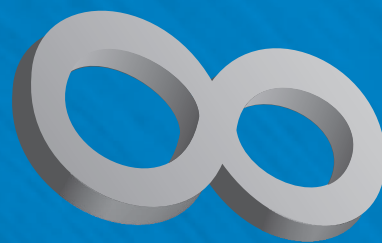


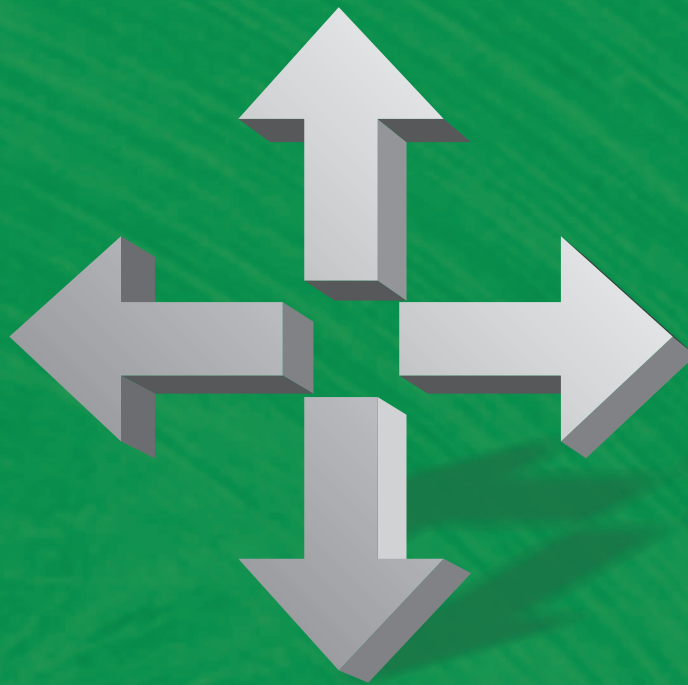
What the mind can conceive, the mind can achieve...

A N N U A L R E P O R T 2 0 0 4 - 2 0 0 5



Life is our life's work®

Pfizer expands the horizons of excellence.



Moving in the direction
of becoming
a truly 'high science' company.



Life is our life's work[®]

Redefining excellence.

Pfizer India has achieved 100% of sales targets in the year 2005. With a singular vision and determination to be the best, a focus on the business plan, and an excellent synergy across functions, we have truly raised the bar for performance.

Improved sales trends across key brands. Exciting product launches. A great talent pool. A strong product pipeline. Processes that are among the best in the industry. And a wonderful track record of performance. All have contributed towards strengthening Pfizer India, and making us one of the best pharmaceutical companies in the country.

2005 can only be a springboard for greater performance. Greater integration. Greater altitudes.

BOARD OF DIRECTORS

R. A. Shah	Chairman
Kewal Handa	Managing Director
Pradip P. Shah	Director
Dr. Bomi M. Gagrath	Executive Director, Technical Operations

MANAGEMENT COMMITTEE

Kewal Handa	Managing Director
K. G. Ananthakrishnan	Pharmaceuticals
Dr. Bomi M. Gagrath	Technical Operations
Gundu Rao	Finance
Sunil Madhok	Animal Health
Dr. Shoibal Mukherjee	Medical Research Division
Dipali Talwar	Legal
Yugesh Goutam	Human Resources

COMPANY SECRETARY
K. Subharaman

AUDITORS
BSR & Co.

REGISTERED OFFICE :
Pfizer Center, 5, Patel Estate, Off S.V. Road, Jogeshwari (W),
Mumbai 400 102.Tel.: 022 5693 2000, Fax.: 022 5693 2377, Email: contactus.india@pfizer.com

REGISTRARS & TRANSFER AGENTS:
Karvy Computershare Pvt. Ltd., 7, Andheri Industrial Estate
Off Veera Desai Road, Andheri (W), Mumbai 400 053, Tel.: 022 26730799, 26730152,
Email: ksreddy@karvy.com, rknair@karvy.com

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Pfizer Limited: Ten Year Financial Summary

Amount – Rupees in Lakhs

	1997	1997#	1998	1999	2000	2001	2002*	2003	2004§	2005
Sources of Funds										
Shareholders' Funds										
Share Capital	1172	1172	1172	1172	2344*	2344	2344	2880	2880	2984
Share Capital Suspense A/C							536		104	–
Reserves and Surplus	5925	6694	7104	9541	11167	14645	27923	27960	31292	34672
Total Shareholders' Funds	7097	7866	8276	10713	13511	16989	30803	30840	34276	37656
Borrowed Funds										
Secured Loans	397	84	156	–	–	–	–	–	–	–
Unsecured Loans	629	2002	1	1	–	–	–	–	1200	–
Total	8123	9952	8433	10714	13511	16989	30803	30840	35476	37656
Application of Funds										
Net Fixed Assets	3085	3885	3678	3502	3728	4210	5696	6110	7564	7770
Investments	25	324	346	324	324	324	529	324	324	–
Deferred Tax Asset (Net)	–	–	–	–	310	503	790	989	636	903
Current Assets, Loans and Advances:										
Inventories	3596	3286	4018	4486	5780	5644	8484	8658	7389	8983
Sundry Debtors	2155	2462	2317	3810	3918	5421	12341	5883	7174	8282
Cash and Bank Balances (including amounts held on deposit accounts with banks)	49	234	820	2329	4609	5763	6840	8908	16110	20993
Other Current Assets	–	–	–	–	–	–	–	–	137	214
Loan & Advances	3234	4572	3923	3839	3529	4289	7260	8330	6840	6693
Total Current Assets, Loans and Advances	9034	10554	11078	14464	17836	21117	34925	31824	37650	45165
Less: Current Liabilities and Provisions										
Current Liabilities	3484	3857	5375	5439	6771	6312	11112	9619	11284	13404
Provisions	1574	1690	2047	2376	2366	2853	5244	4192	5421	6448
Net Current Assets	3976	5007	3656	6649	8699	11952	18569	18013	20945	25313
Misc. Expenditure (Deferred Revenue Expenditure)										
Voluntary Retirement Scheme	1037	736	753	239	–	–	5219	5404	6007	3670
Commercial Rights	–	–	–	–	450	–	–	–	–	–
Total Net Assets	8123	9952	8433	10714	13511	16989	30803	30840	35476	37656
Income										
Gross Sales	26290	14160	23343	28733	32719	36207	65127	55896	65966	69750
Less: Excise Duty						3796	5719	3954	4884	5416
Less: Sales Tax						2643	5165	4478	5304	4482
Net Sales						29768	54243	47464	55778	59852
Services	1105	2321	3036	4275	4237	4826	4366	2944	2517	2666
Interest Income	111	204	279	331	376	668	634	364	749	832
Dividend Income	2	3	3	–	–	–	–	–	–	–
Other Income	880	279	426	501	549	653	1007	743	658	605
Total	28388	16967	27087	33840	37881	35915	60250	51515	59702	63955
Costs and Expenses										
(Increase)/Decrease in Stock of Finished Goods, Work in process and Own Manufactured Bulk Drugs	307	119	(607)	216	(691)	(531)	284	790	2312	(3408)
Materials Consumed	8931	4293	7604	8614	10757	11267	21694	18947	20058	23882
Personnel Costs	4333	3072	5712	4865	5056	5580	8784	7942	8255	10014
Excise Duty	3105	1618	2806	3414	3940	–	–	–	–	–
Sales Tax	1627	933	1548	1968	2394	–	–	–	–	–
Depreciation	437	319	967	768	676	717	1064	1083	1026	1385
Interest Expense	358	160	211	54	37	26	76	39	81	15
Other Expenses	5768	4124	6504	8192	8875	10908	17088	16087	18048	18299
Royalty and Technical Know-How Fees	555	270	455	526	565	246	95	322	516	507
Total Costs and Expenses	25421	14908	25200	28617	31609	28213	49085	45210	50296	50694
Profit before Taxation & Exceptional Items	2967	2059	1887	5223	6272	7702	11165	6305	9406	13261
Exceptional items - (Expenses)/Income	–	–	–	–	–	–	1518	(1673)	(1922)	(2337)
Profit before Taxation	2967	2059	1887	5223	6272	7702	12683	4632	7484	10924
Taxation	1067	681	629	2130	2518	2953	5089	1881	2932	4112
Profit after Taxation	1900	1378	1258	3093	3754	4749	7594	2751	4552	6812
Tax Provision as % of PBT	36.0	33.1	33.3	40.8	40.1	38.3	40.1	40.6	39.2	37.6
Net Profit as % of Sales	7.2	9.7	5.4	10.8	11.5	13.1	11.7	4.9	6.9	9.8
Earnings per share (Rs.)	16.21	11.76	10.73	26.39	16.02@	20.26	26.37	9.55	15.25	22.83
Equity Dividend per share (Rs.)	4.00	3.00	4.00	5.00	4.00	5.00	7.50+	7.50	–	10.00
Total Dividend Amount (Rs. in Lakhs)	469	352	469	586	938	1172	2160	2160	2984	2984
Book Value per share (Rs.)	60.55	67.12	70.61	91.41	57.64@	72.48	106.95	107.08	114.86	126.19

8 months period ended 30th November, 1997

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

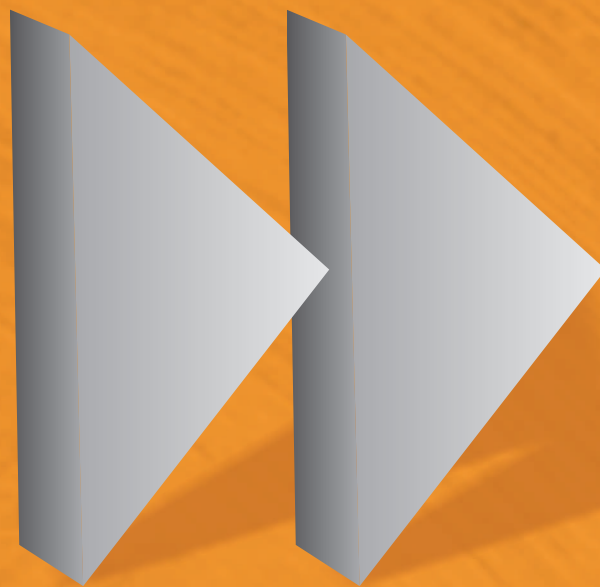
@ Diluted due to issue of Bonus Shares in the ratio of 1:1

+ Proposed dividend for the year ended 30th November, 2002 (includes special dividend @ Rs. 2.50 per share)

‡ Includes results of erstwhile Parke-Davis (India) Ltd. on its amalgamation with the Company

§ Includes results of erstwhile Pharmacia Healthcare Ltd. on its amalgamation with the Company

Moving in pace with change.



A major stride forward for Pfizer India in 2005 was the restructuring of the Field Force and Bottom Up Budgeting - a strategic move to enable the Company to effectively meet the challenges of a rapidly changing and evolving pharmaceutical industry.

Notice

Notice is hereby given that the 55th Annual General Meeting of Pfizer Limited will be held at the Yeshwantrao Chavan Pratishthan Auditorium, General Jaganath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai- 400 021 on April 21, 2006 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, 2005, 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, 2005.
3. To appoint a Director in place of Mr. Pradip Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business

5. 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, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) consent of the Company be and is hereby accorded to the appointment of Mr. Kewal Handa as the Managing Director of the Company for a period of five years with effect from April 28, 2005, and to his receiving remuneration, payment, perquisites and amenities from that date as given below:

A. Salary and Fixed allowances:

The aggregate of Salary and fixed allowances payable to Mr. Handa shall be subject to a maximum limit of **Rs. 85,00,000/- (Rupees Eighty Five Lakhs) per annum.**

B. Perquisites:

In addition to the above mentioned salary and fixed allowance, Mr. Handa shall also be entitled to perquisites like furnished accommodation, gas, electricity, water and use of Company Car for official duties. These perquisites shall be reimbursed for actual expenses incurred on furnishing of the bills thereof. In case Company owned/ leased accommodation is not provided, Mr. Handa shall be entitled for House Rent Allowance subject to the maximum limit of Rs. 50,00,000/- (Rupees Fifty Lakhs) per annum.

Mr. Handa shall also be entitled to the following perquisites and benefits, which are not covered in the aforesaid limits in A & B above:

a). Telephone/Facsimile/Computer:

Provision for use of telephone (including payment of local and long distance official calls), facsimile and computer facility at residence.

b). Contribution to Provident Fund, Superannuation Fund, etc.:

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the above ceiling 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.

c). Medical Expenses:

Reimbursement of all medical expenses incurred for Mr. Handa, his wife and dependent children (family).

d). Leave and Leave Passage:

Leave as per the Rules of the Company. Leave Travel Concession for Mr. Handa and family once in a year to any destination in India.

e). Club Membership:

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

f). Entertainment Expenses:

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

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.

The Board of Directors may, in its discretion, pay to Mr. Handa lower remuneration than the maximum remuneration hereinbefore

stipulated and revise the same from time to time, within the maximum limits stipulated. The terms of remuneration payable to Mr. Handa shall be in compliance with the provisions of Sections 198, 269, 309 and 310 of the Act, read with Schedule XIII of the Act.

C. Minimum Remuneration:

In the event of loss or inadequacy of profits in any financial year, during the tenure of Mr. Handa as Managing Director of the Company, he shall be entitled to receive a total remuneration including perquisites, etc. not exceeding the ceiling limits as approved by the Central Government as minimum remuneration.

D. Period:

Subject to the provisions of Section 317 of the Companies Act, 1956, Mr. Handa shall continue in office as Managing Director for a period of 5 years commencing April 28, 2005 subject to earlier termination of his service by either the Board of Directors on instructions given by Pfizer Corporation or by Mr. Handa giving to the other 60 days notice in writing."

Notes :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of item 5 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.

The Proxy duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

3. Re-appointment of Director retiring by rotation:

Mr. Pradip Shah is liable to retire by rotation at the 55th Annual General Meeting and being eligible, has offered himself for re-appointment. The information required to be furnished under the Code of Corporate Governance is given hereunder:

The Board of Directors has appointed Mr. Pradip Shah as a Director of the Company with effect from December 7, 1999. He was appointed as a Director liable to retire by rotation by the shareholders at the 53rd AGM held on April 29, 2004 .

Mr. Shah is 53 years old. He is a qualified Chartered Accountant as well as a Cost Accountant. Mr. Shah is a Director on the Boards of several reputed Companies. He is also a member of various prestigious committees/commissions. Mr. Shah was instrumental in setting up CRISIL, the largest Credit Rating Agency. He is the Chairman/ Director of the following public limited Companies and Chairman/ Member of following Committees:

Name of Company	Designation	Chairmanship or Membership of Audit Committee of Board
Asset Reconstruction Company (India) Limited	Director	-
BASF India Limited	Director	Member
Bombay Stock Exchange Limited	Director	-
Godrej & Boyce Mfg. Co. Limited	Director	-
Gokuldas Exports Limited	Director	-
Panasonic Battery India Co. Limited	Director	Member
Prudential ICICI Asset Management Limited	Director	Chairman
Patni Computer Systems Limited	Director	Member
Shah Foods Limited	Chairman	-
Sonata Software Limited	Director	Member
The Shipping Corporation of India Limited	Director	-
Wartsila India Limited	Director	Chairman

Mr. Shah does not hold any shares in the Company either in his name or for other persons on a beneficial basis.

4. Members (Beneficiaries) holding shares in dematerialized mode are requested to note that the bank details furnished by them to their respective Depository Participants will be printed on their Dividend Warrants, if not opted for Electronic Clearing Service (ECS). This is pursuant to the SEBI directive vide Circular No. D&CC/FITTC/CIR-4/2001 dated 13.11.2001.

5. In compliance with Sections 205A & 205C of the Companies Act, 1956, unclaimed dividend for the year ended 1998 has been transferred to the "Investor Education and Protection Fund" established by the Central Government. Members shall not be able to register their claim in respect of their unencashed Dividend with regard to the said dividend. Unclaimed dividend for all the subsequent years will be transferred to the "Investor Education and Protection Fund" according to the statutory stipulations. Members are requested to contact the Company's Registrars and Transfer Agents, in respect of their outstanding dividends for the succeeding years.

By order of the Board of Directors

Mumbai, February 27, 2006

Registered Office:

Pfizer Centre, Patel Estate, Off S. V. Road,
Jogeshwari (West), Mumbai – 400102.

K SUBHARAMAN
Company Secretary

Explanatory statement pursuant to section 173 of the companies act, 1956.

Item No.5

Pursuant to Article 119 Pfizer Corporation had nominated Mr. Kewal Handa as a Director on the Board. The Board of Directors at its meeting held on April 28, 2005 appointed Mr. Handa as the Managing Director of the Company. The appointment was also subject to the approval of the shareholders at the Annual General Meeting of the Company. The remuneration payable to Mr. Kewal Handa is set out in the resolution at Item No. 5 of the Notice.

Mr. Handa is 53 years old and is a Member of the Institute of Cost and Works Accountants of India and also a Member of the Institute of Company Secretaries of India. He holds a Masters Degree in Commerce. He joined the Company in June 1990 as Controller in MIS- Taxation and was promoted as Financial Controller in August, 1991. Further, he moved to head the Animal Health Division in December, 1994.

Mr. Handa held the position of Executive Director of the Company heading the Finance Division from December 16, 1996 till his appointment as the Managing Director of the Company. Mr. Handa is also a Member of the Shareholders' Grievance Committee of Pfizer Limited.

Mr. Handa is a visiting faculty member at the Narsee Monjee Institute of Management Studies and also an International Trainer of the Indian Junior Chamber. He is also a regular speaker in various forums and is the President of the Bombay Management Association. He is the Chairman of the Pricing Committee of the Organisation of Pharmaceutical Producers of India (OPPI). He is also a Committee Member in the Confederation of Indian Industry and Bombay Chambers of Commerce. He has completed the Pfizer Leadership Development Programme from Harvard University. He has also completed a course on Marketing Strategy from Columbia Business School and the Senior Management Development Programme from IIM Ahmedabad.

Mr. Handa was awarded the "India CFO 2004- Excellence in Finance in MNC" by the International Market- Assessment Group.

Mr. Handa is the Chairman/Director of the following public limited companies and Chairman/ Member of following Committees:

Name of Company	Designation	Chairmanship or Membership of Audit Committee of Board
Alfa Laval (India) Limited	Director	Member
OPPI	Director	-

The Board recommends this Resolution for the approval of the members.

The given particulars of his appointment and remuneration as stated in Item No. 5 above, may be treated as an Abstract pursuant to Section 302 of the Act.

Mr. Handa is deemed to be interested in this Resolution as it concerns him. No other Directors is concerned or interested in the passing of this resolution.

By order of the Board of Directors

Mumbai, February 27, 2006

Registered Office:

Pfizer Centre, Patel Estate, Off S. V. Road,
Jogeshwari (West), Mumbai – 400102.

K SUBHARAMAN
Company Secretary

Supporting a culture of dynamism.



In 2005, Pfizer India made significant investments in people development. A 360° feedback and development process was implemented for colleagues in most divisions and will be applied to the remaining divisions in 2006. The web-based process helps colleagues realise their potential and provides a road map for future individual growth.

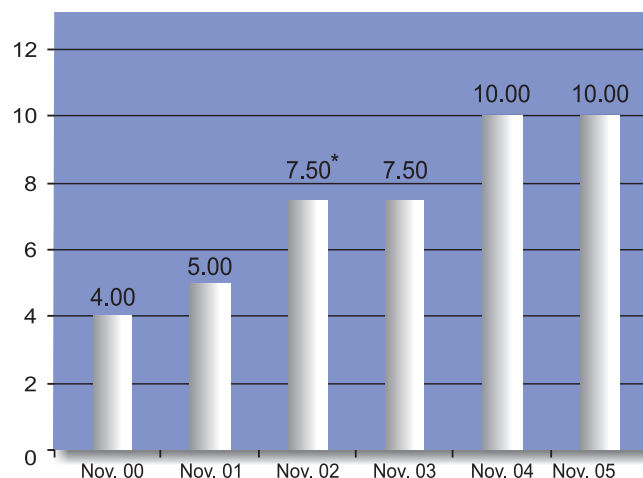
DIRECTORS' REPORT including Management Discussion and Analysis Report

TO THE MEMBERS

Your Directors have pleasure in presenting this 55th Annual Report together with the Audited Accounts for the year ended November 30, 2005. The Report reviews the Company's diversified operations covering Pharmaceutical and Animal Health Products.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs.10/- per share (100%) for the financial year ended November 30, 2005. The total amount of dividend for the year ended November 30, 2005 is Rs.2984 lakhs. The dividend, if approved, will be paid to those Members whose names appear in the 'Register of Members' on the date of the ensuing Annual General Meeting. The tax on distributed profits, payable by the Company would amount to Rs.419 lakhs.



* Includes one-time special dividend of Rs.2.50 per share

FINANCIAL RESULTS

Rupees in Lakhs

	Year ended November 30 2005	Year ended November 30 2004
Sales (Net of Excise Duty & Sales Tax)	59852	55778
Services	2666	2517
Profit Before Tax and Exceptional Items	13261	9406
Exceptional Items (Expenses) Net	(2337)	(1922)
Profit Before Tax	10924	7484
Less: Taxation		
- Current Tax	4179	2701
- Fringe Benefit Tax	201	---
- Deferred Tax (Credit)/Debit	(268)	231
Profit After Tax	6812	4552
Balance of Profit from Prior Years	19585	18867
Surplus available for Appropriation	26397	23419
Appropriations:		
Transfer to General Reserve	685	460
Proposed Dividend	2984	2984
Tax on Dividend	419	390
Tax on Dividend for Previous Year	28	—
Balance carried to Balance Sheet	22281	19585
	26397	23419

Your Company recorded sales of Rs.59852 lakhs, an increase of 7.3% over Rs.55778 lakhs in the previous year. Your Company achieved a net profit of Rs.6812 lakhs as compared to Rs.4552 lakhs for the previous year showing an increase of 50%.

CORPORATE

In compliance with Accounting Standard – No.21, your Company has attached the Consolidated Statement of Accounts giving therein the consolidated Financial Statements relating to Pfizer Limited and Duchem Laboratories Limited.

REVIEW OF OPERATIONS

General

The Indian Pharmaceutical Market estimated at Rs.21968 crores*, grew 5.3% in 2005. Indian companies grew at 5.8%, while MNCs

registered growth of 4.0%. Overall market growth was impacted by the VAT implementation issue in April 05, as well as the decline in new product launches (1474 new products were launched in 2005, as compared to 2161 in 2004). IMS Market Prognosis has forecasted a compounded annual growth of 9.5% for five-year period 2004-2009, driven primarily by the chronic (cardiovascular, anti-diabetics, anti-rheumatics, etc.) and niche specialty (oncology, medical devices, high-end hospital drugs, etc) segments.

India has evolved into one of the world's most promising and fastest-growing economies, by rapidly creating world-class businesses in knowledge-based industries such as software, services, and research. It is now also gradually transforming itself into a highly attractive consumer market in its own right, driven by an emerging middle and upper-income class with increased spending power and growing awareness of healthcare. A recent McKinsey report on the Indian pharmaceutical industry says that it is poised to grow to a staggering \$25 billion by 2010, by expanding the base through higher value initiatives and pursuing aggressive new horizons focused on innovation and research. Your Company, with a deep and impressive pipeline of new research products from its global parent, will spare no efforts to harness this potential and forge ahead in the coming years.

** All market data based IMS Stockist Audit, December 2005.*

BUSINESS SEGMENT: PHARMACEUTICALS DIVISION

Performance 2005

Your Company, with a market share of 2.6% was ranked ninth in the pharmaceutical industry in 2005. Compared with the market growth of 5.3%, your company grew by 7.3%, driven by strong sales of key brands as well as improved productivity of the field force, which underwent a restructuring exercise in 2005.

The key brands consisting of Becosules, Corex, Gelusil, Benadryl, Dolonex, Minipress XL, Amlogard, Magnex and Daxid posted an impressive combined growth of 15.6%. Innovative marketing programs together with intensive training and medical support, and aggressive sales promotion, helped these brands retain leadership positions, in their respective therapeutic areas.

Marketing and Medical Initiatives

Your Company continued its endeavor to promote key brands through a series of well-designed programs and activities based on sound medical rationale and ethics, and establish its 'High Science' image among customers.

While 'Prime MD Today' continued to be rolled out to educate general practitioners about depression and sharpen their diagnostic skills, Daxid usage was further expanded by its launch in the treatment of Social Anxiety Disorder, a new indication which is widely prevalent, yet highly under-diagnosed. Daxid has now become the highest prescribed Selective Serotonin Reuptake Inhibitor (SSRI) brand, as per ORG Rx Audit (Dec 05)

Minipress XL continued to be among the top selling brands in the cardiovascular category. Sales were further enhanced by promoting it for a new class of patients, namely Obese Hypertensives. Amlogard was strongly supported by dissemination of international data arising out of the findings of the ASCOT trial, which established the efficacy and cardiovascular protection benefits of the brand. 'Healthy Heart',

a program launched last year in a strategic alliance with the Apollo Group of Hospitals in Secundarabad is being evaluated for rollout to four more hospitals of this group, in other cities. Your Company remains committed to its aim of being a key player in the cardiovascular market, and has planned several strategic programs including new launches, to achieve this objective in future.

Magnex, the premier antibiotic used to treat serious infections gained wider acceptance and usage, through a series of programs and activities aimed at improving treatment practices in hospitals, and generating awareness on the growing resistance of pathogens to antibiotics. Several meetings were conducted to educate clinicians on the emergence of multiple drug resistant pathogens in hospital settings, and prevent misuse of antibiotics. These programs helped differentiate your Company from competitors, and established the Company as a credible partner of the medical fraternity, in its crusade to save lives.

Your Company had the distinction of having seven of its key brands (Corex, Becosules, Magnex, Dolonex, Gelusil, Minipress XL and Benadryl) listed among the Top-100 Industry brands, in 2005.

Field Force Initiatives

Various Field Force initiatives were implemented to assist your Company to move forward and attain its objective of achieving global alignment by launching new products, and gaining leadership in the marketplace.

The Pharmaceutical Field Force was restructured into three smaller therapy-focused teams, designed in a way to concentrate on target doctors in defined specialties, with products assigned in a manner that would help leverage their franchise and establish Pfizer's leadership in core therapy areas. An immediate offshoot of this transition was an increase in Field Force productivity and the consequent strong growths achieved by key products.

Information technology was leveraged through OPTIMA II – the online web enabled Field Force reporting and work scheduling system, coupled with OPTILEARN - the e-learning module, to augment the selling capabilities and improve the effectiveness of your Company's sales force.

A new software program MEDICO for order processing was implemented at thirty-five CFA locations and three warehouses across the country. Modernization of this Inventory Control System will enable all stakeholders in the sales operation to analyze data and make informed decisions, thus enhancing the efficiency of the entire distribution chain.

Training and Development

Your Company lays great emphasis on having a knowledgeable and well-trained work force, which is continuously updated with the latest information and skills. A team of in-house training personnel has constantly been conducting programs and workshops throughout the year to develop and strengthen the competencies of colleagues, both in HO and on the Field.

OPTILEARN, the e-learning tool was used extensively to challenge the sales force and introduce an element of 'fun and competitiveness' while educating them. The system was further strengthened with an additional module – OPTILEARN PLUS. This is designed to contain

a central repository for all product related information and clinical data studies, available 'on-line' to field colleagues. Your Company was awarded the PC Quest 'Best IT Implementation Users Choice' award for 2005, for OPTILEARN, for its path-breaking initiative and innovative implementation.

Way Ahead

Your Company is committed to its aim of achieving global alignment by accelerating the launch of new products during the next few years. Viagra™ was the first global brand launched successfully in December 05, and will be followed by Caduet (a combination of atorvastatin and amlodipine for treatment of patients with dyslipidemia and hypertension) and LYRICA™ (pregabalin, for treatment of neuropathic pain), both of which will be launched in the first quarter of 2006.

The Indian economy is on the upswing and the transition to a patent friendly market environment along with the increasing trend of regulatory controls is likely to throw up a whole new way of doing business, in the years to come. Your Company is gearing up to put together innovative programs to support both in-line and new products, and equip the Field Force with the latest knowledge and skills to beat competition and project Pfizer's 'High Science' Image.

All these developments reflect your Company's core commitment to deliver more new medicines, provide greater access of medicines to patients and create a healthier world for all.

BUSINESS SEGMENT : ANIMAL HEALTH DIVISION

Animal Health Business

The Animal Health Industry in India is estimated at around Rs.800 crores. The Dairy and Poultry segments contribute 90% and the balance is shared by the Companion, Equine and Swine segments. In the absence of any audited market research data available on the market share the Company depends on secondary market information available through industry sources. The market growth is pegged at 3-5%.

Pfizer Animal Health registered a growth of 3% in line with the market growth of 3-5%. Taking into account planned de-emphasis on some of the major products, the business registered an 8% growth. All the business segments performed as per expectation with the growth drivers being the dairy and companion animal business.

Dairy Business

India is currently the largest producer of milk in the world, overwhelmingly from the output of millions of smallholder farms. The Indian Dairy sector has progressively become more liberalized offering opportunity to private entrepreneurs to set up large organized dairy farms. However growth rate is dismal in terms of per animal productivity as well as per capita availability. Empirical evidence suggests that the average Indian food basket is shifting towards value based products including milk and dairy products, which augurs well for the business in the times to come*.

The major challenges faced by the industry are excessive dependence on an agrarian economy, customer access and price. The Dairy business is well positioned to take advantage of the growth in the sector and has registered a growth of 5% in 2005 which is likely to

accelerate in 2006 after the implementation of major initiatives.

Poultry Business

The India Poultry industry has undergone a paradigm shift in structure and operations from being a backyard activity to a major commercial activity clocking 8-10 % growth. India is the fourth largest producer of eggs and is among the top eight producers of broilers in the world. The process of 'integration' has grown every year with major players becoming vertically integrated across the value chain. The integration has high geographical bias towards the south and west. Major challenges are lack of basic infrastructure such as storage and transportation including cold chain leading to wide price fluctuations in poultry products.

The per capita consumption is at a low 37 eggs and poultry meat at 1.4 kg annually which underscores the growth potential for the business. The increasing trend towards poultry meat consumption by virtue of its being lean and affordable is likely to propel the growth of the industry.

Companion Animal Business

Changing lifestyles, higher disposable incomes, increasing urbanization and awareness are propelling the growth of this business at 19% per annum making it the fastest growing sector in the animal health industry. The segment is predominantly Canine with Feline being negligible at present. By virtue of having a complete portfolio of products and a dedicated team, Pfizer has emerged as a dominant player in this segment.

BUSINESS SEGMENT : SERVICES - CLINICAL DEVELOPMENT OPERATIONS

The Pfizer India Medical & Research Division is a team of 39, headed by the Senior Director, Medical. The group is organized under five heads: Medical Affairs, Clinical Research, Regulatory Affairs, Medical Research Specialists, and Quality Standards and Training.

Clinical Research

The Clinical Research group is responsible for all clinical research conducted within the country throughout the development continuum, irrespective of phase or product custodian. The Clinical Research group comprises four organizational segments: Study Management; India Regional Monitoring Group; Alliances and Outsourcing and Support Services. About three-fourth of the clinical research portfolio relates to phase II and phase III studies executed on behalf of PGRD worldwide development teams while the rest are phase IIb, phase IV comparative, post-marketing surveillance, epidemiology, drug utilization and biopharmaceutical studies to support local registration, launch and marketing. Pfizer has contributed greatly to the development of clinical research in the country and holds a position of leadership in this area. Initiatives such as the PGRD supported Academy of Clinical Excellence (ACE) in collaboration with the Bombay College of Pharmacy help provide professional training to investigators and other clinical research personnel in the country. Pfizer has partnered with other pharmaceutical companies, contract research organizations and investigators to establish Indian Society for Clinical Research (ISCR) – a professional society aimed at raising the standards of clinical research in the country.

Regulatory Affairs

Regulatory Affairs is responsible for registration of new products, obtaining clinical trial approvals, regulatory clearance of imports, safety reporting and labelling. Apart from responsibilities relating to the Indian market, the Regulatory Affairs group is often called upon to support operations and product commercialization in neighbouring countries, most prominently Nepal, Bangladesh and Sri Lanka. Pfizer's recent efforts towards influencing federal regulatory policy have led to improvements in regulations and guidance issued by the federal regulators.

Medical Affairs

Medical Affairs Team (MAT) provides direction to marketing, sales, and training efforts. The Medical Affairs staff provide resources and technical expertise towards the following: new product evaluation, development, and launch efforts, ongoing support to in-lines, medical information, training of the sales force, clinical programs, and partnerships with the medical community at large through a variety of value-added promotional and educational interactions with healthcare professionals. The Medical Affairs staff also provide product-related technical support for regulatory activities in the areas of registration, labelling, and safety surveillance. MAT strives to achieve and surpass well-defined standards, benchmarks and metrics.

OUTLOOK

According to the Central Statistical Organisation (CSO), the growth rate in 2004-05 was 7.5% with manufacturing sector growing at 8.1%. The GDP growth target for the Tenth Plan was set at 8%. With last three years growth of 7.5%, it is possible that overall growth rate of 7% will be easily achieved. All current indicators suggest that we can expect a similar growth in the pharmaceutical sector.

OPPORTUNITIES, THREATS AND CONCERNS

2005 was a watershed year for the Pharmaceutical industry in India as we witnessed a paradigm shift in the patent regime. Multinational companies are optimistic, and are beginning to launch their research molecules in India. Research-based Indian companies, who began to invest in R&D at least a decade ago, will take a longer time to reap the reward of new drug development and hence their continued focus in the generic market all over the globe.

Larger domestic Pharma companies are focusing on the highly profitable global generic business in developed markets, forging alliances with MNCs and also increasing focus on R&D activities. There has been an increased interest from global players to invest in India either directly or through collaborations in pure research, clinical trials, manufacturing facilities and licensing opportunities. These factors, along with the ordinance issued by the government in December 2004, related to Patent (Third) Amendment Act, will be the growth drivers of the industry.

After global formulations and generics players, India is now attracting the attention of custom manufacturing companies and intermediate producers.

The globalisation of clinical research has occurred primarily because of the pressures on R&D productivity faced by research based pharmaceutical companies; saturation of traditional theaters of clinical research in terms of capacity; and global harmonization initiatives

such as ICH allowing standardization of research process worldwide leading to global acceptance of research data. India, China, Eastern Europe and Latin America are the key markets earmarked for rapid growth in clinical research. India is estimated to capture about 10 per cent of the global clinical research market within the next five years.

India may be the second-fastest growing economy in the world, but if it wants this momentum to continue, it needs to increase its current public spending on health, of less than 0.9% of the GDP. While the per capita spending on health has increased from less than a rupee in 1950-51 to around Rs.215 in 2003-04, this is simply inadequate, given the growing healthcare needs of its citizens.

Given the lack of funding, a poor healthcare infrastructure from the primary to the tertiary level is a natural consequence. The country also has an acute shortage of doctors, says the report, with a ratio of 59.7 doctors for every 1,00,000 people. In such a situation, India fares poorly where various health parameters are concerned.

HUMAN RESOURCES DIVISION

A key HR initiative during 2005 revolved around 'people and talent imperatives' and a stronger alignment, across divisions. The Human Resources Division worked on 'best in class' initiatives around standards and service levels. The Present employees strength of the Company is 2277. The focus during 2005 was on the following initiatives:

Performance Management System

People development is an integral part of Pfizer's culture. An important step in this direction is the emphasis on the Performance Management Process. During the year HR facilitated the appraisal process and created an overall Performance culture. The web-based Performance Management System, 'Perform' was strengthened and work was also done in the area of Competency Development. This facilitated the Individual Development Plans.

Talent Planning Process

The challenge for HR and for the Leaders at Pfizer is in harnessing the intellect and energy of our people and in developing it. Last year saw the institutionalisation of the Talent Planning process. Executive Committee members are committed to identifying and developing high performance individuals. As a part of the process a few colleagues were also nominated for Global assignments.

Organizational Effectiveness

The annual training plans based on organizational development initiatives and individual needs were rolled out during the year. A middle management Program was conceived and implemented in partnership with the Indian Institute of Management – Ahmedabad. A 360° feedback process and Team Profiling tools were employed for colleague development.

Global Colleague Survey

Based on the Global Colleague Survey results, focus group teams worked on improvement areas identified in the survey. Interventions were put in place in the areas of better Communication and transparency in Compensation, Performance Orientation, Promotion process and Recognition and Rewards.

The program 'Find a Way to Lead' an on-going initiative reinforced the need to build a 'High Performance' culture. In July, 50 members of the leadership team met to reassess business priorities and future challenges. The Leadership team proposes to align and synergize their roles and responsibilities to support each other in achieving the Pfizer India aspirations.

People Soft

Your Company has leveraged People Soft technology for greater data integrity and powerful reporting features. The web-based Employee Self Service perfectly matches the Pfizer India HR vision for optimal service delivery. PeopleSoft as a central repository supports other systems like PERFORM, OPTIMA (Field Force Automation solution), YATRA (Travel Module), etc.

Field Force Restructuring

The HR Division partnered with the Pharmaceuticals Division in the Field Force restructuring exercise and saw a shift from a two-team structure to a three-team, therapy focused structure. Team building interventions were carried out for the Field Force to facilitate the restructuring exercise in a seamless manner.

Employee Relations:

The overall Employee Relations environment was healthy and worked well towards aligning colleagues across the organization with the Company's business goals and mission.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has clearly laid down policies, guidelines and procedures that form part of internal control system, which provide for automatic checks and balances. Your Company has maintained a proper and adequate system of internal controls. This is to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported diligently.

An extensive program of Management Assurance Services further supplements the Company's Internal Control Systems. This is done by the Management Assurance Services, which is supported by an independent firm of Chartered Accountants, who review the effectiveness and efficiency of these systems and procedures. The management periodically reviews reports of Internal Auditors, deviations are brought to the notice of the Audit Committee of the Board and corrective steps recommended for implementation. The Audit Committee of the Board addresses significant issues raised by the Management Assurance Services group, Cost Auditors and Statutory Auditors.

The Internal Control System is designed to ensure that all financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

MANUFACTURING OPERATIONS

The formulation manufacturing facility of Pfizer India at Navi Mumbai is part of Pfizer Inc., the World's largest and most valuable research-based pharmaceutical company. Our innovative, value-added products improve the quality of life of people in India and around the world.

The Company delivers consistent quality of products for human health, animal health and consumer health.

A state-of-the-art manufacturing facility at Navi Mumbai is engaged in the manufacture of non-sterile solid and liquid oral dosage formulations along with external preparations, sprinkling powder and ointments. This facility is a part of Pfizer Global Manufacturing (PGM) organization.

PGM India works in alignment with all business partners and has a commendable logistic and technical network. As a supply chain organization, PGM has a proven value driven competitive advantage. The division is agile, anticipates and embraces change in business and geographical environments.

PGM India comprises a team of diverse professionals influencing the business environment and enhancing performance.

PGM India delivers consistent quality products with speed and flexibility aligning with the changing market demands. The technical processes are robust and in control. Health and safety of everyone at the facilities and protection of the environment are of primary importance. Great emphasis is laid on the environment in which PGM India operates in and associates with. PGM India also meets the ongoing domestic requirements by managing product portfolios through its Formulation Development.

The noteworthy strengths of the plant lie in continuous operational efficiencies by enhancing per employee productivity, encouraging Kaizens, ensuring customer satisfaction, reduced cycle times, successful product and technology transfers, best audit performances, optimized inventories and low down times. Competitive strategic sourcing has reduced products costs with quality supplies.

PGM India's Navi Mumbai facility is ISO 14001 certified and is gearing for the OHSAS certification. It is the first site in Pfizer Asia region to use non-conventional green sources of energy. This initiative has resulted in 25% reduction of particulate matter, contributing to nil sulphur emission and non-hazardous waste.

Doing things 'Right First Time' (RFT) is a new initiative at the site. The objective of RFT is to design the processes that work right not only the first time but every time.

The Quality operations facility is under upgrade and is expected to be ready before the year end.

PGM India constantly looks for improvement opportunities and holds itself accountable for its results.

DUCHEM LABORATORIES LIMITED

The Net Sales of Duchem Laboratories Limited for the year under review is Rs.451.06 lakhs as compared to Rs.1011.05 lakhs for the previous year. The operations for the period reflect a Net Loss of Rs.62 lakhs as against Net Loss of Rs.93 lakhs for the previous year. The reduction in turnover is consequent to change in the product portfolio of the company.

DIRECTORS

Mr. Hocine Sidi Said resigned as Managing Director with effect from March 25, 2005. The Board places on record its appreciation for the valuable services rendered by Mr. Sidi Said during his tenure of office.

The Board of Directors has appointed Mr. Kewal Handa as Managing

Director for a period of 5 years with effect from April 28, 2005. Mr. Handa's appointment and remuneration are being placed before the shareholders for their approval at the ensuing Annual General Meeting.

Mr. Richard Gane resigned as Director with effect from September 26, 2005. The Board places on record its appreciation for the valuable services rendered by Mr. Gane during his tenure of office.

In accordance with the Articles of Association of the Company, Mr. Pradip Shah retires by rotation as Director at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- ii. Your Directors have selected such accounting policies and applied them consistently 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 30th, 2005 on a going concern basis.

CORPORATE GOVERNANCE

The Company has taken requisite steps to comply with the recommendations concerning the Corporate Governance. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Report.

A separate report on Corporate Governance forms part of this Annual Report.

OTHER INFORMATION

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, information pertaining to Conservation of Energy, Technology Absorption and Exports is given as Annexure I to this Report.

The information required under Section 217(2A) of the Companies Act, 1956 read with the Rules framed thereunder is given in Annexure II to this Report.

AUDITORS

M/s BSR & 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.

COST AUDITORS

Pursuant to the provisions of Section 233B of the Companies Act, 1956 necessary applications have been submitted to the Department of Company Affairs for the appointment of M/s N.I.Mehta & Co. as Cost Auditors to audit the cost accounts maintained by the Company in respect of Formulations for the year ending November 30, 2006.

ACKNOWLEDGEMENTS

The Directors would like to place on record their sincere appreciation for the support and assistance extended by the Company's suppliers and business associates. The Directors are thankful to the esteemed shareholders for their continued support and the confidence reposed in the Company and its Management.

For and on behalf of the Board of Directors

R.A. SHAH
Chairman

Mumbai, February 27, 2006

Corporate Social Responsibility

Helping people live longer, happier, healthier lives.

Our greatest responsibility and opportunity is to make the community that we operate in, a better place to live and work. We use our skills, resources and scale to work with stakeholders to improve access to healthcare and find innovative health solutions for a healthier future.

During 2005, your Company has supported several commendable healthcare projects across India.

Mother and Child Healthcare Project in rural Haryana

During 2005, Pfizer launched Phase 2 of its Mother and Child Healthcare Project in rural Haryana. Pfizer has been supporting the Arpana Research and Charities Trust, in rural Haryana, since 2002 with the objective of conducting an effective Mother and Child Primary Health Care initiative to reduce anaemia in pregnant women and adolescent girls. Assigned village health workers provide education, training and disease awareness. The project promotes community health covering diarrhoea management, antenatal care, child nutrition, immunisation etc.

Phase 1 (June 2002 – June 2005) of the project covered 35 villages, and effectively achieved target levels and significantly reduced anaemia in pregnant women and adolescent girls.

Phase 2 aims to benefit 41 villages in rural India of which there will be an intensive focus on 15 villages, with maintenance levels in the remaining. The project will also provide for the identification of congenital abnormalities in high-risk pregnancy cases, especially neural tube defects and intrauterine growth retardation.

Mobile Home Care Team

Pfizer has partnered with Cansupport to deliver palliative care and support to persons living with advanced cancer. Since September 2004, Pfizer has funded Cansupport's East Delhi Centre from where a home care team operates. The team consists of a doctor, a nurse, a nursing assistant, a counsellor, an office assistant and a driver.

Pfizer's contribution covers the cost of salaries, the vehicle, homecare expenses, medicines, and overheads.

The mobile unit delivers free palliative care services to cancer patients in the city of Delhi. They offer the patient relief from pain and other distressing symptoms, nursing care and overheads.

Sustain progress with Cansupport continues to strengthen the Pfizer-Cansupport relationship.

Multiple Sclerosis Society of India (MSSI)

Pfizer assists Patient Support Groups like MSSI through financial assistance, product donations in the form of vitamin supplements, as well as organizational assistance. Pfizer supports the annual Multiple Sclerosis (MS) Walk to create awareness about the disease in India and raise money for MSSI to aid and assist MS patients.

Building of a School Building in Nagoor, Nagapattinam

Pfizer has supported the building of a Higher Secondary school for children in the tsunami-stricken areas of Nagoor, Nagapattinam. Construction is scheduled to be completed by end March, and the school building will be handed over to the authorities to be operational from the next academic year.

Mumbai Flood Relief

In the aftermath of the 26/7 deluge that affected Mumbai and parts of Maharashtra, Pfizer India undertook several measures to provide relief to the citizens of the flood-affected areas.

One of the significant health epidemics that arose at the time was Leptospirosis – a water-borne disease. Doxycycline is effectively used as a prophylactic and as a treatment for this disease. Although Pfizer India had discontinued the manufacture of this drug, its manufacturing plant went into overdrive to produce donate 800,000 tablets of Doxycycline 100mg (Vibazine) to the Brihanmumbai Municipal Corporation and other NGOs engaged in the relief activities.

Annexure 'I' To Directors' Report

Conservation of Energy :

- a) Energy conservation continues to receive top 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 Heat Recovery System for Boiler.
- ii) Replacement of Furnace Oil by Bagasse Briquette as fuel for Boiler.

- b) Additional proposals or activities if any

- i) Variable Frequency Drives for additional Equipment.
- ii) Installation of new Aeration system.
- iii) Revamping of Electrical Distribution System.

- 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 of the Annexure hereunder.

Form A :

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

A. Power & Fuel consumption

	Current Year 1.12.04 to 30.11.05		Previous Year 1.12.03 to 30.11.04	
1. Electricity :				
(a) Purchased unit(000s)	KWH	7603	KWH	8554
Total Amount (000s)	Rs.	29838	Rs.	34989
Rate/unit	Rs.	3.92	Rs.	4.09
(b) Own Generation				
(i) Through Diesel Generator/ units(000s)	KWH	55	KWH	25
Units/litre of LDO	KWH	2.33	KWH	2.02
Marginal cost/unit (considering only LDO price)	Rs.	10.97	Rs.	5.67
(ii) Through Steam Turbine Generator	-	-	-	-
2. Coal	-	-	-	-

		Current Year 1.12.04 to 30.11.05	Previous Year 1.12.03 to 30.11.04
3. (a) Furnace oil & LSHS Quantity	KL	442	KL 2026
Total Amount(000s)	Rs.	6347	Rs. 28583
Avg. Rate per Kl	Rs.	14360	Rs. 14108
(b) Bagasse Briquette Quantity	MT	4985	MT -
Total Amount (000s)	Rs.	16072	Rs. -
Avg. Rate per MT	Rs.	3224	Rs. -
(c) Natural Gas Quantity	Cu.M	NIL	Cu.M NIL
Total Amount(000s)	Rs.	NIL	Rs. NIL
Avg. Rate per Cu.M	Rs.	NIL	Rs. NIL
4. Others/Internal Generation Quantity		NIL	
Total cost			NIL
Rate/unit			NIL

Consumption per unit of Production.

Electricity (units)
Furnace Oil (Litres)

}

Standard

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 & injectibles).

Coal

NIL

B. Technology Absorption:

Form B

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 Pharmaceutical, Clinical and Formulation Development areas.
- Benefits derived as a result of the above R&D.
 - Product improvements, process development, import substitution, standardization of quality control of formulations.
 - New application for drugs researched abroad, better dosage recommendations and improvements.
- Future plan of action :
 - Import substitution and resolving process problems encountered in formulation 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.

	Rs. In Lakhs
(i) Capital	57.68
(ii) Revenue	2178.11
(iii) Total	2235.79
(iv) Total R&D expenditure as percentage of total turnover	3.74%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation.
 - (a) 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.
 - (b) 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.
 - (c) Development of ancillary technology, for packaging materials and machinery is undertaken.
2. 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.
3. 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
Manufacture of Various formulations from Active Pharmaceutical Ingredients	2003-2004	Being absorbed
Manufacture of formulation-BronCorex	2004-2005	Being absorbed

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 were Rs. 2697.34 lakhs.
 - (b) The foreign exchange expenditure (which includes import of raw materials, spares and remittance of dividends etc.) was Rs. 5728.85 lakhs.

For and on behalf of the Board of Directors

R. A. Shah
Chairman

Mumbai, February 27, 2006

Annexure 'II' To Directors' Report

STATEMENT REQUIRED U/S 217(2A) OF THE COMPANIES ACT 1956 REFERRED TO IN THE DIRECTORS' REPORT FOR THE YEAR ENDED NOVEMBER 30, 2005 AND FORMING PART THEREOF, 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.24,00,000/-

Sr No	NAME	DESIGNATION AND NATURE OF DUTIES	QUALIFICATIONS	DATE OF EMPLOYMENT	EXP YR	GROSS REMUN	AGE	LAST EMPLOYMENT
1	Mr K G Ananthakrishnan	Senior Director, Pharmaceuticals	B.Sc., MMM Jammalal Bajaj	1/Jun/2003	30	5,538,045	50	Vice President, Marketing & Sales Pharmacia India Pvt. Ltd.
2	Mr B K Anderson	Director, Materials	B.Sc. MMS	1/Jul/1987	32	2,414,138	54	Purchase Manager Boots (India) Ltd.
3	Dr B M Gagrat	Executive Director, Technical Operations	M.Sc., Ph.d., Diploma In Operations Management	2/May/1989	30	5,465,921	59	Factory Manager Indo-pharma Pharmaceutical Works Limited.
4	Mr Partha Sarathi Ghosh	Director, Pharmaceuticals Sales	Post Graduation Business Economics	18/Nov/2003	20	3,296,161	45	Business Head, Dairy Division Britannia Industries Ltd.
5	Mr Arun O Gupta	Senior Director, Business Technology	B.Sc., Post Graduate In Software Technology.	26/Aug/2002	20	3,905,062	43	Vice President - Information Technology Hughes Telecom(india) Limited
6	Mr Yugesh Goutam	Senior Director, Human Resources	B.Com., MPM & IR	1/Mar/2004	18	5,015,519	41	Vice President - Human Resource Reliance Industries Limited
7	Mr Kewal Handa	Managing Director	M.Com., A.I.C.W.A, A.C.S. Management Accountancy And Strategic Cost Management	18/Jun/1990	31	8,644,510	53	Secretary & Financial Controller Schrader Scovill Duncan Limited
8	Dr Chitra Lele	Director, Biometrics	M.Sc., Ph.d. (Statistics) Stanford	1/Apr/1999	14	2,721,885	42	Head Of Dept. Clinical Research Secretariat Tata Memorial Hospital, Mumbai
9	Mr S Madhok	Senior Director, Animal Health	B.Sc.	20/Dec/1976	35	3,745,268	53	Medical Representative Alembic Chemical Works Co. Ltd.
10	Mr R Uday Mohan	Director, HR Operations	M.Sc., MA (Personnel Management & IR)	5/Feb/1996	26	2,426,756	50	Senior Manager, Hrd & Communication Cable Corp. of India Ltd.
11	Mr Evarist D Monteiro	Director, Logistics & Planning	B.Sc; LL.B., DEM, DMM, MBA	9/Sep/1991	31	2,721,386	54	Director, Commercial Parke-Davis (I) Ltd.
12	Dr Shoibal Mukherjee	Senior Director Medical	MD Pharmacology DM, Clinical Pharmacology	19/Jul/1990	23	3,596,665	45	Medical Executive Alembic Chemical Works Co. Ltd.
13	Mr C N Potkar	Director, Clinical Research	M.D. Pharmacology	15/Jun/1995	13	2,805,129	38	Medical Advisor Searle (India) Ltd
14	Mr Subbaraman Ramkrishna	Senior Director, Corporate Affairs	Diploma Business Management / Marketing, Journalism PR, B.A.(Honours)	23/Feb/1998	28	3,525,686	50	President-Corporate Affairs & HRD Modern Group, Mumbai
15	Mr M Gundu Rao	Finance Director	B.Com, ACA	16/Feb/1995	28	3,212,618	53	Manager, Accounting & Reporting Hoechst India Limited

Annexure 'II' To Directors' Report (Continue)

Sr No	NAME	DESIGNATION AND NATURE OF DUTIES	QUALIFICATIONS	DATE OF EMPLOYMENT	EXP YR	GROSS REMUN	AGE	LAST EMPLOYMENT
17	Mr Anjan Sen	Director, Pharmaceuticals Marketing	B.Tech, PGDM	8/Jan/1990	18	2,526,494	42	Senior Sales Officer J K Industries Limited
18	Ms Dipali Talwar	Director, Legal Services & General Counsel	L.L.M., Harvard Law School, B.A., L.L.B.(Hons).	6/Sep/2004	15	3,446,090	36	Managing Partner Talwar & Associates
B Employed for a part of 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.2,00,000/- per month								
1	Mr Hocine Sidi Said	Managing Director	Baccalaureate (Economics), Bachelor of Business Administration.	1/Jan/2001	19	1,825,592	40	Country Manager Pfizer, Denmark
2	Mr Virendra Mahurkar	Director, Strategy & Business Development	M.sc. In Economic History (London School Of Economics) M.B.A. - Finance	1/Jul/2002	15	2,974,976	37	Director Ambit Corporate Finance.
3	Ms Hiroo Mirchandani	Director, CHPD	B.Com. MBA (Finance & Marketing)	21/Jan/2005	22	2,950,585	44	Vice President World Gold Council, Mumbai

Notes :

- 1 All the above persons are / were full time employees of the Company.
- 2 The employment is subject to the rules and regulations of the Company in force from time to time.
- 3 No director is related to any other director. None of the above employees is related to any director of the Company.
- 4 None of the employees holds more than 2% of the paid up equity capital of the Company.
- 5 Gross remuneration includes salary, allowances, bonus, taxable value of perquisites and Company's contribution to Provident and Superannuation Funds

For and on behalf of the Board of Directors

R.A. Shah
Chairman

Mumbai, February 27, 2006

Report on Corporate Governance

Pfizer's Philosophy on code of Corporate Governance

Corporate Governance at Pfizer is not just the adherence to mandatory rules and guidelines. It lies in observing the spirit behind the letter.

Pfizer's mission to become the world's most valued Company to patients, customers, colleagues, investors, business partners and the community where it works and operates is enshrined in 9 core values which the Company follows sacrosanctly. These are Integrity, Respect for People, Customer Focus, Community, Innovation, Teamwork, Performance, Leadership and Quality. Pfizer has conducted its business throughout the world strictly adhering to the aforesaid 9 core values.

This approach has helped the Company earn the trust of all its stakeholders over its long history.

Board of Directors

a) Composition of the Board of Directors.

The Company is fully compliant with the Corporate Governance Norms in terms of constitution of the Board with a good combination of Executive and Non-Executive Directors. The Board comprises of 2 Non-Executive Directors out of the total strength of 4 Directors as on date. Both 2 Non-Executive Directors are Independent Directors. The Chairman of the Board is a Non-Executive Independent Director. The Board at Pfizer represents an optimum mix of professionalism, knowledge and experience. The table set below will explain the details.

Name	Category of Directorship*	No. of other Directorship held	Com mittees of which Member	Com mittees of which Chairman
Mr. R A Shah (Chairman)	NED (I)	14	4	3
Mr. Hocine Sidi Said	WTD	1	Nil	Nil
Mr. Kewal Handa (Managing Director)	WTD	2	1	Nil
Dr. Bomi Gagrat	WTD	1	Nil	Nil
Mr. Pradip Shah	NED (I)	12	4	2
Mr. Richard Gane	NED	Nil	Nil	Nil

*NED (I) – Non-Executive Director, Independent
WTD – Whole-time Director

Notes :

- 1) Mr. Kewal Handa was appointed as Managing Director at the Board Meeting held on April 28, 2005. Mr.Hocine Sidi Said resigned as Managing Director with effect from March 25, 2005.

- 2) Mr. Richard Gane resigned as Director with effect from September 26, 2005
- 3) Number of directorships / memberships held in other companies excludes directorships/memberships in Private Limited Companies, Foreign Companies, membership of managing committees of various chambers/bodies and alternate directorships.
- 4) An Independent Director is a Director who
 - a. apart from receiving Director's remuneration, does not have any material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its senior management or its holding company, its subsidiaries and associates, which may affect the independence of the Director;
 - b. is not related to promoters or persons occupying management positions at the Board level or at one level below the board;
 - c. has not been an executive of the Company in the immediately preceding three financial years;
 - d. is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following:
 - i) the statutory audit firm or the internal audit firm that is associated with the Company, and
 - ii) the legal firm(s) and consulting firm(s) that have a material association with the company;
 - e. is not a material supplier, service provider or customer or a lessor or lessee of the Company, which may affect independence of the director; and
 - f. is not a substantial shareholder of the Company i.e. owning two percent or more of the block of voting shares.

b). Board Meetings:

In accordance with the provisions of Clause 49 of the Listing Agreement, the Board meets at least once every quarter to review the quarterly results and other items of the Agenda and, if necessary, additional meetings are held. The Board meets at least 4 times in a year and the gap between two Board Meetings is not more than 4 months as per the revised Clause 49 of the Listing Agreement. The Board is apprised and informed of all the important information relating to the business of the Company including those listed in Annexure 1 A of the revised Clause 49 of the Listing Agreement. The Chairman of the Board, the Managing Director and the Company Secretary discuss the items to be included in the Agenda and the Agenda is sent in advance to the Directors along with the draft of the relevant documents and explanatory notes wherever required. 7 Board Meetings were held during the period December 1, 2004 to November 30, 2005. These were held on December 30, 2004, February 24, 2005, March 30, 2005, April 28, 2005, May 30, 2005

June 27, 2005 and September 26, 2005. The following Table gives attendance of the Directors of the Company in the Board Meetings.

Name	Number of Board Meetings held	Number of Board Meetings attended	Whether last Annual General Meeting attended
Mr. R.A. Shah	7	6	Yes
*Mr. Hocine Sidi Said	7	1	No
**Mr. Richard Gane	7	-	No
Mr. Pradip P. Shah	7	6	Yes
Mr. Kewal Handa	7	7	Yes
Dr. Bomi M. Gagrati	7	6	Yes

Leave of Absence was granted to the Directors for the Board Meetings, upon receipt of prior intimation.

* Resigned with effect from March 25, 2005

** Resigned with effect from September 26, 2005

Appointment/Re-Appointment of Director

Mr. Kewal Handa

The Board of Directors at its meeting on April 28, 2005, appointed Mr. Kewal Handa as Managing Director of the Company. Approval of the shareholders is sought at the ensuing Annual General Meeting for the appointment of Mr. Handa as Managing Director and the remuneration payable to him.

A brief profile of Mr. Handa is given below :

Mr. Handa is 53 years old and is a Member of the Institute of Cost and Works Accountants of India and also a Member of the Institute of Company Secretaries of India. He holds a Masters Degree in Commerce. He joined the Company in June 1990 as Controller in MIS- Taxation and was promoted as Financial Controller in August, 1991. Further, he moved to head the Animal Health Division in December, 1994.

Mr. Handa held the position of Executive Director of the Company heading the Finance Division from December 16, 1996 till his appointment as the Managing Director of the Company. Mr. Handa is also a Member of the Shareholders' Grievance Committee of Pfizer Limited.

Mr. Handa is a visiting faculty member at the Narsee Monjee Institute of Management Studies and also an International Trainer of the Indian Junior Chamber. He is also a regular speaker in various forums and is the President of the Bombay Management Association. He is the Chairman of the Pricing Committee of the Organisation of Pharmaceutical Producers of India (OPPI). He is also a Committee Member in the

Confederation of Indian Industry and Bombay Chambers of Commerce. He has completed the Pfizer Leadership Development Programme from Harvard University. He has also completed a course on Marketing Strategy from Columbia Business School and the Senior Management Development Programme from IIM Ahmedabad.

Mr. Handa was awarded the "India CFO 2004- Excellence in Finance in MNC" by the International Market- Assessment Group.

He is the Chairman/ Director of the following public limited Companies and Chairman/ Member of following Committees:

Name of Company	Designation	Chairmanship or Membership of Audit Committee of Board
Alfa Laval (India) Limited	Director	Member
OPPI	Director	-

Mr. Pradip Shah:

Mr. Pradip Shah retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for reappointment.

A brief profile of Mr. Pradip Shah is given below:

The Board of Directors has appointed Mr. Pradip Shah as a Director of the Company with effect from December 7, 1999. He was appointed as a Director liable to retire by rotation by the shareholders at the 53rd Annual General Meeting held on April 29, 2004 .

Mr. Shah is 53 years old. He is a qualified Chartered Accountant as well as a Cost Accountant. Mr. Shah is a Director on the Boards of several reputed Companies. He is also a member of various prestigious committees/commissions. Mr. Shah was instrumental in setting up CRISIL, the largest Credit Rating Agency. He is the Chairman/Director of the following public limited companies and Chairman/Member of following Committees:

Name of Company	Designation	Chairmanship or Membership of Audit Committee of Board
Asset Reconstruction Company (India) Limited	Director	-
BASF India Limited	Director	Member
Bombay Stock Exchange Limited	Director	-
Godrej & Boyce Mfg. Co. Limited	Director	-

Gokuldas Exports Limited	Director	-
Panasonic Battery India Co. Limited	Director	Member
Prudential ICICI Asset Management Limited	Director	Chairman
Patni Computer Systems Limited	Director	Member
Shah Foods Limited	Chairman	-
Sonata Software Limited	Director	Member
The Shipping Corporation of India Limited	Director	-
Wartsila India Limited	Director	Chairman

Mr. Shah does not hold any shares in the Company either in his name or for other persons on a beneficial basis.

Board Committees

Currently, the Board has two Committees viz. the Audit Committee and the Shareholders' Grievance Committee. The Board decides the terms of reference of these Committees and the assignment of its members thereof.

Audit Committee

The Audit Committee comprises of Mr R.A. Shah as Chairman, Mr Pradip Shah and Dr. Bomi Gagrati. Mr. Richard Gane ceased to be a member of the Committee consequent to his resignation as a Director, effective September 26, 2005.

Mr. Pradip Shah is a Chartered Accountant by profession. Mr. R.A. Shah is a Solicitor by profession. Dr. Bomi Gagrati is the head of the Technical Operations of the Company. All the members of the Committee are professionals and are also financially literate within the meaning of Clause 2 Explanation 1 of Clause 49 of the Listing Agreement.

Mr. K. Subharaman, the Company Secretary, acts as the Secretary to the Committee.

The terms of reference of the Audit Committee include the matters specified under sub-clause D and sub-clause E of sub-clause II and Disclosures under sub-clause IV of the Clause 49 of the Listing Agreement. Thus, the terms of reference of the Audit Committee are wide enough covering the matters specified below:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Four Audit Committee Meetings were held during the year on February 24, 2005, March 30, 2005, June 27, 2005 and September 26, 2005. All the meetings were attended by Mr. R. A. Shah, Mr. Pradip Shah, the Internal Auditor, Finance Director, the Statutory Auditors and the Cost Auditor of the Company.

Shareholders Committee

The Shareholders' Grievance Committee comprises of Mr. Pradip Shah, Independent Director, as its Chairman and Mr. Kewal Handa, Managing Director

Mr. K. Subharaman, the Company Secretary acts as the Secretary to the Committee and as the Compliance Officer.

Two Shareholders' Grievance Committee Meetings were held on February 24, 2005 and September 26, 2005. 311 complaints were received during the financial year and all of them have been redressed/ answered to the satisfaction of the shareholders. No investor grievance remained unattended/pending for more than 30 days and no request for share transfers and dematerialisation received during the financial year was pending for more than two weeks.

Remuneration to Directors

Remuneration Committee being a non-mandatory requirement has not been formed. There has been no materially significant related party transactions, pecuniary relationships or transactions between Pfizer Ltd. and its Directors for the year ended November 30, 2005 that may have a potential conflict in the interest of the Company at large.

Remuneration of Directors, Sitting Fees, Salary, Perquisites and Commissions:

The following table gives details of remuneration paid to all directors during the financial year 2004 - 2005 :

Executive Directors

Rs. In Lakhs

Name	Remuneration		
	Salary and Benefits	Performance linked Incentives	Total
Mr. Hocine Sidi Said	18.26	-	18.26
Mr. K. Handa	70.84	15.61	86.45
Dr. B. M. Gagrati	44.70	9.96	54.66
Total	133.80	25.57	159.37

Notes:

(i) Service Contracts, Severance Fees and Notice Period.

The appointment of the Managing Director and Whole-time Directors is governed by the Articles of Association of the Company and the Resolutions passed by the Board of Directors and the members of the Company. These cover the terms and conditions of such appointment read with the service rules of the Company. A separate Service Contract is not entered into by the Company with the Managing Director and with those elevated to the Board from the management cadre, who already have a prior Service Contract with the Company.

There is no separate provision for payment of severance fee

under the resolutions governing the appointment of Managing Director and Whole-time Directors.

In terms of the Articles of Association, resignation of a Director becomes effective upon its acceptance by the Board.

(ii) Employee Stock Option Scheme.

The Company does not have any Stock Option Scheme.

(iii) Performance linked incentive criteria.

The Company has internal norms for assessing the performance of its senior executives including Whole Time Directors.

Non-Executive Directors

Rs. in Lakhs

	Sitting Fees	Commission	Total
Mr. R.A. Shah	1.00	2.00	3.00
Mr. Pradip Shah	1.20	2.00	3.20
Total	2.20	4.00	6.20

Notes :

- The remuneration to non-executive directors is decided by the Board of Directors of the Company within the limits stipulated by the Special Resolution passed at the 53rd Annual General Meeting held on 29th April, 2004. The payment of remuneration to non-executive directors is made on an ad-hoc basis.
- Mr. R. A. Shah is a senior partner of Crawford Bayley & Co., Solicitors & Advocates, who have a professional relationship with the Company. The fees earned by Crawford Bayley & Co. from Pfizer Ltd. constitutes less than 1% of the total revenue of Crawford Bayley & Co. in each year during the last three Financial Years. As per the view of the Board of Directors and also as per the legal opinion sought on the subject of Independence of Mr. R.A. Shah, the legal firm, M/s. Crawford Bayley & Co. does not have a material association with the Company. The professional fees of Rs.20.06 lakhs that was paid to them during the year is not considered material enough to impinge on the independence of Mr. R. A. Shah.
- Mr.R.A.Shah holds 3400 shares in the Company and Mr.Pradip Shah does not hold any shares in the Company.
- Besides dividend on ordinary shares held, if any, by the directors, no other payments have been made or transactions of a pecuniary nature entered into by the Company with the directors.

8. General Body Meetings

The details of the last 3 Annual General Meetings held:

- 54th Annual General Meeting : 28th April, 2005 at 3:00 pm.
Y. B. Chavan Auditorium,
General Jagannath Bhosale Marg,
Next to Sachivalaya Gymkhana,
Mumbai - 400 021.

2. 53rd Annual General Meeting : 29th April, 2004 at 3:00 pm.
Y. B. Chavan Auditorium,
General Jagannath Bhosale Marg,
Next to Sachivalaya Gymkhana,
Mumbai - 400 021.

3. 52nd Annual General Meeting : 24th October, 2003 at 3:00 pm.
Y. B. Chavan Auditorium,
General Jagannath Bhosale Marg,
Next to Sachivalaya Gymkhana,
Mumbai - 400 021.

4. EGM : 25th October, 2004
Court Convened General Meeting for approval of Scheme of Amalgamation of Pharmacia Healthcare Ltd. with Pfizer Ltd. at 11.30 a.m.
Y. B. Chavan Auditorium,
General Jagannath Bhosale Marg,
Next to Sachivalaya Gymkhana,
Mumbai - 400 021.

Two special resolutions each were passed at the 53rd and 54th Annual General Meeting. All resolutions as set out in the respective notices were duly passed by the shareholders, except Item Nos. 6 & 7 to the notice for the 54th AGM relating to the appointment of Mr. Kewal Handa as a Director and as Executive Director – Finance, which were withdrawn consequent to his appointment by the Board as the Managing Director of the Company. Approval of the shareholders for his appointment and remuneration will be sought at the ensuing Annual General Meeting. There were no special resolutions required to be passed through Postal Ballot at any of the above General Meetings. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

Disclosures

a. Related party transactions

The Company has not entered into any materially significant related party transactions with its Promoters, Directors, or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

Transactions with the related parties are disclosed in Note 17 of Schedule 22 to the financial statements in the Annual Report.

The Audit Committee has reviewed the related party transactions as mandatorily required under Clause 49 of the Listing Agreement and found them to be not materially significant.

b. Compliances by the Company

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities relating to the above.

c. The Company has already put in place a mechanism for employees to report to the Management, concerns about unethical behaviour, actual or suspected fraud or violation of

the Company's Code of Conduct or Ethics policy. The said Policy was adopted by the Board at its meeting held on December 30, 2004 and it provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the higher levels of supervisors including the Audit Committee.

d. The Company has complied with all the mandatory requirements under the Code of Corporate Governance and has also adopted certain non-mandatory requirement under Clause 49 of the Listing Agreement, details of which are given at the end of this report.

Means of Communication

Quarterly Results

The quarterly results are generally published in "Business Standard" and "Sakal". The results are also displayed on the website of the Company "www.pfizerindia.com" shortly after its submission to the Stock Exchanges. The official news releases are also displayed on the website of the Company.

Presentation to institutional investors or to analysts

Three conferences were held with Institutional Investors / Analysts on March 2, 2005, June 27, 2005 and October 4, 2005. The transcript of the same were put on the internet website www.pfizerindia.com.

Edifar Filing

As per the requirements of Clause 51 of the Listing Agreement, all the data relating to quarterly financial results, shareholding pattern etc. are being electronically filed on the EDIFAR website www.sebiedifar.nic.in within the timeframe prescribed in this regard.

Management Discussion & Analysis Report

The Management Discussion & Analysis Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control systems and adequacy, discussion on financial and operational performance and material developments in human resources are discussed in the said Report.

General Shareholder Information

Date of Book Closure

April 13, 2006 to April 21, 2006 (both days inclusive).

Date, time and venue of the Annual General Meeting:

Date : April 21, 2006
Time : 3 p.m.
Venue : Y.B. Chavan Auditorium
General Jagannath Bhosale Marg,
Near Sachivalaya Gymkhana,
Nariman Point,
MUMBAI – 400 021.

Dividend payment date

The dividend, recommended by the Board of Directors, if declared

at the ensuing Annual General Meeting shall be deposited in a separate bank account within 5 days of its declaration and shall be paid/credited on April 26, 2006 to the account mandated by the shareholders.

Listing on Stock Exchanges

The Company is listed on Bombay Stock Exchange Ltd., and the National Stock Exchange of India Ltd. The annual listing fees have been paid and there is no outstanding payment towards the Exchanges, as on date.

Stock Code

Bombay Stock Exchange Ltd. – 500680;

National Stock Exchange of India Ltd. – PFIZER EQ

Financial Calendar (tentative)

First Quarter	Fourth week of March, 2006
Second Quarter/Half-Yearly	Fourth week of June, 2006
Third Quarter	Fourth week of September, 2006
Audited Results	Second week of February, 2007

Registered Office

Pfizer Limited,
Pfizer Centre, Patel Estate,
S.V. Road, Jogeshwari (W),
Mumbai – 400 102.

Tel. : 022 5693 2000

Fax : 022 5693 2377

e-mail : sundaresan@pfizer.com

Homepage : www.pfizerindia.com

Registrar and Transfer Agents

Karvy Computershare Pvt. Ltd.
7, Andheri Industrial Estate,
Off Veera Desai Road,
Andheri (W), Mumbai 400 053.

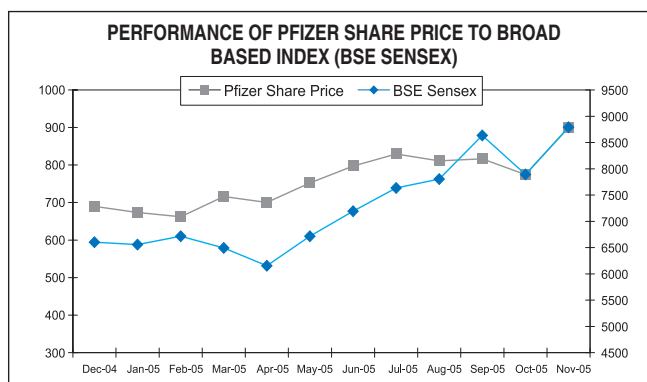
Share transfer system

The Company Secretary has been empowered by the Board for approving transfers/transmissions of shares, split/consolidation, issue of duplicate share certificates and other allied matters upto a limit of 1000 shares of individual items. At each meeting the Board is apprised of the details of transfers/ transmissions/issue of duplicate shares. The Company's Registrars, Karvy Computershare Pvt. Ltd. have adequate infrastructure to process the share transfers. The share transfers received are processed within 15 days from the date of receipt, subject to the transfer instrument being valid and complete in all respects. Demat request are processed within 10 days from the date of receipt, to give credit of the shares through the Depository. In compliance with the Listing Guidelines, every six months, a practicing Company Secretary audits the System of Transfer and Certificate to that effect is issued. The Company's scrips from part of the SEBI's Compulsory Demat segment bearing ISIN No. INE182A01018.

MARKET PRICE DATA

The High and Low prices of the Company's share (of the face value of Rs.10/- each) from December, 2004 till November, 2005 are as below:

Month	Bombay Stock Exchange Ltd.		The National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Dec, 2004	729.00	566.65	714.95	570.10
Jan, 2005	764.40	655.00	769.85	652.15
Feb, 2005	760.90	647.25	739.00	641.50
Mar, 2005	779.00	651.00	745.00	641.10
Apr, 2005	720.00	664.00	734.00	662.00
May, 2005	755.00	700.00	760.00	681.10
Jun, 2005	800.00	705.00	800.00	701.10
July, 2005	890.55	788.00	869.70	742.00
Aug, 2005	865.00	745.35	945.00	762.65
Sep, 2005	840.00	755.00	840.00	747.30
Oct, 2005	875.00	746.05	864.85	745.00
Nov, 2005	929.00	771.00	948.80	751.10



DISTRIBUTION OF SHAREHOLDING :

(a) Class-wise Distribution of Equity Shares as on 30th November, 2005:

Number of Equity Share Holding	Number of Shareholders	Percentage Shareholders	Number of Shares	Percentage Shareholdings
1-50	42123	59.61	1005982	3.37
51-100	12974	18.36	1053834	3.53
101-500	13767	19.48	2818427	9.44
501-1000	1150	1.63	832233	2.79
1001-5000	541	0.77	1015712	3.40
5001-10000	26	0.04	187328	0.63
10001 & above	84	0.12	22927924	76.83
Total	70665	100.00	29841440	100.00

(b) Shareholding Pattern as on 30th November, 2005:

Category	No. of Shares	Percentage
Foreign Collaborator (Pfizer & Associates)	12302937	41.23
Banks	55045	0.18
Financial Institutions	3600595	12.07
Foreign Institutional Investors	1763378	5.91
Mutual Funds	4134179	13.85
Domestic Companies	656793	2.20
Non-Domestic Companies	30615	0.10
Non-resident Indians	128503	0.43
Others	7169395	24.02
Total	29841440	100.00

Dematerialization of shareholding

The shares of the Company form part of the Compulsory demat segment. The Company has established connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrars, Karvy Computershare Pvt. Ltd. As on 30th November, 2005, 54.59% {representing 92.88% of the widely held shares} of the paid-up share capital of the Company representing 16290599 shares has been dematerialised.

Outstanding GDRs/ADRs/Warrants or any convertible instruments, etc.

As of date, the Company has not issued these type of securities.

Plant Locations

Thane Belapur Road
KU Bazar Post
Navi Mumbai 400 705
Tel : 022-5591 6161
Fax : 022-5591 6160

Bank details for dividend payment

Shareholders desirous of receiving their dividend directly in their bank account through Electronic Clearing System (ECS) are requested to inform their ECS mandate to the Registrars and Transfer Agent of the Company, Karvy Computershare Pvt. Ltd. Beneficiaries holding the scrip of the Company in the dematerialised form may intimate the change in their bank details to their Depository Participant (DP) furnishing their details with the correct 9 digit MICR code of their bank.

Non-Mandatory Requirements**Chairman's Office**

The Chairman, Mr. R.A. Shah, Solicitor is a Senior Partner of Crawford Bayley & Co. His office is located in Mumbai and, therefore,

he has not sought maintenance of the Chairman's Office at the Registered Office premises of the Company.

Shareholders' Rights

The half-yearly financial results are published in the newspapers and also they are displayed on the website of the Company. Therefore, the results were not separately circulated to all shareholders.

On behalf of the Board of Directors

R. A. Shah
Chairman

Mumbai, February 27, 2006

Certificate of Compliance with the Corporate Governance requirements under Clause 49 of Listing agreement**To the Members of Pfizer Limited**

We have examined the compliance of conditions of Corporate Governance by Pfizer Limited ("the Company") for the year ended on 30 November 2005 as stipulated in the Clause 49 of the Listing Agreement applicable for the year ended 30 November 2005, between the Company and Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of corporate governance referred to above. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

Based on confirmation received from the Company's share transfer agent, and representations made by management, we report that no investor grievance is pending for a period exceeding 30 days against the Company as per the records maintained by the Share Transfer Agent/Investors Grievances Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For BSR & Co.
Chartered Accountants

Mumbai
27 February 2006
Membership No: 40780

Sanjay Aggarwal
Partner

Building on people, building on performance.



Pfizer Leaders Academy reiterates Pfizer's belief of investing in its employees to enhance performance. In 2005, the Academy programs were redesigned to foster efficient learning through periodic testing, practical application and constant interaction between regional managers, sales managers and senior managers.

Auditors' Report

To the Members of Pfizer Limited

We have audited the attached balance sheet of Pfizer Limited ('the Company') as at 30 November 2005 and also the related profit and loss account and cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 ('CARO') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our 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 those books;
- c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- e) On the basis of written representations received from directors of the Company as at 30 November 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30 November 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
- 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 30 November 2005;
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For BSR & Co.
Chartered Accountants

Mumbai
27 February 2006

Sanjay Aggarwal
Partner
Membership No: 40780

Annexure to the Auditors' Report 30 November 2005

(Referred to in our report of even date)

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were physically verified by the management during the year. *Management is in the process of reconciling the discrepancies observed on such verification and material discrepancies, if any, that may arise on such reconciliation have not been considered in these financial statements.*
 - (c) Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- (ii)
 - (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. Majority of stocks lying with third parties at the year-end have been confirmed.
 - (b) In our opinion, the procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventories as compared to book records were not material and have been dealt with in the books of account.
- (iii) According to the information and explanations given to us, there are no companies, firms or other parties covered in the register required to be maintained under section 301 of the Companies Act, 1956 ('the Act').
- (iv) In our opinion, and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and with regard to the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal controls.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register required to be maintained under section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 209(1)(d) of the Act in relation to formulations, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records for determining whether they are accurate or complete.
- (ix)
 - (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the company, except for minor delays in some cases, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess, and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any

Annexure to the Auditors' Report 30 November 2005 (Continued)

dues on account of Employees' State Insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess, and other material statutory dues were in arrears as at 30 November 2005 for a period of more than six months from the date

they became payable. As explained to us, the Company did not have any dues on account of Employees' State Insurance.

(b) According to the information and explanations given to us, the following dues of Income-tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty, and Cess have not been deposited by the Company with the appropriate authorities on account of disputes.

Name of the Statute	Nature of Dues	Amount (in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Duty and penalty on classification/ valuation disputes	137.52	1986-1989	Customs, Excise, Service tax Appellate Tribunal
			1989-1992	
		14.41	1992-1995	
		122.48	1995-1998	
		7.52	1998-2001	Commissioner Appeals Assistant Commissioner
		593.84	2001-2004	
		12.62	1997-2000	
		6.93	1985-1988	
			1988-1991	
			1991-1994	
Customs Act, 1962	Duty and penalty on imports and other disputes	76.10	1994-1997	Commissioner of Appeals
			1997-2000	
The Income Tax Act, 1961	Tax and penalty on expenditure disallowed	124.60	1995-1998	Income Tax Appellate Tribunal
		409.18	1994-1997	
State and Central Sales Tax Acts	Tax interest and penalty for non submission of forms and other disallowances	34.76	1997-2000	Supreme Court
		10.27	1992-1995	
		6.54	1983-1986	Deputy Commissioner Appeals
		1.31	1986-1989	
			1989-1992	
		8.77	1992-1995	
		1.00	1995-1998	Deputy Commissioner (commercial tax) Sales Tax Tribunal
		22.53	1998-2001	
		207.71	2001-2004	
		6.36	2001-2003	
		6.66	1993-1996	Joint Commissioner Additional Commissioner
		4.84	1996-1999	
		84.02	2000-2003	Assistant Commissioner
		28.78	1993-1996	
		11.46	1996-1999	Assistant Commissioner
		3.45	1986-1989	

The above demands exclude interest and penalty

- | | |
|---|---|
| <p>(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and the immediately preceding financial year.</p> <p>(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or any outstanding loans from financial institution during the year.</p> <p>(xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.</p> <p>(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.</p> <p>(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.</p> <p>(xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given a guarantee for loan taken by the subsidiary company from banks or financial institutions are not prejudicial to the interest of the Company.</p> <p>(xvi) The Company did not have any term loans outstanding during the year.</p> | <p>(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.</p> <p>(xviii) As stated in paragraph (v) above, there are no companies/firms/parties covered in the register required to be maintained under section 301 of the Act.</p> <p>(xix) The Company did not have any outstanding debentures during the year.</p> <p>(xx) The Company has not raised any money by public issues during the year.</p> <p>(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.</p> |
|---|---|

For BSR & Co.
Chartered Accountants

Sanjay Aggarwal
Partner

Membership No: 40780

Mumbai
27 February 2006

Balance Sheet as at 30th November, 2005

		Rupees in Lakhs		Rupees in Lakhs	
	Schedule Ref.	As at 30th Nov 2005		As at 30th Nov 2004	
Sources of Funds					
Shareholders' funds					
Share capital	1	2984.32		2879.93	
Share capital suspense account	1A	-		104.39	
		2984.32		2984.32	
Reserves and surplus	2	34672.29		31291.66	
		37656.61			34275.98
Loan funds					
Unsecured loan	3	-			1200.00
TOTAL		37656.61			35475.98
Application of Funds					
Fixed assets	4				
Gross block		17014.62		15876.76	
Accumulated depreciation		(9458.52)		(8706.15)	
Net block		7556.10		7170.61	
Capital work-in-progress at cost, including advances		214.06		393.70	
		7770.16			7564.31
Investments	5	0.36			324.36
Deferred tax asset (net)	6	903.01			635.36
Current assets, loans and advances					
Inventories	7	8983.41		7389.31	
Sundry debtors	8	8282.12		7173.41	
Cash and bank balances	9	20992.78		16109.92	
Other current assets	10	213.55		136.64	
Loans and advances	11	6693.09		6910.40	
		45164.95		37719.68	
Current liabilities and provisions					
Current liabilities	12	(13404.03)		(11354.44)	
Provisions	13	(6448.23)		(5420.51)	
		(19852.26)		(16774.95)	
Net current assets		25312.69			20944.73
Miscellaneous expenditure (to the extent not written off or adjusted) voluntary retirement scheme		3670.39			6007.22
TOTAL		37656.61			35475.98
Significant accounting policies	21				
Notes to the accounts	22				

The schedules referred to above form an integral part of the Balance Sheet.
As per our report attached.

For BSR & Co.
Chartered Accountants

SANJAY AGGARWAL
Partner
Membership No: 40780

For and on behalf of the Board

KEWAL HANDA Managing Director

P SHAH } Directors

B M GAGRAT (Dr)

K SUBHARAMAN Secretary

Mumbai, February 27, 2006

Mumbai, February 27, 2006

Profit and Loss Account for the year ended 30th November, 2005

		Rupees in Lakhs		Rupees in Lakhs	
	Schedule Ref.	Year Ended 30th Nov 2005		Year Ended 30th Nov 2004	
Income					
Gross sales		69749.40		65965.84	
Less: Excise duty		5415.74		4884.39	
Less: Sales tax		4481.65		5303.62	
Net sales		59852.01		55777.83	
Services		2665.98		2517.15	
Interest income	14	831.87		748.46	
Miscellaneous income	15	605.25		658.29	
		63955.11		59701.73	
Expenditure					
(Increase) / decrease in stocks of finished goods, work-in-process and own manufactured bulk drugs	16	(3408.66)		2312.39	
Cost of materials consumed	17	23882.69		20058.00	
Personnel costs	18	10013.68		8255.17	
Other expenses	19	18298.73		18047.61	
Royalty		507.08		516.02	
Interest expense (on fixed loan Rs.15.72 lakhs; 2004: Rs.66.23 lakhs)		15.72		81.07	
Depreciation	4	1384.59		1025.73	
		50693.83		50295.99	
Profit before taxation and exceptional items		13261.28		9405.74	
Exceptional items - net (expense)	20	(2336.83)		(1922.38)	
Profit before taxation		10924.45		7483.36	
Less : Taxation					
Current tax		4179.26		2701.02	
Fringe benefit tax		201.14		-	
Deferred tax - (credit)/debit		(267.65)		230.56	
Profit After taxation		6811.70		4551.78	
Balance brought forward after adjustments	2	19585.20		18867.75	
Total available for Appropriation		26396.90		23419.53	
Transfer to general reserve		685.00		460.00	
Proposed dividend		2984.14		2984.32	
Tax on dividend		418.53		390.01	
Tax on dividend for previous year		28.40		-	
		4116.07		3834.33	
Balance carried to balance sheet		22280.83		19585.20	
Earnings Per Share (Basic and Diluted)		Rs 22.83		Rs 15.25	
(Refer Note 10 in the Notes to the Accounts - Schedule 22)					
Nominal Value of Share		10.00		10.00	
Significant accounting policies	21				
Notes to the accounts	22				

The schedules referred to above form an integral part of the Profit and Loss Account.
As per our report attached.

For BSR & Co.

Chartered Accountants

SANJAY AGGARWAL

Partner

Membership No: 40780

For and on behalf of the Board

KEWAL HANDA

Managing Director

P SHAH

Directors

B M GAGRAT (Dr)

K SUBHARAMAN

Secretary

Mumbai, February 27, 2006

Mumbai, February 27, 2006

Cash Flow Statement for the year ended November 30, 2005

	Rupees in Lakhs Nov 2005	Rupees in Lakhs Nov 2004
A Cash flow from Operating Activities : -		
Net Profit before taxation and exceptional items	13261.28	9405.74
Adjustments for		
Depreciation	1384.59	1025.73
Unrealised Foreign Exchange(Gain) / Loss	(24.65)	(13.64)
Interest Income	(760.72)	(519.69)
Profit on fixed assets sold / discarded	(91.15)	(9.36)
Personnel costs - Voluntary Retirement Scheme	-	7.61
Interest Expenses	15.10	81.16
Provision for doubtful debts and advances	184.50	373.58
Provisions no longer required written back	-	(27.14)
Provision for Diminution in the value of investment in subsidiary	324.00	-
Operating profit before working capital changes	14292.95	10323.99
Adjustments for		
Trade and other receivables	(1037.82)	(2086.94)
Inventories	(1594.10)	2294.70
Trade and other payables	2000.47	902.12
Provisions (Excluding Proposed Dividend, Tax on distributed profits, Income Tax Provision)	350.85	(358.41)
Cash generated from operations	14012.35	11075.46
Direct taxes paid (Net)	(3731.87)	(1050.65)
Net cash from operating activities before exceptional items	10280.48	10024.81
Exceptional Items		
Compensation paid to employees under Voluntary Retirement Scheme	-	(1296.40)
Net cash from / (used in) operating activities after exceptional items (A)	10280.48	8728.41
B Cash flow from Investing Activities : -		
Purchase of fixed assets (Net)	(1491.52)	(527.24)
Purchase of Investments (Net)	(6500.00)	(6750.00)
(includes Time Deposits having maturity period greater than or equal to 90 days)	683.81	427.69
Interest Received		
Net cash (used in) / from investing activities (B)	(7307.71)	(6849.55)
C Cash flow from Financing Activities :-		
Dividend paid (Including Tax on distributed profits)	(3368.00)	(2472.74)
Interest paid	(34.40)	(89.27)
Proceeds / (Repayment) from / of borrowings (Net)	(1200.00)	1090.63
Net cash used in financing activities (C)	(4602.40)	(1471.38)
Net Increase/ (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	(1629.63)	407.48
Opening Cash and Cash Equivalents (Note 1)	2607.21	2152.06
Cash & Cash equivalents as at 1st December, 2003 taken over on amalgamation (Note 2)	-	47.67
Closing Cash and Cash Equivalents (Note 1)	977.58	2607.21
	(1629.63)	407.48
Notes :		
1. Cash and Cash Equivalents include :		
Cash on Hand	5.61	22.33
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	795.46	736.67
On Margin Money Accounts	3.48	31.76
On Time Deposit Accounts (maturity period less than 90 days)	158.40	1777.20
Cheques on hand	29.83	41.96
Unrealised translation gain on foreign currency cash & cash equivalents	(15.20)	(2.71)
	977.58	2607.21

Cash Flow Statement for the year ended November 30, 2005 (Continued)

		Rupees in Lakhs	Rupees in Lakhs
		Nov 2005	Nov 2004
2	The amalgamation of Pharmacia Healthcare Ltd. with the Company is a non - cash transaction. Consequent to the amalgamation, Cash and Cash Equivalents as at 1 st December, 2003 are taken over. The details are as under :		
	Cash on Hand	-	0.55
	With Scheduled Banks		
	On Current Accounts (including accounts with overdraft facility)	-	10.22
	On Time Deposit Accounts	-	36.90
		-	47.67
3	Interest income on delayed payments from customers and rental income have been shown under 'Cash Flow from Operating Activities' as according to the Company these form an integral part of the Operating activities		
4	The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.		

As per our report attached.

For BSR & Co.

Chartered Accountants

SANJAY AGGARWAL

Partner

Membership No: 40780

Mumbai, February 27, 2006

For and on behalf of the Board

KEWAL HANDA

Managing Director

P SHAH

B M GAGRAT (Dr)

Directors

K SUBHARAMAN

Secretary

Mumbai, February 27, 2006

Schedules

	Rupees in Lakhs	Rupees in Lakhs
	Nov 2005	Nov 2004
Schedule 1: Share Capital		
Authorised		
2,98,44,080 (Nov 2004: 2,88,00,180) Equity shares of Rs. 10 each	2984.41	2880.02
1,01,55,920 (Nov 2004: 1,11,99,820) Unclassified shares of Rs. 10 each	1015.59	1119.98
	4000.00	4000.00
Issued		
2,98,44,080 (Nov 2004: 2,88,00,180) Equity shares of Rs. 10 each	2984.41	2880.02
Subscribed and Paidup		
2,98,41,440 (Nov 2004: 2,87,97,540) Equity shares of Rs. 10 each fully paid-up	2984.14	2879.75
Of the above		
- 1,91,08,636 (Nov 2004: 1,91,08,636) Equity shares were allotted as fully paid - up bonus shares by capitalisation of general reserve Rs.1776.92 lakhs and share premium account Rs.133.94 lakhs.		
- 93,76,100 (Nov 2004: 93,76,100) Equity shares of Rs.10 each fully paid-up are held by Pfizer Corporation, Panama		
- 21,42,897 (Nov 2004: 21,42,897) Equity shares of Rs. 10 each in aggregate are held by Warner-Lambert LLC, USA and Parke-Davis & Company LLC, USA		
- 53,57,244 (Nov 2004: 53,57,244) Equity shares of Rs.10 each were issued as fully paid up to the shareholders of erstwhile Parke-Davis (India) Limited (pursuant to the Scheme of Amalgamation of Parke-Davis (India) Limited with the Company)		
- 10,43,900 (Nov 2004: Nil) Equity shares of Rs. 10 each were issued as fully paid up to the shareholders of erstwhile Pharmacia Healthcare Limited (pursuant to the Scheme of Amalgamation of Pharmacia Healthcare Limited with the Company) including 7,83,941 Equity Shares issued to Pharmacia Corporation, USA.		
Add: Forfeited share capital		
Amount paid up on 2,640 (Nov 2004 : 2,640) Equity shares of Rs. 10 each forfeited	0.18	0.18
TOTAL	2984.32	2879.93
Schedule 1 A: Share Capital Suspense Account		
In terms of the Scheme of Amalgamation of Pharmacia Healthcare Limited with the Company, 10,43,900 Equity Shares of Rs. 10 each of Pfizer Limited to be issued as fully paid-up to the shareholders of erstwhile Pharmacia Healthcare Limited whose names appear on the Register of Members on the Record Date to be fixed for this purpose.		
Of the above 7,83,941 Equity Shares of Rs. 10/- each to be issued and allotted to Pharmacia Corporation, USA	-	104.39
TOTAL	-	104.39
Schedule 2: Reserves and Surplus		
Share premium		
Per last balance sheet	2277.70	-
Add : Transfer from Pharmacia Healthcare Limited	-	2277.70
	2277.70	2277.70
General reserve		
Per last balance sheet	9428.76	8812.17
Add : Adjustment on account of amalgamation of Pharmacia Healthcare Limited	-	156.59
Add : Transfer from profit and loss account	685.00	460.00
	10113.76	9428.76
Profit and loss account		
Per last balance sheet	19585.20	19148.08
Less: : Transfer of Loss from Pharmacia Healthcare Limited	-	(280.33)
	19585.20	18867.75
Less : Transfer to profit and loss account for the year	(19585.20)	(18867.75)
Balance as per profit and loss account	22280.83	19585.20
TOTAL	34672.29	31291.66
Schedule 3: Loan Funds		
Unsecured loan		
Inter corporate deposit from Pfizer Pharmaceutical India Private Limited	-	1200.00
TOTAL	-	1200.00

Schedules

Schedule 4 : Fixed Assets										Rupees in Lakhs
	C O S T			DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE		
	As at 01.12.2004	Additions	Deductions	As at 30.11.2005	As at 01.12.2004	For the year	Deductions	As at 30.11.2005	As at 30.11.2005	As at 30.11.2004
INTANGIBLE ASSETS										
Trademarks	15.51	-	-	15.51	15.51	-	-	15.51	-	-
TANGIBLE ASSETS										
LAND :										
Freehold	31.97	-	-	31.97	-	-	-	-	31.97	31.97
Leasehold	67.98	-	-	67.98	13.19	0.33	-	13.52	54.46	54.79
BUILDINGS :										
On freehold land @	1270.10	-	-	1270.10	443.14	12.93	-	456.07	814.03	826.96
On leasehold land	1048.83	114.57	-	1163.40	280.53	31.37	-	311.90	851.50	768.30
Leasehold improvements	1012.53	85.99	19.14	1079.38	644.96	132.43	14.19	763.20	316.18	367.57
Machinery & equipment	7015.06	625.60	18.05	7622.61	3595.15	447.80	16.87	4026.08	3596.53	3419.91
Office equipment,										
Furniture & fixtures	4508.29	716.36	439.56	4785.09	3132.27	582.15	428.33	3286.09	1499.00	1376.02
Vehicles	906.49	247.35	175.26	978.58	581.40	177.58	172.83	586.15	392.43	325.09
TOTAL	15876.76	1789.87*	652.01	17014.62*	8706.15	1384.59*	632.22	9458.52*	7556.10	7170.61
Previous year	13683.23	1548.62	1648.41	15876.76	8022.11	1025.73	1473.00	8706.15		
Capital work-in-progress including capital advances									214.06	393.70
Grand Total									7770.16	7564.31
@	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.									
*	Refer Note 12 of the Notes to the accounts, Schedule 22 regarding assets held for disposal at lower of cost or net realisable value as estimated by the management.									
	Excludes Rs. 3.08 Lakhs (Nov. 2004 : Rs. 19.40 Lakhs) being individual assets less than Rs. 5000 written off without capitalisation.									

Schedules

	Rupees in Lakhs	Rupees in Lakhs
	Nov 2005	Nov 2004
Schedule 5: Investments		
(At cost except where otherwise stated)		
Long Term Investments		
Non-Trade (unquoted)		
Government securities	0.11	0.11
Gold Sovereign (Actual cost Rs. 61)	-	-
The Shamrao Vitthal Co-operative Bank Limited		
1,000 (Nov 2004 : 1,000) shares of Rs. 25 each, fully paid-up	0.25	0.25
Other securities		
Bharuch Eco-Aqua Infrastructure Limited		
72,935 (Nov 2004 : 72,935) Equity Shares of Rs. 10 Each, fully paid	7.29	7.29
Bharuch Enviro Infrastructure Ltd.		
175 (Nov 2004 : 175) Equity Shares of Rs. 10 Each, fully paid	0.02	0.02
Shares in the subsidiary company		
Duchem Laboratories Limited (100% holding)		
3,24,000 (Nov 2004: 3,24,000) Equity Shares of Rs. 100 each, fully paid-up	324.00	324.00
Less: Provision for diminution in value of investments	(331.31)	(7.31)
TOTAL	0.36	324.36
During the year the Company has considered a full provision for diminution to recognise a decline, other than temporary, in the value of investment in its subsidiary company, Duchem Laboratories Limited The impact of the same is shown in profit & loss account under the head "Other expenses" in Schedule 19		
Schedule 6: Deferred tax asset (net)		
Deferred tax asset		
Arising on account of timing differences in :		
Provision for doubtful debts and advances	724.35	803.88
Provision for leave encashment and exgratia	428.54	348.25
Provision for excise duty, custom duty and sales tax	42.79	1.61
Amortisation of voluntary retirement costs	28.60	43.65
Other provisions	193.48	143.70
	1417.76	1341.09
Deferred tax liability		
Arising on account of timing difference in:		
Depreciation / estimated loss on assets held for disposal	514.75	705.73
TOTAL	903.01	635.36
Schedule 7: Inventories		
Stores and maintenance spares	126.19	92.94
Packing materials	435.24	549.09
Stock-in-trade		
Raw materials	2505.28	2394.91
Work-in-process	363.46	489.38
Finished goods	5553.24	3862.99
TOTAL	8983.41	7389.31
Schedule 8: Sundry Debtors		
(Unsecured - Considered good except where otherwise stated)		
Debts outstanding		
- Over six months	2223.90	2873.64
- Other debts	7961.14	6249.49
	10185.04	9123.13
of which		
- Considered good	8282.12	7173.41
- Considered doubtful	1902.92	1949.72
	10185.04	9123.13
Provision for doubtful debts	(1902.92)	(1949.72)
TOTAL	8282.12	7173.41
Bad debts written off Rs. 231.30 lakhs (Nov 2004 : 94.60 lakhs) out of the provision for doubtful debts		

Schedules

	Rupees in Lakhs	Rupees in Lakhs
	Nov 2005	Nov 2004
Schedule 9: Cash and Bank Balances		
Cash on hand	5.61	22.33
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	795.46	736.67
On Margin Money Accounts (under lien)	3.48	31.76
On Time Deposit Accounts	20158.40	15277.20
Cheques on hand / in transit	29.83	41.96
TOTAL	20992.78	16109.92
Schedule 10: Other Current Assets		
Interest accrued but not due	213.55	136.64
TOTAL	213.55	136.64
Schedule 11: Loans and Advances (Unsecured)		
(Considered good except where otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	5384.19	6010.98
Considered doubtful	248.61	247.09
	5632.80	6258.07
Provision for doubtful advances	(248.61)	(247.09)
	5384.19	6010.98
Amounts Recoverable from Pfizer Pharmaceutical India Private Limited *	44.42	44.69
Amounts Recoverable from Pfizer Products India Private Limited *	85.82	301.22
Amounts Receivable from Duchem Laboratories Limited *	244.66	80.46
Balances with Customs, Port Trust and Excise on Current Accounts	934.00	473.05
TOTAL	6693.09	6910.40
* Refer Note 3 of the Notes to the accounts, Schedule 22		
Schedule 12: Current Liabilities		
Acceptances	18.63	116.71
Sundry creditors		
Due to Small Scale Industrial Undertakings	505.78	268.98
(Refer Note 14 of the Notes to the accounts, Schedule 22)		
Others	11192.06	9212.14
Advances from the customers	61.96	111.39
Security deposits	1460.56	1514.91
Dividends - unclaimed*	165.04	130.31
TOTAL	13404.03	11354.44
* Investor protection and education fund is being credited by the amount of unclaimed dividend after seven years from the due date.		
Schedule 13: Provisions		
Proposed dividend	2984.14	2984.32
Tax on distributed profits	418.53	390.01
Gratuity	279.52	258.95
Leave encashment	1272.91	951.68
Excise duty and custom duty (Net of payments)	127.09	119.84
Income tax provisions (net)	1288.86	640.33
Wealth tax provisions (net)	49.90	49.05
Others	27.28	26.33
TOTAL	6448.23	5420.51

Schedules

	Rupees in Lakhs	
	Nov 2005	Nov 2004
Schedule 14: Interest Income		
Interest (Gross)		
On staff loans	32.11	23.46
On deposits with banks delayed payments, etc.	774.88	527.79
(Tax deducted at source - Rs.118.63 lakhs, Nov 2004 - Rs. 92.90 lakhs)		
On Income tax refunds	24.10	187.97
On others	0.78	9.24
(Tax deducted at source -Rs. Nil , Nov 2004 - Rs 0.78 lakh)		
TOTAL	831.87	748.46
Schedule 15: Miscellaneous Income		
Rental income (Gross)	398.65	563.98
(Tax deducted at source - Rs 58.20 lakhs, Nov 2004 - Rs.107.03 lakhs)		
Profit on fixed assets sold (net)	91.15	9.36
Other insurance claims	42.92	9.97
Provisions no longer required written back	-	27.14
Others	72.53	47.84
TOTAL	605.25	658.29
Schedule 16: (Increase) / decrease in stocks of finished goods, work-in-process and own manufactured bulk drugs		
Stocks at commencement		
Finished goods	3862.99	5089.25
Work-in-process	489.38	469.62
Own manufactured bulk drugs	-	225.92
	4352.37	5784.79
Add: Stocks taken over on amalgamation of Pharmacia Healthcare Limited		
Finished goods	-	691.91
Work-in-process	-	188.06
	4352.37	879.97
Less:		
Insurance claim received for loss of finished goods due to flood*	1844.33	-
Stocks at close		
Finished goods	5553.24	3862.99
Work-in-process	363.46	489.38
	5916.70	4352.37
TOTAL	(3408.66)	2312.39
* The Company's stocks of finished goods lying at its warehouse at Bhiwandi were badly affected due to the flood caused by heavy rainfall in Mumbai on July 26, 2005. The Company has received the amount of Rs. 1844.33 lakhs from the insurance company in full and final settlement.		
Schedule 17: Cost of materials consumed		
Raw materials		
Stock at commencement	2394.90	2501.20
Add : Stock taken over on amalgamation of Pharmacia Healthcare Limited	-	125.44
	2394.90	2626.64
Purchases	10274.93	8515.78
	12669.83	11142.42
Stock at close	(2505.28)	(2394.90)
	10164.55	8747.52
Packing materials (net)	4275.76	3539.42
Purchase of traded goods	9442.38	7771.06
TOTAL	23882.69	20058.00

Schedules

	Rupees in Lakhs	
	Nov 2005	Nov 2004
Schedule 18: Personnel costs		
Salaries, wages and bonus	8074.45	6594.15
Company's contribution to gratuity fund	535.13	268.15
Company's contribution to provident and other funds	538.65	485.34
Staff welfare expenses	865.45	899.92
Voluntary retirement costs amortised	-	7.61
TOTAL	10013.68	8255.17
Schedule 19: Other expenses		
Consumption of stores and maintenance spares	180.40	104.82
Processing charges	2148.06	1528.99
Power and fuel	719.04	731.47
Water	77.29	70.33
Repairs : Buildings	16.25	26.05
Machinery	327.67	200.90
Rent	870.33	818.18
Rates and taxes	122.29	154.92
Insurance	152.43	198.80
Clinical trials	631.35	753.41
Legal and professional charges	1189.26	1974.31
Equipment rentals, service charges, low cost assets written off	663.50	897.70
Freight, forwarding and transport	1286.67	1192.38
Travelling (including boarding, lodging, conveyance and other expenses)	1418.23	1517.57
Postage, telephone and fax	527.04	493.71
Advertising and promotion	2495.96	2519.63
Exchange loss (net)	7.30	21.81
Commission	859.36	806.87
Provision for doubtful debts (net)	184.50	373.58
Provision for diminution in value of investment in the subsidiary company, (Refer Schedule 5)	324.00	-
Excise duty	911.08	90.26
Miscellaneous expenses	3186.72	3571.92
TOTAL	18298.73	18047.61
Schedule 20: Exceptional items - (expense) / income		
Exceptional expense		
Estimated loss on assets held for disposal (Refer Note 12 of the Notes to the accounts - Schedule 22)	-	(223.16)
Amortization of compensation paid to employees under VRS	(2336.83)	(2336.85)
	(2336.83)	(2560.01)
Exceptional income		
Profit on sale of residential premises	-	349.78
Profit on sale of Ankleshwar plant	-	287.85
	-	637.63
Net exceptional (expense)	(2336.83)	(1922.38)

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

21. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the provisions of the Companies Act, 1956 and in accordance with the accounting principles generally accepted in India (Indian GAAP) and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable and with the relevant provisions of the companies Act, 1956

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(c) Fixed Assets and Depreciation

- (i) All fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities) duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- (ii) Assets costing upto Rs. 5,000 are written off and those costing more than Rs.5,000 but upto US\$ 1,000 are fully depreciated in the year of purchase except that-
“multiple-like items” the cost of which is over US \$10,000 in the aggregate; and
“unlike items of a capital nature within an asset category” for large scale projects the aggregate cost of which exceeds US \$ 10,000 are considered as one asset and depreciated in accordance with the accounting policy stated in (iii) below.
- (iii) 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 (ii) above is provided on a pro-rata basis from the month of capitalisation. Depreciation on deletions during the year is provided upto the quarter in which the asset is sold / discarded.
- (iv) Depreciation other than on low cost assets is provided at the following rates per annum

Assets	Periods / Rate
Land : Leasehold	Amortised over the lease period
Buildings : On Freehold land On Leasehold land	3.34% Higher of 3.34% or rate based on leased period
Leasehold Improvements	8% to 10% or Amortised over the lease period
Machinery & Equipment	8% to 40%
Office Equipment, Furniture & Fixture	8% to 33.33%
Vehicles	25%
Trademarks	Amortised over a period of 3 years

- (v) In case of assets taken over from erstwhile Pharmacia Healthcare Limited depreciation has been provided at the rates specified in Schedule XIV to the Companies Act, 1956 except the following assets, which are depreciated at the respective rates

Assets	Periods / Rate
Plant and Machinery	4.75% to 8.09%
Furniture, Fixtures & Office Equipment	3.34% to 6.33%
Computers	16.21% to 33.33%

- (vi) Assets that have been retired from active use and held for disposal are stated at the lower of their net book value and net realisable value as estimated by the Company.
- (vii) Trademarks are recorded at their acquisition cost and are amortised over the lower of their estimated useful life and period of ownership.
- (viii) Cost of application software not exceeding US\$ 1 million is being charged to the profit and loss account.
- (ix) In accordance with AS 28 on ‘Impairment of Assets’ issued by the Institute Of Chartered Accountants of India, where there is an indication of impairment of the Company’s assets, the carrying amounts of the Company’s assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account or against revaluation surplus where applicable.

(d) **Foreign Currency Transactions**

Transactions in foreign exchange are accounted for at the standard exchange rates as determined by the Company. The exchange differences arising out of the settlement, other than those on liabilities, relating to fixed assets are dealt with in the Profit and Loss Account. Foreign currency assets and liabilities other than those covered by forward contracts are revalued at year-end rates. Resultant gains or losses are recognised in the Profit and Loss Account except exchange differences arising on settlement or translation of foreign currency liabilities on acquisition of fixed assets which are adjusted against the carrying costs of corresponding fixed assets.

(e) **Investments**

Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments. Current investments are stated at lower of cost and fair value.

(f) **Inventories**

Stock in trade and packing materials are valued at the lower of 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.

Finished goods expiring within 90 days (near-expiry inventory) as at the balance sheet date have been fully provided for.

(g) **Sundry Debtors/Loans & Advances**

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

(h) **Revenue Recognition**

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the customers. Sales are net of sales return and trade discounts. Revenue from services is recognized as and when services are rendered and related costs are incurred, in accordance with the terms of the specific contracts. Interest income is recognised on time proportionate basis.

(i) **Research & Development**

Revenue expenditure on research and development is expensed as incurred. Capital expenditure on research and development is capitalised as fixed assets and depreciated as per depreciation policy of the Company.

(j) **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 / provision towards gratuity liability as determined by LIC based on its actuarial valuation as at year-end is charged to the Profit & Loss account each year. The Company also provides for unutilized leave benefits on retirement available to its employees on the basis of an independent actuarial valuation done as at the year-end.

(k) **Leases**

Lease rentals in respect of assets acquired under operating lease are charged off to the Profit & Loss Account as incurred. Lease rentals in respect of assets given under operating lease are credited to the Profit & Loss Account as accrued.

(l) **Voluntary Retirement Schemes (VRS)**

Liability under the VRS is accrued on the acceptance of the applications of the employees under the VRS scheme issued by the Company. Compensation paid under the VRS upto 30th November 2001 is charged to the Profit and Loss Account over a period of three years and compensation paid under the VRS effective from 1st December 2001 is charged to the Profit and Loss Account over a period of five years.

(m) **Taxation**

Income – tax expense comprises current tax and fringe benefit tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain as the case may be to be realized.

(n) **Proposed Dividend**

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

(o) **Earnings per Share**

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, with the weighted number of equity shares outstanding during the year.

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

(p) Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

22. Notes to the Accounts

	2005	2004
1 Estimated amount of contracts on capital account to be executed and not provided for	1048.56	585.01
2 Contingent Liability		
(a) In respect of the guarantees given to banks on behalf of : -		
(i) Its subsidiary company	2400.00	2400.00
(ii) Other guarantees	-	17.80
(b) In respect of:		
(i) Excise Duty	839.43	1064.05
(ii) Customs Duty	2.44	111.82
(iii) Sales Tax	434.52	342.94
(iv) Service Tax	-	193.10
(v) Income Tax	608.32	429.92
(vi) Pending Labour Matters contested in various courts	96.25	108.60
(vii) Pending labour matters relating to wage settlement	Amount Unascertainable	Amount Unascertainable
(viii) Provident fund contribution on leave encashment paid from 01/10/94 to 30/04/05.	Amount Unascertainable	----
(ix) Claims against the Company not acknowledged as debts	Amount Unascertainable	AmountUnascertainable
(c) DPEA claims (Refer Note 8)		
3 Loans and Advances include amounts due from:	2005	Rs. In lakhs 2004
Duchem Laboratories Limited, a company under the same management [Maximum aggregate amount due during the year Rs. 244.66 lakhs (Nov 2004 – Rs. 80.46 lakhs)]	244.66	80.46
Pfizer Pharmaceutical India Pvt. Ltd. (formerly Warner-Lambert India Pvt. Ltd.), a company under the same management [(Maximum aggregate amount due during the year Rs. 69.77 lakhs (Nov 2004 – Rs. 79.53 lakhs)]	44.42	44.69
Pfizer Products India Pvt. Ltd. (formerly Pharmacia India Pvt. Ltd.), a company under the same management [Maximum aggregate amount due during the year Rs. 595.44 lakhs (Nov 2004 - Rs. 588.33 lakhs)]	85.82	301.22
4 Cost of materials consumed and other expenses include cost of samples distributed.	675.89	881.44
5 (a) Auditors' Remuneration (including service tax, as applicable):		
For Audit	26.45	22.04
For other Attestation services	23.97	17.39
For Taxation services	7.10	-
Out of pocket expenses	0.91	1.30
(b) Remuneration to the auditors of erstwhile Pharmacia Healthcare Limited (including service tax, as applicable)		
For Audit	-	2.50
Tax Audit Fees	-	1.17
For Other Services	-	11.75
Out-of-pocket expenses	-	1.00

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

6. Information required by Paragraph 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		Quantity	Rupees in lakhs	
BULK													
Oxytetracycline	KGS('000's)	-	-	-	-	-	-	-	-	-	-	-	-
		(0.05)	(199.76)		(0.13)	(0.60)		(0.13)	(0.60)		-	-	-
Others	Tonnes	-	-	-	5.20	48.46		5.20	48.46		-	-	-
		(2.79)	(26.16)		(12.90)	(92.09)		(12.90)	(92.09)		-	-	-
FORMULATIONS													
Injectables :													
Liquid Parentals	Litres	24838.03	111.30	245347.25	246033.81	1324.97	16055.37	94.97					
		(28318.34)	(152.30)	(222817.56)	(224800.27)	(1291.61)	(24838.03)	(111.30)					
Powder Parentals	Kgs	-	-	-	(1.71)	(1.72)	-	-			-	-	-
		(0.24)	(0.25)	-	(2.46)	(21.38)	-	-			-	-	-
Tablets and Capsules	No. in Millions	208.40	1275.40	2098.71	1908.41	19505.72	305.74	2029.44					
		(161.94)	(1187.22)	(1613.56)	(1543.84)	(16720.28)	(208.40)	(1275.40)					
Liquids	Litres	664359.55	716.54	6709730.78	5996983.22	14227.92	1025543.17	1166.21					
		(530042.30)	(946.99)	(4939695.75)	(4694872.53)	(12064.32)	(664359.55)	(716.54)					
Solids	Kgs	13861.71	62.51	113947.24	106376.35	1077.74	18567.37	100.71					
		(19096.13)	(94.22)	(92733.95)	(95498.61)	(837.97)	(13861.71)	(62.51)					
Ointments	Kgs	4219.36	22.29	11535.20	6615.44	88.82	4427.76	25.18					
		(4146.63)	(28.17)	(22454.37)	(23499.38)	(302.05)	(4219.36)	(22.29)					
FOOD PRODUCTS													
	Tonnes	27.21	59.93	708.91	647.71	1609.09	27.15	63.84					
		(38.27)	(93.67)	(705.86)	(714.78)	(1922.15)	(27.21)	(59.93)					
FEED SUPPLEMENTS													
	Tonnes	63.87	92.81	938.47	859.34	1787.99	87.78	177.06					
		(59.70)	(257.41)	(337.21)	(304.41)	(2002.03)	(63.87)	(92.81)					

Notes to the Financial Statements for the year ended 30th November 2005
(Currency: Indian Rupees in Lakhs)

TRADING ACTIVITIES

		STOCKS AT COMMENCEMENT			PURCHASES			SALES			STOCKS AT CLOSE		
Class of goods	Unit of Measure	Quantity	Rupees in lakhs		Quantity	Rupees in lakhs		Quantity	Rupees in lakhs		Quantity	Rupees in lakhs	
FORMULATIONS													
Injectables:													
Liquid Parentals	Litres	4630.52 (5994.11)	171.72 (136.11)		31046.42 (26667.47)	637.41 (436.15)		25528.97 (25625.54)	1745.57 (1507.33)		6243.52 (4630.52)	173.85 (171.72)	
Powder Parentals	Kgs	1942.57 (386.02)	206.40 (405.41)		2260.68 (6428.34)	1581.25 (863.42)		1985.93 (4831.50)	3767.97 (3146.82)		317.55 (1942.57)	178.27 (206.40)	
Tablets and capsules	No.in Millions	29.54 (129.53)	186.15 (811.91)		131.03 (218.84)	1313.82 (1398.19)		113.58 (310.02)	2637.67 (3854.15)		25.57 (29.54)	398.09 (186.15)	
Liquids	Litres	574553.44 (828551.65)	759.25 (861.52)		3205792.03 (3307557.30)	4927.87 (4245.19)		2942554.65 (3611941.67)	10694.34 (10940.24)		571170.26 (574553.44)	900.01 (759.25)	
Solids	Kgs	815.43 (2163.62)	14.38 (21.67)		46306.93 (4785.22)	334.11 (67.85)		14859.75 (6049.35)	217.38 (163.86)		18186.12 (815.43)	112.44 (14.38)	
Ointments	Kgs	4452.21 (4717.85)	13.96 (18.95)		24380.82 (23822.00)	83.43 (76.69)		22022.53 (21125.47)	364.24 (313.80)		4868.11 (4452.21)	15.55 (13.96)	
FEED SUPPLEMENTS	Tonnes	53.70 (37.27)	73.70 (12.37)		195.28 (199.86)	62.32 (90.89)		184.79 (183.50)	169.49 (82.74)		23.04 (53.70)	27.38 (73.70)	
FEED SUPPLEMENTS	Litres	16870.00 (17185.00)	4.84 (4.65)		89000.00 (100980.00)	24.16 (27.95)		84819.40 (91430.00)	33.05 (35.62)		9225.00 (16870.00)	2.95 (4.84)	
MISCELLANEOUS	No.in Millions	2.38 (0.90)	91.81 (56.43)		10.01 (9.92)	297.89 (292.12)		9.03 (8.47)	553.30 (521.55)		2.57 (2.38)	87.29 (91.81)	
TOTAL			3,862.99 (5315.22)			9,262.26 (7498.45)			59,852.01 (55777.81)			5,553.24 (3862.99)	

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 (Rs. 180.12 Lakhs, Nov 2004 : Rs. 272.61 Lakhs) and Closing Stock exclude Physicians' Sample packs.
- Stocks are after adjustments of write-offs.
- Figures in brackets are in respect of the previous year.

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

6 (b) Raw Materials Consumed

Raw Materials Consumed

Class of goods Measure	Unit of	2005		2004	
		Quantity	Value in lakhs	Quantity	Value in lakhs
Vitamins	Tonnes	445.09	1766.42	369.75	1769.24
Codeine phosphate	Kgs	5828.05	2065.70	5514.00	1971.00
Virginiamycin	Kgs	299.72	11.53	3381.50	136.76
Sugar	Tonnes	2768.71	483.72	2399.54	356.89
Propylene Glycol	Tonnes	222.27	218.90	207.23	138.22
Others (including imports)			5618.28		4375.41
Total			10164.55		8747.52
Whereof:		Percentage		Percentage	
Imported-delivered cost		9	936.71	6	544.69
Indigenously obtained		91	9227.84	94	8202.83
Total		100	10164.55	100	8747.52

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

6 (c) Licensed and Installed Capacities

Class of Goods	Unit of Measure	Installed Capacity (Three Shift basis)	
		2005	2004
Bulk Drugs and Drug Intermediates			
Oxytetracycline /Tetracycline	MT	*	*
Others	MT	*	*
FORMULATIONS			
Injectables			
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
FOOD PRODUCTS			
Protein Food	MT	1000	1000
FEED SUPPLEMENTS	MT	1577	1577

* Installed capacity for bulk drugs and drug intermediates is nil as the plant assets are held for disposal

Notes:

- A. 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 1 March 1999 issued by the Department of Industrial Policy and Promotion, Ministry of Industry, Government of India, industrial licensing has been abolished in respect of bulk drugs and formulations.

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

B. The installed capacity is as certified by the Management and not verified by the Auditors, this being a technical matter.		
	2005	2004
(d) Value of imports calculated on CIF basis		
Raw Materials	3027.52	2396.62
Spare Parts for Maintenance of machinery and Laboratory Chemicals	1.92	5.54
Capital Goods	138.19	31.39
Finished Goods	573.34	776.28
(e) Expenditure in Foreign Currency		
Travel	163.84	158.38
Royalty	391.97	418.15
Interest	0.04	0.17
Professional Charges	194.44	82.96
Others (Exchange Loss, etc)	7.30	22.91
(f) Remittance made on account of dividends in foreign currency		
Number of shareholders	4	3
Number of shares held	123,02,938	115,18,996
Net amount of dividends remitted in foreign currency		
Dividend in respect of the year ended 30 th November, 2004	1230.29	-
Dividend in respect of the year ended 30 th November, 2003	-	863.93
(g) Earnings in foreign currency		
Total Exports (on FOB) basis	218.94	376.51
Service Income	2478.40	2028.54
7 (a) Managerial remuneration under Section 198 of the Companies Act, 1956		
Salaries, Bonus & Commission	111.29	93.51
Contribution to PF and Other Funds	26.49	14.15
Perquisites	21.57	33.31
Sitting Fees	2.20	2.00
Commission to Non- Whole time Directors	4.00	4.00
TOTAL	165.55 *	146.97
Excludes gratuity and leave encashment benefits as the same are based on actuarial valuation		
* The appointment of and remuneration of Rs.62.11 Lakhs paid to Mr. Kewal Handa, Managing Director, is subject to approval of the shareholders at the ensuing Annual General Meeting.		
(b) Computation of net profits for commission payable to the Directors		
Net Profit as per Profit and Loss Account	6811.70	4551.78
Income-tax	4112.75	2931.58
Remuneration to Directors	165.55	146.97
Net Profit / (Loss) on sale of fixed assets per Section 349 of the Companies Act, 1956 (Estimated)	91.15	9.36
Provision for Doubtful debts/advances	184.50	373.58
Estimated Loss on assets held for disposal	-	223.16
	11365.65	8236.43
Net (Profit)/Loss on sale of fixed assets per accounts	(91.15)	(9.36)
Bad debts written off against the provision	(231.30)	(94.60)
Profit on sale of Residential Premises	---	(349.78)
Profit on sales of Ankleshwar Plant	---	(287.85)
TOTAL	11043.20	7494.84
Commission to two Directors, who are not in whole time employment and who are resident in India, 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.	4.00	4.00
Commission approved by the Board of Directors at	4.00	4.00

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

8. 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.98.00 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 49.00 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."

(d) Vitamin and Other Formulations

The Government has arbitrarily determined the liability of the Company at Rs 1,466 lakhs being the difference in price in respect of Vitamin and other formulations sold by the Company during the years 1983 to 1989. The Company has repudiated the liability on this account. The Company's Solicitors have advised that the repudiation by the Company is legally sustainable. The Government has pursued the matter. The Company maintains its position that the claim by the Government is not legally sustainable.

(e) Chloramphenicol

The Government has arbitrarily determined the liability of the Company at Rs 145 lakhs and Rs. 14 lakhs being the difference between the price of bulk drug Chloramphenicol powder and Chloramphenicol Palmitate respectively allowed in the formulation price and actual procurement price for the period 1979 to 1988. The Company has repudiated the liability on this account as advised by the Company's Solicitors. The Company has also obtained a Stay order from the Honourable High Court of Mumbai against the demand.

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 23/95 pending before the said Drug Prices Liability Review Committee be stayed."

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

- (f) Pursuant to the repeal of DPCO 1970, erstwhile Warner-Hindustan Limited (merged with Parke-Davis (India) Limited in 1988 and Parke – Davis (India) Limited merged with Pfizer Limited in 2003) had classified ISOKIN TABLETS, ISOKIN LIQUID AND PYRIDIUM TABLETS as decontrolled products under the DPCO 1979. The categorization was, however, challenged by the Government in 1984 and a demand of Rs.113 lakhs was raised against the Company. Against this demand an excise duty set off of Rs.7 lakhs was allowed to the Company and a final demand of Rs.106 lakhs was raised in 1987.

The Company had deposited an amount of Rs.30 lakhs in February 1987 and Rs.25 lakhs in May 1990 totaling to an aggregate of Rs.55 lakhs in full and final settlement of the demand, as per the arguments set forth by the Company. The Government subsequently raised a demand of Rs.117 lakhs towards interest on principal demand. (ie interest of Rs.43 lakhs for Pyridium for the period 1982 to August 1995 and Rs.74 lakhs for Isokin for the period 1982 to June 1997).

The Company filed a Writ Petition in the Andhra Pradesh High Court in September 1997 for staying all further proceedings against the Company. The High Court stayed the demand in respect of collection of interest but directed the Company to deposit the balance demand of Rs.51 lakhs (which amount was deposited in November, 1997).

(g) Multivitamin Formulations:

The Government has arbitrarily raised a demand of Rs.182.38 Lakhs on account of alleged overpricing of certain multivitamin formulations marketed by erstwhile Pharmacia Healthcare Limited (merged with Pfizer Limited) for the period 1983 to 1986. The Company has repudiated the liability on this account as advised by its solicitors. The Company filed a Writ Petition No.814 of 1992 in the High Court at Mumbai. The Supreme Court of India, in a Special Leave Petition filed by the Company held that pending disposal of Writ Petition filed before the High Court at Mumbai, the Company shall furnish an undertaking in respect of 50% of its liability and shall deposit the balance 50% aggregating to Rs.91.19 Lakhs. This amount has been deposited with the Government of India and is included under the head "Loans and Advances".

Pursuant to a Transfer Petition (Civil) no 475-496 of 2003 filed under Article 139A(1) of the Constitution of India, all pending writ petitions in respect of DPEA liabilities are now to be transferred to the Supreme Court to be heard and finally decided by the Supreme Court of India. Consequently as a result of the said transfer petition, Writ Petitions referred to in (a), (b), (c), (e), (f) and (g) above will now be heard and disposed off by the Supreme Court.

In view of matters (a), (b), (c), (e), (f) and (g) 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.154.21 lakhs that has already been made in the accounts in earlier years.

The Company would continue to seek legal recourse in all the above matters.

	2005	2004
9. Expenditure on Research & Development during the year		
Capital expenditure	57.68	-
Revenue expenditure charged to the Profit and Loss Account	2178.11	2351.04
	<u>2235.79</u>	<u>2351.04</u>
Note: Research & development expenditure includes those incurred while rendering services to group companies		
10. Earnings per Share		
Earnings per share has been computed as under:		
(a) Profit after Taxation (Rs. Lakhs)	6811.70	4551.78
(b) Number of Equity Shares outstanding at beginning of the year	2,98,41,440	2,87,97,540
(c) Number of Equity Shares to be issued on amalgamation effective 1 December 2003.	-	10,43,900
(d) Total (b) + (c) (No. of equity shares outstanding during the year)	2,98,41,440	2,98,41,440
(e) Earnings per share (Face value Rs. 10/- per share) (a) / (d)(Basic and diluted)	Rs.22.83	Rs.15.25

11. Disclosure for operating leases under Accounting Standard 19 – "Leases"

(a) Where the Company is a Lessee:

- The Company has taken various residential/godowns/office premises (including furniture and fittings, therein as applicable) under operating lease or leave and licence agreements. These are generally not non-cancellable and range between 11 months and 3 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms.
- Lease payments are recognized in the Profit and Loss Account under "Rent" in Schedule 19. In the case of one leasing arrangement, the Company had the option to purchase within the lease period, the licensed premises at a price to be decided as per the Valuation Report of the independent valuers appointed by the Company subject to a minimum of Rs. 1100 lakhs and a maximum of Rs. 1150 lakhs. The Company has decided not to exercise this option and this lease arrangement has also come to an end.

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

(b) Where the Company is a Lessor:

(i) The Company has let out its owned property during the year on operating lease. The information in respect of the same is as follows.

	Rs. Lakhs
Gross book value	744.63
Accumulated depreciation	116.54
Depreciation for the lease period	8.09
Rental income	68.24

(ii) Lease Income recognised in the profit and loss account for the year in respect of sub-let property is Rs. 330.41 lakhs (Nov 2004: Rs. 563.98 lakhs)

12. Assets held for disposal

The Company has identified the assets situated at various plants as retired from active use consequent to its ceasing manufacturing operations at these plants. These assets are held for disposal and stated at lower of net book value and estimated net realizable value. Fixed assets (Schedule 4) include assets at these plants at lower of their respective book values or estimated net realisable value as follows

a) Ankleshwar plant (held for disposal in an earlier year)

Rs. In Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	Nov 2005	Nov 2004	Nov 2005	Nov 2004	Nov 2005	Nov 2004
Freehold Land	20.28	20.28	-	-	20.28	20.28
Freehold Building	165.82	165.82	136.48	136.48	29.34	29.34
Total	186.10	186.10	136.48	136.48	49.62	49.62

During the previous year, the Company had sold assets other than freehold land and freehold building, for the total consideration of Rs. 450 lakhs and accordingly recognised the profit of Rs. 287.85 lakhs shown under "Exceptional Items" (Schedule 20).

b) Hyderabad Plant (held for disposal in an earlier year)

Rs. In Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	Nov 2005	Nov 2004	Nov 2005	Nov 2004	Nov 2005	Nov 2004
Freehold Land	8.09	8.09	-	-	8.09	8.09
Freehold Building	140.54	140.54	109.02	109.02	31.52	31.52
Total	148.63	148.63	109.02	109.02	39.61	39.61

c) Chandigarh plant (held for disposal in an earlier year)

Rs. In Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	Nov 2005	Nov 2004	Nov 2005	Nov 2004	Nov 2005	Nov 2004
Freehold Land	3.60	3.60	-	-	3.60	3.60
Freehold Building	176.36	176.36	81.31	81.31	95.05	95.05
Machinery & Equipment	1665.82	1665.82	1365.69	1365.69	300.13	300.13
Office Equipment, Furniture & Fixtures	96.23	96.23	69.15	69.15	27.08	27.08
Total	1942.01	1942.01	1516.15	1516.15	425.86	425.86

During the previous year, the Company had provided additional depreciation amounting to Rs. 223.16 lakhs and shown as estimated loss on assets held for disposal under "Exceptional Items" (Schedule 20).

d) Ankleshwar plant (erstwhile Pharmacia Healthcare Limited) (held for disposal in an earlier year)

Rs. In Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	Nov 2005	Nov 2004	Nov 2005	Nov 2004	Nov 2005	Nov 2004
Leasehold Land	35.41	35.41	-	-	35.41	35.41
Building	275.34	275.34	76.41	76.41	198.93	198.93
Plant & Machinery	792.04	792.04	477.51	477.51	314.53	314.53
Office Equipment, Furniture, Fixtures	31.88	31.88	16.61	16.61	15.27	15.27
Total	1134.67	1134.67	570.53	570.53	564.14	564.14

Subsequent to the balance sheet date, the Company has sold all the assets (moveable and non-moveable assets) for a net consideration of Rs.575 lakhs

13. Stock of Physicians' samples is included under 'Loans and Advances' (Schedule 11) Rs. 77.76 lakhs (Nov 2004 - Rs 192.36 lakhs).

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

14. The names of the Small Scale Industrial Undertakings to whom the Company owes a sum, which is outstanding for more than 30 days:-

November 2005

Astral Pharmaceutical Industries

Amijal Chemicals

Award Packaging

Alta Laboratories Limited

Award Offset Printers & Packaging Pvt. Ltd.

Aerochem Silvassa Ltd.

Bharat Industries

Blown Enterprises

Bajaj Healthcare Pvt. Ltd.

Bajaj Health & Nutritions Pvt. Ltd.

Crown Paper Products

Canberra Chemicals

Creative Cartons

Columbia Petro-chemp

Canton Laboratories

Curekraft Chemicals (India) Pvt. Ltd.

Caps (India)

Everest Industrial Corporation

Excelarts Private Limited

Emcure Pharmaceuticals

Espi Industries & Chemicals Pvt. Ltd.

Fineprint Pvt. Ltd.

Gharda Chemicals Ltd

Geno Pharmaceuticals Limited

Heniel Pack

Hyderabad Security & Offset

Impact Containers Limited

Indica Chemical Industries

Jolly Containers

Kawaral & Co.

Kaisha Manufacturers Pvt. Ltd.

Lubri-chem Industries Limited

Laxmi Polyplast Industries

Metakaps Engineering

Multi Impression

Modern Packaging Hyd. (P) Limited

Metaprint Industries Private Limited

Nirmal Chemicals

Preema Packaging

Paper Kraft Industrie

Purna Packaging

Positive Packaging Industries Pvt. Ltd.

P D Fine Chem

Plastopack

Pharpak Private Ltd.

Perfect Packings

Pharchem

Padarsh Pharmaceuticals Pvt Limited

Par Drugs & Chemicals

Param Packaging Pvt L

Royale Impex

Responsive Industries

Savita Chemicals Ltd

Shree Products Ltd

Sunil Synchem Limited

Suraj Paper Box Works

Sunil Chemicals

Supreem Pharmaceutica

Sagar Packaging

Sai Vignesh Packaging

Shri Dutt Enterprises

Surya Packaging

Supermak Industries

Standard Drum & Bucke

Transchem Limited

Ujwal Process M.e. Pvt. Ltd.

Universal Starch Chem Allied Limited

Uday Packaging

Vibro Pharma Private Limited

Veer Chemie & Aromatics Pvt. Ltd.

Velpack Private Limited

M/S Western Cans Pvt Ltd.

The above information and that given in Schedule 12 – 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.

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

15. Disclosures as required by the Accounting Standard - 18 on "Related Party Disclosures" are given below:

I. Names of Related Parties and description of Relationships

A. Parties where control exists:

Companies collectively exercising significant influence	<p>Pfizer Corporation, Panama Warner-Lambert Company, LLC, USA Parke-Davis & Company, LLC, USA Pharmacia Corporation, USA [Collectively holding 41.23% of the aggregate of equity share capital of the Company] Pfizer Inc., USA (Ultimate holding company)</p>
Subsidiary Company:	<p>Duchem Laboratories Limited (100% Shares are held by the Company as at the year end)</p>

Fellow Subsidiaries:(with whom transactions have taken place during the year)

Pfizer Overseas Inc. Export Division, Belgium
Pfizer Export Company, Ireland
Pfizer Overseas Inc., USA
Pfizer Overseas Inc. (Export Division, Hong Kong)
Pfizer Laboratories (Pty) Limited, South Africa
Pfizer Enterprises SARL, Luxembourg
Pfizer Products Inc, USA
Pfizer International LLC, USA
Pfizer Limited, United Kingdom
Pfizer Asia Pacific Pte Ltd., Singapore
Warner-Lambert Company LLC, USA
Parke-Davis & Company LLC, USA
Pharmacia Corporation, USA
Pfizer Animal Health SA, Belgium
Pfizer Italiana SPA
Pfizer Australia Pty Limited, Australia
Pfizer Egypt S.A.E., Egypt
Pfizer Japan Inc., Japan
Pfizer Global Trading, Hongkong
Pfizer Global Trading, Ireland
Pfizer Pharmaceutical India Pvt. Ltd, India
Pfizer Products India Private Limited, India (formerly Pharmacia India Pvt. Ltd.)
Pfizer Private Ltd., Singapore

B. Executive Committee Members

Mr. Hocine Sidi Said * (resigned during the year)
Mr. Kewal Handa *
Dr. B.M. Gagrat *
Mr. S. Madhok
Dr. S. Mukherjee
Dr. Chitra Lele
Mr Yugesh Gautam
Mr. S. Ramkrishna
Mr. Arun Gupta
Mr. Viren Mahurkar (resigned during the year)
Ms. Dipali Talwar
Mr. K. G. Ananthakrishnan
Mr. M.G. Rao

* Executive Directors on the Board

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

II. Transactions during the year and Balances Outstanding as at the year end with the Related Parties are as follows:

Nature of Transactions	Nov 2005				Nov 2004			
	Ultimate Holding Company	Companies exercising significant influence	Subsidiary Company	Fellow Subsidiaries	Ultimate Holding Company	Companies exercising significant influence	Subsidiary Company	Fellow Subsidiaries
1 Sale of finished goods (net of returns)	-	-	-	121.60	-	-	-	196.85
2 Sale of bulk materials	-	-	-	48.46	-	-	-	90.25
3 Service income	898.69	-	-	1579.71	774.29	-	-	1254.25
4 Recovery of expenses	-	-	-	1518.14	146.42	-	-	1507.57
5 Purchase of finished goods	-	52.38	-	377.74	-	79.81	-	697.12
6 Purchase of raw/bulk materials	-	-	-	949.34	-	-	-	876.89
7 Royalty expense	20.72	111.43	-	259.82	21.22	110.91	-	286.02
8 Interest expense on Loans	-	-	-	15.72	-	-	-	66.23
9 Expenses reimbursed	-	-	-	214.60	-	-	-	19.16
10 Amount Written Off	-	-	-	-	-	-	-	0.16
11 Provision for decline in investment	-	-	324.00	-	-	-	-	-
12 Dividend in respect of the year ended 30 th November, 2004 / November 2003	-	1230.29	-	-	-	863.93	-	-
13 Loans given	-	-	164.21	-	-	-	111.57	-
14 Loans taken	-	-	-	-	-	-	-	1650.00
15 Outstanding as at the year end – Due from	480.55	-	244.66	706.40	340.73	-	80.46	1506.28
16 Outstanding as at the year end – Due to	20.73	89.11	-	1020.20	6.98	103.69	-	2707.14
17 Guarantees given to Banks on behalf of Subsidiary Company, outstanding as at the year end	-	-	2400.00	-	-	-	2400.00	-

Executive committee members & their Relatives

Rs. in Lakhs

Nature of Transactions	Nov 2005		Nov 2004	
	Key Management Personnel	Relative of Key Management Personnel	Key Management Personnel	Relative of Key Management Personnel
1 Remuneration	395.31	-	391.25	-
2 Rent paid for residential flats	27.15	-	51.75	-
3 Deposits paid	20.00	-	155.00	-
4 Amounts paid on behalf and recovered	5.75	-	1.02	-
5 Deposits outstanding as at the year end	999.23	-	1017.91	-

III Others

- * Services are rendered to the subsidiary company by providing resources like manpower, assets, etc. for which no amount is recovered from the subsidiary company.
- * Under the terms of the agreement between Pfizer Inc. (Ultimate Holding Company) and the Company for conducting clinical trials and studies in India, Pfizer Inc., has agreed to indemnify, defend and hold the Company and its directors, employees and agents harmless against any and all liability, loss or damage they may suffer as a result of any claims, demands, costs, penalties, fines or judgments incurred or imposed against it arising out of any clinical trial and study or otherwise pursuant to the agreement

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

16. Segment Information for the year ended 30th November 2005

Business segments (Refer Note 1 below)

	Nov 2005				Nov 2004			
	Pharma- ceuticals	Animal Health	Services	Total	Pharma- ceuticals	Animal Health	Services	Total
Segment revenue								
External sales and services to customers	54124.04	5915.55	2478.40	62517.99	50412.99	5853.44	2028.55	58294.98
Total Segment revenue	54124.04	5915.55	2478.40	62517.99	50412.99	5853.44	2028.55	58294.98
Segment results	14265.32	446.08	263.49	14974.89	10854.66	357.61	205.81	11418.08
Unallocated corporate (expenses) / income (net)				(2316.72)				(2481.68)
Operating profit				12658.17				8936.40
Interest expenses and bank charges				(228.76)				(279.12)
Interest income				831.87				748.46
Income tax				(4112.75)				(2931.58)
Exceptional Items (net of expenses)	(2044.15)	(1.20)		(2045.35)	(1636.53)	(1.20)		(1637.73)
Unallocated exceptional items				(291.48)				(284.65)
Net profit				6811.70				4551.78
Other information								
Segment assets	25782.07	3108.88	1168.01	30058.96	21717.29	3685.46	1517.98	26920.73
Unallocated corporate assets				27964.66				26035.93
Total assets				58023.62				52956.66
Segment liabilities	11375.98	800.83	194.76	12371.57	9003.57	697.36	126.20	9827.13
Unallocated corporate liabilities				7995.44				8853.55
Total liabilities				20367.01				18680.68
Capital expenditure	1107.28	7.00	10.60		1198.39	22.16	34.76	
Depreciation/Amortisation	1172.06	18.31	112.03		505.78	22.82	92.66	
Amortisation of Voluntary retirement cost					7.61			
Geographic segment								
(Refer Note 2 below)								

	Nov 2005			Nov 2004		
	India	Other Countries	Total	India	Other Countries	Total
Segment Revenue - external sales to customers	59626.09	2891.90	62517.99	55599.67	2695.31	58294.98
Carrying amount of segment assets	56946.42	1077.20	58023.62	51476.21	1480.45	52956.66
Capital expenditure	1789.88	-	1789.88	1548.62	-	1548.62

Notes:

- 1 **Business Segments** : The business operations of the Company comprise Pharmaceuticals, Animal Health and Services. The business segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns and the internal financial reporting systems.

The Pharmaceuticals business comprises of manufacturing and trading of bulk drugs and formulations and also includes rendering of marketing services.

The Animal Health business has a presence primarily in the large animal health and poultry market segments, and also includes rendering of marketing services.

Services - Clinical Development Operations primarily include conducting clinical trials, new product development and undertaking comprehensive data management for new drug development.

- 2 **Geographical Segments** : For the purpose of geographical segments the consolidated sales are divided into two segments - India and other countries.

17. Disclosure relating to provisions

Personnel related provisions

Personnel related provisions include provisions for variable performance pay and additional payments that are estimated to be made based upon on-going negotiations. These additional amounts are separate and are in addition to the amounts that are already being settled per the contract since expired. The variable performance pay is expected to be paid in the second quarter of the next accounting year. Other personnel related provisions are expected to be paid upon renewal / execution of new contract.

The movement in the above provisions are summarised as under

	Rs. Lakhs
Opening balance	340.84
Additions	634.70
Utilisation	329.95
Reversals	10.89
Closing balance	634.70

18. The Company is in the process of completing the required transfer pricing study. The impact, if any, which may arise consequent to the study, has not been considered in these accounts and will be accounted on completion of the study.
19. The figures of the previous year have been regrouped/reclassified wherever necessary to conform to the figures of the current year.

For and on behalf of the Board

KEWAL HANDA

P SHAH

B M GAGRAT (Dr)

K SUBHARAMAN

Managing Director

Directors

Secretary

Mumbai, February 27, 2006

Notes to the Financial Statements for the year ended 30th November 2005 (continued)

20. Balance sheet abstract and Company's general business profile

I Registration details

Registration No 8311

State code 11

Balance sheet date 30 11 2005

II Capital raised during the year (Amount in Rupees thousand)

Public issue

NIL

Rights issue

NIL

Bonus issue

NIL

Private placement

NIL

III Position of mobilisation and deployment of funds (Amount in Rupees thousand)

Total liabilities

5750887

Total assets

5750887

Source of funds

Share Capital

298432

Reserves and surplus

3467229

Secured loans

NIL

Unsecured loans

NIL

Application of funds

Net fixed assets

777016

Investments

36

Deferred tax asset (net)

90301

Net current assets

2531269

Miscellaneous expenditure

367039

Accumulated losses

Nil

IV Performance of the Company (Amount in Rupees thousand)

Turnover (including other income)

6395511

Total expenditure

5069383

Profit before tax and exceptional items +

1326128

Profit before tax +

1092445

Profit after tax +

681170

Earnings per share (Rupees)

22.83

Dividend rate

100%

V Generic names of three principal products of the Company (as per monetary terms)

Item code No. (ITC Code)

30044005

Product description

Syrup based on codeine phosphate

Item code No. (ITC Code)

30045005

Product description

B group vitamins (B-Complex) with Vitamin C

Item code No. (ITC Code)

30049011

Product description

Other anti-inflammatory (non-steroid) formulations

For and on behalf of the Board

KEWAL HANDA

P SHAH

B M GAGRAT (Dr)

K SUBHARAMAN

Managing Director

Directors

Secretary

Statement pursuant to Section 212 of the Companies Act, 1956.

Name of the Subsidiary Company	Financial year ending of the Subsidiary Company	Number of equity shares held	For the Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
			Profits/(Losses) so far as it concerns the members of the Holding Company and not dealt with in the Holding Company's Accounts (Rs. in Lakhs)	Profits/(Losses) so far as it concerns the members of the Holding Company and dealt with in the Holding Company's Accounts (Rs. in Lakhs)	Profits/(Losses) so far as it concerns the members of the Holding Company and not dealt with in the Holding Company's Accounts (Rs. in Lakhs)	Profits/(Losses) so far as it concerns the members of the Holding Company and dealt with in the Holding Company's Accounts (Rs. in Lakhs)
Duchem Laboratories Limited	30.11.05	100%	(61.13)	(1.28)	—	(322.72)

For and on behalf of the Board

Kewal Handa *Managing Director*

P Shah *Director*

B. M. Gagrati (Dr.) *Director*

K Subharaman *Company Secretary*

Mumbai, February 27, 2006

Reinforcing customer relationships manifold.



Pfizer explored other avenues to build more robust processes, and strengthen internal and external customer relationships. Medico, a sales order processing system was implemented across Clearing and Forwarding Agents to modernize the inventory management system. Unique KOL (Key Opinion Leader) sessions were conducted on the subject of 'Drug Discovery and Patents'.

Making a brand new impact.



Pfizer India added to its rich portfolio with the launch of Viagra™ which has had great market impact. Still in its early days, Viagra has been received enthusiastically by the medical community.

Auditors' Report

To the Members of Duchem Laboratories Limited

We have audited the attached balance sheet of Duchem Laboratories Limited ('the Company') as at 30 November 2005 and also the related profit and loss account and cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We draw attention to Note (c) of Schedule 10 in the financial statements. The Company has incurred a net loss of Rs 62 lakhs during the year ended 30 November 2005 and, as of that date, the Company's current liabilities exceeded its current assets by Rs 61 lakhs and its total liabilities exceeded its total assets by Rs 385 lakhs. These factors, along with other matters as set forth in Note (c) of Schedule 10, raise substantial doubt that the Company will be able to continue as a going concern. The Company's management has prepared these financial statements on a going concern basis, based on the financial and other support assured by the holding company.

As required by the Companies (Auditor's Report) Order, 2003 ('CARO') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our 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 those books;
- c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
- e) On the basis of written representations received from directors of the Company as at 30 November 2005 and taken on record

by the Board of Directors, we report that none of the directors is disqualified as on 30 November 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

- 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 Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 30 November 2005;
 - ii) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For BSR & Co.
Chartered Accountants

Mumbai
24 February 2006

Sanjay Aggarwal
Partner
Membership No: 40780

Annexure to the Auditors' Report 30 November 2005

(Referred to in our report of even date)

- (i) The Company did not have fixed assets at any time during the year.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. Majority of stocks lying with third parties at the year-end, have been confirmed.
(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.
- (iii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required to be maintained under section 301 of the Companies Act, 1956 ("the Act").
- (iv) In our opinion, and according to the information and explanations given to us, and having regard to the explanation that purchases of certain items of inventories are for the Company's specialized requirements and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and with regard to the sale of goods.

Annexure to the Auditors' Report – 30 November 2005 (Continued)

According to the information and explanation provided to us, during the year under audit, the Company neither purchased any fixed assets nor did it provide any services.

- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register required to be maintained under section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Act for any of the products of the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the company, except for minor delays in some cases, the Company has been regular in depositing undisputed statutory dues including Income-tax, Sales-tax, Cess and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Wealth tax, Service tax, Customs duty and Excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales tax, Cess and other material statutory dues were in arrears as at 30 November 2005 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of Provident fund, Employees State Insurance, Wealth tax, Service tax, Customs duty and Excise duty.

- (b) According to the information and explanations given to us, the following dues of Income-tax, Sales tax, Cess have not been deposited by the Company on account of disputes.

Name of the Statute	Nature of the Dues	Amount (Rs in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Write off of Stock. Bad debts written off	127.88	2002-2003	CIT (Appeal)
	Write off of Stock. Bad Debts written off.	544.71	2000-2002	ITAT
Bombay Sales Tax Act	Disallowance of credit notes	2.50	A.Y. 1997-98	Deputy. Commissioner sales tax (Appeal)
	Ex-Parte Order	5.17	A.Y. 2002-2003	Assistant Commissioner sales tax (Appeal)

- (x) The Company has accumulated losses at the end the financial year aggregating Rs 385.13 Lakhs which is in excess of 50% of its net worth and has incurred cash losses in the financial year and in the immediately preceding year.
- (xi) The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, and having regard to the explanation that funding from the holding company is not on short term basis, the Company did not have any short term borrowings.
- (xviii) As stated in paragraph (v) above, there are no companies/ firms/parties covered in the register required to be maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For BSR & Co.
Chartered Accountants

Mumbai
24 February 2006

Sanjay Aggarwal
Partner
Membership No: 40780

Balance Sheet as at 30th November, 2005

		Rupees in Lakhs		Rupees in Lakhs	
Schedule		As at 30th Nov 2005		As at 30th Nov 2004	
<u>SOURCES OF FUNDS</u>					
Shareholders' funds					
Share capital	1	324.00		324.00	
TOTAL		324.00		324.00	
<u>APPLICATION OF FUNDS</u>					
Current Assets, loans and advances					
Inventories	2	87.87		111.90	
Sundry debtors	3	72.19		69.30	
Cash and bank balances	4	22.25		28.80	
Loans and advances	5	238.98		240.17	
		421.29		450.17	
Current Liabilities and Provisions					
Current liabilities	6	(482.42)		(448.89)	
Net Current Assets		(61.13)		1.28	
Profit and Loss Account		385.13		322.72	
TOTAL		324.00		324.00	
Significant accounting policies		10			
Notes to the accounts		11			

The schedules referred to above form an integral part of the Balance Sheet

As per our report attached.

For BSR & Co.

Chartered Accountants

Sanjay Aggarwal

Partner

Membership No: 40780

Mumbai, February 24, 2006

For and on behalf of the Board

B.M.Gagrat (Dr)

Chairman

M.G.Rao

Director

M.G.Subramaniam

Secretary

Mumbai, February 24, 2006

Profit and Loss Account for the year ended 30th November, 2005

		Rupees in Lakhs		Rupees in Lakhs	
Schedule		Year Ended 30th Nov 2005		Year Ended 30th Nov 2004	
<u>INCOME</u>					
Sales (gross)		484.17		1093.52	
Less: Sales tax		33.11		82.47	
Sales (net)		451.06			1011.05
Miscellaneous income	7	2.99			1.75
		454.05			1012.80
<u>EXPENDITURE</u>					
(Increase)/decrease in stocks of finished goods		8	(15.37)		147.27
Purchases			456.80		802.83
Other expenses		9	75.03		95.37
Interest Expense			-		0.09
			516.46		1045.56
<u>(LOSS) BEFORE TAXATION</u>			(62.41)		(32.76)
Deferred tax debit			-		60.26
<u>(LOSS) AFTER TAXATION</u>			(62.41)		(93.02)
Balance of Profit and Loss Account brought forward			(322.72)		(229.70)
Balance of Profit and Loss Account carried forward			(385.13)		(322.72)
Earnings per share of Rs.100 each (Basic and Diluted)			Rs. (19.26)		Rs. (28.71)
Significant accounting policies		10			
Notes to the accounts		11			

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

As per our report attached.

For BSR & Co.

Chartered Accountants

Sanjay Aggarwal

Partner

Membership No: 40780

Mumbai, February 24, 2006

For and on behalf of the Board

B.M.Gagrat (Dr)

Chairman

M.G.Rao

Director

M.G.Subramaniam

Secretary

Mumbai, February 24, 2006

Cash Flow Statement for the year ended November 30, 2005

	Rupees in Lakhs	Rupees in Lakhs
	Nov 2005	Nov 2004
A Cash flow from Operating Activities : -		
Net Loss before taxation	(62.41)	(32.76)
Adjustments for		
Interest Expenses	-	0.09
Provision for doubtful debts	16.00	9.00
Operating profit before working capital changes	(46.41)	(23.67)
Adjustments for		
Trade and other receivables	(17.70)	(107.34)
Inventories	24.03	147.27
Trade and other payables	33.53	(23.90)
Cash used in operations	(6.55)	(7.64)
Direct taxes paid (Net)	-	-
Net cash from / (used in) operating activities (A)	(6.55)	(7.64)
B Cash flow from Investing Activities (B)	-	-
C Cash flow from Financing Activities		
Interest paid	-	(0.09)
Net cash used in financing activities (C)	-	(0.09)
Net Increase/ (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	(6.55)	(7.73)
Opening Cash and Cash Equivalents (Note 1)	28.80	36.53
Closing Cash and Cash Equivalents (Note 1)	22.25	28.80
	(6.55)	(7.73)
Notes :		
	Nov 2005	Nov 2004
	Rs. In Lakhs	Rs. In Lakhs
1. Cash and Cash Equivalents include :		
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	22.25	28.80
	22.25	28.80
2 The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.		

As per our report attached.

For BSR & Co.

Chartered Accountants

Sanjay Aggarwal

Partner

Membership No: 40780

Mumbai, February 24, 2006

For and on behalf of the Board

B.M.Gagrat (Dr)

Chairman

M.G.Rao

Director

M.G.Subramaniam

Secretary

Mumbai, February 24, 2006

Schedules

	Rupees in Lakhs 30th Nov 2005	Rupees in Lakhs 30th Nov 2004
<u>Schedule 1: Share capital</u>		
Authorised		
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
TOTAL	500.00	500.00
Issued, subscribed and paid up		
3,24,000 Equity shares of Rs. 100 each fully paid up	324.00	324.00
TOTAL	324.00	324.00
(All the above shares are held by the Holding Company - Pfizer Limited and its nominees)		
<u>Schedule 2: Inventories</u>		
Stock -in -Trade		
Finished goods	87.87	111.90
TOTAL	87.87	111.90
<u>Schedule 3: Sundry debtors</u>		
<i>(Unsecured - considered good except where otherwise stated)</i>		
(Considered doubtful Rs. 193.00 lakhs, Nov 2004 : Rs. 177.00 lakhs)		
Debts outstanding for a period exceeding six months	186.87	193.51
Other debts	78.32	52.79
	<u>265.19</u>	<u>246.30</u>
of which		
- Considered good	72.19	69.30
- Considered doubtful	193.00	177.00
	<u>265.19</u>	<u>246.30</u>
Provision for doubtful debts	(193.00)	(177.00)
TOTAL	72.19	69.30
<u>Schedule 4: Cash and bank balances</u>		
With scheduled banks		
On current account	22.25	28.80
TOTAL	22.25	28.80
<u>Schedule 5: Loans and advances</u>		
<i>(Unsecured - considered good)</i>		
Advances recoverable in cash or in kind or for value to be received	120.39	160.98
Insurance claims due to flood loss (Refer Sechedule 8)	39.40	-
Income tax payments (net)	79.19	79.19
TOTAL	238.98	240.17
<u>Schedule 6: Current liabilities</u>		
Sundry creditors		
Due to small scale industrial undertakings	142.34	277.39
Due to the Holding Company - Pfizer Limited	244.66	80.46
Others	95.42	91.04
TOTAL	482.42	448.89
<u>Schedule 7: Miscellaneous income</u>		
Interest on delayed payments	2.28	1.51
Other insurance claims	0.62	-
Others	0.09	0.24
TOTAL	2.99	1.75

Schedules

	Rupees in Lakhs 30th Nov 2005	Rupees in Lakhs 30th Nov 2004
<u>Schedule 8: (Increase)/decrease in stocks of finished goods</u>		
Stocks at commencement	111.90	259.17
Less:		
Insurance claim for loss of finished goods due to flood.*	39.40	
Stocks at close	87.87	111.90
TOTAL	(15.37)	147.27
* The Company's stocks of finished goods lying at its warehouse at Bhiwandi were badly affected due to the flood caused by heavy rainfall in Mumbai on July 26, 2005. The Company estimates the recovery of Rs. 39.40 lakhs as per the insurance policy and has lodged that claim with the insurance company.		
<u>Schedule 9: Other expenses</u>		
Insurance	2.19	3.93
Rates and taxes	0.38	2.31
Freight, forwarding and transport	0.61	7.34
Commission	33.67	44.65
Provision for doubtful debts	16.00	9.00
Bank charges	2.82	2.54
Accounting and professional fees	7.13	16.59
Sales tax	12.19	7.31
Postage, telephone and fax	0.01	0.34
Miscellaneous expenses	0.03	1.36
TOTAL	75.03	95.37

Notes to the Financial Statements *for the year ended 30th November 2005*

(Currency: Indian Rupees in Lakhs)

Schedule 10 : Significant accounting policies

(a) Basis of accounting

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the provisions of the Companies Act, 1956 and in accordance with the accounting principles generally accepted in India (Indian GAAP) and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable and with the relevant provisions of the Companies Act, 1956.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(c) Going concern

The Company has incurred a net loss after tax of Rs. 62.41 lakhs during the year ended November 30, 2005, and the accumulated losses of Rs. 385.13 lakhs at that date have resulted in complete erosion of its net worth. The financial statements have been prepared on a going concern basis, notwithstanding the accumulated losses, as the immediate holding company Pfizer Limited has undertaken to provide such financial support as necessary, to enable the Company to continue its operations and to meet its liabilities as and when they fall due. Accordingly, these financial statements do not include any adjustments relating to the recoverability and classifications of carrying amount of assets or the amounts and classification of liabilities that may be necessary if the entity is unable to continue as a going concern.

(d) Inventories

Inventories are valued at lower of cost and net realisable value. Cost is arrived at using the First-in-First out method.

Finished goods expiring within 90 days (near-expiry inventory) as at the balance sheet date are fully provided for.

(e) Sundry Debtors

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

(f) Revenue Recognition

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the customers, co-incides with the despatch of goods to the customers. Sales are net of sales return and trade discounts.

(g) Taxation

Income – tax expense comprises current tax (i.e amount of tax for the period determined in accordance with the income- tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

(h) Earnings per share

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, with the weighted number of equity shares outstanding during the year.

(i) Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

Schedule 11 : Notes to the accounts

	Rupees in Lakhs 30 November 2005	Rupees in Lakhs 30 November 2004
1. Contingent liabilities		
Income tax	470.44	397.54
Sales Tax	7.66	-
2. Auditors' Remuneration		
(including taxes, where applicable)		
For Audit	5.51	5.44
Reimbursement of out-of-pocket expenses	-	0.28
3. Earnings per share		
Net loss after tax	62.41	93.02
Weighted average number of equity shares of Rs 100 each	324,000	324,000
Basic and Diluted Loss per share (Rs)	(19.26)	(28.71)

4. Information required by paragraphs 3 and 4 of part II and III of Schedule VI to the Companies Act, 1956

Class of goods	Unit of Measure	Stock at commencement		Purchases		Sales		Stock at close	
		Quantity	Rupees In Lakhs	Quantity	Rupees In Lakhs	Quantity	Rupees In Lakhs	Quantity	Rupees In Lakhs
Tablets and capsules	No. in	7.76	73.46	21.12	207.09	22.92	258.04	3.62	26.61
	Millions	(8.81)	(184.88)	(31.74)	(633.86)	(30.53)	(812.17)	(7.76)	(73.46)
Liquids	Litres	-	-	505.00	0.56	(12.36)	(0.02)	-	-
		-	-	(505.00)	(0.56)	(516.48)	(0.58)	-	-
Injectables :									
Powder Parenterals	Kgs.	135.02	26.37	1100.25	197.12	709.33	138.62	319.29	54.75
		(217.53)	(42.88)	(646.59)	(124.38)	(720.81)	(136.23)	(135.02)	(26.37)
Solids	Kgs.	1,075.50	12.07	5,747.00	52.03	4,845.60	54.42	1,038.50	6.51
		(2,853.50)	(31.41)	(3,932.25)	(45.15)	(5,568.05)	(63.23)	(1075.50)	(12.07)
TOTAL			111.90		456.80		451.06		87.87
			(259.17)		(802.83)		(1,011.05)		(111.90)

Notes :

1. Stocks are after adjustment of write-offs.

2. Figures in brackets are in respect of the previous year.

5. The names of the small scale industrial undertakings to whom the Company owes a sum which is outstanding for more than 30 days : November 2005

Medibos Laboratories Pvt.Ltd.

Astral Pharmaceuticals

The above information and that given in Schedule 6 – "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.

6. Disclosures as required by the Accounting Standard – 18 on " Related Party Disclosures" are given below:

I. Names of Related Parties and description of Relationships

Parties where control exists :

Holding company : Pfizer Limited

Ultimate Holding Company : Pfizer Inc, USA

Notes to the Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

II. Transactions during the year and Balances Outstanding as at the year end with related parties are as follows: *Rs. In Lakhs*

	Nature of Transactions with the holding Company	Nov 2005	Nov 2004
1	Loans taken	164.21	111.57
2	Outstanding as at the year end – Due to	244.66	80.46
3	Guarantees given to Banks by Holding Company, outstanding as at the year end	2400.00	2400.00

III. Others:

- Services are rendered by the Holding company by providing resources like manpower, assets etc. for which no amount is recovered by the Holding Company.
- Amount written off or written back in respect of debts due from or to related parties is Nil.

7. Segment Information for the year ended 30th November 2005

Business segments

(Refer Note 1 below)

Rs. In Lakhs

	Nov 2005			Nov 2004		
	Pharma-ceuticals	Animal Health	Total	Pharma-ceuticals	Animal Health	Total
Segment revenue						
External sales and services to customers	153.74	297.32	451.06	732.94	278.11	1011.05
Total Segment revenue	153.74	297.32	451.06	732.94	278.11	1011.05
Segment results						
Unallocated corporate (expenses) / income (net)	(21.76)	(38.56)	(60.32)	12.98	(33.47)	(20.49)
			(4.37)			(13.69)
Operating profit			(64.69)			(34.18)
Interest expenses and bank charges			-			(0.09)
Interest income			2.28			1.51
Income tax			-			(60.26)
Net profit / (Loss)			(62.41)			(93.02)
Other information						
Segment assets	131.53	185.58	317.11	216.96	122.48	339.44
Unallocated corporate assets			104.18			110.73
Total assets			421.29			450.17
Segment liabilities	333.89	135.96	469.85	317.85	119.80	437.65
Unallocated corporate liabilities			12.57			11.24
Total liabilities			482.42			448.89
Geographic segment (Refer Note 2 below)						
	Nov 2005			Nov 2004		
	India	Other Countries	Total	India	Other Countries	Total
Segment Revenue - external sales to customers	451.06	-	451.06	1011.05	-	1011.05
Carrying amount of segment assets	421.29	-	421.29	450.17	-	450.17

Notes:

- Business Segments** : The business operations of the Company comprise Pharmaceuticals and Animal Health. The business segments have been identified and reported taking into account, the nature of products, the differing risks and returns and the internal financial reporting systems.
The Pharmaceuticals business comprises of trading of formulations.
The Animal Health business has a presence primarily in the large animal health and poultry market segments.
- Geographical Segments** : For the purpose of geographical segments the consolidated sales are divided into two segments - India and other countries.

- The figures of the previous year have been regrouped / reclassified wherever necessary to conform to the figures of the current year.

For and on behalf of the Board

B M Gagrat (Dr.)

Chairman

M G Rao

Director

M.G.Subramaniam

Secretary

Mumbai, February 24, 2006

Notes to the Financial Statements for the year ended 30th November 2005

9. Balance sheet abstract and Company's general business profile

I Registration details

Registration No	11117	State code	11
Balance sheet date	30 11 2005		

II Capital raised during the year (Amount in Rupees thousand)

Public issue	Rights issue
NIL	NIL
Bonus issue	Private placement
NIL	NIL

III Position of mobilisation and deployment of funds (Amount in Rupees thousand)

Total liabilities	Total assets
80642	80642
Source of funds	
Share Capital	Reserves and surplus
32400	NIL
Secured loans	Unsecured loans
NIL	NIL
Application of funds	
Net fixed assets	Deferred tax asset
NIL	NIL
Net current assets	Miscellaneous expenditure
-6113	NIL
Accumulated losses	
38513	

IV Performance of the Company (Amount in Rupees thousand)

Turnover (including other income)	Total expenditure
45405	51646
+ Profit/ - loss before tax	+ Profit/ - loss after tax
- 6241	- 6241
Earnings per share	Dividend rate
-19.26	NIL

V Generic names of three principal products of the Company (as per monetary terms)

Item code No (ITC Code)	30041090
Product description	Amoxicilin, Cloxicilin Injectable powder
Item code No (ITC Code)	30049039
Product description	Cobalt, Iron, Vitamins B1 & B12 & Choline Bolus.
Item code No (ITC Code)	30042049
Product description	Neomycin, Oxytetracycline and vitamin, oral soluble powder.

For and on behalf of the Board

B M Gagrat (Dr.)

Chairman

M G Rao

Director

M.G.Subramaniam

Secretary

Mumbai, February 24, 2006

Auditors' Report

To the Board of Directors of Pfizer Limited

We have audited the attached consolidated balance sheet of Pfizer Limited (the Company) and its subsidiary, Duchem Laboratories Limited (collectively referred to as 'the Group') as at 30 November 2005 and the related consolidated profit and loss account and the consolidated cash flow statement of the Group for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are prepared, in all material respects, in accordance with the financial reporting framework generally accepted in India and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that, the consolidated financial statements have been prepared by the Group's management in accordance with the

requirements of Accounting Standard 21 – Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of the Company and its subsidiary as listed in paragraph 1 of Significant Accounting Policies included in the consolidated financial statements.

In our opinion, and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the consolidated balance sheet, of the consolidated state of affairs of the group as at 30 November 2005;
- ii) in the case of the consolidated profit and loss account, of the consolidated results of operation of the group for the year ended on that date; and
- iii) in the case of the consolidated cash flow statement, of the consolidated cash flows of the group for the year ended on that date.

For BSR & Co.
Chartered Accountants

Sanjay Aggarwal
Partner
Membership No: 40780

Mumbai
27 February, 2005

Consolidated Balance Sheet as at 30th November, 2005

		Rupees in Lakhs		Rupees in Lakhs	
	Schedule Ref.	As at 30th Nov 2005		As at 30th Nov 2004	
Sources of funds					
Shareholders' funds					
Share capital	1	2984.32		2879.93	
Share capital suspense account	1A	-		104.39	
		2984.32		2984.32	
Reserves and surplus	2	34611.16		30968.94	
		37595.48			33953.26
Loan funds					
Unsecured loan	3	-			1200.00
TOTAL		37595.48			35153.26
Application of funds					
Fixed assets	4				
Gross block		17014.62		15876.76	
Accumulated depreciation		(9458.52)		(8706.15)	
Net block		7556.10		7170.61	
Capital work-in-progress at cost, including advances		214.06		393.70	
		7770.16			7564.31
Investments	5	0.36			0.36
Deferred tax asset (net)	6	903.01			635.36
Current assets, loans and advances					
Inventories	7	9071.28		7501.21	
Sundry debtors	8	8354.31		7242.71	
Cash and bank balances	9	21015.03		16138.72	
Other current assets	10	213.55		136.64	
Loans and advances	11	6608.22		6990.92	
		45262.39		38010.20	
Current liabilities and provisions					
Current liabilities	12	(13641.79)		(11722.87)	
Provisions	13	(6369.04)		(5341.32)	
		(20010.83)		(17064.19)	
Net current assets		25251.56			20946.01
Miscellaneous expenditure (to the extent not written off or adjusted)					
Voluntary retirement scheme		3670.39			6007.22
TOTAL		37595.48			35153.26
Significant accounting policies	21				
Notes to the accounts	22				

The schedules referred to above form an integral part of the Balance Sheet.
As per our report attached.

For BSR & Co.
Chartered Accountants

SANJAY AGGARWAL
Partner
Membership No: 40780

For and on behalf of the Board

KEWAL HANDA Managing Director

P SHAH } Directors

B M GAGRAT (Dr)

K. SUBHARAMAN Secretary

Mumbai, February 27, 2006

Mumbai, February 27, 2006

Consolidated Profit and Loss Account for the year ended 30th November, 2005

		Rupees in Lakhs	
	Schedule Ref.	Year Ended 30th Nov 2005	Year Ended 30th Nov 2004
Income			
Gross sales		70233.57	67059.36
Less: Excise duty		5415.74	4884.39
Less: Sales tax		4514.76	5386.09
Net sales		60303.07	56788.88
Services		2665.98	2517.15
Interest income	14	831.87	748.46
Miscellaneous income	15	608.24	660.04
		64409.16	60714.53
Expenditure			
(Increase) / decrease in stocks of finished goods, work-in-process and own manufactured bulk drugs	16	(3424.03)	2459.66
Cost of materials consumed	17	24339.49	20860.83
Personnel costs	18	10013.68	8255.17
Other expenses	19	18049.76	18142.98
Royalty		507.08	516.02
Interest expense (on fixed loan Rs.15.72 lakhs; 2004: Rs.66.23 lakhs)		15.72	81.16
Depreciation	4	1384.59	1025.73
		50886.29	51341.55
Profit before taxation and exceptional items		13522.87	9372.98
Exceptional items - net (expense)	20	(2336.83)	(1922.38)
Profit before taxation		11186.04	7450.60
Less : Taxation			
Current tax		4179.26	2701.02
Fringe benefit tax		201.14	-
Deferred tax - (credit)/debit		(267.65)	290.82
Profit after taxation		7073.29	4458.76
Balance brought forward after adjustments	2	19262.48	18638.05
Total available for appropriation		26335.77	23096.81
Transfer to general reserve		685.00	460.00
Proposed dividend		2984.14	2984.32
Tax on dividend		418.53	390.01
Tax on dividend for previous year		28.40	-
		4116.07	3834.33
Balance carried to balance sheet		22219.70	19262.48
Earnings per share (basic and diluted)			
(Refer Note 10 in the Notes to the Accounts - Schedule 22)		Rs 23.70	Rs 14.94
Nominal value of share		10.00	10.00
Significant accounting policies	21		
Notes to the accounts	22		

The schedules referred to above form an integral part of the Profit and Loss Account.
As per our report attached.

For BSR & Co.

Chartered Accountants

SANJAY AGGARWAL

Partner

Membership No: 40780

For and on behalf of the Board

KEWAL HANDA

Managing Director

P SHAH

B M GAGRAT (Dr)

K. SUBHARAMAN

Directors

Secretary

Mumbai, February 27, 2006

Mumbai, February 27, 2006

Consolidated Cash Flow Statement for the year ended November 30, 2005

	Rupees in Lakhs	Rupees in Lakhs
	Nov 2005	Nov 2004
A Cash flow from Operating Activities :		
Net Profit before taxation and exceptional items	13522.87	9372.98
Adjustments for		
Depreciation	1384.59	1025.73
Unrealised Foreign Exchange(Gain) / Loss	(24.65)	(13.64)
Interest Income	(760.72)	(519.60)
Profit on fixed assets sold / discarded	(91.15)	(9.36)
Personnel costs - Voluntary Retirement Scheme	-	7.61
Interest Expenses	15.10	81.16
Provision for doubtful debts and advances	200.50	382.58
Provisions no longer required written back	-	(27.14)
Operating profit before working capital changes	14246.54	10300.32
Adjustments for		
Trade and other receivables	(891.32)	(2083.82)
Inventories	(1570.07)	2441.97
Trade and other payables	1869.80	797.76
Provisions (Excluding Proposed Dividend, Tax on distributed profits, Income Tax Provision)	350.85	(358.41)
Cash generated from operations	14005.80	11097.82
Direct taxes paid (Net)	(3731.87)	(1080.65)
Net cash from operating activities before exceptional items	10273.93	10017.17
Exceptional Items		
Compensation paid to employees under Voluntary Retirement Scheme	-	(1296.40)
Net cash from / (used in) operating activities after exceptional items (A)	10273.93	8720.77
B Cash flow from Investing Activities :		
Purchase of fixed assets (Net)	(1491.52)	(527.24)
Purchase of Investments (Net)	-	-
(includes Time Deposits having maturity period greater than or equal to 90 days)	(6500.00)	(6750.00)
Interest Received	683.81	427.69
Net cash (used in) / from investing activities (B)	(7307.71)	(6849.55)
C Cash flow from Financing Activities :		
Dividend paid (Including Tax on distributed profits)	(3368.00)	(2472.74)
Interest paid	(34.40)	(89.36)
Proceeds / (Repayment) from / of borrowings (Net)	(1200.00)	1090.63
Net cash used in financing activities (C)	(4602.40)	(1471.47)
Net Increase/ (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	(1636.18)	399.75
Opening Cash and Cash Equivalents (Note 1)	2636.01	2188.59
Cash & Cash equivalents as at 1st December, 2003 taken over on amalgamation (Note 2)	-	47.67
Closing Cash and Cash Equivalents (Note 1)	999.83	2636.01
	(1636.18)	399.75
Notes :		
1. Cash and Cash Equivalents include :		
Cash on Hand	5.61	22.33
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	817.71	765.47
On Margin Money Accounts	3.48	31.76
On Time Deposit Accounts (maturity period less than 90 days)	158.47	1777.20
Cheques on hand	29.83	41.96
Unrealised translation gain on foreign currency cash & cash equivalents	(15.20)	(2.71)
	999.83	2636.01

Consolidated Cash Flow Statement for the year ended November 30, 2005

		Rupees in Lakhs	Rupees in Lakhs
		Nov 2005	Nov 2004
2	The amalgamation of Pharmacia Healthcare Ltd. with the Company is a non - cash transaction Consequent to the amalgamation, Cash and Cash Equivalents as at 1 st December, 2003 are taken over. The details are as under :		
	Cash on Hand	-	0.55
	With Scheduled Banks		
	On Current Accounts (including accounts with overdraft facility)	-	10.22
	On Time Deposit Accounts	-	36.90
		-	47.67
3	Interest income on delayed payments from customers and rental income have been shown under 'Cash Flow from Operating Activities' as according to the Company these form an integral part of the Operating activities		
4	The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on "Cash Flow Statement" issued by The Institute of Chartered Accountants of India.		

As per our report attached.

For BSR & Co.

Chartered Accountants

SANJAY AGGARWAL

Partner

Membership No: 40780

Mumbai, February 27, 2006

For and on behalf of the Board

KEWAL HANDA

Managing Director

P SHAH

B M GAGRAT (Dr)

K. SUBHARAMAN

Directors

Secretary

Mumbai, February 27, 2006

Schedules to the Consolidated Accounts

	Rupees in Lakhs	Rupees in Lakhs
	Nov 2005	Nov 2004
Schedule 1: Share Capital		
Authorised		
2,98,44,080 (Nov 2004: 2,88,00,180) Equity shares of Rs. 10 each	2984.41	2880.02
1,01,55,920 (Nov 2004: 1,11,99,820) Unclassified shares of Rs. 10 each	1015.59	1119.98
	4000.00	4000.00
Issued		
2,98,44,080 (Nov 2004: 2,88,00,180) Equity shares of Rs. 10 each	2984.41	2880.02
Subscribed and Paidup		
2,98,41,440 (Nov 2004: 2,98,41,440) Equity shares of Rs. 10 each fully paid-up	2984.14	2879.75
Of the above		
- 1,91,08,636 (Nov 2004: 1,91,08,636) Equity shares were allotted as fully paid - up bonus shares by capitalisation of general reserve Rs.1776.92 lakhs and share premium account Rs.133.94 lakhs.		
- 93,76,100 (Nov 2004: 93,76,100) Equity shares of Rs.10 each fully paid-up are held by Pfizer Corporation, Panama		
- 21,42,897 (Nov 2004: 21,42,897) Equity shares of Rs. 10 each in aggregate are held by Warner-Lambert LLC, USA and Parke-Davis & Company LLC, USA		
- 53,57,244 (Nov 2004: 53,57,244) Equity shares of Rs.10 each were issued as fully paid up to the shareholders of erstwhile Parke-Davis (India) Limited (pursuant to the Scheme of Amalgamation of Parke-Davis (India) Limited with the Company)		
- 10,43,900 (Nov 2004: Nil) Equity shares of Rs. 10 each were issued as fully paid up to the shareholders of erstwhile Pharmacia Healthcare Limited (pursuant to the Scheme of Amalgamation of Pharmacia Healthcare Limited with the Company) including 7,83,941 Equity Shares issued to Pharmacia Corporation, USA.		
Add: Forfeited share capital		
Amount paid up on 2,640 (Nov 2004: 2,640) Equity shares of Rs. 10 each forfeited	0.18	0.18
TOTAL	2984.32	2879.93
Schedule 1a: Share Capital Suspense Account		
In terms of the Scheme of Amalgamation of Pharmacia Healthcare Limited with the Company, 10,43,900 Equity Shares of Rs. 10 each of Pfizer Limited to be issued as fully paid-up to the shareholders of erstwhile Pharmacia Healthcare Limited whose names appear on the Register of Members on the Record Date to be fixed for this purpose.	-	104.39
Of the above 7,83,941 Equity Shares of Rs. 10/- each to be issued and allotted to Pharmacia Corporation, USA		
TOTAL	-	104.39
Schedule 2: Reserves and Surplus		
Share premium		
Per last balance sheet	2277.70	-
Add : Transfer from Pharmacia Healthcare Limited	-	2277.70
	2277.70	2277.70
General reserve		
Per last balance sheet	9428.76	8812.17
Add : Adjustment on account of amalgamation of Pharmacia Healthcare Limited	-	156.59
Add : Transfer from profit and loss account	685.00	460.00
	10113.76	9428.76
Profit and loss account		
Per last balance sheet	19262.48	18918.38
Less: : Transfer of Loss from Pharmacia Healthcare Limited	-	(280.33)
	19262.48	18638.05
Less : Transfer to profit and loss account for the year	(19262.48)	(18638.05)
Balance as per profit and loss account	22219.70	19262.48
TOTAL	34611.16	30968.94
Schedule 3: Loan Funds		
Unsecured loan		
Inter corporate deposit from Pfizer Pharmaceutical India Private Limited	-	1200.00
TOTAL	-	1200.00

Schedules to the Consolidated Accounts

Schedule 4 : Fixed Assets

Rupees in Lakhs

C O S T				DEPRECIATION / AMORTISATION			WRITTEN DOWN VALUE		
	As at 01.12.2004	Additions	Deductions	As at 30.11.2005	As at 01.12.2004	For the year	Deductions	As at 30.11.2005	As at 30.11.2004
INTANGIBLE ASSETS									
Trademarks	15.51	-	-	15.51	15.51	-	-	15.51	-
TANGIBLE ASSETS									
LAND :									
Freehold	31.97	-	-	31.97	-	-	-	31.97	31.97
Leasehold	67.98	-	-	67.98	13.19	0.33	-	54.46	54.79
BUILDINGS :									
On freehold land @	1270.10	-	-	1270.10	443.14	12.93	-	456.07	826.96
On leasehold land	1048.83	114.57	-	1163.40	280.53	31.37	-	311.90	768.30
Leasehold improvements	1012.53	85.99	19.14	1079.38	644.96	132.43	14.19	763.20	367.57
Machinery & equipment	7015.06	625.60	18.05	7622.61	3595.15	447.80	16.87	4026.08	3419.91
Office equipment,									
Furniture & fixtures	4508.29	716.36	439.56	4785.09	3132.27	582.15	428.33	3286.09	1376.02
Vehicles	906.49	247.35	175.26	978.58	581.40	177.58	172.83	586.15	325.09
TOTAL	15876.76	1789.87*	652.01	17014.62*	8706.15	1384.59*	632.22	9458.52*	7170.61
Previous year	13683.23	1548.62	1648.41	15876.76	8022.11	1025.73	1473.00	8706.15	
Capital work-in-progress including capital advances									
Grand Total								214.06	393.70
								7770.16	7564.31

@ 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.

Refer Note 7 of the Notes to the accounts, Schedule 22 regarding assets held for disposal at lower of cost or net realisable value as estimated by the management.

* Excludes Rs. 3.08 Lakhs (Nov. 2004 : Rs. 19.40 Lakhs) being individual assets less than Rs. 5000 written off without capitalisation.

Schedules to the Consolidated Accounts

	Rupees in Lakhs	Rupees in Lakhs
	Nov 2005	Nov 2004
Schedule 5: Investments		
(At cost except where otherwise stated)		
Long Term Investments		
Non-Trade (unquoted)		
Government securities	0.11	0.11
Gold Sovereign (Actual cost Rs. 61)	-	-
The Shamrao Vithal Co-operative Bank Limited		
1,000 (Nov 2004 : 1,000) shares of Rs. 25 each, fully paid-up	0.25	0.25
Other securities		
Bharuch Eco-Aqua Infrastructure Limited		
72,935 (Nov 2004 : 72,935) Equity Shares of Rs. 10 Each, fully paid	7.29	7.29
Bharuch Enviro Infrastructure Ltd.		
175 (Nov 2004 : 175) Equity Shares of Rs. 10 Each, fully paid	0.02	0.02
Less: Provision for diminution in value of investments	(7.31)	(7.31)
TOTAL	0.36	0.36
Schedule 6: Deferred Tax Asset (net)		
Deferred tax asset		
Arising on account of timing differences in :		
Provision for doubtful debts and advances	724.35	803.88
Provision for leave encashment and exgratia	428.54	348.25
Provision for excise duty, custom duty and sales tax	42.79	1.61
Amortisation of voluntary retirement costs	28.60	43.65
Other provisions	193.48	143.70
	1417.76	1341.09
Deferred tax liability		
Arising on account of timing difference in:		
Depreciation / estimated loss on assets held for disposal	514.75	705.73
TOTAL	903.01	635.36
Schedule 7: Inventories		
Stores and maintenance spares	126.19	92.94
Packing materials	435.24	549.09
Stock-in-trade		
Raw materials	2505.28	2394.91
Work-in-process	363.46	489.38
Finished goods	5641.11	3974.89
TOTAL	9071.28	7501.21
Schedule 8: Sundry Debtors		
(Unsecured - Considered good except where otherwise stated)		
Debts outstanding		
- Over six months	2410.77	3067.15
- Other debts	8039.46	6302.28
	10450.23	9369.43
of which		
- Considered good	8354.31	7242.71
- Considered doubtful	2095.92	2126.72
	10450.23	9369.43
Provision for doubtful debts	(2095.92)	(2126.72)
TOTAL	8354.31	7242.71
Bad debts written off Rs. 231.30 Lakhs (Nov 2004 : 94.60 Lakhs) out of the provision for doubtful debts		

Schedules to the Consolidated Accounts

	Rupees in Lakhs Nov 2005	Rupees in Lakhs Nov 2004
Schedule 9: Cash and Bank Balances		
Cash on hand	5.61	22.33
With Scheduled Banks		
On Current Accounts (including accounts with overdraft facility)	817.71	765.47
On Margin Money Accounts (under lien)	3.48	31.76
On Time Deposit Accounts	20158.40	15277.20
Cheques on hand / in transit	29.83	41.96
TOTAL	21015.03	16138.72
Schedule 10: Other Current Assets		
Interest accrued but not due	213.55	136.64
TOTAL	213.55	136.64
Schedule 11: Loans and Advances (unsecured)		
(Considered good except where otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	5543.98	6171.96
Considered doubtful	248.61	247.09
	<u>5792.59</u>	<u>6419.05</u>
Provision for doubtful advances	(248.61)	(247.09)
	5543.98	6171.96
Amounts Recoverable from Pfizer Pharmaceutical India Private Limited	44.42	44.69
Amounts Recoverable from Pfizer Products India Private Limited	85.82	301.22
Balances with Customs, Port Trust and Excise on Current Accounts	934.00	473.05
TOTAL	6608.22	6990.92
Schedule 12: Current Liabilities		
Acceptances	18.63	116.71
Sundry creditors		
Due to Small Scale Industrial Undertakings	648.12	546.37
Others	11349.44	9414.57
Advances from the customers		
Security deposits	1460.56	1514.91
Dividends - unclaimed*	165.04	130.31
TOTAL	13641.79	11722.87
* Investor protection and education fund is being credited by the amount of unclaimed dividend after seven years from the due date.		
Schedule 13: Provisions		
Proposed dividend	2984.14	2984.32
Tax on distributed profits	418.53	390.01
Gratuity	279.52	258.95
Leave encashment	1272.91	951.68
Excise duty and custom duty (Net of payments)	127.09	119.84
Income tax provisions (net)	1209.67	561.14
Wealth tax provisions (net)	49.90	49.05
Others	27.28	26.33
TOTAL	6369.04	5341.32

Schedules to the Consolidated Accounts

	Rupees in Lakhs	Rupees in Lakhs
	Nov 2005	Nov 2004
<u>Schedule 14: Interest Income</u>		
Interest (Gross)		
On staff loans	32.11	23.46
On deposits with banks, delayed payments, etc.	774.88	527.79
(Tax deducted at source - Rs.118.63 lakhs, Nov 2004 - Rs. 92.90 lakhs)		
On Income tax refunds	24.10	187.97
On others	0.78	9.24
(Tax deducted at source -Rs. Nil , Nov 2004 - Rs 0.78 lakh)		
TOTAL	831.87	748.46
<u>Schedule 15: Miscellaneous Income</u>		
Rental income (Gross)	398.65	563.98
(Tax deducted at source - Rs 58.20 lakhs, Nov 2004 - Rs.107.03 lakhs)		
Profit on fixed assets sold (net)	91.15	9.36
Other insurance claims	43.54	9.97
Provisions no longer required written back	-	27.14
Others	74.90	49.59
TOTAL	608.24	660.04
<u>Schedule 16: (Increase) / decrease In stocks of finished goods, work-in-process and own manufactured bulk drugs</u>		
Stocks at commencement		
Finished goods	3974.89	5348.42
Work-in-process	489.38	469.62
Own manufactured bulk drugs	-	225.92
	4464.27	6043.96
Add: Stocks taken over on amalgamation of Pharmacia Healthcare Limited		
Finished goods	-	691.91
Work-in-process	-	188.06
	4464.27	879.97
Less:		
Insurance claim received for loss of finished goods due to flood*	1883.73	-
Stocks at close		
Finished goods	5641.11	3974.89
Work-in-process	363.46	489.38
	6004.57	4464.27
TOTAL	(3424.03)	2459.66
* The Company's stocks of finished goods lying at its warehouse at Bhiwandi were badly affected due to the flood caused by heavy rainfall in Mumbai on July 26, 2005. In respect of Pfizer Limited, the Company has received the amount of Rs. 1844.33 lakhs from the insurance company in full and final settlement. In respect of Duchem Laboratories Limited, the Company estimates the recovery of Rs. 39.40 lakhs as per the insurance policy and lodged the claim with the insurance company.		
<u>Schedule 17: Cost of materials consumed</u>		
Raw materials		
Stock at commencement	2394.90	2501.20
Add : Stock taken over on amalgamation of Pharmacia Healthcare Limited	-	125.44
	2394.90	2626.64
Purchases	10274.93	8515.78
	12669.83	11142.42
Stock at close	(2505.28)	(2394.90)
	10164.55	8747.52
Packing materials (net)	4275.76	3539.42
Purchase of traded goods	9899.18	8573.89
TOTAL	24339.49	20860.83

Schedules to the Consolidated Accounts

	Rupees in Lakhs	
	Nov 2005	Nov 2004
Schedule 18: Personnel costs		
Salaries, wages and bonus	8074.45	6594.15
Company's contribution to gratuity fund	535.13	268.15
Company's contribution to provident and other funds	538.65	485.34
Staff welfare expenses	865.45	899.92
Voluntary retirement costs amortised	-	7.61
TOTAL	10013.68	8255.17
Schedule 19: Other expenses		
Consumption of stores and maintenance spares	180.40	104.82
Processing charges	2148.06	1528.99
Power and fuel	719.04	731.47
Water	77.29	70.33
Repairs : Buildings	16.25	26.05
Repairs : Machinery	327.67	200.90
Rent	870.33	818.18
Rates and taxes	122.67	157.23
Insurance	154.62	202.73
Clinical trials	631.35	753.41
Legal and professional charges	1196.39	1990.90
Equipment rentals, service charges, low cost assets written off	663.50	897.70
Freight, forwarding and transport	1287.28	1199.72
Travelling (including boarding, lodging, conveyance and other expenses)	1418.23	1517.57
Postage, telephone and fax	527.04	494.05
Advertising and promotion	2495.96	2519.63
Exchange loss (net)	7.30	21.81
Commission	893.03	851.52
Provision for doubtful debts (net)	200.50	382.58
Excise duty	911.08	90.26
Miscellaneous expenses	3201.76	3583.13
TOTAL	18049.76	18142.98
Schedule 20: Exceptional items - (expense) / income		
Exceptional expense		
Estimated loss on assets held for disposal (Refer Note 7 of the Notes to the accounts - Schedule 22)	-	(223.16)
Amortization of compensation paid to employees under VRS	(2336.83)	(2336.85)
	(2336.83)	(2560.01)
Exceptional income		
Profit on sale of residential premises	-	349.78
Profit on sale of Ankleshwar plant	-	287.85
	-	637.63
Net exceptional (expense)	(2336.83)	(1922.38)

Notes to the Consolidated Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

Schedule 21 : Significant Accounting Policies

1. Basis of Preparation

- The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) – ‘Consolidated Financial Statements’ issued by The Institute of Chartered Accountants of India (ICAI). These financial statements comprise Pfizer Limited (“The Company”) and its wholly owned subsidiary Duchem Laboratories Limited (DLL) collectively referred to as the group. The financial statements of each of these companies are prepared using uniform accounting policies in accordance with the generally accepted accounting principles in India.
- The company has one subsidiary company (which along with Pfizer Limited, the parent, constitute the Group) which has been considered in the preparation of these consolidated financial statements.

The particulars of the subsidiary company are:

Name	:	Duchem Laboratories Ltd.
Country of Incorporation	:	India
Percentage of voting power held as at 30 November 2004	:	100%

2. Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the provisions of the Companies Act, 1956 and in accordance with the accounting principles generally accepted in India (Indian GAAP) and comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable and with the relevant provisions of the companies Act, 1956.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(c) Fixed Assets and Depreciation

- All fixed assets are stated at cost of acquisition less accumulated depreciation and impairment losses. The cost of fixed assets includes taxes (other than those subsequently recoverable from tax authorities) duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.
- Assets costing upto Rs. 5,000 are written off and those costing more than Rs.5,000 but upto US\$ 1,000 are fully depreciated in the year of purchase except that-
“multiple-like items” the cost of which is over US \$10,000 in the aggregate; and
“unlike items of a capital nature within an asset category” for large scale projects the aggregate cost of which exceeds US \$ 10,000 are considered as one asset and depreciated in accordance with the accounting policy stated in (iii) below.
- 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 (ii) above is provided on a pro-rata basis from the month of capitalisation. Depreciation on deletions during the year is provided upto the quarter in which the asset is sold / discarded.
- Depreciation other than on low cost assets is provided at the following rates per annum

Assets	Periods / Rate
Land : Leasehold	Amortised over the lease period
Buildings : On Freehold land	3.34%
On Leasehold land	Higher of 3.34% or rate based on leased period
Leasehold Improvements	8% to 10% or Amortised over the lease period
Machinery & Equipment	8% to 40%
Office Equipment, Furniture & Fixture	8% to 33.33%
Vehicles	25%
Trademarks	Amortised over a period of 3 years

- In case of assets taken over from erstwhile Pharmacia Healthcare Limited depreciation has been provided at the rates specified in Schedule XIV to the Companies Act, 1956 except the following assets, which are depreciated at the respective rates :

Assets	Rate
Plant and Machinery	4.75% to 8.09%
Furniture, Fixtures & Office Equipment	3.34% to 6.33%
Computers	16.21% to 33.33%

Notes to the Consolidated Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

- (vi) Assets that have been retired from active use and held for disposal are stated at the lower of their net book value and net realisable value as estimated by the Company.
- (vii) Trademarks are recorded at their acquisition cost and are amortised over the lower of their estimated useful life and period of ownership.
- (viii) Cost of application software not exceeding US\$ 1 million is being charged to the profit and loss account.
- (ix) In accordance with AS 28 on 'Impairment of Assets' issued by the Institute Of Chartered Accountants of India, where there is an indication of impairment of the Company's assets, the carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of the assets (or where applicable that of the cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognized in the profit and loss account or against revaluation surplus where applicable.

(d) Foreign Currency Transactions

Transactions in foreign exchange are accounted for at the standard exchange rates as determined by the company. The exchange differences arising out of the settlement, other than those on liabilities, relating to fixed assets are dealt with in the Profit and Loss Account. Foreign currency assets and liabilities other than those covered by forward contracts are revalued at year-end rates. Resultant gains or losses are recognised in the Profit and Loss Account except exchange differences arising on settlement or translation of foreign currency liabilities on acquisition of fixed assets which are adjusted against the carrying costs of corresponding fixed assets.

(e) Investments

Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments. Current investments are stated at lower of cost and fair value.

(f) Inventories

Stock in trade and packing materials are valued at the lower of 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. Finished goods expiring within 90 days (near - expiry) as at the balance sheet date have been fully provided for.

(g) Sundry Debtors/Loans & Advances

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

(h) Revenue Recognition

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the customers. Sales are net of sales return and trade discounts. Revenue from services is recognized as and when services are rendered and related costs are incurred, in accordance with the terms of the specific contracts. Interest income is recognised on time proportionate basis.

(i) Research & Development

Revenue expenditure on research and development is expensed as incurred. Capital expenditure on research and development is capitalised as fixed assets and depreciated as per depreciation policy of the Company.

(j) 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 /provision towards gratuity liability as determined by LIC based on its actuarial valuation as at year-end is charged to the Profit & Loss account each year. The Company also provides for unutilized leave benefits on retirement available to its employees on the basis of an independent actuarial valuation done as at the year-end.

(k) Leases

Lease rentals in respect of assets acquired under operating lease are charged off to the Profit & Loss Account as incurred. Lease rentals in respect of assets given under operating lease are credited to the Profit & Loss Account as accrued.

(l) Voluntary Retirement Schemes (VRS)

Liability under the VRS is accrued on the acceptance of the applications of the employees under the VRS scheme issued by the Company. Compensation paid under the VRS upto 30th November 2001 is charged to the Profit and Loss Account over a period of three years and compensation paid under the VRS effective from 1st December 2001 is charged to the Profit and Loss Account over a period of five years.

(m) Taxation

Income – tax expense comprises current tax and fringe benefit tax (i.e amount of tax for the period determined in accordance with the income- tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Notes to the Consolidated Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain as the case may be to be realized.

(n) Proposed Dividend

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

(o) Earnings per Share

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, with the weighted number of equity shares outstanding during the year.

(p) Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

22. Notes to the Accounts

Rs. In Lakhs

	2005	2004
1 Estimated amount of contracts on capital account to be executed and not provided for	1048.56	585.01
2 Contingent Liability		
(a) In respect of the guarantees given to banks on behalf of Third Parties	-	17.80
(b) In respect of:		
(i) Excise Duty	839.43	1064.05
(ii) Customs Duty	2.44	111.82
(iii) Sales Tax	442.18	342.94
(iv) Service Tax		193.10
(v) Income Tax	1078.76	827.46
(vi) Pending Labour Matters contested in various courts	96.25	108.60
(vii) Pending labour matters relating to wage settlement	Amount Unascertainable	Amount Unascertainable
(viii) Provident fund contribution on leave encashment paid from 01/10/94 to 30/04/05.	Amount Unascertainable	----
(ix) Claims against the Company not acknowledged as debts	Amount Unascertainable	AmountUnascertainable
(c) DPEA claims (Refer Note 4)		
3. Managerial remuneration under Section 198 of the Companies Act,1956		
Salaries, Bonus & Commission	111.29	93.51
Contribution to PF and Other Funds	26.49	14.15
Perquisites	21.57	33.31
Sitting Fees	2.20	2.00
Commission to Non- Whole time Directors	4.00	4.00
TOTAL	165.55 *	146.97

Excludes gratuity and leave encashment benefits as the same are based on actuarial valuation

* The appointment of and remuneration of Rs.62.11 Lakhs paid to Mr. Kewal Handa, Managing Director, is subject to approval of the shareholders at the ensuing Annual General Meeting.

4. 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

Notes to the Consolidated Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

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.98.00 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. 49.00 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."

(d) Vitamin and Other Formulations

The Government has arbitrarily determined the liability of the Company at Rs 1,466 lakhs being the difference in price in respect of Vitamin and other formulations sold by the Company during the years 1983 to 1989. The Company has repudiated the liability on this account. The Company's Solicitors have advised that the repudiation by the Company is legally sustainable. The Government has pursued the matter. The Company maintains its position that the claim by the Government is not legally sustainable.

(e) Chloramphenicol

The Government has arbitrarily determined the liability of the Company at Rs 145 lakhs and Rs. 14 lakhs being the difference between the price of bulk drug Chloramphenicol powder and Chloramphenicol Palmitate respectively allowed in the formulation price and actual procurement price for the period 1979 to 1988. The Company has repudiated the liability on this account as advised by the Company's Solicitors. The Company has also obtained a Stay order from the Honourable High Court of Mumbai against the demand.

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 an ad interim Order that "pending the hearing and final disposal of this Notice of Motion, further proceedings in the said Case No 23/95 pending before the said Drug Prices Liability Review Committee be stayed."

- (f) Pursuant to the repeal of DPCO 1970, erstwhile Warner-Hindustan Limited (merged with Parke-Davis (India) Limited in 1988 and Parke – Davis (India) Limited merged with Pfizer Limited in 2003) had classified ISOKIN TABLETS, ISOKIN LIQUID AND PYRIDIDIUM TABLETS as decontrolled products under the DPCO 1979. The categorization was, however, challenged by the Government in 1984 and a demand of Rs.113 lakhs was raised against the Company. Against this demand an excise duty set off of Rs.7 lakhs was allowed to the Company and a final demand of Rs.106 lakhs was raised in 1987.

Notes to the Consolidated Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

The Company had deposited an amount of Rs.30 lakhs in February 1987 and Rs.25 lakhs in May 1990 totalling to an aggregate of Rs.55 lakhs in full and final settlement of the demand, as per the arguments set forth by the Company. The Government subsequently raised a demand of Rs.117 lakhs towards interest on principal demand. (i.e. interest of Rs.43 lakhs for Pyridium for the period 1982 to August 1995 and Rs.74 lakhs for Isokin for the period 1982 to June 1997).

The Company filed a Writ Petition in the Andhra Pradesh High Court in September 1997 for staying all further proceedings against the Company. The High Court stayed the demand in respect of collection of interest but directed the Company to deposit the balance demand of Rs.51 lakhs (which amount was deposited in November, 1997).

(g) Multivitamin Formulations:

The Government has arbitrarily raised a demand of Rs.182.38 Lakhs on account of alleged overpricing of certain multivitamin formulations marketed by erstwhile Pharmacia Healthcare Limited (merged with Pfizer Limited) for the period 1983 to 1986. The Company has repudiated the liability on this account as advised by its solicitors. The Company filed a Writ Petition No.814 of 1992 in the High Court at Mumbai. The Supreme Court of India, in a Special Leave Petition filed by the Company held that pending disposal of Writ Petition filed before the High Court at Mumbai, the Company shall furnish an undertaking in respect of 50% of its liability and shall deposit the balance 50% aggregating to Rs.91.19 Lakhs. This amount has been deposited with the Government of India and is included under the head "Loans and Advances".

Pursuant to a Transfer Petition (Civil) No. 475-496 of 2003 filed under Article 139A(1) of the Constitution of India, all pending writ petitions in respect of DPEA liabilities are now to be transferred to the Supreme Court to be heard and finally decided by the Supreme Court of India. Consequently as a result of the said transfer petition, Writ Petitions referred to in (a), (b), (c), (e), (f) and (g) above will now be heard and disposed off by the Supreme Court.

In view of matters (a), (b), (c), (e), (f) and (g) 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.154.21 lakhs that has already been made in the accounts in earlier years.

The Company would continue to seek legal recourse in all the above matters.

5. Earnings per Share

	2005	2004
Earnings per share has been computed as under:		
(a) Profit after Taxation (Rs. Lakhs)	6955.14	4458.76
(b) Number of Equity Shares outstanding at beginning of the year.	2,98,41,440	2,87,97,540
(c) Number of Equity Shares to be issued on amalgamation effective 1 December 2003.	-	10,43,900
(d) Total (b) + (c) (No. of equity shares outstanding during the year)	2,98,41,440	2,98,41,440
(e) Earnings per share (Face value Rs. 10/- per share) (a) / (d)(Basic and diluted)	Rs. 23.31	Rs.14.94

6. Disclosure for operating leases under Accounting Standard 19 – "Leases"

(a) Where the Company is a Lessee:

- The Company has taken various residential/godowns/office premises (including furniture and fittings, therein as applicable) under operating lease or leave and licence agreements. These are generally not non-cancellable and range between 11 months and 3 years under leave and licence, or longer for other leases and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms.
- Lease payments are recognized in the Profit and Loss Account under "Rent" in Schedule 19. In the case of one leasing arrangement, the Company had the option to purchase within the lease period, the licensed premises at a price to be decided as per the Valuation Report of the independent valuers appointed by the Company subject to a minimum of Rs. 1100 lakhs and a maximum of Rs. 1150 lakhs. The Company has decided not to exercise this option and this lease arrangement has also come to an end.

(b) Where the Company is a Lessor :

- The Company has let out its owned property during the year on operating lease. The information in respect of the same is as follows.

	Rs. Lakhs
Gross book value	744.63
Accumulated depreciation	116.54
Depreciation for the lease period	8.09
Rental Income	68.24

- Lease Income recognised in the profit and loss account for the year in respect of sub-let property is Rs. 330.41 lakhs (Nov. 2004 : Rs. 563.98 lakhs)

Notes to the Consolidated Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

7. Assets held for disposal

The Company has identified the assets situated at various plants as retired from active use consequent to its ceasing manufacturing operations at these plants. These assets are held for disposal and stated at lower of net book value and estimated net realizable value. Fixed assets (Schedule 4) include assets at these plants at lower of their respective book values or estimated net realisable value as follows

a) Ankleshwar plant (held for disposal in an earlier year)

Rs. In Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	Nov 2005	Nov 2004	Nov 2005	Nov 2004	Nov 2005	Nov 2004
Freehold Land	20.28	20.28	-	-	20.28	20.28
Freehold Building	165.82	165.82	136.48	136.48	29.34	29.34
TOTAL	186.10	186.10	136.48	136.48	49.62	49.62

During the previous year, the Company had sold assets other than freehold land and freehold building, for the total consideration of Rs. 450 lakhs and accordingly recognised the profit of Rs. 287.85 lakhs shown under "Exceptional Items" (Schedule 20).

b) Hyderabad Plant (held for disposal in an earlier year)

Rs. In Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	Nov 2005	Nov 2004	Nov 2005	Nov 2004	Nov 2005	Nov 2004
Freehold Land	8.09	8.09	-	-	8.09	8.09
Freehold Building	140.54	140.54	109.02	109.02	31.52	31.52
TOTAL	148.63	148.63	109.02	109.02	39.61	39.61

c) Chandigarh plant (held for disposal in an earlier year)

Rs. In Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	Nov 2005	Nov 2004	Nov 2005	Nov 2004	Nov 2005	Nov 2004
Freehold Land	3.60	3.60	-	-	3.60	3.60
Freehold Building	176.36	176.36	81.31	81.31	95.05	95.05
Machinery & Equipment	1665.82	1665.82	1365.69	1365.69	300.13	300.13
Office Equipment, Furniture & Fixtures	96.23	96.23	69.15	69.15	27.08	27.08
TOTAL	1942.01	1942.01	1516.15	1516.15	425.86	425.86

During the previous year, the Company had provided additional depreciation amounting to Rs. 223.16 lakhs and shown as estimated loss on assets held for disposal under "Exceptional Items" (Schedule 20).

d) Ankleshwar plant (erstwhile Pharmacia Healthcare Limited) (held for disposal in an earlier year)

Rs. In Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	Nov 2005	Nov 2004	Nov 2005	Nov 2004	Nov 2005	Nov 2004
Leasehold Land	35.41	35.41	-	-	35.41	35.41
Building	275.34	275.34	76.41	76.41	198.93	198.93
Plant & Machinery	792.04	792.04	477.51	477.51	314.53	314.53
Office Equipment, Furniture, Fixtures	31.88	31.88	16.61	16.61	15.27	15.27
TOTAL	1134.67	1134.67	570.53	570.53	564.14	564.14

Subsequent to the balance sheet date, the Company has sold all the assets (moveable and non-moveable assets) for a net consideration of Rs.575 lakhs

Notes to the Consolidated Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

8. Disclosures as required by the Accounting Standard - 18 on "Related Party Disclosures" are given below:

I. Names of Related Parties and description of Relationships

A. Parties where control exists:

Companies collectively exercising significant influence	Pfizer Corporation, Panama Warner-Lambert Company, LLC, USA Parke-Davis & Company, LLC, USA Pharmacia Corporation, USA [Collectively holding 41.23% of the aggregate of equity share capital of the Company] Pfizer Inc., USA (Ultimate holding company)
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Fellow Subsidiaries : (with whom transactions have taken place during the year)

Pfizer Overseas Inc. Export Division, Belgium
Pfizer Export Company, Ireland
Pfizer Overseas Inc., USA
Pfizer Overseas Inc. (Export Division, Hong Kong)
Pfizer Laboratories (Pty) Limited, South Africa
Pfizer Enterprises SARL, Luxembourg
Pfizer Products Inc, USA
Pfizer International LLC, USA
Pfizer Limited, United Kingdom
Pfizer Asia Pacific Pte Ltd., Singapore
Warner-Lambert Company LLC, USA
Parke-Davis & Company LLC, USA
Pharmacia Corporation, USA
Pfizer Animal Health SA, Belgium
Pfizer Italiana SPA
Pfizer Australia Pty Limited, Australia
Pfizer Egypt S.A.E., Egypt
Pfizer Japan Inc., Japan
Pfizer Global Trading, Hongkong
Pfizer Global Trading, Ireland
Pfizer Pharmaceutical India Pvt. Ltd, India
Pfizer Products India Private Limited, India (formerly Pharmacia India Pvt. Ltd.)
Pfizer Private Ltd., Singapore

B. Executive Committee Members

Mr. Hocine Sidi Said * (resigned during the year)
Mr. Kewal Handa *
Dr. B.M. Gagrath *
Mr. S. Madhok
Dr. S. Mukherjee
Dr. Chitra Lele
Mr. Yugesh Gautam
Mr. S. Ramkrishna
Mr. Arun Gupta
Mr. Viren Mahurkar (resigned during the year)
Ms. Dipali Talwar
Mr. K. G. Ananthakrishnan
Mr. M.G. Rao

* Executive Directors on the Board

Notes to the Consolidated Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

II. Transactions during the year and Balances Outstanding as at the year end with the Related Parties are as follows:

Rupees in Lakhs

Nature of Transactions	Nov 2005			Nov 2004		
	Ultimate Holding Company	Compaines exercising Significate influence	Fellow Subsidiaries	Ultimate Holding Company	Compaines exercising significant influence	Fellow Subsidiaries
1 Sale of finished goods (net of returns)	-	-	121.60	-	-	196.85
2 Sale of bulk materials	-	-	48.46	-	-	90.25
3 Service income	898.69	-	1579.71	774.29	-	1254.25
4 Recovery of expenses	-	-	1518.14	146.42	-	1507.57
5 Purchase of finished goods	-	52.38	377.74	-	79.81	697.12
6 Purchase of raw/bulk materials	-	-	949.34	-	-	876.89
7 Royalty expense	20.72	111.43	259.82	21.22	110.91	286.02
8 Interest expense on Loans	-	-	15.72	-	-	66.23
9 Expenses reimbursed	-	-	214.60	-	-	19.16
10 Amount written off	-	-	-	-	-	0.16
11 Dividend in respect of the year ended 30 th November, 2004 / November, 2003	-	1230.29	-	-	863.93	-
12 Loans given	-	-	-	-	-	-
13 Loans taken	-	-	-	-	-	1650.00
14 Outstanding as at the year end – Due from	480.55	-	706.40	340.73	-	1506.28
15 Outstanding as at the year end – Due to	20.73	89.11	1020.20	6.98	103.69	2707.14

Executive committee members & their Relatives

Rupees in Lakhs

Nature of Transactions	Nov 2005		Nov 2004	
	Key Management Personnel	Relative of Key Management Personnel	Key Management Personnel	Relative of Key Management Personnel
1 Remuneration	395.31	-	391.25	-
2 Rent paid for residential flats	27.15	-	51.75	-
3 Deposits paid	20.00	-	155.00	-
4 Amounts paid on behalf and recovered	5.75	-	1.02	-
5 Deposits outstanding as at the year end	999.23	-	1017.91	-

III Others

- * Under the terms of the agreement between Pfizer Inc. (Ultimate Holding Company) and the Company for conducting clinical trials and studies in India, Pfizer Inc., has agreed to indemnify, defend and hold the Company and its directors, employees and agents harmless against any and all liability, loss or damages they may suffer as a result of any claims, demands, costs, penalties, fines or judgments incurred or imposed against it arising out of any clinical trial and study or otherwise pursuant to the agreement

Notes to the Consolidated Financial Statements for the year ended 30th November 2005

(Currency: Indian Rupees in Lakhs)

9. Segment Information for the year ended 30th November 2005

Business segments

(Refer Note 1 below)

	Nov 2005				Nov 2004			
	Pharma- ceuticals	Animal Health	Services	Total	Pharma- ceuticals	Animal Health	Services	Total
Segment revenue								
External sales and services to customers	54277.78	6212.87	2478.40	62969.05	51145.93	6131.55	2028.55	59306.03
Total Segment revenue	54277.78	6212.87	2478.40	62969.05	51145.93	6131.55	2028.55	59306.03
Segment results	14243.56	407.52	263.49	14914.57	10867.64	324.14	205.81	11397.59
Unallocated corporate (expenses) / income (net)				(1997.09)				(2495.37)
Operating profit				12917.48				8902.22
Interest expenses and bank charges				(228.76)				(279.21)
Interest income				834.15				749.97
Income tax				(4112.75)				(2991.84)
Exceptional Items (net of expenses)	(2044.15)	(1.20)		(2045.35)	(1636.53)	(1.20)		(1637.73)
Unallocated exceptional items				(291.48)				(284.65)
Net profit				7073.29				4458.76
Other information								
Segment assets	25668.94	3294.46	1168.01	30131.41	21853.79	3807.94	1517.98	27179.71
Unallocated corporate assets				27989.65				26067.47
Total assets				58121.06				53247.18
Segment liabilities	11465.21	936.79	194.76	12596.76	9240.96	817.16	126.20	10184.32
Unallocated corporate liabilities				7928.82				8785.60
Total liabilities				20525.58				18969.92
Capital expenditure	1107.28	7.00	10.60		1198.39	22.16	34.76	
Depreciation/Amortisation	1172.06	18.31	112.03		505.78	22.82	92.66	
Amortisation of Voluntary retirement cost	-	-	-		7.61	-	-	
Geographic segment								
(Refer Note 2 below)								
	Nov 2005				Nov 2004			
	India	Other Countries	Total		India	Other Countries	Total	
Segment Revenue - external sales to customers	60077.15	2891.90	62969.05		56610.72	2695.31	59306.03	
Carrying amount of segment assets	57043.86	1077.20	58121.06		51766.73	1480.45	53247.18	
Capital expenditure	1789.88	-	1789.88		1548.62	-	1548.62	

Notes:

- 1 **Business Segments** : The business operations of the Company comprise Pharmaceuticals, Animal Health and Services. The business segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns and the internal financial reporting systems.

The Pharmaceuticals business comprises of manufacturing and trading of bulk drugs and formulations and also includes rendering of marketing services.

The Animal Health business has a presence primarily in the large animal health and poultry market segments, and also includes rendering of marketing services.

Services - Clinical Development Operations primarily include conducting clinical trials, new product development and undertaking comprehensive data management for new drug development.

- 2 **Geographical Segments** : For the purpose of geographical segments the consolidated sales are divided into two segments - India and other countries.

10. Disclosure relating to provisions

Personnel related provisions

Personnel related provisions include provisions for variable performance pay and additional payments that are estimated to be made based upon on-going negotiations. These additional amounts are separate and are in addition to the amounts that are already being settled per the contract since expired. The variable performance pay is expected to be paid in the second quarter of the next accounting year. Other personnel related provisions are expected to be paid upon renewal / execution of new contract.

The movement in the above provisions are summarised as under

	Rs. Lakhs
Opening balance	340.84
Additions	634.70
Utilisation	329.95
Reversals	10.89
Closing balance	634.70

11. The Company is in the process of completing the required transfer pricing study. The impact, if any, which may arise consequent to the study, has not been considered in these accounts and will be accounted on completion of the study.
12. The figures of the previous year have been regrouped/reclassified wherever necessary to conform to the figures of the current year.

For and on behalf of the Board

KEWAL HANDA

P SHAH

B M GAGRAT (Dr) }

K SUBHARAMAN

Managing Director

Directors

Secretary

Mumbai, February 27, 2006

Pfizer Limited



Regd. Office : Pfizer Centre, 5 Patel Estate, Off S.V. Road, Jogeshwari (West), Mumbai - 400 102.

PROXY

I/We
of in the district of
..... being a member / members of Pfizer Limited, hereby
appoint of in the district of
..... or failing him/her of in the district of
..... as my/our proxy to attend and vote for me/us on my/our behalf at the
55th Annual General Meeting of the Company to be held on Friday, 21st April, 2006 and at any adjournment thereof.

Signed this day of 2006.

Folio No.

No. of Shares

Signature

15 ps.
Revenue
Stamp

Note : The Proxy form duly completed and signed should be deposited at the Registered Office of the Company shown above, not later than 48 hours before the time of the Meeting.

Pfizer Limited



Regd. Office : Pfizer Centre, 5 Patel Estate, Off S.V. Road, Jogeshwari (West), Mumbai - 400 102.

ATTENDANCE SLIP

To be handed over at the entrance of Meeting Hall

I hereby record my presence at the FIFTY-FIFTH ANNUAL GENERAL MEETING of the Company at Y.B. Chavan Pratishthan Auditorium, Gen. Jagannath Bhosale Marg, Mumbai 400 021 on Friday 21st April, 2006 at 3.00 P.M.

Name of the Member

Folio / Client ID No.

Name of the Proxy/Representative (In Block Letters)

(To be filled in if the Proxy/Representative

attends instead of the Member

SIGNATURE OF THE MEMBER OR PROXY/REPRESENTATIVE

Greater synergy spells greater success.



Pfizer India came shining through in 2005 using a simple formula "Together we can. Together we will." A cross-functional synergy of teams working towards one vision has helped the company rise to meet business challenges and achieve its goals.



Pfizer Centre, Patel Estate, S. V. Road,
Jogeshwari (W), Mumbai 400 102.

www.pfizerindia.com