

Annual Report 2009

**plethico**  
PHARMACEUTICALS LIMITED

Life is a spectrum of Colours.  
**Rejoice!**







## from the CHAIRMAN'S DESK



### *Dear Shareholders*

During the business year 2009, Plethico delivered yet another sterling performance across several financials and operating parameters. The company did progress in terms of diversification and broadening of its product profile and expanding its operational reach into new markets. Strategic investments, robust business plan, sound management policies and careful & prudent reshuffling of business amongst different group outfit in India and abroad enabled company to outperform during 2009 and deliver sustainable results.

Before we embarked on 2009, we chartered out a three-point agenda - to enhance the proportion of value-added products in overall product mix, to broaden market reach across the globe and to strengthen our cost management. Our emphasis was not to just grow business but to concurrently de-risk it from the repercussion of the ever-biggest global slowdown that hit almost all the industries across the globe. And we are pleased to tell our shareholders that during 2009 each of these initiatives have been translated into concrete realities not just for the moment but also for the foreseeable future.

The other issues remained at the top of our minds were the state of economy, the high cost of finance, highly volatile forex rates, new manufacturing dynamics, changing market gimmicks and compliance to the legislative fiats. Going forward, next issue on the agenda was to improve overall competency and competitiveness to sustain in such a highly volatile market conditions. During 2009, the company forays into new technical areas, expanded its territorial spread, synchronized all aspects of its operations encompassing production, marketing, research and support services.

We are in a business where it is not imperative to only produce large quantities and encash economies of scale, but to produce select products as well, to maximize profitability. During 2009, we did not only this but also widen customer base to protect company from unexpected erosion in realization.

I have been pointing out that Plethico which has global ambitions to become a recognized and research-based international organization, can move towards its goal only on the basis of high ethical commitments and robust professionalism amongst its management team and the workforce. Since, we are living in a dynamic era, we have to constantly strive for higher standards and greater productivity and efficiency in all our efforts. The company during 2009 focused on brand building in international markets, cost-effective formulation development and innovative research through vibrant and entrepreneurial human assets.

In Plethico, functional heads and key managers have always been given maximum freedom to undertake their assignments with requisite flexibility and initiatives, although they act within the framework of clearly defined standard operating procedures (SOPs) and always remain accountable to the management. Everyday entire management team applies their hard-earned knowledge and expertise to encounter business challenges cogently.

I would like to recall that quality products, competitive prices, reliable services were the fundamentals on which Plethico was founded by us. Today, we are renewing our commitments to these fundamentals and we are taking it a step further. During 2009, we aligned our people, process and products in perfect harmony to deliver best performance and results. The MHRA approved manufacturing facilities coupled with advanced R&D base, experienced, talented and committed workforce and dedicated efforts translated our each and every assignment into a great success.

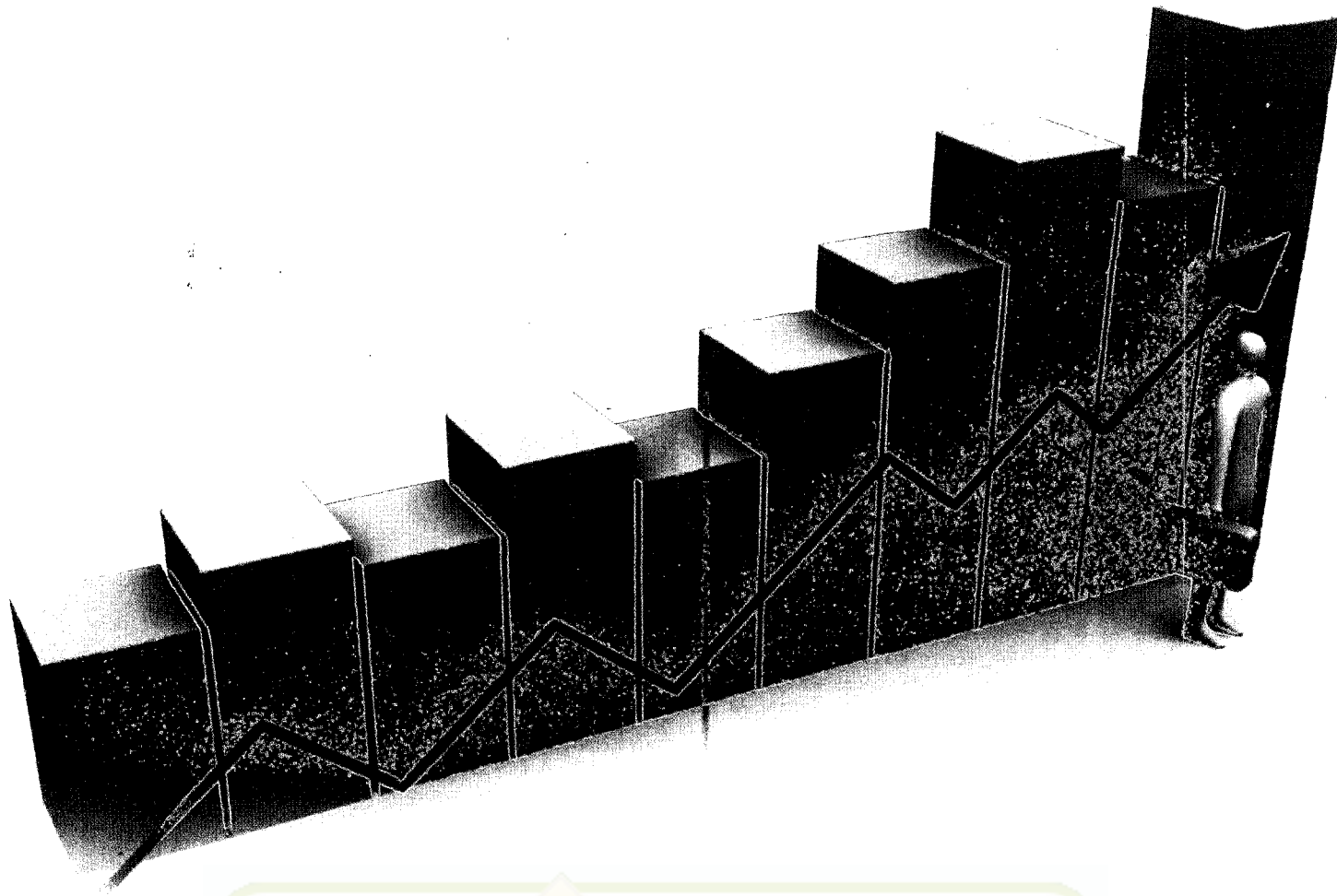
Today we are having vision of becoming the industry's best provider of healthcare services. With visionary leadership, precision planning, constant focus on developing skill sets of employees and more than 45 years of industry experience, we are determined to turn our vision into reality.

As a value-oriented organization, we promise our shareholders to enhance value of shares they hold in the company with wondering performance and sound corporate governance.

I take this opportunity to express my sincere gratitude to all our stakeholders who have reposed trust in us and extended their constant support. I am also grateful to the Board of Directors for their steady support and guidance.

Your's truly

Shashikant Patel  
Chairman & Managing Director



Report  Junction.com



22

Plethico looks more close to the potentials of the global markets and identify actions to realize such potentials by leveraging the available strength without distracting its attention to widening opportunities at global marketplace.



## from the CEO's DESK

India will continue to be an attractive market in the pharma sector in view of its strong and stable fundamentals and the resilience which Indian economy has displayed in last few years. The industry has grown up not only within the boundaries but also tied-up alliances with foreign companies who are looking at India as a low-cost R&D hub with technically skilled manpower. The Indian Pharma Industry is likely to become a competitor of global pharma in some key areas and a potential partner in others. Among emerging markets, India and China are leading players to realize better growth for the entire world.

The year 2009 had been an important turning point for the Indian pharmaceutical industry. In case of global melt-down, the Indian Pharma Industry stand out as sound, stable and better regulated in contrast to developed economies. The Indian Pharma Sector remains relatively insulated due to its defensive nature. As a matter of fact, this global meltdown has been good, as we have been able to think out of the box and come up with new ideas and think beyond the usual.

Taking an overall view, Piethico looks more close to the potentials of the global markets and identify actions to realize such potentials by leveraging the available strength without distracting its attention to widening opportunities at global marketplace. We worked out a specific growth-agenda, identified specific growth drivers and activated them to exploit market potentials worldwide.

**- CHIRAG PATEL, Director & CEO**

# M i s s i o n

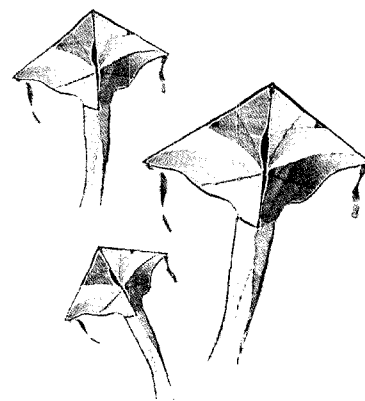
To create a 'Global Healthcare' brand identity synonymous with nurturing healthcare, eternal values, strong ethics and global quality of highest standards in pharmaceuticals, nutraceuticals and allied healthcare products.





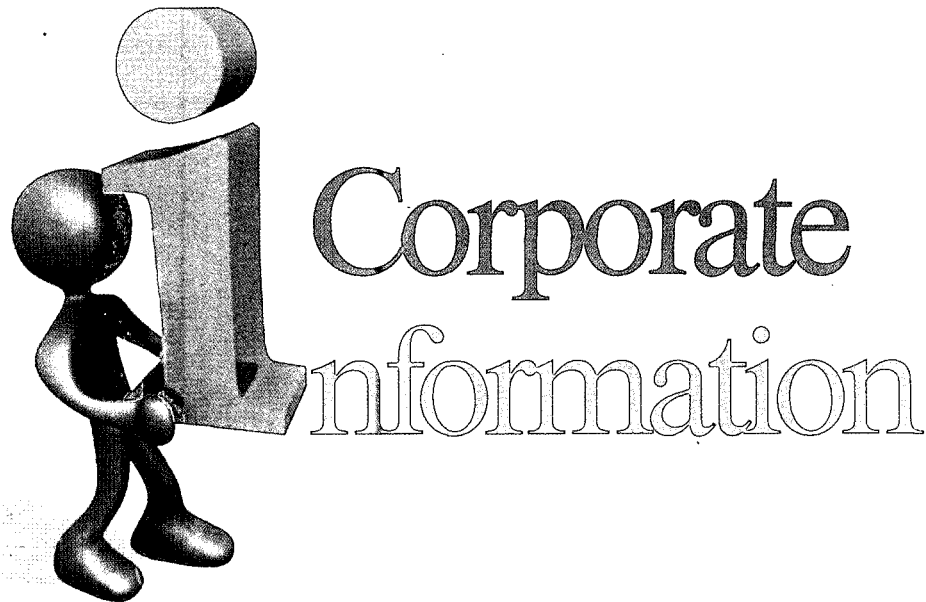
# Contents

Corporate Information	1
Board of Directors	2
About Plethico	7
Notice	17
Directors' Report	20
Management Discussion and Analysis	29
Corporate Governance Report	63
Auditors' Certificate on Corporate Governance	74
Certificate from CEO & CFO	75
Auditors' Report	76
Balance Sheet	80
Profit and Loss Account	82
Schedules forming part of the Balance Sheet	83
Cash Flow Statement	98
Company's General Business Profile	99
Consolidated Financial Statements	100
Attendance Slip & Proxy form	118



Aspiring **high**,  
for **greater** possibilities.





**Chairman and 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

**Website**  
[www.plethico.com](http://www.plethico.com)

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

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

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

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

**Share 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

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



# Board of Directors



**Shashikant Patel**  
Chairman and Managing Director

A dynamic entrepreneur who has been in the *Pharmaceutical Business* for over four decades. Since his appointment as Chairman & Managing Director in 1996, the Company has established a dominant position in the global healthcare industry and has successfully carved out a niche by focusing on the herbal and nutraceutical segments.

Mr Patel holds directorships in Natrol Inc. USA, Plethico International Limited, UAE, Plethico Global Holdings B.V. Netherlands, Plethico US Holdings Kft., Hungary, Plazma Laboratories Private Limited, Plethico Laboratories Private Limited and Rezcom Realty Private Limited besides Plethico Pharmaceuticals Limited.



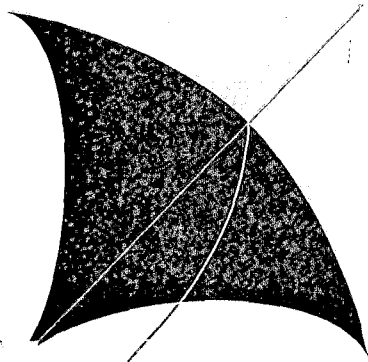
**Chirag Patel**  
Whole-time Director  
& CEO

As the CEO, Mr Chirag Patel has been primarily responsible for the Company's foray into the consumer healthcare business and for expanding its exports and international operations. He has also been chiefly responsible for the company's resource management and spearheading initiatives to enhance marketing prowess and optimize overall productivity.



**Gauravi Parikh**  
Executive Director

With her technical background, she oversees international regulatory affairs, development of new products in the company. Key contributor in brand building and brand management activities of the company.



## INDEPENDENT & NON-EXECUTIVE DIRECTORS



Dr. Gulam Nabi Qazi



Pramod K. Shrivastava



Abhay Suhane

## COMPANY SECRETARY & COMPLIANCE OFFICER



Amrish Kumar Chourasia