



plethico
PHARMACEUTICALS LIMITED

An Innovative Partner To The Global Health Care Industry



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Annual Report 2006-07



Board of Directors

Chairman cum Managing Director
Shashikant Patel

Whole-time Director & Chief Executive Officer
Chirag Patel

Executive Director
Gauravi Parikh

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

Company Secretary

Ashok Mishra

Auditors

N.P. Gandhi & Co., Chartered Accountants

Cost Auditors

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

Registered Office

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

Administrative Office

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

Corporate Office

Shabnam House, Ground Floor,
Plot No. A/15-16, Central Cross Road B,
Behind MIDC Police Chowki,
Andheri (East), Mumbai-400 093

Share Transfer Agent

Intime Spectrum Registry 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

Operational Planning and Execution Committee (OPEC)

Rajiv Bedi
Hemant Modi
Sanjay Pai
Sharad Kumar
K.R. Krishnan
Manoj Javkar

Website

www.plethico.com

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NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of **PLETHICO PHARMACEUTICALS LIMITED** will be held on Friday, 27th day of June, 2008 at 9.00 A.M. at the registered office of the Company situated at A.B. Road, Manglia 453771, Indore (M.P.), to transact the following business:

I. Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December 2007 and the Profit and Loss Account for the period ended on 31st December 2007 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 himself for re-appointment.
5. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

II. Special Business by Ordinary Resolution :

6. To consider and if thought fit to pass with or without modifications the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in modification to earlier resolution passed by the members of the Company at the 13th Annual General Meeting held on 27th December, 2005 approval of the members of the Company and is hereby accorded to the Board of Directors of the Company in terms of provisions of Section 293 (1) (a) of the Companies Act, 1956 to create such mortgages and charges in addition to the existing mortgages, charges and hypothecation, created by the Company, as the Board may decide, on the assets of the Company, whether movable or immovable, both present and future, in favour of Bankers and/or Financial / Lending Institution(s) in the ordinary course of business, to secure various financial facilities extended by them to the Company to the extent of Rs. 1000 Crores (Rupees One Thousand Crores only);

RESOLVED FURTHER THAT all monies borrowed, charge created and other steps taken in respect thereof and the documents executed by the Board of Directors of the Company in respect of the above financial facilities, in favour of Bankers and/or Financial / Lending Institution(s) in the ordinary course of business be and are hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to finalise with the lenders, the documents for creating the aforesaid mortgage and/or charges and to do all such acts and things as may be necessary for giving effect to the above resolution."

7. To consider and if thought fit to pass with or without modifications the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT in modification to earlier resolution passed by the members of the Company at the 13th Annual General Meeting held on 27th December, 2005 approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company pursuant to the provisions of section 293(1)(d) and other applicable provisions of the Companies Act, 1956, for borrowing from time to time any sum or sums of moneys, on such terms and conditions and with or without security as the Board may think fit which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the total amount of money(s) so borrowed by the Board shall not at any time exceed the limit of Rs.1000 Crores (Rupees One Thousand Crores only).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this resolution."

8. To consider and if thought fit to pass the following Resolution with or without modification if any, as an **Ordinary Resolution**:

"RESOLVED THAT approval of the members of the Company be and is hereby accorded in terms of provisions of Section 94 of the Companies Act, 1956 for increase in the Authorised Share Capital of the Company from Rs. 40,00,00,000 divided into 4,00,00,000 (Four Crores) Equity Shares of the face value of Rs. 10/- (Rupees Ten) each to Rs. 60,00,00,000 divided into 6,00,00,000 (Six Crores) Equity Shares of the face value of Rs. 10/- (Rupees One) each and the following new Clause V of the Memorandum of Association be substituted for the existing clause:-

V. The Authorised share capital of the Company is Rs. 60,00,00,000/- (Rupees Sixty Crores only) divided into 6,00,00,000 (Six Crore only) Equity Shares of Rs. 10/- (Ten only) each and with the right, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being with power to increase and reduce the capital for the time being into several classes and attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the company."

9. To consider and if thought fit to pass the following Resolution with or without modification if any, as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to Section 94 of the Companies Act, 1956 (including any modification or re-enactment thereof) and other applicable provisions, if any, and subject to approvals, consents, permissions and sanctions as may be necessary from the concerned Statutory Authorities, the increased authorized share capital of the Company comprising of 6,00,00,000 (Six Crores only) Equity shares of the face value of Rs. 10/- (Rupees Ten Only) aggregating to Rs. 60,00,00,000 (Rupees Sixty Crores only) be and is hereby sub-divided into 60,00,00,000 (Sixty Crores only) equity shares of the face value of Rs. 1/- (Rupees One) each, w.e.f. the "Record Date" to be determined by the Board of Directors of the Company in due course of time in consultation with the Stock Exchanges.

RESOLVED FURTHER THAT the existing issued equity share capital comprising of 34081767 equity shares of Rs. 10/- each aggregating to Rs. 34,08,17,670 (Rupees Thirty Four Crores Eight Lacs Seventeen Thousand Six Hundred and Seventy only) be sub-divided into 340817670 equity shares of face value Rs. 1/- each, w.e.f. Record Date that may be fixed by the Board in due course of time in consultation with the Stock Exchanges.

RESOLVED FURTHER THAT the subscribed & fully paid-up equity share capital of the Company comprising of 34066667 equity shares of Rs. 10/- each aggregating to Rs. 34,06,66,670 (Rupees Thirty Four Crores Six Lacs Sixty Six Thousand Six Hundred and Seventy only) be sub-divided into 340666670 equity shares of face value Rs. 1/- each, w.e.f. the Record Date that may be fixed by the Board in due course of time in consultation with the stock exchanges.

RESOLVED FURTHER THAT the relevant portion of Clause V of the Memorandum of Association of the Company be altered by substituting the words "the share capital of the Company is Rs.60,00,00,000 divided into 60,00,00,000 (Sixty Crores) equity shares of the face value of Rs.1/- (Rupees One) each in place of the existing wordings to give effect of sub division."

III. Special Business by Special Resolution:

10. To consider and if thought fit to pass the following Resolution with or without modification if any, as a **Special Resolution** :

"RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309 & 310 read with the provisions of Schedule XIII of

the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby granted for revision in the remuneration and benefits payable to Shri Shashikant Patel, Chairman cum Managing Director of the Company effective from 1st day of April, 2008 for the remaining part of his tenure till 31st March, 2011, as given herein under.

SALARY AND ALLOWANCES:

Category A:

- (a) Basic Salary: Rs. 11,30,000/- per month with an annual increment of 15 % of the Basic Salary due on 1st day of April every year.
- (b) Allowances & Perquisites:
 - i. Company shall provide rent-free furnished residential accommodation or House Rent Allowance shall be paid to him subject to a maximum of Rs. 5,65,000/- per month.
If Chairman cum Managing Director opts for House Rent Allowance then expenditure on his electricity, water and furnishing etc. shall not be born by the Company.
 - ii. Re-imbursement of medical expenses of the Chairman cum Managing Director and his family, the total cost of which to the Company shall not exceed Rs. 20,000/- per month.
 - iii. Leave travel assistance: Expenses incurred for self and family will be Rs. 2,82,500/- per month.
 - iv. Incentive (Fixed): Rs. 2,26,000/- per month.
 - v. Professional Pursuit Allowance : Rs. 800,000/- per month.
 - vi. Transport Allowance : Rs. 4500/- per month
 - vii. Assistance Helper Allowance : Rs. 100,000/- per month
 - viii. Washing Allowance : Rs. 100,000/- per month.

Category B:

- i. Contribution to the Provident Fund, Family Benefit Fund, Superannuation Fund as per Rules of the Company.
- ii. Bonus & Gratuity as per rules of the Company.
- iii. Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

Category C:

- i. Car: The Company shall provide one car with driver for the Company's business.
- ii. Telephone: Free use of one telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Chairman cum Managing Director.
- iii. Mobile : One mobile phone with instrument shall be provided to the Chairman cum Managing Director for Company's business.
Note : For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee."

RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Shashikant Patel, Chairman cum Managing Director shall be the Minimum Remuneration as payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Shashikant Patel, Chairman cum Managing Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as available to other senior executives of the Company from time to time."

RESOLVED FURTHER THAT the Board of directors of the Company and be and are hereby severally authorized to do all such acts, deeds, matters and things in all matter related to the emoluments, benefits, amenities, perquisites etc. of Shri Shashikant Patel in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or

doubt that may arise in relation thereto or as may be otherwise considered by it subject to be in the best interest of the Company."

11. To consider and if thought fit to pass the following Resolution with or without modification if any, as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309 & 310 read with the provisions of Schedule XIII of the Companies Act, 1956 and other applicable provisions if any of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby granted for revision in the remuneration and benefits payable to Shri Chirag Patel, Whole Time Director & Chief Executive Officer of the Company effective from 1st day of April, 2008 for the remaining part of his tenure till 31st March, 2011, as given herein under.

SALARY AND ALLOWANCES:

Category A:

- (a) Basic Salary: Rs. 5,00,000/- per month with an annual increment of 15 % of the Basic Salary due on 1st day of April every year.
- (b) Allowances & Perquisites:
 - i. Company shall provide rent-free furnished residential accommodation or House Rent Allowance shall be paid to him subject to a maximum of Rs. 2,50,000/- per month.
If Whole Time Director & Chief Executive Officer opts for House Rent Allowance then expenditure on his electricity, water and furnishing etc. shall not be born by the Company.
 - ii. Re-imbursement of medical expenses of the Whole Time Director & Chief Executive Officer and his family, the total cost of which to the Company shall not exceed Rs. 10,000/- per month.
 - iii. Leave travel assistance: Expenses incurred for self and family will be Rs. 1,00,000/- per month.
 - iv. Incentive (Fixed): Rs. 1,00,000/- per month.
 - v. Professional Pursuit Allowance : Rs. 4,75,000/- per month.
 - vi. Children Education Allowance : Rs. 10,000/- per month.
 - vii. Children Hostel Allowance : Rs. 25,000/- per month.
 - viii. Transport Allowance : Rs. 4000/- per month.
 - ix. Assistance Helper Allowance : Rs. 70,000/- per month.
 - x. Washing Allowance : Rs. 70,000/- per month.

Category B:

- i. Contribution to the Provident Fund, Family Benefit Fund, Superannuation Fund as per Rules of the Company.
- ii. Bonus & Gratuity as per rules of the Company.
- iii. Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

Category C:

- i. Car: The Company shall provide one car with driver for the Company's business.
- ii. Telephone: Free use of one telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the Whole Time Director & Chief Executive Officer.
- iii. Mobile : One mobile phone with instrument shall be provided to the Whole Time Director & Chief Executive Officer.
Note : For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee."

RESOLVED FURTHER THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Chirag Patel, Whole Time

Director & Chief Executive Officer shall be the Minimum Remuneration as payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Chirag Patel, Whole Time Director & Chief Executive Officer shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as available to other senior executives of the Company from time to time.

RESOLVED FURTHER THAT the Board of directors and Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things in all matter related to the emoluments, benefits, amenities, perquisites etc. of Shri Chirag Patel in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto or as may be otherwise considered by it subject to be in the best interest of the Company."

12. To consider and if thought fit to pass the following Resolution with or without modification if any, as a **Special Resolution**:

"**RESOLVED THAT** subject to the compliance of the provisions of the Foreign Exchange Management Act, RBI Guidelines & other relevant regulations and provisions of Section 372A of the Companies Act, 1956, the approval of the members of the company be & is hereby accorded for the investment already done by way of acquisition of 100% shareholding in M/s Plethico Global Holdings B.V. having its office at Orlyplein 10 24E etage, 1043 DP, Amsterdam, Netherlands as well as 100% shareholdings in M/s Plethico International Limited, U.A.E. having its office at LOB 15-514, P.O. Box 17870, Jebel Ali Free Zone, U.A.E. respectively on the terms and conditions as finalized by the Board of Directors of the Company.

Company's Name	Country
Plethico Global Holdings B.V.	NETHERLANDS
Plethico International Limited	U.A.E.

FURTHER RESOLVED THAT Mr. Shashikant A. Patel, Chairman and Managing Director, Mr. Chirag S. Patel Whole-time Director and Chief Executive Officer, Mr. Sanjay Pai, Chief Financial Officer and Mr. Hemant Modi, Chief Operating Officer of the Company be and are hereby authorized either jointly or severally from the Board of Directors and other committees as required in accordance with the provisions of various laws applicable in respective Countries and to sign and execute all documents and agreements as may be required in this regard & to do all such acts and things as may be necessary giving effect to this resolution."

13. To consider and if thought fit to pass the following Resolution with or without modification if any, as a **Special Resolution**:

"**RESOLVED FURTHER THAT** pursuant to the provisions of section 31 of the Companies Act, 1956 (including any modification or re-enactment thereof) and other applicable provisions, if any, and subject to approvals, consents, permissions and sanctions as may be necessary from the concerned Statutory Authorities, the present Article 4 of the Articles of Association be altered by substituting the following Article:

"The Share Capital of the Company shall be as prescribed in the Clause V of the Memorandum of Association of the Company with the rights, privileges and conditions attached thereto as per the relevant provisions contained in that behalf in these presents and with power to the Company to increase or reduce the capital and to divide the shares in the capital for the time being into several classes (being those specified in the Companies Act, 1956 and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, enlarge or abrogate any such rights, privileges or conditions in such manner as may be permitted by the said act or provided by these Articles of Association of the Company."

RESOLVED FURTHER THAT Board of Directors and Company Secretary of the Company be are hereby authorized

either jointly or severally to do all such acts, deeds and things as may be necessary giving effect to this resolution."

By Order of the Board of Directors

Indore,
27th May, 2008

Ashok Mishra
Company Secretary

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. The Register of Members and Share Transfer Books of the Company will remain close from 24.06.2008 to 27.06.2008 (both days inclusive).
3. Subject to the provisions of section 206A of the Companies Act, 1956, the dividend for the year ended 31st December, 2007 as recommended by the Board, if declared at the meeting, will be payable on or after 27th June, 2008 to the members so entitled, whose names appear in the register of members as on opening of 27th June 2008.
4. Members holding shares in the demat mode may please note that, the bank details as furnished by the respective Depositories to the Company will be used for the purpose of distribution of dividend and the same will be printed on the dividend warrants or will be used for payment through ECS, where such facility is available. Members holding shares in demat mode check their bank account details with their depository participants. The Company or the Share Transfer Agents will not act on any direct request from these members for change/deletion in such bank details.
5. Members are requested to notify immediately change of address/pin code (if not provided earlier):
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
 - (ii) to the Company to its Share Transfer Agents in respect of their physical share folios, if any.
6. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 a.m. to 1.00 p.m.
7. Members desirous of obtaining any information concerning accounts and operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that desired information required can be made available at the Meeting.
8. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the electronic form with any Depository Participant (DP) with whom the members/investors are having their depository account. The ISIN No. for the Equity Shares of the Company is INE491H01018, and all the query/difficulty relating thereto may be addressed to the Share Transfer Agent.
9. Pursuant to the Clause No. 49 of the Listing Agreement, profile of the directors proposed for re-appointment is being given in a statement containing details of the concerned directors attached hereto.
10. An Explanatory Statement under section 173(2) of the Companies Act, 1956 is annexed hereto.

Information pursuant to revised Clause 49 of the listing agreement regarding the appointment and re-appointment of directors:

1. **Mr. Shashikant Patel Resume & Expertise** : Mr. Shashikant Patel, Chairman & Managing Director, age 63 years is the promoter of the Company. He has been associated with the business for the last 42 years. He has reinforced his position as the Managing Director of the Company. As a Chairman he provides strategic direction to the Company. He has vast experience in international business as

well as domestic marketing and sourcing is his forte. It was the year 196 when Mr. Shashikant Patel was requested to take 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 Million Company. Within a span of 7 Years, the Company has become Rs 5500 Million Company. 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. His son Chirag since 1996 and daughter Gauravi ably assist him since 2000. The company has consistently made profits, which clearly establishes the values nourished under his 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 Inc., U.S.A., Plethico International Limited, U.A.E.

Membership in Committees : Nil

Shareholding in equity shares of the Company : 28820780 Equity shares.

2. Mrs. Gauravi Parikh

Resume & Expertise: Mrs. Gauravi Parikh, aged 31 years, is a B. Pharm and MS (USA). She joined business in the year 2000 after she completed her MS from University of Ohio - USA. She currently looks after the regulatory affairs, marketing, & New Product Development (NPD) of the Company. Her entry on the business scene after her professional training in the US has helped the company standardizing & expediting the churning of Registration Dossiers which are so essential in getting the company's product's registered across the globally. She is also responsible for New Product Development and also helps the Company in strategizing the right product / right molecule including the method of marketing, Post Marketing Surveillance (PMS). She has helped the Company in launching more than 200 products. Her forte is medical information on molecules. 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.

Membership in Committees : Nil

Shareholding in equity shares of the Company : 400

Annexure to the notice

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

Item No. 6

During the year under review the Bankers of the Company (hereinafter collectively referred to as 'the lenders of the Company') have sanctioned various financial facilities to the Company including the FCCB borrowings to meet the financial requirements of the Company for its various expansion plans and acquisition projects in respect of which necessary security and charge documents have already been executed in favour of the lenders. In view of significant increase in the volume of business operations, additional borrowings besides the existing loans shall be required against mortgage and / or hypothecation to be created to secure the credit facilities. Therefore existing limits of Rs.500 Crores needs to be increased to Rs.1000 Crores.

In terms of provisions of section 293 (1) (a) of the Companies Act, 1956 approval of the members of the Company is sought to authorize Board of Directors to increase the limits for creation of security by the Company in favour of the lenders of the Company to the extent of Rs.1000 Crores, by way of passing the proposed resolution as an ordinary resolution.

The Board recommend passing of the resolution.

None of the directors of the Company is interested in the resolution.

Item No. 7

Section 293(1)(d) of the Companies Act, 1956, requires consent of the members in the General Meeting for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained from the Bankers of the Company in the ordinary course of business) in excess of the aggregate of the paid up capital and free reserves.

In view of the growing operations, the company requires additional funds for smooth workings. It is therefore recommended to increase the borrowing powers of the Board of Directors from Rs.500 Crores to Rs. 1000 Crores (Rupees One Thousand Crores only), by way of passing the proposed resolution as an ordinary resolution.

The Board recommend passing of the resolution.

None of the Directors of the Company is interested in this resolution

Item No. 8

The Company proposes to expand its activities and hence it is desirable to increase the authorized share capital, so as to raise capital whenever required. Presently the Authorized Share Capital of the Company is Rs. 40,00,00,000 divided into 4,00,00,000 (Four Crores) Equity Shares of the face value of Rs. 10/- (Rupees Ten) each which is required to be increased to Rs.60,00,00,000 divided into 6,00,00,000 (Six Crores) Equity Shares of the face value of Rs. 10/- (Rupees Ten) each. The additional 2,00,00,000 Equity Shares of Rs. 10/- (Rupees Ten) each will rank pari passu in all respects with the existing equity shares in the Company.

Having regard to the anticipated growth of the Company in future it is proposed to increase the Authorized Share Capital of the Company. The proposed increase in Authorized Share Capital requires the approval of members in general meeting. The Board recommends that the resolution be passed as Ordinary Resolution.

None of the Directors is interested in these resolutions

Item No. 9

It has been decided by the Board of Directors that subject to the approval of members at the ensuing annual general meeting, the face value of existing Equity Shares of the Company be sub-divided from existing Rs.10/- per equity share to Rs. 1/- per equity share each credited as fully paid-up. As per Article 60 of the Articles of Association of the Company read with section 94 (i)(d) of the Companies Act, 1956, approval of shareholders of the Company shall be required by way of Ordinary Resolution. After approval of the members for sub-division of Equity Shares, the Board will decide and fix a record date in due course of time in consultation with the stock exchange to change the face value of the shares from existing Rs.10/- per equity share to Rs. 1/- per equity share.

Corollary changes in the capital clause of the Memorandum of Association of the Company are also envisaged in the resolution

The authority is sought to authorize Board of Directors to issue fresh Equity Share Certificates of the denominations of Rs. 1/- each to the members of the Company in place of existing Equity Share Certificates of Rs. 10/- each and / or to intimate depository participant to give effect of this sub-division for the existing shareholders.

None of the Directors, as such can be regarded as concerned or interested in these resolutions except to the extent that they, either singly or jointly, are holders of Equity Shares as disclosed in the Register of Directors' Shareholdings maintained under section 307 of the Companies Act, 1956, which Register is open for inspection as per the provisions of the said Act.

The Board recommend passing of the resolution as ordinary resolution.

Item No. 10 & 11

Shri Shashikant Patel and Shri Chirag Patel, promoters of the Company were re-designated as the "Chairman cum Managing Director" and the "Whole-time Director & Chief Executive Officer" of the Company respectively and their salary were also revised w.e.f. 1st day of April, 2008. However due to significant contribution of both the directors in expanded business activities, substantial growth and future business plan of the Company, and looking to their dedicated efforts and remuneration trend in the pharmaceutical industry, the Remuneration Committee of the

Board has considered provision of annual increment in the remuneration being paid to Shri Shashikant Patel and Shri Chirag Patel having regard to their efforts and experience and as such recommended for general increase @15% in their monthly basic salary every year in the month of April with retrospective effect from 1st April, 2008 for the remaining part of his tenure.

Shri Shashikant Patel is the initial promoter and is recognized as key assets for the growth and success of the Company and is qualified having rich experience in the field of pharmaceutical industry. Shri Chirag Patel has got rich experience in global pharma business in the last 9 years and is a strong advocate of brand building.

Looking into their involvement and wholehearted efforts for the growth and success of the Company, as well as looking to the recommendation of Remuneration Committee of the Company, the Board considered and approved the provision of increment in the salary on annual basis. Further, in view of the provisions of section 198, 309 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII as amended from time to time, the Company is having adequate profit for proposed remuneration of above named directors.

Therefore, your Board of directors recommend for approval of revision in the remuneration payable to Shri Shashikant Patel and Shri Chirag Patel as proposed in Item No. 10 & 11 of the notice by way of Special Resolution. Except, Shri Shashikant Patel, Shri Chirag Patel and Mrs. Gauravi Parikh, none of the directors are interested or concerned in the resolution.

The Board recommend passing of the resolution as a special resolution.

Item No. 12

M/s. Plethico Global Holdings B.V., Netherlands and M/s. Plethico International Limited, U.A.E. have already been incorporated as a wholly owned subsidiaries in terms of Board resolution dated 31st October 2007 and 27th December, 2007 respectively which inter alia stipulates for the approval of the members of the Company. The Plethico Global Holding BV will be a SPV for acquiring 100% equity holding of Natrol INC, a USA based company proposed to be acquired for increasing global base. Whereas Plethico International Limited has been incorporated to set-up an ultra modern formulation / lozenges manufacturing unit in UAE. The action of the Board of Directors of the Company needs to be ratified by the members. Your company will be benefited from these companies in two ways, firstly by creation of captive market base for its products and secondly by enjoying dividends and market capitalization therein. The Company will be investing funds partly from FCCB and partly from internal accruals and/or funds arranged / raised for the purpose of investment in these companies.

In terms of provisions of section 372A of the Companies Act, 1956 approval of the members of the Company is sought to ratify the investment made by the Company, by way of passing the proposed resolution as a Special Resolution.

With this intention your Board of Directors considers appropriate to support the aforesaid ventures by making investment/giving guarantee(s) / providing security (ies) etc. as specified in the given resolution.

Since the total amount of investment / security / guarantee may exceed the limits as specified under the amended section 372A of the Companies Act, 1956, the Company is required to obtain shareholders' approval by passing a Special Resolution. None of the directors are interested or concerned in the resolution.

The Board recommend passing of the resolution as a special resolution.

Item No. 13

It is proposed to bring Article of Association in tune with the capital clause of the Memorandum of Association of the Company. The Authorized Share Capital as prescribed in the Clause V of the Memorandum of Association from time to time be read as the Authorized Share Capital of the Company under Clause 4 of the Articles of Association.

The said alteration in Article 4 of the Articles of Association is consequential to the alteration of Clause V of the Memorandum

of Association of the Company on account of the increase in authorized share capital as referred under Item No. 8.

None of the Directors, as such can be regarded as concerned or interested in these resolutions.

The Board recommend passing of the resolution as a special resolution.

By Order of the Board of Directors

Indore,
27th May, 2008

Ashok Mishra
Company Secretary

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DIRECTORS' REPORT

Dear Shareholders

The Directors are pleased to present their 15th annual report and audited accounts of the company for the accounting year ended December 31st 2007.

FINANCIAL PERFORMANCE

The financial highlights of the company for the period are as under:

Rs. in Million

PARTICULARS	Current Period ended 31st December, 2007 (15 months)	Previous Year ended 30th September, 2006 (12 months)
Sales and Other Income	5562.66	3212.85
Total Expenditure excluding Interest, depreciation & tax	3972.75	2224.65
Profit before Interest, Depreciation & Tax	1589.91	988.20
Interest (Net)	73.98	54.32
Depreciation /Amortisation	67.29	51.60
Profit Before Taxation	1448.64	882.28
Provision for Taxation	29.88	22.00
Profit After Tax	1418.76	860.28
Extra ordinary Income	164.58	0.00
Profit brought forward	533.97	757.65
Profit available for appropriation	2117.31	1617.93
APPROPRIATIONS		
Proposed Dividend	85.17	85.17
Tax on Distributed Profit	14.47	11.94
Transfer to General Reserve	241.11	986.85
Surplus carried forward	1776.56	533.97

OVERVIEW

Hitherto company was following accounting year from October to September every year, but in order to coincide accounting year with those of associate companies and WOS abroad, the accounting year of the company has also been changed to January-December every year. Consequently, the current accounting year has been extended up to 31st December 2007 and accounts have been compiled for 15 months period and results have been declared for the period from 01.10.2006 to 31.12.2007. In view of this, the current year's figures are not comparable with that of the previous year.

The Company has a very successful year registering highly improved performance on all key parameters. During 15 months period ended on 31st December 2007, the turnover has increased to Rs.5514.48 million representing the growth of 38.43% on annualized basis compare to Rs.3186.94 million in the previous year. The profit after tax increased to Rs.1418.76 million as compare to Rs.860.28 million in the previous year. The performance during the year was driven by significant growth in export sales across the developed and emerging markets, increased operating efficiencies, a continuing focus on cost optimization and better management of working capital. Riding on the economy's growth momentum, the company has posted improved performance, with revenue and profits higher than ever before. The company's Unit at Kandla Special Economic Zone has also been awarded Top Exporter Award for the financial year 2006-07.

Your company today has well entrenched into the semi regulated markets of the world consisting of markets like CIS, Africa and Third Front comprising of Latin America, South East Asia and Gulf Countries and also has presence in India in the OTC segments. The company's brands including **Travisil®**, **Mountain Herbz®**,

Effertabs®, **Coach's Formula®** and **Therasil®** have become leading brands in the international markets where company is operating. Unlike, other pharmaceutical players in the Indian market who are fighting for a pie of the available export generics opportunity, your company has adopted a completely different path by focusing on high margin herbals and nutraceuticals in the international markets. After initially focusing on the unregulated markets such as CIS & Africa, the company has now entered in the regulated markets like the US & Europe.

ACQUISITION ABROAD

Your Company considered acquisitions as part of its growth strategy. During the period under review, the company had entered into a Merger and Acquisition Agreement for acquisition of NATROL INC., a USA based US\$ 100 million nutraceutical / herbal company listed at the Nasdaq, for a total consideration of US\$ 80.8 million. This acquisition has been planned through a SPV route, the immediate SPV being at Netherlands in the name of Plethico Global Holdings, BV, which will ultimately acquire 100% equity of Natrol INC, USA.

Natrol is synergistically operating in the herbal / 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 sports nutritional products. Established in 1980, Natrol's portfolio of brands includes Natrol®, MRI, Prolab®, Laci Le Beau®, Promensil®, Trinovin®, Nu Hair® and Shen Min®.

Natrol distributes products nationally through more than 54,000 retailers, as well as internationally in over 40 other countries through distribution partners and subsidiaries in the UK and Hong Kong. Your company intends to market Natrol's top brands

into Indian and other stronghold semi-regulated markets. Likewise, company also plans to launch its leading homegrown brand Travisil in the US Markets through well-established marketing and distribution network of the Natrol. With this acquisition your company has evolved into a global pharmaceutical company in terms of outlook, focus, presence, customers and employment.

FCCB

During the year under review, the company has successfully floated issue of zero percent Foreign Currency Convertible Bond (FCCB) of US\$ 75 million. This issue was meant to part finance overseas acquisition(s) of brands / pharmaceutical and / or nutraceutical company. The FCCB maturing on 23.10.2012 has been listed at SGX-ST, Singapore.

SUBSIDIARIES ABROAD

During the period under review, the company has floated a SPV at Netherlands in the name of Plethico Global Holdings BV for ultimate acquisition of equity holding of Natrol INC, USA. Your company holds 100% equity of this SPV at Netherlands. Your company has also floated another wholly owned subsidiary at UAE in the name of Plethico International Limited to set-up an ultra modern formulation / lozenges manufacturing unit in the UAE to cater the demand of CIS, GCC, Middle East, South East Asia and the African Countries.

During the period under review, the company has disinvested its equity holding partly in all the six subsidiaries in CIS namely CJSC Rezlov, Russia, TOO Rezlov Limited, Khazakistan, Rezlov MOSRL, Moldova, SC Rezlov Ukraine, Rezlov LLS, Azarbaijan and Rezlov Limited, Kyrghzstan, for a total consideration of USD 13.26 million yielding capital gain of USD 5.23 million. This part dilution will bring down your company's holding in all the above companies uniformly to 45%. Since all such companies have ceased to be subsidiary during the period under review, no reporting under section 212 of the Companies Act, 1956 is being made in respect thereof.

RESEARCH & DEVELOPMENT AND TECHNOLOGY

Your company has a long-standing culture and history of delivering high quality products through superior technology for its brands. This sustained high performance has helped in building a strong foundation for our business and also differentiated our brands strongly.

A major R&D emphasis for us in the recent times has been in the area of nutraceutical, herbal and ayurveda. After exploring our country's vast traditional knowledge base, the best sustainable offerings are identified and refined to provide specific performance benefits to the consumers in the area of health and personal care.

HUMAN RESOURCES

Since your company operates in a knowledge-based sector, the importance of the human assets cannot be underscored. The Human Resource Agenda for the year 2006-07 was focused on three key areas embarking on human resource transformation program, building organizational and individual capabilities and significantly enhancing people productivity to drive sustainable business growth. The search for the highest degree of intellectual capital to enrich professional and technical milieu is a perennial one at your company.

The belief 'great people create great organizations' has been at the core of the company's approach to its people. Your company made significant investments for training in the areas of marketing, excellence in customer services and building expertise and capabilities for well organized and systematic business operations. All the efforts are aimed to develop and nurture the entrepreneurial attitude and skill among the employees.

For efficient management of human resource transactions, your company is going to implement a separate HR module in the JD Edward ERP. The IT platform would relay on self service mode thereby enhancing the productivity of HR Management by freeing up them from routine management and transactional workload.

The relations with the employees continued to be cordial during the period under review. The directors wish to place on record their sincere appreciation for the excellent team spirit with which they have worked for the progress of the Company and the dedicated and sincere efforts made by all of them to grow the company as an excellent worldwide healthcare institution.

DIVIDEND

The Board of Directors is pleased to recommend a dividend of 25% (i.e. Rs. 2.50 per share) for the period ended 31st December, 2007 aggregating to Rs.85.17 Million. The dividend payout will result in a total outflow of Rs.99.64 Million (including Rs. 14.47 Million towards tax on distributed profits).

MANAGEMENT

Shri Ashok Sodhani resigned from the Board w.e.f. 22/11/2007. All the members of the Board expressed their sincere thanks and appreciation for the valuable services rendered by Mr. Ashok Sodhani during his tenure.

Mr. Shashikant Patel and Mrs. Gauravi Parikh, Directors of the company retire by rotation, as per Article 111 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.

COMPANY SECRETARY & COMPLIANCE OFFICER

During the period under review, Mr. Ashok Mishra (a qualified member of the Institute of Company Secretaries of India) has been appointed as Company Secretary and Compliance Officer of the Company in place of Mr. Pankaj Pabaiya who has resigned from the post of the Company Secretary.

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. have 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 2007-08.

AUDITORS' REPORT

The report of the auditors of the Company and notes to the accounts are self-explanatory and do not require further explanation from the Board 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 deposits from the public during the period within the meaning of section 58A of the Companies Act, 1956. 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 period ended on 31st December 2007 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 2007 and of the profit or loss of the company for the period 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. Yours directors adhere to the stipulation set out in the listing agreement to the Stock Exchanges. The Company has complied with the corporate governance code as stipulated under sub clause VI of Clause 49 of the Listing agreement with the Stock Exchanges. A separate section on report on corporate governance along with a certificate of the auditors of the company M/s. N.P. Gandhi & Co. confirming the level of compliance is annexed and forms part of the Annual 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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The report as required under the listing agreement under the stock exchanges is annexed and form part of the Annual Report.

ENVIRONMENT, SAFETY AND ENERGY CONSERVATION

Safety and environment performance has been integral to the business performance of your company and continued to receive focus throughout the year. 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 I and forms part of this report.

PARTICULARS OF EMPLOYEES

Information required pursuant to the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed hereto marked Annexure-II and forms part of this report.

LISTING OF SHARES

The shares of the Company are listed on Bombay Stock Exchange and National Stock Exchange, Mumbai. Your company has paid the listing fees to each of these stock exchanges for the year 2006-07 before the due date.

WEBSITE

The Company has a well designated 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 RESPONSIBILITIES

The company continued to involve itself in social welfare activities, both through charity and social investment around issues like education, health, nutrition and initiatives for economic uplifting 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. Your Company's arm "Shri Hari Charitable Trust" is serving society at large by providing totally free education to the poor and needy girls of rural areas.

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

ACKNOWLEDGEMENT

We would like to take this opportunity to express our deep sense of gratitude to the banks, financial institutions, medical professionals, business associates, customers, suppliers, Central and State Governments and their departments and the local authorities for their continued guidance and support. We would also like to place on record our sincere appreciation for the total commitment, dedication and hard work put in by every member of the Plethico family.

And to you, our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board

Indore,
27th May, 2008

Shashikant Patel
Chairman cum Managing Director

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