

BALANCE SHEET AS AT 31ST MARCH, 2006

	Schedule	31st March, 2006 Rupees in lacs	31st March, 2005 Rupees in lacs
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	' A '	1,922.47	1,922.47
Reserves and surplus	' B '	27,097.39	21,909.06
		29,019.86	23,831.53
DEFERRED GOVERNMENT GRANTS (Refer Note 7 of Schedule 'O')			
		15.00	-
LOAN FUNDS			
Unsecured loans	' C '	317.74	326.25
DEFERRED TAX			
Deferred tax liabilities		1,196.16	1,052.35
Less: Deferred tax assets		234.38	102.80
		961.78	949.55
TOTAL		30,314.38	25,107.33
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	' D '	16,221.67	14,416.54
Less: Depreciation		5,585.14	4,864.83
Net block		10,636.53	9,551.71
Capital work-in-progress and advances		4,279.77	1,462.71
Less: Provision for impairment of assets		144.79	144.79
		14,771.51	10,869.63
INVESTMENTS			
	' E '	6,837.18	6,309.02
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	' F '	7,082.27	5,697.98
Sundry debtors		1,987.77	4,703.31
Cash and bank balances		1,982.92	1,167.03
Loans and advances		2,929.10	2,353.94
		13,982.06	13,922.26
Less:			
CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	' G '	4,645.79	6,198.31
Provisions		777.59	87.42
		5,423.38	6,285.73
NET CURRENT ASSETS		8,558.68	7,636.53
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
	' H '	147.01	292.15
TOTAL		30,314.38	25,107.33
Significant Accounting Policies			
Notes to Accounts			
	' N '		
	' O '		

As per our report of even date

For **RSM & Co.**
Chartered Accountants**VIJAY N. BHATT**
Partner (F-36647)Place : Mumbai
Date : June 24, 2006

For and on behalf of the Board

MOHAN A. CHANDAVARKAR
Chairman and Managing Director**SHALINI KAMATH**
Company Secretary**ASHOK A. CHANDAVARKAR**
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Schedule	2005-2006 Rupees in lacs	2004-2005 Rupees in lacs
INCOME			
Sales		37,752.30	35,005.45
Less: Excise duty		3,861.14	2,855.44
		33,891.16	32,150.01
Other income	' I '	2,595.13	2,288.37
Interest (Net)	' J '	11.38	22.25
TOTAL		36,497.67	34,460.63
EXPENDITURE			
Cost of materials	' K '	15,383.83	16,707.10
Employees' cost	' L '	3,662.86	2,966.77
Operating expenses	' M '	8,090.11	6,953.90
Depreciation		804.80	715.42
Less: Transfer from revaluation reserve		8.77	8.77
		796.03	706.65
TOTAL		27,932.83	27,334.42
Profit before taxation and exceptional item		8,564.84	7,126.21
Amortisation of voluntary retirement scheme expenses		142.05	142.05
Profit before taxation		8,422.79	6,984.16
Provision for taxation			
For the year			
- Current		1,205.00	1,360.00
- Deferred		12.23	170.68
- Fringe benefit tax		187.00	-
		1,404.23	1,530.68
For earlier year - current, written off		74.94	-
		1,479.17	1,530.68
Profit after taxation		6,943.62	5,453.48
Balance brought forward		4,860.18	4,030.34
Amount available for appropriation		11,803.80	9,483.82
APPROPRIATIONS			
Interim dividend		957.31	1,435.98
Final dividend - proposed		574.39	-
Dividend tax		214.82	187.66
Transfer to General Reserve		4,000.00	3,000.00
Balance carried to Balance Sheet		6,057.28	4,860.18
		11,803.80	9,483.82
Significant Accounting Policies	' N '		
Notes to Accounts	' O '		
Earnings per share			
Basic and diluted - Par value Re. 1 per share		3.63	2.85
(Refer Note 15 of Schedule 'O')			

As per our report of even date

For **RSM & Co.**
Chartered Accountants**VIJAY N. BHATT**
Partner (F-36647)Place : Mumbai
Date : June 24, 2006

For and on behalf of the Board

MOHAN A. CHANDAVARKAR
Chairman and Managing Director**SHALINI KAMATH**
Company Secretary**ASHOK A. CHANDAVARKAR**
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

Rupees in lacs

PARTICULARS	2005-2006		2004-2005	
CASH FLOWS FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAXATION		8,422.79		6,984.16
Adjustments for:				
Depreciation	796.03		706.65	
Interest expense	91.62		55.71	
Interest income	(103.00)		(77.96)	
Loss on sale of fixed assets	21.06		8.66	
Dividend income	(210.74)		(398.08)	
Profit on sale of fixed assets	(11.16)		(3.11)	
Diminution in value of investments	-		53.19	
Profit on sale of investments (Net)	(1,409.41)		(1,329.73)	
Miscellaneous expenditure amortised during the year	145.14	(680.46)	145.64	(839.03)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		7,742.33		6,145.13
Adjustments for:				
(Increase)/decrease in debtors	2,715.54		(1,680.81)	
(Increase)/decrease in inventories	(1,384.29)		(890.57)	
(Increase)/decrease in advances	(591.62)		(656.93)	
Increase/(decrease) in creditors	(1,567.03)		2,047.39	
Increase/(decrease) in provisions	35.22	(792.18)	9.40	(1,171.52)
CASH GENERATED FROM OPERATIONS		6,950.15		4,973.61
Income tax paid		(1,496.63)		(1,503.69)
NET CASH FROM OPERATING ACTIVITIES (A)		5,453.52		3,469.92
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(4,728.76)		(3,149.15)
Proceeds from sale of fixed assets		12.18		25.04
Net (increase) / decrease in loans		76.19		(715.79)
Purchase of investments		(17,312.18)		(23,056.02)
Proceeds from sale of investments		18,193.43		26,217.89
Dividend received		210.74		416.93
Interest received		72.96		93.88
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)		(3,475.44)		(167.22)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipt of Government grant		15.00		-
Repayment of borrowings		(8.51)		(873.34)
Dividend paid		(1,074.12)		(2,696.84)
Interest paid		(94.56)		(55.24)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES (C)		(1,162.19)		(3,625.42)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A)+(B)+(C)		815.89		(322.72)
OPENING CASH AND CASH EQUIVALENTS		1,167.03		1,489.75
CLOSING CASH AND CASH EQUIVALENTS (Refer Note below)		1,982.92		1,167.03

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006 _____

Notes to the Cash Flow Statement

1. Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of the following Balance Sheet items:

PARTICULARS	Rupees in lacs	
	2005-2006	2004-2005
Cash on hand	6.62	5.42
Balance with scheduled banks:		
In current accounts	1,919.76	1,094.85
In fixed and margin deposits (against letter of credit and bank guarantees)	56.54	66.76
TOTAL	1,982.92	1,167.03

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

As per our report of even date

For **RSM & Co.**
Chartered Accountants

VIJAY N. BHATT
Partner (F-36647)

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 24, 2006

SCHEDULES TO THE ACCOUNTS

	31st March, 2006 Rupees in lacs	31st March, 2005 Rupees in lacs
A. SHARE CAPITAL		
AUTHORISED		
250,000,000 (Previous year 250,000,000) Equity shares of Re. 1 each	2,500.00	2,500.00
ISSUED AND SUBSCRIBED		
194,606,102 (Previous year - 194,606,102) Equity shares of Re. 1 each	1,946.06	1,946.06
PAID-UP		
191,461,102 (Previous year - 191,461,102) Equity shares of Re. 1 each, fully paid-up	1,914.61	1,914.61
Add: 3,145,000 (Previous year-3,145,000) Equity shares forfeited	7.86	7.86
TOTAL	1,922.47	1,922.47
Of the above shares:		
(i) 15,000 shares were allotted as fully paid-up pursuant to a contract for consideration other than cash.		
(ii) 28,900,000 shares were allotted as fully paid-up by way of Bonus shares by capitalisation out of General Reserve.		
(iii) 95,730,551 shares were allotted as fully paid-up by way of Bonus shares by capitalisation out of Share Premium Account.		
B. RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	45.01	45.01
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	16.81	16.81
SHARE PREMIUM ACCOUNT		
As per last Balance Sheet	* 607.58	* 1,564.89
Less: Capitalised for issue of bonus shares	-	957.31
	607.58	607.58
* Includes share premium received on forfeited shares Rs. 72.90 lacs (Previous year - Rs. 72.90 lacs)		
REVALUATION RESERVE		
As per last Balance Sheet	139.99	148.76
Less: Transfer to Profit and Loss Account	8.77	8.77
	131.22	139.99
GENERAL RESERVE		
As per last Balance Sheet	14,739.49	11,884.28
Add: Transfer from Profit and Loss Account	4,000.00	3,000.00
Less: Provision for impairment of assets	-	144.79
	18,739.49	14,739.49
RESERVE FOR DIMINUTION IN VALUE/LOSS ON SALE OF INVESTMENTS		
As per last Balance Sheet	1,500.00	1,500.00
SURPLUS IN PROFIT AND LOSS ACCOUNT	6,057.28	4,860.18
TOTAL	27,097.39	21,909.06
C. UNSECURED LOANS		
Interest-free Sales tax loans	317.74	326.25
[Repayable within one year - Rs. 29.01 lacs (Previous year - Rs. 11.64 lacs)]		
TOTAL	317.74	326.25

Rupees in lacs

D. FIXED ASSETS	GROSS BLOCK						DEPRECIATION				NET BLOCK	
	As at 31.03.2005	Additions	Deletions/ Adjustments	As at 31.03.2006	Upto 31.03.2005	For the year	Deletions/ Adjustments	Upto 31.03.2006	As at 31.03.2006	As at 31.03.2005		
Leasehold land *	367.69	6.21	-	373.90	92.01	5.82	-	97.83	276.07	275.68		
Freehold land	58.43	-	-	58.43	-	-	-	-	58.43	58.43		
Buildings	3,854.23	271.61	12.30	4,113.54	613.60	117.78	1.16	730.22	3,383.32	3,240.63		
Plant and machinery	6,366.24	785.38	62.46	7,089.16	3,163.29	462.86	55.54	3,570.61	3,518.55	3,202.95		
Laboratory testing machines	786.89	240.89	-	1,027.78	115.31	45.15	-	160.46	867.32	671.58		
Electrical installations	512.75	45.87	17.92	540.70	111.61	23.25	17.83	117.03	423.67	401.14		
Furniture, fixtures and fittings	704.39	215.76	3.40	916.75	210.60	53.34	1.42	262.52	654.23	493.79		
Office equipments	445.93	155.00	3.25	597.68	67.77	24.05	1.46	90.36	507.32	378.16		
Vehicles	268.86	17.89	7.18	279.57	96.45	25.04	7.02	114.47	165.10	172.41		
Capital expenditure on R&D												
Buildings	109.91	-	-	109.91	34.17	3.57	-	37.74	72.17	75.74		
Equipments	901.17	165.11	0.06	1,066.22	343.75	41.35	0.06	385.04	681.18	557.42		
Furniture and fixtures	33.89	7.82	-	41.71	14.87	2.30	-	17.17	24.54	19.02		
Water coolers and refrigerators	6.16	0.16	-	6.32	1.40	0.29	-	1.69	4.63	4.76		
TOTAL	14,416.54	1,911.70	106.57	16,221.67	4,864.83	804.80	84.49	5,585.14	10,636.53	9,551.71		
Previous year	12,110.96	2,422.37	116.79	14,416.54	4,235.61	715.42	86.20	4,864.83	9,551.71			

* Includes leasehold land at Delhi which is in the process of being registered in the name of the Company.

	31st March, 2006	31st March, 2005
	Rupees in lacs	Rupees in lacs
E. INVESTMENTS AT COST (Unquoted, unless otherwise stated)		
I. LONG TERM		
Government Securities		
National Savings Certificates	0.07	0.36
35 (Previous year - 35) Govt. of India G.P. Notes - face value of Rs.2,000 (Refer Note 9 of Schedule 'O')	0.02	0.02
Trade		
Fully paid-up Equity Shares		
In Subsidiaries		
7,890 (Previous year - 7,890) Equity Shares of FDC Holdings, Netherlands B.V. of EUR 45.38 each (Refer Note 20 of Schedule 'O')	150.80	150.80
500 (Previous year - 500) Equity Shares of FDC Inc., of USD 100 each	22.00	22.00
In Joint Venture Entity		
159,250 (Previous year - 159,250) Equity Shares of Fair Deal Corporation Pharmaceutical SA (Pty) Ltd., of ZAR 1 each	11.30	11.30
In Others		
1,000 (Previous year - 1,000) Equity Shares of The Saraswat Co-op. Bank Limited of Rs.10 each	0.10	0.10
5,000 (Previous year - 5,000) Equity Shares of The North Kanara G.S.B. Co-op. Bank Limited of Rs.10 each	0.50	0.50
100 (Previous year - 100) Shares of Roha Industries Association Sahakari Grahak Bhandar Limited of Rs.25 each	0.03	0.03
	184.82	185.11
Non Trade		
Fully paid-up Equity Shares (Quoted)		
10,000 (Previous year - Nil) Equity Shares of Aarti Drugs Limited of Rs.10 each	10.49	-
5,000 (Previous year - Nil) Equity Shares of ABG Shipyard Limited of Rs.10 each	13.23	-
Nil (Previous year - 13,000) Equity Shares of Biocon Limited of Rs.5 each	-	66.82
20,000 (Previous year - Nil) Equity Shares of BOC India Limited of Rs.10 each	18.75	-
Nil (Previous year - 40,618) Equity Shares of Caprihans India Limited of Rs.10 each	-	23.60
5,000 (Previous year - Nil) Equity Shares of Ennore Foundries Limited of Rs.10 each	6.79	-
Nil (Previous year - 8,600) Equity Shares of Esab India Limited of Rs.10 each	-	11.07
15,000 (Previous year - Nil) Equity Shares of The Great Eastern Shipping Company Limited of Rs.10 each	31.38	-
Nil (Previous year - 45,000) Equity Shares of Gujarat Alkalies Limited of Rs.10 each	-	56.55
Nil (Previous year - 12,761) Equity Shares of Hikal Limited of Rs.10 each	-	50.48
60,000 (Previous year - Nil) Equity Shares of Infrastructure Development Finance Company Limited of Rs.10 each	32.68	-
15,000 (Previous year - 10,000) Equity Shares of Indian Petrochemicals Corporation Limited of Rs.10 each	28.48	19.37
Nil (Previous year - 5,582) Equity Shares of Ipca Laboratories Limited of Rs.10 each	-	6.80
Nil (Previous year - 4,500) Equity Shares of Jindal Steel & Power Limited of Rs.5 each	-	27.44
50,000 (Previous year - Nil) Equity Shares of J K Cement Limited of Rs.10 each	74.00	-
15,000 (Previous year - Nil) Equity Shares of LIC Housing Finance Limited of Rs.10 each	30.19	-
10,000 (Previous year - 9,541) Equity Shares of Marico Limited of Rs.10 each	23.79	22.63
Nil (Previous year - 75,000) Equity Shares of Matrix Laboratories Limited of Rs.2 each	-	16.87
10,000 (Previous year - Nil) Equity Shares of Merck Limited of Rs.10 each	41.82	-
Nil (Previous year - 8,500) Equity Shares of Monnet Ispat Limited of Rs.10 each	-	15.34
15,000 (Previous year - Nil) Equity Shares of Neuland Laboratories Limited of Rs.10 each	18.35	-
Nil (Previous year - 130,000) Equity Shares of Steel Authority India Limited of Rs.10 each	-	48.25
Nil (Previous year - 17,000) Equity Shares of Tata Chemicals Limited of Rs.10 each	-	11.66
Nil (Previous year - 10,000) Equity Shares of Tata Steel Limited of Rs.10 each	-	26.71
Nil (Previous year - 13,630) Equity Shares of Vimta Laboratories Limited of Rs.10 each	-	69.58
175,000 (Previous year - Nil) Equity Shares of Triveni Engineering & Industries Limited of Re.1 each	84.00	-
	413.95	473.17

	31st March, 2006 Rupees in lacs	31st March, 2005 Rupees in lacs
Bonds (Quoted)		
225,000 (Previous year - 225,000) 6.75% tax free bonds of Rs.100 each of Unit Trust of India	234.09	234.09
	234.09	234.09
	832.86	892.37
Less: Provision for diminution in value of investments	-	18.60
SUB-TOTAL	832.86	873.77
II. CURRENT		
Non Trade		
Units of Mutual Funds		
Nil (Previous year - 5,000,000.000) units of Rs.10 each in Can floating Rate Fund - Short Term - Growth Option	-	500.00
Nil (Previous year - 5,987,213.986) units of Rs.10 each in Chola Floating Rate Fund - Cumulative	-	614.40
5,010,000.000 (Previous year - Nil) units of Rs.10 each in Chola Contra Fund - Dividend Payout Option	501.00	-
5,371,892.256 (Previous year - Nil) units of Rs.10 each in HDFC Floating Rate Income Fund - Short Term Plan - Growth Option	621.63	-
Nil (Previous year - 23,000,000.000) units of Rs.10 each in JM Equity & Derivative Fund - Growth Option	-	2,300.00
4,689,859.116 (Previous year - Nil) units of Rs.10 each in JM Emerging Leaders Fund - Dividend Payout Option	571.69	-
5,000,000.000 (Previous year - Nil) units of Rs.10 each in JM Fixed Maturity Fund Series II Quarterly - Growth Option	500.00	-
Nil (Previous year - 1,833,499.876) units of Rs.10 each in JM Floater Fund - Short Term Plan - Growth Option	-	200.00
Nil (Previous year - 7,352,177.304) units of Rs.10 each in Kotak Floater Short Term - Growth Option	-	795.52
Nil (Previous year - 3,000,000.000) units of Rs.10 each in Kotak Midcap Fund - Dividend Payout Option	-	300.00
13,235,156.431 (Previous year - Nil) units of Rs.10 each in Kotak Liquid Institutional Premium - Growth Option	1,860.59	-
9,597,312.668 (Previous year - Nil) units of Rs.10 each in Reliance Floating Rate Fund - Growth Option	1,025.46	-
6,000,000.000 (Previous year - Nil) units of Rs.10 each in Reliance Equity Fund - Dividend Payout Option	600.00	-
2,205,338.493 (Previous year - Nil) units of Rs.10 each in Sundaram Money Fund Institutional - Growth Option	323.95	-
Nil (Previous year - 3,529,402.392) units of Rs.10 each in Sundaram Select Midcap Fund - Dividend Payout Option	-	499.16
Nil (Previous year - 2,584,268.622) units of Rs.10 each in Sundaram Floater - Short Term - Growth Option	-	260.76
	6,004.32	5,469.84
Less : Provision for diminution in value of investments	-	34.59
SUB-TOTAL	6,004.32	5,435.25
TOTAL	6,837.18	6,309.02
Aggregate cost of quoted investments	648.04	707.26
Aggregate market value of quoted investments	878.91	898.92
Aggregate repurchase prices of mutual funds	6,075.62	5,459.57

During the year, the following number of units of Mutual Funds were purchased: CURRENT (NON TRADE)

No.	Name of Mutual Fund	Name of Scheme	2005-2006	2004-2005
1	Alliance Capital Asset Management (I) Pvt. Ltd.	Monthly Income Plan	-	256,645.238
		95 Fund - Balanced Fund	-	2,701,330.943
			-	2,957,976.181
2	Bank of Baroda Fund	Liquid Fund	-	867,889.813
			-	867,889.813
3	Birla Sunlife Mutual Fund	Balance Plan A	-	8,168,426.734
		Dividend Yield Plus Plan A	-	1,329,343.445
		MNC Plan A	-	145,602.796
		MNC Plan B	-	97,798.625
		Floating Rate Fund	-	11,833,217.287
		India Opportunities Fund Plan A	-	363,903.086
		Midcap Fund Plan A	-	411,368.598
		-	22,349,660.571	
4	Canbank Mutual Fund	Floating Rate Fund - Short Term Plan	-	5,000,000.000
			-	5,000,000.000
5	Chola Mutual Fund	Contra Fund	5,010,000.000	-
		Liquid Fund	-	2,274,019.329
		Midcap Fund	2,254,058.522	4,817,903.972
		Global Advantage Fund	2,020,000.000	-
		Growth Fund	1,734,605.377	1,658,374.793
		Multicap Fund	7,729,382.637	2,500,000.000
		Floating Rate Fund	8,454,597.372	7,962,424.199
		Short Term Floating Rate Fund	5,419,329.100	-
		32,621,973.008	19,212,722.293	
6	DSP Merrill Lynch Mutual Fund	Saving Plus Fund	-	489,069.593
		Balanced Fund	-	6,315,116.313
		Liquidity Fund	-	319,989.760
		Floating Rate Fund	-	12,851,502.259
		Equity Fund	-	452,898.551
		Opportunities Fund	-	716,406.489
		-	21,144,982.965	
7	Franklin Templeton Mutual Fund	Dividend Payout Option	-	1,055,625.656
		Growth Option	-	897,326.318
		Balanced Fund	-	1,444,740.412
		FRP - Income Fund - STP	-	4,659,853.868
		Life Stage FOF -	-	-
		The 50S Plus Floating Rate Plan	-	4,816,753.342
		Prima Fund	-	912,360.294
		-	13,786,659.890	
8	HDFC Mutual Fund	Prudence Fund	-	1,724,681.483
		Balanced Fund	-	7,410,038.672
		Liquid Fund	-	1,180,618.963
		Monthly Income Plan - Long Term	-	1,478,162.502
		Income Fund	-	30,893,009.172
		Cash Management Fund - Savings Plus Plan	-	1,442,152.466
		Multiple Yield Fund	-	2,010,000.000
		Multiple Yield Fund Plan 2005	8,010,000.000	-
		Floating Rate Fund STP	5,371,892.256	-
		Capital Builder Fund	-	14,846,848.771
		13,381,892.256	60,985,512.029	
9	HSBC Mutual Fund	Equity Fund	-	1,559,078.128
		MIP - Savings Plan	-	4,219,381.704
		Floating Rate Fund	-	1,247,873.283
		-	7,026,333.115	

No.	Name of Mutual Fund	Name of scheme	2005-2006	2004-2005
10	ING Vysya Mutual Fund	Select Stocks Fund	-	1,853,568.119
		Floating Rate Fund	4,753,681.494	1,995,399.587
		Dividend Yield Fund	5,017,463.280	-
			9,771,144.774	3,848,967.706
11	JM Mutual Fund	Health Care Sector Fund	4,427,916.353	6,978,473.582
		Auto Sector Fund	1,888,695.703	8,327,977.356
		Floater Fund - STP	33,721,245.629	17,015,245.542
		Equity Fund	5,248,119.774	2,866,642.883
		Basic Fund	-	2,140,243.924
		Equity & Derivative Fund	4,826,161.657	23,000,000.000
		Emerging Leaders Fund	8,806,206.417	-
		Fixed Maturity Fund Series II Quarterly	5,000,000.000	-
	63,918,345.533	60,328,583.287		
12	Kotak Mahindra Mutual Fund	Balance Unit Scheme 99	4,969,205.836	5,195,157.858
		MNC Fund	1,993,620.415	5,454,694.389
		Floater Fund - STP	39,446,298.706	16,919,928.911
		Liquidity Fund	-	781,689.700
		Equity F O F	-	488,997.556
		Global India Fund	-	1,565,786.399
		Midcap Fund	10,176,211.672	3,000,000.000
		Income Plus Plan	7,507,151.233	-
		Liquid Plan	13,235,156.432	-
			77,327,644.294	33,406,254.813
13	Principal Mutual Fund	Balanced Fund	-	2,608,645.654
		Dividend Yield Fund	-	500,000.000
		Cash Management Fund - Liquid Option	-	2,337,122.068
		Floater Fund - Regular	-	4,897,396.821
		Growth Fund	-	3,127,340.824
			-	13,470,505.367
14	Prudential ICICI Mutual Fund	Balanced Fund	-	11,368,083.496
		Blended Plan	11,000,000.000	-
		Discovery Fund	-	4,536,343.616
		Dynamic Plan	-	4,577,181.699
		Liquid Plan	-	953,470.633
		Floating Rate Fund B	3,599,938.801	18,123,705.684
			14,599,938.801	39,558,785.128
15	Reliance Capital Mutual Fund	Pharma Fund	-	8,449,004.044
		Floating Rate Fund	40,677,171.057	16,042,140.406
		Growth Fund	-	2,758,842.189
		Equity Fund	6,000,000.000	-
		Vision Fund	1,235,064.620	-
		Monthly Income Plan	4,367,139.014	-
			52,279,374.691	27,249,986.639
16	Sahara Mutual Fund	Midcap Fund	-	1,000,000.000
			-	1,000,000.000
17	SBI Mutual Fund	Magnum Sector Fund Umbrella FMCG Fund	1,947,690.595	-
		Magnum Multiplier Plus 93	-	1,434,034.417
		Magnum Income Fund Floating Rate Short Term Plan	-	3,890,796.100
			1,947,690.595	5,324,830.517

No.	Name of Mutual Fund	Name of scheme	2005-2006	2004-2005
18	Sundaram Mutual Fund	Select Midcap Fund	2,131,311.524	4,963,610.759
		Smile Fund	4,528,580.158	5,010,000.000
		Floater ST Institutional	25,365,437.238	5,053,599.532
		Floater ST Regular	8,002,514.669	-
		India Leadership Fund	2,003,877.543	-
		Money Fund Institutional	5,976,255.048	-
		Monthly Income Plan	3,831,252.411	-
		51,839,228.591	15,027,210.291	
19	Tata Mutual Fund	Balanced Fund	-	1,266,295.733
		Dividend Yield Fund	-	2,250,000.000
		Floating Rate Short Term Institutional Plan	-	2,308,497.442
		Pure Equity Fund	-	1,241,958.320
		Infrastructure Fund	-	4,020,000.000
		Floating Rate Fund STP	-	3,893,114.770
		-	14,979,866.265	

During the year, the following number of Equity Shares / Units / Bonds were purchased: LONG TERM (NON TRADE)

No.	Company	2005-2006	2004-2005
1	Aarti Drugs Limited	12,423	-
2	ABG Shipyard Limited	6,000	-
3	Allahabad Bank	35,000	-
4	Atul Limited	22,500	-
5	Abbott India Limited	-	10,790
6	Aurobindo Pharma Limited	-	800
7	Bharati Shipyard Limited	-	1,478
8	Biocon Limited	1,400	13,000
9	BOC India Limited	32,500	-
10	Caprihans India Limited	9,382	40,618
11	Cipla Limited	10,000	13,000
12	Dr. Reddy's Laboratories Limited	-	1,500
13	Esab India Limited	7,627	8,600
14	Ennore Foundries Limited	5,000	-
15	The Great Eastern Shipping Company Limited	17,000	20,500
16	Glenmark Pharmaceuticals Limited	-	500
17	Gujarat Alkalies & Chemicals Limited	2,500	45,000
18	Hikal Limited	4,897	12,761
19	Hindustan Lever Limited	-	12,000
20	Ipca Laboratories Limited	4,418	7,791
21	Indian Petrochemicals Corporation Limited	14,000	19,421
22	Ind - Swift Laboratories Limited	22,000	-
23	Infrastructure Development Finance Company Limited	65,000	-
24	Jain Irrigation Systems Limited	3,000	-
25	Jindal Steel & Power Limited	-	4,500
26	JK Cement Limited	51,640	-
27	Kojam Fininvest Limited	-	2,500
28	LIC Housing Finance Limited	15,000	-
29	Man Industries (India) Limited	-	9,500
30	Marico Limited	3,959	9,541
31	Matrix Laboratories Limited	-	67,500
32	Merck Limited	11,800	9,502
33	Monnet Ispat Industries Limited	11,500	8,500
34	National Thermal Power Corporation Limited	-	27,032
35	Nicholas Piramal India Limited	-	40,000
36	Neuland Laboratories Limited	15,000	-
37	Orchid Chemicals & Pharmaceuticals Limited	-	7,500
38	Reliance Industries Limited	1,500	20,000
39	Steel Authority of India Limited	10,000	239,500
40	Simbhaoli Sugar Mills Limited	20,500	-
41	Shipping Corporation of India Limited	-	35,000
42	Sun Pharmaceutical Industries Limited	-	5,500
43	Supreme Petrochem Limited	85,100	-
44	Tata Chemicals Limited	8,000	-
45	Tata Consultancy Services Limited	-	290
46	Tata Infotech Limited	7,000	-
47	Tata Motors Limited	-	19,900
48	Thirumalai Chemicals Limited	27,568	-
49	Tata Steel Limited	6,000	53,750
50	Triveni Engineering & Industries Limited	668,274	-
51	Unichem Laboratories Limited	12,500	23,600
52	UTI 6.60% tax free Government Guaranteed ARS Bonds	-	6,000
53	Vimta Laboratories Limited	5,903	13,630
54	Wockhardt Limited	11,000	10,000
55	Wyeth Limited	-	14,000

	31st March, 2006	31st March, 2005
	Rupees in lacs	Rupees in lacs
F. CURRENT ASSETS, LOANS AND ADVANCES		
INVENTORIES		
Raw materials	1,064.80	930.93
Packing materials	319.67	346.02
Work-in-process	694.43	598.93
Finished products	5,003.37	3,822.10
	7,082.27	5,697.98
SUNDRY DEBTORS (Unsecured)		
Over six months:		
Considered good	59.55	256.78
Considered doubtful	290.72	57.43
Other debts:		
Considered good	1,928.22	4,446.53
Considered doubtful	85.14	-
	2,363.63	4,760.74
Less: Provision for doubtful debts	375.86	57.43
	1,987.77	4,703.31
CASH AND BANK BALANCES		
Cash on hand	6.62	5.42
Balance with scheduled banks:		
In current accounts	1,919.76	1,094.85
In fixed and margin deposits (against letter of credit and bank guarantees)	56.54	66.76
	1,982.92	1,167.03
LOANS AND ADVANCES (Unsecured)		
Advances recoverable in cash or in kind or for value to be received:		
Considered good	1,930.95	1,317.21
Considered doubtful	32.43	8.49
	1,963.38	1,325.70
Less: Provision for doubtful advances	32.43	8.49
	1,930.95	1,317.21
Loan to wholly owned subsidiary	136.99	139.95
[Maximum balance during the year Rs.142.82 lacs (Previous year-Rs.139.95 lacs)]		
Loan to joint venture entity	504.17	577.40
[Maximum balance during the year Rs.577.40 lacs (Previous year-Rs.579.98 lacs)]		
Sundry deposits	90.39	81.63
Advance tax (net of provision)	264.77	235.08
Balance with customs and excise authorities	1.83	2.67
	2,929.10	2,353.94
TOTAL	13,982.06	13,922.26

	31st March, 2006 Rupees in lacs	31st March, 2005 Rupees in lacs
G. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors (Refer Note 8 of Schedule 'O')	4,040.77	5,835.24
Security deposits	498.52	276.35
Due to customers	67.75	64.43
Unclaimed consideration of shares bought back	-	0.99
Unclaimed dividend *	38.75	21.30
	4,645.79	6,198.31
PROVISIONS		
Provision for retirement benefits	122.64	87.42
Proposed dividend - final	574.39	-
Dividend tax	80.56	-
	777.59	87.42
TOTAL	5,423.38	6,285.73
* Investor Education and Protection Fund shall be credited by the amount when due		
H. MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Technical know-how fees as per last Balance Sheet	8.03	11.62
Less: Amortised during the year	3.09	3.59
	4.94	8.03
Voluntary Retirement Scheme expenses	284.12	426.17
Less: Amortised during the year	142.05	142.05
	142.07	284.12
TOTAL	147.01	292.15
	2005-2006 Rupees in lacs	2004-2005 Rupees in lacs
I. OTHER INCOME		
Export incentives	121.06	473.08
Claims received	631.71	34.06
Miscellaneous receipts	152.06	65.33
Profit on sale of fixed assets	11.16	3.11
Provision for doubtful debts/advances no longer required, written back	3.34	6.53
Provision for expenses no longer required, written back	55.65	31.64
Income from current investments :		
Dividend on current investments (non-trade)	198.15	374.17
Profit on sale of current investments (net)	812.19	807.10
	1,010.34	1,181.27
Income from long term investments:		
Dividend on long term investments (non-trade)	12.59	23.91
Profit on sale of long term investments (net)	597.22	522.63
	609.81	546.54
	1,620.15	1,727.81
Less: Diminution in value of investments	-	53.19
	1,620.15	1,674.62
TOTAL	2,595.13	2,288.37

	2005-2006 Rupees in lacs	2004-2005 Rupees in lacs
J. INTEREST (Net)		
Interest received on:		
Fixed deposits/ Margin money deposit with banks [Tax deducted at source Rs. 0.38 lacs (Previous year - Rs. 0.38 lacs)]	2.82	2.70
Others [Tax deducted at source Rs. 1.47 lacs (Previous year - Rs. 2.61 lacs)]	100.18	75.26
	103.00	77.96
Less : Interest paid to others	91.62	55.71
TOTAL	11.38	22.25
K. COST OF MATERIALS		
Raw materials consumed	9,767.18	9,877.25
Packing materials consumed	2,926.88	2,273.47
Purchase for resale	3,966.54	5,548.15
(Increase) / decrease in stock		
Closing stock :		
Work - in - process	694.43	598.93
Finished products	5,003.37	3,822.10
	5,697.80	4,421.03
Less: Opening stock :		
Work - in - process	598.93	527.27
Finished products	3,822.10	2,901.99
	4,421.03	3,429.26
	(1,276.77)	(991.77)
TOTAL	15,383.83	16,707.10
L. EMPLOYEES' COST		
Salaries, wages, bonus and commission	3,061.84	2,484.09
Contribution to provident and other funds	381.14	289.42
Welfare expenses	219.88	193.26
TOTAL	3,662.86	2,966.77

	2005-2006 Rupees in lacs	2004-2005 Rupees in lacs
M. OPERATING EXPENSES		
Processing charges	480.76	482.48
Power, fuel and water charges	641.87	528.34
Repairs and maintenance:		
Building	220.40	199.60
Plant and machinery	294.42	314.09
Other assets	158.10	95.59
	672.92	609.28
Stores and spares	126.53	88.08
Rent	61.98	77.99
Rates and taxes	17.17	15.57
Insurance	49.41	59.13
Travelling and conveyance	1,223.75	1,014.22
Communication expenses	113.95	116.46
Carriage, freight and forwarding	803.21	974.32
Advertisement and sales promotion	1,885.13	1,177.90
Export expenses	119.89	512.46
Sales tax	100.36	78.54
Commission on sales	167.91	196.14
Auditors' remuneration:		
Audit fees	8.25	8.86
Tax audit fees	2.06	2.50
Other services	0.27	0.63
Out of pocket expenses	0.07	0.20
	10.65	12.19
Cost audit fees	0.47	0.44
Bad debts and advances written off	85.66	-
Provision for doubtful debts/advances	345.71	3.68
Miscellaneous expenses	1,136.69	983.73
Loss on fixed assets sold/scrapped	21.06	8.66
Amortisation of technical know-how fees	3.09	3.59
Donation	21.94	10.70
TOTAL	8,090.11	6,953.90

N. SIGNIFICANT ACCOUNTING POLICIES

1. SYSTEM OF ACCOUNTING

The financial statements are prepared under the historical cost convention, except for certain fixed assets, which were revalued on 30th September 1993 (refer Note 2 below), on accrual basis and are in accordance with the requirements of the Companies Act, 1956 and mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. 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. 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 also capitalised.

Land, buildings, major items of plant and machinery and research and development equipment at Jogeshwari and Roha were revalued on 30th 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 31st 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.

At the balance sheet date, an assessment is done to determine whether there is any indication of impairment in the carrying amount of the Company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. 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 fully in the year of acquisition.

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 and fair value (repurchase price or market value) on individual item basis.

5. INVENTORIES

Finished products including traded goods, and work-in-process are valued at lower of cost and net realisable value.

Raw materials and packing materials are valued at cost, which includes duties and taxes (net off CENVAT and VAT, wherever applicable) and is arrived at on weighted average cost basis.

Cost of finished products and work-in-process includes material cost, labour, direct expenses, production overheads and excise duty, where applicable. Cost of imported raw materials and packing materials lying in bonded warehouse includes customs duty.

6. MISCELLANEOUS EXPENDITURE

Technical know-how fees for process know-how incurred upto 31st March 2003 are treated as deferred revenue expenditure and amortised equally over six years. Such expenditure incurred after 31st 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.

7. REVENUE RECOGNITION

Income from sale of goods is accounted for on despatch of goods to customers and includes excise duty but excludes sales tax.

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 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.

Exchange differences arising on repayment and translation of liabilities relating to acquisition of fixed assets are adjusted to the carrying cost of such fixed assets. All other exchange differences are taken to the Profit and Loss Account.

9. GOVERNMENT GRANTS

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. RETIREMENT BENEFITS

Company's contribution to recognised provident fund, family pension fund and superannuation fund is charged to the Profit and Loss Account on accrual basis.

Contribution to gratuity fund and provision for leave encashment are made based on actuarial valuations as at the Balance Sheet date.

11. RESEARCH AND DEVELOPMENT (R & D)

Capital expenditure on R & D is included in fixed assets. Revenue expenditure is charged off to Profit and Loss Account.

12. LEASE ACCOUNTING

Operating lease expenses/income is recognised in the Profit and Loss Account on a straight line basis over the lease term.

13. ACCOUNTING FOR TAXES ON INCOME

Provision for current 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. Deferred tax assets other than unabsorbed tax depreciation and unabsorbed tax losses are recognised only to the extent that there is a reasonable certainty of their realisation. Deferred tax assets on unabsorbed tax depreciation and unabsorbed tax losses are recognised only to the extent that there is virtual certainty of their realisation supported by convincing evidence.

O. NOTES TO ACCOUNTS

1. Contingent liabilities not provided for:

	31st March, 2006	31st March, 2005
	Rupees in lacs	Rupees in lacs
(i) <u>Disputed tax matters</u>		
Income Tax	158.60	-
Excise duty	89.96	27.50
Sales tax	31.53	33.40
(ii) In respect of guarantees given by banks	59.10	69.71
2. Letter of credit issued by bankers	1,239.24	218.35
3. Bill discounted with bank, since realised	-	79.01
4. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid)		
- Tangible assets	2,670.07	2,356.30

5. The Company had handed over certain bulk drugs to an intermediary for export who in turn replaced the bulk drugs with cheap substitute material in course of transit without the knowledge of the Company. The Directorate of Revenue Intelligence ('DRI') seized the goods worth Rs. 230.32 lacs and also served a show cause notice on the Company and the intermediary for alleged misuse of DEPB scheme and evasion of excise duty by fraudulent export of substitute materials instead of genuine material, which notice the Company has contested.

The intermediary has admitted to DRI about the substitution of genuine bulk drugs handed over by the Company in the course of transit without the knowledge of the Company. However, as a matter of abundant caution, the Company has paid the entire excise duty aggregating to Rs. 73.27 lacs on the material handed over to intermediary.

The Company approached the Custom and Central Excise Settlement Commission in response to the show cause notice sent by DRI for release of the seized material of the Company. Subsequent to the Balance Sheet date, Custom and Central Excise Settlement Commission has ordered provisional release of the material subject to execution of bond of Rs. 240 lacs along with bank guarantee of Rs. 10 lacs. The Company has fulfilled the aforesaid condition and received the seized material in its custody.

6. 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.
7. During prior years, the Company had received certain fixed assets at its plant at Roha as a grant from United Nations Industrial Development Organization ("UNIDO") aggregating to Rs. 86.31 lacs. This qualified as a Government grant as defined under Accounting Standard - 12 "Accounting for Government Grants". The project has been commissioned during the year and the amount of grant has been reduced from the gross value of the said fixed assets.

During the year, the Company has received Rs. 15 lacs from Department of Scientific and Industrial Research ("DSIR") towards partial funding of a project for development of a product for treatment of Thalassemia. This receipt also qualifies as a Government grant as defined under Accounting Standard - 12 "Accounting for Government Grants". Since this project has not commenced and no expenditure has been incurred by the Company, the entire amount has been disclosed as "Deferred Government Grant".

8. Sundry creditors include amounts due to Small Scale Industrial Undertakings (SSI) Rs. 31.03 lacs (Previous year - Rs. 50.51 lacs) identified on the basis of available information. The names of such SSI creditors where individual balances are due for more than 30 days are as under :

Anuroop Packaging Private Limited, Budhreja Containers, HBR Packaging, Kalapi Printing Press, M.P. Art, M.P. Colour Containers, Nimit Kraftpack Industries, Ravikiran Packaging Private Limited, Ravira Polyplast Industries, Richard's Printing & Publishing Establishment, Sell Well Plastic & General Industries, Super Label Manufacturing Company, Swastik Flexipack Private Limited, The Ideal Printers Private Limited, Uday Multiprint, Wintac Limited.

9. 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. 0.32 lacs) have been lodged with the Sales tax authorities.

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

		31st March, 2006	31st March, 2005
		Rupees in lacs	Rupees in lacs
<u>Deferred tax liabilities</u>			
Depreciation		1,196.16	1,052.35
	(A)	1,196.16	1,052.35
<u>Less:- Deferred tax assets</u>			
Provision for doubtful debts/advances		137.43	22.19
Provision for diminution in the value of investments		-	5.97
Liabilities under section 43B of the Income-tax Act, 1961		95.38	71.89
Others		1.57	2.75
	(B)	234.38	102.80
Net Deferred tax liability	(A)-(B)	961.78	949.55

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:

Particulars	Rupees in lacs		
	India	Others	Total
Segment Revenue	33,523.44 (26,644.37)	4,228.86 (8,361.08)	37,752.30 (35,005.45)
Carrying amount of assets by location of assets	27,072.38 (20,035.86)	1,681.19 (4,756.03)	28,753.57 (24,791.89)
Additions to tangible and intangible assets	4,728.76 (3,004.36)	-	4,728.76 (3,004.36)

Previous year's figures are shown in brackets.

12. Related party disclosures, as required by Accounting Standard - 18 "Related Parties Disclosures" issued by the Institute of Chartered Accountants of India are given below:

A. Subsidiary Companies

- FDC Holdings, Netherlands B.V.
- FDC International Limited
- FDC Inc.

B. Joint Venture Entity

- Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.

C. Key Management Personnel

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

D. Relatives of Key Management Personnel

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

Rupees in lacs

	Subsidiary Companies		Joint Venture Entity		Key Management Personnel		Relatives of Key Management Personnel		Total	
	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005	2005-2006	2004-2005
Sale of goods	746.61	283.41	92.78	114.13	-	-	-	-	839.39	397.54
Finance										
- Loans granted	2.87	136.62	-	579.98	-	-	-	-	2.87	716.60
- Loans recovered	-	-	82.75	-	-	-	-	-	82.75	-
- Equity contributions in cash or in kind	-	22.00	-	11.30	-	-	-	-	-	33.30
Interest received	4.94	4.26	23.97	2.95	-	-	-	-	28.91	7.21
Remuneration*	-	-	-	-	101.12	97.49	-	-	101.12	97.49
Commission	-	-	-	-	115.75	90.55	-	-	115.75	90.55
Dividend paid	-	-	-	-	129.25	193.88	116.79	175.18	246.04	369.06
Outstanding Balances										
- Payable	-	-	-	-	123.11	96.66	-	-	123.11	96.66
- Receivable	352.49	288.78	652.35	691.18	-	-	-	-	1,004.84	979.96

* Including perquisites, contribution to Provident fund and other funds

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 'M').

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.

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.	Name	Country of Incorporation	Percentage of Ownership Interest as on 31st March, 2006	Percentage of Ownership Interest as on 31st March, 2005
1.	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	Republic of South Africa	49%	49%

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 transaction 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 :

BALANCE SHEET	31st March, 2006	31st March, 2005
	Rupees in lacs	Rupees in lacs
Unsecured Loan	324.77	312.44
Fixed assets (net of depreciation)	291.07	280.07
Current assets, loans and advances		
Inventories	12.26	56.68
Sundry Debtors	91.42	62.57
Cash and bank balances	54.31	24.14
Loans and advances	-	2.49
Current liabilities and provisions		
Current liabilities	98.97	97.67
Net current assets	59.02	48.21
	2005-2006	2004-2005
	Rupees in lacs	Rupees in lacs
PROFIT AND LOSS ACCOUNT		
Income		
Sales	361.94	78.68
Other Income	4.68	0.38
Expenditure		
Cost of materials	320.82	58.02
Employees' cost	3.54	1.66
Operating expenses	13.48	8.91
Interest (net)	15.39	4.66
Depreciation	1.35	0.79
Provision for taxation	3.65	2.06

No contingent liabilities and capital commitments have been incurred as at March 31, 2006 in relation to the Company's interest in the JV along with the other venturers (Previous year Rs. Nil)

15. Earnings per share has been computed as under:

	2005-2006	2004-2005
Profit after tax for the year (Rupees in lacs)	6,943.62	5,453.48
Average (Previous year - 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)	3.63	2.85
- Diluted (Rupees)	3.63	2.85

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

	2005-2006	2004-2005
	Rupees in lacs	Rupees in lacs
A) Chairman and Wholetime Directors		
Salaries	85.96	80.45
Commission	115.75	90.55
Perquisites	0.65	3.46
Contribution to Provident fund and other funds	14.51	13.58
	216.87	188.04
B) Non-wholetime Directors		
Commission	2.00	2.00
Sitting Fees	1.80	1.43
	3.80	3.43
Total Managerial Remuneration	220.67	191.47

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

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

	2005-2006	2004-2005
	Rupees in lacs	Rupees in lacs
Profit before tax as per Profit and Loss Account	8,422.79	6,984.16
Add: Directors' remuneration (including commission)	218.87	190.04
Provision/(write back) for doubtful debts/advance (net)	342.37	(2.85)
Diminution in value of investment	-	53.19
Amortisation of voluntary retirement scheme expenses	142.05	142.05
	9,126.08	7,366.59
Less: Profit on sale of investments	1,409.41	1,329.73
Net Profit as per Section 349 of the Companies Act, 1956	7,716.67	6,036.86
Commission payable to Managing Director and Wholetime Directors @ 1.5% (Previous year - 1.5%) of the net profit calculated above.	115.75	90.55
Commission payable to Non-Wholetime Directors @ 1% of the net profit calculated above, restricted to Rs.40,000/- (Previous year - Rs. 40,000/-) per Director	2.00	2.00

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

Balances as on March 31, 2006	Foreign currency amount		Equivalent amount (Rs. in lacs)
Bank balances	USD	2,246,553	997.69
Sundry debtors	USD	2,311,380	1,026.92
	EUR	367,538	200.48
	GBP	117,338	90.65
	JPY	6,838,536	25.36
Loans and advances	EUR	271,823	146.02
	USD	1,840,523	817.38
	GBP	6,740	5.19
Sundry creditors	EUR	74,762	41.07
	USD	289,137	129.71

19. Revenue expenditure on research and development (including depreciation) aggregating to Rs. 443.84 lacs (Previous year - Rs. 323.68 lacs) is included under relevant heads in the Profit and Loss Account.

20. The Company has long term trade investments of Rs. 150.80 lacs in a foreign subsidiary, FDC Holdings Netherlands B.V. Having regard to the strategic nature of the investment and expected improvement in its operations, the management perceives the diminution in the value of this investment as temporary in nature.

21. Costs of samples (manufactured and purchased) have been included in Cost of Materials.

22. Foreign exchange fluctuation gain (net) during the year Rs. 88.78 lacs [Previous year - Foreign exchange loss (net) Rs. 77.80 lacs] is included in the Profit and Loss Account under Miscellaneous receipts (Schedule 'I') [Previous year - Miscellaneous expenses (Schedule 'M')].

23. There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

24. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 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 QTY.	OPENING STOCK		PRODUCTION QTY.	PURCHASE VALUE OF RESALE		SALES		CLOSING STOCK	
			QTY.	Rs. in lacs		QTY.	Rs. in lacs	QTY.	Rs. in lacs	QTY.	Rs. in lacs
1. FORMULATIONS											
(i) Injectables / Ophthalmics	Litres	192,000.00 (192,000.00)	34,378.30 (55,672.18)	434.26 (464.32)	237,477.45 (224,288.71)	108,630.52 (27,262.32)	775.19 (414.99)	314,053.89 (272,844.91)	6,134.34 (5,223.38)	66,432.38 (34,378.30)	750.49 (434.26)
(ii) Tablets	Nos. in crores	207.36 (207.36)	13.39 (12.86)	1,773.09 (1,274.02)	88.04 (103.27)	15.72 (11.40)	1,426.90 (853.52)	99.01 (114.14)	19,184.88 (15,903.19)	18.14 (13.39)	2,290.64 (1,773.09)
(iii) Capsules	Nos. in crores	19.20 (19.00)	0.93 (0.90)	87.64 (58.00)	6.41 (5.54)	1.49 (0.49)	199.39 (47.20)	6.64 (6.00)	969.89 (760.77)	2.19 (0.93)	234.67 (87.64)
(iv) Cream, Powder, Ointments, Granules, Liquids, etc.	Kgs./Litres	7,777,920.00 (6,435,720.00)	654,037.50 (875,711.35)	825.91 (943.06)	3,168,973.56 (3,642,040.20)	417,498.01 (336,740.55)	609.66 (345.80)	3,489,647.50 (4,200,454.60)	8,396.53 (7,543.24)	750,861.57 (694,037.50)	1,141.07 (825.91)
2. FOOD PRODUCTS											
(i) Powder, Liquids, etc.	Kgs./Litres	500,000.00 (500,000.00)	108,740.45 (56,896.85)	209.70 (83.52)	424,169.00 (297,714.30)	-	-	385,286.40 (245,870.70)	819.17 (525.91)	147,623.05 (108,740.45)	228.74 (209.70)
(ii) Capsules	Nos. in crores	-	0.06 (0.04)	12.22 (6.01)	-	0.14 (0.17)	37.74 (33.78)	0.14 (0.15)	53.68 (54.88)	0.06 (0.06)	12.15 (12.22)
3. BASIC DRUGS	Kgs.	119,050.00 (116,700.00)	31,235.74 (3,358.02)	479.28 (73.06)	46,430.45 (39,044.97)	75,596.00 (116,954.50)	496.79 (1,082.85)	*138,497.00 (127,368.20)	2,193.81 (2,282.36)	12,362.39 (31,235.74)	345.61 (479.28)
4. OTHERS		-	-	-	-	-	430.87 (2,770.01)	-	-	-	-
TOTAL TOTAL				3,822.10 (2,901.99)			3,966.54 (5,548.15)		37,752.30 (35,005.45)		5,003.37 (3,822.10)

(*) Excluding captive consumption 2,402.80 Kgs.(Previous Year - 2,753.55 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 license by others but excludes products manufactured for others and samples manufactured during the year.
 - Others under the head Purchase Value of Resale, includes cost of samples purchased.

b) Consumption of Raw Materials:

	Quantity in M.T.	2005-2006 Rupees in lacs
i) Cefixime Trihydrate	17.30 (11.89)	2,516.03 (2,780.68)
ii) Other Raw Materials		7,251.15 (7,096.57)
Total		9,767.18 (9,877.25)

	Rupees in lacs	Percentage
Indigenous	8,398.36 (8,614.79)	85.98 (87.22)
Imported	1,368.82 (1,262.46)	14.02 (12.78)
Total	9,767.18 (9,877.25)	100.00 (100.00)

c) Stores and spares consumed:

Indigenous	126.53 (85.49)	100.00 (97.06)
Imported	- (2.59)	- (2.94)
Total	126.53 (88.08)	100.00 (100.00)

d) C.I.F. value of imports:

	2005-2006 Rupees in lacs	2004-2005 Rupees in lacs
Raw material	1,277.33	944.03
Packing material	134.72	73.09
Components	10.46	47.19
Capital goods	469.38	392.23
Total	1,891.89	1,456.54

e) Earning in foreign exchange:

	2005-2006 Rupees in lacs	2004-2005 Rupees in lacs
FOB value of exports	4,191.43	8,005.58
Others	1.46	1.16
Total	4,192.89	8,006.74

f) Expenditure in foreign currency:

	2005-2006 Rupees in lacs	2004-2005 Rupees in lacs
Legal and professional fees (including consultation fees)	5.90	23.97
Foreign traveling	21.43	35.52
Others	49.86	61.89
Total	77.19	121.38

Previous year's figures have been regrouped/ reclassified, wherever necessary.
Signatures to Schedules "A" to "O"

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 24, 2006

