

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008**

	Schedule	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
<b>INCOME</b>			
Sales		52,526.81	46,904.92
Less: Excise duty		3,560.14	4,198.66
		48,966.67	42,706.26
Other income	'I'	1,914.17	1,293.46
<b>TOTAL</b>		<b>50,880.84</b>	<b>43,999.72</b>
<b>EXPENDITURE</b>			
Cost of materials	'J'	24,978.76	20,115.75
Employees' cost	'K'	5,179.70	4,640.88
Operating expenses	'L'	11,662.73	9,894.66
Finance expenses	'M'	148.07	125.44
Depreciation and Impairment		1,127.76	957.92
Less: Transfer from revaluation reserve		12.67	8.77
		1,115.09	949.15
<b>TOTAL</b>		<b>43,084.35</b>	<b>35,725.88</b>
<b>Profit before taxation and exceptional item</b>		<b>7,796.49</b>	<b>8,273.84</b>
<b>Exceptional item</b>			
Amortisation of voluntary retirement scheme expenses		-	142.07
<b>Profit before taxation</b>		<b>7,796.49</b>	<b>8,131.77</b>
Provision for taxation			
For the year			
- Current		925.00	1,170.00
- Deferred		93.76	340.18
- Fringe benefit tax		200.00	175.00
		1,218.76	1,685.18
For earlier years		2.10	13.18
		1,220.86	1,698.36
<b>Profit after taxation</b>		<b>6,575.63</b>	<b>6,433.41</b>
Balance brought forward		7,807.55	6,057.28
<b>Amount available for appropriation</b>		<b>14,383.18</b>	<b>12,490.69</b>
<b>APPROPRIATIONS</b>			
Interim dividend		-	1,914.62
Final dividend - proposed		1,914.62	-
Dividend tax		325.39	268.52
Transfer to General Reserve		2,500.00	2,500.00
<b>Balance carried to Balance Sheet</b>		<b>9,643.17</b>	<b>7,807.55</b>
		14,383.18	12,490.69
<b>Earnings per share (Refer Note 16 of Schedule 'O')</b>			
<b>Basic and diluted - Par value Re. 1 per share</b>		<b>3.43</b>	<b>3.36</b>
<b>Significant Accounting Policies</b>	'N'		
<b>Notes to Accounts</b>	'O'		

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For S. R. BATLIBOI & CO.  
Chartered Accountants

per VIJAY BHATT  
Partner  
Membership No. 36647

Place: Mumbai  
Date: June 28, 2008

For and on behalf of the Board

MOHAN A. CHANDAVARKAR  
Chairman and Managing Director

SHALINI KAMATH  
Company Secretary

Place: Mumbai  
Date: June 28, 2008

ASHOK A. CHANDAVARKAR  
Director

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
<b>I. OTHER INCOME</b>		
Export incentives	132.00	119.45
Claims received	93.62	43.89
Interest received [Includes Rs. Nil (Previous year Rs.25.15 lacs) from subsidiaries]	132.19	97.38
[Tax deducted at source Rs. 12.51 lacs (Previous year - Rs. 1.63 lacs)]		
Miscellaneous receipts	95.72	168.26
Profit on sale of fixed assets (net)	23.40	-
Provision for doubtful debts/advances no longer required, written back	15.85	216.84
Provision for expenses no longer required, written back	72.22	28.71
Dividend from subsidiary company [Tax deducted at source Rs.10.34 lacs (Previous year - Rs. Nil)]	69.13	-
Dividend from joint venture entity	44.41	-
Income from current investments :		
Dividend on current investments (non-trade)	316.59	-
Profit on sale of current investments (net)	89.07	-
	<b>405.66</b>	<b>-</b>
Income from long term investments :		
Dividend on long term investments (non-trade)	183.73	178.86
Profit on sale of long term investments (net)	646.24	440.07
	<b>829.97</b>	<b>618.93</b>
	<b>1,235.63</b>	<b>618.93</b>
<b>TOTAL</b>	<b>1,914.17</b>	<b>1,293.46</b>
<b>J. COST OF MATERIALS</b>		
Raw materials consumed	14,352.64	14,734.17
Packing materials consumed	3,143.22	2,951.80
Purchase for resale	6,705.77	4,643.05
(Increase)/ decrease in stock		
Closing stock :		
Work - in - process	922.42	1,075.55
Finished products	6,112.65	6,730.78
	<b>7,035.07</b>	<b>7,806.33</b>
Less: Opening stock :		
Work - in - process	1,075.55	694.43
Finished products	6,730.78	5,003.37
	<b>7,806.33</b>	<b>5,697.80</b>
	<b>771.26</b>	<b>(2,108.53)</b>
Increase/ (decrease) in excise duty on finished products	5.87	(104.74)
<b>TOTAL</b>	<b>24,978.76</b>	<b>20,115.75</b>
<b>K. EMPLOYEES' COST</b>		
Salaries, wages, bonus and commission	4,410.90	3,907.28
Contribution to provident and other funds (Refer Note 8 of Schedule 'O')	524.92	458.20
Welfare expenses	243.88	275.40
<b>TOTAL</b>	<b>5,179.70</b>	<b>4,640.88</b>

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	2007- 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
<b>L. OPERATING EXPENSES</b>		
Processing charges	598.98	569.51
Power, fuel and water charges	935.13	899.97
Pharma Miscellaneous expenses	553.75	425.97
Repairs and maintenance :		
Building	205.00	222.20
Plant and machinery	263.81	305.80
Other assets	167.21	173.78
	<u>636.02</u>	<u>701.78</u>
Stores and spares	185.57	181.76
Rent	69.94	59.35
Rates and taxes	259.76	353.03
Insurance	47.28	56.66
Travelling and conveyance	2,098.28	1,624.74
Communication expenses	124.06	116.03
Carriage, freight and forwarding	1,079.11	923.24
Advertisement and sales promotion	2,544.14	2,299.93
Sales tax/ Value added tax	70.98	104.02
Commission on sales	418.68	327.96
Auditors' remuneration :		
Audit fees	12.61	13.03
Other services	0.57	0.39
Out of pocket expenses	0.10	0.14
	<u>13.28</u>	<u>13.56</u>
Cost audit fees	0.69	0.62
Tax audit fees	1.69	3.98
Directors sitting fees	2.18	2.65
Bad debts written off	5.44	80.41
Less: Transfer from Provision for doubtful debts	5.44	67.13
	-	<u>13.28</u>
Provision for doubtful debts	70.53	21.97
Provision for doubtful advances	8.54	15.88
Provision for diminution in value of current investments	596.69	-
Loss on fixed assets sold/ scrapped (net)	-	0.52
Amortisation of technical know-how fees	1.85	3.09
Donation	15.76	21.57
Miscellaneous expenses	1,329.84	1,153.59
<b>TOTAL</b>	<u><u>11,662.73</u></u>	<u><u>9,894.66</u></u>
<b>M. FINANCE EXPENSES</b>		
Interest : (Refer Note 9 of Schedule 'O')		
on Bank	19.99	-
on Others	98.43	101.33
Bank Charges	29.65	24.11
<b>TOTAL</b>	<u><u>148.07</u></u>	<u><u>125.44</u></u>

## **N. SIGNIFICANT ACCOUNTING POLICIES**

### **1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared under the historical cost convention, except for certain fixed assets, which were revalued on 30<sup>th</sup> September 1993 (refer Note 2 below) and in case of assets where a provision is made for impairment losses, on accrual basis and are in accordance with the requirements of the Companies Act, 1956 and comply with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

### **2. FIXED ASSETS**

All fixed assets other than revalued assets are stated at cost less accumulated depreciation/ amortisation less impairment losses. Cost comprises of the purchase price and any other directly attributable costs of bringing the assets to its working condition for its intended use. Adjustments arising from exchange rates variances relating to liabilities attributable to fixed assets are taken to the Profit and Loss Account.

Land, buildings, major items of plant and machinery and research and development equipment at Jogeshwari and Roha were revalued on 30<sup>th</sup> September 1993 on the basis of the report of an approved valuer. Difference between the book value and the value as per valuer's report amounting to Rs. 730.70 lacs was transferred to Revaluation Reserve during the year ended 31<sup>st</sup> March 1994. These fixed assets are stated at revalued amounts less accumulated depreciation.

### **3. DEPRECIATION/ AMORTISATION/ IMPAIRMENT**

Depreciation on the historical cost of fixed assets is provided on straight line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

Depreciation on revalued portion of fixed assets is calculated on straight line method over balance useful life of assets as determined by the valuer and is transferred from Revaluation Reserve to the Profit and Loss Account.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

After recognition of impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on straight line basis over its remaining useful life.

Assets costing less than Rs. 5,000 are depreciated at the rate of hundred per cent.

Leasehold land/ improvements are amortised over the period of lease.

### **4. INVESTMENTS**

Long-term investments are valued at cost less provision for diminution in value, other than temporary, if any.

Current investments are valued at lower of cost or fair value (repurchase price or market value) on individual item basis.

### **5. INVENTORIES**

Raw materials and packing materials are valued at lower of cost or net realisable value, cost of which includes duties and taxes (net off CENVAT and VAT, wherever applicable) and is arrived at on weighted average cost basis. Cost of imported raw materials and packing materials lying in bonded warehouse includes customs duty. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Finished products including traded goods and work-in-process are valued at lower of cost or net realisable value. Cost of finished products and work-in-process includes material cost, labour, direct expenses, production overheads and excise duty, where applicable.

### **6. MISCELLANEOUS EXPENDITURE**

Technical know-how fees for process know-how incurred upto 31<sup>st</sup> March 2003 are treated as deferred revenue expenditure and amortised equally over six years. Such expenditure incurred after 31<sup>st</sup> March 2003 is charged off to Profit and Loss Account.

Compensation paid under Voluntary Retirement Scheme is treated as deferred revenue expenditure and amortised equally over five years for schemes effected upto 31<sup>st</sup> March 2006.

### **7. REVENUE RECOGNITION**

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to customers, which coincides with dispatch of goods to customers. Sales include excise duty but exclude sales tax/ value added tax.



Dividend is recognised when the Company's right to receive the payment is established. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

Other income is accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

**8. FOREIGN CURRENCY TRANSLATION/ TRANSACTIONS**

Transactions in foreign currency are recorded at the rates prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency outstanding at the year end are restated at the year end exchange rates. Non-monetary foreign currency items are carried at cost.

Exchange differences including those arising on repayment and translation of liabilities relating to acquisition of fixed assets are taken to the Profit and Loss Account.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit and Loss Account in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

**9. GOVERNMENT GRANTS**

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with.

Government grants received as capital incentives are credited to Capital Reserve. Government grants in other forms are credited to Profit and Loss Account.

Government grants relating to specific fixed assets are disclosed as deduction from the gross value of the assets concerned.

**10. EMPLOYEE BENEFITS**

Company's contribution to recognised provident fund, family pension fund and superannuation fund is defined contribution plan and is charged to the Profit and Loss Account on accrual basis. There are no other obligations other than the contribution trusts.

Contribution to gratuity fund is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/ losses are immediately recognised in the Profit and Loss Account.

**11. RESEARCH AND DEVELOPMENT (R & D)**

Expenditure on capital assets for R & D is included in fixed assets. Revenue expenditure is charged off to Profit and Loss Account in the year in which it is incurred.

**12. LEASE ACCOUNTING**

Leases where substantially all the risks and benefits of ownership are retained by the lessor, are classified as operating leases. Operating lease expenses/ income is recognised in the Profit and Loss Account on a straight line basis over the lease term.

**13. EARNING PER SHARE**

Basic earning per share is computed by dividing the net profit after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is computed by dividing the net profit after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, if any.

**14. ACCOUNTING FOR TAXES ON INCOME**

Tax expense comprises of current, deferred and fringe benefit tax. Provision for current tax and fringe benefit tax is made, based on the tax payable under the Income-tax Act, 1961. Deferred tax assets and liabilities from timing differences between taxable income and accounting income is accounted for using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. At each balance sheet date, the Company reassesses unrecognised deferred tax assets. Deferred tax assets are recognised only to the extent that there is a reasonable certainty of their realisation. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

**O. NOTES TO FINANCIAL STATEMENTS**

1. Contingent liabilities not provided for:

	<b>31st March, 2008</b>	31st March, 2007
	Rupees in lacs	Rupees in lacs
(i) <u>Disputed tax matters</u>		
Income tax	<b>114.64</b>	120.50
Excise duty	<b>107.42</b>	66.91
Sales tax	<b>99.43</b>	52.02
(ii) In respect of guarantees given by banks	<b>40.97</b>	68.49
2. Letter of credit issued by bankers	<b>183.91</b>	297.82
3. Estimated amount of duty payable on export obligation against outstanding advance licences	<b>3.11</b>	6.36
4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - Tangible assets	<b>690.08</b>	1,287.69

5. Under various schemes of Government of Maharashtra, the Company is entitled to Sales Tax deferral incentives for its units at Waluj and Sinnar. These are repayable in 5-6 installments after a period of 10-12 years from the year of availment.

6. There are no delays in payments to Micro, Small and Medium Enterprise as required to be disclosed under "The Micro, Small and Medium Enterprise Development Act, 2006".

The above information and the details given in Schedule 'G' - Current liabilities and Provisions regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

7. Of the total investments stated in Schedule 'E' to the accounts, National Savings Certificates of the value of Rs. 0.04 lacs (Previous year - Rs. 0.04 lacs) and Government of India G.P. Notes of the value of Rs. 0.02 lacs (Previous year - Rs. 0.02 lacs) have been lodged with the Excise authorities. National Savings Certificates of Rs. 0.03 lacs (Previous year - Rs. 0.03 lacs) have been lodged with the Sales tax authorities.

8. As per Accounting Standard 15 (revised 2005) - "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

**Defined Contribution Plan**

Contribution to Defined Contribution Plans recognised as expense for the year under Contribution to provident and other funds (Schedule 'K') are as under:-

	<b>2007- 2008</b>	2006 - 2007
	Rupees in lacs	Rupees in lacs
Employer's Contribution to Provident Fund	<b>146.01</b>	125.15
Employer's Contribution to Pension Scheme	<b>167.25</b>	145.01
Employer's Contribution to Superannuation Fund	<b>43.82</b>	41.17

**Defined Benefit Plan**

The employees' gratuity fund scheme managed by trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

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Rupees in lacs

	<b>Gratuity</b>		<b>Leave Encashment</b>	
	<b>Funded Plan</b>		<b>Non-Funded Plan</b>	
	<b>31st March, 2008</b>	<b>31st March, 2007</b>	<b>31st March, 2008</b>	<b>31st March, 2007</b>
<b>I Change in Benefit Obligation</b>				
Liability at the beginning of the year	333.92	315.13	132.04	109.50
Interest Cost	29.50	26.43	11.03	8.82
Current Service Cost	61.36	50.26	31.75	26.84
Past Service Cost (Non Vested Benefit)	-	-	-	-
Past Service Cost (Vested Benefit)	-	-	-	-
Benefit Paid	(53.14)	(70.14)	(51.89)	(52.08)
Actuarial (gain)/ loss on obligations	(8.08)	12.24	27.62	38.96
Liability at the end of the year	363.56	333.92	150.55	132.04
<b>II Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at the beginning of the year	321.15	321.63	-	-
Expected Return on Plan Assets	29.45	26.52	-	-
Contributions	73.50	45.00	-	-
Benefit Paid	(53.14)	(70.14)	-	-
Actuarial gain/ (loss) on Plan Assets	(8.82)	(1.86)	-	-
Fair Value of Plan Assets at the end of the year	362.14	321.15	-	-
Total Actuarial gain/ (loss) to be recognised	(0.74)	(14.10)	(27.62)	(38.96)
<b>III Actual Return on Plan Assets</b>				
Expected Return on Plan Assets	29.45	26.52	-	-
Actuarial (gain)/ loss on Plan Assets	(8.82)	(1.86)	-	-
Actual Return on Plan Assets	20.63	24.66	-	-
<b>IV Amount recognised in the Balance Sheet</b>				
Liability at the end of the year	(363.56)	(333.92)	(150.55)	(132.04)
Fair Value of Plan Assets at the end of the year	362.14	321.15	-	-
Difference	(1.42)	(12.77)	(150.55)	(132.04)
Unrecognised Past Service Cost	-	-	-	-
Unrecognised Transition Liability	-	-	-	-
Amount recognised in the Balance Sheet	(1.42)	(12.77)	(150.55)	(132.04)
<b>V Expenses recognised in the Income Statement</b>				
Current Service Cost	61.36	50.26	31.75	26.84
Interest Cost	29.50	26.43	11.03	8.82
Expected Return on Plan Assets	(29.45)	(26.52)	-	-
Past Service Cost (Non Vested Benefit) recognised	-	-	-	-
Past Service Cost (Vested Benefit) recognised	-	-	-	-
Recognition of Transition Liability	-	-	-	-
Net Actuarial (gain)/ loss to be recognised	0.74	14.10	27.62	38.96
Expense recognised in Profit and Loss Account	62.15	64.27	70.40	74.62
<b>VI Balance Sheet Reconciliation</b>				
Opening Net Liability	12.77	(6.50)	132.04	109.50
Expense as above	62.15	64.27	70.40	74.62
Employers Contribution	(73.50)	(45.00)	(51.89)	(52.08)
Amount recognised in the Balance Sheet	1.42	12.77	150.55	132.04
<b>VII Investment Details</b>				
Government of India Assets	108.85	100.95	-	-
Corporate Bonds	129.47	114.46	-	-
State Government	63.40	68.46	-	-
Equity	40.13	23.91	-	-
Others	20.29	13.37	-	-
Total	362.14	321.15	-	-
<b>VIII Actuarial Assumptions</b>				
Discount Rate Current	8.00%	8.00%	8.00%	8.00%
Rate of Return on Plan Assets Current	8.00%	8.00%	-	-
Salary Escalation Current	5.00%	5.00%	5.00%	5.00%

**IX Salary Escalation Rate**

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**X Basis used to determine Expected Rate of Return on Plan Assets**

The expected rate of return on Plan Assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**XI** The Company expects to contribute Rs. 90.42 lacs to gratuity in next year.

9. Interest does not include any interest paid towards fixed loans.

10. Following are the major components of Deferred tax (asset)/ liability:

	31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
<b>Deferred tax liabilities</b>		
Depreciation	1,733.08	1,463.70
Others	5.20	-
(A)	<b>1,738.28</b>	<b>1,463.70</b>
<b>Less: Deferred tax assets</b>		
Provision for doubtful debts/ advances	74.75	55.11
Provision for diminution in the value of investments	101.41	-
Liabilities under Section 43B of the Income-tax Act, 1961	142.61	106.28
Expenses disallowed under Section 40(a)(ia) of the Income-tax Act, 1961	23.79	-
Others	-	0.35
(B)	<b>342.56</b>	<b>161.74</b>
<b>Net Deferred tax liability</b>	(A)-(B)	<b>1,301.96</b>

11. Segment Information:

Primary segment information

The Company is engaged in pharmaceutical business which as per Accounting Standard 17 - "Segment Reporting" is considered the only reportable business segment.

Secondary segment information

The Company's operating divisions are managed from India. The principal geographical areas in which the Company operates are India and others. The country-wise segmentation is not relevant as exports to individual countries are not more than 10% of enterprise revenue.

The information related to secondary segment is as under:

	Rupees in lacs		
Particulars	India	Others	Total
Segment Revenue	48,464.42 (42,669.79)	4,062.39 (4,235.13)	52,526.81 (46,904.92)
Carrying amount of assets by location of assets	36,356.34 (34,383.85)	979.28 (1,449.11)	37,335.62 (35,832.96)
Additions to tangible and intangible assets	3,657.13 (5,856.27)	- ( - )	3,657.13 (5,856.27)

Previous year's figures are shown in brackets.



12. Related party disclosures, as required by Accounting Standard 18 - "Related Parties Disclosures" are given below:

**A. Subsidiary Companies**

- FDC Holdings, Netherlands B.V.
- FDC International Limited
- FDC Inc.
- Fair Deal Corporation Pharmaceutical SA (Pty) Ltd. (upto 29th May, 2007)

**B. Joint Venture Entity**

- Fair Deal Corporation Pharmaceutical SA (Pty) Ltd. (from 30th May, 2007)

**C. Key Management Personnel**

- Mr. Mohan A. Chandavarkar
- Mr. Ashok A. Chandavarkar
- Mr. Nandan M. Chandavarkar

**D. Relatives of Key Management Personnel**

- Mr. Ameya A. Chandavarkar
- Ms. Sandhya M. Chandavarkar
- Ms. Mangala A. Chandavarkar
- Ms. Aditi Bhanot

**E. Enterprises in which Key Management Personnel have significant influence**

- Anand Synthochem Limited
- Mejda Marketing Private Limited
- Akhil Farma Limited
- Aditi Sales Corporation
- Soven Trading and Investment Company Private Limited
- Transgene Trading and Investment Company Private Limited

F. Nature of transaction:

Rupees in lacs

Particulars	Subsidiary Companies	Joint Venture Entity	Key Management Personnel	Relatives of Key Management Personnel	Enterprises in which Key Management Personnel have significant influence	Total
Sale of goods	<b>819.42</b> (1,006.94)	- (2.03)	- (-)	- (-)	- (-)	<b>819.42</b> (1,008.97)
Services received	- (-)	- (-)	- (-)	- (-)	<b>35.01</b> (30.66)	<b>35.01</b> (30.66)
Rent paid	- (-)	- (-)	- (-)	- (-)	<b>4.65</b> (4.50)	<b>4.65</b> (4.50)
<b>Finance</b>						
- Loans granted	- (7.04)	- (-)	- (-)	- (-)	- (-)	- (7.04)
- Loans recovered	- (-)	<b>98.07</b> (-)	- (-)	- (-)	- (-)	<b>98.07</b> (-)
- Equity contribution in cash or in kind	- (6.55)	- (-)	- (-)	- (-)	- (-)	- (6.55)
- Sale of Equity	<b>6.55</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>6.55</b> (-)
Interest received	<b>2.50</b> (11.76)	<b>10.25</b> (13.39)	- (-)	- (-)	- (-)	<b>12.75</b> (25.15)
Interest written off	<b>17.01</b> (-)	- (-)	- (-)	- (-)	- (-)	<b>17.01</b> (-)
Remuneration*	- (-)	- (-)	<b>92.75</b> (102.13)	- (-)	- (-)	<b>92.75</b> (102.13)
Commission	- (-)	- (-)	<b>98.58</b> (112.38)	- (-)	- (-)	<b>98.58</b> (112.38)
Sitting fees	- (-)	- (-)	- (-)	<b>0.03</b> (-)	- (-)	<b>0.03</b> (-)
Dividend received	<b>69.13</b> (-)	<b>44.41</b> (-)	- (-)	- (-)	- (-)	<b>113.54</b> (-)
Dividend paid	- (-)	- (-)	- (336.06)	- (303.64)	- (434.53)	- (1,074.23)
<b>Outstanding Balances</b>						
- Payable	- (-)	- (-)	<b>104.23</b> (118.67)	- (-)	- (-)	<b>104.23</b> (118.67)
- Loans granted	<b>166.18</b> (638.83)	<b>225.49</b> (-)	- (-)	- (-)	- (-)	<b>391.67</b> (638.83)
- Interest on loans granted	- (57.08)	<b>12.75</b> (-)	- (-)	- (-)	- (-)	<b>12.75</b> (57.08)
- Receivable others	- (-)	- (-)	- (-)	- (-)	- (0.03)	- (0.03)
- Receivable against debtors	<b>163.82</b> (102.42)	<b>10.83</b> (-)	- (-)	- (-)	- (-)	<b>174.65</b> (102.42)
- Provisions made on Receivable against debtors	- (11.80)	<b>10.83</b> (-)	- (-)	- (-)	- (-)	<b>10.83</b> (11.80)

\*Including perquisites, contribution to Provident fund and other funds  
Previous year's figures are shown in brackets.

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Out of the above items, transactions in excess of 10% of the total related party transactions are as under:

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
<b>1</b>		
<b><u>Sale of goods</u></b>		
FDC International Limited	590.31	290.62
FDC Inc.	229.11	716.32
<b>2</b>		
<b><u>Services received</u></b>		
Anand Synthochem Limited	9.48	10.39
Mejda Marketing Private Limited	17.50	13.19
Akhil Farma Limited	8.03	7.08
<b>3</b>		
<b><u>Rent paid</u></b>		
Aditi Sales Corporation	3.00	3.00
Akhil Farma Limited	1.65	1.50
<b>4</b>		
<b><u>Loans granted</u></b>		
FDC Holdings, Netherlands B.V.	-	7.04
<b>5</b>		
<b><u>Loans recovered</u></b>		
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	98.07	-
<b>6</b>		
<b><u>Equity contribution in cash or in kind</u></b>		
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	-	6.55
<b>7</b>		
<b><u>Sale of Equity</u></b>		
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	6.55	-
<b>8</b>		
<b><u>Interest received</u></b>		
FDC Holdings, Netherlands B.V.	-	5.98
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	12.75	19.17
<b>9</b>		
<b><u>Interest written off</u></b>		
FDC Holdings, Netherlands B.V.	17.01	-
<b>10</b>		
<b><u>Remuneration</u></b>		
Mr. Mohan A. Chandavarkar	34.32	32.08
Mr. Ashok A. Chandavarkar	29.85	28.25
Mr. Nandan M. Chandavarkar	28.58	26.87
Mr. Ameya A. Chandavarkar	-	14.93
<b>11</b>		
<b><u>Commission</u></b>		
Mr. Mohan A. Chandavarkar	39.43	39.02
Mr. Ashok A. Chandavarkar	31.54	31.22
Mr. Nandan M. Chandavarkar	27.61	27.31
Mr. Ameya A. Chandavarkar	-	14.83
<b>12</b>		
<b><u>Sitting fees</u></b>		
Mr. Ameya A. Chandavarkar	0.03	-
<b>13</b>		
<b><u>Dividend received</u></b>		
FDC Inc.	69.13	-
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	44.41	-
<b>14</b>		
<b><u>Dividend paid</u></b>		
Mr. Mohan A. Chandavarkar	-	141.87
Mr. Ashok A. Chandavarkar	-	136.90
Ms. Sandhya M. Chandavarkar	-	201.28
Soven Trading and Investment Company Private Limited	-	212.26
Transgene Trading and Investment Company Private Limited	-	222.27
<b>15</b>		
<b><u>Outstanding Balances Payable</u></b>		
Mr. Mohan A. Chandavarkar	41.89	41.32
Mr. Ashok A. Chandavarkar	33.66	33.21
Mr. Nandan M. Chandavarkar	28.68	29.31
Mr. Ameya A. Chandavarkar	-	14.83
<b>16</b>		
<b><u>Outstanding Balances against loans granted</u></b>		
FDC Holdings, Netherlands B.V.	166.18	152.03
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	225.49	486.80
<b>17</b>		
<b><u>Outstanding Balances against interest on loans granted</u></b>		
FDC Holdings, Netherlands B.V.	-	15.56
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	12.75	41.52
<b>18</b>		
<b><u>Outstanding Balances receivable others</u></b>		
Akhil Farma Limited	-	0.03
<b>19</b>		
<b><u>Outstanding Balances receivable against debtors</u></b>		
FDC International Limited	163.62	-
FDC Inc.	-	76.97
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	10.63	25.45
<b>20</b>		
<b><u>Provisions made on receivable against debtors</u></b>		
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	10.83	11.80

13. Pursuant to Accounting Standard 19 - "Leases", disclosure on leases is as follows: -

The Company's significant leasing arrangements are in respect of godowns/ office premises taken on operating lease basis. The aggregate lease rentals payable are charged as Rent and shown under 'Operating Expenses' (Schedule 'L').

These leasing arrangements, which are cancellable, range between 3 years and 5 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. There are certain agreements which provide for increase in rent.

14. Pursuant to the Accounting Standard 27 - "Financial Reporting of interests in Joint Ventures", the disclosures relating to the Joint Venture Entity (JV) is as follows:

Sr. No.	Name	Country of Incorporation	Percentage of Ownership Interest as on 31st March, 2008	Percentage of Ownership Interest as on 31st March, 2007
1.	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	Republic of South Africa	49%	84%

During the previous year, the Company had acquired additional 35% shareholding in joint venture entity, thereby making it a subsidiary of the Company. However, subsequent to the balance sheet date of the previous year, the Company had entered into an agreement for transfer of the aforesaid 35% shareholding to a new joint venture partner and the same was disclosed as "Current Investment" in the Balance Sheet. Accordingly, the Company has disclosed its interest in the JV to the extent of 49% shareholding for the previous year.

The Company's interest in the JV is reported as Long Term Investment (Schedule 'E') and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses etc. (each without elimination of the effect of transactions between the Company and the JV) related to its interest in the JV, based on the audited financial statement of Fair Deal Corporation Pharmaceutical SA (Pty) Ltd. is as follows:

	Rupees in lacs	
	31st March, 2008	31st March, 2007
<b>BALANCE SHEET</b>		
<b>Unsecured Loan</b>	<b>240.22</b>	251.81
<b>Fixed assets (net of depreciation)</b>	<b>277.56</b>	278.16
<b>Current assets, loans and advances</b>		
Inventories	-	-
Sundry debtors	<b>52.59</b>	105.70
Cash and bank balances	<b>68.17</b>	12.12
Loans and advances	-	-
<b>Current liabilities and provisions</b>		
Current liabilities	<b>53.09</b>	66.37
<b>Net current assets</b>	<b>67.67</b>	51.45
	<b>2007 - 2008</b>	2006 - 2007
<b>PROFIT AND LOSS ACCOUNT</b>		
<b>Income</b>		
Sales	<b>301.34</b>	274.02
Other income	<b>3.79</b>	4.46
<b>Expenditure</b>		
Cost of materials	<b>249.25</b>	227.18
Employees' cost	<b>6.27</b>	2.07
Operating expenses	<b>10.15</b>	12.15
Finance expenses	<b>12.92</b>	13.11
Depreciation	<b>0.61</b>	1.51
Provision for taxation	<b>7.53</b>	6.93

No contingent liabilities and capital commitments have been incurred as at 31st March 2008 in relation to the Company's interest in the JV along with the other venturers (Previous year - Rs. Nil).

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15. Pursuant to Accounting Standard 28 - "Impairment of Assets", the Company made an assessment as at 31st March 2008 for any indication of impairment in the carrying amount of the Company's assets and determined impairment loss on certain assets aggregating to Rs. 49.80 lacs.

16. Earnings per share has been computed as under:

	2007 - 2008	2006 - 2007
Profit after tax for the year (Rupees in lacs)	6,575.63	6,433.41
Weighted Average number of shares	191,461,102	191,461,102
Nominal value per share (Rupees)	1.00	1.00
Earnings per share - Basic (Rupees)	3.43	3.36
- Diluted (Rupees)	3.43	3.36

17. Remuneration to Managerial Personnel included in Profit and Loss Account:

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
<b>A) <u>Chairman and Wholetime Directors</u></b>		
Salaries	78.81	87.02
Commission	98.58	112.38
Perquisites	0.64	0.42
Contribution to Provident fund and other funds	13.30	14.69
	<b>191.33</b>	<b>214.51</b>
<b>B) <u>Non-wholetime Directors</u></b>		
Commission	5.54	2.00
Sitting Fees	2.18	2.65
	<b>7.72</b>	<b>4.65</b>
<b>Total Managerial Remuneration</b>	<b>199.05</b>	<b>219.16</b>

Note: The above remuneration does not include contribution to Gratuity Fund and provision for leave encashment, as this contribution/ provision is a lump sum amount for all relevant employees based on an actuarial valuation.

18. Computation of net profit in accordance with section 349 of the Companies Act, 1956:

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
Profit before tax as per Profit and Loss Account	7,796.49	8,131.77
<b>Add:</b> Directors' remuneration (including commission)	196.87	216.51
Provision/ (write back) for doubtful debts/ advance (net)	57.78	(246.12)
Diminution in value of investments	596.69	-
Profit/ (Loss) on sale of fixed assets as per Section 349 of the Companies Act, 1956	(3.27)	(0.52)
Amortisation of voluntary retirement scheme expenses	-	142.07
	<b>8,644.56</b>	<b>8,243.71</b>
<b>Less:</b> Profit on sale of investments	735.31	440.07
Profit/ (Loss) on sale of assets (net) as per Profit and Loss Account	23.40	(0.52)
<b>Net Profit as per Section 349 of the Companies Act, 1956</b>	<b>7,885.85</b>	<b>7,804.16</b>
Commission payable to Managing Director and Wholetime Directors @ 1.25% of the net profit calculated above (Previous year @ 1.5%) (During previous year, one wholetime director has been paid commission proportionately for nine months.)	98.58	112.38
Commission payable to Non-Wholetime Directors @ 1% of the net profit calculated above, restricted to Rs. 5,54,293/- (Previous year - Rs. 2,00,000/-)	5.54	2.00



19. Foreign currency transactions/ balances of the Company are not hedged by derivative instruments or otherwise. The details of foreign currency transactions/ balances of the Company are:

Balances	Foreign currency amount			Equivalent amount Rupees in lacs	
		31st March, 2008	31st March, 2007	31st March, 2008	31st March, 2007
Bank balances	USD	<b>409,800</b>	315,651	<b>161.79</b>	135.35
	EUR	<b>1</b>	10,698	-	6.09
	GBP	<b>213,080</b>	38,973	<b>165.65</b>	32.60
	JPY	-	13,000,000	-	47.10
Sundry debtors	USD	<b>1,276,063</b>	1,590,446	<b>504.30</b>	682.97
	AUD	-	65,416	-	23.52
	EUR	<b>62,704</b>	95,420	<b>39.03</b>	54.33
	GBP	<b>209,172</b>	96,413	<b>163.82</b>	80.64
Loans and advances	EUR	<b>267,000</b>	295,864	<b>166.18</b>	168.46
	USD	<b>46,283</b>	202,571	<b>18.25</b>	86.87
	GBP	<b>550</b>	-	<b>0.43</b>	-
	ZAR	<b>4,922,472</b>	6,408,800	<b>238.25</b>	486.80
Sundry creditors	EUR	<b>64,905</b>	93,425	<b>41.38</b>	54.40
	USD	<b>693,485</b>	185,958	<b>279.36</b>	80.56
	GBP	<b>1,773</b>	-	<b>1.43</b>	-
Unsecured Loan	USD	<b>2,494,009</b>	-	<b>1,000.60</b>	-
Investment in subsidiaries/ joint venture entity	EUR	<b>358,033</b>	358,033	<b>150.80</b>	150.80
	USD	<b>50,000</b>	50,000	<b>22.00</b>	22.00
	ZAR	<b>159,250</b>	273,000	<b>11.30</b>	17.85

20. Revenue expenditure on research and development (including depreciation) aggregating to Rs. 899.49 lacs (Previous year - Rs. 582.57 lacs) is included under relevant heads in the Profit and Loss Account.
21. Costs of samples (manufactured and purchased) have been included in Cost of Materials.
22. Foreign exchange fluctuation loss (net) during the year Rs. 115.11 lacs [Previous year - Foreign exchange gain (net) Rs. 38.63 lacs] is included in the Profit and Loss Account under Miscellaneous expenses (Schedule 'L') [Previous year - Miscellaneous receipts (Schedule 'I')].
23. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

**24. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 3, 4C, 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956**  
**a) Details of Capacity, Production, Purchases, Sales and Stock:**

CLASS OF PRODUCTS	UNIT OF MEASURE	INSTALLED CAPACITY	OPENING STOCK		PRODUCTION	PURCHASE FOR RESALE		SALES		CLOSING STOCK	
			QTY.	Rs. in lacs		QTY.	Rs. in lacs	QTY.	Rs. in lacs	QTY.	Rs. in lacs
<b>1. FORMULATIONS</b>											
(I) Injectables/Ophthalmics	Litres	192,000.00 (192,000.00)	88,860.86 (63,404.22)	842.09 (713.93)	280,034.88 (214,666.56)	89,114.04 (135,545.11)	976.30 (838.28)	377,400.10 (324,755.03)	6,861.86 (6,065.15)	80,609.68 (88,860.86)	776.86 (842.09)
(II) Tablets, Capsules, etc.	Nos. in crores	311.76 (348.96)	26.44 (20.33)	4,115.30 (2,525.31)	113.70 (110.07)	19.81 (20.57)	3,962.59 (2,251.76)	133.90 (124.53)	31,563.56 (27,348.99)	26.05 (26.44)	3,597.06 (4,115.30)
(III) Cream, Powder, Ointments, Granules, Liquids, etc.	Kgs./Litres	8,564,880.00 (8,407,920.00)	740,169.53 (753,889.73)	1,430.55 (1,177.63)	2,531,503.60 (2,135,817.76)	477,662.16 (544,332.40)	943.79 (804.40)	2,927,378.07 (2,693,870.36)	10,250.77 (9,425.45)	821,957.22 (740,169.53)	1,326.56 (1,430.55)
<b>2. FOODS PRODUCTS</b>											
(I) Powder, Liquid, etc.	Kgs./Litres	500,000.00 (500,000.00)	170,501.75 (147,623.05)	241.10 (228.74)	950,786.95 (706,120.60)	- (-)	- (-)	909,453.15 (683,241.90)	1,524.75 (1,227.19)	211,835.55 (170,501.75)	273.32 (241.10)
(II) Capsules	Nos. in crores	- (-)	0.04 (0.06)	8.46 (12.15)	- (-)	0.10 (0.11)	19.11 (20.81)	0.10 (0.13)	41.28 (50.48)	0.04 (0.04)	7.30 (8.46)
<b>3. BASIC DRUGS</b>											
	Kgs.	121,527.00 (114,465.00)	1,757.15 (12,362.39)	93.28 (345.61)	74,397.76 (64,857.34)	1,763.00 (9,305.00)	44.90 (106.71)	*70,792.53 (1,781.46)	2,294.59 (2,783.66)	4,025.79 (1,757.15)	131.55 (93.28)
<b>4. OTHERS</b>											
		- (-)	- (-)	- (-)	- (-)	- (-)	757.08 (601.09)	- (-)	- (-)	- (-)	- (-)
<b>TOTAL</b>											
			6,730.78 (5,003.37)	6,730.78 (5,003.37)			6,705.77 (4,643.05)		52,526.81 (46,904.92)		6,112.65 (6,730.78)

(\* ) Excluding captive consumption 3,099.59 kgs. (Previous Year - 5,916.12 kgs.)  
 Previous year's figures are shown in brackets.

- Notes:**
- Since the industrial licencing for Drugs and Pharmaceuticals has been abolished under the Industrial Policy, the particulars of licenced capacity are not stated.
  - Installed capacities are as certified by the Company's Technical Expert, on two shifts basis for Formulation activities, on three shifts basis for Bulk Drugs and Food Products activities and have not been verified by the Auditors, this being a technical matter.
  - Actual production includes production for captive consumption and products manufactured under loan licence by others but excludes products manufactured for others and samples manufactured during the year.
  - Others under the head Purchase for Resale, includes cost of samples purchased.

**b) Consumption of Raw Materials:**

	Quantity in M.T.	2007 - 2008 Rupees in lacs
i) Cefixime Trihydrate	<b>34.13</b>	<b>5,925.23</b>
	(37.71)	(6,788.67)
ii) Other Raw Materials		<b>8,427.41</b>
		(7,945.50)
<b>Total</b>		<b>14,352.64</b>
		(14,734.17)
	Rupees in lacs	Percentage
Indigenous	<b>11,914.09</b>	<b>83.01</b>
	(12,626.55)	(85.70)
Imported	<b>2,438.55</b>	<b>16.99</b>
	(2,107.62)	(14.30)
<b>Total</b>	<b>14,352.64</b>	<b>100.00</b>
	(14,734.17)	(100.00)

Previous year's figures are shown in brackets.

**c) Stores and spares consumed:**

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
Indigenous	<b>184.50</b>	<b>99.42</b>
	(181.76)	(100.00)
Imported	<b>1.07</b>	<b>0.58</b>
	(-)	(-)
<b>Total</b>	<b>185.57</b>	<b>100.00</b>
	(181.76)	(100.00)

Previous year's figures are shown in brackets.

**d) CIF value of imports:**

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
Raw material	<b>2,451.37</b>	2,248.63
Packing material	<b>127.61</b>	119.27
Components	<b>4.40</b>	16.00
Capital goods	<b>512.74</b>	1,565.76
<b>Total</b>	<b>3,096.12</b>	3,949.66

**e) Earning in foreign exchange:**

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
FOB value of exports	<b>3,927.56</b>	4,090.16
Interest received	<b>39.24</b>	-
Dividend received (gross)	<b>113.54</b>	-
Others	<b>0.41</b>	1.16
<b>Total</b>	<b>4,080.75</b>	4,091.32

**f) Expenditure in foreign currency:**

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
Legal and professional fees (including consultation fees) (gross)	<b>11.53</b>	46.75
Foreign travelling	<b>13.48</b>	27.19
Interest on PCFC Loan	<b>19.99</b>	-
Others (gross)	<b>167.78</b>	99.77
<b>Total</b>	<b>212.78</b>	173.71

25. Previous year's figures have been regrouped/ reclassified, wherever necessary.

Signatures to Schedules "A" to "O"  
As per our report of even date

**For S. R. BATLIBOI & CO.**  
Chartered Accountants

per **VIJAY BHATT**  
Partner  
Membership No. 36647

Place: Mumbai  
Date: June 28, 2008

For and on behalf of the Board  
**MOHAN A. CHANDAVARKAR**  
Chairman and Managing Director  
**SHALINI KAMATH**  
Company Secretary

**ASHOK A. CHANDAVARKAR**  
Director

Place: Mumbai  
Date: June 28, 2008