	Nature of Transaction	Year Ended 31.12.2010	Year Ended 31.12.2009
1.	Sales	1.90	1.56
2.	Remuneration to Key Managerial Person	70.01	69.15
3.	Rent Payment	0.07	0.26
4.	Loan received from Directors	1.14	0.99
5.	Loan repaid to Directors	1.22	1.51
6.	Investment in equity shares	370.74	203.19

Outstanding Amount of Related Parties

Sr. No.	Particulars	Year Ended 31.12.2010	Year Ended 31.12.2009
1.	Amount Payable	15.95	14.32
2.	Amount Receivables	-	--

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

36. Amount Receivable from Managerial Staff Rs. Nil (Max Balance Rs Nil)

37. 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 Rs.21.95 million (Previous year Rs.20.67 million) have been recognized in the P&L account.

38. There were no foreign exchange derivatives or forward contracts outstanding as on 31.12.2010. The year end foreign currency exposures that have not been hedged by a forward cover or derivative instrument or otherwise are given below :

(Amount in Millions)

Particulars	31.12.2010			31.12.2009		
	U S Dollare	Euro	INR Equiv- alent	U S Dolla- res	Euro	INR Equiv- alent
Amount receivable in Foreign Currency on account of following:						
i. Sale of Goods	64.49	8.91	3415.60	56.84	8.93	3275.86
ii. Bank Balance	1.57	0.38	96.74	0.39	0.20	31.89
Amount Payable in foreign currency On account of following						
i. Import of Goods and services	1.47	-	6.57	0.20	--	8.77
ii. Loan and Interest payable	-	-	-	-	-	-
iii. Outstanding Foreign Currency Convertible Bond & premium payable thereon	95.09	-	4251.14	88.53	-	4119.08
iv. Customer Advance	2.81	-	12.56	0.21	0.02	11.39

39. 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 Rs.28.99 million whereas fair value of plan assets at the end of the year was of Rs.33.14 million. The total benefit of Rs.0.85 million has been paid during the year. The return on plan assets during the year was Rs.2.05 million; however there was no excess / short amount over estimated return on plan assets.

40. Details of non resident shareholdings:

Particulars	As at 31.12.2010	As at 31.12.2009
Number of non resident / FII share holders	156	166
Number of shares held by non-resident / FII share holders	1513516	1668349

41. The deferred tax liability of Rs. 10.54 million for the year ended Dec. 31,2010 has been debited to the profit & loss account.

(Amount in Millions)

Year end Deferred tax Liability comprises Excess of Book W.D.V Over Tax W.D.V.	10.54
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Signature to Schedule 1 to 19

In terms of our report of even date.

For **N.P. Gandhi & Co.,**
Chartered Accountants

For and on behalf of the Board

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Amrish K. Chourasia
Company Secretary

Chirag Patel
Whole-time Director
and CEO

Shashikant Patel
Chairman cum
Managing Director

Indore, March 31, 2011

PLETHICO PHARMACEUTICALS LTD

CASH FLOW STATEMENT

Rs.in Million

Particulars	Year Ended 31.12.2010	Year Ended 31.12.2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax and Extraordinary Items	638.42	910.76
Adjustment For		
Depreciation	74.56	61.94
Interest Expenses	294.47	290.98
Miscellaneous Expenditure Amortized	19.20	19.20
Interest received	(1.42)	(2.83)
Dividend Received	(0.02)	(0.03)
Loss / (Profit) on sales of Fixed Assets (Net)	0.59	0.02
Agriculture Income	(0.09)	(0.13)
Loss / (Profit) on sales of Investment (Net)	0.00	(2.87)
Operating Profit Before Working Capital Change	1025.73	1277.06
Adjustment For		
Trade Payables and Other Liabilities	(11.94)	(23.06)
Inventories	1791	(18.88)
Trade and Other Receivable	32.80	266.21
Cash Generated From Operation	1064.50	1501.32
Agriculture Income	0.09	0.13
Fringe Benefit Tax	0.00	(1.42)
Direct Taxes	(3750)	(0.90)
Net Cash From Operating Activities	1027.09	1499.13
A		
CASH FLOW FROM INVESTING ACTIVITIES		
Sales of Fixed Assets	3.15	0.64
Sales of Investment	0.00	6.78
Purchase of Investment	(370.73)	(203.19)
Purchase of fixed assets	(116.45)	(110.99)
Dividend Received	0.02	0.03
Interest Received	1.42	2.83
Net Cash used in Investing Activities	(482.59)	(303.90)
B		
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Long Term & Other Borrowing	(210.53)	(747.73)
Dividend Paid	(85.17)	(85.17)
Tax on Dividends	(14.15)	(14.47)
Interest paid	(294.47)	(290.98)
Net Cash From Financing Activities	(604.31)	(1138.35)
C		
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(59.81)	56.88
Cash and Cash Equivalents at beginning of period	184.12	127.25
Cash and Cash Equivalents at end of period	124.31	184.12

For N.P. Gandhi & Co.,
Chartered Accountants

For and on behalf of the Board

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Amrish Kumar Chourasia
Company Secretary

Chirag Patel
Whole-time Director
and CEO

Shashikant Patel
Chairman cum
Managing Director

Statement Pursuant to requirement of Department of Corporate Affairs For Granting Approval under section 212 (8) of the Companies Act,1956 related to Subsidiary Companies

Rs 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 Product Inc.	Prolab Nutrition Inc.	Medical Research Institute	Natrol (UK) Ltd.	Natrol (Hong kong) Ltd
2	Financials Year of the Subsidiary Company	1 Jan to 31 Dec	1 Jan to 31 Dec	1 Jan to 31 Dec	1 Jan to 31 Dec	1 Jan to 31 Dec	1 Jan to 31 Dec	1 Jan to 31 Dec	1 Jan to 31 Dec	1 Jan to 31 Dec	1 Jan to 31 Dec	1 Jan to 31 Dec
3	Country of Incorporation	United Arab Emirates	Netherlands	Hungary	UAE	United State of America	United State of America	United State of America	United State of America	United State of America	England	China
4	No. of Equity Shares Held in the Subsidiary Company by Holding	1040	190	10000	10000	10000	10000	10000	10000	10000	10000	10000
5	Financial information of subsidiary Companies											
	a. Capital (in Rs.)	1972.930	1.260	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004	0.004
	b. Reserves	1966.62	5363.72	3,949	1,162	1,401	41	290	128	342	(127)	4
	c. total Assets	3975.44	6599.70	3,949	1,386	3,598	41	297	420	761	0	4
	d. total liabilities	35.89	1234.72	0	224	2,197	0	7	292	419	127	1
	e. details of investment (except in case of investment in the subsidiaries)	0	0	0	0	0	0	0	0	0	0	0
	f. turnover	3329.84	7523.03	0	2,314	338	23	2,867	691	1,228	8	0
	g. profit before taxation	1113.38	803.53	121	707	452	17	44	(28)	7	(13)	15
	h. provision for taxation	1.8	50.16	0	0	(14)	6	13	(9)	11	0	0
	I. profit after taxation	1111.58	753.37	121	707	466	11	30	(19)	(5)	(13)	15
	j. proposed dividend	0	0	0	0	0	0	0	0	0	0	0

For and on behalf of the Board

Amrish Kumar Chourasia
Company Secretary

Chirag Patel
Whole-time Director
and CEO

Shashikant Patel
Chairman cum
Managing Director

AUDITORS REPORT 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 December 31, 2010 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 Rs 10,731.34 million, total revenue of Rs 10,860.48 million and related cash flows for the year ended as at December 31, 2010. 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 December 31, 2010.

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

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Indore, 31st March, 2011

PLETHICO PHARMACEUTICALS LIMITED

CONSOLIDATED BALANCE SHEET

Rs.in Million

Particulars	Schedule	AS AT 31.12.2010	AS AT 31.12.2009
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
Share Capital	01	340.67	340.67
Reserves & Surplus	02	10369.38	8556.39
		10710.05	8897.06
2. DEFERRED TAX LIABILITY (NET)			
		(258.29)	(295.36)
3. LOAN FUNDS			
Secured Loans	03	155749	1982.10
Unsecured Loans	04	4253.08	4141.85
		16262.33	14725.65
APPLICATION OF FUNDS			
1. FIXED ASSETS			
Gross Block	05	6404.94	6141.00
Less : Depreciation		2294.97	2128.09
Net Block		4109.97	4012.91
Capital Work in Progress		2554.36	2131.62
		6664.33	6144.53
2. INVESTMENTS			
	06	1989.24	1989.25
3. CURRENT ASSETS LOANS & ADVANCES			
Inventories	07	1562.63	1359.83
Sundry Debtors	08	6371.21	4548.33
Cash & Bank Balances	09	405.38	504.03
Loans & Advances	10	1041.31	1015.29
		9380.53	7427.48
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	147742	752.97
Provisions	12	322.53	130.38
		1799.95	883.35
NET CURRENT ASSETS			
		7580.58	6544.13
4. MISC. EXPENDITURE			
(to the extent not written off or adjusted)	13	28.18	47.74
		16262.33	14725.65
NOTES TO ACCOUNTS			
	19		

As per our report of even date.

For N.P. Gandhi & Co.,
Chartered Accountants

For and on behalf of the Board

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Amrish Kumar Chourasia
Company Secretary

Chirag Patel
Whole-time Director
and CEO

Shashikant Patel
Chairman cum
Managing Director

PLETHICO PHARMACEUTICALS LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT

Rs.in Million

Particulars	Schedule	Year Ended 31.12.2010	Year Ended 31.12.2009
INCOME			
Sales including other Incomes	14	15192.76	12485.23
		15192.76	12485.23
EXPENDITURE			
Material Cost	15	7790.00	5931.47
Personnel Cost	16	1173.06	1101.30
Manufacturing & other Expenses	17	3104.52	3045.53
Interest (Net)	18	305.46	300.58
Depreciation		264.40	166.33
		12637.44	10545.21
Profit before Tax		2555.32	1940.02
Provision for Taxation			
Current Tax		242.20	(10.38)
Fringe Benefit Tax		0.00	0.63
Deffered Tax		6.02	(55.98)
Profit after Tax		2307.10	2005.75
Extra Ordinary Income / (Expenses)		136.88	163.50
Profit after tax and Extra Ordinary Income / (Expenses)		2443.98	2169.25
Add : Profit brought forward		4480.41	2660.48
PROFIT AVAILABLE FOR APPROPRIATION		6924.39	4829.73
APPROPRIATIONS			
Proposed Dividend		85.17	85.17
Tax on Distributed profit		13.82	14.15
Transfer to General Reserve		250.00	250.00
Surplus Carried to Balance Sheet		6575.40	4480.41
Earning Per Share (in Rs. per equity share of Rs 10/-)			
Basic		6772	58.88
Diluted		5748	49.97
NOTES TO THE ACCOUNTS	19		

As per our report of even date.

For N.P. Gandhi & Co.,
Chartered Accountants

For and on behalf of the Board

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Amrish Kumar Chourasia
Company Secretary

Chirag Patel
Whole-time Director
and CEO

Shashikant Patel
Chairman cum
Managing Director

Indore, March 31, 2011

Schedule annexed to and forming part of the consolidated Financial Statements

Particulars	Rs.in Million	
	AS AT 31.12.2010	AS AT 31.12.2009
01. SHARE CAPITAL		
Authorised 6,00,00,000 (Previous year 6,00,00,000) Equity Shares of Rs.10/- each	600.00	600.00
Issued 3,40,81,767 (previous year 3,40,81,767) Equity Shares of Rs. 10.00 each.	340.82	340.82
Subscribed and Paid up 3,40,66,667 (Previous year 3,40,66,667) Equity Shares of Rs.10/- each fully paid up [including 29109060 (Previous year 29109060) equity shares of Rs.10/- each allotted as fully paid bonus shares by way of capitalisation of General Reserve and Share Premium.]	340.67	340.67
	340.67	340.67
02. RESERVES & SURPLUS		
1. Share Premium As per last balance sheet Less : Provision for Premium Payable on Redemption of FCCB	433.99 268.93	719.98 285.99
	165.06	433.99
2. General Reserve As per last Balance Sheet Add : Trfd. from Profit & Loss Account.	3250.00 250.00	3000.00 250.00
	3500.00	3250.00
3. Foreign Currency Translation Reserve	128.92	391.99
4. Balance in Profit & Loss Account	6575.40	4480.41
	10369.38	8556.39
03. SECURED LOANS		
1. Working Capital Loan from Banks	382.26	540.59
2. Term Loans from Financial Institutions / Banks	1169.71	1435.48
3. Vehicle / House Loans from Bank & Others	5.52	6.03
	1557.49	1982.10
04. UNSECURED LOAN		
Loan from Directors	0.40	0.61
Foreign Currency Convertible Bonds (FCCB)	2970.75	2970.75
Premium Payable on Redemption of FCCB	898.26	629.33
Foreign Currency Fluctuation on outstanding FCCB	382.13	519.00
Sales Tax Deferred Liability	1.54	6.62
From Others	0.00	15.54
	4253.08	4141.85

Schedule annexed to and forming part of the consolidated Financial Statements

PARTICULARS		GROSS BLOCK					DEPRECIATION		NET BLOCK	
		As At 01.01.2010	Addition During The Year	Deduction During The Year	Foreign Exchange Adjustments	Total As At 31.12.2010	As At 31.12.2010	As At 31.12.2010	As At 31.12.2010	As At 31.12.2009
05. FIXED ASSETS										
Intangible Assets										
Goodwill on Consolidation	2455.86	0.00	0.00	(96.31)	2359.55	0.00	0.00	2359.55	2455.86	
Goodwill	1168.91	0.00	0.00	(49.46)	1119.45	1119.45	1119.45	0.00	0.00	
Patents	21.52	0.00	0.00	(0.91)	20.61	13.20	13.20	7.41	11.02	
Brands and Customer Relationships	33731	0.00	0.00	(14.27)	323.04	19.00	19.00	204.04	26701	
Trade Marks	26748	0.00	0.00	(11.32)	256.16	12790	12790	128.26	160.35	
Computer Software	31.84	5.90	4.97	(1.39)	31.38	23.24	23.24	8.14	11.16	
Tangible Assets										
Land	26.67	0.00	0.00	0.00	26.67	0.00	0.00	26.67	26.67	
Land Development	1.67	0.00	0.00	0.00	1.67	0.00	0.00	1.67	1.67	
Leasehold Improvements	719	0.00	0.00	(0.30)	6.89	2.49	2.49	4.40	5.88	
Office Premises	4.34	0.00	0.40	0.00	3.94	0.54	0.54	3.40	3.81	
Factory Building	49763	8775	0.00	0.00	585.38	140.70	140.70	444.68	375.64	
Plant & Machinery Equipments utility Boiler &										
Electric Fixtures and Fittings	1139.53	27732	13.80	(12.14)	1390.91	544.60	544.60	846.31	636.12	
Furniture & Fixtures	96.09	15.86	8.86	(1.94)	101.15	5766	5766	43.49	35.94	
Computers	5762	106.39	12.86	(1.18)	149.97	132.08	132.08	1789	755	
Vehicles	26.81	2.16	1.22	(0.12)	2.763	14.09	14.09	13.54	13.70	
Agricultural Equipments	0.53	0.00	0.00	0.00	0.53	0.00	0.00	0.53	0.53	
Total	6141.00	495.38	42.11	(189.35)	6404.94	2294.97	2294.97	4109.97	4012.91	
Previous Year	6282.18	3782	8.91	(170.09)	6141.00	2128.09	2128.09	4012.91	4250.51	

Note :

- The Depreciation upto 31.12.2010 includes depreciation of Rs 264.40 Million for the year 2010
- Capital Work in Progress Rs 2554.36 Million (Previous year Rs 2131.62 Million) includes capital advances of Rs 1.09 Million (Previous year Rs. 1.50 Million)

Schedule annexed to and forming part of the consolidated Financial Statements

				Rs.in Million		
Particulars			AS AT 31.12.2010	AS AT 31.12.2009		
06. INVESTMENT						
Long Term , Non Trade	Nos. as at 31.12.2010	Face Value				
A. Investment in Overseas Companies (Unquoted)						
TOO Reslov Ltd. Kazakistan	1559025	Tenge	100	270.49	270.49	
OOO Rezlov Ltd. Kyrgistan	62100	Som	100	141.03	141.03	
ICS Rezlov MO SRL. Moldova	33345	Leu	100	202.99	202.99	
Reslov 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. Advance towards Overseas Investments				0.00	0.01	
				1989.24	1989.25	
07. INVENTORIES						
(As valued and certified by management)						
Raw Materials				154.99	220.74	
Finished Goods				1233.05	938.79	
Stock-in-Process				34.17	55.01	
Packing Material Consumables etc.				140.42	145.29	
				1562.63	1359.83	
08. SUNDRY DEBTORS						
(Unsecured & Considered Good)						
Debts exceeding six months				1865.07	1899.55	
Other Debts				4506.14	2648.78	
				6371.21	4548.33	
09. CASH & BANK BALANCES						
Cash in hand				0.66	0.46	
Balances with Scheduled Banks						
i. In current Accounts (Including export proceed in transit)				111.08	169.94	
ii. In Fixed Deposit Account				12.82	12.46	
Balances with Non-Scheduled Banks						
i. In current Accounts				280.82	321.17	
				405.38	504.03	

Schedule annexed to and forming part of the consolidated Financial Statements

Particulars	Rs.in Million	
	AS AT 31.12.2010	AS AT 31.12.2009
10. LOANS & ADVANCES		
(Unsecured considered good)		
Advance recoverable in cash or kind -for the value to be received	432.85	633.05
Balance with Revenue Authorities	63.63	88.38
Advance tax paid	98.76	10.85
Export Incentive Entitlements	64.53	53.66
Sundry Deposits	381.54	229.35
	1041.31	1015.29
Note : Loans & advances to subsidiary companies Nil (Previous year Nil)		
11. CURRENT LIABILITIES		
Sundry Creditors	1326.75	580.25
Investor Education and Protection Fund (not due)		
Unclaimed Dividend	0.13	0.13
Unclaimed Share Application Money	0.48	0.48
Dealers' Deposit	7.60	11.09
Advance from Customers	13.87	18.62
Other Liabilities	128.59	142.40
	1477.42	752.97
12. PROVISIONS		
Proposed Dividend	85.17	85.17
Provision for Current Taxation	223.54	31.06
Tax Payable on distributed profit	13.82	14.15
	322.53	130.38
13. MISC. EXPENDITURE		
Preoperative Expenses	13.43	13.79
Public Issue/Product Launching Expenses	33.95	53.15
Less : Amortized during the year	19.20	19.20
	28.18	47.74
	Year Ended	Year Ended
	31.12.2010	31.12.2009
14. SALES INCLUDING OTHER INCOMES		
Sales	15351.95	12510.72
Export Incentives	41.27	26.84
Foreign Exchange Fluctuation - Export	(237.65)	(132.66)
Central / State Excise Duty Refund	20.38	20.29
Processing Charges	5.20	5.57
Dividend Received	0.02	0.03
Royalty Received	1.34	1.98
Profit on Sales of Investment	0.00	3.00
Liabilities no longer required written back	0.00	0.00
Foreign Exchange Fluctuation - Other	0.00	31.50
Other Incomes	10.25	17.96
	15192.76	12485.23

Schedule annexed to and forming part of the consolidated Financial Statements

Particulars	Rs.in Million	
	Year Ended 31.12.2010	Year Ended 31.12.2009
15. MATERIAL COST		
Raw Material Consumed	3753.89	3009.41
Packing Material Consumed	402.94	384.15
Finished Goods Purchased	3906.59	2713.77
	8063.42	6107.33
Inventory Adjustment		
Closing Stocks		
Finished Goods	1233.05	938.79
Stock-in-Process	34.17	55.01
	1267.22	993.80
Less : Opening Stocks		
Finished Goods	938.79	769.33
Stock-in-Process	55.01	48.61
	7790.00	5931.47
16. PERSONNEL COST		
Salary Wages Bonus and Benefits	1049.00	980.42
Director Remuneration	62.44	62.37
Contribution to P.F , Gratuity & other funds	61.62	58.51
	1173.06	1101.30
17. MANUFACTURING & OTHER EXPENSES		
Power & Fuel	70.24	51.41
Other Manufacturing Expenses	498.42	473.92
Excise Duty	71.71	26.28
Bank and financial charges	87.11	45.47
Travelling Expenses	71.36	57.46
Repairs & Maintenance		
Machinery	24.53	18.77
Building	4.94	7.28
Others	4.04	2.64
Foreign Exchange Fluctuation - Other	6.92	4.56
Selling & Distribution Expenses	1716.99	1775.90
Misc. General & Admns. Expenses	368.50	372.09
Rent	111.42	127.47
Insurance	31.06	44.73
Bad Debts	0.00	0.00
Audit Fees	17.23	17.74
Misc Expenditure Amortized	19.20	19.20
Donation	0.85	0.61
	3104.52	3045.53
18. INTEREST (NET)		
Interest on working capital loans	92.49	90.30
Interest on Term Loan	181.21	205.35
Other Interest	34.66	10.81
	308.36	306.46
Less : Interest Received	2.90	5.88
	305.46	300.58

19 NOTES TO THE ACCOUNTS

I. 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	Plethico Global Holdings BV	100%
Natrol INC	United State	02.01.08	Step-down Subsidiary	Plethico US Holdings KFT	75%
				Plethico Global Holdings BV	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%

2. 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 upto the same reporting date as that of the parent company i.e. 31st December 2010.
- d. The excess of cost to the company of its investment in the subsidiary companies is recognized 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.

3. 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 of accounting, in accordance with the accounting principles generally accepted in India and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the relevant provision of the Companies Act, 1956 except where otherwise stated, the accounting principals have been consistently applied.

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. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

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. 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 modvat credit 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.
- iii. Advances paid towards the acquisition of fixed assets outstanding at each Balance Sheet Date and the cost of fixed assets not put for their intended use before such date are disclosed under capital work in progress.

E. Depreciation/Amortization/Impairment:

- 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 and in case of overseas subsidiaries depreciation is charged at the rate and manner provided under respective local laws.
- ii. Computer Software cost capitalized is amortized over estimated useful life of 3 to 5 years as estimated at the time of capitalization.
- iii. Goodwill arising on consolidation is not amortised but is tested for impairment at each Balance Sheet date.
- iv. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The Impairment loss recognised in prior accounting period reversed if there has been a change in the estimate of recoverable amount
- v. Intangible assets are amortised over their estimated useful lives on straight line basis

F. 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.
- 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.

G. Retirement Benefits:

- i. Short term employee benefits are recognized as expense in the profit and loss account of the year in which service is rendered.
- 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. 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).

IV. Leave encasement is charged to revenue on accrual basis.

H. 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.

I. 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 recognised in the books of accounts and amount of such gains / losses shall be disclosed in 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 Redemptions 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.

J. 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.

K. Income/Expenditure during construction period:

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

L. Provisions, Contingent Liabilities & Contingent Assets:

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made.

A disclosure is made for possible or present obligations that may probably will not require outflow of resources or where a reliable estimate cannot be made, as a contingent liability in the financial statements

Contingent asset is neither recognized nor disclosed in the financial statements

M. 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.

N. 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.

Deferred tax resulting from “timing differences” between Taxable & Accounting Income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

O. 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.

4 Contingent Liabilities not provided for:

(Amount in Millions)

Particulars	31.12.2010	31.12.2009
i. Pending Bank Guarantee	0.00	19.71
ii. Corporate Guarantee against third party loan	125.00	125.00
iii Pending Letter of Credit	97.12	74.65
iv Estimated amount of contract remaining unexecuted on capital account and not provided for (Advance given Rs.1.17 million) (Previous Year Rs.1.50 million).	3.07	4.47

5. Security details:

i. 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.

ii. 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 directors of the company.

iii. The working capital loan taken from State Bank of India is secured by

(a) Hyp. 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) Hypo. 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 a director of the company.

iv. 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.

v. 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 Directors of the company.

vi. Corporate Loan taken from State Bank of India is secured by

(i) pledge of equity shares of the company held by one of the directors of the company

(ii) Personal Guarantee of one of the directors of the company.

vii. 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.

viii. 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 directors of the company. .

ix. Vehicle \ House Loans are secured by hypothecation of related Vehicle\ House Property.

6. Term Loan repayable within one year is Rs. 488.00 million (Previous year Rs. 280.28 million)

7. The Foreign Exchange Gain of Rs.136.88 million (previous year gain of Rs. 163.50 Million) arising out of revaluation in respect of outstanding FCCB of USD 75 Million as on 31.12.2010 has been recognized and credited to the Profit and Loss Account of the year as an Extra Ordinary Item.

8. Provision of Rs.268.93 million (previous year Rs. 285.99 Million.) has

been made during the year on account of premium payable on redemption of FCCB in terms of the Offering Circular dated 18.10.2007, which has been charged to the Share Premium Account. The Company currently has outstanding bonds at face value of USD 75 million. Till date no bonds have been converted nor redeemed or cancelled. The term of the bonds are: 0% coupon, 7.7% YTM, Reset conversion price is Rs.484/- and maturity date is October'2012.

9. The status of equity holdings in Overseas companies as on 31.12.2010 is as under:

Company	Country	% of equity holding	Loans & advances as on 31.12.10
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

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 is not required for the above companies.

10. There is no amount outstanding or due from firms / companies in which director(s) are interested as a Partner or Director:
11. 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.
12. During the year under review, parent company was subject to search and seizure operations by the Income Tax department (Investigation). During the course of the search, certain documents and articles were seized from different locations and statements of company's various executives including Chairman and Managing Directors were recorded. Pursuant to the ongoing proceedings, the final tax liability has not been determined hence provision made during the year for the tax liability is subject to final assessment.
13. Basic and Diluted Earning per share ('EPS') computed in accordance with Accounting standard AS-20

Particulars	Year ended 31.12.2010	Year ended 31.12.2009
Basic		
Profit after tax as per Accounts (Rs. in Million)	2307.10	2005.74
Weighted average number of shares outstanding	34066667	34066667
Basic EPS (Rupees)	67.72	58.88
Diluted		
Profit after tax as per Accounts (Rs. in Million)	2307.10	2005.74
Add : Interest/Exchange difference (gain)/loss on bonds convertible into equity shares (net of tax)	Nil	Nil
Adjusted profit for diluted earning per share (Rs. in Million)	2307.10	2005.74
Weighted average number of shares outstanding	34066667	34066667
Add : Weighted average number of potential equity shares that could arise on conversion of FCCBs	6070815	6070815
Weighted average number of shares outstanding for Diluted EPS	40137482	40137482
Diluted EPS (Rupees)	57.48	49.97

14. 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.
15. The figures of previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation.
16. Segment Information for the year ended 31st December, 2010 Information about Primary Business segment.
The company is Exclusively in the pharmaceuticals business segments.

Information about Secondary Geographical segments

(Amount in Millions)

Particulars	INDIA		OUTSIDE INDIA	
	Year ended 31.12.2010	Year ended 31.12.2009	Year ended 31.12.2010	Year ended 31.12.2009
Segment Revenue from External Customer	1510.12	1164.30	13672.37	11268.44
Carrying amount of segment assets	110.52	108.45	5852.69	5338.47
Addition of Fixed Assets				

Segment Revenue Comprises

Particulars	Year ended 31.12.2010	Year ended 31.12.2009
Sales	15351.95	12510.72
Other Incomes	(169.46)	(7798)
Total	15182.49	12432.74

Segment Revenue and Assets include the respective amounts identifiable to each of the segments but exclude the amounts not identifiable to each of the segments.

17. RELATED PARTY DISCLOSURE: AS PER ACCOUNTING STANDARD-18.

A. Name of related parties and description of relationship

S.No.	Name	Country	Relationship
1	Plazma Laboratories Pvt. Ltd.	India	Significant influence of Director
2	Plethico Laboratories Pvt. Ltd.	India	Significant influence of Directors/Relatives
3	Plethico Products	India	Significant influence of Directors/Relatives
4	Wiscon Pharmaceuticals Pvt. Ltd	India	Significant influence of Directors/Relatives

B. Key Managerial Personnel

1. Shashikant A. Patel	Chairman cum Managing Director
2. Chirag.S. Patel	Whole Time Director and CEO
3. Dr. Manmohan Patel	Chairman (Natrol Inc.)
4. Gauravi.K.Parikh	Executive Director
5. Rajiv Bedi	President
6. Hemant Modi	Chief Operating Officer
7. Sanjay Pai	Chief Finance Officer

Transaction with related parties

(Amount in Millions)

Nature of Transaction	Year ended 31.12.2010	Year ended 31.12.2009
1. Sales	1.90	1.56
2. Remuneration to Key Managerial Person	70.01	69.15
3. Rent Payment	0.07	0.26
4. Loan received from Directors	1.14	0.99
5. Loan repaid to Directors	1.22	1.51
Outstanding Amount of Related Parties		
1. Amount Payable	15.95	14.32
2. Amount Receivables	0.00	0.00

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

Rs.113.46 million) have been recognized in the profit and loss account.

18. Disclosure on Lease as per Accounting Standard 19 on "Accounting for lease" The company has entered into operating lease agreement for office premises, Guesthouse, warehouse and vehicle renewable on periodic basis and is cancelable. The rental expenses for operating lease are amounting to Rs.98.48 million (Previous period

19. There were no foreign exchange derivatives or forward contracts outstanding as on 31.12.2010. The year end foreign currency exposures that have not been hedged by a forward cover or derivative instrument or otherwise are given below:

(Amount in Millions)

Particulars	31.12.2010			31.12.2009		
	US Dollars	Euro	INR Equivalent	US Dollars	Euro	INR Equivalent
Amount receivable in Foreign Currency on account of following:						
I. Sale of Goods	64.49	8.91	315.60	56.84	8.93	3275.86
ii. Bank Balance	1.57	0.38	96.74	0.39	0.20	31.89
Amount Payable in foreign currency On account of following						
I. Import of Goods and services	1.47	0	6.57	0.20	0	8.77
ii. Loan and Interest payable	0	0	0	0	0	0
iii. Outstanding Foreign Currency Convertible Bond and premium payable thereon	95.09	0	4251.14	88.53	0	4119.08
iv. Customer Advance	2.81	0	12.56	0.21	0.02	11.39

20.

(Amount in Millions)

Particulars	31.12.2010	
Deferred Tax Assets (net) represent		
Deferred Tax Assets		
Unabsorbed Tax Loss	279.88	
Provision for Leave Encashment and compensated Absences	14.42	
Inventory Reserve	0.00	
Depreciation	40.29	
Sales Return Reserve	0.00	
Unpaid Interest	7788	
Others	20.72	433.19
Less: Deferred Tax Liabilities		
State Taxes	19.76	
Depreciation (parent company)	155.14	174.90
		258.29

Signature to Schedule 1 to 19
In terms of our report of even date.

For N.P. Gandhi & Co.,
Chartered Accountants

For and on behalf of the Board

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Amrish Kumar Chourasia
Company Secretary

Chirag Patel
Whole-time Director
and CEO

Shashikant Patel
Chairman cum
Managing Director

Indore, March 31, 2011

PLETHICO PHARMACEUTICALS LTD

CONSOLIDATED CASH FLOW STATEMENT

Rs.in Million

Particulars	Year Ended 31.12.2010	Year Ended 31.12.2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax and Extraordinary Items	2555.35	1940.00
Adjustment For		
Depreciation	264.40	166.33
Interest Expenses	308.35	306.46
Miscellaneous Expenditure Amortized	19.20	19.20
Interest received	(2.90)	(5.88)
Dividend Received	(0.02)	(0.03)
Loss / (Profit) on sales of Fixed Assets (Net)	0.77	0.89
Agriculture Income	(0.09)	(0.13)
Provision for diminution in value of investment	0.00	0.00
Loss / (Profit) on sales of Investment (Net)	0.00	(2.87)
Operating Profit Before Working Capital Change	3145.07	2423.97
Adjustment For		
Trade Payables and Other Liabilities	728.40	(60.82)
Inventories	(202.79)	(145.01)
Trade and Other Receivable	(1819.57)	(59704)
Cash Generated From Operation	1851.11	1621.10
Agriculture Income	0.09	0.13
Fringe Benefit Tax	0.00	(1.42)
Direct Taxes	(8722)	34.40
Net Cash From Operating Activities	1763.98	1654.21
	A	
CASH FLOW FROM INVESTING ACTIVITIES		
Sales of Fixed Assets	20.47	2.63
Sales of Investment	0.00	6.78
Purchase of Investment	0.00	0.00
Purchase of fixed assets	(870.71)	(349.77)
Dividend Received	0.02	0.03
Interest Received	2.90	5.88
Net Cash Used in Investing Activities	(847.32)	(334.45)
	B	
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Long Term & Other Borrowings	(449.61)	(814.01)
Product Launching / Preoperative Expenditure	0.00	(12.71)
Dividend Paid	(85.17)	(85.17)
Tax on Dividends	(14.15)	(14.47)
Interest paid	(304.15)	(305.34)
Net Cash From Financing Activities	(853.07)	(1231.70)
	C	
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	63.59	88.06
Effect of Exchange rate on conversion of Foreign Currency	162.25	48.44
Cash and Cash Equivalents at beginning of period	504.03	464.41
Cash acquired in Acquisition of Subsidiaries	0.00	0.00
Cash and Cash Equivalents at end of period	405.37	504.03

For N.P. Gandhi & Co.,
Chartered Accountants

For and on behalf of the Board

N.P. Gandhi
Proprietor
(M.No.44294)
(Firm Reg No. 116574W)

Amrish Kumar Chourasia
Company Secretary

Chirag Patel
Whole-time Director
and CEO

Shashikant Patel
Chairman cum
Managing Director

DEAR SHAREHOLDERS,

RE : PAYMENT OF DIVIDEND THROUGH ECS

As per Securities and Exchange Board of India (SEBI) Circular No. DCC/FIT/CI-3/2001, all companies are mandatorily required to use Electronic Clearing Services (ECS) facility wherever available for distributing dividends, wherein the dividend amount would be directly credited to shareholders' Bank account.

It is to inform you that all your relevant records are maintained with your Depository Participant (DP). The company retrieve the date maintained by DPs through NSDL / CDSL. Hence, you are advised to intimate changes in your Bank details to your DP immediately. **THE INFORMATION SHOULD BE SENT TO YOUR DP AND NOT TO THE COMPANY OR TO THE COMPANY'S REGISTRAR.**

In case of absence of ECS facility, the Company will send the Dividend Warrants / Demand Drafts to the registered address of the member. To prevent fraudulent encashment of Warrants, the Company is required to print the Bank account details on the Dividend Warrants. Shareholders are required therefore, to update the Bank details with the DP though dividend payments are made through Dividend Warrants.

Please update and send the attached ECS Mandate Form along with necessary documents to your DP immediately.

Note: The Company or its registrars cannot act on the mandate.

MANDATE FORM-ELECTRONIC CLEARING SERVICE (ECS)

To,
(Name of the Depository Participant)
(Address of the Depository Participant)

Please register the following details for receipt of Dividend:

Type of Instruction :
Remittance of amount through Electronic Clearance Service

Name :
 DPID :
 Client ID :
 Bank Details :
 Bank Name :
 Bank Address :
 Account Type and No. SB/CA/CC No. :
 9 Digit MICR Code :

Please find enclosed a photocopy of cancelled blank cheque for your verification.

Signature of the shareholder/s and date

ATTENDANCE SLIP

18th Annual General Meeting 28th September, 2011

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 18th Annual General Meeting of the Company to be held on Wednesday, the 28th day of September, 2011 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

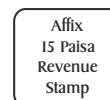
Note : Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Shareholders are informed that no duplicate attendance slips will be issued at the venue of meeting. Members are requested to bring their copies of the Annual Report to the meeting.

PROXY FORM

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 18th Annual General Meeting of the Company to be held on Wednesday, the 28th day of September, 2011 at 9.30 a.m. at the Registered Office of the company situated at A.B. Road, Manglia 453771, Indore (M.P.)

Signed this day of 2011



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.

GREEN INITIATIVE IN CORPORATE GOVERNANCE-GO PAPERLESS

Dear Shareholder,

The Ministry of Corporate Affairs, Government of India ('Ministry'), has recently taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode. In terms of the recent circulars bearing no. 17/2011, dated 21.04.2011 and 18/2011 dated, 29.04.2011, whereby companies can now send various communications/documents (e.g. Notice of AGM, Annual Reports etc.) to their shareholders through electronic mode, at the registered e-mail addresses of the shareholders.

This initiative of MCA is warmly welcomed since it will benefit the society at large through reduction in paper consumption, in turn preventing deforestation and contributes towards a green and clean environment. Safety, Health and Environment (SHE) is a non-negotiable priority at Plethico. So far as investors are concerned, they will promptly receive communications from company and certainly avoid situations where physical documents get delayed/lost in postal transit. In support of the initiative announced by MCA, your company proposes to send henceforth all communications /documents including the Notice calling the General Meeting (including AGM), audited financial statements, directors' report, auditors' report etc. to our shareholders through electronic mode.

This is also a golden opportunity for every shareholder of Plethico Pharmaceuticals Limited (the Company) to contribute to this green initiative.

Below are the requirements for availing this facility:

For shareholders having shares in physical mode :

Please get your e-mail ID registered with the Company to receive communication(s) through electronic mode in future, by filing up the below Email ID Registration form of this notice and send it back to the Registrar & Transfer Agent duly filled in and signed.

For shareholders having shares in dematerialised mode :

Please update your email ID with your respective Depository Participant(s).

Kindly note that, if you still wish to get a hard copy/ physical copy of all the communication and documents, the Company undertakes to provide the same at no extra cost to you. In case you desire to receive the above mentioned documents in physical form, following are the necessary formalities:

If you are holding shares in dematerialised mode :

send an e-mail to plethicogogreen@linkintime.co.in from your Email ID registered with your Depository Participant(s) or send a duly signed letter at the below mentioned address

If you are holding shares in Physical mode :

send a duly signed letter at the below mentioned address.

Link Intime India Private Limited

(Unit:- Plethico Pharmaceuticals Limited)

C-13, Pannalal Silk Mills Compound,

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

You can also download the attached Registration Form from our website www.plethico.com

These documents will also available on the Company website www.plethico.com. Physical copy of the documents will also be available at Company's Corporate Office at Mumbai and Administrative office at Indore during office hours.

Looking forward to your active participation in this green initiative.

Thanking you

Yours sincerely,

For **Plethico Pharmaceuticals Limited**

Sd/-

Amrish Kumar Chourasia

Company Secretary

E-COMMUNICATION REGISTRATION FORM

(Exclusively meant for Shareholders holding shares in physical form)

To,
Link Intime India Private Limited
(Unit:- Plethico Pharmaceuticals Limited)
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W), Mumbai-400 078

RE:- Green Initiative in Corporate Governance

Regd.Folio No.	
Name of 1st Registered Holder	
Name of Joint Holder/s	1.
	2.
E-mail ID to be registered	

I / We, Shareholders of PLETHICO PHARMACEUTICALS LIMITED, hereby agree to receive all communications from the Company by way of a e-mail. Please register my e-mail ID in your records for sending communications through e-mail.

Date :

Signature
(First Holder)

If you educate a boy,
you are educating a person.
If you educate a girl,
you are educating a family...

- Shashikant Patel



Social Commitment

At Plethico, we believe social commitment and community service are a part and parcel of our ethos and philosophy. We are, what we contribute to the society as a responsible corporate citizen.

This principle has set the tone for our corporate social philosophy of 'education' as a means to uplift the society in general. We have supported activities in educating women, in rural and backward areas and established educational institutes which impart modern education to more than 1000 students on scholarships.

These institutes are now recognized by the education board of the government, thus creating a major window of opportunity for gainful employment of the rural masses and uplifting their economic status.



Corporate Office

Sabnam House, Plot No. A-15/16, Central Cross Road-B, M.I.D.C.
Andheri (East), Mumbai- 400093 INDIA
Tel. : + 91-22-66988301/66988302 Fax : + 91-22-66988300/66988330
E-mail : corporate@plethico.com

Registered Office

A.B. Road, Manglia - 453 771, Indore (M.P.), INDIA
Tel. : +91-731- 2806271/2806275 Fax : + 91-731-2806271
E-mail : pledge@plethico.com

If undelivered please return to Registered Office address.