

Plethico Pharmaceuticals Limited Management Presentation

September 2010



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Introduction

Overview of the Nutraceuticals Industry

Overview of Plethico's Businesses

Key Strategic Initiatives

Key Financials

2



Introduction to Plethico Pharmaceuticals

Business Overview

- ✓ Manufacturer and distributor of nutraceutical, herbal and allopathic products
- ✓ 11th largest company globally within the sport nutrition products market in 2009 as per market research firm Euromonitor
- ✓ Increasing presence in the dietary supplements market
- ✓ Portfolio of over 200 branded products sold in more than 60 countries, including in the US, CIS, Europe, Africa, GCC, Asia and Latin America
- ✓ Well established distribution channel which include distribution companies, retail chains, drug stores, grocery stores, fitness clubs etc
- ✓ Group formed in 1963 and headquartered in Indore, India

Business Unit

Nutraceuticals

Herbals

Allopathic

Others

Overview

- ✓ Portfolio of products comprising of dietary supplements, sports nutrition products, vitamins, minerals and weight loss products

- ✓ Includes a range of clinically proven products developed from scientifically validated herbal extracts

- ✓ Allopathic formulations include cough and cold, anti-infective, anti-retroviral, anti-tuberculosis, anti-malarial products, anti-spasmodic and gastrointestinal therapeutic products

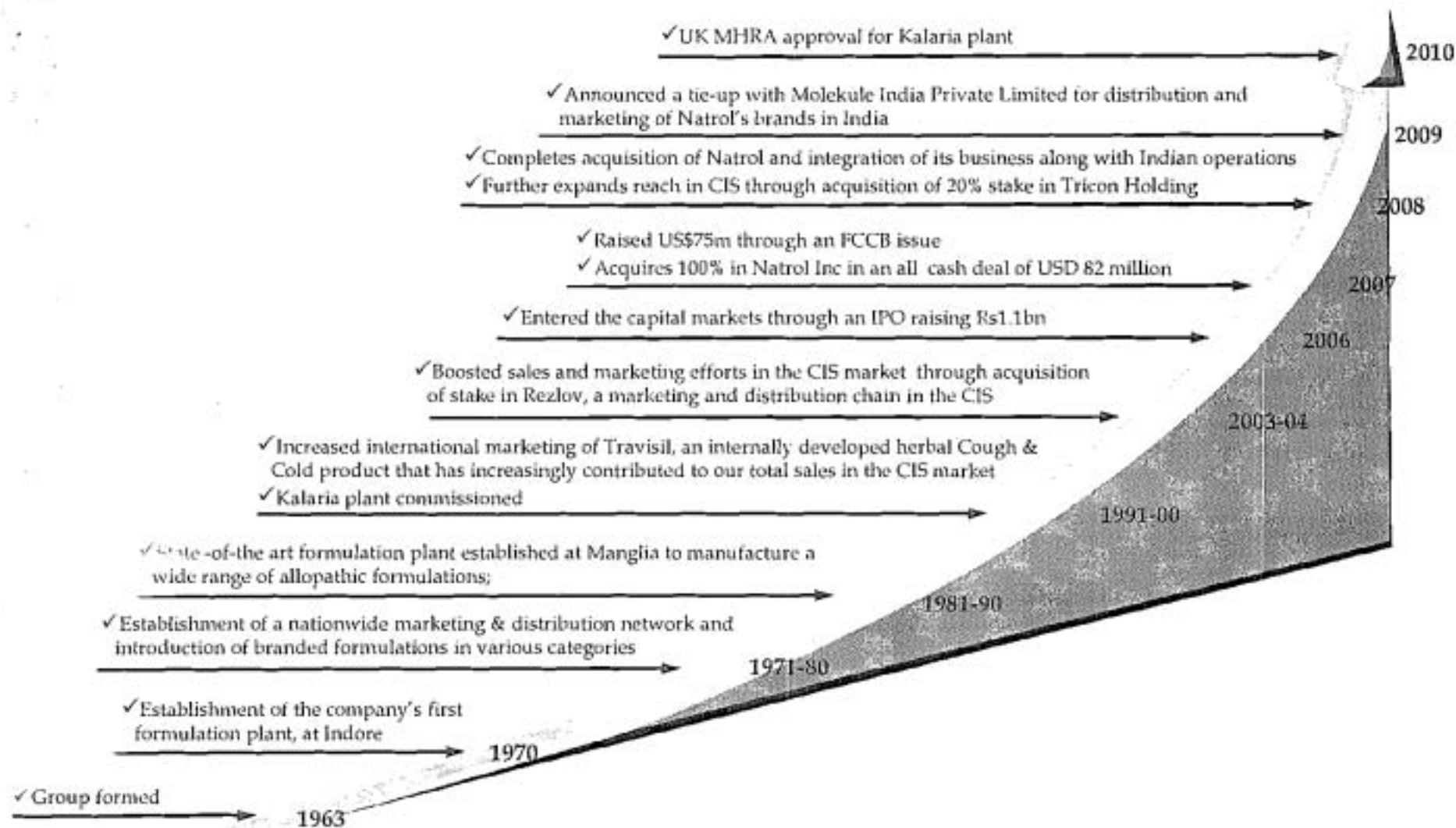
- ✓ Raw material trading and contract manufacturing

Key Brands



Evolution of Plathico Pharmaceuticals

Evolution from a Domestic Company to a Global Organisation



Key Highlights of the Company

Established Presence in Key Markets

- ✓ We believe we are pioneers of the sports nutraceuticals industry in India
- ✓ Present in over 60 countries globally (US, Europe, CIS, Latin America, S.E. Asia, Middle East, India and Africa)

Diversified Product Portfolio

- ✓ 500 plus formulations and a portfolio of over 200 brands
- ✓ Presence in wide range of segments such as sports nutrition, food supplements, mouth fresheners, cough and cold medications, lifestyle diseases etc

Strong Manufacturing Base

- ✓ 3 manufacturing facilities in India which are CGMP compliant. Kalaria facility UK MHRA accredited. Indian facilities certified by World Health Organization
- ✓ 1 US CGMP complaint manufacturing facility in the US
- ✓ Manufacturing facility in the UAE enjoying 50 year tax holiday expected to commence operations by the end of 2010

Large Distribution Network and High Recall Brands

- ✓ Access to CIS markets via stakes in pharmacy chain of Tricon and distribution company Rezlov
- ✓ Channel Natrol brand into India markets through JV with Molekule
- ✓ Portfolio of well recognized brands, such as Prolab, MRI, Travasil, Lacile Beau and Shen Min amongst others

Robust Financials

- ✓ 2007-2009 revenue CAGR ⁽¹⁾ of 50.1%
- ✓ Revenue growth of 29% in H1 2010 vs H1 2009, EBITDA and PAT growth of 92% and 112% respectively in H1 2010 vs H1 2009
- ✓ Expanding EBITDA and PAT margins

Established Management

- ✓ Senior management team of COO, CFO and President have been with the Company for over 15 years each

(1) CAGR: 2007 financially for 15 month period. 2009 financials include Natrol financials

Future Growth

Overview of the Nutraceuticals Industry

Overview of Plathico's Business

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Key Financials



Overview of Nutraceuticals

Broadly Classified as Functional Foods, Dietary Supplements and Functional Beverages

Functional Foods

Foods that have specific physiological benefits and/or reduce the risk of chronic diseases

Key Product Segments

- ✓ Nutrition fortified foods like fortified flour, fortified oil, fortified malted powder
- ✓ Probiotic foods like yoghurt

Dietary Supplements

Dietary supplements provide nutrients that are missing or are not consumed in sufficient quantity in a person's diet

Key Product Segments

- ✓ Vitamin supplements
- ✓ Mineral supplements
- ✓ Macronutrients
- ✓ Antioxidants
- ✓ Tonics
- ✓ Herbal extracts like Chyawanprash, non-herbal extracts like cod liver oil

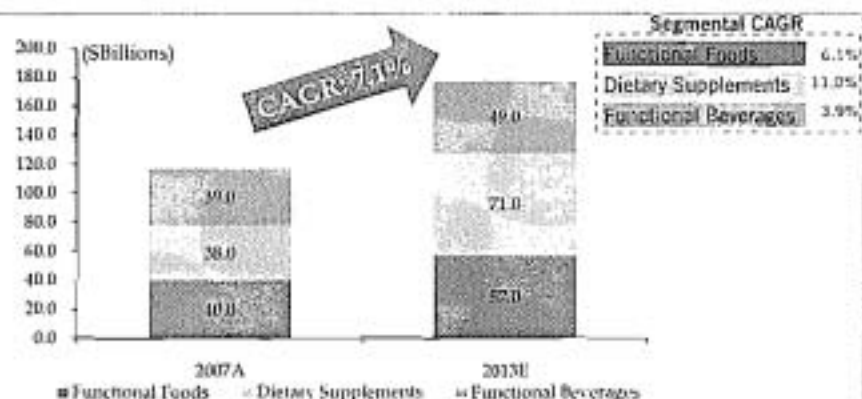
Functional Beverages

Liquids that quench thirst along with replenishing minerals, provide energy, prevent ailments, and promote healthy life styles

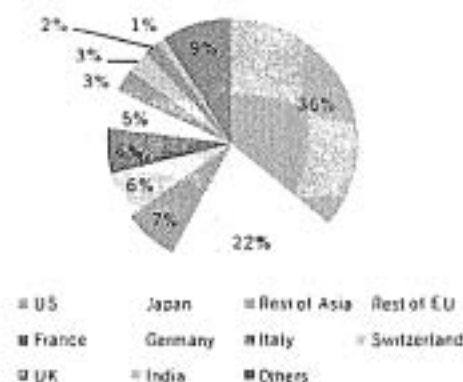
Key Product Segments

- ✓ Sports and energy drinks
- ✓ Fortified juices
- ✓ Glucose powder

Global Nutraceuticals Market Trend



Geographic Distribution of Nutraceuticals Sales



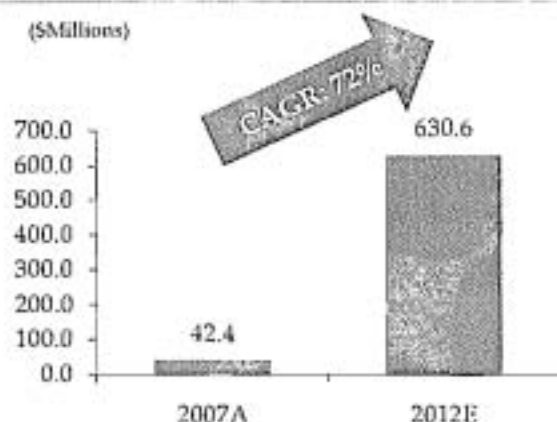
(1) Nutraceuticals - Critical Supplement for building a healthy India, Ernst & Young and Federation of Indian Chambers of Commerce & Industry, 2007

Indian Nutraceuticals Market

Indian Nutraceuticals Market: Filled for Robust Growth

Functional Foods ⁽¹⁾

(\$Millions)

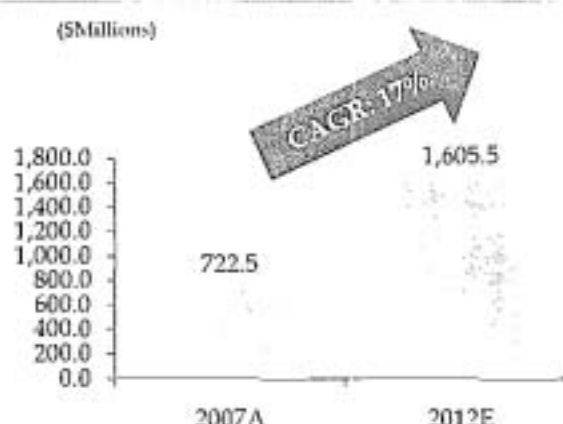


Overview

- ✓ Indian functional foods market is segmented into omega fortified foods and probiotic foods
- ✓ Vitamin and mineral enriched cereals, wheat flour and iodized salt, and a few cholesterol reducing foodstuffs are key constituents of the Indian Functional Foods Market

Dietary Supplements ⁽¹⁾

(\$Millions)

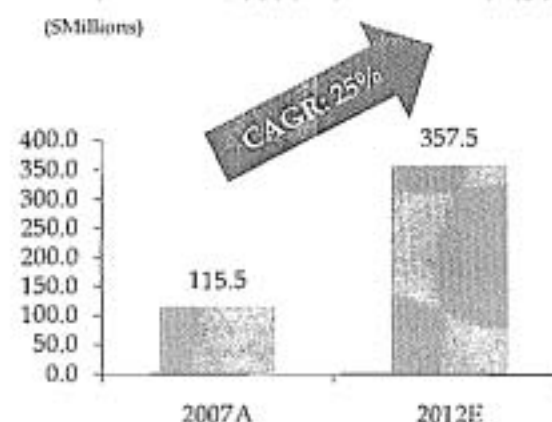


Overview

- ✓ Comprises of four main subsegments; Vitamins/mineral supplements, herbal supplements, dietetic supplements, and Chyawanprash supplements
- ✓ Complex lifestyles, changing food habits, and consumer consciousness to stay healthy driving growth of the Indian Dietary Supplements Market

Functional Beverages ⁽¹⁾

(\$Millions)



Overview

- ✓ Comprises of herb-based fruit drinks, ready-to-drink teas, sports (isotonic) drinks, energy drinks, and single-serve fresh juices
- ✓ Currently in its infancy, the demand for sports and energy drinks is expected to increase, as they are a socially accepted alternative to alcoholic drinks

(1) Indian Dietary Supplement Markets - Frost and Sullivan, December 2007

Demand Drivers for Nutraceuticals

Favourable Structural Factors to Drive Demand for Nutraceuticals

Favourable Demand Drivers

- ✓ Growing consumer awareness towards self-medication and preventive healthcare coupled with rising costs
- ✓ Aging population that needs diet supplements to stay healthy
- ✓ Improving economic affluence and affordability
- ✓ Increasingly competitive and busy lifestyles which takes a toll on dietary habits
- ✓ Scientific and clinical research supporting effectiveness of nutraceuticals

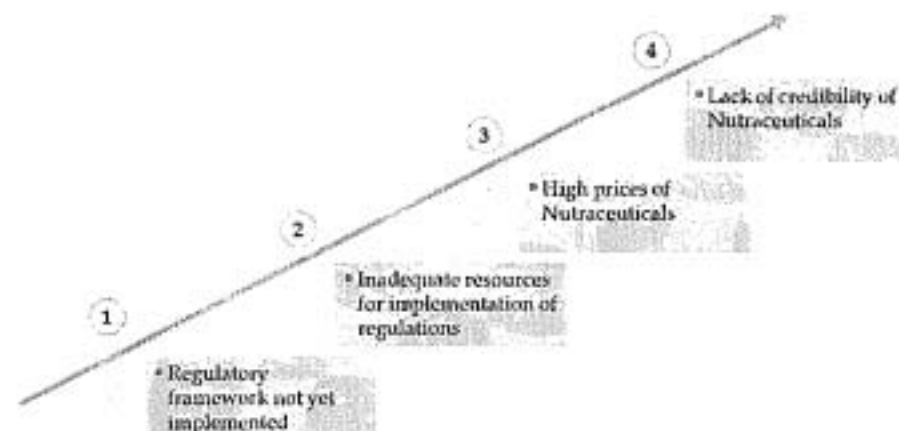
Imperatives for a Successful Nutraceuticals Market

- ✓ More health conscious consumers
- ✓ Positive media publicity
- ✓ Scientific studies and clinical trials supporting safety and efficacy claims
- ✓ Propagation of information detailing the benefits of consuming dietary supplements

Growth in the Nutraceuticals Market in India is Driven by Several Factors



Critical Impediments to Convert this Latent Opportunity into a Market



Source: Nutraceuticals - Critical Supplement for building a healthy India, Ernst & Young and Federation of Indian Chambers of Commerce & Industry, 2009

Key Regulations Governing the Nutraceuticals Industry

Well Defined Set of Regulations Govern the Global Nutraceuticals Industry

EU



Known As • "Food supplements"
Governing By • Food Safety Authority
Implemented In • 2002

Canada



Known As • "Natural Health Products"
Governing By • Food and Drugs Authority
Implemented In • 2004

USA



Known As • "Dietary supplements"
Governing By • Food and Drugs Administration
Implemented In • 1994

Russia



Known As • Biologically active food supplements
Governing By • Ministry of Health & Social Development
Implemented In • 1997

Japan



Known As • "Foods for Specific Health Use"
Governing By • Japan Health and Nutrition Food Association
Implemented In • 1991

Australia



Known As • Complementary medicines
Governing By • Dept. Of Health and Ageing
Implemented In • 1991

India



Regulation • Food Safety and Standards act (FSSAI)
Effective From • Passed in 2006, yet to be implemented

Source : Nutraceuticals - Critical Supplement for building a healthy India, Ernst & Young and Federation of Indian Chambers of Commerce & Industry, 2009

We Believe a Well Defined Regulatory Will Aid in Greater Acceptability of Nutraceuticals Globally

Introduction

Overview of the Nutraceuticals Industry

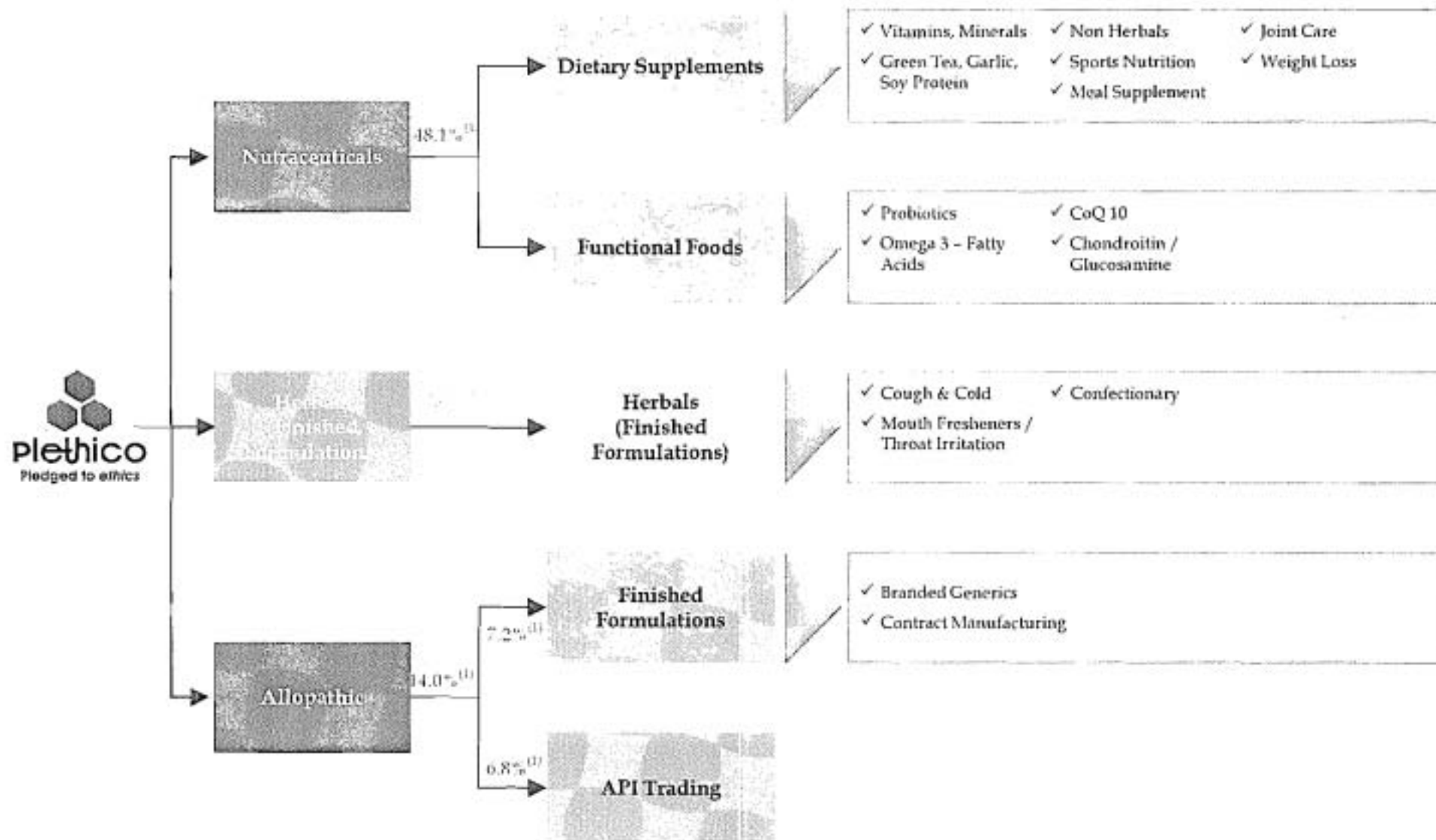
Overview of Plethico's Businesses

Key Strategic Initiatives

Key Financials



Overview of Plethico's Business's Broad Range of Products Aimed at Various Customer Segments



(1) Contribution to total sales in 2009

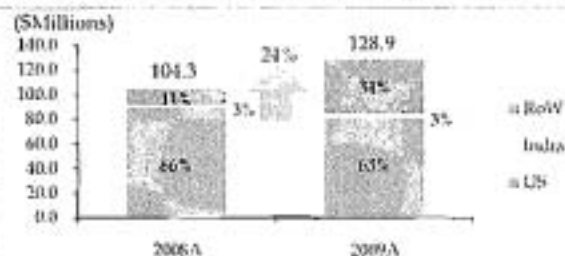
Overview of Nutraceuticals Business

Portfolio of Strong Award Winning Brands Across Consumer Segments

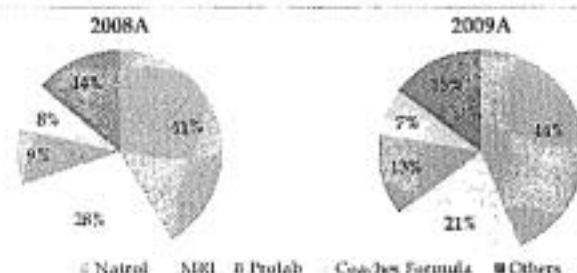
Overview

- ✓ Predominantly encompasses dietary supplements, sports nutrition products and weight loss products
- ✓ Also offers herbal tea and beauty products
- ✓ Nutraceutical products accounted for 48.1% of consolidated revenues in FY 2009

Geographic Distribution



Revenue Split



Key Brands	Overview	Revenue (2009) US\$ mn	Trend ⁽¹⁾
Natrol	✓ Largest brand of dietary supplements of the group ✓ Focuses on vitamins, minerals, herbal products and specialty combination formulations	56.5	30% ↑
MRI	✓ Sports nutrition branded products targeted at premium consumers ✓ Products include HSP, a protein supplement for enhanced training, Pro NOS (Whey Protein), Black Powder (pre workout energy boosting formula)	26.9	9% ↓
Prolab	✓ Sports nutrition line of products targeted at mid-market consumers ✓ Sold primarily in the United States through sports nutrition retail stores, fitness centres, websites and health-food stores	16.8	86% ↑
Coach's Formula	✓ Range of sports nutrition products focusing on the mass market segment of sports supplements ✓ Products primarily sold in India, the CIS, Latin America, Southeast Asia, the Middle East and the African markets	9.7	22% ↑
Laci Le Beau	✓ Flavoured herbal teas under the Laci Le Beau brand which is one of the leading diet tea brands in the United States ✓ Nul-lair and Shen Min, hair products containing a serum and vitamins targeted at combating hair loss	19.0	31% ↑

(1) Trend at 2008 vs 2009

(2) US\$INR Exchange Rate of Rs 46.43

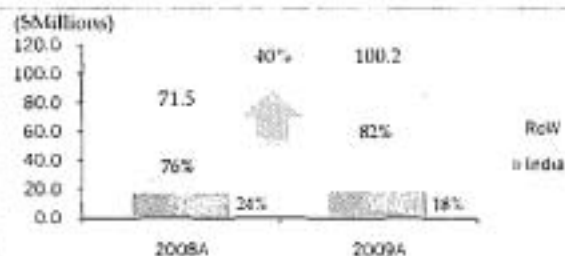
Overview of Herbals Business

Strong Brand Equity in Existing Markets Well Positioned to Expand Geographic Reach

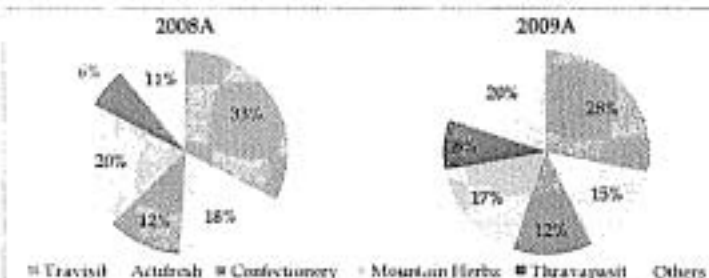
Overview

- ✓ Offer a safe and natural alternative in treating health problems such as diabetes, cholesterol, sleep disorders, digestive disorders and pain management
- ✓ Herbal products accounted for 37.4% of consolidated revenues in FY 2009

Geographic Distribution



Revenue Split



Key Brands	Overview	Revenue(2009) US\$ mn	Trend ⁽¹⁾
Travisil	✓ Range of herbal products including, drops, syrups, and lozenges, in the cough and sore throat category ✓ Enjoys strong brand equity in the CIS markets	28.0	20% ↑
Mountain Herbz	✓ Range of herbal medicines and supplements targeted various lifestyle related disorders and general well being and vitality ✓ Products include treatment for high blood pressure, digestive medicines and aphrodisiacs	17.0	13% ↑
Actifresh	✓ Range of medicated lozenges are sold under the Actifresh brand ✓ Actifresh primarily sold in the CIS, African and Indian markets	14.9	18% ↑
Travopassit	✓ Travopassit range is an anti-stress product made from well evaluated and researched herbal ingredients ✓ Sold primarily in the CIS markets	8.0	76% ↑
Confectionery and others	✓ Includes products primarily catering to younger generation impulse purchase markets ✓ Sold primarily in India and CIS	32.3	100% ↑

(1) Trend of 2008 vs 2009

(2) USD/INR Exchange Rate of Rs. 46.41

Overview of Allopathic Business

Range of Products Across Therapeutic Segments

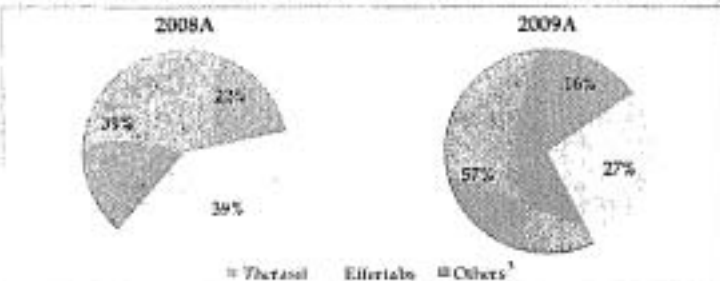
Overview

- ✓ Allopathic formulations include pain, cough and cold, anti-infective, anti-retroviral, anti-tuberculosis, anti-malarial products, anti-spasmodic and gastrointestinal therapeutic products
- ✓ In fiscal year 2009, allopathic products accounted for 14.0% of consolidated revenues

Geographic Distribution



Revenue Split



Key Brands	Overview	Revenue (2009) US\$ mn	Trend ⁽¹⁾
Effertabs	✓ Effervescent products to treat pain, fever, cold, indigestion and nutrition categories ✓ Products sold primarily in the areas of South East Asia, Latin America, the Middle East and the CIS	5.8	17% ↑
Therasil	✓ Non-effervescent allopathic products for the cough and cold categories are sold under this brand ✓ These products are mainly sold in the markets of South East Asia, Latin America, the Middle East, the CIS, Africa and India	10.1	12% ↑
Others	✓ Predominantly raw material trading in the rest of world segment, and contract manufacturing in India ✓ Non-effervescent range of products in the pain relief category are sold under the brand Relievo ✓ Tablets and ointments catering to pain, inflammation and muscle sprains	21.5	144% ↑

(1) Trend of 2008 vs 2009

(2) USD/INR Exchange Rate of Rs 46.41

(3) Includes Raw Material Trading

Diversified Product Portfolio with Extensive Geographic Reach

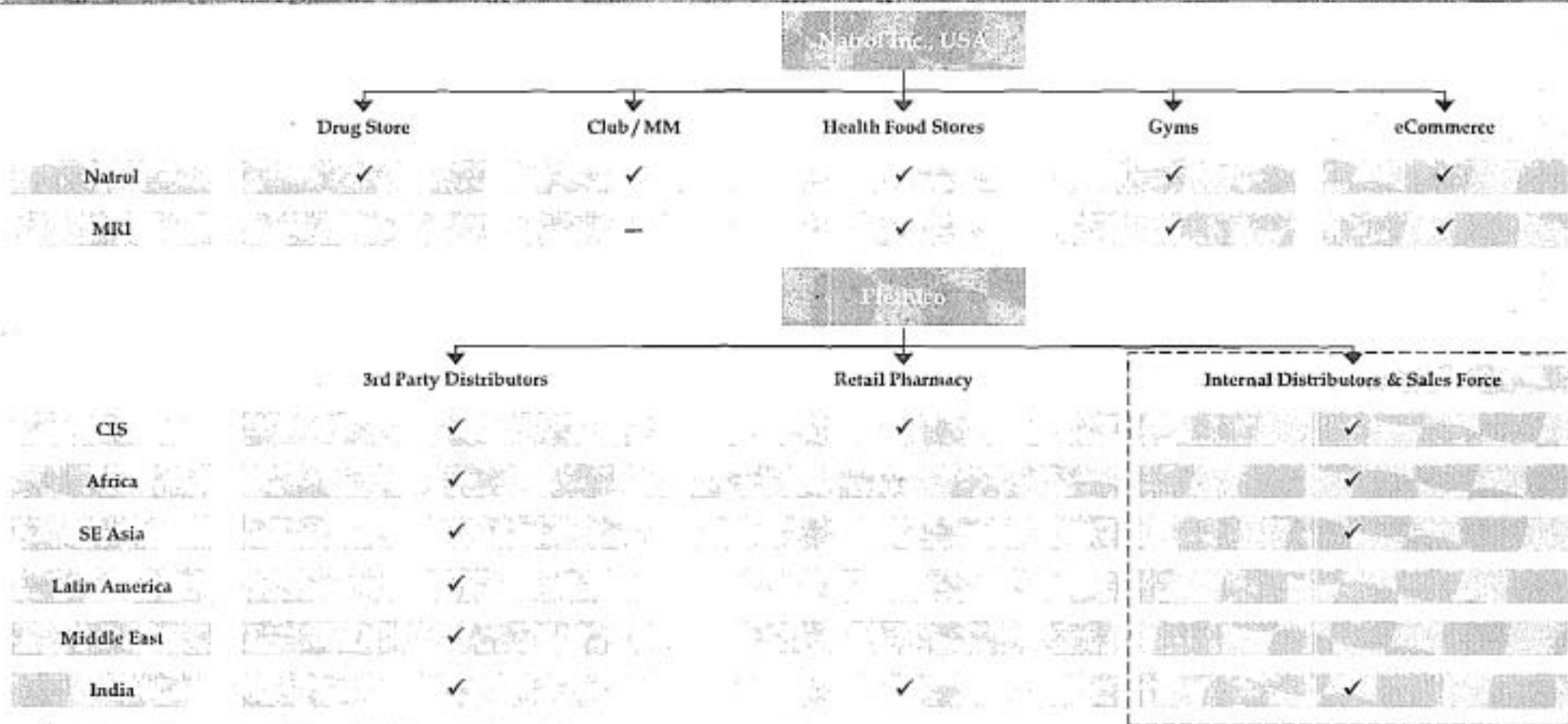
Products Sold in Over 40 Countries

Products	US	India	CIS	Africa	3 rd Front ¹
Nutraceuticals					
Natrol					
MRI					
Prolab					
Lacie Le Beau					
Coaches Formula					
Herbal					
Travasil					
Actifresh					
Mountain Herbz					
Travopassit					
Allopathic					
Effertabs					
Therasil					
Relievo					

(1) 3rd Front: Latin America + Middle East + Europe + South East Asia

Strong Distribution Platform

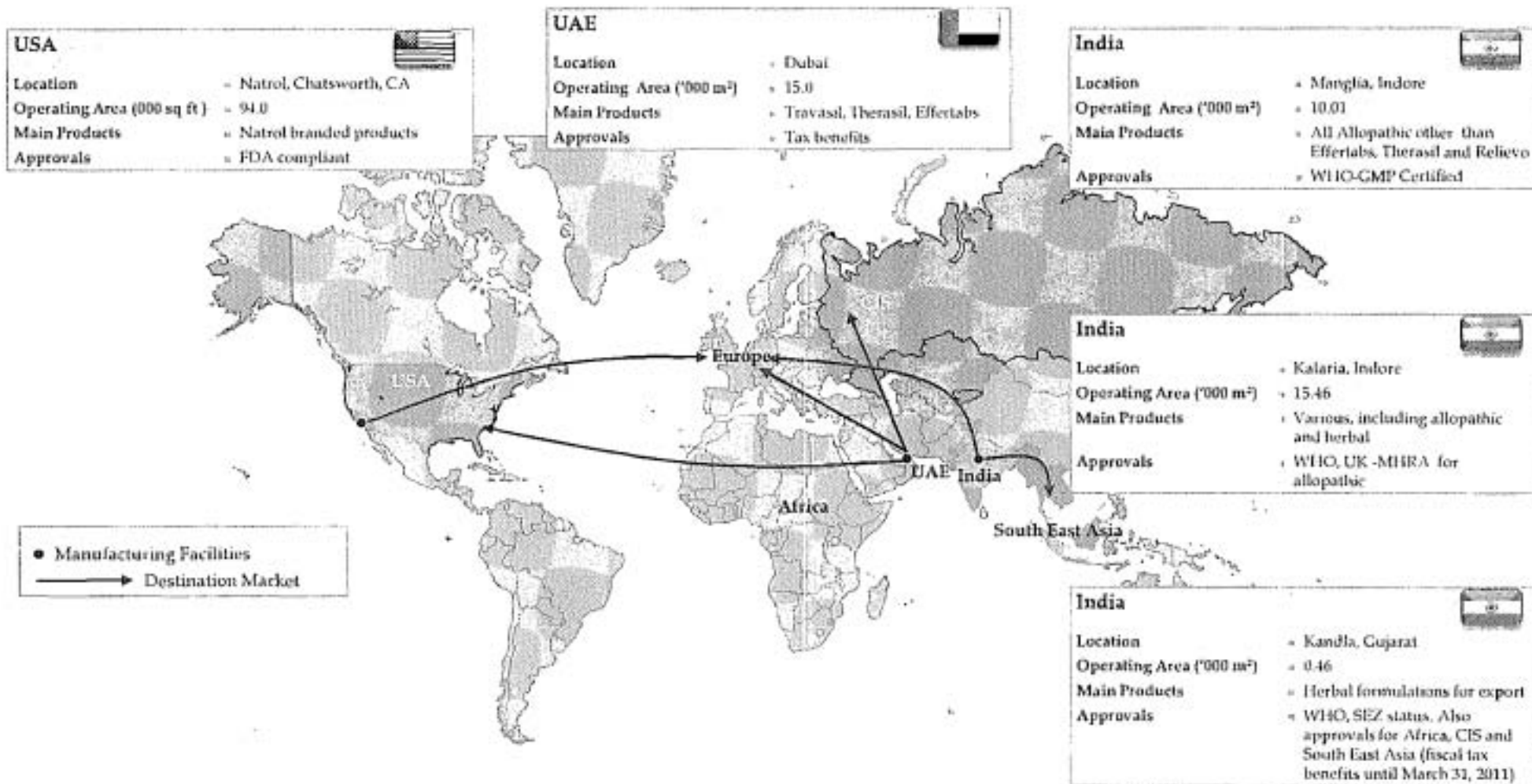
Extensive Distribution Network Consisting of Retail Pharmacy Chains and Speciality Health Food Stores



- ✓ Marketing and sales team consists of more than 400 employees globally
- ✓ More than 200 sales personnel in India and more than 50 marketing and sales personnel in the United States
- ✓ Products sold at various major retailers and pharmacy chains including Walgreen, Walmart, CVS, COSTCO, GNC and Rite-Aid
- ✓ Equity interests in Rezlov Group and Tricon Holdings strengthens distribution capabilities in the CIS, tie up with Molekule for India

Overview of Manufacturing Facilities

Strategically Located Manufacturing Facilities



Introduction

Overview of the Nutraceuticals Industry

Overview of Plethico's Business

Key Strategic Initiatives

Conclusion



Core Business Strategy

Focus on Key Brands and Leverage on Cross Selling Opportunities

Category Focus

Brand Focus

Leadership Focus

Established Presence

Nutraceuticals

- ✓ Sports Nutrition
- ✓ Vitamins & Dietary Supplements

Herbals

- ✓ Cough and Sore Throat
- ✓ Lifestyle Related Disorders
- ✓ Medicated Lozenges

Allopathic

- ✓ Cough and Cold
- ✓ Anti-infective, Anti-inflammatory
- ✓ Tuberculosis

Nutraceuticals

- ✓ Natrol
- ✓ MRI
- ✓ Prolab

Herbals

- ✓ Travisil
- ✓ Mountain Herbz
- ✓ Actifresh

Allopathic

- ✓ Therasil
- ✓ Effertabs

Nutraceuticals

- ✓ Continue to gain market share
- ✓ Building out product range in all target markets

Herbals

- ✓ Consolidate position in the CIS market
- ✓ Build out product range in the US

Allopathic

- ✓ Build out Effertabs in Europe
- ✓ Roll out Therasil in all target markets
- ✓ Introduce OTC products in India

Future Objective

- ✓ 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 significantly increase brand awareness campaigns for nutraceutical products

- ✓ Cross sell products and optimise product portfolio
- ✓ Integrate multi-location production facilities to capture cost efficiencies and optimize distribution processes

Successfully Leverage Acquisitions and Alliances

Expand into New Markets via the Inorganic Route

Overview

Natrol

- ✓ Acquired Natrol a Nasdaq listed US nutraceuticals Company in Oct 2007 for US\$ 82 mm

Rezlov

- ✓ Acquired majority stake in six marketing and distribution companies in the CIS between 2004-2006 for US\$ 31 mm
- ✓ Sold of a portion of its shareholdings in the Rezlov group of companies to Azyder Global Establishment in March 2007

Tricon Holdings FZE

- ✓ Acquired 20% stake in Tricon Holdings UAE based pharmacy chain

Molekule

- ✓ Exclusive distribution agreement with Molekule India Private Ltd. ("Molekule")

Rationale/ Impact

- ✓ Entry into the US Nutraceuticals market, largest market globally
- ✓ Access to a portfolio of strong award winning brands in over 70 product categories
- ✓ Geographical expansion into the regulated markets of US, UK, Europe
- ✓ Introduction of Natrol products into existing geographies of Plethico

- ✓ Strong distribution network in Russia, Kazakhstan, Ukraine, Moldova, Kyrgystan and Azerbaijan - markets with strong entry barriers
- ✓ Efficient receivables management and through product registration and filings in the CIS
- ✓ Rezlov Group expected to benefit from Azyder's European expertise

- ✓ Leverage Tricon's 400 strong retail pharmacy outlets in CIS

- ✓ Exclusive distribution contract to market Natrol Inc's products in India for a period of three years

Strategic Roadmap

Leading Global Nutraceutical Company

2010

- ✓ 11th largest sports nutrition company globally
- ✓ 77th largest dietary supplements company globally
- ✓ Well established presence in the CIS markets for Herbs and Allopathic segments
- ✓ Well established presence in the Nutraceuticals segment in the US markets

- ✓ Expand distribution capabilities in the CIS, Europe and South East Asia
- ✓ Leverage strong distribution network to introduce herbal products in the US
- ✓ Streamline product portfolio, integrate production facilities and decrease outsourced production
- ✓ Strengthen balance sheet and improve credit cycle terms

2015

- ✓ Become one of the leading sports nutrition and dietary supplements company globally
- ✓ Obtain leadership positions in identified geographies
- ✓ Established presence of Nutraceutical products in existing markets of Plethico
- ✓ Established presence of Herbal and Allopathy products in regulated markets
- ✓ Become a well integrated, leading global nutraceutical company

Management Profile

Established Team with Deep Industry Expertise has Been the Force Behind Plethico

Shashikant Patel Chairman & Managing Director

- ✓ Pharmaceutical industry experience of over 40 years
- ✓ 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

Chirag Patel Whole Time Director and Chief Executive Officer

- ✓ Over 15 years of experience working in the global pharmaceutical industry
- ✓ Responsible for the Company's brand building and its entry into the consumer healthcare business
- ✓ He is also responsible for the Company's foray into international operations, including CIS and Africa

Gauravi Parikh Executive Director

- ✓ Joined the Company in 2000
- ✓ Responsible for the technical and regulatory affairs, new product development and the human resource management

Rajiv Bedi President Plethico Pharmaceuticals

- ✓ Holds over 23 years of experience, including 14 years in the Company
- ✓ Promoted to head the Company's operations in the year 2006 as President

Hemant Modi Chief Operating Officer

- ✓ 25 years of experience including 19 years in the company
- ✓ Specializes in debt fund raising, also oversees accounting function

Sanjay Pai Chief Financial Officer

- ✓ 15 years of experience, joined Plethico in November 1998
- ✓ Responsible for funding, strategy, investor relations, management reporting, costing and budgeting

Pat Mc McCullough Chief Operating Officer - Natrol

- ✓ Over 20 years of experience in the industry
- ✓ Responsible for sales growth as well as profitability of the US business

Technology

Overview of the Semiconductors Industry

Overview of Global Wafer Business

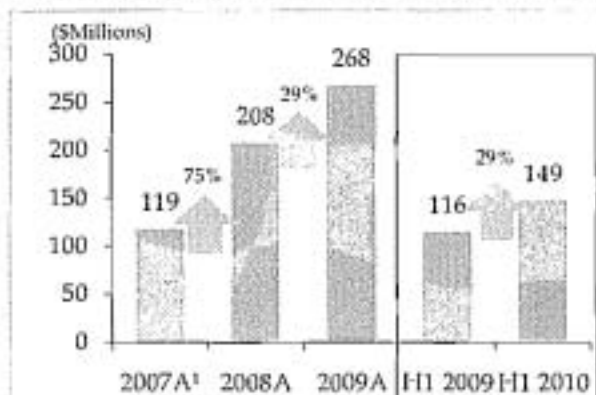
Company's Business

Key Financials

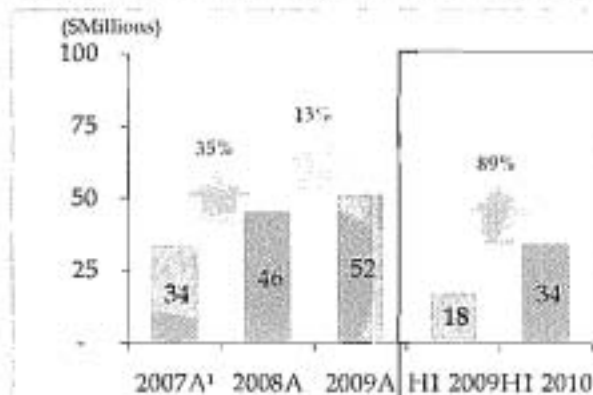


Consolidated Financials

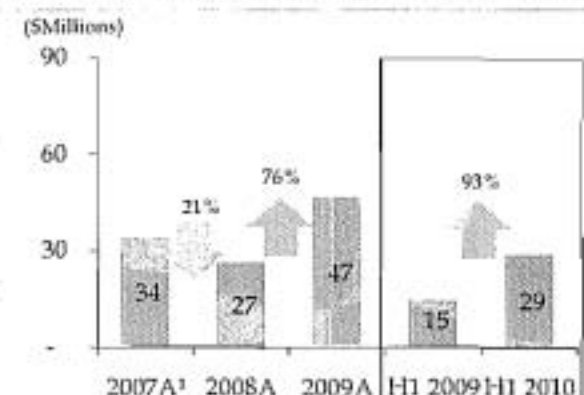
Sales



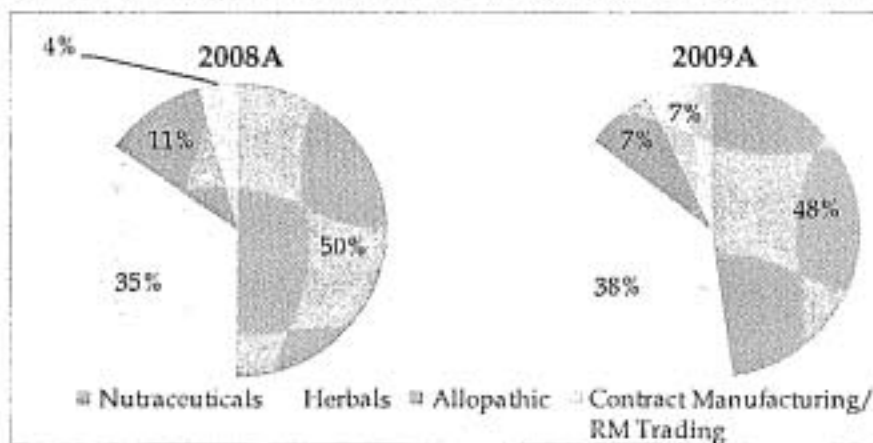
EBITDA



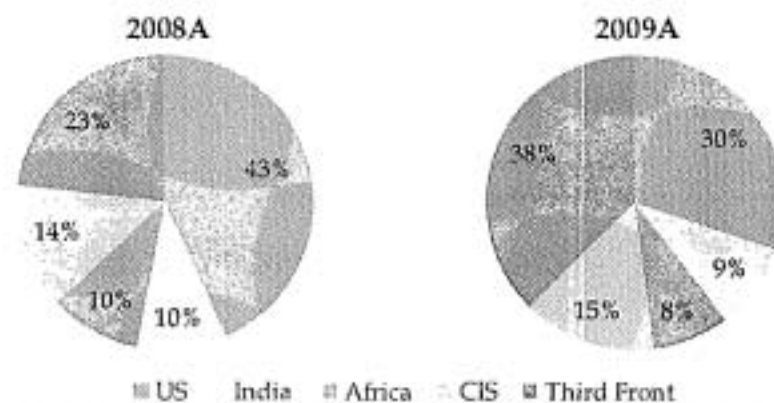
PAT



Revenue By Segment



Revenue By Geography

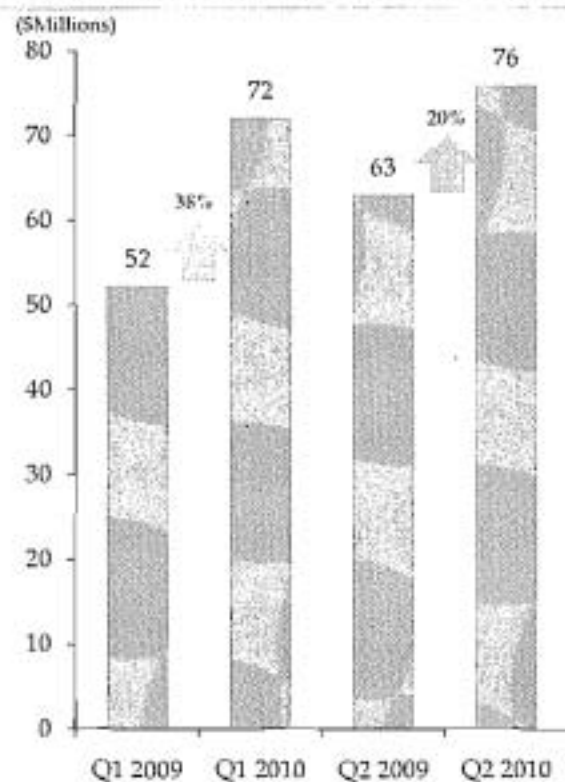


(1) 15 months ended; % of Revenue and % of Geographies charts indicate % of total income

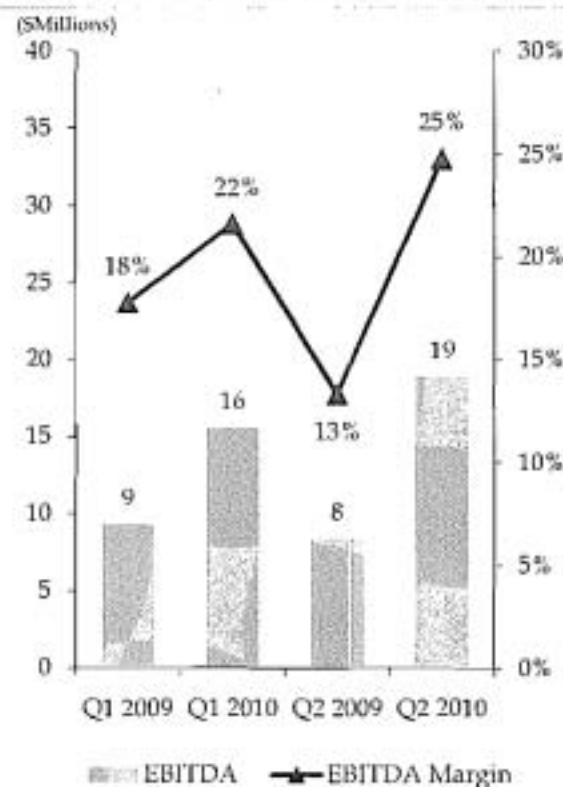
(2) US\$/INR exchange rate of 46.41

Quarterly Financials

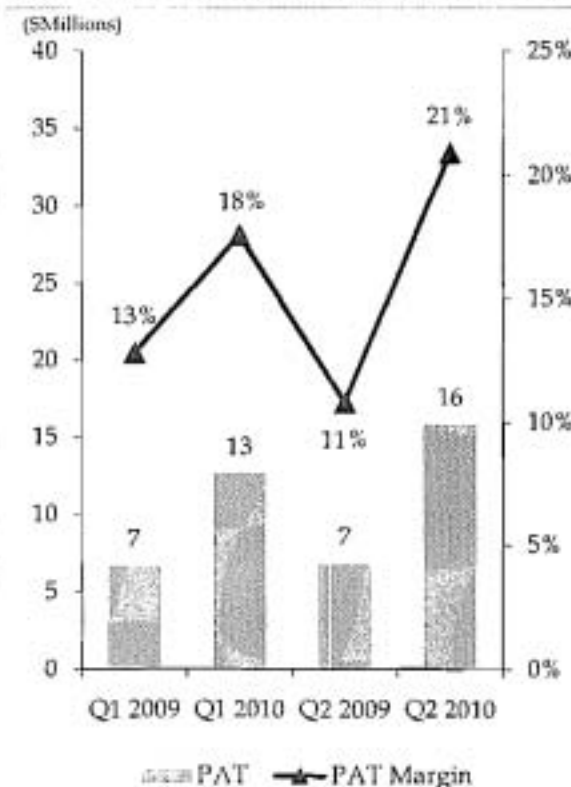
Sales



EBITDA



PAT



(1) USDMXN exchange rate of 46.41

Consolidated Balance Sheet

	As of 31-Dec-07 (In US\$Million)	As of 31-Dec-08 (In US\$Million)	As of 31-Dec-09 (In US\$Million)	As of 30-Jun-10 (In US\$Million)
(US\$ millions)				
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	7.3	7.3	7.3	7.3
Reserves & Surplus	120.4	151.3	184.4	209.7
	<u>127.8</u>	<u>158.6</u>	<u>191.7</u>	<u>217.0</u>
Deferred Tax Liability (Net)	2.6	(5.2)	(6.4)	(5.6)
LOAN FUNDS				
Secured Loans	16.5	60.1	42.7	49.7
Unsecured Loans	66.0	86.7	89.2	92.4
	82.4	146.9	132.0	142.1
Total Sources	212.8	300.3	317.3	353.5
APPLICATION OF FUNDS				
Fixed Assets	24.4	132.8	132.4	132.3
Investments	88.1	42.9	42.9	42.9
Net Current Assets	98.7	123.4	141.0	177.3
Miscellaneous Expenditure (To the extent not written off or adjusted)	1.6	1.2	1.0	1.1
Total Uses	212.8	300.3	317.3	353.5

(1) USD/INR exchange rate of 46.21

Corporate Structure

Tax Efficient Corporate Structure

