

Pfizer Limited, Annual Report 1999-2000







"We possess the talent, the resources and  
the vision that will allow us to lead the  
industry in the 21st century."

Dr. Henry McKinnell  
CEO and President, Pfizer Inc.



## Board of Directors

R. A. Shah, Chairman

Hocine Sidi Said, Managing Director

Charles L. Sarris

B. Valentini

R. W. Norton

Daniel Cronin

James Hilboldt

M. W. Hodin (Dr.) – Alternate : A. K. Nehru

P. J. Santoriella – Alternate : K. Handa

Pierre G. Etienne (Dr.) – Alternate : B. M. Gagrat (Dr.)

Pradip P. Shah

## Management committee

Hocine Sidi Said Managing Director

J. S. Bandopadhyay Information Technology

B. M. Gagrat (Dr.) Pharmaceuticals

K. Handa Finance

Chitra Lele (Dr.) Biometrics

S. Madhok Animal Health

S. Mukherjee (Dr.) Medical Affairs

A. K. Nehru Manufacturing

C. N. Potkar (Dr.) Clinical Study Management & Monitoring

S. Ramkrishna Corporate Affairs

H. Walder Personnel

## Secretary

A. Anjeneyan

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## Pfizer — A Premier Pharmaceutical Company

Business India, a leading magazine, ranked Pfizer India amongst the most respected companies in India across all industries in 1999. We moved up to the 13th rank from 34th in 1997. This survey also ranked us high on parameters like Quality of Products & Services, Ethical Conduct and Quality of Personnel.

### The best get better...

We gained our maiden entry into the



Ian Young and Team with the Millennium Trophy.

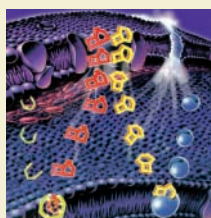
prestigious "Millennium Club" of Pfizer Inc. in 1999 with a sterling performance. We were amongst only 17 countries worldwide, and the only country from the Africa/Middle East/India/Pakistan (AfME) region.

### ...and the world knows it !



**Accolades at the Zithromax Worldwide Refocus meeting, 2000.**

Pfizer India Won the Grand Prize for best promotional material.



**Magnex Launch Material, a Benchmark.**

Distributed worldwide by

Centre of Excellence, Turkey.

Minipress XL sets an example

- The most successful antihypertensive launched.



- "New Indication Roll Out Plan" selected as Best Practice for use by Cardura in AfME region.

### A responsible company

All medical products need stringent surveillance to ensure the well being of patients and also to help develop further safe and effective therapies.

Pfizer India has one of the best medical departments in the entire industry. The highly qualified and skilled doctors in this department demonstrate daily that Pfizer truly takes 'ownership' for the performance of its products. An extremely effective Safety Monitoring System ensures that data obtained by our 'eyes and ears' in the field, our sales force, is promptly acted upon. This entire process has predefined time frames, specific protocols and standard operating procedures.

Pfizer's Medical Information System (Medisys), is considered one of the

## Brand leaders in the pharmaceutical industry

- Top 2 brands of the industry.
- 8 brands in the top 250

(ORG)

## New launches

Hepashield and Magnex, launched last year, were ranked as No.1 and No.4 highest selling brands amongst 881 new brands launched by various companies.

(IMS-Health)



## Local Drug Development

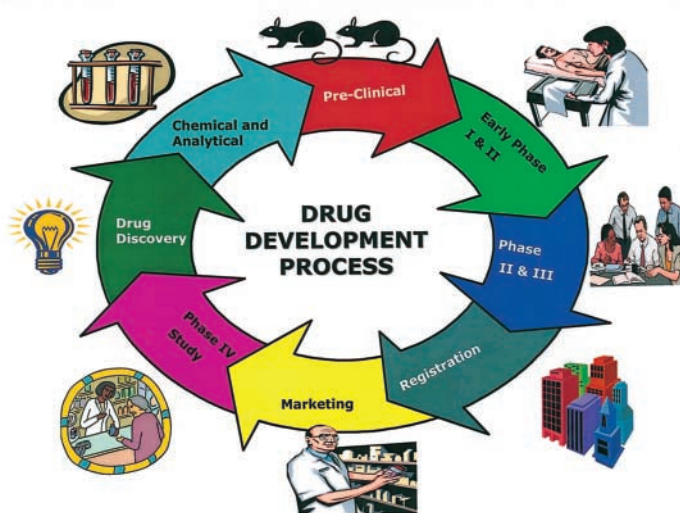
- **JelliCOR** – A novel strawberry flavoured cough jelly for the first time in India.



## Animal Health Scores

Megamycin, an antibiotic used in large animals, grossed a turnover in excess of Rs.1.6. crores in the first year of its launch, setting a new record.

**Megamycin\***



most credible and accurate feedback mechanisms by doctors. This system addresses every query of the medical

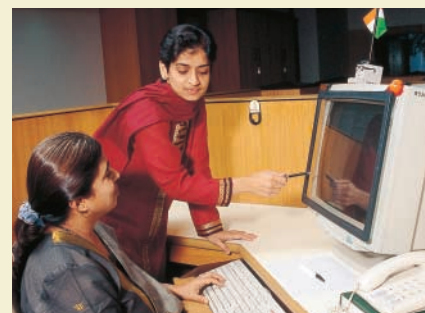


community, not only on our marketed products but, at times, also on related medical concerns. We are proud of the fact that our average turnaround time for such queries is a record in the industry. In 2000, 509 queries were adequately addressed, with a mean response time of less than 2 days!

## Putting India on the world's clinical research map

Pfizer's clinical research (CR) activity started in India in 1995, the first pharmaceutical company to do so. In five years, this group has set really high standards for industry to emulate – in clinical project management and in training of clinicians and investigators. During the past year, Pfizer India has helped

organize ten workshops on Good Clinical Practices (GCP) which imparted training to over 400 investigators, staff, ethics committee members and regulatory officials. The Clinical Study Management and Monitoring (CSMM) group has worked with over 1200 patients in various clinical development programs, in therapeutic areas such as CNS, infectious diseases and oncology. The department of Biometrics is an online extension of Pfizer's worldwide data management



operations. Its significant achievement is the lowest error rate it has consistently recorded in Pfizer Inc's global data capture operations.





## Pfizer — A Premier Employer



Members of the Pfizer Field Force who have made outstanding and consistent contributions to the organisation.

A few years ago, Pfizer Inc. conducted a worldwide survey on Pfizer values amongst all its employees. 'Employee satisfaction' at Pfizer India was rated among the highest in this survey. Over 89 per cent of our employees said, *"I am proud to work for Pfizer"*.

### Fifty years old and still...

Fifty years after coming to India, Pfizer has a number of employees with over 35 years of service, working with it. In all their career, they never had to dream of working anywhere else.

For 50 years, everyone at Pfizer India has come to work with the knowledge that we're not just in business, we are in business for life.



I. D. Shaikh with M. D. Mistry — both Pfizer veterans with over 35 years service

### ...growing

We know that being a premier employer is much more than just being a caring employer. Our employees need to grow, so we need

to grow. Our young employees have newer expectations. We know that being a premier employer means being alive to these expectations.

### Give me more ..... challenges

We don't strait-jacket our employees; we encourage their creative instincts. That's how we developed our own intranet site in the Pfizer world, which elicited comments from Pfizer Inc like "... found the material valuable, comprehensive and well-presented. I'm impressed by the technical aspects of the site."

Our internet site too, was developed by our own people. Do visit us at [www.pfizerindia.com](http://www.pfizerindia.com).



Chandigarh Plant

*"We have a formula no other pharmaceutical company can duplicate. Our ingredient for success – our people."*

Field productivity improved by 11% in 2000 despite heightened competition.

PC loans to over 350 employees.

100% of the field force underwent training during the year, including 118 managers who attended leadership programs.

1035 Kaizens received from the employees during the year



Thane Plant

### "We love going to work"

Our employees spend much of their waking hours at work. A conducive environment and our workplace culture is what they look forward to every weekday morning.

This unbridled enthusiasm is best demonstrated in the number of Kaizens (improved work practices) our employees turn in year after year. At Pfizer India, we know what it takes to be an innovative creative company. It takes all kinds of people.

Our crème de la crème, our sales force, is the cynosure of the pharmaceutical industry in India. Its not just the doctors who believe so; you can even ask our competitors. Training, which starts with induction, never really ends for this elite team.

Our employees have a vast array of training opportunities. Besides all the

best programs available in India, we also regularly send our employees abroad for training. This includes training in product management, clinical operations and data management, etc. Many of our senior executives have excelled in the global management program (GMP) conducted by the Global Leadership Institute in the US every year.

But that's not all. Our managers have been invited to be faculty at several global training programs. Our IT experts have been invited to other Pfizer countries to help set up their systems. Our employees are encouraged to apply against international job postings within the Pfizer world; and we will not be sorry to lose our best employees to other Pfizer locations. That's the confidence that comes from being a premier employer.



New PSOs Training Program





## Pfizer — The Partner of Choice

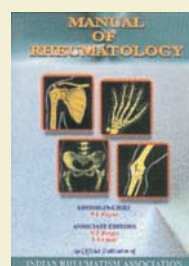
The secret of Pfizer Inc's success worldwide lies as much in being a partner of choice as it is in being the global leader in research. The blockbuster success of drugs like Lipitor, Celebrex and Aricept, all of which were discovered by other companies who chose Pfizer as their marketing ally, amply shows who is the most sought after partner-of-choice in the industry. Even in research, where Pfizer Inc will be spending US\$ 5 billion this year, the increasing amount of collaborative research with academic institutions, governments and other companies, proves that Pfizer is the 'partner of choice'.

Pfizer India proved that it is the best marketing partner in the Industry pharmaceutical milieu. In an arrangement where Pfizer marketed its own brand, with manufacturing done by Shantha Biotech, the new product

Hepashield became the market leader within six short months.

### Our product is knowledge

Our partnership with the medical profession goes beyond our product portfolio. We are providers of knowledge, and that's what we do best.



Pfizer India published the first ever Indian "Manual of Rheumatology" in partnership with the Indian Rheumatism Association (IRA). This is a valuable resource and reference for all the practicing rheumatologists, orthopedic surgeons, consulting physicians and post-graduates. Copies of this manual was supplied by Pfizer to South Africa.

Pfizer India sponsored the

development and publication of India's first ever "Guidelines for the Management of Hypertension".



These guidelines, developed by the Association of Physicians of India, alongwith the Cardiological

Society, Indian College of Physicians and Hypertension Society, keeps in mind the difference in culture, lifestyles and food habits of Indians. The book was released by the Prime Minister at a special function of APICON on January 20, 2001.

The development of our internet site also enables us to explore B2B possibilities. The internet will provide value added services to doctors. The net will finally bring all our partners closer to us: our vendors and suppliers, our tollers, our CFAs and depots, our sales offices and eventually our stockists and retailers.



*“Pfizer delights its customers – is not just a cliché, we simply do it all the time.”*

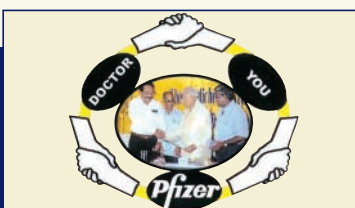
#### Success of AnyTime Magnamycin (ATM)

- Availability of a life saving product round the clock
- Value added customer service



#### Pharmacist Bonding Program

- Enhancing Customer Loyalty



### Community — our partner of choice

We constantly seek new ways to help the community at large. A social commitment program on the sale of Protinex enabled us to contribute Rs.35 lakhs to CRY for the development of under privileged children.

You are aware that the mobile medicare van given by Pfizer to HelpAge India, did yeoman work in rural Orissa after it was hit by the super cyclone last year. The van continues to provide medical assistance to the remote areas of Orissa.

Recently, yet another natural calamity of horrific proportions hit the people of Gujarat. Pfizer employees there showed remarkable presence of mind and grit in helping the victims of the earthquake. In a moving

demonstration of solidarity, Pfizer employees from across the world joined our employees in contributing funds for the relief efforts.

Pfizer Japan was the first country to respond with a contribution of Yen 4 million (around Rs.16 lakhs). Pfizer Inc. has already supported UNICEF and CARE International for their relief work, with a donation of US\$ 50000/- (RS.23 lakhs). They have pledged further support for a reconstruction project that we propose to fund. Pfizer India has committed Rs.10 lakhs to the projects, including Rs.2 lakhs already donated as medicines. The company also matched the voluntary contribution of its employees and this generated another Rs.14 lakhs. All these funds will be used to finance a project to build dwelling units for the dispossessed victims of the earthquake.





# Directors' Report

## To the Members

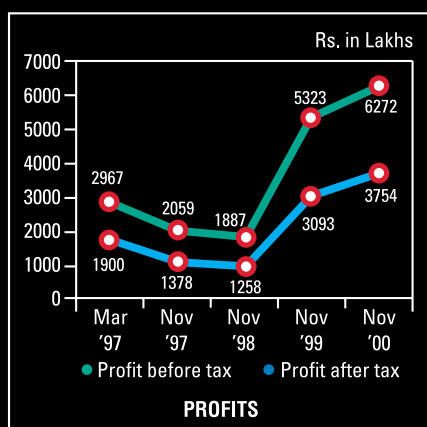
Your Directors are pleased to present this 50th Annual Report and the audited accounts of the Company for the year ended 30th November, 2000. The Report reviews the Company's diversified operations covering Pharmaceuticals, Nutritional and Healthcare Products, and Animal Health Products.

Financial Results	Rupees in Lakhs	
	Year ended 30th November 2000	Year ended 30th November 1999
Profit after tax	3754	3093
Add :		
Prior year's Excess Tax Provision written back	193	—
Balance of profit from prior years	7519	5391
Surplus available for appropriation	<u>11466</u>	<u>8484</u>
Appropriations :		
Transfer to General Reserve	400	310
Proposed Dividend	938	586
Additional Income-tax on proposed Dividend	212	64
Surcharge on tax on distributed profits for the previous year.	—	5
Balance carried to Balance Sheet	<u>9916</u>	<u>7519</u>
	<u>11466</u>	<u>8484</u>

## Corporate

The sales for the year ended November 30, 2000 is Rs.327 crores. From an overall point of view, after adding the turnover of the wholly owned subsidiary, Duchem Laboratories Limited, aggregating Rs. 112 crores, the total sales at Rs. 439 crores reflect a growth of 11% over the previous year.





The profit after tax for the year is Rs.37.54 crores.

## Share Capital

The Paid-up Equity Share Capital of your Company increased to Rs. 23.44 crores pursuant to issue of Bonus Equity Shares in the proportion of one equity share for every one equity share held. The Record date for this purpose was fixed as June 28, 2000. The Bonus equity shares were allotted on July 13, 2000. The despatch of share certificates and the credit to the 'demat account' of the shareholders were completed by August 2000. The Bonus equity shares were listed at the Stock Exchange, Mumbai on August 18, 2000 and at the National Stock Exchange shortly thereafter.

## Dividend

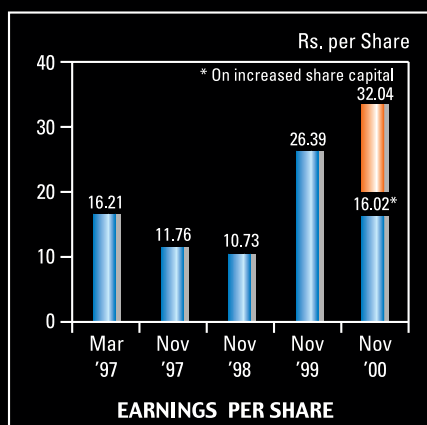
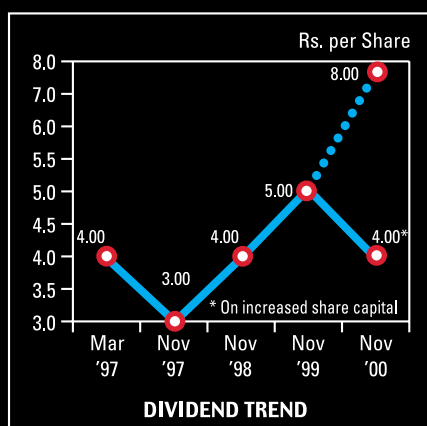
Your Directors recommend a Dividend at the rate of Rs. 4 per share be declared for the year ended 30th November, 2000 on the post bonus issue equity capital on *pari-passu* basis. The dividend will be paid after it is approved at the forthcoming Annual General Meeting.

## Review of Operations

### General

The pharmaceutical industry in India has been in the limelight of public attention, ever since it was declared as the new vehicle for economic growth in India. The Prime Minister, the visiting US President Clinton, and a host of other luminaries declared that the future of India lay in its knowledge-led industries; and sharing the platform with the pioneering software industry, was pharmaceuticals and bio-technology. This prediction was also reflected in the stock market movements. Few steps have been taken towards greater deregulation of the pharmaceutical industry. Much more needs to happen.

Further developments in the pharmaceutical industry are strongly





conditioned by the regulators' ability to promote and cultivate a favorable business climate – an environment that entices operators to engage into research, to develop its human capital and to engage into initiatives that ultimately benefit health care professionals and patients at large.

The government has in fact committed to “ease the rigors of price controls that were counter productive”. Other initiatives on taxation and Research and Development have yet to surface.

The new drug policy, which is on the anvil, should create operating conditions that have the potential to provide better and wider access to pharmaceuticals to a larger population base. It also has the potential to trigger both domestic

and foreign investment in manufacturing and clinical research.

### Pharmaceuticals

Pfizer India's pharmaceutical business continues to be successful despite several environmental constraints like lack of patents and government imposed price controls.

The last year has been one of significant achievements:

- Pfizer has the unique distinction of being associated with the number one brand – Corex, in an industry with over 50,000 brands.
- Two products, Hepashield and Magnex, launched this year, have been ranked as number one and number two highest selling brands amongst over 700 brands

launched by various companies in last 12 months.

A key contributor to this year's success was Hepashield, a recombinant DNA vaccine for hepatitis B, launched as a part of the



co-marketing agreement with Shantha Biotechnics Pvt. Ltd., an Indian biotechnology company. In spite of heightened competition in this market with the launch of several hepatitis B vaccines, Hepashield has already emerged as the No. 2 brand in a span of just 6 months of launch.

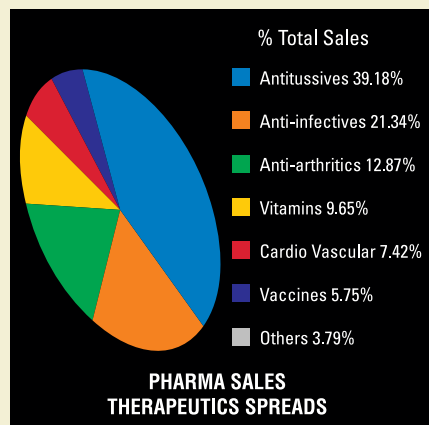
Another successful introduction this



year was Magnex, a unique hospital antibiotic which was launched to extend the franchise of Magnamycin and strengthen Pfizer India's presence in the hospital antibiotic segment. First few months' sales of Magnex have surpassed the annual sales of other premium priced hospital antibiotics.

Minipress XL continues to improve its ranking in the top 10 brands in the antihypertensive market and is one of the fastest growing amongst the top 10. The performance of Minipress XL has accelerated with the successful launch of the BPH (enlarged prostate) indication late last year.

As a part of its commitment to expanding the knowledge of



hypertension treatment in the country, Pfizer sponsored the development by premier medical associations (API/CSI and others) of the first ever Indian Guidelines for Management of Hypertension. The guidelines were released by the Hon'ble Prime Minister Shri A. B. Vajpayee at the inauguration of the annual conference of the Association of Physicians of India in January 2001.

Other major products continue to perform well, recording higher than market growths. 8 brands out of Pfizer India's portfolio of around 30 brands are ranked amongst the top 300 brands in the industry.

Pfizer India's success is the result of a dual focus on building new products like Hepashield and Magnex, while maintaining the contribution of large volume brands like Corex.

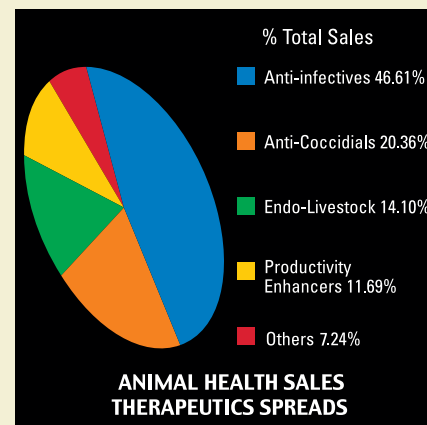
The innovative field force motivation cum communication program, "Sales Force 2000", has been and will

continue to be a key driver of field force effectiveness. Independent research confirms the value and quality of Pfizer India's medical representatives as perceived by the medical community. This undoubtedly positions Pfizer India sales force as one of the best in the pharmaceutical industry.

## Animal Health

The Animal Health market in India is estimated to be around Rs. 8000 million with the poultry sector contributing 45%, the cattle and sheep around 50% and the companion animal business around 5%. Our internal business contribution is close to being on similar lines.

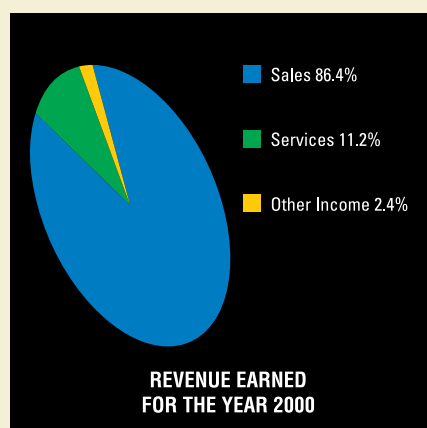
The Poultry industry is characterized





by its volatility, with an increase in large integrators, whereas, the cattle industry is dominated by small-scale farmers often surviving at or near subsistence level. The pet market is small unlike Europe, North America but is a growing market.

Pfizer Animal Health Division while continuing its focus on the poultry and large animal segments has plans to make a foray in the companion animal business during 2001 through Companion Animal vaccines and nutritional products.



Growth for year 2000 has been propelled by the Poultry business, driven primarily by feed supplements. The growth in cattle business has been impacted by the drought situation during the year. Coxistac as an anticoccidial and Stafac as a growth promoter continue to have a commanding position in their respective segments. The launch of Megamycin in the cattle business has further strengthened Pfizer India's position in the anti-infective segment.

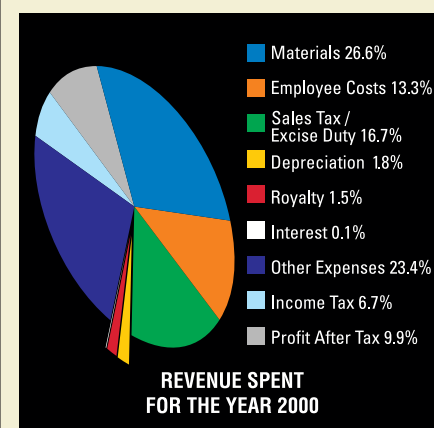
Growth in 2001 will be driven from all the three business segments with greater emphasis on growing the Companion Animal business.

### Production Operations

The upgrading of the Navi Mumbai Plant is in progress and is expected

to be completed in the next eighteen months. Subsequent to this upgrade, the plant facilities will be of the highest Good Manufacturing Practices (GMP) standards. During this period third party manufacturers will ensure uninterrupted supply of our products.

Emphasis this year was placed on improving both Employee Health and Safety and GMP standards by actively working on facilities and processes.





The Chandigarh Plant has been used to full capacity with the bulk drug Chloropropamide exported to international Pfizer locations. The Plant process and facilities were changed to improve Employee Health and Safety standards and GMP Standards.

## Human Resources

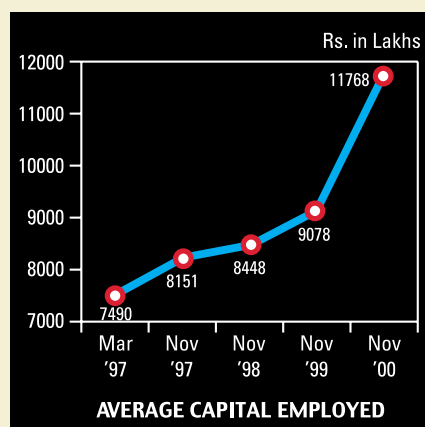
People and People development remains at the forefront of Pfizer India's mission. This emphasis found its full expression in the recruitment and selection processes for meeting manpower requirements and also in selection of internal candidates for promotional opportunities. A comprehensive induction process was also put in place for all new recruits to enable them to become fully effective in the shortest possible time.

A training needs analysis was carried out and as a result, a number of targeted development programs were held such as 'Situational Leadership', 'Coaching and Mentoring', 'Enhancing Creativity', 'Problem

Analysis and Decision Making', and 'Business Skills Development' etc. Opportunities were also made available to enroll for a specially designed distance learning business Management Program in collaboration with Narsee Monjee Management Institute.

A major initiative was launched to enhance the use of computers amongst the field staff by offer of loans at concessional rates. Programs were also conducted for employees to enhance computer skills.

Increased opportunities were provided to employees to participate in overseas development program and also to work on product-specific or project-specific global development teams.



Pfizer India takes pride in its progressive and transparent work place environment based on its Eight Core Values. All efforts will continue to be deployed towards our Vision of becoming an Employer of Choice in India.

As a demonstration of its longstanding commitment to India, employees actively participated in organizing programs to commemorate the 50th year of the Company.

The employee relations' climate continued to be excellent and fully supportive of Company's goals. The Management would like to express appreciation of the good work and co-operation extended by all the employees.

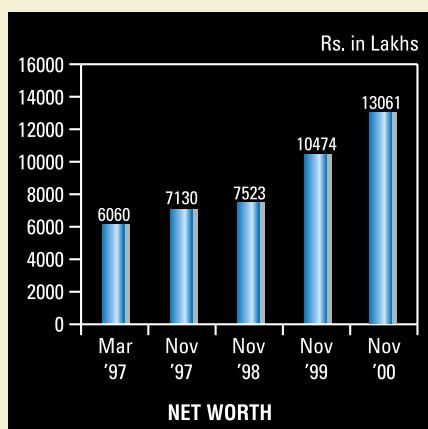
## Information Technology

Pfizer India has launched an Intranet site for its employees in India to improve communication and bring forth an overall awareness about different functions. Recently an Internet site [www.pfizerindia.com](http://www.pfizerindia.com)



was launched mainly targeting medical professionals, patients, investors and the public at large to increase the awareness about diseases and Pfizer products.

In the current year, a new distribution support system for order processing and finished goods inventory at various locations was implemented. Also, other systems like sales monitor, expense control, accounting improvements, planning etc., are implemented to improve control and efficiency throughout



the organization. Pfizer in India will continue to encourage an extensive use of information technology solutions to streamline processes, improve its cost leadership and engage into knowledge transaction with its customers. Current plans will identify B2B solutions designed to bring Pfizer India closer to customers. Internally greater focus will be placed in knowledge sharing opportunities and distance learning.

## Research and Development

The Pfizer Global Research and Development (PGRD) unit in India, with its two departments—Clinical Study Management and Monitoring (CSMM) and Biometrics, has consolidated its position as a quality service provider to PGRD in the US. The departments have been on a steep growth curve, with the current

total strength of around 55.

CSMM India has developed core competencies in monitoring and clinical project management. This group has strengthened its presence in three main therapeutic segments—Central Nervous System, Infectious diseases and Oncology.

Biometrics—India supports research worldwide. Its activities comprise of data capture, data management, statistical analysis and reporting of clinical research data. It also has an Informatics group that provides support to CSMM and Biometrics users in India on the latest computing systems and applications used globally by PGRD.

PGRD India has contributed significantly to the development of



clinical research culture in India by undertaking clinical development of new products as per the highest international standards and through training programs and effective liaison.

Several other multinational pharmaceutical companies and global clinical research organizations are following suit by setting up similar clinical research operations in India.

### **Pfizer Inc.**

At the end of 2000, Pfizer Inc. became the largest and the fastest growing major pharmaceutical company in the world. Its total sales of US\$ 29.5 billion, included revenues from eight significant products, each of which surpassed US\$ 1 billion. The income growth of 25% in 2000 for Pfizer Inc., was driven by the success of star products like Lipitor – which alone grossed US\$ 5 billion in worldwide sales; a record in Pfizer.

The company invested US\$ 4.4 billion in its research operations: the

largest amount spent on research by any drug company ever. For 2001, Pfizer estimates an R&D investment of about US\$ 5 billion, supporting 156 projects in 19 therapeutic areas, and expects the pipeline to yield seven important new products over the next two years. In the United States, Pfizer's sales force was ranked as 'best in class' in a survey of physicians - the sixth year in a row for this honor.

Dr. Henry McKinnell, who took over as CEO from Mr. William C. Steere Jr. in January 2001, said "with our outstanding people and excellent prospects, we have the opportunity to do more for human health over the coming years than any other company in history".

### **Responsibility Statement**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors confirm the following.

i. In the preparation of the annual accounts, the applicable accounting standards have been

followed except for the following:

– During the year the Company has changed the accounting policy of accounting for low cost assets purchased during the year. Until the previous year, assets costing up to approximately Rs.9000 (equivalent to US\$200) were fully charged to the Profit and Loss account on purchase. In respect of the additions to fixed assets during the year, the Company has capitalised the assets costing between Rs. 5000 and approximately Rs. 47000 each (equivalent to US\$1000) and has provided 100% depreciation thereon. (See Note 15 'c' forming part of Schedule 20 Notes to Accounts)

ii. Your Directors have selected such accounting policies and applied them consistently (except as stated above) and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at



the end of the financial year and of the profit of the Company for that period.

iii. Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. Your Directors have prepared the attached Statement of Accounts for the year ended November 30, 2000 on a going concern basis.

### Directors

Mr Hocine Sidi Said has been appointed by your Board as the Managing Director of your

Company effective January 1, 2001. This is consequent to the retirement of Mr Ian R. Young from this position effective December 31,2000. Mr. Hocine Sidi Said's appointment is placed before the shareholders for their approval at the ensuing Annual General Meeting.

Mr. B. Bhattacharya-Director, Strategic & Business Planning resigned from the Company effective November 30, 2000. The Company places on record its appreciation of the services rendered by Mr. Young and Mr. Bhattacharya during their respective tenure on the Board.

### Duchem Laboratories Limited

The turnover of Duchem Laboratories Limited for the year ended November 30, 2000 was

Rs112 crores as against Rs.108 crores for the previous year.

### Auditors

M/s. A. F. Ferguson & Co., the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting. They have given their consent to continue to act as Auditors of the Company for the current year, if re-appointed.

On behalf of the Board of Directors

R. A. SHAH

Chairman

Mumbai

February 6, 2001



## Annexure I to Directors' Report

PARTICULARS PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT.

### A. CONSERVATION OF ENERGY:

- a) Energy Conservation continues to receive priority in the Company. Energy audits are carried out, consumption monitored, maintenance systems improved and distribution losses are reduced.

Specific Energy Conservation Measures are:

- i) Installation of Flat Mixers for hot water generation.
- ii) Use of treated effluent for gardening.
- iii) Replacement of cylinders of old Air Compressors to improve efficiency.
- iv) Replacement of old lighting fixtures with energy efficient fixtures.
- v) Reduction of frictional losses by addition of additives in machinery.

- b) Additional proposals or activities if any

- i) Replacement of Cooling Tower pumps by energy efficient pumps.
- ii) Installation of devices to reduce scale formation in machines and Heat Exchanger.

- c) Impact of measures taken

Energy conservation measures stated above have resulted in gradual savings.

**Total energy consumption and energy conservation per unit of production: As per Form A**

#### FORM A

#### FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO CONSUMPTION OF ENERGY

### I. Power and Fuel consumption:

	Current Year 1-12-99 to 30-11-2000		Previous Year 1-12-98 to 30-11-1999	
1. Electricity				
a) Purchased				
Unit (000's)	KWH	17506	KWH	18845
Total Amount (000's)	Rs.	68151	Rs.	75477
Rate/Unit	Rs.	3.89	Rs.	4.01
b) Own Generation				
i) Through Diesel	KWH	499	KWH	698
Generator (000's)				
Units/litre of LDO	KWH	3.21	KWH	3.27
Marginal Cost/Unit	Rs.	3.29	Rs.	2.94
(considering only LDO price)				
ii) Through Steam Turbine Generator		—		—
2. Coal		—		—
3. a) Furnace Oil & LSHS				
Quantity	KL	2928	KL	2949
Total Amount (000's)	Rs.	35828	Rs.	23144
Avg. Rate per KL	Rs.	12236.34	Rs.	7848.08
b) Natural Gas				
Quantity	Cu.M.	Nil	Cu.M.	97460
Total Amount (000's)	Rs.	Nil	Rs.	1041
Avg. Rate per Cu.M.	Rs.	Nil	Rs.	10.68
4. Others/Internal Generation				
Quantity		Nil		Nil
Total Cost		Nil		Nil
Rate/Unit		Nil		Nil

## II. Consumption per Unit of production:

	<u>Standard</u>
Electricity (Units)	There is no specific standard as the consumption per unit depends on the product mix of basic drugs (from chemical and biochemical processes) and formulations (capsules, tablets, ointments, liquids and injectibles).
Furnace Oil (Litres)	
Coal	Nil

## B. TECHNOLOGY ABSORPTION:

### EFFORTS MADE IN TECHNOLOGY ABSORPTION

#### FORM B

#### FORM FOR DISCLOSURE OF PARTICULARS WITH REGARD TO ABSORPTION

#### RESEARCH AND DEVELOPMENT (R & D):

- Specific areas in which R&D is carried out by the Company.  
R&D is carried out in Chemical, Pharmaceutical, Clinical, Analytical and Engineering Development areas.
- Benefits derived as a result of the above R&D.
  - Product improvements, process development, import substitution, standardization of quality control of bulk drugs and formulations.
  - New application for drugs researched abroad, better dosage recommendations and improvements.
- Future plan of action:
  - Import substitution and resolving process problems encountered in basic chemical and fermentation manufacturing for quality and productivity.
  - Optimization of process parameters with emphasis on cost control and rationalization.
  - Studying feasibility of using new manufacturing technology in existing dosage forms.
  - Development of new dosage formulations, pharmaceutical and animal health.
- Expenditure on R&D
 

	<b>Rs. In Lakhs</b>
i) Capital	<b>307.70</b>
ii) Recurring	<b>1115.01</b>
iii) Total	<b>1422.71</b>
iv) Total R&D expenditure as percentage of total turnover	<b>4.34</b>

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- Efforts in brief made towards technology absorption, adaptation and innovation:
  - The Company is allowed to use the patents and technical know-how of Pfizer Inc. U.S.A. Continuous adaptive research and development of products and processes with the objective of import substitution and cost containment in an inflationary environment is carried out.
  - Clinical research to introduce new products researched abroad and to find their new applications, better dosage recommendations and improvements under Indian conditions is carried out.
  - Development of ancillary technology, for packaging materials and machinery is undertaken.
- Benefits derived as a result of the above efforts:  
Product improvement, cost reduction, import substitution, standardized analytical methods which are reflected in the productivity of resources and better quality and stability of products.
- Technology imported during the last 5 years reckoned from the beginning of the financial year is given below:

Technology Imported	Year of Import	Has technology been fully absorbed
Import of high productive strains for Oxytetracycline fermentation	1994	Yes
Capsule formulation of Azithromycin Dihydrate	1994	Yes
Manufacture of the active substance 'Amlodipine Besylate'	1997	Being absorbed
Manufacture of the active substance – Azithromycin Dihydrate	1997-1998	Being absorbed
Tablet formulation of Azithromycin Dihydrate	1997-1998	Yes
Paediatric Powder formulation of Azithromycin Dihydrate	1997-1998	Yes
Injectible formulation of Cefoperazone	1998	Yes



**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

1. Activities relating to exports: Initiatives taken to increase exports; development of new export markets for products and services and export plans.

The Company is at present exporting bulk drugs and formulations in bulk pack to Hongkong, Belgium and Indonesia and nutritional supplement to Sri Lanka. The Company is continuously exploring possibilities of exporting more of its products to different markets.

2. During the period under review:

- a) the foreign exchange earnings by the Company was Rs. 1942.11 lakhs.
- b) the foreign exchange expenditure (which includes import of raw materials, spares and remittance of dividends etc.) was Rs.3832.98 lakhs.

On behalf of the Board of Directors

R.A. Shah  
Chairman

Mumbai, February 6, 2001

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## Environment, Health and Safety Policy

Pfizer has always considered effective management of the natural and work place environment to be one of its highest priorities.

We reaffirm that commitment and pledge our continued efforts to improving our environment and work place.

We shall:

- i) Seek continuous improvement in environment, health and safety performance.
- ii) Maintain safe and environmentally sound manufacturing operation.
- iii) Contribute to the common effort to protect the natural and work place environment.
- iv) Have openness and dialogue with employees on environmental, health and safety issues.

The Company continues to operate with excellent Environment, Health and Safety Policy. This Policy continues with excellent results.

## Annexure II to Directors' Report

**Statement required U/S 217(2A) of the Companies Act 1956 showing names and other particulars of the employees of the Company who were:**

A. Employed throughout the financial year under review and were in receipt of remuneration for that financial year in the aggregate of not less than Rs.12,00,000/- (Rupees Twelve lacs)

Name	Designation and Nature of Duties	Qualifications	Date of Employment	Experience Years	Gross Remuneration	Age	Last Employment
1	2	3	4	5	6	7	8
1. Mr. Bhaskar Bhattacharya	Director, Strategic & Business Planning	M.Sc., P.G.D.M.	2/7/1984	21	15,24,265	45	Product Executive Sandoz (I) Ltd
2. Dr. B.M. Gagrath	Director Pharmaceuticals	M.Sc., Ph.D., D.O.M.	2/5/1989	25	15,85,965	54	Factory Manager Indo-Pharma Pharmaceuticals Works Ltd.
3. Mr. Kewal Handa	Finance Director	M.Com., A.I.C.W.A., A.C.S.	18/6/1990	26	18,62,497	49	Secretary & Financial Controller, Schrader-Scovill Duncan Ltd.
4. Mr. A.K.Nehru	Technical Director	M.S.(Chem.Engg.) Massachusetts Inst. of Technology	27/1/1964	38	16,81,156	60	—
5. Mr. Ian R. Young	Managing Director	C.A., Institute of Chartered Accountants of Scotland and Edinburg University	1/8/1997	34	20,00,722	58	Senior Director Projects & Pricing Pfizer Inc.

B. Employed for a part of the financial year under review and were in receipt of remuneration for any part of that year, at a rate which in the aggregate, was not less than Rs.1,00,000 per month: Nil

Notes:

- All the above persons are / were full time employees of the Company.
- The employment is subject to the rules and regulations of the company in force from time to time.
- No Director is related to any other director. None of the above employees is related to any Director of the Company. None of the employees hold more than 2% of the paid up equity capital of the Company.
- Gross remuneration includes salary, allowances, bonus, taxable value of perquisites and company's contribution to provident and superannuation funds.

On behalf of the Board of Directors

Mumbai, February 6, 2001

R.A. Shah  
Chairman

## Notice

Notice is hereby given that the 50th Annual General Meeting of Pfizer Limited will be held at the Y.B. Chavan Auditorium, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, MUMBAI - 400 021 on Thursday, the 26th April, 2001 at 3.00 p.m. to transact the following business:

### ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Profit and Loss Account for the year ended November 30, 2000, the Audited Balance Sheet as at that date and the Reports of the Board of Directors and Auditors.
- 2) To declare Dividend for the year ended November 30, 2000.
- 3) To appoint a Director in place of Mr. R.A. Shah who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr. P.J. Santoriella who retires by rotation and being eligible, offers himself for reappointment.
- 5) To appoint a Director in place of Dr. Pierre G. Etienne who retires by rotation and being eligible, offers himself for reappointment.
- 6) To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

- 7) To consider and if thought fit to pass with or without modification(s) the following Resolution as an ORDINARY RESOLUTION :

“RESOLVED that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and Article 142 of the Articles of Association of the Company and subject to the approval of the Government of India, the Company hereby accords its approval to the appointment of Mr. Hocine Sidi Said as Managing Director of the Company for a period of five years with effect from January 1, 2001 on the remuneration, payments, perquisites, benefits and amenities set out below:

#### A. Salary and Bonus/Performance Linked Incentives

Mr. Hocine Sidi Said shall receive salary and bonus/ performance linked incentives within a maximum limit of Rs.30,00,000/- (Rupees thirty lakhs only) per annum as may be determined by the Board of Directors of the Company from time to time.

#### B. Perquisites, Benefits and Amenities.

Mr. Hocine Sidi Said shall be entitled to the following perquisites and benefits:

- i) Medical Expenses  
Reimbursement of all medical expenses incurred for Mr. Hocine Sidi Said, his wife and children (family).
- ii) Leave and Leave Passage
  - a) Leave as per the Rules of the Company. Leave accumulated but not availed of shall not be allowed to be encashed.  
Leave Travel Concession for Mr. Hocine Sidi Said and family once in a year to any destination in India. In case it is proposed that leave be spent in Home

Country or any other place abroad, return passage may be allowed for Mr. Hocine Sidi Said and his family in accordance with the rules specified by the Company.

Provided, however, that if leave is spent in any other place abroad, then the Leave Travel Concession allowed shall not exceed the return passage to home country for Mr. Hocine Sidi Said and his family. Home Country would be as per declaration submitted by Mr. Hocine Sidi Said.

- b) Holiday passage for children studying outside India/ family staying abroad

Return holiday passage once a year to members of the family from the place of their study or stay abroad to India, if they are not residing in India with Mr. Hocine Sidi Said.

#### iii) Residential Accommodation

Furnished residential accommodation together with all amenities, facilities, utilities such as gas, water, electricity, fuel and services of sweeper, watchman, gardener etc., as may be approved by the Board of Directors of the Company from time to time.

#### iv) Conveyance

Free use of car with chauffeur for his official use as well as for personal use, the Company meeting all running, maintenance, repair and other expenses in respect thereof.

#### v) Telephone/Facsimile

Free telephone and facsimile facility at residence. Personal long distance calls shall be billed by the Company to Mr. Hocine Sidi Said.

#### vi) Club Membership

Entrance fees and monthly subscription fees of not more than two clubs.

#### vii) Children's Educational Expenses

The educational expenses of the children, whether studying in India or abroad, would be borne by the Company.

#### viii) Joining/Returning expenses.

Reimbursement of expenses incurred on joining duty and returning to home country or next place of posting after completion of tenure, including :

- a) Actual expenses incurred on travel and on packing, forwarding, loading/unloading as well as freight, insurance, customs duty, clearing expenses, local transportation and installation expenses in connection with the moving of personal effects of Mr. Hocine Sidi Said and his family for joining duty in India.
- b) On termination of his appointment/tenure, payment of actual expenses incurred for and in connection with transportation of personal effects of Mr. Hocine Sidi Said and his family from Mumbai to his next place



of posting or his home country together with the cost of single air or sea passage from Mumbai for Mr. Hocine Sidi Said and his family.

ix) Other benefits.

Such other benefits, amenities and perquisites as are available to other senior executives of the Company as the Board may determine from time to time.

Mr. Hocine Sidi Said will also be entitled to reimbursement of entertainment expenses incurred by him for the purposes of the business of the Company.

**C. Minimum Remuneration**

The remuneration determined by the Board of Directors of the Company within the limits specified in sub-paragraph A above, and the perquisites, benefits and amenities specified in sub-paragraph B above shall be paid and allowed to Mr. Hocine Sidi Said during his tenure of office as Managing Director of the Company, notwithstanding the absence or inadequacy of profits in any accounting year of the Company.

**D. Period**

Subject to the provisions of Section 317 of the Companies Act, 1956, Mr. Hocine Sidi Said shall continue in office as Managing Director for a period of 5 years commencing January 1, 2001 subject to earlier termination of his service by either the Board of Directors on instructions given by Pfizer Corporation or by Mr. Hocine Sidi Said giving to the other 60 days' notice in writing.

Mr. Hocine Sidi Said shall not be subject to retirement by rotation in accordance with Article 133 of the Articles of Association of the Company.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised from time to time to amend, alter or otherwise vary the terms and conditions of the appointment of the Managing Director including remuneration, provided that such remuneration shall not exceed the maximum limits for payment of managerial remuneration as may be admissible within the overall limits specified in the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time by the Government of India, as the Board may deem fit ;

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as in its absolute discretion, it may consider, necessary, expedient or desirable, in order to give effect to the foregoing resolution or otherwise considered by it to be in the best interests of the Company".

8) To consider and if thought fit to pass with or without modification(s) the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED that pursuant to the provisions of Sections 198, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and with effect from January 1, 2001, the remuneration payable to the whole-time Directors namely Mr. A.K. Nehru, Mr. K. Handa and Dr. B.M. Gagrath be revised as given below:

**A. Salary and Bonus / Performance Linked Incentives.**

The aggregate of salary, performance linked incentives and/

or bonus payable to each of the whole-time Directors namely Mr. A.K. Nehru, Mr. K. Handa and Dr. B.M. Gagrath shall be subject to a maximum limit of Rs.25,00,000/- (Rupees Twenty Five lakhs) per annum.

**B. Perquisites**

In addition to the above mentioned salary, incentives and bonus, each of the said whole-time Directors shall also be entitled to perquisites like furnished accommodation, gas, electricity, water and furnishings, medical reimbursement, leave travel concession for self and family, club fees, medical insurance etc. and/or such other perquisites as may be determined by the Board of Directors from time to time, the aggregate value of such perquisites being subject to a maximum limit of Rs.10,00,000/- per annum for each of the said whole-time Directors. The limits for perquisites shall be in addition to the limit of Rs.25 lakhs for salary, performance linked incentives and/or bonus mentioned above.

**C. Other terms and conditions**

- i) In cases where Company owned/leased accommodation is not provided, besides House Rent Allowance, the said whole-time Directors shall be entitled to reimbursement of expenditure towards repairs, renovation, fittings etc., upto a maximum limit of Rs.3,00,000/- per annum. The amount so reimbursed shall not be included in the limit of Rs.25,00,000/- in respect of salary, and performance linked incentives and/or bonus and the limit of Rs.10,00,000/- in respect of perquisites mentioned above. This reimbursement shall be subject to specific approval of the Board of Directors.
- ii) Provision for use of Company car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.
- iii) Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961. Gratuity payable as per the Company's Scheme and encashment of leave at the end of the tenure shall not be included in the limit of Rs.10,00,000/- for perquisites.
- iv) For the purposes of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.
- v) The Board of Directors may, in its discretion, pay to the said whole-time Directors lower remuneration than the maximum remuneration hereinbefore stipulated, and revise the same from time to time, within the maximum limits stipulated by this Resolution.

**D. Minimum Remuneration**

The above remuneration including incentives payable shall be paid and allowed as minimum remuneration, notwithstanding the absence or inadequacy of profits in any accounting year of the Company subject however to the approvals including that of the Central Government being obtained.

**RESOLVED FURTHER THAT :**

- 1) the Board of Directors of the Company be and is hereby authorised from time to time to amend, alter or otherwise vary the terms and conditions of the appointment of the said whole-time Directors including remuneration, provided that such remuneration shall not exceed the maximum limits for payment of remuneration as may be admissible in respect of each of the aforesaid whole-time Directors, within the overall limits specified in the Companies Act, 1956, and as existing or as amended, modified or re-enacted from time to time by the Government of India, as the Board may deem fit;
- 2) the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, as in its absolute discretion, it may consider necessary, expedient or desirable, in order to give effect to the foregoing resolution or otherwise considered by it to be in the best interests of the Company”.
- 9) To consider and if thought fit to pass with or without modification(s) the following Resolution as a SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to Section 309 (4) of the Companies Act, 1956 and Article 125 of the Articles of Association of the Company and other applicable provisions, if any, of the Companies Act, 1956, the Company do hereby approve the payment to the resident Indian Non-Executive Directors of the Company a commission at the rate of 1% of the net profits of the Company, subject to a maximum limit of Rs.20 lakhs per annum, to be computed in the manner laid down in Section 198 (1) of the Companies Act, 1956 for a period of 3 years commencing from 1st December, 2000;

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to determine the precise quantum of commission payable to each such Non-Executive Directors on a year to year basis.”

**NOTES:**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Items 7, 8 and 9 of Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 12.4.2001 to 26.4.2001 (both days inclusive) for determining the entitlement for payment of dividend.

By Order of the Board of Directors

A. Anjeneyan  
Secretary

Mumbai, February 6, 2001

Registered Office:  
Pfizer Centre, Patel Estate,  
Patel Estate Road, Off. S.V. Road,  
Jogeshwari (West), MUMBAI - 400 102.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.**

**Item No. 7**

The Board of Directors have appointed Mr. Hocine Sidi Said as the Managing Director of the Company consequent to the retirement of Mr. Ian R. Young; pursuant to the provisions of Article 142 of the Articles of Association of the Company for a period of five years from January 1, 2001. The appointment is subject to the approval of the shareholders and the Central Government. The remuneration payable to Mr. Hocine Sidi Said as Managing Director is set out in the resolution at Item No. 7 of the Notice.

Mr. Hocine Sidi Said received a Management Degree from the Institute Franco-Americain de Management and a Bachelor of Business Administration Degree from Schiller International University, both in Paris, France. Mr. Hocine Sidi Said joined Pfizer Egypt in June 1986 as a Pharmaceutical Marketing Trainee and was subsequently appointed Pharmaceutical Marketing Assistant in the Africa/Middle East Headquarters in Vitrolles, France, in 1989. After a brief interruption in service, Mr. Hocine Sidi Said returned to Pfizer in August, 1992 as Marketing Director-Middle East Arab Group, based in Cairo, Egypt. In 1994, Mr. Hocine Sidi Said was transferred to Brussels as Marketing Manager-Central and Eastern Europe Region (CEER) and was appointed Business Development Director-CEER, the following year. In 1996, he was named Country Manager-Indonesia and was appointed to his most recent position as Country Manager-Denmark, in May, 1999.

The remuneration paid to Mr. Hocine Sidi Said is subject to the approval of the Government of India since he is not a resident in India within the meaning of Clause (e) read with explanation thereto of Part 1 of Schedule XIII to the Companies Act 1956. The minimum remuneration payable to Mr. Hocine Sidi Said in the absence or inadequacy of profits is subject to the approval of the Government of India.

Mr. Hocine Sidi Said may be deemed to be interested in this Resolution as it concerns him. No other Director is concerned or interested in the passing of this resolution.

**Item No. 8**

The Board of Directors have revised the remuneration payable to the whole-time Directors namely Mr. A.K. Nehru, Mr. K. Handa and Dr. B.M. Gagrat, subject to the approval of the shareholders. The proposal in gist is given below :

- 1) The salary, bonus and performance linked incentives payable to each of the whole-time Directors namely Mr. A.K. Nehru, Mr. K. Handa and Dr. B.M. Gagrat stands increased from a limit of Rs.15,00,000/- to Rs.25,00,000/- per annum.
- 2) The maximum annual limit for perquisites in respect of each of the said whole-time Directors stands increased from Rs.7,50,000/- to Rs.10,00,000/-.
- 3) The remaining terms and conditions in respect of the appointment of and payment of remuneration to the said whole-time Directors remain unchanged.

The whole-time Directors namely Mr. A.K. Nehru, Mr. K. Handa and Dr. B.M. Gagrat may be deemed to be concerned or interested in this resolution as it concerns them. No other Director is concerned or interested in the passing of this resolution.

**Item No. 9**

At the 45th Annual General Meeting held on September 5, 1996, the shareholders had approved payment of commission of Rs.50,000/- per annum to each of the Directors resident in India, who are not in the Company's whole-time employment. This approval was for a period of five years commencing from April, 1996 and expired with the close of the last financial year on November 30, 2000.

The number of Non-Executive Independent Directors are to be increased to meet the Corporate Governance Norms. In view of the general increase in the managerial remuneration and also in view of the responsibility cast particularly on the Non-Executive independent Directors pursuant to Corporate Governance Norms, it is proposed to increase the commission payable to them to a maximum limit of Rs.20 lakhs per annum subject to the limits specified in the Companies Act, 1956. This approval would be effective for a period of three years commencing from December 1, 2000.

Mr. R.A. Shah and Mr. Pradip Shah who are resident Indian Non-Executive Directors of the Company may be deemed to be concerned or interested in the passing of this special resolution as it concerns them. None of the other Directors is interested or concerned in the passing of this special resolution.

By Order of the Board of Directors

A. Anjeneyan  
Secretary

Mumbai, February 6, 2001

Registered Office:  
Pfizer Centre,  
Patel Estate, Patel Estate Road,  
Off. S.V. Road, Jogeshwari (West),  
MUMBAI – 400 102.



## General Shareholder Information

### 50th Annual General Meeting

Date : Thursday, 26th April, 2001.  
Time : 3 p.m.  
Venue : Y.B. Chavan Auditorium  
General Jagannath Bhosale Marg,  
Near Sachivalaya Gymkhana,  
Nariman Point,  
Mumbai - 400 021.

**Financial Calendar** : 1st December to 30th November

**Date of Book Closure** : 12th April, 2001 to 26th April, 2001  
(both days inclusive)

**Dividend payment date** : 4th May, 2001

**Listing on Stock Exchanges** : The Company is listed on the Stock Exchange, Mumbai and the National Stock Exchange. The annual listing fees have been paid and there is no outstanding payment towards the Exchanges, as on date.

**Stock Code** : B.S.E. – 680; N.S.E. – No code number given.

**Market Price Data** : The High and Low prices of every month beginning December, 1999 upto January, 2001 is given below:

Month	High (Rs.)	Low (Rs.)
December 1999	1036.75	900.00
January 2000	1240.00	925.00
February 2000	1275.00	876.00
March 2000	921.00	905.00
April 2000	858.00	836.00
May 2000	1094.00	1035.00
June 2000*	570.00	562.05
July 2000	590.00	576.00
August 2000	584.00	575.55
September 2000	585.00	560.00
October 2000	595.00	581.30
November 2000	636.40	576.00
December 2000	696.90	600.00
January 2001	620.00	555.00

\*Ex-Bonus rates from 14.6.2000

### Address for Correspondence

- a) Registered Office : Pfizer Limited,  
Pfizer Centre, Patel Estate Road,  
Off SV. Road, Jogeshwari (W),  
Mumbai - 400 102.  
Tel.: 022 678 5511  
Fax: 022 678 1766  
e-mail: sundas2@pfizer.com
- b) Registrars and Transfer Agents : Tata Consultancy Services,  
Lotus House,  
Sir Vitthaladas Thackersey Marg,  
New Marine Lines,  
Mumbai - 400 020.  
Tel.: 022 203 9136  
Fax: 022 201 6689  
e-mail: pednekar@mumbai.tcs.co.in

**Internet site** : [www.pfizerindia.com](http://www.pfizerindia.com)

**Share transfer system** : A Committee of Directors (Share Transfer-cum-Shareholders/Investors Grievance Committee) has been constituted to approve the transfer and transmission of shares, issue of duplicate share certificates and allied matters. The Company's Registrars, Tata Consultancy Services (TCS) have adequate infrastructure to process the share transfers. A well planned process cycle at 14/15 days' interval ensures despatch of transferred share certificates within 22 days of their lodgement. In every transfer cycle, new share certificates are generated to save time and eliminate bad delivery risks associated with the manual endorsements. In compliance with the Listing Guidelines, every six months, the System is audited by a practising Company Secretary and a certificate to that effect is issued. The Company's scrip forms part of the SEBI's Compulsory Demat Segment.

**Distribution of shareholding**  
(Class-wise Distribution of Equity Shares)

Shareholdings	No. of Share holders	% of Share holders to Total	No. of Shares	% of Shareholding to Total
1 – 1000	42030	98.90	4708740	20.09
1001 – 5000	379	0.89	675361	2.88
5001 – 10000	25	0.06	186510	0.79
10001 – 50000	38	0.09	840904	3.59
50001 – 100000	8	0.02	598237	2.55
100001 – 5 lakhs	17	0.04	3347723	14.28
500001 – 20 lakhs	1	–	1562744	6.67
2000001 – 50 lakhs	1	–	2143977	9.15
Above 50 lakhs	1	–	9376100	40.00
<b>Total</b>	<b>42500</b>	<b>100.00</b>	<b>23440296</b>	<b>100.00</b>

**Dematerialization of shareholding:** The Company's scrip forms part of the Compulsory demat segment for all investors effective 31st May, 1999. To facilitate the investors to have an easy access to demat system, the Company has joined with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). We have established connectivity to both the Depositories through our Registrars, TCS. As on date, 47% of our paid-up share capital has been dematerialised.

**Plant Locations** : Navi Mumbai and Chandigarh.

**Shareholding Pattern as on February 23, 2001:**

Category	No. of Shares	Percentage
General Public	5788174	24.69
Mutual Funds	1913934	8.17
Financial Institutions & Nationalised Banks	4959974	21.46
Non-resident Indians/Overseas Corporates	1191154	5.08
Foreign Institutional Investors	210960	0.90
Foreign Collaborator (Pfizer Corporation)	9376100	40.00
<b>Total</b>	<b>23440296</b>	<b>100.00</b>

**Bank details for dividend payment:** Shareholders holding in physical form are requested to inform the change in their bank details to us/our Registrars, Tata Consultancy Services (TCS) mentioning their Folio No. alongwith the full details of the Bank A/c., the Bankers' address on or before 15th April, 2001.

As regards the beneficiaries holding the Company's scrip in the dematerialised form, they may intimate their change in their bank details to their Depository Participant furnishing their details with the correct MICR code of their bank.

## Auditors' Report

### Report of the Auditors to the Members of Pfizer Limited

We have audited the attached Balance Sheet of Pfizer Limited, as at 30th November, 2000 together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto.

We report as follows:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of the information and explanations received by us.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
  - a) we have obtained all the information and the explanations which to the best of our knowledge and belief, were necessary for the purposes of the audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
  - c) the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the Profit and Loss account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 *except in case of the Accounting Standard on 'Depreciation Accounting (AS 6) Revised' referred in note 15 (c) in the Notes to the Accounts (Schedule 20);*

- e) *in the absence of the confirmations from the public companies in which the Directors of the Company are directors that such companies have not failed to repay its deposits or interest thereon on due date or redeem its debentures on due date or pay dividend in terms of Section 274 (1) (g) of the Companies Act, 1956, we have relied on the certificate provided to us by the Company that none of the Directors is disqualified under that section from being appointed as a director of the Company;*
- f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view –
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th November, 2000,
  - and
  - ii) in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date.

For A.F. FERGUSON & CO.  
Chartered Accountants

M.S. DHARMADHIKARI  
(Partner)

Mumbai, February 6, 2001

### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of the Report of even date of the Auditors to the Members of Pfizer Limited on the accounts for the year ended 30th November, 2000).

1. The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets for all its locations. The Company's programme of physical verification of all its fixed assets over a period of two years is, in our opinion, reasonable having regard to the size of the Company and the nature of its assets. Accordingly a portion of the fixed assets has been physically verified by the management during the year. As explained to us, the management is in the process of reconciling the same with the books.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods, stores, maintenance spares and raw materials except for goods in transit, have been physically verified by the management at reasonable intervals during the year.
4. In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noted on such physical verification as compared to book records, were not material and the same have been properly dealt with in the books of account.



6. On the basis of our examination of the stocks, the valuation of the stocks is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
8. The Company has granted loans to its wholly owned subsidiary company. The terms and conditions of the loans are not prima facie prejudicial to the interest of the Company.
9. The parties to whom the loans or advances in the nature of loans have been given by the Company are, except where provisions against doubtful recoveries are made, repaying the principal amounts as scheduled/rescheduled where such stipulations have been made and are also regular in the payment of interest where applicable. No schedule has been agreed for the repayment of principal in respect of loans given to its wholly owned subsidiary company.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of stores, raw materials including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the purchase of goods and materials or sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which such transactions for similar goods or services have been made with other parties.
12. As explained to us, the Company has determined unserviceable or damaged/deteriorated stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposits from the public upto 30th November, 2000 to which the provisions of Section 58A of the Companies Act, 1956 and the rules made thereunder would apply.
14. In our opinion, reasonable records have been maintained for the sale and disposal of realisable scrap. We have been informed that the Company has no by-products.
15. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records, under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the said records.
17. The Company has been generally regular in depositing Provident Fund dues and Employees' State Insurance dues with the appropriate authorities.
18. As explained to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding as at 30th November, 2000, for a period of more than six months from the date they became payable.
19. Based on our examination of the books of account of the Company in accordance with the generally accepted auditing principles and the information and explanations given to us, no personal expenses of employees or directors have been charged to the profit and loss account, other than those payable as per the terms of the contract of employment or in accordance with generally accepted business practices.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of services rendered:
  - a) As regards the Company's Clinical Research Development services, the Company has a proper system of recording receipts of material. Having regard to the nature of services

rendered, the system of recording issues and consumption of material and its allocation to job is not considered necessary. As regards other services, the nature of services rendered is such that it does not involve consumption of materials and stores.

- b) Considering the nature of services rendered and the basis of billing, it is not considered necessary to have a system of allocation of man hours utilised to the relative jobs.
- c) In our opinion, there is a reasonable system of authorisation at proper levels and the related system of internal control of the Company is commensurate with the size of the Company and the nature of its business.

- 22. As explained to us, in respect of the trading activities of the Company, damaged goods have been determined and adequate provision has been made for the loss arising on the items determined.

For A.F. FERGUSON & CO.  
Chartered Accountants

M.S. DHARMADHIKARI  
(Partner)

Mumbai, February 6, 2001

## Balance Sheet as at 30th November, 2000

	Schedule Ref.	Rupees in Lakhs As at 30th Nov 2000	Rupees in Lakhs As at 30th Nov 1999
<b>Sources of Funds</b>			
Shareholders' Funds			
Share Capital	1	2344.21	1172.19
Reserves and Surplus	2	<u>11166.67</u>	<u>9541.27</u>
		13510.88	10,713.46
<b>Loan Funds</b>			
Unsecured Loans	3	<u>—</u>	<u>0.86</u>
<b>Total</b>		<u><u>13510.88</u></u>	<u><u>10714.32</u></u>
<b>Application of Funds</b>			
Fixed Assets			
Gross Block	4	8490.39	7771.61
Depreciation		<u>(5068.96)</u>	<u>(4462.97)</u>
Net Block		3421.43	3308.64
Capital Work-in-Progress at cost, including advances		<u>306.66</u>	<u>193.60</u>
		3728.09	3502.24
Investments	5	324.36	324.36
Current Assets, Loans and Advances			
Inventories	6	5779.54	4486.33
Sundry debtors	7	3917.78	3809.93
Cash and bank balances	8	4609.16	2328.57
Loans and advances	9	<u>3839.19</u>	<u>3839.00</u>
		18145.67	14463.83
Current Liabilities and Provisions			
Current Liabilities	10	(6771.08)	(5438.91)
Provisions	11	<u>(2366.16)</u>	<u>(2376.15)</u>
		(9137.24)	(7815.06)
Net Current Assets		9008.43	6648.77
Miscellaneous Expenditure (TO THE EXTENT NOT WRITTEN OFF)			
Deferred Revenue Expenditure			
Voluntary Retirement Scheme		<u>—</u>	238.95
Commercial Rights		450.00	<u>—</u>
		450.00	238.95
<b>Total</b>		<u><u>13510.88</u></u>	<u><u>10714.32</u></u>
Notes to the Accounts	20		

Per our Report attached

For A. F. FERGUSON & CO.  
Chartered Accountants

M. S. DHARMADHIKARI  
(Partner)

Mumbai, February 6, 2001

R. A. SHAH  
HOCINE SIDI SAID

A. K. NEHRU  
P. SHAH  
K. HANDA  
B. M. GAGRAT (Dr.)

A. ANJENEYAN

Mumbai, February 6, 2001

Chairman  
Managing Director

Directors

Secretary



## Profit and Loss Account for the Year Ended 30th November, 2000

	Schedule Ref.	Rupees in Lakhs Year Ended 30th Nov 2000	Rupees in Lakhs Year Ended 30th Nov 1999
<b>Income</b>			
Sales		32719.37	28732.57
Services		4237.03	4275.28
Interest Income	12	375.61	330.76
Miscellaneous Income	13	548.70	501.41
		<u>37880.71</u>	<u>33840.02</u>
Increase/(Decrease) in stocks of Finished Goods, Work-in-Process and Own Manufactured Bulk Drugs	14	690.77	(215.66)
		<u>38571.48</u>	<u>33624.36</u>
<b>Expenditure</b>			
Cost of Materials Consumed	15	10756.71	8614.11
Personnel Costs	16	5055.99	4864.77
Excise Duty		3939.91	3414.16
Sales Tax		2394.11	1967.78
Interest Expense		36.73	54.50
Other Expenses	17	8875.13	8192.48
Depreciation		676.28	767.82
Royalty		565.04	525.80
		<u>32299.90</u>	<u>28401.42</u>
<b>Profit before Taxation</b>		<u>6271.58</u>	<u>5222.94</u>
Taxation	18	2517.56	2130.10
<b>Profit after Taxation</b>		<u>3754.02</u>	<u>3092.84</u>
Prior Years' Excess Tax Provision Written Back		192.91	—
Balance of Profit from Prior Years		7519.10	5391.41
<b>Total available for Appropriation</b>		<u>11466.03</u>	<u>8484.25</u>
Proposed Dividend		937.61	586.00
Tax on Distributed Profits		211.90	64.46
Transfer to General Reserve		400.00	310.00
Surcharge on Tax on Distributed Profits for the previous year		—	4.69
		<u>1549.51</u>	<u>965.15</u>
<b>Balance carried to Balance Sheet</b>		<u>9916.52</u>	<u>7519.10</u>
Notes to the Accounts	20		

Per our Report attached to the Balance Sheet

For A. F. FERGUSON & CO.  
Chartered Accountants

M. S. DHARMADHIKARI  
(Partner)

Mumbai, February 6, 2001

R. A. SHAH  
HOCINE SIDI SAID

A. K. NEHRU  
P. SHAH  
K. HANDA  
B. M. GAGRAT (Dr.)

A. ANJENEYAN

Mumbai, February 6, 2001

Chairman  
Managing Director

Directors

Secretary

## Schedules

	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
<b>Schedule 1 Share Capital</b>		
Authorised		
2,34,42,936 (Nov 1999 – 1,17,22,788) Equity Shares of Rs.10 each	2344.29	1172.28
1,65,57,064 (Nov 1999 – 2,77,212) Unclassified Shares of Rs.10 each	<u>1655.71</u>	<u>27.72</u>
	<u>4000.00</u>	<u>1200.00</u>
Issued		
2,34,42,936 (Nov 1999 – 1,17,22,788) Equity Shares of Rs.10 each	<u>2344.29</u>	<u>1172.28</u>
Subscribed		
2,34,40,296 (Nov 1999 – 1,17,20,148) Equity Shares of Rs.10 each fully paid-up	2344.03	1172.01
Of the above 1,91,08,636 (Nov 1999 – 73,88,488) Shares were allotted as fully paid-up bonus shares by capitalisation of General Reserve Rs.1776.92 lakhs (Nov 1999 – Rs.738.84 lakhs) and Share Premium Account Rs.133.94 lakhs (Nov 1999 – Rs. Nil)		
Add: Forfeited shares		
Amount paid-up on 2,640 Equity Shares forfeited	<u>0.18</u>	<u>0.18</u>
<b>Total</b>	<u>2344.21</u>	<u>1172.19</u>
<b>Schedule 2 Reserves and Surplus</b>		
Share Premium Account		
Per last Balance Sheet	133.94	133.94
Less: Capitalised for issue of Bonus Shares	<u>133.94</u>	<u>—</u>
	—	133.94
General Reserve		
Per last Balance Sheet	1888.23	1578.23
Less: Capitalised for issue of Bonus Shares	1038.08	—
Add : Transfer from Profit and Loss Account	<u>400.00</u>	<u>310.00</u>
	1250.15	1888.23
Profit and Loss Account		
Balance as per account	<u>9916.52</u>	<u>7519.10</u>
	9916.52	7519.10
<b>Total</b>	<u>11166.67</u>	<u>9541.27</u>
<b>Schedule 3 Unsecured Loans (short term)</b>		
Fixed Deposits	—	0.86
(Note: Rs.Nil (Nov 1999 – Rs.0.86 lakhs) is repayable within a year)		
Commercial Paper	—	—
(Maximum balance during the year Rs. Nil (Nov 1999 – Rs.1,000 lakhs))		
<b>Total</b>	<u>—</u>	<u>0.86</u>

## Schedules

## Schedule 4 Fixed Assets

	COST			DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE		Rupees in Lakhs
	As at 30th Nov. 1999	Additions	Deduc-tions	As at 30th Nov. 2000	For the year	Deduc-tions	As at 30th Nov. 2000	As at 30th Nov. 1999	
Land:									
Freehold Leasehold	23.88 95.82	— —	— —	23.88 95.82	— 0.33	— —	23.88 20.69	23.88 21.02	
Buildings:									
On freehold land @	340.10	11.59	—	351.69	4.82	—	204.21	140.71	
On leasehold land **	714.92	—	—	714.92	2.08	—	592.99	124.01	
Leasehold Improvements	783.54	72.88	9.26	847.16	78.17	5.39	272.57	583.75	
Machinery & Equipment	4052.66	216.32	5.73	4263.25	205.12	5.40	2795.77	1456.61	
Office Equipment,									
Furniture & Fixtures	1499.99	414.99	73.96	1841.02	316.05	45.44	978.62	791.98	
Vehicles	245.19	119.37	27.42	337.14	69.71	14.06	134.16	166.68	
Trademarks	15.51	—	—	15.51	—	—	15.51	—	
<b>Total</b>	<b>7771.61</b>	<b>835.15</b>	<b>116.37</b>	<b>8490.39</b>	<b>676.28</b>	<b>70.29</b>	<b>3421.43</b>		
Previous Year	6869.64	974.54	72.57	7771.61	767.82	52.30	4462.97	3308.64	
Construction Work-in-Progress (at Cost)									
Advances on Capital Accounts									
Total									
Grand Total									

@ Buildings include investment in share application money of Rs.500 in a co-operative housing society, representing ownership of two residential flats. The agreement for sale is submitted for registration.

\* Buildings include investment in 250 shares of Rs.500 each in a co-operative housing society, representing ownership of a residential flat.

Note: Depreciation on other than on low cost assets is provided on a Straight Line basis at the following rates per annum :

Land:		
Leasehold		Amortised over the lease period
Buildings		3.34%
Leasehold improvements		8% to 10%
Machinery & Equipment		8% to 40%
Office equipment, furniture & fixtures		8% to 33.33%
Vehicles		25%
Trademarks		Amortised over a period of 3 years

Refer Schedule 20 – Note 15 (a) & 15 (b) regarding Ankleshwar Plant.



## Schedules

	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
<b>Schedule 5 Investments</b> (at cost except where otherwise stated)		
Long Term Investments		
Trade (unquoted)		
Leema Chemicals and Cosmetics Private Limited 24 Equity Shares of Rs.10 each, fully paid-up (Actual cost Rs.240)	—	—
Non-Trade (unquoted)		
Government Securities	0.11	0.11
Gold Sovereign (Actual cost Rs. 61)	—	—
The Shamrao Vithal Co-operative Bank Limited 1,000 shares of Rs.25 each, fully paid-up	0.25	0.25
In Bodies Corporate under the same management (Trade – unquoted):		
Duchem Laboratories Limited (a subsidiary company) 3,24,000 Equity Shares of Rs.100 each, fully paid-up	324.00	324.00
<b>Total</b>	<b>324.36</b>	<b>324.36</b>
<b>Schedule 6 Inventories</b>		
Stores and Maintenance Spares	131.69	96.98
Packing Materials	242.98	215.14
Physicians' Samples	162.76	77.90
Stock-in-Trade		
Raw Materials	1678.60	1223.57
Own Manufactured Bulk Drugs	246.10	326.42
Work-in-Process	286.97	364.16
Finished Goods	3030.44	2182.16
<b>Total</b>	<b>5779.54</b>	<b>4486.33</b>
<b>Schedule 7 Sundry Debtors</b>		
(Unsecured – Considered good except where otherwise stated) (Considered doubtful: Rs.345.00 lakhs, Nov 1999 – Rs.281.58 lakhs)		
Debts outstanding for a period exceeding six months	521.32	399.90
Other Debts	3741.46	3691.61
	4262.78	4091.51
Provision for doubtful debts	(345.00)	(281.58)
<b>Total</b>	<b>3917.78</b>	<b>3809.93</b>
<b>Schedule 8 Cash and Bank Balances</b>		
Cash on hand	6.16	2.74
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	982.65	953.83
On Margin Money Accounts	3.43	17.33
On Time Deposit Accounts	3508.00	1283.12
Cheques on hand	108.92	71.55
<b>Total</b>	<b>4609.16</b>	<b>2328.57</b>

## Schedules

	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
<b>Schedule 9 Loans and Advances</b>		
(Unsecured – Considered good except where otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
Considered good	2597.06	2627.67
Considered doubtful	194.61	178.95
	<u>2791.67</u>	<u>2806.62</u>
Provision for doubtful advances	<u>(194.61)</u>	<u>(178.95)</u>
	2597.06	2627.67
Advances and Loans to Subsidiary Company		
Duchem Laboratories Limited	852.77	968.48
Balance with Customs and Excise on Current Accounts	66.48	94.97
Deferred Tax	309.53	140.93
Interest accrued on Time Deposits/Investments	13.35	6.95
<b>Total</b>	<u><u>3839.19</u></u>	<u><u>3839.00</u></u>
<b>Schedule 10 Current Liabilities</b>		
Refundable Share Application Money	18.91	18.91
Sundry Creditors		
Due to Small Scale Industrial Undertakings	460.79	250.25
Others	4695.24	3692.96
Interest Accrued but not due on loans	0.50	6.26
Dividends – Uncashed	34.88	26.41
Security Deposits	1560.76	1444.12
<b>Total</b>	<u><u>6771.08</u></u>	<u><u>5438.91</u></u>
<b>Schedule 11 Provisions</b>		
Proposed Dividend	937.61	586.00
Tax on Distributed Profits	211.90	64.46
Gratuity	74.05	214.90
Leave Encashment	344.63	325.69
Income Tax Provisions (Net of Payments)	519.49	923.91
Others	278.48	261.19
<b>Total</b>	<u><u>2366.16</u></u>	<u><u>2376.15</u></u>
<b>Schedule 12 Interest Income</b>		
Interest (Gross)		
On Staff Loans	21.58	14.98
On Deposits with banks/company, delayed payments, etc.	158.46	76.96
(Tax deducted at source – Rs.17.88 lakhs, Nov 1999 – Rs.1.04 lakhs)		
On Income Tax refunds (net)	19.12	6.79
On Long Term Investments	—	0.28
(Tax deducted at source – Rs.Nil, Nov 1999 – Rs.0.09 lakhs)		
On Loans to Duchem Laboratories Limited (a subsidiary company)		
(Tax deducted at source – Rs.38.53 lakhs, Nov 1999 – Rs.49.87 lakhs)	175.13	231.17
On Others	1.32	0.58
<b>Total</b>	<u><u>375.61</u></u>	<u><u>330.76</u></u>

## Schedules

	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
<b>Schedule 13 Miscellaneous Income</b>		
Dividend Income on Long Term Investments	0.09	0.04
Rental Income	492.69	373.66
Profit on fixed assets sold/discarded (net) (includes capital profit Rs.11.48 lakhs, Nov 1999 – Rs.26.44 lakhs)	—	30.50
Insurance Claims	29.85	20.94
Exchange gain (Net)	8.73	—
Sundry	17.34	76.27
<b>Total</b>	<b>548.70</b>	<b>501.41</b>
<b>Schedule 14 Increase / (decrease) in stocks of Finished goods, work-in-process and Own manufactured bulk drugs</b>		
Stocks at commencement		
Finished Goods	2182.16	2169.29
Work-in-Process	364.16	399.86
Own Manufactured Bulk Drugs	326.42	519.25
	<b>2872.74</b>	<b>3088.40</b>
Stocks at Close		
Finished Goods	3030.44	2182.16
Work-in-Process	286.97	364.16
Own Manufactured Bulk Drugs	246.10	326.42
	<b>3563.51</b>	<b>2872.74</b>
<b>Increase / (Decrease)</b>	<b>690.77</b>	<b>(215.66)</b>
<b>Schedule 15 Cost of Materials Consumed</b>		
Raw Materials		
Stock at commencement	1223.57	534.36
Purchases (net)	6470.27	5916.32
	<b>7693.84</b>	<b>6450.68</b>
Stock at close	(1678.60)	(1223.57)
	<b>6015.24</b>	<b>5227.11</b>
Packing Materials (Net)	1847.52	1739.06
Trading activity purchases	2893.95	1647.94
<b>Total</b>	<b>10756.71</b>	<b>8614.11</b>
<b>Schedule 16 Personnel Costs</b>		
Salaries, Wages and Bonus	3854.61	3598.36
Company's contribution to Gratuity Fund	130.80	175.32
Company's contribution to Provident and other Funds	236.46	211.59
Staff Welfare Expenses	595.17	507.68
Voluntary Retirement Scheme	238.95	343.91
Reimbursement to third party	—	27.91
<b>Total</b>	<b>5055.99</b>	<b>4864.77</b>

## Schedules

### Schedule 17 Other Expenses

	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
Consumption of Stores and Maintenance Spares	163.64	160.47
Processing Charges	557.55	420.01
Power and Fuel	1081.76	1077.98
Water	56.49	48.81
Repairs: Buildings	58.70	17.67
Machinery	203.47	194.94
	<u>262.17</u>	<u>212.61</u>
Rent	571.47	452.06
Rates and Taxes	97.42	104.42
Insurance	93.39	91.37
Clinical Trials	395.06	700.56
Equipment rentals, service charges, low cost assets written off	160.15	223.35
Freight, Forwarding and Transport	615.65	440.09
Travelling (including boarding, lodging, conveyance and other expenses)	1003.44	748.76
Postage, Telephone and Fax	429.00	400.40
Advertising and Promotion	1293.44	1205.96
Exchange loss (net)	—	20.86
Commission	150.77	142.28
Loss on fixed assets sold/discarded (net)	7.95	—
Provision for Doubtful Debts	63.42	69.63
Provision for Doubtful Advances	15.66	30.09
Amortization of Commercial Rights	150.00	—
Loss on sale of current Investments	—	0.59
Miscellaneous Expenses	1706.70	1642.18
<b>Total</b>	<u><u>8875.13</u></u>	<u><u>8192.48</u></u>

### Schedule 18 Taxation

Provision for Taxation		
Income-tax payable [Refer note 18 (b)]	2686.16	2272.05
Tax effect on timing difference re : amounts charged in these accounts		
Depreciation/Fixed Assets sold/discarded	(29.47)	(41.27)
On Provision for Bad Debts/Advances	(35.48)	(35.32)
On Voluntary Retirement Scheme	(92.01)	(171.53)
On Technical know-how	2.43	11.90
Other Provisions	(14.07)	94.27
	<u>(168.60)</u>	<u>(141.95)</u>
<b>Total</b>	<u><u>2517.56</u></u>	<u><u>2130.10</u></u>



## Schedules

	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
<b>Schedule 19 Computation of Net Profits for Commission Payable to the Directors</b>		
Net Profit per Profit and Loss Account	3754.02	3092.84
Income-tax	2517.56	2130.10
Remuneration to Directors	104.91	90.11
Depreciation charged in the Accounts	676.28	767.82
Low cost and other assets written off	—	93.56
Net Profit / (Loss) on sale of fixed assets per Section 349 of the Companies Act, 1956	(8.98)	5.51
Provision for Doubtful debts/advances	79.08	99.72
	<u>3368.85</u>	<u>3186.82</u>
	7122.87	6279.66
Net (Profit)/Loss on sale of fixed assets per accounts (including capital profit (Rs. 11.48 lakhs, Nov 1999 Rs. Nil))	7.95	(30.50)
Depreciation under Section 350 of the Companies Act, 1956 (Estimated)	(640.97)	(870.80)
Bad debts	—	(26.37)
	<u>(633.02)</u>	<u>(927.67)</u>
Net Profit under Section 198 of the Companies Act, 1956	<u>6489.85</u>	<u>5351.99</u>
Commission to one Director (Nov 1999: three) for the full year and two Directors (Nov 1999: none) for the proportionate period, who are not in whole time employment and who are resident in India, at the rate of Rs. 50,000/- per annum (Nov 1999: Rs.50,000/- per annum) to each of them, the aggregate not being in excess of 1% of net profits as computed above. The Company has been legally advised that this payment does not require the approval of the Central Government.	1.00	1.50
Commission approved by the Board of Directors at	<u>1.00</u>	<u>1.50</u>

## Schedules

### Schedule 20 Notes to The Accounts

#### 1. Significant Accounting Policies

##### Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956.

##### Fixed Assets and Depreciation

- a) All fixed assets are stated at cost of acquisition less accumulated depreciation.
- b) Assets costing upto Rs.5000 are written off and those costing more than Rs.5000 but upto \$1000 (equivalent to Rs.0.47 lakhs at the year end rate) are fully depreciated in the year of purchase.
- c) Depreciation for the year has been provided on straight line method at the higher of the rates determined by the Company or the rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions other than those stated in (b) above is provided for a period of six months in the year of purchase. Depreciation on deletions during the year is provided upto the quarter in which the asset is sold / discarded.

##### Foreign Currency Transactions

Transactions in foreign exchange which are covered by forward contracts are accounted for at the contracted rate, the difference between the forward rate and the exchange rate at the date of transaction being recognised in the Profit and Loss Account over the life of the contract. Transactions other than those covered by forward contracts are recorded at pre-determined standard exchange rates, which are reviewed periodically. Gains and losses arising on account of periodic revisions of such standard exchange rates and also on realisation are accounted for accordingly. Monetary assets and liabilities in foreign currency, which are outstanding as at the year end and not covered by forward contracts are translated at the year end market exchange rate. Gains and losses arising on account of such revisions are reflected in the Profit and Loss Account.

##### Investments

Long Term Investments are stated at cost.

##### Inventories

Stock-in-trade and Packing Material, except imported goods in transit/bond which are valued at cost, are valued at the lower of weighted average cost and net realisable value. Cost of finished goods and work-in-process includes cost of materials, direct labour and an appropriate portion of overheads.

Stores and maintenance spares are valued at average cost. Physicians' samples are valued at standard cost which approximates actual cost.

##### Sundry Debtors/Loans & Advances

These have been stated after making adequate provision for doubtful debts/advances.

##### Excise Duty

Excise Duty payable is accounted based on production of finished goods.

##### Research & Development

Revenue expenditure on research and development is written off in the Profit & Loss Account for the year in which it is incurred. Capital expenditure on research and development is treated in the same way as expenditure on Fixed Assets.

##### Retirement Benefits

The Company's contributions to the employees' Provident Fund and Superannuation Schemes are charged to the Profit & Loss Account each year. The Company has opted for a Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India (LIC), and contribution towards gratuity liability as determined by LIC is charged to the Profit & Loss account each year. The Company also provides for unutilised leave benefits on retirement available to its employees on the basis of an actuarial valuation done as at the year end.

##### Voluntary Retirement Scheme

Liability under this scheme is accounted for based on the acceptance of the applications of the employees made under this scheme by the Company and the same is charged to the Profit and Loss Account over a period of three years.

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### Commercial Rights

The expenditure incurred on acquisition of 'Commercial Rights' is amortised over a period of three years.

### Revenue Recognition

The Company recognises sale at the point of despatch of goods to the customers. Sales are net of trade discounts and inclusive of excise duty and sales tax where applicable.

### Proposed Dividend

Dividend proposed by the Board of Directors is provided in the books of account pending approval at the Annual General Meeting.

2. Estimated amount of contracts on capital account to be executed and not provided for Rs.585.85 lakhs (Nov 1999 – Rs.74.30 lakhs).		
3. Contingent Liability		
a) In respect of the guarantees given to banks on behalf of :		
i) its subsidiary company – Rs.2400 lakhs (Nov 1999 – Rs.2400 lakhs).		
ii) third parties – Rs.200 lakhs (Nov 1999 – Rs.200 lakhs).		
b) In respect of excise duty, customs duty and sales tax matters pending appeals – Rs.683.42 lakhs (Nov 1999 – Rs.2214.87 lakhs).		
c) Demands from Income-tax authorities for the interest on the alleged short deduction of tax at source on perquisites relating to the Assessment Year 1987-88 which have been disputed by the Company and in respect of which the Company has filed an appeal – Rs.6.53 lakhs (Nov 1999 – Rs.6.53 lakhs).		
d) Others-amount not ascertainable, but not likely to be significant.		
	<b>Rupees in Lakhs Nov 2000</b>	<b>Rupees in Lakhs Nov 1999</b>
4. Loans and Advances include amounts due from		
Duchem Laboratories Limited, a Company under the same management [Maximum aggregate amount due during the year Rs.2219.45 lakhs (Nov 1999 - Rs. 2496.32 lakhs)]. The receivables mentioned above from Duchem Laboratories Limited, a wholly owned subsidiary company, have been considered as good and fully recoverable, having regard to the said subsidiary's long term prospects.	<b>852.77</b>	<b>968.48</b>
Leema Chemicals & Cosmetics Pvt. Ltd., a Company under the same management (maximum aggregate amount due during the year Rs.0.07 lakhs (Nov 1999 – Rs. Nil)	<b>0.07</b>	<b>—</b>
Directors of the Company Maximum aggregate amount due during the year Rs.0.29 lakhs (Nov 1999 – Rs. 0.46 lakhs).	<b>0.12</b>	<b>0.29</b>
An officer of the Company Maximum aggregate amount due during the year Rs.0.06 lakhs (Nov 1999 – Rs.1.71 lakhs).	<b>0.04</b>	<b>0.06</b>
5. a) Cost of materials consumed and other expenses include cost of samples distributed Rs.848.71 lakhs (Nov 1999 - Rs. 621.56 lakhs).		
b) 'Miscellaneous Expenses' under 'Other Expenses' (Schedule 17) include Rs.(84.86) lakhs (Nov 1999-Rs.50.29 lakhs) on account of (Increase)/Decrease in stocks of physicians' samples.		
6. Auditors' Remuneration (including taxes, where applicable)		
For Audit	<b>14.70</b>	<b>13.13</b>
For Taxation Services	<b>2.76</b>	<b>0.35</b>
Reimbursement of out-of-pocket expenses	<b>0.82</b>	<b>0.90</b>
For Miscellaneous reports and other consultations	<b>4.16</b>	<b>0.29</b>
For Company Law matters	<b>0.08</b>	<b>0.07</b>

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	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
7. Managerial remuneration under Section 198 of the Companies Act, 1956 amounted to Rs.104.91 lakhs (Nov 1999 – Rs.90.11 lakhs).		
Salaries, Bonus & Commission	69.58	52.87
Contribution to PF and Other Funds	10.73	10.21
Perquisites	24.04	25.93
Sitting Fees	0.56	1.10
Total	104.91	90.11

### 8. Information required by Paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956.

#### a) Production, Sales and Stocks

##### Manufacturing Activities

Class of goods	Unit of Measure	STOCKS AT COMMENCEMENT		PRODUCTION	SALES		STOCKS AT CLOSE	
		Quantity	Rupees in lakhs		Quantity	Rupees in lakhs	Quantity	Rupees in lakhs
<b>BULK DRUGS AND DRUG INTERMEDIATES</b>								
Oxytetracycline	KGA(000s)	13.89 (14.31)	249.23 (210.81)	84.57 (91.03)	0.83 (2.00)	10.57 (26.14)	9.34 (13.89)	183.47 (249.23)
Others	Tonnes	4.05 (7.85)	77.19 (308.44)	76.14 (72.98)	72.30 (72.43)	417.77 (500.87)	7.36 (4.05)	62.63 (77.19)
<b>FORMULATIONS</b>								
Injectables:								
Liquid Parenterals	Litres	39,766.33 (29,045.90)	158.32 (119.00)	230,284.66 (251,193.76)	227,310.15 (237,280.28)	1,182.84 (1,137.29)	41,261.73 (39,766.33)	191.99 (158.32)
Powder Parenterals	Kgs.	157.57 —	176.23 —	1,386.72 (774.75)	1,127.24 (612.09)	2,258.41 (1,273.59)	413.31 (157.57)	424.83 (176.23)
Tablets and Capsules	No. in Millions	46.65 (57.88)	397.44 (556.78)	399.70 (386.49)	356.46 (386.35)	6,509.25 (6,639.85)	82.02 (46.65)	668.29 (397.44)
Liquids	Litres	386,853.59 (436,329.14)	753.77 (651.48)	3,457,076.00 (3,368,158.65)	3,392,878.27 (3,325,567.70)	9,964.02 (9,049.58)	398,911.75 (386,853.59)	731.96 (753.77)
Solids	Kgs.	27,184.05 (25,637.27)	102.98 (123.12)	108,790.75 (113,002.46)	104,656.52 (105,343.31)	945.07 (946.28)	24,330.77 (27,184.05)	123.76 (102.98)
Ointments	Kgs.	3,792.89 (4,024.34)	21.28 (21.01)	13,048.84 (14,587.50)	11,552.79 (13,815.62)	118.20 (136.77)	4,516.30 (3,792.89)	26.89 (21.28)
<b>FOOD PRODUCTS</b>	Tonnes	41.02 (64.03)	84.71 (132.04)	721.75 (666.27)	664.56 (683.04)	2,391.87 (2,344.61)	96.44 (41.02)	196.74 (84.71)
<b>FEED SUPPLEMENTS</b>	Tonnes	54.25 (96.71)	85.06 (131.07)	852.20 (809.96)	836.73 (831.32)	2,204.20 (2,045.19)	57.47 (54.25)	79.99 (85.06)



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### Trading Activities

Class of goods	Unit of Measure	STOCKS AT COMMENCEMENT				PURCHASES		SALES		STOCKS AT CLOSE	
		Quantity	Rupees in Lakhs	Quantity	Rupees in Lakhs	Quantity	Rupees in Lakhs	Quantity	Rupees in Lakhs		
FORMULATIONS											
Injectables:											
Liquid Parenterals	Litres	5,639.40 (3,657.07)	131.28 (105.28)	26,725.86 (22,448.64)	1,368.04 (400.82)	22,059.52 (19,729.85)	2,522.44 (1,047.63)	9,987.79 (5,639.40)	279.86 (131.28)		
Tablets	No. in millions	6.40 (9.74)	202.85 (329.42)	35.83 (29.34)	1,181.53 (905.83)	33.45 (29.13)	1,326.30 (1,114.69)	7.64 (6.40)	265.68 (202.85)		
Liquids	Litres	10,360.35 (3,424.90)	13.44 (11.23)	65,834.52 (39,375.90)	85.34 (55.56)	50,069.60 (31,081.00)	148.82 (111.56)	25,173.60 (10,360.35)	22.45 (13.44)		
Solids	Kgs	2,285.90 (6,003.57)	18.84 (47.90)	4,142.15 (7,295.10)	43.40 (66.22)	5,854.12 (9,929.27)	92.92 (139.56)	181.73 (2,285.90)	3.42 (18.84)		
Ointments	Kgs	4,618.10 (4,577.18)	24.43 (23.31)	11,311.43 (16,684.35)	46.91 (84.90)	11,743.66 (13,873.31)	150.50 (176.24)	2,388.23 (4,618.10)	9.23 (24.43)		
FEED SUPPLEMENTS	Tonnes	29.72 (98.11)	7.80 (28.48)	199.25 (190.99)	51.67 (55.32)	192.20 (248.87)	82.27 (104.25)	15.85 (29.72)	4.48 (7.80)		
FEED SUPPLEMENTS	Litres	12,951.00 (64,886.00)	3.73 (17.36)	35,795.00 (33,784.00)	11.10 (11.07)	40,195.00 (79,550.00)	17.70 (31.89)	3,745.00 (12,951.00)	0.87 (3.73)		
SALES TAX							2,376.22 (1,906.58)				
TOTAL			2,508.58 (2,816.73)	2787.99 (1,579.72)		32,719.37 (28,732.57)		3276.54 (2,508.58)			

#### Notes:

- Figures of production are inclusive of production for captive consumption and quantities produced in the factories of third parties on loan licences.
- Figures for Production, Purchases and Closing Stock exclude Physicians' Sample packs.
- Stocks are after adjustments of write-offs.
- Figures in brackets are in respect of the previous year.

#### b) Raw Materials Consumed

Class of goods	Units of Measure	Nov 2000		Nov 1999	
		Quantity	Rupees in Lakhs	Quantity	Rupees in Lakhs
Vitamins	Tonnes	8.01	62.05	5.73	50.50
Sulphadimidine	Kgs	9600.70	41.73	7,499.10	29.18
Codeine Phosphate	Kgs	5725.59	1973.59	5,580.80	1872.78
Cefoperazone	Kgs	1351.74	844.86	894.65	571.25
Sugar	Tonnes	2173.36	321.75	2,056.61	285.12
Propylene Glycol	Tonnes	225.53	149.78	251.99	150.04
Maize Germ Oil	Tonnes	470.44	117.30	461.79	126.34
PCBs Urea	Tonnes	62.52	113.43	53.22	89.76
Others (None of the items individually exceed 10% of the total value of the raw materials consumed)			2390.75		2052.14
<b>TOTAL</b>			<b>6015.24</b>		<b>5227.11</b>

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### 8. b) Raw Materials Consumed Contd...

Units of Measure	Nov 2000		Nov 1999	
	Quantity	Rupees in Lakhs	Quantity	Rupees in Lakhs
Whereof:	Percentage		Percentage	
Imported-Delivered Cost	27	1637.10	20	1022.00
Indigenously obtained	73	4378.14	80	4205.11
<b>TOTAL</b>	<b>100</b>	<b>6015.24</b>	<b>100</b>	<b>5227.11</b>

Note: 'Components' and 'Spare Parts' referred to in para 4 D(C) of Part II of Schedule VI to the Companies Act, 1956 are assumed to be those incorporated in goods produced and not those used for maintenance of Plant and Machinery.

### c) Licensed and Installed Capacities

Class of goods	Units of Measure	Installed Capacity (Three Shift basis)	
		Nov 2000	Nov 1999
<b>Bulk Drugs and Drug Intermediates</b>			
Oxytetracycline /Tetracycline	MT	140	140
Others	MT	724	724
<b>FORMULATIONS</b>			
<b>Injectables</b>			
Liquid Parenterals	Litres	360000	360000
Dry Fills	Mn.Vials	158.4	158.4
Tablets & Capsules	Mn. Nos.	5412	5412
Liquids	Litres	3500000	3500000
Solids	Kgs	900000	900000
Ointments	Kgs	232800	232800
<b>FOOD PRODUCTS</b>			
Protein Food	MT	1000	1000
<b>FEED SUPPLEMENTS</b>	MT	1577	1577

Notes:

- In terms of Press Note No. 4 (1994 series) dated October 25, 1994 issued by the Department of Industrial Development, Ministry of Industry, Government of India and Notification No. S.O. 137(E) dated March 1, 1999 issued by the Department of Industrial Policy and Promotion, Ministry of Industry, Government of India, industrial licencing has been abolished in respect of bulk drugs and formulations.
- The installed capacity is as certified by the Management and not verified by the Auditors, this being a technical matter.

	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
<b>d) Value of imports calculated on CIF basis</b>		
Raw Materials	1622.86	931.33
Spare Parts for maintenance of Machinery and Laboratory Chemicals	3.81	2.44
Capital Goods	60.70	38.36
Finished Goods	1286.26	999.11
Packing Materials	75.69	47.35
<b>e) Expenditure in Foreign Currency</b>		
Travel	73.92	83.27
Royalty	466.78	435.33
Interest	4.59	4.52
Professional Charges	0.98	—
Others (Exchange Loss, etc)	2.99	57.65
<b>f) Remittance made on account of dividends in foreign currency</b>		
Number of shareholders	1	1
Number of shares held	46,88,050	46,88,050
Net amount of dividends remitted in foreign currency		
Dividend in respect of the year ended 30th Nov. 1999	234.40	—
Dividend in respect of the year ended 30th Nov. 1998	—	187.52
	<b>234.40</b>	<b>187.52</b>

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	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
<b>g) Earnings in foreign exchange</b>		
Total Exports (On FOB) basis		
Earnings in Indian Rupees	<b>243.29</b>	170.61
Earnings in Foreign Exchange	<b>490.37</b>	499.61
<b>Total</b>	<b>733.66</b>	<b>670.22</b>
Service Income	<b>1181.73</b>	1225.27
Interest Income	<b>22.75</b>	3.96
Others	<b>3.97</b>	2.35

9. Interest expense includes Rs.Nil payable on loans for fixed period (Nov 1999 – Rs.15.18 lakhs).

### 10. Drugs Prices Equalisation Account (DPEA)

#### a) Oxytetracycline & Other Formulations

In respect of certain price fixation Orders of 1981 of the Government of India, the Supreme Court vide its Order of 22nd March, 1993, held that, pending disposal of the Company's Writ Petition in the High Court of Mumbai, the Company may deposit 50% of the impugned amount of Rs. 87.61 lakhs, less Rs. 19.90 lakhs already deposited, with the Union of India before 15th May, 1993, which has been done. In the event that the Company succeeds before the High Court of Mumbai, this amount will be returned within one month from the date of the decision of the High Court with interest at the rate of 15% per annum. However, if the Company loses the Writ Petition, the balance amount of Rs. 43.80 lakhs with interest at the rate of 15% per annum will have to be paid to the Government.

#### b) Multivitamin Formulations

In respect of a certain price fixation Order of 1986 of the Government of India, the Supreme Court vide its Order dated 3rd December, 1992, held that, pending disposal of the Company's Writ Petition in the High Court of Mumbai, the Company may deposit 50% of the impugned amount of Rs.98 lakhs with the Union of India before 31st January, 1993, which has been done. In the event that the Company succeeds before the High Court of Mumbai, this amount will be returned within one month from the date of the decision of the High Court with interest at the rate of 15% per annum. However, if the Company loses the Writ Petition, the balance amount of Rs.49 lakhs with interest at the rate of 15% per annum will have to be paid to the Government.

#### c) Protinex\*

In yet another case, the Company had challenged in 1986 a price fixation Order of the Government of India by a Writ Petition before the High Court of Mumbai. The Honourable Court passed an ad interim and interim order staying the impugned order. The Petition, while it was still pending for hearing and final disposal, was withdrawn in 1989 on redressal of the Company's grievances. After protracted correspondence on the subject, in 1993 the Government raised a demand of Rs. 81.83 lakhs on the Company for the period April 1986 to July 1989 and directed the Company to deposit the same into the DPEA. Thereafter, the Drug Prices Liability Review (DPLR) Committee sent a letter dated 15th February, 1996 seeking the Company's submission/ representation against the reduced claim amount of Rs. 33.87 lakhs for the period April 1986 to August 1987 as intimated to the DPLR Committee by the Government of India. The Company has made its submissions to the DPLR Committee vide its letter of 29th March, 1996 claiming that no amount whatsoever is due and payable having regard to the facts and relevant material of the case.

In the meantime, the Department of Chemicals and Petrochemicals vide their letter dated 11th February, 1997, raised an additional demand of Rs 178.56 lakhs for the earlier period of February 1984 to March 1986 over and above the revised claim of Rs. 33.87 lakhs for the period April 1986 to August 1987. Thus, the total demand raised now stands revised to Rs. 212.43 lakhs. The DPLR Committee had, vide its letter dated 24th February 1997 invited the Company to make its submissions/ representations against the above said claim. The Company has made its submissions to the DPLR Committee vide its letter dated 14th May, 1997 claiming that no amount whatsoever is due and payable having regard to the facts and relevant material of the case.

Pursuant to the submissions made by the Company, the DPLR Committee directed by an Order on November 17, 1998 that clarifications should be obtained from the Mumbai High Court on whether the Interim Stay granted in the Civil Writ Petition Number 2368 of 1996 is applicable to this matter. (This Writ Petition is filed by OPPI and IDMA jointly against any Notice issued by the Government of India after August 25, 1987 to any member of the OPPI or IDMA, initiating proceedings for recovery of an amount demanded in respect of a period prior to that date).

On a Notice of Motion filed by the Company in the said Writ Petition, the Mumbai High Court has granted ad interim Order that "pending the hearing and final disposal of this Notice of Motion, further proceedings in the said Case No 49/1996 pending before the said Drug Prices Liability Review Committee be stayed."

The Company would continue to seek legal recourse in the matter.

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In view of matters (a) and (b) being subjudice, the legal opinion being in favour of the Company, and based on the assessment of the Management, no further provision is considered necessary over and above the sum of Rs.48.21 lakhs that has already been made in the accounts in earlier years.

\* Regd. Trademark

11. The Company has recovered from its wholly owned subsidiary company – Duchem Laboratories Limited, General Administration expenses amounting to Rs.Nil (Nov 1999-Rs.17.09 lakhs); and payroll costs of persons deputed by the Company amounting to Rs.Nil (Nov 1999-Rs.19.69 lakhs). 'Miscellaneous Expenses' under 'Other Expenses' (Schedule 17) and 'Personnel Costs' (Schedule 16) are net of these recoveries respectively. The details of personnel costs are given below :

	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
Salaries, Wages and Bonus	—	15.65
Company's Contribution to Gratuity Fund	—	0.19
Company's Contribution to Provident and Other Funds	—	1.02
Staff Welfare Expenses	—	2.83
	<u>—</u>	<u>19.69</u>

12. The Company has opted for the Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India (LIC). The Company's contribution to this scheme is charged to the Profit and Loss Account for the year. LIC has confirmed that the contributions taken together with the funds available with LIC in the corpus, cover adequately the actuarially valued gratuity liability of the Company. LIC would however seek replenishment of funds, should the funds get depleted due to abnormal withdrawals in any year.

13. Expenditure on Research & Development during the year

	Rupees in Lakhs Nov 2000	Rupees in Lakhs Nov 1999
Capital expenditure	307.70	59.14
Revenue expenditure charged to the Profit and Loss Account	1115.01	1287.73
	<u>1422.71</u>	<u>1346.87</u>

14. Information regarding assets taken on lease

Nature of Asset	Lease rentals for the year Rupees in Lakhs		Future rental obligations Rupees in Lakhs	
	Nov 2000	Nov 1999	Nov 2000	Nov 1999
Office Equipment	3.24	17.80	—	3.24
Vehicles	—	32.80	—	—
	<u>3.24</u>	<u>50.60</u>	<u>—</u>	<u>3.24</u>

15. a) In an earlier year, the Company ceased its manufacturing operations at its Ankleshwar Plant and re-evaluated the useful life of the fixed assets. Additional depreciation amounting to Rs.614.74 lakhs was charged to the Profit and Loss Accounts in earlier years.
- b) Fixed Assets (Schedule 4) include fixed assets lying at the Ankleshwar Plant as on 30th November, 2000 at their respective book values which are as follows:

	Rupees in Lakhs Original Cost		Rupees in Lakhs Accumulated Depreciation		Rupees in Lakhs Written Down Value	
	Nov 2000	Nov 1999	Nov 2000	Nov 1999	Nov 2000	Nov 1999
Freehold Land	20.28	20.28	—	—	20.28	20.28
Leasehold Land	63.25	63.25	63.25	63.25	—	—
Freehold Building	165.82	165.82	136.48	136.48	29.34	29.34
Leasehold Building	506.66	506.66	426.33	426.33	80.33	80.33
Machinery & Equipment	912.72	916.38	833.96	837.44	78.76	78.94
Office Equipment, Furniture & Fixtures	37.85	37.85	33.68	33.68	4.17	4.17
	<u>1706.58</u>	<u>1710.24</u>	<u>1493.70</u>	<u>1497.18</u>	<u>212.88</u>	<u>213.06</u>

In the opinion of the Company the realisable value of the above assets is atleast equal to the values at which these are stated.



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- (c) During the year the Company has changed the accounting policy of accounting for low cost assets purchased during the year. Until the previous year, assets costing upto approximately Rs.9000 (equivalent to \$200) were fully charged to the Profit and Loss account on purchase. In respect of the additions to fixed assets during the year, the Company has capitalised the assets costing between Rs.5000 and approximately Rs.47000 each (equivalent to \$ 1000) and has provided 100% depreciation thereon. Had these assets been depreciated over the useful life of the assets as required by the Accounting Standard on Depreciation Accounting (AS-6) Revised, the depreciation charge for the year would have been lower by Rs.104.41 lakhs and the fixed assets (net block) would have been higher by an equivalent amount .

As a consequence of this change in the accounting policy, the profit after tax for the year and Reserves and Surplus as at the year end are lower by Rs.64.21 lakhs.

### 16. Commercial Rights

During the year the Company entered into a Co-Marketing agreement with another company Shantha Biotechnics Private Limited. As per the terms of the agreement, the Company has paid Rs.600 lakhs in consideration of a right to compete with that company as the Exclusive Co-Marketer of the product stated in the agreement with an option to become the Exclusive Co-Marketer for a new range of the same product and a further right of first refusal to become the Exclusive Co-Marketer for any new product, which that company may develop.

This expenditure on acquisition of 'Commercial Rights' is considered as deferred revenue expenditure and is amortised over a period of three years.

17. Stock of Physicians' samples pertaining to the Company's service activities is included under 'Loans and Advances' (Schedule 9) Rs.65.93 lakhs (Nov.1999 – Rs.25.43 lakhs)
18. a) The Provision for taxation has been computed on the basis of the profits for the year ended 30<sup>th</sup> November, 2000 although the ultimate tax liability for the assessment year 2001- 2002 will be determined on the basis of the profits for the year ending 31<sup>st</sup> March, 2001.
- b) Income tax payable shown under schedule 18 "Taxation" includes Rs.76.51 lakhs (Nov 1999 – Rs.132.66 lakhs) on account of interest demanded by the tax authorities in respect of certain disputed items on completion of assessment of an earlier year.
19. The names of the Small Scale Industrial Undertakings to whom the Company owes a sum exceeding Rs.100,000 which is outstanding for more than 30 days:

#### Nov 2000

Amijal Chemicals  
Award Packaging  
Anushree Polypack  
Award Offset Printers & Packaging Pvt. Ltd.  
Blown Enterprises  
Crown Paper Products  
Corropack Industries  
Creative Cartons  
Cosmo Carrying Pvt. Ltd.  
Coastal Packaging Pvt. Ltd.  
Enzochem Laboratories Pvt. Ltd.  
Esco Closures Pvt. Ltd.  
J K Malt Products Pvt. Ltd.  
Mipack Plastics Pvt. Ltd.  
Metakaps Engineering Co.  
Paper Kraft Industries  
Suraj Paper Box Works  
UCE Projects  
Virdev Intermediates Pvt. Ltd.  
Ushma Industries  
Bharat Industries  
Vishwanath Packaging  
Omni Protech Drugs Ltd.

#### Nov 1999

Crown Paper Products  
Amijal Chemicals  
Enzochem Laboratories Pvt. Ltd.  
Ramdev Chem  
Synthokem Labs Pvt. Ltd.  
Virdev Intermediates Pvt. Ltd.  
Award Packaging  
Corropack Industries  
Metakaps Engineering Co.  
Mavji Haribhai Oilcake  
Ushma Industries

The above information and that given in Schedule 10 –Current Liabilities regarding small scale industrial undertakings 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.

- 20 The figures of the previous year have been re-grouped wherever necessary.

## Schedules

### 21. Information required as per Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile		
Registration Details		
Registration No.		8311
State Code		11
Balance Sheet Date		30-11-00
Capital raised during the year (Amount in Rs. Thousands)		
Public Issue		NIL
Rights Issue		NIL
Bonus Issue		117202
Private Placement		NIL
Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)		
Total Liabilities		2264812
Total Assets		2264812
Sources of Funds		
Paid-up Capital		234421
Reserves and Surplus		1116667
Secured Loans		NIL
Unsecured Loans		NIL
Application of Funds		
Net Fixed Assets		372809
Investments		32436
Net Current Assets		900843
Misc. Expenditure		45000
Accumulated Losses		—
Performance of Company (Amount in Rs. Thousands)		
Turnover		
(Incl. Other Income Rs. 92431 thousands)		3788071
Total Expenditure		3160913
Profit Before Tax		627158
Profit After Tax		375402
Earnings per Share in Rs.		16.02
Dividend Rate %		40
Generic Names of Three Principal Products/Services of Company (as per monetary terms)		
Item Code No.		30044005
(ITC Code)		
Product Description		Syrup based on codeine phosphate
Item Code No.		30042002
(ITC Code)		
Product Description		Tetracycline of derivates in capsules, injections, ointments etc
Item Code No.		30049011
(ITC Code)		
Product Description		Other anti-inflammatory (non-steroid) formulations

Signatures to Schedules 1 to 20 which form an integral part of Accounts

R.A. SHAH	Chairman
HOCINE SIDI SAID	Managing Director
A.K. NEHRU	} Directors
P. SHAH	
K. HANDA	
B.M. GAGRAT (Dr.)	
A. ANJENEYAN	Secretary

Mumbai, February 6, 2001

## Statement Pursuant to Section 212 of the Companies Act, 1956

RE : DUCHEM LABORATORIES LIMITED

The financial year of Duchem Laboratories Limited ended on 30th November, 2000.

Pfizer limited held the entire paid-up Share Capital of Rs.324 lakhs in Duchem Laboratories Limited as at 30th November, 2000.

The net aggregate amount, so far as it concerns members of the company and is not dealt with in the company's accounts, of the subsidiary's profit (loss) for the financial year ended 30th November, 2000 is Rs. 23.00 lakhs.

The net aggregate amount, dealt with in company's account of the subsidiary's profit for the previous financial year ended 30th November, 1999 is Rs. Nil.

The net aggregate amount, so far as it concerns members of the company and is not dealt with in the company's account, of the subsidiary's profit for the previous financial years upto 30th November, 1999 is Rs. 22.50 lakhs.

Pfizer Limited's investment in the shares of Duchem Laboratories Limited as at 30th November, 2000 is carried at cost in the books of Pfizer Limited.

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	R.A. SHAH	Chairman	
	HOCINE SIDI SAID	Managing Director	
	A.K. NEHRU	}	Directors
	P. SHAH		
	K. HANDA		
	B.M. GAGRAT (Dr.)		
Mumbai, February 6, 2001	A. ANJENEYAN	Secretary	

## ACCOUNTS OF THE SUBSIDIARY DUCHEM LABORATORIES LIMITED

### Directors' Report

#### To the Members

Your Directors present this 42nd Annual Report together with the audited accounts of the Company for the year ended November 30, 2000.

Financial Results	Rupees in Lakhs	
	Year ended 30th Nov, 2000	Year ended 30th Nov, 1999
Profit for the year amounted to	44	70
Less: Tax provisions	(21)	(49)
Profit After Tax	23	21
After adjusting thereto the balance of Profit brought from prior years	23	2
The Profit & Loss Account shows a balance Profit which has been carried forward to the next year	46	23

#### Review of operations

The turnover of the Company for the year under review increased to Rs.112 crores as compared to Rs.108 crores for the previous financial year. The operations for the period reflect a profit after tax of Rs.23 lakhs (previous year Rs.21 lakhs)

#### Directors

In accordance with the Articles of Association of the Company, Mr. K. Handa and Dr. B.M. Gagrati, Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

During the year, Mr. Harold Walder was appointed as an Additional Director. Confirmation of appointment of Mr. Harold Walder as a Director, retiring by rotation, will be taken up before the members at the General Meeting.

Mr. B. Bhattacharya resigned from the Directorship of the Company with effect from December 1, 2000. The Company wishes to record its appreciation for the support rendered by Mr. Bhattacharya during his tenure on the Board.

#### Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

Since the operations of the Company is restricted to trading, the requirement of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of Conservation of Energy & Technology Absorption are not applicable.

The foreign exchange earnings during the year were Rs.93.36 lakhs as against Nil outflow.

#### Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, your Directors confirm the following:

- In the preparation of the annual accounts, the applicable accounting standards had been followed.
- Your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period.
- Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- Your Directors have prepared the attached Statement of Accounts for the year ended November 30, 2000 on a going concern basis.

#### Auditors

M/s. A.F. Ferguson & Co., Auditors, will retire at the conclusion of the forthcoming Annual General Meeting. They have given their consent to act as the Company's Auditors for the current year, if re-appointed.

On behalf of the Board of Directors

A.K. NEHRU  
Chairman

Mumbai, February 5, 2001



## Auditors' Report

### Report of the Auditors to the Members of Duchem Laboratories Limited

We have audited the attached Balance Sheet of Duchem Laboratories Limited, as at 30th November, 2000 together with the Profit and Loss Account of the Company for the year ended on that date annexed thereto.

We report as follows:

1. As required by the Manufacturing and Other Companies (Auditor's report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order on the basis of the information and explanations received by us.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of the audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
  - c) the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the Profit and Loss account and Balance Sheet comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) there is no director who is disqualified from being appointed as director under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view –
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th November, 2000,  
and
    - ii) in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date.

For A.F. FERGUSON & CO.  
Chartered Accountants

M.S. DHARMADHIKARI  
(Partner)

Mumbai, February 5, 2001

#### ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of the Report of even date of the Auditors to the Members of Duchem Laboratories Limited on the accounts for the year ended 30th November, 2000).

1. The Company did not have any fixed assets at any time during the year. Hence, the question of maintaining proper records including quantitative details and situation of fixed assets and their physical verification does not arise.
2. For the reason given in paragraph 1 above, the question of revaluation of fixed assets does not arise.
3. The stocks of finished goods have been physically verified at reasonable intervals during the year.
4. In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noted by the management on such physical verification as compared to book records, were not material and the same have been properly dealt with in the books of account.
6. On the basis of our examination of the stocks, the valuation of the stocks is fair and proper, in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The Company has taken loans only from its holding company during the year and the rate of interest and other terms and conditions of the loans are not prima facie prejudicial to the interest of the Company.
8. The Company has not granted any loans, secured or unsecured to any company, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
9. The Company has given advances to suppliers in the normal course of business which are adjusted as scheduled/rescheduled, against amounts due to them for supplies made. No other loans or advances in the nature of loans have been given by the Company. Therefore, the question of repayment of the principal amount and the payment of interest does not arise.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchases of goods and for the sale of goods. There were no purchases of stores, raw materials including components, plant and machinery, equipment or other assets during the year.
11. As explained to us, there are no purchases of goods and materials from or sale of goods, materials and services to the

companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

12. We have been informed that the Company did not have any manufacturing activity during the year and hence the question of determination of unserviceable or damaged stores, raw materials or finished goods does not arise.
13. The Company has not accepted any deposits from the public upto 30th November, 2000 to which the provisions of Section 58A of the Companies Act, 1956 and the rules made thereunder would apply.
14. As stated in paragraph 12 above, we have been informed that the Company did not have any manufacturing activity during the year, and hence the question of maintenance of records for the sale and disposal of realisable by-products and scrap does not arise.
15. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
16. As explained to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 by the Company.
17. As explained to us, the Company did not have any employees at any time during the year. Hence, the question of depositing Provident Fund dues and Employees' State Insurance dues with the appropriate authorities does not arise.

18. As explained to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were outstanding as at 30th November, 2000, for a period of more than six months from the date they became payable.
19. Based on our examination of the books of account of the Company in accordance with the generally accepted auditing principles and the information and explanations given to us, no personal expenses have been charged to the revenue account.
20. As explained to us, the provisions of item (XX) of clause (A) of paragraph 4 of the aforesaid order (relating to Sick Industrial Companies) are not applicable since this Company is not an industrial Company.
21. As explained to us, in respect of the trading activities of the Company, damaged goods have been determined and adequate provision has been made for the loss arising on the items determined.

For A.F. FERGUSON & CO.  
Chartered Accountants

M.S. DHARMADHIKARI  
(Partner)

Mumbai, February 5, 2001

## Balance Sheet as at 30th November, 2000

	Schedule Ref.	Rupees in Lakhs As at 30th Nov 2000	Rupees in Lakhs As at 30th Nov 1999
<b>Sources of Funds</b>			
Shareholders' Funds			
Share Capital	1	324.00	324.00
Reserves and Surplus	2	<u>45.73</u>	<u>22.73</u>
		369.73	346.73
<b>Loan Funds</b>			
Secured Loans	3	584.50	374.21
Unsecured Loans	4	<u>852.91</u>	<u>450.68</u>
<b>Total</b>		<u><u>1,807.14</u></u>	<u><u>1,171.62</u></u>
<b>Application of Funds</b>			
Long-Term Investment in Government Securities (Unquoted)		0.77	0.77
<b>Current Assets, Loans and Advances</b>			
Inventories	5	1,508.94	1,910.94
Sundry Debtors	6	834.85	921.75
Cash and Bank Balances	7	24.66	95.85
Loans and Advances	8	<u>186.88</u>	<u>362.45</u>
		2,555.33	3,290.99
<b>Current Liabilities and Provisions</b>			
Current Liabilities	9A	(748.96)	(2,090.52)
Provisions	9B	<u>—</u>	<u>(29.62)</u>
		(748.96)	(2,120.14)
<b>Net Current Assets</b>		<u>1,806.37</u>	<u>1,170.85</u>
<b>Total</b>		<u><u>1,807.14</u></u>	<u><u>1,171.62</u></u>
Notes to the Accounts	15		

Per our Report attached

A.K. NEHRU

Chairman

For A. F. FERGUSON & CO.  
Chartered Accountants

KEWAL HANDA  
B.M. GAGRAT (Dr.)  
HAROLD WALDER

}

Directors

M. S. DHARMADHIKARI  
(Partner)

M.G. SUBRAMANIAM

Secretary

Mumbai, February 5, 2001

Mumbai, February 5, 2001

## Profit and Loss Account for the Year Ended 30th November, 2000

	Schedule Ref.	Rupees in Lakhs Year ended 30th Nov 2000	Rupees in Lakhs Year ended 30th Nov 1999
<b>Income</b>			
Sales		11161.06	10799.29
Miscellaneous Income	10	<u>25.52</u>	<u>336.99</u>
		11186.58	11136.28
Increase/(Decrease) in Stocks of Finished Goods	11	<u>(383.62)</u>	<u>330.22</u>
		10802.96	11466.50
<b>Expenditure</b>			
Purchases		9334.76	9715.73
Sales tax		795.38	739.68
Interest Expense (Other than on Fixed Period Loans)		202.87	252.11
Commission Expenses		122.52	128.36
Personnel Costs	12	—	19.69
Other Expenses	13	<u>303.83</u>	<u>541.49</u>
		10759.36	11397.06
<b>Profit Before Taxation</b>		43.60	69.44
Taxation	14	<u>20.60</u>	<u>48.83</u>
<b>Profit After Taxation</b>		23.00	20.61
Balance of Profit From Prior Years		22.50	1.89
<b>Balance Carried to Balance Sheet</b>		<u>45.50</u>	<u>22.50</u>
Notes to the Accounts	15		

Per our Report attached to the Balance Sheet

A.K. NEHRU

Chairman

For A. F. FERGUSON & CO.  
Chartered Accountants

KEWAL HANDA  
B.M. GAGRAT (Dr.)  
HAROLD WALDER

}

Directors

M. S. DHARMADHIKARI  
(Partner)

M.G. SUBRAMANIAM

Secretary

Mumbai, February 5, 2001

Mumbai, February 5, 2001



## Schedules

	Rupees in lakhs Nov 2000	Rupees in lakhs Nov 1999
<b>Schedule 1 Share Capital</b>		
<b>Authorised</b>		
4,76,000 Equity Shares of Rs. 100 each	476.00	476.00
24,000 Nine per cent non-cumulative Redeemable Preference shares of Rs. 100 each	24.00	24.00
<b>Total</b>	<b>500.00</b>	<b>500.00</b>
<b>Issued, Subscribed and Paid-up</b>		
3,24,000 Equity Shares of Rs. 100 each fully paid up	324.00	324.00
<b>Total</b>	<b>324.00</b>	<b>324.00</b>
(All the above shares are held by the Holding Company – Pfizer Limited and its nominee)		
<b>Schedule 2 Reserves and Surplus</b>		
General Reserve		
Per last Balance Sheet	0.23	0.23
Profit and Loss Account		
Balance as per account	45.50	22.50
<b>Total</b>	<b>45.73</b>	<b>22.73</b>
<b>Schedule 3 Secured Loans</b>		
Bank overdraft – secured by hypothecation of all the moveable assets such as stock-in-trade wherever situated both present and future and of all the book debts, other receivables and bills both present and future and guaranteed by the Holding Company, Pfizer Limited	584.50	374.21
<b>Total</b>	<b>584.50</b>	<b>374.21</b>
<b>Schedule 4 Unsecured Loans (Short Term)</b>		
Loans from Holding company – Pfizer Limited.	849.90	447.66
Current Account with a Scheduled Bank – overdrawn balance per books	3.01	3.02
<b>Total</b>	<b>852.91</b>	<b>450.68</b>
<b>Schedule 5 Inventories</b>		
Physicians' Samples	—	18.38
Stock-in-Trade		
Finished Goods	1508.94	1892.56
<b>Total</b>	<b>1508.94</b>	<b>1910.94</b>
<b>Schedule 6 Sundry Debtors</b>		
(Unsecured – considered good except where otherwise stated)		
(Considered doubtful Rs.142.00 lakhs, Nov 1999 : Rs. 121.87 lakhs)		
Debts outstanding for a period exceeding six months	177.64	132.87
Other Debts	799.21	910.75
	976.85	1043.62
Provision for doubtful debts	(142.00)	(121.87)
<b>Total</b>	<b>834.85</b>	<b>921.75</b>

## Schedules

	Rupees in lakhs Nov 2000	Rupees in lakhs Nov 1999
<b>Schedule 7 Cash and Bank Balances</b>		
With a Scheduled Bank		
On Current Account	6.92	69.42
Cheques on hand	17.74	26.43
<b>Total</b>	<u>24.66</u>	<u>95.85</u>
<b>Schedule 8 Loans and Advances</b>		
(Unsecured – considered good except where otherwise stated)		
Advances recoverable in cash or in kind or for value to be received:		
Considered good	92.43	311.80
Considered doubtful	9.68	9.68
	<u>102.11</u>	<u>321.48</u>
Provision for doubtful advances	(9.68)	(9.68)
	92.43	311.80
Income-Tax Recoverable (Net)	36.05	—
Deferred Tax Asset (Net)	58.40	50.65
<b>Total</b>	<u>186.88</u>	<u>362.45</u>
<b>Schedule 9A Current Liabilities</b>		
Sundry Creditors		
Due to Small Scale Industrial Undertakings	542.45	1215.93
Others	120.06	268.88
Due to the Holding Company – Pfizer Limited	2.87	520.82
Interest accrued but not due on loans/security deposits	6.33	7.14
Security Deposits	77.25	77.75
<b>Total</b>	<u>748.96</u>	<u>2090.52</u>
<b>Schedule 9B Provisions</b>		
Income Tax Provisions (Net of Payments)	—	29.62
	<u>—</u>	<u>29.62</u>
<b>Schedule 10 Miscellaneous Income</b>		
Transit Claims	2.01	2.21
Interest on delayed payments	19.17	12.57
Interest on Fixed Deposits with a bank	—	0.01
Interest on Income Tax Refunds	3.25	2.61
Interest Others	—	1.66
Credit balance written back since no longer payable	—	29.94
Reimbursement of cost of Surgical Instruments	—	287.99
Exchange gain (net)	1.09	—
<b>Total</b>	<u>25.52</u>	<u>336.99</u>
<b>Schedule 11 Increase/(decrease) in Stocks of Finished Goods</b>		
Stocks at commencement	1892.56	1748.01
Less : Stocks transferred on sale of Howmedica Business	—	(137.25)
Less : Reclassification of Stock of Physicians' Samples	—	(48.42)
	<u>1892.56</u>	<u>1562.34</u>
Stocks at Close	1508.94	1892.56
<b>Increase/(Decrease)</b>	<u>(383.62)</u>	<u>330.22</u>

## Schedules

	Rupees in lakhs Nov 2000	Rupees in lakhs Nov 1999
<b>Schedule 12 Personnel Costs</b>		
Payroll and related costs reimbursed to the Holding Company		
Pfizer Limited for employees deputed to the Company		
Salaries, Wages and Bonus	—	15.65
Contribution to Gratuity Fund	—	0.19
Contribution to Provident and Other Funds	—	1.02
Staff Welfare Expenses	—	2.83
<b>Total</b>	<u>—</u>	<u>19.69</u>
<b>Schedule 13 Other Expenses</b>		
Travelling (including boarding, lodging, conveyance and other expenses)	—	11.71
Insurance	12.50	15.06
Rates and Taxes	1.31	3.76
Rent	9.60	10.20
Cash Discount	2.12	1.62
Equipment Rentals	—	1.62
Freight, Forwarding and Transport	174.90	140.51
Bad Debts	—	0.82
Provision for Bad and Doubtful Debts/Advances	20.13	42.87
Exchange Loss (net)	—	0.35
Amortisation of Surgical Instruments	—	71.53
Advertisement and Promotion	—	3.29
Bank Charges	49.29	61.51
Accounting and Professional Fees	10.67	17.30
Postage, Telephone and Fax	8.35	25.66
Loss on sale of Howmedica business	—	65.14
Miscellaneous Expenses	14.96	68.54
<b>Total</b>	<u>303.83</u>	<u>541.49</u>
<b>Schedule 14 Taxation</b>		
Provision for Taxation		
Income-tax payable	28.35	78.62
Tax effect on timing difference		
re: amounts charged in these accounts		
On provision for Bad Debts/Advances	(7.75)	(15.11)
On amortisation of surgical instruments	—	(14.68)
	<u>(7.75)</u>	<u>(29.79)</u>
<b>Total</b>	<u>20.60</u>	<u>48.83</u>

## Schedule 15 Notes to the Accounts

### 1. Significant Accounting Policies

#### Basis of Accounting

The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956.

#### Inventories

Inventories are valued at lower of cost and net realisable value, except stock of Physicians' samples which is valued at cost. Cost is arrived at using the First-in-First-out method and includes other related expenses.

#### Revenue Recognition

The Company recognises sale at the point of despatch of goods to the customers. Sales are net of trade discounts and inclusive of sales tax where applicable.

### 2. Contingent Liability

In respect of the guarantee given to the bank on behalf of a third party Rs.17.82 lakhs (Nov 1999 – Rs.17.82 lakhs).

## Schedules

3. Information required by Paragraphs 3 and 4 of Part II of Schedule VI of the Companies Act, 1956.

### a) Purchases, Sales and Stocks

#### Trading Activities

Class of goods	Unit of Measure	STOCKS AT				STOCKS			
		COMMENCEMENT		PURCHASES		SALES		AT CLOSE	
		Quantity	Rupees in Lakhs	Quantity	Rupees in Lakhs	Quantity	Rupees in Lakhs	Quantity	Rupees in Lakhs
Tablets and Capsules	No. in Millions	80.17 (122.44)	1,645.59 (984.24)	989.25 (880.31)	8,318.70 (8,725.20)	965.18 (913.64)	9,345.64 (8,703.53)	100.32 (80.17)	1,299.34 (1,645.59)
Liquids	Litres	80,975.22 (106,978.86)	91.89 (117.53)	578,541.48 (559,742.10)	659.63 (639.96)	574,262.64 (560,326.74)	702.54 (686.96)	59,099.64 (80,975.22)	68.90 (91.89)
Injectables:									
Liquid Parenterals	Litres	— —	— —	— —	— —	— (-1.40)	— (-0.07)	— —	— —
Powder Parenterals	Kgs.	354.66 (166.13)	155.08 (293.69)	962.51 (574.32)	255.06 (235.40)	961.26 (356.76)	292.96 (311.60)	341.52 (354.66)	66.13 (155.08)
Solids	Kgs.	— —	— —	9,874.00 —	101.37 —	2,614.40 (-28.12)	28.88 (-0.25)	7,256.00 —	74.57 —
Ointments	Kgs.	— —	— —	— —	— —	(10.91) (-48.65)	(0.06) (-0.37)	— —	— —
Hospital Products *		—	— (352.55)	—	— (# 10.42)	—	— (374.66)	—	— —
Sales Tax							791.10 (723.23)		
<b>Total</b>			<b>1,892.56</b> (1,748.01)		<b>9,334.76</b> 9,610.98		<b>11,161.06</b> (10,799.29)		<b>1,508.94</b> (1,892.56)

#### Notes:

- Figures for Purchases and closing stock exclude Physicians' Sample packs.
- # Purchases are net of stocks transferred on sale of Howmedica business.
- \*As the products are dissimilar in nature, the quantities of purchases, sales & stocks are not shown.
- Stocks are after adjustment of write-offs.
- Figures in brackets are in respect of the previous year.

## Schedules

	Rupees in lakhs Nov 2000	Rupees in lakhs Nov 1999
b) <b>Value of Imports calculated on CIF basis</b> Hospital Products including Surgical Instruments [Net of Purchase Return Rs.Nil (Nov. 1999 – Rs.3.74 lakhs)]	—	415.65
c) <b>Earnings in foreign exchange</b> Total Exports (on FOB basis) (Earnings in Indian Rupees) Reimbursement of cost of Surgical Instruments Others (Exchange Gain)	92.27 — 1.09	72.00 287.99 —
d) <b>Expenditure in Foreign Currency</b> Travel Expenses Others (Exchange Loss)	— —	1.39 0.35
e) Cost of purchases include cost of samples Rs.Nil (Nov. 1999 – Rs.104.75 lakhs) and excludes stocks of implants of Rs.Nil (Nov.1999 – Rs.395.39 lakhs) transferred on sale of Howmedica Business.		
4. Auditors' Remuneration (including taxes, where applicable)		
For Audit	4.20	4.20
For Taxation Services	—	0.13
Reimbursement of out-of-pocket expenses	0.08	0.03
For Other Services	0.25	0.27
5. Interest expense includes Rs.175.13 lakhs payable on loans from the Holding Company, Pfizer Limited (Nov. 1999 – Rs.231.17 lakhs).		
6. Aggregate purchases of Surgical Instruments during the year amount to Rs.Nil (Nov.1999 – Rs.20.25 lakhs), of which Rs.Nil (Nov.1999 – Rs.9.52 lakhs) being the cost of Surgical Instruments sold has been included in the Profit and Loss Account under purchases and Rs.Nil (Nov.1999 – Rs.18.17 lakhs) being the sale value of these instruments has been included in sales for the year.		
7. Information regarding assets taken on lease:		
	Lease rentals for the year Rupees in lakhs	Future rentals Obligations Rupees in lakhs
	Nov 2000	Nov 1999
Vehicles	—	1.62
	—	1.62
8. The provision for taxation has been computed on the basis of the profits for the year ended 30th November, 2000 although the ultimate tax liability for the assessment year 2001 – 2002 will be determined on the basis of the profits for the year ending 31st March, 2001		
9. The names of the small scale industrial undertakings to whom the Company owes a sum exceeding Rs.100,000 which is outstanding for more than 30 days:		
Nov.2000	Nov.1999	
Omni-Protech Drugs Ltd.	Omni-Protech Drugs Ltd.	
Emil Pharmaceutical Inds. (P.) Ltd.	Medibios Laboratories Pvt. Ltd.	
The above information and that given in Schedule 9A – “Current Liabilities” regarding small scale industrial undertakings has been determined to the extend such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors		
10. The figures of the previous year have been regrouped wherever necessary.		



## Schedules

### 11. Information required as per Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile	
Registration Details	
Registration No.	11117
State Code	11
Balance Sheet Date	30-11-2000
Capital raised during the year (Amount in Rs. Thousands)	
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement – Equity Shares issued to the Holding Company	NIL
Redemption of Preferences Shares	NIL
Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)	
Total Liabilities	255610
Total Assets	255610
Sources of Funds	
Paid-up Capital	32400
Reserves and Surplus	4573
Secured Loans	58450
Unsecured Loans	85291
Application of Funds	
Investments	77
Net Current Assets	180637
Misc. Expenditure	NIL
Accumulated Losses	NIL
Performance of Company (Amount in Rs. Thousands)	
Turnover	
(Incl. Other Income Rs. 2552 thousands)	1118658
Total Expenditure	1114298
Profit/(Loss) Before Tax	4360
Profit/(Loss) After Tax	2300
Earnings per Share in Rs.	7.10
Dividend Rate %	NIL
Generic Names of Three Principal Products/Services of Company (as per monetary terms)	
Item Code No. (ITC Code)	30045005
Product Description	B group vitamins (B-Complex) with Vitamin C
Item Code No. (ITC Code)	30042012
Product Description	Doxycycline Tablets
Item Code No. (ITC Code)	30042019
Product Description	Other Antibiotics

Signatures to Schedules 1 to 15 which form an integral part of Accounts

A.K. NEHRU

Chairman

KEWAL HANDA  
B.M. GAGRAT (Dr.)  
HAROLD WALDER

}

Directors

Mumbai, February 5, 2001

M.G. SUBRAMANIAM

Secretary

## Auditors' Report

We have examined the attached Cash Flow Statement of Duchem Laboratories Limited for the year ended 30th November, 2000. The statement is based on and derived from the accounts of the Company for the year ended 30th November, 2000 and 30th November, 1999 audited by us under the Companies Act, 1956.

For A.F.FERGUSON & CO.  
Chartered Accountants

M.S. DHARMADHIKARI  
Partner

Mumbai, February 5, 2001

## Cash Flow Statement

Particulars	Rupees in lakhs Nov 2000	Rupees in lakhs Nov 1999
<b>A. Cash flow from Operating Activities:</b>		
Net profit before tax and extraordinary items	43.60	69.44
Adjustments for		
Loss on Sale of Howmedica Business	—	65.14
Reimbursement of cost of surgical instruments	—	(287.99)
Amortisation of Surgical Instruments	—	71.53
Provision for Doubtful Debts / Advances	20.13	42.87
Unrealised Foreign Exchange Loss / (Gain)	—	0.23
Investment Income	(3.25)	(2.62)
Interest Expenses	202.87	252.11
Operating profit before working capital changes	263.35	210.71
Adjustments for		
Surgical Instruments	—	(10.74)
Trade and other receivables	286.14	(211.50)
Inventories	402.00	(695.56)
Trade and other payables	(1343.62)	913.28
Cash generated from operations	(392.13)	206.19
Direct taxes paid (Net)	(14.51)	(20.02)
Net cash from operating activities (A)	(406.64)	186.17
<b>B. Cash flow from Investing Activities :</b>		
Interest Received	3.25	2.62
Extra-ordinary and other items:		
Sale proceeds received in respect of sale of Howmedica business (Net of Stamp Duty)	—	814.19
Reimbursement of cost of Surgical Instruments	—	287.99
Direct taxes paid in respect of sale of Howmedica business	(79.51)	—
Net cash from / (used) in investing activities (B)	(76.26)	1104.80
<b>C. Cash flow from Financing Activities:</b>		
Proceeds/(Repayment) from/ of borrowings (Net)	402.24	(779.19)
Fresh Issue of Capital	—	24.00
Redemption of Preference Shares	—	(24.00)
Interest paid	(200.81)	(250.91)
Net cash used in financing activities (C)	201.43	(1030.10)
Net Increase/ (Decrease) in cash & cash equivalents (A)+(B)+(C)	(281.47)	260.87
Opening Cash and cash equivalents (Note 1)	(281.38)	(542.25)
Closing Cash and cash equivalents (Note 1)	(562.85)	(281.38)
	(281.47)	260.87

## Cash Flow Statement Contd...

	Rupees in lakhs Nov 2000	Rupees in lakhs Nov 1999
Notes:		
1. Cash and Cash Equivalents include:		
With Scheduled Banks		
On Current Account	6.92	69.42
On Current Account (overdrawn balance per books)	(3.01)	(3.02)
Cheques on hand	17.74	26.43
Bank Overdraft	(584.50)	(374.21)
	<u>(562.85)</u>	<u>(281.38)</u>

2 Interest income on delayed payments from customers is shown under 'Cash Flow from Operating Activities' as according to the Company this form an integral part of the Operating Activities.

3. The figures of the previous year have been regrouped wherever necessary

Per our Report attached	A.K. NEHRU	Chairman
For A. F. FERGUSON & CO. Chartered Accountants	KEWAL HANDA B.M. GAGRAT (Dr.) HAROLD WALDER	Directors
M. S. DHARMADHIKARI (Partner)	M.G. SUBRAMANIAM	Secretary
Mumbai, February 5, 2001	Mumbai, February 5, 2001	

## Pfizer Limited : Ten Year Financial Summary

	1992	1993	1994	1995	1996	1997	1997#	1998	1999	2000
<b>SOURCES OF FUNDS</b>										
<b>SHAREHOLDERS' FUNDS</b>										
Share Capital	1172	1172	1172	1172	1172	1172	1172	1172	1172	2344*
Reserves and Surplus	1909	2291	3133	3653	4506	5925	6694	7104	9541	11167
TOTAL SHAREHOLDERS' FUNDS	3081	3463	4305	4825	5678	7097	7866	8276	10713	13511
<b>BORROWED FUNDS</b>										
Secured Loans	2136	3220	2822	1995	2077	397	84	156	—	—
Unsecured Loans	677	1017	1341	3151	806	629	2002	1	1	—
TOTAL	5894	7700	8468	9971	8561	8123	9952	8433	10714	13511
<b>APPLICATION OF FUNDS</b>										
Net Fixed Assets	1360	2791	3002	3240	3343	3085	3885	3678	3502	3728
Investments	265	3	20	23	23	25	324	346	324	324
Current Assets, Loans and Advances:										
Inventories	3005	3940	4462	4439	3875	3596	3286	4018	4486	5780
Sundry Debtors	1084	1572	1661	1699	1999	2155	2462	2317	3810	3918
Cash and Bank Balances (including amounts held on deposit accounts with banks)	32	69	207	197	81	49	234	820	2329	4609
Others	1522	1168	1823	2741	2436	3234	4572	3923	3839	3839
Total Current Assets, Loans and Advances	5643	6749	8153	9076	8391	9034	10554	11078	14464	18146
Less: Current Liabilities and Provisions										
Current Liabilities	1091	1561	2312	2186	2938	3484	3857	5375	5439	6771
Provisions	283	282	395	182	925	1574	1690	2047	2376	2366
Net Current Assets	4269	4906	5446	6708	4528	3976	5007	3656	6649	9009
Misc. Expenditure (Deferred Revenue Expenditure)										
Voluntary Retirement Scheme	—	—	—	—	667	1037	736	753	239	—
Commercial Rights	—	—	—	—	—	—	—	—	—	450
TOTAL NET ASSETS	5894	7700	8468	9971	8561	8123	9952	8433	10714	13511
<b>INCOME</b>										
Sales	13823	17093	21356	23978	25260	26290	14160	23343	28733	32719
Increase / (Decrease) in Stock of Hospital Products, Finished Goods, Work in process and Own Manufactured Bulk Drugs	(109)	301	962	24	(402)	(307)	(119)	607	(216)	691
	13714	17394	22318	24002	24858	25983	14041	23950	28517	33410
Services	—	—	—	—	205	1105	2321	3036	4275	4237
Interest Income	119	46	86	57	88	111	204	279	331	376
Dividend Income	104	—	—	3	3	2	3	3	—	—
Other Income	280	162	355	508	292	880	279	426	501	549
TOTAL	14217	17602	22759	24570	25446	28081	16848	27694	33624	38572
<b>COSTS AND EXPENSES</b>										
Materials Consumed	6520	6879	9180	9178	8159	8931	4293	7604	8614	10757
Personnel Costs	2359	2746	3240	3179	4051	4333	3072	5712	4865	5056
Excise Duty	1498	2362	2772	3118	3195	3105	1618	2806	3414	3940
Sales Tax	853	1090	1388	1564	1655	1627	933	1548	1968	2394
Depreciation	184	288	311	354	362	437	319	967	768	676
Interest Expense	373	664	569	627	571	358	160	211	54	37
Other Expenses	2158	2608	3465	4663	5015	5768	4124	6504	8192	8875
Goodwill/Technical Know-How Written off	—	153	66	—	—	—	—	—	—	—
Royalty and Technical Know-How Fees	—	—	39	682	583	555	270	455	526	565
TOTAL COSTS AND EXPENSES	13945	16790	21030	23365	23591	25114	14789	25807	28401	32300
PROFIT BEFORE TAXATION	272	812	1729	1205	1855	2967	2059	1887	5223	6272
TAXATION	98	465	730	396	785	1067	681	629	2130	2518
PROFIT AFTER TAXATION	174	347	999	809	1070	1900	1378	1258	3093	3754
Tax Provision as % of PBT	36.0	57.2	42.2	32.9	42.3	36.0	33.1	33.3	40.8	40.1
Net Profit as % of Sales	1.3	2.0	4.7	3.4	4.2	7.2	9.7	5.4	10.8	11.5
Earnings per share (Rs.)	1.48	2.96	8.52	6.90	9.13	16.21	11.76	10.73	26.39	16.02@
Equity Dividend per share (Rs.)	1.00	2.00	3.00	1.50	3.00	4.00	3.00	4.00	5.00	4.00+
Total Dividend Amount (Rs. in Lakhs)	117	234	352	176	352	469	352	469	586	938
Book Value per share (Rs.)	26.29	29.55	36.73	41.17	48.45	60.55	67.12	70.61	91.41	57.64@

# 8 months period ended 30th November, 1997.

\* Increase due to issue of Bonus Shares in the ratio 1:1.

@ Diluted due to issue of Bonus Shares in the ratio of 1:1

+ Proposed dividend for the year ended 30th November, 2000.



*At Pfizer, we look to the future with the knowledge  
that the only thing incurable is our passion.*







**Pfizer Limited**

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