The Will to Win

Pfizer

Working for a healthier world™

ANNUAL REPORT 2005-2006

At Pfizer India, ‘Finding the way to lead’ and ‘Aspiring to Win’ emerges from the spirit to excel, to evolve and rewrite the rules.

At Pfizer India, we are business centric. It’s all about our Courage, Determination and Drive. It is about the will to power ahead, to realize our dreams and ambitions, to emerge victorious. It is a continuous process and we have goals to achieve and milestones to cross.

Pfizer

Working for a healthier world™

Working for a healthier world™

CONTENTS

Pfizer Limited: Ten Year Financial Summary

Amount – Rupees in Lakhs

	1997#	1998	1999	2000	2001	2002‡	2003	2004§	2005	**2006**
Sources of Funds										
Shareholders' Funds										
Share Capital	1172	1172	1172	2344*	2344	2344	2880	2880	2984	**2984**
Share Capital Suspense A/C						536	–	104	–	**ñ**
Reserves and Surplus	6694	7104	9541	11167	14645	27923	27960	31292	34672	**40992**
Total Shareholders' Funds	7866	8276	10713	13511	16989	30803	30840	34276	37656	**43976**
Borrowed Funds										
Secured Loans	84	156	–	–	–	–	–	–	–	**ñ**
Unsecured Loans	2002	1	1	–	–	–	–	1200	–	**ñ**
Total	9952	8433	10714	13511	16989	30803	30840	35476	37656	**43976**
Application of Funds										
Net Fixed Assets	3885	3678	3502	3728	4210	5696	6110	7564	7770	**7156**
Investments	324	346	324	324	324	529	324	324	–	**ñ**
Deferred Tax Asset (Net)	–	–	–	310	503	790	989	636	903	**1436**
Current Assets, Loans and Advances:										
Inventories	3286	4018	4486	5780	5644	8484	8658	7389	8983	**9845**
Sundry Debtors	2462	2317	3810	3918	5421	12341	5883	7174	8282	**6963**
Cash and Bank Balances (including amounts held on deposit accounts with banks)	234	820	2329	4609	5763	6840	8908	16110	20993	**30651**
Other Current Assets	–	–	–	–	–	–	45	137	214	**422**
Loan & Advances	4572	3923	3839	3529	4289	7260	8330	6840	6693	**6778**
Total Current Assets, Loans and Advances	10554	11078	14464	17836	21117	34925	31824	37650	45165	**54659**
Less: Current Liabilities and Provisions										
Current Liabilities	3857	5375	5439	6771	6312	11112	9619	11284	13404	**14481**
Provisions	1690	2047	2376	2366	2853	5244	4192	5421	6448	**6128**
Net Current Assets	5007	3656	6649	8699	11952	18569	18013	20945	25313	**34050**
Misc. Expenditure (Deferred Revenue Expenditure)										
Voluntary Retirement Scheme	736	753	239	–	–	5219	5404	6007	3670	**1334**
Commercial Rights	–	–	–	450	–	–	–	–	–	**ñ**
Total Net Assets	9952	8433	10714	13511	16989	30803	30840	35476	37656	**43976**
Income										
Gross Sales	14160	23343	28733	32719	36207	65127	55896	65966	69750	**76586**
Less: Excise Duty					3796	5719	3954	4884	5416	**6039**
Less: Sales Tax					2643	5165	4478	5304	4482	**4312**
Net Sales					29768	54243	47464	55778	59852	**66235**
Operating and other Income	2807	3744	5107	5162	6147	6007	4051	3924	4103	**5940**
Total	16967	27087	33840	37881	35915	60250	51515	59702	63955	**72175**
Expenditure										
Material Cost	4412	6997	8830	10066	10736	21978	19737	22370	20007	**22356**
Personnel Cost	3072	5712	4865	5056	5580	8784	7942	8255	10014	**10234**
Manufacturing and other expenses	6945	11313	14100	15774	11154	17183	16409	18564	19273	**19733**
Interest Expense	160	211	54	37	26	76	39	81	15	**7**
Depreciation	319	967	768	676	717	1064	1083	1026	1385	**1307**
Total	14908	25200	28617	31609	28213	49085	45210	50296	50694	**53637**
Profit Before Taxation & Exceptional Items	2059	1887	5223	6272	7702	11165	6305	9406	13261	**18538**
Exceptional items - (Expenses)/Income	–	–	–	–	–	1518	(1673)	(1922)	(2337)	**(2337)**
Profit Before Taxation	2059	1887	5223	6272	7702	12683	4632	7484	10924	**16201**
Taxation	681	629	2130	2518	2953	5089	1881	2932	4112	**5628**
Profit After Taxation	1378	1258	3093	3754	4749	7594	2751	4552	6812	**10573**
Tax Provision as % of PBT	33.1	33.3	40.8	40.1	38.3	40.1	40.6	39.2	37.6	**34.7**
Net Profit as % of Sales	9.7	5.4	10.8	11.5	13.1	11.7	4.9	6.9	9.8	**13.8**
Earnings per share (Rs.)	11.76	10.73	26.39	16.02 @	20.26	26.37	9.55	15.25	22.83	**35.43**
Equity Dividend per share (Rs.)	3.00	4.00	5.00	4.00	5.00	7.50 +	7.50	10.00	10.00	**12.50**
Total Dividend Amount (Rs. in Lakhs)	352	469	586	938	1172	2160	2160	2984	2984	**3730**
Book Value per share (Rs.)	67.12	70.61	91.41	57.64 @	72.48	106.95	107.08	114.86	126.19	**147.36**

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
+ 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

BOARD OF DIRECTORS

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

EXECUTIVE COMMITTEE

Kewal Handa	Managing Director
Dr. Bomi M. Gagrat	Technical Operations
Gundu Rao	Finance
Sunil Madhok	Animal Health
Dipali Talwar	Legal
Yugesh Goutam	Human Resources
S. Venkatesh	Strategic Business Development
Venkat Iyer	Business Technology

COMPANY SECRETARY
K. Subharaman

AUDITORS
BSR & Co.

REGISTERED OFFICE:
Pfizer Center, Patel Estate, Off S.V. Road, Jogeshwari (W),
Mumbai 400 102.Tel.: 022 6693 2000, Fax.: 022 6693 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 66381746, 66381747
Email: ksreddy@karvy.com, rknair@karvy.com

Notice

Notice is hereby given that the 56th Annual General Meeting of Pfizer Limited will be held at the Yeshwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai-400 021 on Thursday, March 22, 2007, 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, 2006, 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, 2006.
3. To appoint a Director in place of Dr. Bomi M. Gagrat, 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:

   ìRESOLVED that pursuant to the provisions of Sections 198, 309, 310, 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 revision in the remuneration payable to Mr. Kewal Handa, the Managing Director, effective June 1, 2006, as given below:

   A. Salary and Bonus / Performance Linked Incentives.

   The aggregate of Salary and Bonus / Performance Linked Incentives payable to Mr.Kewal Handa, the Managing Director, shall be subject to a maximum limit of **Rs.1,80,00,000/- (Rupees One Crore Eighty Lakhs only) per annum.**

   B. All the other terms and conditions of his appointment as approved by the shareholders at the 55th Annual General Meeting held on April 21, 2006 remain unaltered.

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

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

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. The Register of Members and the Share Transfer Books of the Company will remain closed from March 13, 2007 to March 22, 2007 (both days inclusive).
3. 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.
4. The members / proxies are requested to bring duly filled in Attendance Slips for attending the meeting.
5. **Re-appointment of Director retiring by rotation:**

   Dr.Bomi Gagrat was appointed as Director liable to retire by rotation by the shareholders at the 54th Annual General Meeting held on April 28, 2005. Dr. Gagrat is liable to retire by rotation at the 56th Annual General Meeting and, being eligible, offers himself for re-appointment.

   The information required to be furnished under the Code of Corporate Governance is given below:

   Dr. Bomi Gagrat holds Master's Degree in Science and a Ph.D from the University of Mumbai. He has published scientific papers in Bio-medical Sciences in International Journals of repute. In addition, he holds a Post Graduate Diploma in Operations Management from the Jamnalal Bajaj Institute of Management in Mumbai. He has completed a variety of Pfizer Training Programmes including the "Pfizer Leadership Development" programme in conjunction with the Harvard Business School.

Dr. Gagrat is 59 years old and is on the Pfizer Board for the last 9 years. Prior to joining Pfizer, Dr. Gagrat held a variety of positions of increasing responsibility in pharmaceutical manufacturing. Dr. Gagrat joined Pfizer in 1989 as Plant Manager at Thane Plant and subsequently was appointed as General Manager in 1994. In December 1996, he was designated as Vice President of the Animal Health Division in India. In September, 1998 Dr.Gagrat was appointed as Executive Director – Pharmaceuticals. Effective December 2002, Dr.Gagrat, assumed the responsibilities of Executive Director, Pfizer Global Manufacturing for the technical and manufacturing operations in India and was designated as Executive Director – Technical Operations.

Details of his other Directorships and Memberships in Committee are given below:

Name of the Company	Designation	Chairmanship/Membership of Board Committee
Duchem Laboratories Limited.	Director	NIL

Dr.Gagrat holds 200 equity shares of Rs. 10/- each in the Company.

6. The members seeking any information with regard to accounts are requested to write to the Company at an early date to enable the Management to keep the information ready.
7. 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.
8. In compliance with Sections 205A & 205C of the Companies Act, 1956, unclaimed dividend for the year ended 1999 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, January 20, 2007

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:

At the 55th Annual General Meeting held on April 21, 2006, the shareholders have approved the appointment of Mr. Kewal Handa as the Managing Director of the Company and the remuneration payable to him subject to a maximum limit of Rs.85,00,000/- p.a. towards salary and fixed allowances.

The Board of Directors have revised the aggregate of Salary and Bonus / Performance Linked Incentives payable to Mr.Handa to a maximum limit of Rs.1,80,00,000/- (Rupees One Crore Eighty Lakhs only) with effect from June 1, 2006. The perquisites which are computed with reference to the salary shall consequently, effective June 1, 2006, be computed with reference to the revised salary.

The above increase in limit for Salary and Bonus / Performance Linked Incentives is an enabling provision and the actual salary paid would be within the aforesaid limit.

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

The above particulars may be treated as an Abstract pursuant to Section 302 of the Companies Act, 1956.

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

By order of the Board of Directors

Mumbai, January 20, 2007

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

K SUBHARAMAN
Company Secretary

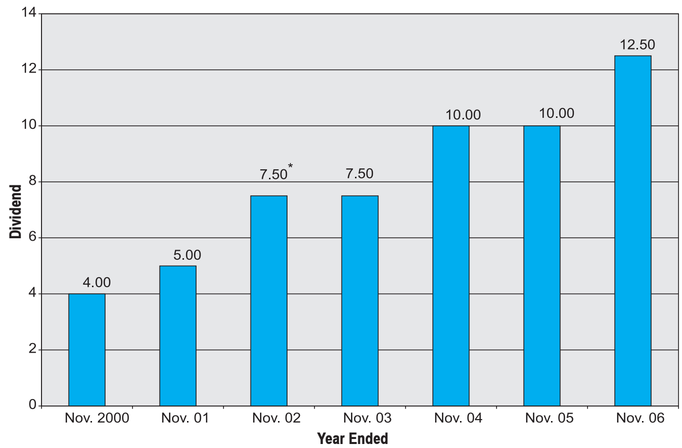
DIRECTORSí REPORT including Management Discussion and Analysis Report

TO THE MEMBERS

Your Directors have pleasure in presenting this 56th Annual Report together with the Audited Accounts for the year ended November 30, 2006. 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.12.50/- per share (125%) for the financial year ended November 30, 2006. The total amount of dividend for the year ended November 30, 2006 is Rs.3730 lakhs. The tax on distributed profits, payable by the Company would amount to Rs.523 lakhs.



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

FINANCIAL RESULTS

Rupees in Lakhs

	Year ended November 30 2006	Year ended November 30 2005
Sales (Net of Excise Duty & Sales Tax)	**66235**	59852
Operating and other Income	**5940**	4103
Profit Before Tax and Exceptional Items	**18538**	13261
Exceptional Items (Expenses)/Income	**(2337)**	(2337)
Profit Before Tax	**16201**	10924
Less: Taxation		
- Current Tax	**5855**	4179
- Fringe Benefit Tax	**307**	201
- Deferred Tax (Credit)/Debit	**(533)**	(268)
Profit After Tax	**10572**	6812
Balance of Profit from Prior Years	**22281**	19585
Surplus available for Appropriation	**32853**	26397
Appropriations:		
Transfer to General Reserve	**1100**	685
Proposed Dividend	**3730**	2984
Tax on Dividend	**523**	419
Tax on Dividend for Previous Year	**-**	28
Balance carried to Balance Sheet	**27500**	22281
	32853	26397

Your Company recorded sales of Rs.66235 lakhs, an increase of 11% over Rs.59852 lakhs in the previous year. Your Company achieved a net profit of Rs.10572 lakhs as compared to Rs.6812 lakhs for the previous year showing an increase of 55%.

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.

OUTLOOK

India's economy is poised on an ever increasing growth curve. With the Indian economy set to grow at 9.2%, rising foreign exchange reserves of close to US$ 157 billion, a booming capital market, government estimated FDI flow of US$ 12 billion in this fiscal, and more than 25% surge in exports, India can be a leading destination for foreign investment.

Pharma Industry In 2006 ñ An Overview

The past year was a period of consolidation for the pharmaceutical industry. Indian pharma companies and MNC pharma companies operating in India adopted different strategies. While MNC players are planning to gradually bring their block buster drugs to India due to the revised patent laws, the Indian companies are focused on acquisitions and explored in-licensing and marketing alliances.

The Indian Pharmaceutical Market estimated at Rs. 24,863 crores*, grew strongly at 12.9% in 2006 with a volume contribution of 10%, new products contribution of 3% and a price growth that declined by 0.1%. The 2006 growth is high primarily on account of the significant dip in volumes in March-April 2005 when VAT was implemented in most of the Indian states. On the whole, Indian companies outgrew the market at 14.2%, while MNCs registered a healthy growth of 8.7%. Riding on an improved economy, the domestic market which has seen consistent single digit growths in the past five years, is forecasted to grow at a CAGR of 13.6% between 2006-2010, to become a Rs. 41,500 crore industry by 2010 (Source : ASSOCHAM and Cygnus research paper).

India is fast turning into the preferred manufacturing location for multinational drug manufacturers. The introduction of good clinical practices, talented medical faculty, rich patient pool, and the data processing infrastructure for bioinformatics has helped India make the most out of the outsourcing opportunities.

Although India remains a developing market, there is no denying that it represents vast untapped potential for global pharmaceutical companies. Both local and multinational drug manufacturers will eventually benefit from the market potential of India's population of over one billion.

Today, the Indian pharmaceutical industry stands at a crossroad. Attractive opportunities are emerging with generics in developed markets and the domestic market is becoming increasingly challenging. The rising prevalence of life-style related diseases coupled with improving healthcare awareness and purchasing power are driving the growth of the pharma market. The growth is further aided by the increasing presence of corporate hospitals and retail outlets as they expand from urban to semi-urban areas that include small towns. Some large Conglomerates in India have already announced commitment of over Rs. 5000 crores in Pharmaceutical Industry, be it manufacturing, organised retailing or speciality hospitals.The government is also increasing its commitment in extending healthcare services to the poor and underprivileged to further augment the upward curve.

Despite the introduction of a product patent regime in 2005, ambiguity surrounds issues such as the scope of patentability, compulsory licensing, pre-grant opposition and data protection. All these factors continue to deter large scale FDIs that could accelerate growth of the Industry. This new regime, however, may represent unprecedented opportunities for many of the domestic pharmaceutical companies. So, the domestic industry will have to increase its spending on R&D if it wants to address these new opportunities and challenges.

Tighter controls on pricing envisioned in the New Drug policy (due to be implemented soon) may also affect margins and impact business.

On the international front, the industry still has some catching up to do in terms of quality assurance while, on the local market, pricing remains a problem. Though there has been a significant increase in the outsourcing activities, there is a need for regulatory reform in India to accelerate the outsourcing of their R&D activities to India. This is particularly urgent in the face of the strong competition from China, where the government has been proactively encouraging foreign investments in pharmaceuticals and biotechnology.

The industry is now awaiting developments following the January 2007 draft publication of the government's National Pharmaceuticals Policy for 2006. The document contains proposals for far-reaching initiatives aimed at boosting the domestic industry's global competitiveness, as well as improving the population's access to medicines.

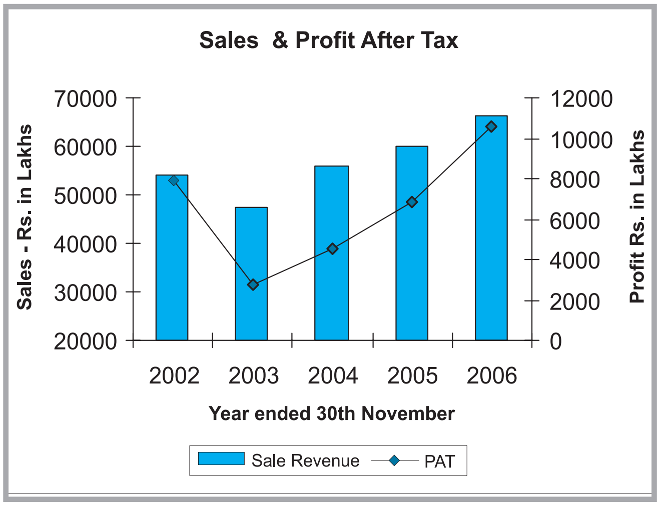
* All market data based IMS Stockist Audit, December, 2006.

Outlook and Implications

Despite the cumbersome regulatory procedures, the likelihood of 'Big Pharma' introducing new products in the country is high. 2006 has proved to be more of a testing ground for the Indian market. The regulatory delays and constant industry-government wrangling resulted in an overcast climate for many multinationals that have to wait for more clarity to emerge. While some uncertainty persists, there is also an element of urgency, with the recognition that if the wait proves too long, the market potential will be snatched away.

In domestic terms, the country's 'back office' culture - propagated by the IT services industry - has flowed into pharma, as Clinical Research and Manufacturing (CRAM) initiatives are high on the agenda of both large and medium-sized Indian pharma companies. During the last two years, most Indian companies have ramped up their capacities and invested in improving manufacturing standards. Assured in the knowledge that India has amongst the largest member of FDA-Approved facilities outside the United States, they are also preparing the ground for forays into markets such as Europe and the United States.

REVIEW OF OPERATIONS



BUSINESS SEGMENT: PHARMACEUTICALS DIVISION

Performance 2006

Your Company has a market share of 2.7% and was ranked tenth in the pharmaceutical industry in 2006. Compared to the market growth rate of 12.9%, your Company grew by 11%, driven by strong sales of key brands, new launches and enhanced productivity of the therapy-focused field force. Your Company was among the fastest growing in the Top-10 Companies in the Industry.

The 'key brand' portfolio consisting of Corex, Becosules, Gelusil, Benadryl, Dolonex, Minipress XL, Amlogard, Magnex, Claribid and Daxid posted an impressive combined growth of 15.4%. Strategically targeted customer selection, coupled with high-science communication and promotional programs based on strong medical rationale were instrumental in growing these brands and maintaining leadership positions, in their respective therapeutic areas. Seven of your Company's brands were ranked among the Top-100 Industry brands. Corex & Becosules continue to rank among the Top-10 pharmaceutical brands nationally.

Our commitment has been to align with Pfizer Inc.'s portfolio, fuel organizational growth and deliver the latest medicines to the Indian population. In line with this commitment, your Company has launched three global brands in 2006, namely **Viagraô** - for erectile dysfunction, **Lyricaô** – for neuropathic pain and **Caduetô** - for treatment of hypertension associated with dyslipidemia. All three brands were received enthusiastically by the medical community and patients alike. Our efforts will remain focused on gaining wider acceptance for these new launches. In fact, Lyrica™ was ranked No. 2 among all new molecules launched in 2006 by IMS audit.

Your Company was among the select companies that won the prestigious 'Pharma Excellence Awards 2006', instituted by the Indian Express Group for excellence in 'Innovative Products of the Year' category. Your Company also had the distinction of being ranked #1 among all MNCs and #3 among all companies in the pharmaceutical sector, in the '2006 – Most Respected Companies Survey' conducted by Businessworld magazine.

Marketing and Medical Initiatives

During the course of the year, your Company's efforts were directed in building strong relationships with doctors and developing innovative programs to cater to them and their patient's medical needs. Our program - **Prime MD** was designed to create awareness among primary care physicians about diagnosis and treatment of depression. Prime MD was well received by the doctor community who have participated in conferences that were addressed by world renowned speakers. At these conferences the doctors were educated on the latest trends in medicine.

Another initiative that was highly appreciated was your Company's efforts in the field of Critical Care by therapy shaping, aimed at establishing the importance of selecting the right antibiotic for the treatment of serious infections based on locally generated sensitivity data. Patient Assistance Programs designed to improve patient compliance, and build brand loyalty through value added services were initiated to support all the three new products – Lyrica™, Caduet™ and Viagra™. This has helped your Company to successfully distinguish its brands from increasing generic competition.

Your Company's commitment to Cardiovascular Care remained on track. **Healthy Heart™** - a disease management program conducted in alliance with the Apollo Hospital group was successfully rolled out to yet another location - Chennai. The initiative was aimed at providing patients quality cardiovascular healthcare based on international guidelines. It offered personalized treatment together with an emphasis on parameters such as compliance to treatment, access to hospital facilities, exclusive counseling through call center facilities and standard guidance on lifestyle and dietary modifications.

The **Consumer Health Division** continued to drive growth through aggressive promotion in the media as well as to doctors and retailers. An innovative strategy of product sampling at high consumer traffic points, such as shopping malls and multiplexes was used successfully to grab eye-balls for the popular mouthwash, **Listerine**. Following the global divesture of the OTC business to Johnson & Johnson in December 2006, the completion of this process in India will take place in 2007. All efforts will be focused to ensure that this transition is smooth. The welfare of colleagues supporting this business will remain a high priority throughout the process.

Field Force ñ A force to reckon with

The field force continues to be the primary point of contact for all our valued customers. Your Company undertook various initiatives to ensure that the field force was adapting quickly to the changing business dynamics. 2006 witnessed the launch of the **Efficiency and Effectiveness (EnE)** initiative aimed at building excellence in the sales force and 'behind-the-scene' processes that drive it. EnE's core objective is to optimize alignment in the sales & marketing processes and thus enhance productivity of sales colleagues in *each* business call through focused communication and inputs, based on customer's pre-defined profile and needs. One of the key issues addressed through this program was the ever-growing need for information from demanding customers coupled with increasing restrictions in getting access to them. The pilot for this project was rolled out in two locations in the last quarter of 2006, and the national rollout will be completed in 2007.

Training and Development

New launches during the year called for brand new training tools. Innovative interactive sessions designed and administered by the in-house training division replaced the previous monologues on medical and marketing programs. This empowered your Company's sales teams to go out to the market place and confidently detail 'High Science Products' to doctors, and stay ahead of competition. OPTILEARN and OPTILEARN PLUS, the e-learning tools also continued to be successfully utilized to sharpen communication skills and upgrade product knowledge of the field force.

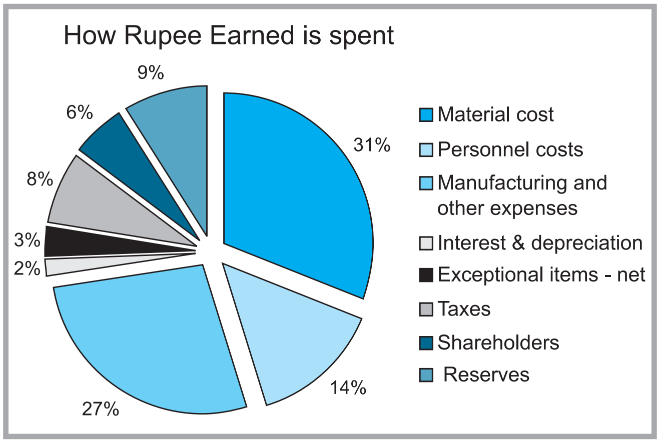
Another novel training method was the '**Preceptershipí** program. In this program, sales colleagues were provided with a unique opportunity to understand a clinician's perspective in treating patients, and in the process address their needs with greater focus.

Your Company is committed to enhance competencies of all its employees and keep them abreast of the latest trends by exposing them to classroom as well as on-the-job training programs, on an ongoing basis.

A Promising Future

2007 and beyond promises to be an exciting period for your Company. You will see considerable progress on many fronts, especially in the launch of new generation medicines from the global Pfizer research pipeline in various therapies such as cardiovascular, diabetes, anti-infectives and HIV. A number of customer engaging initiatives and innovative marketing programs have been planned to sustain these launches. Your Company's efforts will also be focused in expanding current business and penetrating untapped markets through new ventures in retail, rural and institutional sectors. The older product portfolio which continues to have significant potential is being promoted through contract field force agencies.

All these initiatives demonstrate your Company's core commitment to maintain its position as a leader in meeting our nation's most urgent need – providing better healthcare for all its citizens.



BUSINESS SEGMENT: ANIMAL HEALTH DIVISION

Animal Health Business

As the country progresses economically, the ripple effect is observed across all industries; Animal Health is no different. With the consumption of milk and meat products improving and the increased spend on pets, this sector is poised for good growth and investment.

The Animal Health Industry in India is estimated at around Rs. 800 crores. As the Industry does not have any formal or audited market research data, these estimates have been derived from secondary information through informal market sources.

Cattle and Poultry segments dominate the Animal Health market in India in terms of volume, value and spread of the business. Companion Animal segment though small, is growing steadily, primarily driven by increasing disposable income and nuclear families. Segments like Equine and Swine also contribute to the industry.

Your Company has expanded its interest in Dairy and Companion Animal segments and has worked on plans to strengthen our poultry business. The fundamentals of these segments are stronger than ever before and signal a greater role in the future growth of industry.

Globally, Pfizer Animal Health announced its agreement to acquire Embrex Inc. – a move that marks Pfizer's re-entry into the poultry business after a six-year absence. Embrex is best known for its Inovoject system, which allows baby chicks to be vaccinated before they hatch.

Dairy Business

India is home to the largest cattle population in the world and continues to be the largest producer of milk. More than 70 million farmers scattered in nearly 600 thousand villages, maintain a herd of around 100 million milch cattle in the country. Collectively these animals contribute about 95 million tons of milk reflecting poorly on the productivity of animals. The current scenario presents a great opportunity and tremendous scope for the industry to play a significant role by improving the nutritional and management inputs and practices.

The new and upcoming Indian urban consumer is infused with an eagerness to self indulge, a far cry from self-denials of yester years. Milk and milk products already occupy a significant share in total food spend of an average Indian family and the shift towards increasing the share of dairy products in the total food spends will receive a further boost with the retail revolution in the country.

The Dairy segment of your Company has taken significant steps in expanding its dairy and dairy farm business in terms of new product launches and field force expansion. The business has grown by 18% in 2006 and is poised to further increase in growth rate.

Poultry Business

India is the fifth largest producer of poultry meat & eggs in the world, with a CAGR of 10% & 5% respectively. As input costs are increasing, the consolidation of the poultry business is taking place through Integrators. They have successfully managed to put in place production facilities for all the major inputs including feed, day-old chicks, hatcheries, parents & network of contact growers with buy-back arrangements. Some key players have entered into vertical integration by setting up retail chains, processing & branding. The process of integration continues to grow with each passing year and has a geographical bias towards south and west India.

The Poultry industry faced a major challenge during 2006 with the spread of Bird Flu in February. The impact was significant and it took the industry almost all of 2006 to recover.

Recognizing the challenge that disease epidemics can cause, your Company has increased its thrust in the area of Biosecurity. This coupled with other planned strategies will result in significant gains to the business ahead. Furthermore, globally Pfizer's planned re-entry in this segment will have a positive impact as the Poultry segment in India constitutes close to 50% of the PAH market.

Companion Animal Business

The companion animal business continues to grow. The economy has had a visible impact on this segment primarily due to increase in disposable income coupled with an overall increase in awareness on pet's health.

We are a dominant player in the Companion Animal business and have a dedicated team, which plans to grow aggressively through increased reach to more customers, launch of new products & deploy innovative strategies.

BUSINESS SEGMENT: SERVICES ñ MEDICAL & RESEARCH DIVISION

The Pfizer India Medical & Research Division is a team of 35. The group is organized under five departments: 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 by the Company 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; Outsourced Operations and Support Services. About three-fourth of the clinical research portfolio relates to phase II and phase III studies executed on behalf of Pfizer Global Research and Development (PGRD) worldwide development teams while the rest are phase IIIb, phase IV comparative, post-marketing surveillance, epidemiology, drug utilization and biopharmaceutical studies to support local registration, launch and marketing.

Your Company 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. Your Company has partnered with other pharmaceutical companies, contract research organizations and investigators to establish the 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 the 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.

Medical Affairs

Medical Affairs Team (MAT) provides direction to marketing, sales, and training efforts. The team provides resources and technical expertise towards the following: new product evaluation, development, and launch efforts, ongoing support to in-lines, medical information, and training of the sales force, clinical programs, and partnerships with the medical community at large. This is achieved through a variety of value-added promotional and educational interactions with healthcare professionals. The Medical Affairs staff also provides 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.

HUMAN RESOURCES DIVISION

The HR division played a key role during 2006 to drive the aspirational goals across the organization. The human asset goals for your Company revolves around two critical imperatives viz. building a high performance culture and building world class talent. The present employee strength in the organization stands at 2331. The focus during 2006 was on the following initiatives:

Performance Management System:

As a part of building a high performance driven organization, goal alignment workshops were conducted to ensure alignment and synergy across divisions. Workshops on coaching and counseling skills were conducted for key managers in the organization. All managerial colleagues were exposed to interactive sessions to understand the process and implications of effectively using the performance management process.

Talent Planning Process:

The leadership team is engaged in a systematic process to identify and develop the talent pool in the organization. Talent was not limited to just the strategic positions but included colleagues at the functional and unique position levels too. The focus was on formulating 'Individual Development Plans' as part of talent development. A few colleagues were also nominated for global assignments.

Organizational Effectiveness:

The key objective of this function was to build engagement of colleagues with Pfizer India plans. This was achieved by rolling out large scale interactive processes covering vision deployment across the organization. General Management Development Programs were conducted at Indian Institute of Management (Ahmedabad) and at S.P. Jain institute of Management & Research, Mumbai for Pfizer executives. A Reward and Recognition program was designed and rolled out for colleagues during the year. Periodic communication forums were also conducted to engage all employees with organizational aspirations and initiatives.

People Soft :

The focus this year was to strengthen the quality and usability of the database. The 'Peoplesoft' data has been effectively leveraged for management reporting in various areas like performance ratings, attrition analysis, salary fitment etc.

Field Force ñ Career Development Program:

A new career development program to a career ladder and a development platform for the entire field force was initiated. The program also aimed at retaining field colleagues. Promotions of field colleagues under this program were announced. The program was successfully implemented and well received by the field force.

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.

CORPORATE AFFAIRS

Like the rest of the organisation, the Pfizer India Corporate Affairs function too has aligned itself more closely to the organisation's business goals. During 2006 your Company developed a keener, more strategic focus on the market. Together with Human Resources and senior management, Corporate Communications has made Pfizer's culture more performance oriented. Events and activities like communication meets, reward and recognition programmes, working with industry associations and the government towards improving the healthcare access scenario in the nation, etc. have ensured that the entire Company is speaking the same language – that of a Company focused at making its business more profitable, more successful in improving healthcare in India.

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

Our Global Mission for Manufacturing : *ìWe will be the worldís leading supply organization and an innovative and powerful competitive advantage for Pfizer.î*

In line with our Mission Statement, the Pfizer India facility which is part of Pfizer Global Manufacturing (PGM) is committed to being a value-driven competitive advantage for Pfizer. PGM India continually strives to create a work environment based on mutual respect, open and candid communication and commitment to shared values, aligning across Pfizer in its quest for better quality of life and healthcare to the community.

Quality of our people and products has always been part of Pfizer culture. PGM has always recognized quality as a value, defining it as: Our customers and regulators hold us in the highest regard for the quality of our products, operations and people. By partnering both Pfizer Global Pharmaceuticals (PGP) and Pfizer Animal Health (PAH) in achieving timely product supply to customers, PGM India ensures compliance with the highest standards of quality at the same time maintaining a competitive edge with concurrent reduction in product costs achieved through continuous improvements in efficiency and productivity.

PGM India's manufacturing facility is located at Thane on the outskirts of Mumbai. In addition, PGM also outsource drug products to Contract Manufacturers located in other parts of the country. PGP/ PAH and Pfizer Consumer Health (PCH) products are also exported to SE Asia and the Indian sub-continent (Sri Lanka and Bangladesh). Specialized products (Minipress XL, Viagra, Caduet, Lyrica for Human Health and Dectomax, Canine Vaccines for PAH business) as well as other Specialty Products are imported from Global Pfizer sites.

The manufacturing facility at Thane produces non sterile formulations of oral liquids, tablets and capsules. The plant has been upgraded and modernized to be current with cGMP and a new state-of- the-art facility. PGM India has accomplished favorable Quality and EHS audits. The Thane Plant has been accredited with ISO 14001 Certification from Det Norske Veritas. Recently, the plant has also been awarded the OHSAS 18001 Certification.

PGM India also has a pharmaceutical development role, as the demand for India specific formulations needs to be fulfilled on an ongoing basis. These are developed as line extensions and new products at the Product Development Laboratory (PRD) at Thane Plant. Recently, as an exercise in local import substitution and subsequent global sourcing, formulation stability studies were undertaken with locally manufactured Gemfibrozil.

PGM India has had an impressive track record of performance, achieving operational and manufacturing efficiencies coupled with process capabilities leveraging global initiatives viz 'Right First Time (RFT)', Process Analytical Technology (PAT), and effective process improvement schemes such as Kaizens.

The RFT phenomena has the potential to transform and have a dramatic impact on quality, assurance of regulatory compliance, customer service and cost improvement, while significantly improving the job satisfaction for PGM colleagues, thereby establishing PGM as a benchmark. RFT has now become an inseparable part of Manufacturing and is a way of life yielding cost improvements with sustained product quality and process robustness. Colleagues across various functions have been exposed to programmes ranging from orientation to an intensive green belt and an extensive black belt training.

A number of site specific projects on the anvil are expected to yield further cost savings. Continuous efficiency improvements as well as optimized inventories, short cycle times have resulted in consistently high customer service levels. Strategic sourcing, exports and competitive procurement has led to significant cost reductions. This has proved to be a financial advantage to our business for Drug Product Substances and active Pharmaceutical Ingredients.

We have also demonstrated commitment to the Pfizer value 'Community' by consistently and proactively organizing various environmental, social and health related initiatives in and around our Thane site. For e.g.: Thalessaemia Awareness programme, Vermiculture Development, Plantation of aromatic and indigenous plants.

PGM India continues to march ahead in its endeavour to make a significant difference to the healthcare of the community by producing products of the highest quality with speed and flexibility to meet the needs of our business partners. PGM remains committed to being an agile organization that proactively embraces change. We are passionate about our work and proud of our contribution towards helping people live longer, healthier and happier lives.

DUCHEM LABORATORIES LIMITED

The Net Sales of the Company for the year under review is Rs.444 lakhs as compared to Rs.451 lakhs for the previous year. The operations for the period reflect a Net Profit of Rs.20 lakhs as against Net Loss of Rs.62 lakhs for the previous year.

DIRECTORS

In accordance with the Articles of Association of the Company, Dr. Bomi M. Gagrat retires by rotation as Director at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The information required to be furnished under Clause 49 IV(G) of the Listing Agreement is given in the Notice of the 56th Annual General Meeting.

DIRECTORSí 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 30, 2006 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 hereunder 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 application has 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, 2007.

ACKNOWLEDGEMENTS

Your 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

Mumbai, January 20, 2007 *Chairman*

Corporate Social Responsibility

"Helping people live longer, happier, healthier lives."

Your Company's business is fundamentally about saving, improving and enhancing lives. Through local initiatives, and by the generosity and compassion of the colleagues, your Company reflects its commitment to being an exemplary corporate citizen.

During 2006, your Company has supported several healthcare and education projects that aim to bring sustainable improvements to under-served people in India. The value of our donations (excluding product donations) is little over Rs. 34 lakhs.

Construction of a school building in Nagapattinam

Pfizer employees have helped rebuild the National Higher Secondary School in Nagore, Nagapattinam. The school was destroyed during the tsunami. A well equipped computer laboratory, a much needed education support in today's times, has been set up for the students at the school.

Product Donations

Your Company supported activities that tackled diseases through product donation. Significant product donations were made to deserving voluntary organizations, thus providing healthcare free to large number of patients who are in need but are unlikely to receive care.

Mobile Home Care Team

While most of our activities are focussed on health and restoring life, this project aims at supporting cancer victims through the toughest phase of their disease. Pfizer India established a partnership with CanSupport to deliver free palliative care and support to persons living with advanced cancer. Since September 2004, Pfizer has funded CanSupport's East Delhi Centre, which consists of a 'home care team' of a doctor, a nurse, a nursing assistant, a counsellor, an office assistant and a driver. They offer patient relief from pain and other distressing symptoms, nursing care and overheads.

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

Economic Rehabilitation Program

The Economic Rehabilitation Project was initiated to enable the Tsunami affected, small entrepreneurs of Tamil Nadu's coastal region regain their economic independence. Pfizer commenced the Economic Rehabilitation Project in association with World Vision International (WVI).

Launched in Chennai, the project spans eight villages in areas of Nagapattinam town, Vailankani Arukattuthurai and Tranqubar. It will benefit the families of 1000 economically disadvantaged people.

Over a period of 5 years, a grant of Rs.1 crore is being disbursed among the affected communities as modest grant cum low interest loans for working capital to re-establish their self made businesses. The resources for this project include donations from Pfizer Inc. and colleagues from Pfizer Japan.

Mother and Child Healthcare Project in rural Haryana

Pfizer has been supporting the Mother & Child Healthcare Project in rural Haryana since 2002, in partnership with the Arpana Research & Charities Trust. Established in 41 villages, this initiative aims to reduce anaemia in pregnant women and adolescent girls. Assigned village health workers provide education, training and disease awareness. The project promotes community health including diarrhoea management, antenatal care, child nutrition, immunisation to name a few. The project also provides for the identification of congenital abnormalities in high-risk pregnancy cases, especially neural tube defects and intrauterine growth retardation.

Multiple Sclerosis Society of India (MSSI)

Pfizer India 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.

Annexure ëlí To Directorsí 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 1.12.05 to 30.11.06		Previous Year 1.12.04 to 30.11.05
1. Electricity :				
Purchased Unit (000's)	**KWH**	**7243**	KWH	7603
Total Amount (000's)	**Rs.**	**32117**	Rs.	29838
Rate/Unit	**Rs.**	**4.43**	Rs.	3.92
2. Own Generation				
Through Diesel Generators (000's)	**KWH**	**154**	KWH	55
Units/Litre of L.D.O	**KWH**	**2.99**	KWH	2.33
Marginal cost/unit (considering only L.D.O price)	**Rs.**	**8.54**	Rs.	10.97

		Current Year 1.12.05 to 30.11.06		Previous Year 1.12.04 to 30.11.05
3) Bagasse				
Quantity	**MT**	**5033**	MT	4985
Total Amount (000's)	**Rs.**	**17112**	Rs.	16072
Avg. Rate/MT	**Rs.**	**3275**	Rs.	3224
4) Furnace oil				
Quantity	**KL**	**344**	KL	442
Total Amount (000's)	**Rs.**	**7073**	Rs.	6347
Avg rate / KL	**Rs.**	**20560**	Rs.	14360

Consumption per unit of Production.

	Standard
Electricity (units) Furnace Oil (Litres)	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

I. **Energy conservation measures taken**

1. Revamping of Electrical Distribution System.

II. **Additional proposals being implemented for reduction of energy consumption**

1. Waste Heat Recovery Systems for Dehumidifier, Boiler and Fluid Bed Dryer

Impact of measures taken

Energy conservation measures of the types mentioned above have resulted in savings, which have been reflected gradually in the cost of production

B. Technology Absorption:

Form B

DISCLOSURE OF PARTICULARS WITH REGARD TO ABSORPTION

Research And Development (R&D)

1. Specific areas in which R&D is carried out by the Company.

   R&D is carried out in Pharmaceutical, Clinical and Formulation Development areas.

2. Benefits derived as a result of the above R&D.

   (a) Product improvements, process development, import substitution, standardization of quality control of formulations.

   (b) New application for drugs researched abroad, better dosage recommendations and improvements.

3. Future plan of action :

   (a) Import substitution and resolving process problems encountered in formulation manufacturing for quality and productivity.

   (b) Optimization of process parameters with emphasis on cost control and rationalization.

   (c) Studying feasibility of using new manufacturing technology in existing dosage forms.

   (d) Development of new dosage formulations, pharmaceutical and Animal Health.

4. Expenditure on R&D.

		Rs. In Lakhs
(i)	Capital	26.14
(ii)	Revenue	2353.88
(iii)	Total	2380.02
(iv)	Total R&D expenditure as percentage of total turnover	3.59%

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 to Belgium. 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. 2853.59 lakhs.

   (b) The foreign exchange expenditure (which includes import of raw materials, spares and remittance of dividends etc.) was Rs. 6351.04 lakhs.

For and on behalf of the Board of Directors

R. A. Shah
Chairman

Mumbai, January 20, 2007

We are using a proven formula to be the best; it is called Determination.

Pfizer was among the select companies that won the prestigious ‘Pharma Excellence Awards 2006’, instituted by the Indian Express Group for excellence in ‘Innovative Products of the Year’ category. Pfizer also had the distinction of being ranked #1 among all MNCs and #3 among all companies in the pharmaceutical sector, in the ‘2006 – Most Respected Companies Survey’ conducted by Businessworld magazine.

Annexure ëllí To Directorsí Report

STATEMENT REQUIRED U/S 217(2A) OF THE COMPANIES ACT 1956 REFERRED TO IN THE DIRECTORSí REPORT FOR THE YEAR ENDED NOVEMBER 30, 2006 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.2400000/-

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, Jamnalal Bajaj	1-Jun-2003	31	67,01,732	51	General Manager Marketing & Sales Head of Speciality Products Ciba - Geigy
2	Mr B K Anderson	Director, Materials	B.Sc. MMS	1-Jul-1987	33	37,03,048	55	Purchase Manager Boots (India) Ltd.
3	Mr Debabrata Bandyopadhyay	Sales Manager	B.Sc.	1-Jun-1999	24	24,00,717	53	Zonal Business Manager, Strategic Business Novartis India Ltd.
4	Dr B M Gagrat	Executive Director, Technical Operations	M.Sc., Ph.d., Diploma in Operations Management	2-May-1989	31	61,18,672	59	Factory Manager Indo-Pharma Pharmaceutical Works Limited.
5	Mr Partha Sarathi Ghosh	Director, Pharmaceuticals Sales	Post Graduation Business Economics	18-Nov-2003	21	36,79,424	46	Business Head, Dairy Division Britannia Industries Ltd.
6	Mr Yugesh Goutam	Senior Director, Human Resources	B Com., MBA	1-Mar-2004	19	67,30,559	42	Vice President - Human Resource Reliance Industries Limited
7	Mr Kewal Handa	Managing Director	M.Com., A.I.C.W.A, A.C.S.	18-Jun-1990	32	13,40,2673	54	Secretary & Financial Controller Schrader Scovill Duncan Limited
8	Mr S Madhok	Senior Director, Animal Health	B.Sc.	20-Dec-1976	36	41,41,886	54	Medical Representative Alembic Chemical Works Co. Ltd.
9	Ms Hiroo Mirchandani	Director, CHPD	B.Com., MBA (Finance and Marketing)	21-Jan-2005	23	39,04,759	45	Vice President World Gold Council, Mumbai
10	Mr R Uday Mohan	Director, HR Operations	M.Sc. MA (Personnel Management and IR)	5-Feb-1996	27	28,30,504	51	Senior Manager, HRD & Communication Cable Corp. of India Ltd.
11	Mr Evarist D Monteiro	Director, Logistics & Planning	B.Sc., L.L.B., DEM, DMM, MBA	9-Sep-1991	32	27,44,100	55	General Manager (Marketing& Sales) A.G. Marketing Pvt. Ltd. (Indon Pharmaceuticals)
12	Dr Shoibal Mukherjee	Senior Director Medical	MD Pharmacology DM , Clinical Pharmacology	19-Jul-1990	24	46,61,292	46	Medical Executive Alembic Chemical Works Co. Ltd.
13	Mr C N Potkar	Director, Clinical Research	M.D. Pharmacology	15-Jun-1995	14	31,31,328	39	Medical Advisor Searle (India) Ltd

Annexure ëllí To Directorsí Report *(Continue)*

Sr No	NAME	DESIGNATION AND NATURE OF DUTIES	QUALIFICATIONS	DATE OF EMPLOYMENT	EXP YR	GROSS REMUN	AGE	LAST EMPLOYMENT
14	Mr Sirsij Peshin	Director, Business Technology	B.Sc.(Elec), MCA	1-Sep-1997	17	26,68,543	40	Systems Manager Max India Ltd.
15	Mr M Gundu Rao	Finance Director	B.Com., ACA	16-Feb-1995	29	44,48,359	54	Manager, Accounting & Reporting Hoechst India Limited
16	Mr Anjan Sen	Director, Pharmaceuticals Marketing	B.Tech, PGDM	8-Jan-1990	19	30,83,638	43	Senior Sales Officer J K Industries Limited
17	Mr Krishnan Shivram	Senior Sales Manager	B.Sc.	1-Jun-1999	20	27,40,210	52	Hoechst Marrion Roussel Ltd.
18	Ms Dipali Talwar	Director, Legal Services and General Counsel	L.L.M., Harvard Law School B.A. , L.L.B.(Hons.)	6-Sep-2004	16	37,47,954	37	Managing Partner Talwar & Associates
19	Mr Agam S. Trehan	Sales Manager - CHPD	B.Sc.	2-Dec-1996	17	24,37,055	51	Regional Sales Manager Glaxo India Ltd.
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 Anil Argilla	Director, Organization Effectiveness	B.Com, MPM	1-Feb-2006	11	26,90,336	36	Vice President Organizational and Leadership Development NRB Bearings Ltd.
2.	Dr Chitra Lele	Director, Biometrics	M.Sc., Ph.d (Statistics)	1-April-1999	15	9,40,744	43	Head of Dept. Clinical Research Secretariat Tata Memorial Hospital, Mumbai
2	Mr Venkat Iyer	Senior Director, Business Technology	B.Sc. (Physics), MBA (Mktg.) MBA (Information Systems)	20-Jul-2006	22	11,06,341	45	General Manager-Strategic Outsourcing IBM India
3	Mr Arun O Gupta	Senior Director, Business Technology	B.Sc., Post Graduate in Software Technology.	26-Aug-2002	21	16,78,432	44	Vice President - Information Technology Hughes Telecom(India) Limited
4	Mr Subbaraman Ramkrishna	Senior Director, Corporate Affairs	Diploma Business Management/ Marketing , Journalism PR, B.A.(Honours)	23-Feb-1998	29	25,02,405	51	President-Corporate Affairs & HRD Modern Group, Mumbai
5	Mr S Venkatesh	Director, Strategy & Business Development	M.Sc. (Chem. Engg.), PGDM, IIM Ahmedabad	21-Aug-2006	16	16,50,895	40	Vice-President, Business Development Zydus Cadilla Limited

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, January 20, 2007

Report on Corporate Governance

I. PFIZERíS PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

Pfizer's mission is to become the world's most valued company to patients, customers, colleagues, investors, business partners and the community it works and operates in. We are guided by 9 Core Values in our day-to-day decision-making which reflect the enduring character of Pfizer and its people. They appear in order as follows:

INTEGRITY

We demand of ourselves and others the highest ethical standards, and our products and processes will be of the highest quality. The Pfizer name is a source of pride to us and should inspire trust in all whom we come in contact.

RESPECT FOR PEOPLE

We recognize that people are the cornerstone of Pfizer's success. We come from many different countries and cultures, speak many languages, and value this diversity as a source of strength. We are proud of Pfizer's history of treating employees with respect and dignity, and we are committed to building upon this tradition.

CUSTOMER FOCUS

We are deeply committed to meeting the needs of our customers, and we constantly focus on customer satisfaction. We take genuine interest in the welfare of our customers, both internal and external.

COMMUNITY

We play an active role in making every country and community in which we operate a better place to live and work, knowing that the ongoing vitality of our host nations and local communities has a direct impact on the long-term health of our business.

INNOVATION

Innovation is the key to improving health, sustaining Pfizer's growth, and enhancing our contribution to society. The quest for innovative solutions should invigorate all of our core businesses and the Pfizer community worldwide.

TEAMWORK

We know that to be a successful company we must work together, frequently transcending organizational and geographic boundaries to meet the changing needs of customers.

PERFORMANCE

We strive for continuous improvement in our performance, measuring results carefully, and ensuring that integrity and respect for people are never compromised. When we commit to doing something, we will do it in the best, most timely way possible. Then we will try to think of ways to do it better the next time.

LEADERSHIP

We believe that leaders lead by establishing clarity of purpose, a shared sense of goals, and commitment to excellence. Leaders demonstrate courage, pursuing actions based on a well-defined sense of what is right and a view to long-term success. Leaders empower those around them by sharing knowledge and rewarding outstanding individual effort. We encourage leadership at all levels of the organization and are dedicated to providing opportunities for leaders to grow and develop.

QUALITY

Since 1849, the Pfizer name has been synonymous with the trust and reliability inherent in the word Quality. Quality is ingrained in the work of our colleagues and all our Values. We are dedicated to the delivery of quality healthcare around the world. Our business practices and processes are designed to achieve quality results that exceed the expectations of patients, customers, colleagues, investors, business partners and regulators. We have a relentless passion for Quality in everything we do.

The Company has adopted the above 9 Core Values of its Parent Company, Pfizer Inc. USA. This approach has helped the Company earn the trust of all its stakeholders over its long history.

II. BOARD OF DIRECTORS

a) Composition of the Board of Directors

The Company is fully compliant with the revised 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 the 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 Directorships held	Committees of which Member	Committees of which Chairman
Mr. R A Shah (Chairman)	NED (I)	14	5	4
Mr. Kewal Handa (Managing Director)	WTD	2	1	Nil
Dr. Bomi Gagrat	WTD	1	Nil	Nil
Mr. Pradip Shah	NED (I)	12	4	2

NED (I) – Non-Executive Director, Independent

WTD – Whole-time Director

Notes :

1) 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.
2) The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors is a Member of more than 10 Committees and Chairman of more than 5 Committees across all Indian public limited companies in which he is a Director.

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 four months as per 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-1A of 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, to enable the Board to discharge its responsibilities effectively and take informed decisions. Five Board Meetings were held during the period December 1, 2005 to November 30, 2006. These were held on December 26, 2005, February 27, 2006, March 28, 2006, June 28, 2006, and September 30, 2006. 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	5	4	Yes
Mr. Pradip Shah	5	5	Yes
Mr. Kewal Handa	5	5	Yes
Dr. Bomi M. Gagrat	5	5	Yes

III. BOARD COMMITTEES

Currently, the Board has two Committees namely 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 Gagrat.

Mr. Pradip Shah is a Chartered Accountant by profession. Mr. R.A. Shah is a Solicitor by profession. Dr. Bomi Gagrat 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 Sub-clause (ii) Explanation 1 of Clause 49 II (A) 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-clauses D & E of Clause 49 II and Disclosures under Clause 49 IV (A) 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 of the Company;
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

Four Audit Committee Meetings were held during the financial year under review and the gap between two Meetings did not exceed four months. These were held on February 27, 2006, March 28, 2006, June 28, 2006, and September 30, 2006. The following table gives attendance of the Members in the Audit Committee Meetings:

Name	Number of Meetings held	Number of Meetings attended
Mr. R.A. Shah	4	*3
Mr. Pradip Shah	4	4
Mr. Kewal Handa	4	4
Dr. Bomi M. Gagrat	4	4

* Leave of absence was granted to Mr.R.A.Shah for the Meeting held on February 27, 2006 in view of his ill-health and hospitalization.

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee was present at the 55th Annual General Meeting held on April 21, 2006.

The Finance Director, the Internal Auditor, the Statutory Auditors and the Cost Auditors are invitees to the Meeting.

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.

One Shareholders' Grievance Committee Meeting was held on September 30, 2006.

The details of complaints received, cleared/pending during the financial year 2005-06 are given below:

Nature of Complaints	No. of Complaints at the beginning of the year	Received during the year	Cleared/ attended during the year	Pending at the end of the year
Non-receipt of dividend	4	263	265	2
Non-receipt of shares certificate after transfer/ consolidation/ transmission/ exchange/split/ merger	Nil	291	290	1
Non-receipt of Annual Report	Nil	122	122	Nil

676 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, 2006 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 2005-06 :

Executive Directors

Rs. in lakhs

Name	Remuneration		
	Salary and Benefits	**Performance linked Incentives**	**Total**
Mr. Kewal Handa	109.52	24.51	134.03
Dr. Bomi M. Gagrat	49.41	11.78	61.19
Total	**158.93**	**36.29**	**195.22**

Notes:

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

The appointment of the Managing Director and Whole-time Director 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.

In terms of the Articles of Association, resignation of a Director becomes effective upon its acceptance by the Board. There is no separate provision for payment of severance fee under the resolutions governing the appointment of Managing Director and Whole-time Directors.

The revision in salary of Mr.Kewal Handa, Managing Director shall be subject to the approval of shareholders at the ensuing Annual General Meeting.

(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

The Non-Executive Directors are paid remuneration by way of Commission and Sitting Fees, the details of which are as under:

Rs. in lakhs

Name	Sitting Fees	Commission	Total	Number shares held
Mr. R.A. Shah	0.70	5.00	5.70	3400
Mr. Pradip Shah	1.00	5.00	6.00	Nil
Total	**1.70**	**10.00**	**11.70**	

Notes:

1. 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. The amount of Commission payable to each of the Non-Executive Director is decided by the Board on the following basis:
   - ➢ The role and responsibility as Chairman/Member of the Board;
   - ➢ The role and responsibility as Chairman/Member of the Committee(s);
   - ➢ The number of various Board and Committee Meetings attended.
2. Mr. R. A. Shah is a senior partner of M/s.Crawford Bayley & Co., Solicitors & Advocates, who have a professional relationship with the Company. The fees earned by M/s.Crawford Bayley & Co. from Pfizer Ltd. constitutes less than 1% of the total revenue of M/s.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.20.05 Lakhs that was paid to them during the year is not considered material enough to impinge on the independence of Mr. R. A. Shah.
3. Besides payment of commission and sitting fees, and 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.

IV. SUBSIDIARY COMPANY

The Company does not have a material non-listed Indian subsidiary whose turnover or networth (i.e. Paid-up Capital and Free Reserves) exceeds 20% of the consolidated Turnover or Networth respectively of the Company and its subsidiary in the immediately preceeding accounting year.

The Company monitors the performance of its 100% subsidiary, Duchem Laboratories Limited, inter alia, by the following means:

- ➢ The Financial Statements, in particular, the investments, if any, made by the unlisted subsidiary company, are reviewed by the Audit Committee of the Company.
- ➢ The Minutes of the Board Meetings of the subsidiary company are noted at the Board Meetings of the Company.
- ➢ Details of significant transactions and arrangements entered into by the unlisted subsidiary company are placed before the Board of the Company as and when applicable.

V. CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

As required under Clause 49(V) of the Listing Agreement, the CEO and CFO Certification of the Financial Statements, the Cash Flow Statement and the Internal Control Systems for financial reporting is enclosed to this Report.

VI. GENERAL BODY MEETINGS

The details of the last 3 Annual General Meetings held:

1. 55th Annual General Meeting : 21st April, 2006 at 3.00 p.m.
Y. B. Chavan Auditorium,
General Jagannath Bhosale Marg,
Next to Sachivalaya Gymkhana,
Mumbai - 400 021

2. 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.

3. 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.

4. EGM Court Convened General Meeting for approval of Scheme of Amalgamation of Pharmacia Healthcare Ltd. with Pfizer Ltd. : 25th October, 2004 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 Annual General Meeting 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 was obtained at the 55th 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.

VII. 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.

The Company has received disclosures from the senior managerial personnel confirming that they have not entered into any financial and commercial transactions in which they or their relatives may have a personal interest.

Transactions with the related parties as per requirements of Accounting Standard 18 are disclosed in Note 15 of Schedule 19 to the financial statements in the Annual Report and they are not in conflict with the interest of the Company at large.

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. **Code of Conduct**

The Company is committed to conducting its business in conformity with ethical standards and applicable laws and regulations. This commitment stands evidenced by Model Code of Conduct adopted by the Board of Directors at their meeting held on December 30, 2004 which is applicable to each member of the Board of Directors and senior management of the Company. The Company has received confirmations from all the Directors and Senior Management of the Company regarding compliance with the said Code for the year ended November 30, 2006.

A certificate from Mr.Kewal Handa, Managing Director to this effect forms part of this Report. The said Code is also posted on the website of the Company 'www.pfizerindia.com'

d. **Whistle Blower Policy**

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 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.

e. The Company has complied with all the mandatory requirements under the revised 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.

VIII. 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 / Analysts

Four conferences were held with Institutional Investors, Analysts, on March 8, 2006, March 31, 2006, June 30, 2006 and October 4, 2006. The transcript of the same were put on the Company's 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 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.

IX. GENERAL SHAREHOLDER INFORMATION

Date of Book Closure

March 13, 2007 to March 22, 2007(both days inclusive).

Date, time and venue of the Annual General Meeting:

Date : March 22, 2007

Time : 3.00 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 March 30, 2007 to the account mandated by the shareholders.

Listing on Stock Exchanges

The Company is listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. 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, 2007
Second Quarter	Fourth week of June, 2007
Third Quarter	Fourth week of September, 2007
Audited Results	First week of January, 2008

Registered Office

Pfizer Limited, Pfizer Centre, Patel Estate,
S.V. Road, Jogeshwari (W),
Mumbai – 400 102.
Tel. : 022 6693 2000
Fax : 022 6693 2377
E-mail : Prajeet.nair@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.
Tel: 022-6638 1746/47/48/49/50

Share Transfer System

The Company Secretary has been empowered by the Board for approving transfers/transmissions of shares, split/consolidation, issue of duplicate share certificate and other allied matters upto a limit of 1000 shares of individual items. At each meeting, the Board is apprised of the details of transfer/transmission/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 requests are processed within 10 days from the date of receipt, to give credit of the shares through the Depositories. In compliance with the Listing Guidelines, every six months, a practising Company Secretary audits the System of Transfer and a Certificate to that effect is issued. The Company's scrips form 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, 2005 till November, 2006 are as below:

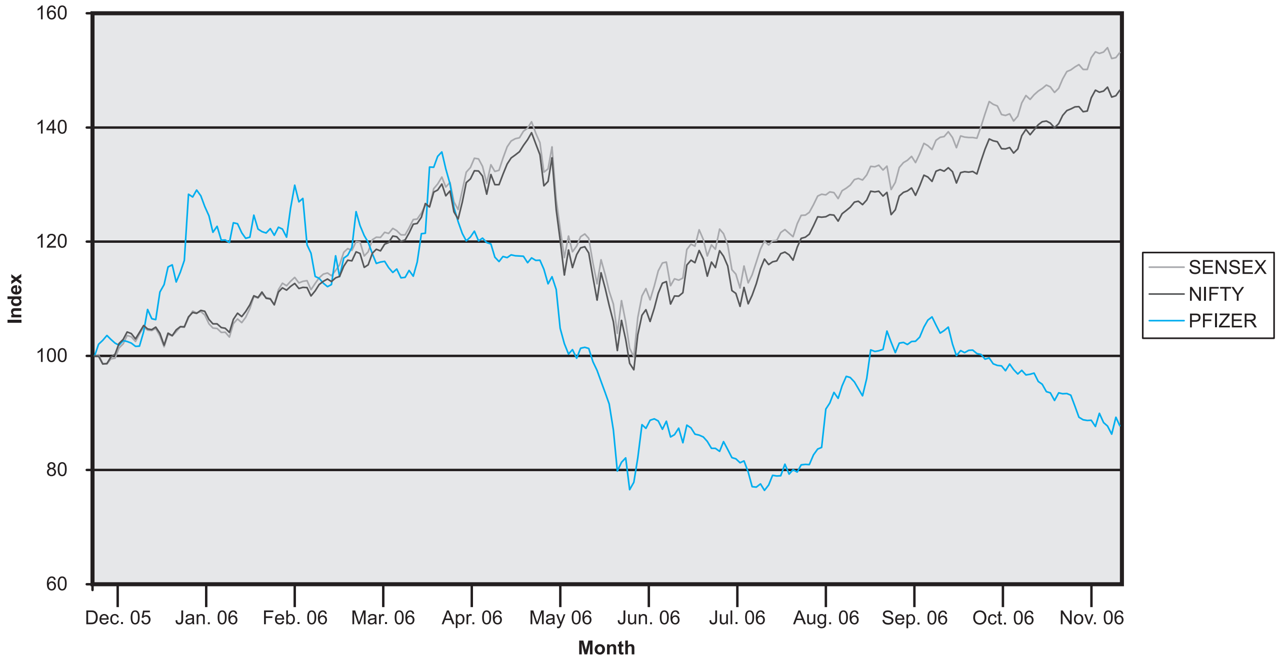
	Bombay Stock Exchange Ltd.		The National Stock Exchange of India Ltd.	
Month	**High (Rs.)**	**Low (Rs.)**	**High (Rs.)**	**Low (Rs.)**
Dec. 2005	1029.90	835.00	1048.45	865.15
Jan. 2006	1191.90	1,021.00	1197.80	1021.00
Feb. 2006	1170.00	955.30	1170.00	966.05
Mar. 2006	1200.00	998.00	1195.00	999.00
Apr. 2006	1225.00	1,012.00	1220.00	1001.00
May 2006	1090.00	827.80	1090.00	826.60
Jun. 2006	893.00	621.15	884.95	655.00
Jul. 2006	790.00	666.10	808.00	670.00
Aug. 2006	869.70	671.15	869.00	690.50
Sep. 2006	961.00	809.00	979.55	816.00
Oct. 2006	965.00	848.00	935.50	848.00
Nov. 2006	899.00	752.00	860.80	750.00

DISTRIBUTION OF SHAREHOLDING

(a) Class-wise Distribution of Equity Shares as on 30th November, 2006:

Number of Equity Share Holding	Number of Shareholders	Percentage Shareholders	Number of Shares	Percentage Shareholdings
1 -50	46005	61.45	1066753	3.58
51-100	13215	17.65	1075650	3.61
101-500	13848	18.50	2832355	9.49
501-1000	1131	1.51	815267	2.73
1001-5000	557	0.74	1069038	3.58
5001-10000	30	0.04	206458	0.69
10001 & ABOVE	83	0.11	22775919	76.32
Total	**74869**	**100.00**	**29841440**	**100.00**

PERFORMANCE OF PFIZER SHARE PRICE TO BROAD BASED INDEX, BSE SENSEX, NIFTY (Indexed)



(b) Shareholding Pattern as on 30th November, 2006:

Category	No. of Shares	Percentage
Foreign Collaborator (Pfizer & Associates)	12302937	41.23
Banks	111561	0.37
Financial Institutions	4205748	14.09
Foreign Institutional Investors	519763	1.74
Mutual Funds	4297037	14.40
Domestic Companies	878275	2.94
Non-Domestic Companies	29394	0.10
Non-Residents	168859	0.57
Others	7327866	24.56
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, 2006, 55.35% {representing 94.17% of the widely held shares} of the paid-up share capital of the Company representing 16517089 shares has been dematerialised.

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

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

Plant Location

Thane Belapur Road
KU Bazar Post
Navi Mumbai 400 705
Tel : 022-6791 6161
Fax : 022-6791 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.

X. NON-MANDATORY REQUIREMENTS

Chairmanís 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.

Shareholdersí Rights

The half-yearly financial results are published in the newspapers as mentioned above 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, January 20, 2007

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 2006 as stipulated in Clause 49 of the Listing Agreements entered into by the Company with Stock Exchanges in India.

The compliance of the 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. It is neither an audit nor an expression of opinion on the financial statements of the Company.

As explained in section III of the Report on Corporate Governance, unavoidable circumstances resulted in the non attendance of an independent director in the audit committee meeting, whereby the quorum was not achieved.

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 Agreements.

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
20 January 2007

Akeel Master
Partner
Membership No: 046768

Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO) pursuant to Clause 49 of the Listing Agreement.

We, Kewal Handa, Managing Director, and M. Gundu Rao, Finance Director, in our capacity as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) respectively of the Company hereby certify that–

a. We have reviewed the financial statements and the cash flow statement for the year ended November 30, 2006 and that to the best of our knowledge and belief :

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit committee

   i) significant changes in internal control over financial reporting during the year;

   ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Pfizer Limited

Kewal Handa
Managing Director

M. Gundu Rao
Finance Director

Mumbai
January 20, 2007

Declaration by the Managing Director under Clause 49 of the Listing Agreement regarding compliance with Code of Conduct.

In accordance with Clause 49 ID of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the Financial Year ended on 30th November, 2006.

For PFIZER LIMITED

Mumbai
January 20, 2007

Kewal Handa
Managing Director

Auditorsí Report

To the Members of Pfizer Limited

We have audited the attached balance sheet of Pfizer Limited ('the Company') as at 30 November 2006 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 2006 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 30 November 2006 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 financial statements give in the prescribed manner, 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 2006;

   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
20 January 2007

Akeel Master
Partner
Membership No: 046768

Annexure to the Auditorsí Report 30 November 2006

(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 regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification 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 products manufactured, 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, the Company has been generally 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 and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance.

There were no dues on account of cess under Section 441A of the Act, since the date from which the aforesaid Section comes into force has not yet been notified by the Central Government.

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 and other material statutory dues were in arrears as at 30 November 2006 for a period of more than six months from the date they became payable.

(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.

Annexure to the Auditorsí Report 30 November 2006 (Continued)

Name of the Statue	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Duty and penalty on classification/valuation and other disputes	12.62	1985-1988	Assistant Commissioner
Central Excise Act, 1944	Duty and Penalty	1033.15	1986-1996, 1996-2003, 1997-2000, 1998-1999, 1998-2003, 1999-2000, 1999-2003, 2000-2001, 2001-2002, 2001-2003, 2002-2003,	Customs, Excise and Service Tax Appellate Tribunal
Service Tax	Duty and Penalty	193.10	1997-2001	High Court
Customs Act, 1962	Duty and penalty on imports and other disputes	3.50	1995-1997	Commissioner of Appeals
The Income Tax Act, 1961	Tax and penalty on expenditure disallowed	1753.58	1994-1995, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2002-2003, 2003-2004	Commissioner of Income-Tax (Appeals)
State and Central Sales Tax Acts	Tax interest and penalty for non submission of forms and other disallowances	10.27	1992-1993,	Supreme Court
		2795.96	1983-1984, 1985-1986, 1986-1987, 1991-1992 1993-1994, 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004,	Deputy Commissioner Appeals
		44.72	1993-1994, 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1998-1999,	Additional Commissioner
		22.39	1993-1994, 1994-1995, 1995-1996, 1996-1997, 2001-2002, 2002-2003,	Tribunal
		46.53	2000-2001, 2001-2002,	Joint Commissioner
		3.40	1986-1987, 1998-1999	Assistant Commissioner

(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.

The Company did not have any outstanding dues to any financial institution, banks or debentureholders during the year.

(xi) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xii) 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.

(xiii) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

(xiv) 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.

(xv) The Company did not have any term loans outstanding during the year.

(xvi) 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.

(xvii) 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.

(xviii) The Company did not have any outstanding debentures during the year.

(xix) The Company has not raised any money by public issues during the year.

(xx) According to the information and explanations given to us, no fraud by the Company has been noticed or reported during the year other than certain irregularities in sales by few sales personnel which does not have a significant financial impact on the Company.

For BSR & Co.
Chartered Accountants

Mumbai
20 January 2007

Akeel Master
Partner
Membership No: 046768

Balance Sheet as at 30th November, 2006

	Schedule Ref.			Rupees in Lakhs As at 30th Nov 2006			Rupees in Lakhs As at 30th Nov 2005
Sources of Funds							
Shareholders' funds							
Share capital	1		**2984.32**			2984.32	
Reserves and surplus	2		**40991.46**			34672.29	
				43975.78			37656.61
TOTAL				**43975.78**			37656.61
Application of Funds							
Fixed assets	3						
Gross block			**16814.40**			17014.62	
Accumulated depreciation			**(9818.55)**			(9458.52)	
Net block			**6995.85**			7556.10	
Capital work-in-progress at cost, including advances			**159.99**			214.06	
				7155.84			7770.16
Investments	4			**0.36**			0.36
Deferred tax asset (net)	5			**1436.08**			903.01
Current assets, loans and advances							
Inventories	6	**9844.72**			8983.41		
Sundry debtors	7	**6962.79**			8282.12		
Cash and bank balances	8	**30650.58**			20992.78		
Other current assets	9	**422.50**			213.55		
Loans and advances	10	**6778.96**			6693.09		
			54659.55			45164.95	
Current liabilities and provisions							
Current liabilities	11	**(14481.07)**			(13404.03)		
Provisions	12	**(6128.52)**			(6448.23)		
			(20609.59)			(19852.26)	
Net current assets				**34049.96**			25312.69
Miscellaneous expenditure (to the extent not written off or adjusted)							
Voluntary retirement scheme				**1333.54**			3670.39
TOTAL				**43975.78**			37656.61
Significant accounting policies	18						
Notes to the accounts	19						

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

For BSR & Co.
Chartered Accountants

AKEEL MASTER
Partner
Membership No: 046768

Mumbai, 20th January, 2007

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

P SHAH
B M GAGRAT (Dr) *Directors*

K SUBHARAMAN *Secretary*

Mumbai, 20th January, 2007

Profit and Loss Account for the year ended 30th November, 2006

	Schedule Ref.			Rupees in Lakhs Year Ended 30th Nov 2006			Rupees in Lakhs Year Ended 30th Nov 2005
Income							
Gross sales		**76585.80**			69749.40		
Less: Excise duty		**6039.69**			5415.74		
Less: Sales tax		**4310.89**			4481.65		
Net sales			**66235.22**			59852.01	
Operating and other income	13		**5939.57**			4103.10	
				72174.79			63955.11
Expenditure							
Material cost	14		**22356.03**			20005.95	
Personnel costs	15		**10233.95**			10013.68	
Manufacturing and other expenses	16		**19732.83**			19273.89	
Interest expense			**7.15**			15.72	
(on fixed loan Rs. Nil ; Nov 2005: Rs.15.72 lakhs)							
Depreciation	3		**1307.13**			1384.59	
				53637.09			50693.83
Profit Before Taxation and Exceptional Items				**18537.70**			13261.28
Exceptional items - net	17			**(2336.83)**			(2336.83)
Profit Before Taxation				**16200.87**			10924.45
Less: Taxation							
Current tax				**5854.44**			4179.26
Fringe benefit tax				**307.00**			201.14
Deferred tax				**(533.08)**			(267.65)
Profit After Taxation				**10572.51**			6811.70
Balance brought forward after adjustments				**22280.83**			19585.20
Total Available for Appropriation				**32853.34**			26396.90
Transfer to general reserve			**1100.00**			685.00	
Proposed dividend			**3730.18**			2984.14	
Tax on dividend			**523.16**			418.53	
Tax on dividend for previous year			**-**			28.40	
				5353.34			4116.07
Balance Carried to Balance Sheet				**27500.00**			22280.83
				Rs			Rs
Earnings per Share (Basic and Diluted)				**35.43**			22.83
(Refer Note 10 in the Notes to the accounts - Schedule 19)							
Nominal Value of Share				**10.00**			10.00
Significant accounting policies	18						
Notes to the accounts	19						

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

AKEEL MASTER
Partner
Membership No: 046768

Mumbai, 20th January, 2007

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

P SHAH
B M GAGRAT (Dr) } *Directors*

K SUBHARAMAN *Secretary*

Mumbai, 20th January, 2007

Cash Flow Statement for the year ended 30th November, 2006

		Rupees in Lakhs	Rupees in Lakhs
		30th Nov 2006	30th Nov 2005
A	**Cash Flow from Operating Activities : -**		
	Net Profit before taxation and exceptional items	18537.70	13261.28
	Adjustments for		
	Depreciation	1307.13	1384.59
	Unrealised foreign exchange (gain) / loss	4.12	(24.65)
	Interest income	(1274.38)	(760.72)
	Profit on fixed assets sold / discarded	(32.22)	(91.15)
	Profit on sale of assets held for disposal	(1184.09)	-
	Interest expenses	7.15	15.10
	Provision for doubtful debts and advances	287.42	184.50
	Provision for loss of subsidiary company	41.00	-
	Provision for dimunition in the value of investment in subsidiary	-	324.00
	Operating profit before working capital changes	**17693.83**	14292.95
	Adjustments for		
	Trade and other receivables	956.68	(1037.82)
	Inventories	(861.31)	(1594.10)
	Trade and other payables	1839.74	2000.47
	Provisions (excluding proposed dividend, tax on distributed profits, income tax provision)	(711.03)	350.85
	Cash generated from operations	**18917.91**	14012.35
	Direct taxes paid (Net)	(6620.81)	(3731.87)
	Net cash from operating activities after exceptional items (A)	**12297.10**	10280.48
B	**Cash Flow from Investing Activities : -**		
	Purchase of fixed assets	(2293.35)	(1491.52)
	Proceeds from sale of fixed assets	1973.96	-
	Purchase of investments (Net)		
	(includes time deposits having maturity period greater than or equal to 90 days)	(5545.00)	(6500.00)
	Interest received	1065.44	683.81
	Net cash used in investing activities (B)	**(4798.95)**	(7307.71)
C	**Cash Flow from Financing Activities :-**		
	Dividend paid (including tax on distributed profits)	(3374.75)	(3368.00)
	Interest paid	(7.15)	(34.40)
	Proceeds / (Repayment) from / of borrowings (Net)	-	(1200.00)
	Net cash used in financing activities (C)	**(3381.90)**	(4602.40)
	Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	**4116.25**	(1629.63)
	Opening Cash and Cash Equivalents (Note 1)	**977.58**	2607.21
	Closing Cash and Cash Equivalents (Note 1)	**5093.83**	977.58
		4116.25	(1629.63)

Cash Flow Statement for the year ended 30th November, 2006 (Continued)

	Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
Notes :		
1. Cash and Cash Equivalents include :		
Cash on Hand	5.45	5.61
With Scheduled Banks		
On Current Accounts	1193.25	795.46
On Margin Money Accounts	3.48	3.48
On Time Deposit Accounts (maturity period less than 90 days)	3903.40	158.40
Cheques on hand	–	29.83
Unrealised translation gain on foreign currency cash & cash equivalents	(11.75)	(15.20)
	5093.83	977.58

2. 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.

3. 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

AKEEL MASTER
Partner
Membership No: 046768

Mumbai, 20th January, 2007

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

P SHAH
B M GAGRAT (Dr) } *Directors*

K SUBHARAMAN *Secretary*

Mumbai, 20th January, 2007

Schedules

		Rupees in Lakhs 30th Nov 2006		Rupees in Lakhs 30th Nov 2005
Schedule 1: Share capital				
Authorised				
2,98,44,080 (Nov 2005: 2,98,44,080) Equity shares of Rs. 10 each		**2984.41**		2984.41
1,01,55,920 (Nov 2005: 1,01,55,920) Unclassified shares of Rs. 10 each		**1015.59**		1015.59
		4000.00		4000.00
Issued				
2,98,44,080 (Nov 2005: 2,98,44,080) Equity shares of Rs. 10 each		**2984.41**		2984.41
Subscribed and paid up				
2,98,41,440 (Nov 2005: 2,98,41,440) Equity shares of Rs. 10 each fully paid-up		**2984.14**		2984.14
Of the above				
– 1,91,08,636 (Nov 2005: 1,91,08,636) Equity shares of Rs. 10 each 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 2005: 93,76,100) Equity shares of Rs.10 each fully paid-up are held by Pfizer Corporation, Panama				
– 21,42,897 (Nov 2005: 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 2005: 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 2005: 10,43,900) 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 2005: 2,640)Equity shares of Rs.10 each forfeited		**0.18**		0.18
TOTAL		**2984.32**		2984.32
Schedule 2: Reserves and surplus				
Share premium				
Per last balance sheet		**2277.70**		2277.70
General reserve				
Per last balance sheet	**10113.76**		9428.76	
Add : Transfer from profit and loss account	**1100.00**		685.00	
		11213.76		10113.76
Profit and loss account				
Balance as per profit and loss account		**27500.00**		22280.83
TOTAL		**40991.46**		34672.29

Schedule 3 : Fixed assets

Rupees in Lakhs

	COST				DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE	
	As at 01.12.2005	Additions	Deductions	**As at 30.11.2006**	As at 01.12.2005	For the year	Deductions	**As at 30.11.2006**	**As at 30.11.2006**	As at 30.11.2005
Intangible Assets										
Trademarks	15.51	-	-	15.51	15.51	-	-	15.51	-	-
Tangible Assets										
Land :										
Freehold	31.97	-	8.09	23.88	-	-	-	-	23.88	31.97
Leasehold	67.98	-	35.41	32.57	13.52	-	-	13.52	19.05	54.46
Buildings :										
On freehold land @	1270.10	-	140.54	1129.56	456.07	13.53	109.03	360.57	768.99	814.03
On leasehold land	1163.40	397.26	279.92	1280.74	311.90	30.90	84.86	257.94	1022.80	851.50
Leasehold improvements	1079.38	511.96	32.29	1559.05	763.20	175.70	28.62	910.28	648.77	316.18
Machinery & equipment	7622.61	490.72	871.00	7242.33	4026.08	480.79	547.95	3958.92	3283.41	3596.53
Office equipment, Furniture & fixtures	4785.09	-	246.44	4538.65	3286.09	450.87	96.48	3640.48	898.17	1499.00
Vehicles	978.58	104.60	91.07	992.11	586.15	155.34	80.16	661.33	330.78	392.43
TOTAL	**17014.62**	**1504.54 ***	**1704.76**	**16814.40**	**9458.52**	**1307.13 ***	**947.10**	**9818.55**	**6995.85**	**7556.10**
Previous year	15876.76	1789.87 *	652.01	17014.62	8706.15	1384.59 *	632.22	9458.52		
Capital work-in-progress including capital advances									159.99	214.06
Grand Total									7155.84	7770.16

@ Buildings include investment in share application money of Rs. 500 (Nov 2005: 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 19 regarding assets held for disposal, at lower of cost or net realisable value as estimated by the management.

* Excludes Rs. 39.11 lakhs (Nov 2005: Rs. 3.08 lakhs) being individual assets costing less than Rs. 5,000 written off without capitalisation

Schedules

			Rupees in Lakhs 30th Nov 2006		Rupees in Lakhs 30th Nov 2005
Schedule 4: 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 2005: 1,000) shares of Rs. 25 each, fully paid-up			**0.25**		0.25
Other securities					
Bharuch Eco-Aqua Infrastructure Limited					
72,935 (Nov 2005: 72,935) Equity Shares of Rs. 10 Each, fully paid			**7.29**		7.29
Bharuch Enviro Infrastructure Ltd.					
175 (Nov 2005: 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 2005: 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)**		(331.31)
TOTAL			**0.36**		0.36
During the previous 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 "Manufacturing and other expenses" in Schedule 16					
Schedule 5: Deferred tax asset (net)					
Deferred tax asset					
Arising on account of timing differences in :					
Provision for doubtful debts and advances		**587.03**		724.35	
Provision for leave encashment and exgratia		**117.95**		428.54	
Provision for excise duty, custom duty and sales tax		**46.17**		42.79	
Amortisation of voluntary retirement costs		**144.01**		28.60	
Other provisions		**767.04**		193.48	
			1662.20		1417.76
Deferred tax liability					
Arising on account of timing difference in:					
Depreciation / estimated loss on assets held for disposal			**226.12**		514.75
TOTAL			**1436.08**		903.01
Schedule 6: Inventories					
Stores and maintenance spares			**242.26**		126.19
Packing materials			**423.33**		435.24
Stock-in-trade					
Raw materials			**2235.67**		2505.28
Work-in-process			**319.57**		363.46
Finished goods			**6623.89**		5553.24
TOTAL			**9844.72**		8983.41

Schedules

		Rupees in Lakhs 30th Nov 2006		Rupees in Lakhs 30th Nov 2005
Schedule 7: Sundry debtors				
Debts outstanding				
- Over six months		**1856.95**		2223.90
- Other debts		**6656.33**		7961.14
		8513.28		10185.04
of which				
- Considered good		**6962.79**		8282.12
- Considered doubtful		**1550.49**		1902.92
		8513.28		10185.04
Provision for doubtful debts		**(1550.49)**		(1902.92)
TOTAL		**6962.79**		8282.12
Bad debts written off Rs. 695.29 lakhs (Nov 2005: Rs. 231.30 lakhs) out of the provision for doubtful debts.				
Schedule 8: Cash and bank balances				
Cash on hand		**5.45**		5.61
With Scheduled Banks				
On Current Accounts		**1193.25**		795.46
On Margin Money Accounts (under lien)		**3.48**		3.48
On Time Deposit Accounts		**29448.40**		20158.40
Cheques on hand / in transit		**-**		29.83
TOTAL		**30650.58**		20992.78
Schedule 9: Other current assets				
Interest accrued but not due on Bank Deposits		**422.50**		213.55
TOTAL		**422.50**		213.55
Schedule 10: Loans and advances *(unsecured)*				
Advances recoverable in cash or in kind or for value to be received				
Considered good	**6253.46**		5384.19	
Considered doubtful	**193.17**		248.61	
	6446.63		5632.80	
Provision for doubtful advances	**(193.17)**		(248.61)	
		6253.46		5384.19
Amounts Recoverable from Pfizer Pharmaceutical India Private Limited *		**261.25**		44.42
Amounts Recoverable from Pfizer Products India Private Limited *		**-**		85.82
Amounts Receivable from Duchem Laboratories Limited *		**123.63**		244.66
Balances with Customs, Port Trust and Excise on Current Accounts		**140.62**		934.00
TOTAL		**6778.96**		6693.09
* Refer Note 3 of the Notes to the accounts, Schedule 19				
Schedule 11: Current liabilities				
Acceptances		**-**		18.63
Sundry creditors				
Due to Small Scale Industrial Undertakings (Refer Note 14 of the Notes to the accounts, Schedule 19)		**238.24**		505.78
Others		**13428.93**		11192.06
Advances from the customers		**-**		61.96
Security deposits		**419.27**		1460.56
Dividends - unclaimed *		**192.96**		165.04
Amount Payable to Pfizer Products India Private Limited **		**201.67**		-
TOTAL		**14481.07**		13404.03
* Investor education and protection fund is being credited by the amount of unclaimed dividend after seven years from the due date.				
** Refer Note 3 of the Notes to the accounts, Schedule 19				

Schedules

	Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
Schedule 12: Provisions		
Proposed dividend	**3730.18**	2984.14
Tax on distributed profits	**523.16**	418.53
Gratuity	**475.17**	279.52
Leave encashment	**350.34**	1272.91
Excise duty and custom duty (Net of payments)	**137.13**	127.09
Income tax provisions (Net of taxes paid Rs.48700.60 lakhs, Nov.2005: Rs. 42079.79 lakhs)	**829.51**	1288.86
Wealth tax provisions (Net)	**49.90**	49.90
Others	**33.13**	27.28
TOTAL	**6128.52**	6448.23
Schedule 13: Operating and other income		
Service Income	**2612.45**	2665.98
Interest (Gross)		
On staff loans	**28.52**	32.11
On deposits with banks, delayed payments, etc.	**1274.38**	774.88
(Tax deducted at source - Rs. 234.87 lakhs, Nov 2005 : Rs. 118.63 lakhs)		
On Income tax refunds	**-**	24.10
On others	**111.91**	0.78
(Tax deducted at source -Rs. 26.98 lakhs, Nov 2005 : Rs. Nil)		
Rental income (Gross)	**583.05**	398.65
(Tax deducted at source - Rs. 131.59 lakhs, Nov 2005 : Rs. 58.20 lakhs)		
Profit on sale of assets held for disposal	**1184.09**	-
Profit on fixed assets sold (net)	**32.22**	91.15
Other insurance claims	**68.73**	42.92
Others	**44.22**	72.53
TOTAL	**5939.57**	4103.10

	30th Nov 2006	30th Nov 2006	30th Nov 2005	30th Nov 2005
Schedule 14: Material cost				
(Increase) / decrease in stocks of finished goods, work-in-process and own manufactured bulk drugs				
Stocks at commencement				
Finished goods	**5553.24**		3862.99	
Work-in-process	**363.46**		489.38	
		5916.70		4352.37
Less: Insurance claim received for loss of finished goods due to flood		**-**		1844.33
Stocks at close				
Finished goods	**6623.89**		5553.24	
Work-in-process	**319.57**		363.46	
		6943.46		5916.70
		(1026.76)		(3408.66)
Raw materials				
Stock at commencement	**2505.28**		2394.90	
Purchases (net)	**8446.96**		9806.85	
	10952.24		12201.75	
Stock at close	**(2235.67)**		(2505.28)	
		8716.57		9696.47
Packing materials (net)		**4238.66**		4275.76
Purchase of traded goods		**10427.56**		9442.38
TOTAL		**22356.03**		**20005.95**

Schedules

		Rupees in Lakhs 30th Nov 2006		Rupees in Lakhs 30th Nov 2005
Schedule 15: Personnel costs				
Salaries, wages and bonus		**8227.20**		8074.45
Company's contribution to gratuity fund		**574.74**		535.13
Company's contribution to provident and other funds		**553.75**		538.65
Staff welfare expenses		**878.26**		865.45
TOTAL		**10233.95**		10013.68
Schedule 16: Manufacturing and other expenses				
Consumption of stores and maintenance spares		**217.98**		180.40
Processing charges		**2051.22**		2148.06
Power and fuel		**721.79**		719.04
Water		**28.34**		77.29
Repairs : Buildings	**8.80**		16.25	
Machinery	**241.33**	**250.13**	327.67	343.92
Rent		**998.66**		870.33
Rates and taxes		**238.64**		122.29
Insurance		**175.46**		152.43
Clinical trials		**1089.29**		631.35
Legal and professional charges		**915.91**		1189.26
Equipment rentals, service charges, low cost assets written off		**670.82**		663.50
Freight, forwarding and transport		**1538.72**		1286.67
Travelling (including boarding, lodging, conveyance and other expenses)		**1552.93**		1418.23
Communication expenses		**435.76**		527.04
Advertising and promotion		**3561.65**		2964.04
Exchange loss/ (gain) (Net)		**(13.13)**		7.30
Commission		**911.06**		859.36
Provision for doubtful debts and advances (Net)		**287.42**		184.50
Provision for diminution in value of investment in a subsidiary company (Refer Schedule 4)		**-**		324.00
Provision for loss of subsidiary company		**41.00**		-
Royalty		**697.90**		507.08
Excise duty		**262.56**		911.08
Miscellaneous expenses		**3098.72**		3186.72
TOTAL		**19732.83**		19273.89
Schedule 17: Exceptional items - (expense) / income				
Exceptional expense				
Amortization of compensation paid to employees under VRS		**(2336.83)**		(2336.83)
TOTAL		**(2336.83)**		(2336.83)

18 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.

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

(c) Fixed Assets and Depreciation

Tangible Assets

(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 month in which the asset is sold / discarded.

(iv) Depreciation other than on low cost assets is provided at the following rates per annum

Assets	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	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.

Impairment of Assets

(i) In accordance with Accounting Standard 28 (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.

Our strategies
come from the will
to build the best
Pharma brands.

Strategically targeted customers, coupled with high-science communication and strong medical based promotional programs were instrumental in Pfizer's brands maintaining leadership positions in their respective therapeutic areas. Seven of our products were ranked among the Top - 100 Industry brands. Corex & Becosules continue to rank among the Top - 10 pharmaceutical brands nationally.

(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 imported 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 imported 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.

(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) 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 returns 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. Lease rentals in respect of assets given under operating lease are credited to the Profit & Loss Account as accrued.

(h) Intangibles Assets

(i) Trademarks are recorded at their acquisition cost and are amortised over the lower of their estimated useful life and period of ownership.

(ii) Cost of application software not exceeding US$ 1 million is being charged to the Profit and Loss Account.

(iii) Revenue expenditure on research and development is expensed as incurred. Capital expenditure on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

(i) Retirement Benefits

Contribution payable to recognized provident fund and superannuation scheme which is defined contribution scheme is charged to Profit & Loss Account. Gratuity and Leave encashment which are defined benefits are accrued based on actuarial valuation as at balance sheet date by LIC. The Company has opted for a Group Gratuity-cum Life Assurance Scheme of the Life Insurance Corporation of India (LIC), and the contribution is charged to the Profit & Loss Account each year. The Company has started funding the liability on account of leave benefits through LIC's Group Leave Encashment Assurance Scheme and the contribution is charged to Profit and Loss Account.

(j) Leases

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

(k) Voluntary Retirement Scheme (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.

(l) Taxation

Income tax expense comprises of current tax , 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.

Provision for Fringe Benefit Tax has been recognized on the basis of a harmonious, contextual interpretation of the provisions of the Income Tax Act,1961.

(m) Earnings per Share

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

(n) Contingencies

The Company creates a provision when there exist a 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.

19 Notes to the Accounts

		Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
1	**Estimated amount of contracts on capital account to be executed and not provided for**	**607.12**	1048.56
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	**130.14**	-
	(b) In respect of :		
	(i) Excise Duty	**949.16**	839.43
	(ii) Customs Duty	**1.06**	2.44
	(iii) Sales Tax	**2846.85**	434.52
	(iv) Service Tax	**193.10**	-
	(v) Income Tax	**743.62**	608.32
	(vi) Pending Labour Matters contested in various courts	**122.66**	96.25
	(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**	Amount Unascertainable
	(ix) Claims against the Company not acknowledged as debts	**Amount Unascertainable**	Amount Unascertainable
	(c) DPEA claims (Refer Note 8)		
3	**a. Loans and Advances include amounts due from:**		
	Duchem Laboratories Limited, a company under the same management [Maximum aggregate amount due during the year Rs. 315.78 lakhs (Nov 2005 : Rs. 244.66 lakhs)]	123.63	244.66
	Pfizer Pharmaceutical India Pvt. Ltd., a company under the same management [Maximum aggregate amount due during the year Rs. 1700.48 lakhs (Nov 2005 : Rs. 69.77 lakhs)]	261.25	44.42
	Capsugel Healthcare Limited, a company under the same management [Maximum aggregate amount due during the year Rs. 1570.00 lakhs (Nov 2005 : Rs. Nil)]	-	-
	b. Current Liabilities includes amount due to		
	Pfizer Products India Pvt. Ltd., a company under the same management [Maximum aggregate amount due from during the year Rs. 2379.03 lakhs (Nov 2005 : Rs. 595.44 lakhs)]	201.67	(85.82)
4	Cost of materials consumed and other expenses include cost of samples distributed.	829.30	675.89
5	Auditors' Remuneration (including service tax, as applicable):		
	For Audit	26.94	26.45
	For Other Attestation services	22.73	23.97
	For Taxation services	-	7.10
	Out of pocket expenses	1.89	0.91

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

		STOCKS AT COMMENCEMENT		PRODUCTION	SALES		STOCKS AT CLOSE	
Class of goods	Unit of Measure	Quantity	Rupees in lakhs	Quantity	Quantity	Rupees in lakhs	Quantity	Rupees in lakhs
BULK								
Others	Tonnes	ñ	ñ	**4.80**	**4.80**	**47.70**	ñ	ñ
		(–)	(–)	(5.20)	(5.20)	(48.46)	(–)	(–)
FORMULATIONS								
Injectables :								
Liquid Parentals	Litres	**16055.37**	**94.97**	**309322.81**	**277483.82**	**1519.38**	**43850.65**	**170.94**
		(24838.03)	(111.30)	(245347.25)	(246033.81)	(1324.97)	(16055.37)	(94.97)
Powder Parentals	Kgs	ñ	ñ	ñ	**-0.67**	**-1.02**	ñ	ñ
		(–)	(–)	(–)	(-1.71)	(-1.72)	(–)	(–)
Tablets and Capsules	No. in Millions	**305.74**	**2029.44**	**2057.63**	**2035.49**	**21561.66**	**305.08**	**2019.03**
		(208.40)	(1275.40)	(2098.71)	(1908.41)	(19505.72)	(305.74)	(2029.44)
Liquids	Litres	**1025543.17**	**1166.21**	**7003896.64**	**6840676.44**	**16471.96**	**1070583.98**	**1455.39**
		(664359.55)	(716.54)	(6709730.78)	(5996983.22)	(14227.92)	(1025543.17)	(1166.21)
Solids	Kgs	**18567.37**	**100.71**	**100655.78**	**102788.09**	**1025.13**	**15505.53**	**92.23**
		(13861.71)	(62.51)	(113947.24)	(106376.35)	(1077.74)	(18567.37)	(100.71)
Ointments	Kgs	**4427.76**	**25.18**	ñ	**2982.22**	**39.49**	**371.35**	**2.74**
		(4219.36)	(22.29)	(11535.20)	(6615.44)	(88.82)	(4427.76)	(25.18)
FOOD PRODUCTS	Tonnes	**27.15**	**63.84**	**541.84**	**550.93**	**1204.11**	**4.72**	**12.24**
		(27.21)	(59.93)	(708.91)	(647.71)	(1609.09)	(27.15)	(63.84)
FEED SUPPLEMENTS	Tonnes	**87.78**	**177.06**	**404.95**	**401.58**	**1178.85**	**79.94**	**131.22**
		(63.87)	(92.81)	(938.47)	(859.34)	(1787.99)	(87.78)	(177.06)

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	6243.52	173.85	37150.67	828.68	32749.48	2369.32	9268.13	320.42
		(4630.52)	(171.72)	(31046.42)	(637.41)	(25528.97)	(1745.57)	(6243.52)	(173.85)
Powder Parentals	Kgs	317.55	178.27	2416.81	1644.97	2329.89	4690.22	322.73	217.81
		(1942.57)	(206.40)	(2260.68)	(1581.25)	(1985.93)	(3767.97)	(317.55)	(178.27)
Tablets and Capsules	No. in Millions	25.57	398.09	110.57	1866.29	103.97	3405.52	23.41	781.17
		(29.54)	(186.15)	(131.03)	(1313.82)	(113.58)	(2637.67)	(25.57)	(398.09)
Liquids	Litres	571170.26	900.01	3039076.26	4849.31	3057024.77	11203.21	488128.87	923.43
		(574553.44)	(759.25)	(3205792.03)	(4927.87)	(2942554.65)	(10694.34)	(571170.26)	(900.01)
Solids	Kgs	18186.12	112.44	24435.01	187.29	17955.84	274.02	20438.50	147.24
		(815.43)	(14.38)	(46306.93)	(334.11)	(14859.75)	(217.38)	(18186.12)	(112.44)
Ointments	Kgs	4868.11	15.55	25406.08	92.84	25281.02	442.04	3576.76	21.33
		(4452.21)	(13.96)	(24380.82)	(83.43)	(22022.53)	(364.24)	(4868.11)	(15.55)
FEED SUPPLEMENTS	Tonnes	23.04	27.38	315.92	348.11	242.60	226.96	86.76	245.24
		(53.70)	(73.70)	(195.28)	(62.32)	(184.79)	(169.49)	(23.04)	(27.38)
FEED SUPPLEMENTS	Litres	9225.00	2.95	60000.00	16.89	60612.70	25.04	5615.00	2.04
		(16870.00)	(4.84)	(89000.00)	(24.16)	(84819.40)	(33.05)	(9225.00)	(2.95)
MISCELLANEOUS	No. in Millions	2.57	87.29	9.01	302.17	9.05	558.72	2.33	78.90
		(2.38)	(91.81)	(10.01)	(297.89)	(9.03)	(553.30)	(2.57)	(87.29)
TOTAL			5553.24 (3862.99)		10136.55 (9262.26)		66242.31 (59852.01)		6621.37 (5553.24)

Notes:

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

6 **(b) Raw Materials Consumed**

		30th Nov 2006		30th Nov 2005	
Class of goods	**Unit of Measure**	**Quantity**	**Rupees in lakhs**	Quantity	Rupees in lakhs
Vitamins	Tonnes	**444.85**	**1687.16**	445.09	1766.42
Codeine Phosphate	Kgs	**5892.94**	**2029.05**	5828.05	2065.70
Virginiamycin	Kgs	**ñ**	**ñ**	299.72	11.53
Salinomycin	Kgs	**164007.93**	**29.82**	–	–
Sugar	Tonnes	**2769.15**	**526.65**	2768.71	483.72
Propylene Glycol	Tonnes	**272.54**	**207.86**	222.27	218.90
Others (Including Imports)			**4236.03**		5150.20
TOTAL			**8716.57**		**9696.47**
Whereof:		**PERCENTAGE**		PERCENTAGE	
Imported-Delivered Cost		**26**	**2292.11**	9	936.71
Indigenously Obtained		**74**	**6424.16**	91	8759.76
TOTAL		**100**	**8716.57**	**100**	**9696.47**

NOTE: 'Components'and 'Spare Parts' refered to in para 4 D(C) of Part II of Schedule 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**

	Unit of Measure	Installed Capacity (Three Shift basis) **30th Nov 2006**	30th Nov 2005
Class of Goods			
Bulk Drugs and Drug Intermediates			
Oxytetracycline /Tetracycline	MT	*	*
Others	MT	*	*
Formulations			
Injectables			
Liquid Parenterals	Litres	NIL	360000
Dry Fills	Mn.Vials	NIL	158.4
Tablets & Capsules	Mn. Nos.	3624	5412
Liquids	Litres	6960000	3500000
Solids	Kgs	162400	900000
Ointments	Kgs	232800	232800
Food Products			
Protein Food	MT	1000	1000
Feed Supplements	MT	NIL	1577

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

Notes: (i) In terms of Press Note No. 4 (1994 series) dated 25th October, 1994 issued by the Department of Industrial Development, Ministry of Industry, Government of India and Notification No. S.O. 137(E) dated 1st 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.

(ii) The installed capacity is as certified by the Management and not verified by the Auditors, this being a technical matter.

Notes to the Financial Statements for the year ended 30th November, 2006

			Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
	(d)	**Value of imports calculated on CIF basis**		
		Raw Materials	**2937.13**	3027.52
		Spare Parts for Maintenance of machinery and laboratory chemicals	**1.48**	1.92
		Capital Goods	**192.56**	138.19
		Finished Goods	**1249.33**	573.34
	(e)	**Expenditure in foreign currency**		
		Travel	**104.88**	163.84
		Royalty	**549.88**	391.97
		Interest	**-**	0.04
		Professional charges	**13.17**	194.44
		Exchange loss (net)	**-**	7.30
		Others	**72.32**	-

			30th Nov 2006	30th Nov 2005
	(f)	**Remittance made on account of dividends in foreign currency**		
		Number of shareholders	**4**	4
		Number of shares held	**1,23,02,938**	1,23,02,938
		Net amount of dividends remitted in foreign currency		
		Dividend in respect of the year ended 30th November, 2005 (Rs. in lakhs)	**1230.29**	-
		Dividend in respect of the year ended 30th November, 2004 (Rs. in lakhs)	**-**	1230.29

			Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
	(g)	**Earnings in foreign currency**		
		Exports (on FOB basis)	**147.68**	218.94
		Service Income	**2705.91**	2478.40
7	(a)	**Managerial remuneration under Section 198 of the Companies Act,1956**		
		Salaries, Bonus & Commission	**144.67**	111.29
		Contribution to PF and Other Funds	**23.49**	17.68
		Perquisites	**16.79**	21.57
		Sitting Fees	**1.70**	2.20
		Commission to Non-Whole time Directors	**10.00**	4.00
		Total	**196.65** *	156.74
		Exclude gratuity & leave encashment benefits as the same are based on actuarial valuation.		
		* The increase in remuneration of Mr. Kewal Handa, Managing Director,consequent to the revision of the maximum limit of his salary from Rs. 85 lakhs to Rs. 180 lakhs w.e.f from 1st June, 2006, 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	**10572.52**	6811.70
		Income-tax	**5628.36**	4112.75
		Remuneration to Directors	**196.65**	156.74
		Depreciation charged in the accounts	**1307.13**	1384.59
		Net Profit / (Loss) on sale of fixed assets as per Section 349 of the Companies Act, 1956 (Estimated)	**32.22**	91.15
		Provision for Doubtful debts/advances	**287.42**	184.50
			18024.30	12741.43
		Net (Profit) / Loss on sale of fixed assets as per accounts	**(32.22)**	(91.15)
		Depreciation as computed under Section 350 of the Act (see note below)	**(1307.13)**	(1384.59)
		Bad debts written off against provision	**(695.29)**	(231.30)
		Profit on sale of Plants	**(1184.09)**	-
		Total	**14805.57**	11034.39
		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, as approved by the members at the 53rd AGM held on 29th April, 2004.	**10.00**	4.00
		Commission approved by the Board of Directors at meeting held on 26th December,2006	**10.00**	4.00
		The Company depreciates its fixed assets based on estimated useful lives which are lower or equal to the implicit estimated useful lives prescribed by Schedule XIV of the Act. Thus, the depreciation charged in the books is higher than that prescribed as the minimum by the Act. Hence, this higher value has been considered as a deduction for the computation of managerial remuneration above.		

Notes to the Financial Statements for the year ended 30th November, 2006

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 17th November, 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 25th August, 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. 1466 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 17th November, 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 25th August, 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".

(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. (i.e. interest of Rs. 43 lakhs for Pyridium for the period 1982 to August1995 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 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.

		Rupees in Lakhs	Rupees in Lakhs
		30th Nov 2006	30th Nov 2005
9	**Expenditure on Research & Development during the year**		
	Capital expenditure	**26.14**	57.68
	Revenue expenditure charged to the Profit and Loss Account	**2353.88**	2178.11
		2380.02	2235.79
	Note: Research & development expenditure includes those incurred while rendering services to group companies		

		30th Nov 2006	30th Nov 2005
10	**Earnings per Share**		
	Earnings per share has been computed as under:		
	(a) Profit after Taxation (Rs. Lakhs)(Net profit attributable to Equity Shareholders)	**10572.51**	6811.70
	(b) Number of Equity Shares outstanding at end of the year	**2,98,41,440**	2,98,41,440
	(c) Earnings per share (Face value Rs. 10/- per share) (a) / (b) (Basic and diluted)	**Rs. 35.43**	Rs. 22.83

11 Disclosure for operating leases under Accounting Standard 19 ñ ìLeasesî

(a) Where the Company is a Lessee :

(i) 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.

(ii) Lease payments are recognized in the Profit and Loss Account under "Rent" in Schedule 16.

Aligning to the global
product portfolio.
Successful launch of high
science drugs in India.
3 Products in 2005 - 2006.

Pfizer has launched three global brands in 2005 - 2006, namely **Viagra™** - for erectile dysfunction, **Lyrica™** – for neuropathic pain and **Caduet™** - for treatment of hypertension associated with dyslipidemia. All three brands were received enthusiastically by the medical community and patients alike. Our efforts will remain focused on gaining wider acceptance for these new launches. In fact, Lyrica™ was ranked No. 2 among all new molecules launched in 2006 by IMS.

(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:

	Rupees in Lakhs
Gross book value	744.63
Accumulated depreciation	227.85
Depreciation for the lease period	22.34
Rental income	93.00

(ii) Lease Income recognised in the Profit and Loss Account for the year in respect of sub-let property is Rs. 490.05 lakhs (Nov 2005: Rs. 330.41 lakhs)

12 Assets held for disposal

The Company has identified the assets situated at various property as retired from active use consequent to its ceasing manufacturing operations at these locations. These assets are held for disposal and stated at lower of net book value and estimated net realizable value. Fixed Assets (Schedule 3) include assets at these plants at lower of their respective book values or estimated net realisable value as follows

a) Ankleshwar property — Rupees in Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2006	30th Nov 2005	**30th Nov 2006**	30th Nov 2005	**30th Nov 2006**	30th Nov 2005
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

b) Hyderabad Property (held for disposal in an earlier year) — Rupees in Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2006	30th Nov 2005	**30th Nov 2006**	30th Nov 2005	**30th Nov 2006**	30th Nov 2005
Freehold Land	-	8.09	-	-	-	8.09
Freehold Building	-	140.54	-	109.02	-	31.52
Total	-	148.63	-	109.02	-	39.61

During the current year, the Company has sold the assets for the total consideration of Rs. 1221 lakhs and accordingly recognised the profit of Rs. 1181.39 lakhs shown under "Operating and other income" (Schedule 13).

c) Chandigarh Property — Rupees in Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2006	30th Nov 2005	**30th Nov 2006**	30th Nov 2005	**30th Nov 2006**	30th Nov 2005
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

The Company is in the process of disposing off the Chandigarh property on 'As is where is' basis and an Agreement for sale has been entered into with a prospective buyer during the quarter ended 30th November, 2006. The Company is awaiting Governmental clearances. The Company has received an advance of Rs. 27.80 crores which is forfeitable in case the sale transaction does not consummate for reasons other than Government clearances.

d) Ankleshwar Property (erstwhile Pharmacia Healthcare Limited) (held for disposal in an earlier year) — Rupees in Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2006	30th Nov 2005	**30th Nov 2006**	30th Nov 2005	**30th Nov 2006**	30th Nov 2005
Leasehold Land	-	35.41	-	-	-	35.41
Building	-	275.34	-	76.41	-	198.93
Plant & Machinery	-	792.04	-	477.51	-	314.53
Office Equipment, Furniture, Fixtures	-	31.88	-	16.61	-	15.27
Total	-	1134.67	-	570.53	-	564.14

During the current year, the Company has sold all the assets for the total consideration of Rs. 566.84 lakhs and accordingly recognised the profit of Rs. 2.70 lakhs shown under "Operating and other income" (Schedule 13).

Notes to the Financial Statements for the year ended 30th November, 2006

13 Stock of Physicians' samples is included under 'Loans and Advances' (Schedule 10) Rs. 207.59 lakhs (Nov 2005 : Rs. 77.76 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:-

Award Packaging
Anushree Polypack
Award Offset Printers & Packaging Pvt.Ltd.
Aerochem Silvassa Ltd.
Bharat Industries
Bajaj Healthcare Ltd.
Bharat Rubber Works
Bajaj Health & Nutritions Pvt.Ltd.
Crown Paper Products
Creative Cartons
Canton Laboratories
Colourcon Asia Pvt Ltd.
Caps (India)
Everest Industrial Corporation
Excelarts Private Limited
Esco Closures Private Limited
Espi Industries & Chemicals Pvt. Ltd.
Flex Art Foil Pvt. Ltd.
Geno Pharmaceuticals Limited
Global Pharmatech Pvt. Ltd.
Global Flavour & Fragnances
Heniel Pack
Hyderabad Security & Offset Printers
Impact Containers Limited
Ishita Drugs & Industries Ltd.
Jupiter Dyechem Pvt Ltd.
Lubri-Chem Industries Limited
Laxmi Polyplast Industries
Metakaps Engineering
Mysore Agencies
Mega Fine Pharma (P) Ltd,
Matrix Laboratories Ltd.
Multi Impression
Metaprint Industries Pvt. Ltd.
Nirmal Chemicals
Nucleus Chem Oil Pvt. Ltd.
Perfect Packing Industries
Preema Packaging
Paper Kraft Industries
Purna Packaging
Positive Packaging Industries Pvt.Ltd.
P D Fine Chem
Plastopack
Pharmpak Private Ltd.
Pharchem
Padarsh Pharma Pvt Ltd.
Param Packaging Pvt Ltd.
Royale Impex
Sai Paper Product
Satyam Industries
Shree Products Ltd
Suraj Paper Box Works
Sunil Chemicals
Supreem Pharmaceuticals
Sagar Packaging
Shree Krishna Agencies
Shri Dutt Enterprises
Surya Packaging
Space Age Plastic Industries
Sunil Healthcare Limited
Transchem Limited
Uday Packaging
Vial Seal Industries
Veer Chemie & Aromatics Pvt. Ltd.
Velpack Private Limitd
Western Cans Pvt Ltd.

The above information and that given in Schedule 11 – 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.

15 Disclosures as required by the Accounting Standard - 18 on ìRelated Party Disclosuresî 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)
Subsidiary Company:	Duchem Laboratories Limited (100% Shares are held by the Company as at the year end)

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
Pfizer Animal Health SA, Belgium
Pfizer Italiana SPA
Pfizer Australia Pty Limited, Australia
Pfizer Japan Inc., Japan
Pfizer Global Trading, Hong Kong
Pfizer Global Trading, Ireland
Pfizer Pharmaceutical India Pvt. Ltd., India
Pfizer Egypt S. A. E, Egypt
Pfizer Products India Private Limited, India
Pfizer Singapore Trading Pte Limited, Singapore
Capsugel Healthcare Ltd., India
Pfizer Private Ltd., Singapore
Pfizer Corporation Hong Kong Limited, Hong Kong

Notes to the Financial Statements for the year ended 30th November, 2006

B. Executive Committee Members

Mr. Kewal Handa *
Dr. B.M. Gagrat *
Mr. S. Madhok
Dr. Chitra Lele
Mr. Yugesh Goutam
Ms. Dipali Talwar
Mr. M.G. Rao
Mr. Venkat Iyer
Mr. S.Venkatesh
Mr. Hocine Sidi Said * (resigned w.e.f. 25th March, 2005)
Dr. S. Mukherjee (resigned w.e.f. 31st December, 2006)
Mr. S. Ramkrishna (resigned w.e.f. 25th March, 2006)
Mr. Arun Gupta (resigned w.e.f. 31st January, 2006)
Mr. Viren Mahurkar (Migrated to Pfizer Inc USA during the previous year)
Mr. K. G. Ananthakrishnan (resigned w.e.f. 30th November, 2006)

* Executive Directors on the Board

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

		30th Nov 2006				30th Nov 2005			
	Nature of Transactions	**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)	-	-	-	144.57	-	-	-	121.60
2	Sale of bulk materials	-	-	-	-	-	-	-	48.46
3	Service income	573.24	-	-	1993.16	899.00	-	-	1579.98
4	Recovery of expenses	-	-	-	1353.95	-	-	-	1514.64
5	Purchase of finished goods	-	16.14	-	2354.19	-	52.38	-	377.74
6	Purchase of raw/bulk materials	-	-	-	-	-	-	-	949.34
7	Royalty expense	29.20	219.30	-	398.47	20.72	111.43	-	259.82
8	Provision for Decline in investment	-	-	-	-	-	-	324.00	-
9	Expenses reimbursed	-	-	-	679.83	-	-	-	214.60
10	Dividend in respect of the year ended 30th November, 2005 / 30th November, 2004	-	1230.29	-	-	-	1230.29	-	-
11	Loans given	-	-	-	5020.00	-	-	164.21	-
12	Outstanding as at the year end – Due from	1408.48	-	123.63	1229.30	480.55	-	244.66	692.41
13	Outstanding as at the year end – Due to	5554.92	153.30	-	1304.41	20.73	89.11	-	1020.20
14	Guarantees given to Banks on behalf of Subsidiary Company, outstanding as at the year end	-	-	2400.00	-	-	-	2400.00	-

Notes to the Financial Statements for the year ended 30th November, 2006

Executive committee members & their Relatives

Rs. in Lakhs

		30th Nov 2006		30th Nov 2005	
	Nature of Transactions	**Key Management Personnel**	**Relative of Key Management Personnel**	Key Management Personnel	Relative of Key Management Personnel
1	Remuneration	521.46	-	395.31	-
2	Rent paid for residential flats	38.29	-	27.15	-
3	Deposits paid	810.46	-	20.00	-
4	Amounts paid on behalf and recovered	0.16	-	5.75	-
5	Deposits outstanding as at the year end	1078.36	-	999.23	-

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.

IV. Detail of material transactions during the year :

	Rupees in Lakhs 30th Nov 2006	**Rupees in Lakhs 30th Nov 2005**
a) Sale of finished goods (net of returns)		
Pfizer Overseas Inc. Export Division, Belgium	51.10	128.61
Pfizer Export Company, Ireland	47.70	-
Pfizer Pharmaceutical India Pvt. Ltd., India	45.77	41.45
b) Service income		
Pfizer Asia Pacific Pte Ltd., Singapore	305.52	1109.03
Pfizer Limited, United Kingdom	1634.72	453.97
c) Recovery of expenses		
Pfizer Pharmaceutical India Pvt. Ltd., India	227.64	90.60
Pfizer Products India Pvt. Ltd., India	1012.34	1367.19
d) Purchase of finished goods		
Pfizer Export Company, Ireland	1825.52	75.20
e) Royalty expense		
Warner-Lambert Company LLC, USA	103.12	33.10
Parke-Davis & Company LLC, USA	83.29	78.33
Pfizer Products Inc, USA	338.67	259.82
f) Expenses reimbursed		
Pfizer International LLC, USA	217.07	139.56
Pfizer Private Ltd., Singapore	86.30	58.62
Pfizer Pharmaceutical India Pvt. Ltd., India	218.93	-
Pfizer Products India Pvt. Ltd., India	68.84	-
g) Loans given		
Pfizer Pharmaceutical India Pvt. Ltd., India	1750.00	-
Pfizer Products India Pvt. Ltd., India	1700.00	-
Capsugel Healthcare Ltd.,India	1570.00	-
Duchem Labroraties Ltd., India	-	164.21

Notes to the Financial Statements for the year ended 30th November, 2006

16. Segment Information for the year ended 30th November 2006

Business segments (Refer Note 1 below) **Rupees in lakhs**

	30th Nov 2006				30th Nov 2005			
	Pharma-ceuticals	**Animal Health**	**Services**	**Total**	Pharma-ceuticals	Animal Health	Services	Total
Segment revenue								
External sales and services to customers	60354.72	5926.53	2566.41	68847.67	54124.04	5915.55	2478.40	62517.99
Total Segment revenue	**60354.72**	**5926.53**	**2566.41**	**68847.67**	**54124.04**	**5915.55**	**2478.40**	**62517.99**
Segment results	**17066.75**	**558.64**	**262.20**	**17887.59**	**14265.32**	**446.08**	**263.49**	**14974.89**
Unallocated corporate (expenses) / income (net)				(514.04)				(2316.72)
Operating profit				17373.53				12658.17
Interest expenses and bank charges				(250.65)				(228.76)
Interest income				1414.81				831.87
Income tax				(5628.36)				(4112.75)
Exceptional Items (net of expenses)	(2044.08)	(1.20)		(2045.28)	(2044.15)	(1.20)		(2045.35)
Unallocated exceptional items				(291.56)				(291.48)
Net profit				**10572.51**				**6811.70**
Other information								
Segment assets	19386.30	3417.42	1155.70	23959.42	25782.07	3108.88	1168.01	30058.96
Unallocated corporate assets				40625.96				27964.66
Total assets				**64585.38**				**58023.62**
Segment liabilities	9232.18	534.87	205.26	9972.32	11375.98	800.83	194.76	12371.57
Unallocated corporate liabilities				10637.28				7995.44
Total liabilities				**20609.60**				**20367.01**
Capital expenditure	953.85	4.66	18.63		1107.28	7.00	10.60	
Depreciation/Amortisation	1250.55	10.71	13.48		1172.06	18.31	112.03	

Geographical segments (Refer Note 2 below) **Rupees in lakhs**

	30th Nov 2006			30th Nov 2005		
	India	**Other Countries**	**Total**	India	Other Countries	Total
Segment Revenue - external sales to customers	**65994.08**	**2853.59**	**68847.67**	59626.09	2891.90	62517.99
Carrying amount of segment assets	63606.13	979.25	64585.38	56946.42	1077.20	58023.62
Capital expenditure	1504.54	-	1504.54	1789.88	-	1789.88

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, exgratia accrual 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 as 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.

Provisions also include amounts contested in appeals with various government authorities in relation to excise and customs duty

The movement in the above provisions are summarised as under : Rupees in Lakhs

	30th Nov 2006		30th Nov 2005	
	Excise & Custom Duty	**Personnel**	**Excise & Custom Duty**	**Personnel**
Opening balance	127.09	661.98	119.84	367.17
Additions	10.04	775.44	7.25	635.65
Utilisation / Transfers	–	513.23	–	329.95
Reversals	–	5.88	–	10.89
Closing balance	137.13	918.31	127.09	661.98

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 Company's promoters announced the global divesture of the Consumer Healthcare Business in June, 2006 to Johnson & Johnson. Consequently, the global closure was fixed on 20th December, 2006 except for few markets like India for divesture of the aforesaid Consumer Healthcare Business. The Board of Directors of Pfizer Ltd. in India are evaluating the various options available for smooth restructuring of the said business.

20 Prior year figures have been regrouped wherever necessary to conform to current years presentation.

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

B M GAGRAT (Dr)
P SHAH } *Directors*

Mumbai, 20th January, 2007

K. SUBHARAMAN *Secretary*

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

Balance sheet abstract and Companyís general business profile

I Registration details

Registration No 8311 State code 11

Balance sheet date 30 11 2006

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
4397578	4397578

Source of funds

Share Capital	Reserves and surplus
298432	4099146
Secured loans	**Unsecured loans**
NIL	NIL

Application of funds

Net fixed assets	Investments
715584	36
Deferred tax asset (net)	**Net current assets**
143608	3404996
Miscellaneous expenditure	**Accumulated losses**
133354	Nil

IV Performance of the Company (Amount in Rupees thousand)

Turnover (including other income)	Total expenditure
7217479	5363709
Profit before tax and exceptional items +	**Profit before tax +**
1853770	1620087
Profit after tax +	**Earnings per share (Rupees)**
1057251	35.43
Dividend rate	
125%	

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

R A SHAH	*Chairman*
KEWAL HANDA	*Managing Director*
B M GAGRAT (Dr) **P SHAH**	*Directors*
K. SUBHARAMAN	*Secretary*

Mumbai, 20th January, 2007

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	30.11.06	100%	–	19.67	–	(385.13)

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

B M GAGRAT (Dr)
P SHAH } *Directors*

Mumbai, 20th January, 2007 **K. SUBHARAMAN** *Secretary*

Everybody has talent.
We’re nurturing ours to
make them world class.

The leadership team is engaged in a systematic identification process to develop the talent pool in the organization. The talent pool includes colleagues from strategic positions, functional and unique position levels as well. The focus is on formulating *'Individual Development Plans*' as part of the talent development process. In 2006, some talented colleagues were also nominated for global assignments.

DUCHEM LABORATORIES LIMITED (Annual Accounts of Subsidiary Company)

DIRECTORSí REPORT

Your Directors have pleasure in presenting this Forty-eighth Annual Report together with the audited statement of accounts of the Company for the year ended November 30, 2006:

FINANCIAL RESULTS

Rupees in Lakhs

Particulars	Year ended November 30, 2006	Year ended November 30, 2005
The Profit / (Loss) for the year amounted to	23	(62)
Less : Current Tax Debit / (Credit)	3	-
Profit / (Loss) After Tax	20	(62)
Balance of Loss from previous years	(385)	(323)
Balance of Profit / (Loss) carried to Balance Sheet	(365)	(385)

OPERATIONS

The Net Sales of the Company for the year under review is Rs. 444 Lakhs as compared to Rs. 451 Lakhs for the previous year. The operations for the period reflect a Net Profit of Rs. 20 Lakhs as against Net Loss of Rs. 62 Lakhs for the previous year.

DIVIDEND

Your Directors do not recommend any dividend for the year ended November 30, 2006.

DIRECTORS

In accordance with the Articles of Association of the Company Mr. Ajay Shukla, Director will retire by rotation at the forth coming Annual General Meeting and being eligible offers himself for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the operations of the Company is restricted to trading, the requirement of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1998 in respect of Conservation of Energy & Technology Absorption are not applicable.

The Foreign Exchange earnings and expenditure during the year was Rs. Nil as against Rs. Nil for the previous year.

DIRECTORSí RESPONSIBILITY STATEMENT

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

1. In the preparation of the Annual Accounts, the applicable accounting standards had been followed.
2. Your Directors have selected such accounting policies and applied them consistently and made estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the period.
3. 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.
4. Your Directors have prepared the attached Statement of Accounts for the year ended November 30, 2006 on a going concern basis.

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 at as Auditors of the Company for the current year, if re-appointed.

On behalf of the Board of Directors

Mumbai
Dated : January 19, 2007

DR. BOMI M. GAGRAT
Chairman

Auditorsí 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 2006 and also the related profit and loss account and the 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 12 in the financial statements. The Company has made a profit after tax of Rs 19.97 lakhs during the year ended 30 November 2006 and, as of that date, the Company's current liabilities exceeded its current assets by Rs 41.16 lakhs and its total liabilities exceeded its total assets by Rs 365.16 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, to the extent applicable;

e) On the basis of written representations received from all directors of the Company as at 30 November 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30 November 2006 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 2006

   ii) in the case of the profit and loss account, of the profit for the year ended on that date; and

   iii) in case of the cash flow statement, of the cash flows for the year ended on that date.

For **BSR & Co.**
Chartered Accountants

Akeel Master
Partner
Membership No: 046768

Mumbai
19 January 2007

Annexure to the Auditorsí Report
30 November 2006

(Referred to in our report of even date)

(i) The Company did not have fixed assets at any time during the year. Accordingly clause 4(i) is not applicable.

(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 accounts.

(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 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. 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. We have not observed any major weakness in the internal control system during the course of the audit.

(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 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, 1956 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, Service tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' State Insurance, Investor Education and Protection Fund, Wealth tax, Customs duty and Excise duty.

There were no dues on account of cess under Section 441A of the Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales-tax, Service tax, Cess and other material statutory dues were in arrears as at 30 November 2006 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, the following dues of Income-tax 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
	Write off of Stock.	30.27	2004-2005	CIT (Appeal)

(x) *The Company has accumulated losses at the end of the financial year aggregating Rs. 365.16 lakhs which is in excess of 50% of its net worth and has not incurred cash losses in the financial year but has incurred cash losses in the immediately preceding year.*

(xi) The Company did not have 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) In our opinion and according to the information and explanations given to us, the Company has not given 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
19 January 2007

Akeel Master
Partner
Membership No: 046768

Balance Sheet as at 30th November, 2006

	Schedule Ref.		Rupees in Lakhs **As at 30th Nov 2006**		Rupees in Lakhs As at 30th Nov 2005
Sources of Funds					
Shareholders' funds					
Share capital	1		**324.00**		324.00
TOTAL			**324.00**		324.00
Application of Funds					
Current Assets, loans and advances					
Inventories	2	**86.33**		87.87	
Sundry debtors	3	**46.84**		72.19	
Cash and bank balances	4	**43.86**		22.25	
Loans and advances	5	**41.28**		238.98	
		218.31		421.29	
Current Liabilities and Provisions					
Current liabilities	6	**(259.47)**		(482.42)	
Net Current Assets			**(41.16)**		(61.13)
Profit and Loss Account			**365.16**		385.13
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

AKEEL MASTER
Partner
Membership No: 046768

Mumbai, 19th January, 2007

For and on behalf of the Board

B M GAGRAT (Dr) *Chairman*

M G RAO
A SHUKLA } *Directors*

Mumbai, 19th January, 2007

Profit and Loss Account for the year ended 30th November, 2006

	Schedule Ref.		**Rupees in Lakhs** **Year Ended 30th Nov 2006**		Rupees in Lakhs Year Ended 30th Nov 2005
Income					
Gross sales		**474.18**		484.17	
Less: sales tax		**30.00**		33.11	
Net sales			**444.18**		451.06
Miscellaneous income	7		**7.05**		2.99
			451.23		454.05
Expenditure					
(Increase)/decrease in stocks of finished goods	8		**1.54**		(15.37)
Purchases			**317.47**		456.80
Other expenses	9		**109.58**		75.03
			428.59		516.46
Profit / (Loss) Before Taxation			**22.64**		(62.41)
Less : Taxation					
Current Tax			**2.67**		-
Deferred tax			**-**		-
Profit / (Loss) After Taxation			**19.97**		(62.41)
Balance of Profit and Loss Account brought forward			**(385.13)**		(322.72)
Balance of Profit and Loss Account carried forward			**(365.16)**		(385.13)
			Rs.		Rs.
Earnings per share of Rs.100 each (Basic and Diluted)			**6.16**		(19.26)
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

AKEEL MASTER
Partner
Membership No: 046768

Mumbai, 19th January, 2007

For and on behalf of the Board

B M GAGRAT (Dr) *Chairman*

M G RAO
A SHUKLA } *Directors*

Mumbai, 19th January, 2007

Cash Flow Statement for the year ended 30th November, 2006

			Rupees in Lakhs	Rupees in Lakhs
			30th Nov 2006	30th Nov 2005
A	**Cash Flow from Operating Activities : -**			
	Net Profit before taxation		**22.64**	(62.41)
	Adjustments for			
		Provision for doubtful debts	**12.00**	16.00
	Operating profit before working capital changes		**34.64**	(46.41)
	Adjustments for			
		Trade and other receivables	**161.55**	(17.70)
		Inventories	**(1.54)**	24.03
		Trade and other payables	**(222.95)**	33.53
	Cash used in operations		**(28.30)**	(6.55)
		Direct taxes paid (Net)	**49.91**	-
	Net cash from / (used in) operating activities (A)		**21.61**	(6.55)
B	**Cash Flow from Investing Activities (B)**		**-**	-
C	**Cash Flow from Financing Activities (C)**		**-**	-
	Net Increase/ (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)		**21.61**	(6.55)
	Opening Cash and Cash Equivalents (Note 1)		**22.25**	**28.80**
	Closing Cash and Cash Equivalents (Note 1)		**43.86**	**22.25**
			21.61	**(6.55)**

			Rupees in Lakhs	Rupees in Lakhs
			30th Nov 2006	30th Nov 2005
Notes :				
1.	Cash and Cash Equivalents include :			
	With Scheduled Banks			
		On Current Accounts (including accounts with overdraft facility)	**43.86**	22.25
			43.86	22.25
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

AKEEL MASTER
Partner
Membership No: 046768

Mumbai, 19th January, 2007

For and on behalf of the Board

B M GAGRAT (Dr) *Chairman*

M G RAO
A SHUKLA } *Directors*

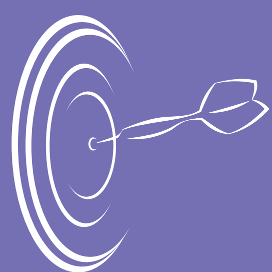
Mumbai, 19th January, 2007

Schedules

	Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
Schedule 1: Share capital		
Authorised		
4,76,000 (Nov 2005: 4,76,000) Equity shares of Rs. 100 each	476.00	476.00
24,000 (Nov 2005: 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 (Nov 2005: 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)		
Schedule 2: Inventories		
Stock -in -Trade		
Finished goods	86.33	87.87
TOTAL	86.33	87.87
Schedule 3: Sundry debtors		
Unsecured		
Debts outstanding for a period exceeding six months	209.81	186.87
Other debts	42.03	78.32
	251.84	265.19
of which		
- Considered good	46.84	72.19
- Considered doubtful	205.00	193.00
	251.84	265.19
Provision for doubtful debts	(205.00)	(193.00)
TOTAL	46.84	72.19
Schedule 4: Cash and bank balances		
With scheduled banks		
On current account	43.86	22.25
TOTAL	43.86	22.25
Schedule 5: Loans and advances		
(Unsecured - considered good)		
Advances recoverable in cash or in kind or for value to be received	11.98	120.39
Insurance claims due to flood loss (Refer Sechedule 8)	-	39.40
Income tax payments (Net of provisions Rs. 227.46 lakhs, Nov 2005 : Rs. 224.79 lakhs)	29.30	79.19
TOTAL	41.28	238.98
Schedule 6: Current liabilities		
Sundry creditors		
Due to small scale industrial undertakings {refer note (5) of schedule 11}	50.68	142.34
Due to the Holding Company - Pfizer Limited	123.63	244.66
Others	85.16	95.42
TOTAL	259.47	482.42
Schedule 7: Miscellaneous income		
Interest on delayed payments	-	2.28
Other insurance claims	-	0.62
Interest on refund of income tax	7.05	-
Others	-	0.09
TOTAL	7.05	2.99

Schedules

	Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
Schedule 8: (Increase)/decrease in stocks of finished goods		
Stocks at commencement	**87.87**	111.90
Less: Insurance claim for loss of finished goods due to flood	**-**	39.40
Stocks at close	**86.33**	87.87
TOTAL	**1.54**	(15.37)
Schedule 9: Other expenses		
Insurance	**1.93**	2.19
Rates and taxes	**1.41**	0.38
Freight, forwarding and transport	**7.20**	0.61
Commission	**35.33**	33.67
Provision for doubtful debts	**12.00**	16.00
Bank charges	**2.53**	2.82
Accounting and professional fees	**11.88**	7.13
Sales tax	**4.15**	12.19
Postage, telephone and fax	**0.23**	0.01
Loss due to flood	**31.25**	-
Miscellaneous expenses	**1.67**	0.03
TOTAL	**109.58**	75.03



Challenge isn't about setting ambitious targets. It's knowing how to meet them.

Pfizer was ranked among the Top 10 companies in the pharmaceutical industry in 2006, driven by strong sales of key brands, new launches and enhanced productivity of the therapy-focused field force.

Notes to the Financial Statements for the year ended 30th November, 2006

Schedule 10 : Significant accounting policies

(a) Basis of accounting

The financial statements of the Company have been prepared and presented under the historical cost convention, on the accrual basis of accounting, and comply with the Accounting Standards ('AS') issued by the Institute of Chartered Accountants of India ('ICAI') and, the relevant provisions of the Companies Act, 1956 to the extent applicable.

(b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the year. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to such accounting estimates are recognized prospectively in current and future periods.

(c) Going concern

The Company has achieved a net profit after tax of Rs 19.97 lakhs during the year ended 30th November, 2006, and the accumulated losses of Rs 365.16 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 financial and other 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) 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.

Interest income is recognized on time proportionate basis.

(f) 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 recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization 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.

(g) Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted number of equity shares, which may be issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that increase loss per share or decrease profit per share are included.

(h) 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, 2006

Schedule 11 : Notes to the accounts

		Rupees in Lakhs 30th Nov 2006	Rupess in Lakhs 30th Nov 2005
1	**Contingent liabilities**		
	Income tax	**470.44**	470.44
	Sales Tax	**-**	7.66
2	**Auditorsí Remuneration**		
	(including taxes, where applicable)		
	For Audit	**3.37**	5.51
	Reimbursement of out-of-pocket expenses	**-**	-

		30th Nov 2006	30th Nov 2005
3	**Earnings per share**		
	Net Profit / (loss) after tax (Rs. in lakhs)	**19.97**	(62.41)
	Weighted average number of equity shares of Rs 100 each	**324,000**	324,000
	Basic and Diluted Loss per share (Rs)	**6.16**	(19.26)

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

		Stock at commencement		Purchases		Sales		Stock at close	
Class of goods	Unit of Measure	Quantity	Rupees In Lakhs	Quantity	Rupees In Lakhs	Quantity	Rupees In Lakhs	Quantity	Rupees In Lakhs
Tablets and capsules	No. in Millions	**3.62**	**26.61**	**27.43**	**164.40**	**26.45**	**244.28**	**3.97**	**27.12**
		(7.76)	(73.46)	(21.12)	(207.09)	(22.92)	(258.04)	(3.62)	(26.61)
Liquids	Litres	**-**	**-**	**-**	**-**	**(9.00)**	**(0.01)**	**-**	**-**
		-	-	(505.00)	(0.56)	-(12.36)	-(0.02)	-	-
Injectables :									
Powder Parenterals	Kgs.	**319.29**	**54.75**	**796.13**	**108.25**	**655.98**	**131.45**	**393.32**	**49.64**
		(135.02)	(26.37)	(1100.25)	(197.12)	(709.33)	(138.62)	(319.29)	(54.75)
Solids	Kgs.	**1038.50**	**6.51**	**6725.00**	**44.82**	**6058.05**	**68.46**	**1527.25**	**9.57**
		(1075.50)	(12.07)	(5747.00)	(52.03)	(4845.60)	(54.42)	(1038.50)	(6.51)
TOTAL			**87.87**		**317.47**		**444.18**		**86.33**
			(111.90)		(456.80)		(451.06)		(87.87)

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 2006**

Medibios Laboratories Pvt.Ltd.

Astral Pharmaceutical Industries

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 ñ 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, 2006

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

†	Nature of Transactions with the holding Company	30th Nov 2006	30th Nov 2005
1	Loans taken	**-**	164.21
2	Outstanding as at the year end – Due to	**123.63**	244.66
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, 2006

Business segments (see Note 1 below) *Rupees In Lakhs*

	30th Nov 2006			30th Nov 2005		
	Pharma-ceuticals	**Animal Health**	**Total**	**Pharma-Ceuticals**	**Animal Health**	**Total**
Segment Revenue						
External sales to customers	**172.46**	**271.72**	**444.18**	153.74	297.32	451.06
Total Segment Revenue	**172.46**	**271.72**	**444.18**	153.74	297.32	451.06
Segment Results	**28.26**	**5.40**	**33.66**	(21.76)	(38.56)	(60.32)
Unallocated corporate (expenses) / income			**(11.02)**			(4.37)
Operating profit			**22.64**			(64.69)
Interest income			**-**			2.28
Net Profit / (Loss) Before Tax			**22.64**			(62.41)
Income Tax			**(2.67)**			-
Net Profit / (Loss)			**19.97**			(62.41)
Other Information						
Segment Assets	**31.03**	**111.38**	**142.41**	131.53	185.58	317.11
Unallocated corporate assets			**75.90**			104.18
Total Assets			**218.31**			421.29
Segment liabilities	**78.24**	**170.96**	**249.19**	333.89	135.96	469.85
Unallocated corporate liabilities			**10.28**			12.57
Total Liabilities			**259.47**			482.42

Geographical segments (Refer Note 2 below) *Rupees In Lakhs*

	30th Nov 2006			30th Nov 2005		
	India	**Other Countries**	**Total**	India	Other Countries	Total
Segment Revenue - external sales to customers	**444.18**	**-**	**444.18**	451.06	-	451.06
Carrying amount of segment assets	**218.31**	**-**	**218.31**	421.29	-	421.29

Notes: 1 Business Segments : The business operations of the Company comprise Pharmaceuticals and Animal Health. The business segregation forms the basis for review of operational performance by the management.
The Pharmaceuticals business comprises a portfolio of prescription medicines which are provided to patients through healthcare professionals. The Animal Health business has a presence primarily in the large animal health and poultry market segments.

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

3 The accounting policies of the segments are the same as those described in the summary of significant accounting policies as referred to in Schedule 10 to the accounts.

8 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
A SHUKLA } *Directors*

Mumbai, 19th January, 2007

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

Balance sheet abstract and Companyís general business profile

I Registration details

Registration No	11117	State code	11
Balance sheet date	30 11 2006		

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
32400	32400

Sources 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
-4116	NIL
Accumulated losses	
36516	

IV Performance of the Company (Amount in Rupees thousand)

Turnover (including other income)	Total expenditure
45123	42859
+ Profit/ - loss before tax	+ Profit/ - loss after tax
2264	1997
Earnings per share	Dividend rate
6.16	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
A SHUKLA } *Directors*

Mumbai, 19th January, 2007

Contributing to Pfizer's values. Programs that maximize social and business impact. Corporate Social Responsibility.

Pfizer's business is fundamentally about saving, improving and enhancing lives. Through local initiatives, and by the generosity and compassion of the colleagues, Pfizer *lives* its commitment to being an exemplary corporate citizen.

During 2006, Pfizer India has supported several healthcare and education projects that aim to bring sustainable improvements to under-served people in India. The value of our donations (excluding product donations) is a little over Rs. 34 lakhs.

Auditorsí 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 2006 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 2006;

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

Mumbai
20 January 2007

Akeel Master
Partner
Membership No: 046768

Consolidated Balance Sheet as at 30th November, 2006

	Schedule Ref.			Rupees in Lakhs As at 30th Nov 2006			Rupees in Lakhs As at 30th Nov 2005
Sources of Funds							
Shareholdersí funds							
Share capital	1		**2984.32**			2984.32	
Reserves and surplus	2		**40991.29**			34611.16	
				43975.61			37595.48
TOTAL				**43975.61**			37595.48
Application of Funds							
Fixed assets	3						
Gross block			**16814.40**			17014.62	
Accumulated depreciation			**(9818.55)**			(9458.52)	
Net block			**6995.85**			7556.10	
Capital work-in-progress at cost, including advances			**159.99**			214.06	
				7155.84			7770.16
Investments	4			**0.36**			0.36
Deferred tax asset (net)	5			**1436.09**			903.01
Current assets, loans and advances							
Inventories	6	**9931.05**			9071.28		
Sundry debtors	7	**7009.63**			8354.31		
Cash and bank balances	8	**30694.43**			21015.03		
Other current assets	9	**422.50**			213.55		
Loans and advances	10	**6667.31**			6608.22		
			54724.92			45262.39	
Current liabilities and provisions							
Current liabilities	11	**(14575.92)**			(13641.79)		
Provisions	12	**(6099.22)**			(6369.04)		
			(20675.14)			(20010.83)	
Net current assets				**34049.78**			25251.56
Miscellaneous expenditure							
(to the extent not written off or adjusted)							
Voluntary retirement scheme				**1333.54**			3670.39
TOTAL				**43975.61**			37595.48
Significant accounting policies	18						
Notes to the accounts	19						

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

For BSR & Co.
Chartered Accountants

AKEEL MASTER
Partner
Membership No: 046768

Mumbai, 20th January, 2007

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

P SHAH
B M GAGRAT (Dr) } *Directors*

K SUBHARAMAN *Secretary*

Mumbai, 20th January, 2007

Consolidated Profit and Loss Account for the year ended 30th November, 2006

	Schedule Ref.			Rupees in Lakhs Year Ended 30th Nov 2006			Rupees in Lakhs Year Ended 30th Nov 2005
Income							
Gross sales		**77059.98**			70233.57		
Less: Excise duty		**6039.69**			5415.74		
Less: Sales tax		**4340.89**			4514.76		
Net sales			**66679.40**			60303.07	
Operating and other income	13		**5946.62**			4106.09	
				72626.02			64409.16
Expenditure							
Material cost	14		**22675.04**			20447.38	
Personnel costs	15		**10233.95**			10013.68	
Manufacturing and other expenses	16		**19801.42**			19024.92	
Interest expense (on fixed loan Rs.Nil ; Nov 2005: Rs.15.72 lakhs)			**7.15**			15.72	
Depreciation	3		**1307.13**			1384.59	
				54024.69			50886.29
Profit Before Taxation And Exceptional Items				**18601.33**			13522.87
Exceptional items - net (expense)	17			**(2336.83)**			(2336.83)
Profit Before Taxation				**16264.50**			11186.04
Less: Taxation							
Current tax				**5857.11**			4179.26
Fringe benefit tax				**307.00**			201.14
Deferred tax - (credit)/debit				**(533.08)**			(267.65)
Profit After Taxation				**10633.47**			7073.29
Balance brought forward after adjustments				**22219.70**			19262.48
Total Available For Appropriation				**32853.17**			26335.77
Transfer to general reserve			**1100.00**			685.00	
Proposed dividend			**3730.18**			2984.14	
Tax on dividend			**523.16**			418.53	
Tax on dividend for previous year			**-**			28.40	
				5353.34			4116.07
Balance Carried To Balance Sheet				**27499.83**			22219.70
				Rs.			Rs.
Earnings Per Share (Basic And Diluted)				**35.63**			23.70
(Refer Note 5 in the Notes to the Accounts - Schedule 19)							
Nominal Value Of Share				**10.00**			10.00
Significant accounting policies	18						
Notes to the accounts	19						

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

AKEEL MASTER
Partner
Membership No: 046768

Mumbai, 20th January, 2007

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

P SHAH
B M GAGRAT (Dr) } *Directors*

K SUBHARAMAN *Secretary*

Mumbai, 20th January, 2007

Consolidated Cash Flow Statement for the year ended 30th November, 2006

		Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
A	**Cash Flow from Operating Activities : -**		
	Net Profit before taxation and exceptional items	**18601.33**	13522.87
	Adjustments for		
	Depreciation	**1307.13**	1384.59
	Unrealised foreign exchange (gain) / loss	**4.12**	(24.65)
	Interest income	**(1274.38)**	(760.72)
	Profit on fixed assets sold / discarded	**(32.22)**	(91.15)
	Profit on sale of assets held for disposal	**(1184.09)**	-
	Interest expenses	**7.15**	15.10
	Provision for doubtful debts and advances	**299.42**	200.50
	Operating profit before working capital changes	**17728.46**	14246.54
	Adjustments for		
	Trade and other receivables	**996.80**	(891.32)
	Inventories	**(859.77)**	(1570.07)
	Trade and other payables	**1737.83**	1869.80
	Provisions (excluding proposed dividend, tax on distributed profits, income tax provision)	**(711.03)**	350.85
	Cash generated from operations	**18892.29**	14005.80
	Direct taxes paid (Net)	**(6573.57)**	(3731.87)
	Net cash from operating activities after exceptional items (A)	**12318.72**	10273.93
B	**Cash Flow from Investing Activities : -**		
	Purchase of fixed assets (Net)	**(2293.35)**	(1491.52)
	Sale of fixed assets	**1973.96**	–
	Purchase of investments (Net)		
	(includes time deposits having maturity period greater than or equal to 90 days)	**(5545.00)**	(6500.00)
	Interest received	**1065.44**	683.81
	Net cash used in investing activities (B)	**(4798.95)**	(7307.71)
C	**Cash Flow from Financing Activities :-**		
	Dividend paid (including tax on distributed profits)	**(3374.75)**	(3368.00)
	Interest paid	**(7.15)**	(34.40)
	Proceeds / (Repayment) from / of borrowings (Net)	**-**	(1200.00)
	Net cash used in financing activities (C)	**(3381.90)**	(4602.40)
	Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	**4137.87**	(1636.18)
	Opening Cash and Cash Equivalents (Note 1)	**999.83**	2636.01
	Closing Cash and Cash Equivalents (Note 1)	**5137.70**	999.83
		4137.87	(1636.18)

Consolidated Cash Flow Statement for the year ended 30th November, 2006 (Contd.)

	Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
Notes :		
1. Cash and Cash Equivalents include :		
Cash on Hand	**5.45**	5.61
With Scheduled Banks		
On Current Accounts	**1237.10**	817.71
On Margin Money Accounts	**3.48**	3.48
On Time Deposit Accounts (maturity period less than 90 days)	**3903.42**	158.40
Cheques on hand	**-**	29.83
Unrealised translation gain on foreign currency cash & cash equivalents	**(11.75)**	(15.20)
	5137.70	999.83

2. 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.

3. 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

AKEEL MASTER
Partner
Membership No: 046768

Mumbai, 20th January, 2007

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

P SHAH
B M GAGRAT (Dr) } *Directors*

K SUBHARAMAN *Secretary*

Mumbai, 20th January, 2007

Schedules to the Consolidated Accounts

	Rupees in Lakhs		Rupees in Lakhs	
		30th Nov 2006		30th Nov 2005
Schedule 1: Share capital				
Authorised				
2,98,44,080 (Nov 2005: 2,98,44,080) Equity shares of Rs. 10 each		**2984.41**		2984.41
1,01,55,920 (Nov 2005: 1,01,55,920) Unclassified shares of Rs. 10 each		**1015.59**		1015.59
		4000.00		4000.00
Issued				
2,98,44,080 (Nov 2005: 2,98,44,080) Equity shares of Rs. 10 each		**2984.41**		2984.41
Subscribed and paid up				
2,98,41,440 (Nov 2005: 2,98,41,440) Equity shares of Rs. 10 each fully paid-up		**2984.14**		2984.14
Of the above				
- 1,91,08,636 (Nov 2005: 1,91,08,636) Equity shares of Rs. 10 each 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 2005: 93,76,100) Equity shares of Rs.10 each fully paid-up are held by Pfizer Corporation, Panama				
- 21,42,897 (Nov 2005: 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 2005: 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 2005: 10,43,900) 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 2005: 2,640)Equity shares of Rs.10 each forfeited		**0.18**		0.18
TOTAL		**2984.32**		2984.32
Schedule 2: Reserves and surplus				
Share premium				
Per last balance sheet		**2277.70**		**2277.70**
General reserve				
Per last balance sheet	**10113.76**		**9,428.76**	
Add : Transfer from profit and loss account	**1100.00**		**685.00**	
		11213.76		**10113.76**
Balance as per profit and loss account		**27499.83**		**22219.70**
TOTAL		**40991.29**		**34611.16**

Schedule 3 : Fixed assets

Rupees in Lakhs

	COST				DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE	
	As at 01.12.2005	Additions	Deductions	**As at 30.11.2006**	As at 01.12.2005	For the year	Deductions	**As at 30.11.2006**	**As at 30.11.2006**	As at 30.11.2005
Intangible Assets										
Trademarks	15.51	-	-	15.51	15.51	-	-	15.51	-	-
Tangible Assets										
Land :										
Freehold	31.97	-	8.09	23.88	-	-	-	-	23.88	31.97
Leasehold	67.98	-	35.41	32.57	13.52	-	-	13.52	19.05	54.46
Buildings :										
On freehold land @	1270.10	-	140.54	1129.56	456.07	13.53	109.03	360.57	768.99	814.03
On leasehold land	1163.40	397.26	279.92	1280.74	311.90	30.90	84.86	257.94	1022.80	851.50
Leasehold improvements	1079.38	511.96	32.29	1559.05	763.20	175.70	28.62	910.28	648.77	316.18
Machinery & equipment	7622.61	490.72	871.00	7242.33	4026.08	480.79	547.95	3958.92	3283.41	3596.53
Office equipment,										
Furniture & fixtures	4785.09	-	246.44	4538.65	3286.09	450.87	96.48	3640.48	898.17	1499.00
Vehicles	978.58	104.60	91.07	992.11	586.15	155.34	80.16	661.33	330.78	392.43
TOTAL	17014.62	1504.54 *	1704.76	16814.40	9458.52	1307.13 *	947.10	9818.55	6995.85	7556.10
Previous year	15876.76	1789.87 *	652.01	17014.62	8706.15	1384.59 *	632.22	9458.52		
Capital work-in-progress including capital advances									159.99	214.06
Grand Total									7155.84	7770.16

@ Buildings include investment in share application money of Rs. 500 (Nov 2005: 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 19 regarding assets held for disposal, at lower of cost or net realisable value as estimated by the management.

* Excludes Rs. 39.11 lakhs (Nov 2005: Rs. 3.08 lakhs) being individual assets costing less than Rs. 5,000 written off without capitalisation.

Schedules to the Consolidated Accounts

		Rupees in Lakhs		Rupees in Lakhs
		30th Nov 2006		30th Nov 2005
Schedule 4: 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 2005: 1,000) shares of Rs. 25 each, fully paid-up		**0.25**		0.25
Other securities				
Bharuch Eco-Aqua Infrastructure Limited				
72,935 (Nov 2005: 72,935) Equity Shares of Rs. 10 Each, fully paid		**7.29**		7.29
Bharuch Enviro Infrastructure Ltd.				
175 (Nov 2005: 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 5: Deferred tax asset (net)				
Deferred tax asset				
Arising on account of timing differences in :				
Provision for doubtful debts and advances	**587.03**		724.35	
Provision for leave encashment and exgratia	**117.95**		428.54	
Provision for excise duty, custom duty and sales tax	**46.17**		42.79	
Amortisation of voluntary retirement costs	**144.01**		28.60	
Other provisions	**767.04**		193.48	
		1662.20		1417.76
Deferred tax liability				
Arising on account of timing difference in:				
Depreciation / estimated loss on assets held for disposal		**226.11**		514.75
TOTAL		**1436.09**		903.01
Schedule 6: Inventories				
Stores and maintenance spares		**242.26**		126.19
Packing materials		**423.33**		435.24
Stock-in-trade				
Raw materials		**2235.67**		2505.28
Work-in-process		**319.57**		363.46
Finished goods		**6710.22**		5641.11
TOTAL		**9931.05**		9071.28
Schedule 7: Sundry debtors				
Debts outstanding				
- Over six months		**2066.76**		2410.77
- Other debts		**6698.36**		8039.46
		8765.12		10450.23
of which				
- Considered good		**7009.63**		8354.31
- Considered doubtful		**1755.49**		2095.92
		8765.12		10450.23
Provision for doubtful debts		**(1755.49)**		(2095.92)
TOTAL		**7009.63**		8354.31
Bad debts written off Rs. 695.29 lakhs (Nov 2005: Rs.231.30 lakhs) out of the provision for doubtful debts.				

Schedules to the Consolidated Accounts

		Rupees in Lakhs		Rupees in Lakhs
		30th Nov 2006		30th Nov 2005
Schedule 8: Cash and bank balances				
Cash on hand		**5.45**		5.61
With Scheduled Banks				
On Current Accounts		**1237.10**		817.71
On Margin Money Accounts (under lien)		**3.48**		3.48
On Time Deposit Accounts		**29448.40**		20158.40
Cheques on hand / in transit		**-**		29.83
TOTAL		**30694.43**		21015.03
Schedule 9: Other current assets				
Interest accrued but not due on Bank Deposits		**422.50**		213.55
TOTAL		**422.50**		213.55
Schedule 10: Loans and advances *(unsecured)*				
Advances recoverable in cash or in kind or for value to be received				
Considered good	**6265.44**		5,543.98	
Considered doubtful	**193.17**		248.61	
	6458.61		5,792.59	
Provision for doubtful advances	**(193.17)**		(248.61)	
		6265.44		5543.98
Amounts Recoverable from Pfizer Pharmaceutical India Private Limited		**261.25**		44.42
Amounts Recoverable from Pfizer Products India Private Limited		**-**		85.82
Balances with Customs, Port Trust and Excise on Current Accounts		**140.62**		934.00
TOTAL		**6667.31**		6608.22
Schedule 11: Current liabilities				
Acceptances		**-**		18.63
Sundry creditors				
Due to Small Scale Industrial Undertakings		**288.92**		648.12
Others		**13473.12**		11349.44
Security deposits		**419.25**		1460.56
Dividends - unclaimed *		**201.67**		165.04
Amount Payable to Pfizer Products India Private Limited		**192.96**		-
TOTAL		**14575.92**		13641.79
* Investor protection and education fund is being credited by the amount of unclaimed dividend after seven years from the due date.				
Schedule 12: Provisions				
Proposed dividend		**3730.18**		2984.14
Tax on distributed profits		**523.16**		418.53
Gratuity		**475.17**		279.52
Leave encashment		**350.34**		1272.91
Excise duty and custom duty (Net of payments)		**137.13**		127.09
Income tax provisions (Net of taxes paid Rs. 48957.36 lakhs, Nov 2005 : Rs. 42383.77 lakhs)		**800.21**		1209.67
Wealth tax provisions (Net)		**49.90**		49.90
Others		**33.13**		27.28
TOTAL		**6099.22**		6369.04

Schedules to the Consolidated Accounts

		Rupees in Lakhs 30th Nov 2006		Rupees in Lakhs 30th Nov 2005
Schedule 13: Operating and other income				
Service Income		**2612.45**		2665.98
Interest				
On staff loans		**28.52**		32.11
On deposits with banks, delayed payments, etc.		**1274.38**		774.88
(Tax deducted at source - Rs. 234.87 lakhs, Nov 2005 : Rs. 118.63 lakhs)				
On Income tax refunds		**7.05**		24.10
On others		**111.91**		0.78
(Tax deducted at source - Rs. 26.98 lakhs , Nov 2005 : Nil)				
Rental income		**583.05**		398.65
(Tax deducted at source - Rs. 131.59 lakhs, Nov 2005 : Rs. 58.20 lakhs)				
Profit on sale of assets held for disposal		**1184.09**		-
Profit on fixed assets sold (net)		**32.22**		91.15
Other insurance claims		**68.73**		43.54
Others		**44.22**		74.90
TOTAL		**5946.62**		**4106.09**
Schedule 14: Material cost				
(Increase) / decrease in stocks of finished goods, work-in-process and own manufactured bulk drugs				
Stocks at commencement				
Finished goods	**5641.11**		3974.89	
Work-in-process	**363.46**		489.38	
		6004.57		4464.27
Less: Insurance claim received for loss of finished goods due to flood		**-**		1883.73
Stocks at close				
Finished goods	**6710.22**		5641.11	
Work-in-process	**319.57**		363.46	
		7029.79		6004.57
		(1025.22)		(3424.03)
Raw materials				
Stock at commencement	**2505.28**		2394.90	
Purchases	**8446.96**		9806.85	
	10952.24		12201.75	
Stock at close	**(2235.67)**		(2505.28)	
		8716.57		9696.47
Packing materials (net)		**4238.66**		4275.76
Purchase of traded goods		**10745.03**		9899.18
TOTAL		**22675.04**		20447.38
Schedule 15: Personnel costs				
Salaries, wages and bonus		**8227.20**		8074.45
Company's contribution to gratuity fund		**574.74**		535.13
Company's contribution to provident and other funds		**553.75**		538.65
Staff welfare expenses		**878.26**		865.45
TOTAL		**10233.95**		10013.68

Schedules to the Consolidated Accounts

		Rupees in Lakhs		Rupees in Lakhs
		30th Nov 2006		30th Nov 2005
Schedule 16: Manufacturing and other expenses				
Consumption of stores and maintenance spares		**217.98**		180.40
Processing charges		**2051.22**		2148.06
Power and fuel		**721.79**		719.04
Water		**28.34**		77.29
Repairs : Buildings	**8.80**		16.25	
Machinery	**241.33**	**250.13**	327.67	343.92
Rent		**998.66**		870.33
Rates and taxes		**240.05**		122.67
Insurance		**177.39**		154.62
Clinical trials		**1089.29**		631.35
Legal and professional charges		**927.79**		1196.39
Equipment rentals, service charges, low cost assets written off		**670.82**		663.50
Freight, forwarding and transport		**1545.92**		1287.28
Travelling (including boarding, lodging, conveyance and other expenses)		**1552.93**		1418.23
Communication expenses		**435.99**		527.05
Advertising and promotion		**3561.65**		2964.04
Exchange loss / (gain) (Net)		**(13.13)**		7.30
Commission		**946.39**		893.03
Provision for doubtful debts (Net)		**299.42**		200.50
Royalty		**697.90**		507.08
Excise duty		**262.56**		911.08
Miscellaneous expenses		**3138.33**		3201.76
TOTAL		**19801.42**		19024.92
Schedule 17: Exceptional items - (expense) / income				
Exceptional expense				
Amortization of compensation paid to employees under VRS		**(2336.83)**		(2336.83)
TOTAL		**(2336.83)**		(2336.83)

18 Significant Accounting Policies

1 Basis of Preparation

(a) The Consolidated Financial Statements have been prepared in accordance with Accouting 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 it's 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.

(b) 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 30th November 2006	:	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 revenues 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
Tangible Assets

(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 month in which the asset is sold / discarded.

(iv) Depreciation other than on low cost assets is provided at the following rates per annum

Assets	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 & fixtures	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	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.

Impairment of Assets

(i) In accordance with Accounting Standard 28 (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 it recoverable amount. Impairment loss is recognized in the Profit and Loss Account.

(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.

(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) 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. Lease rentals in respect of assets given under operating lease are credited to the Profit & Loss Account as accrued.

(i) Intangibles Assets

(i) Trademarks are recorded at their acquisition cost and are amortised over the lower of their estimated useful life and period of ownership.

(ii) Cost of application software not exceeding US$ 1 million is being charged to the Profit and Loss Account.

(iii) Revenue expenditure on research and development is expensed as incurred. Capital expenditure on research and development is capitalised as fixed assets and depreciated in accordance with the depreciation policy of the Company.

(j) Retirement Benefits

Contribution payable to recognized provident fund and superannuation scheme which is defined contribution scheme is charged to Profit & Loss Account. Gratuity and Leave encashment which are defined benefits are accrued based on actuarial valuation as at balance sheet date by LIC. The Company has opted for a Group Gratuity-cum Life Assurance Scheme of the Life Insurance Corporation of India (LIC), and the contribution is charged to the Profit & Loss Account each year. The Company has started funding the liability on account of leave benefits through LIC's Group Leave Encashment Assurance Scheme and the contribution is charged to Profit and Loss Account.

(k) Leases

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

(l) Voluntary Retirement Scheme (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.

Provision for fringe benefit tax has been recognised on the basis of a harmonious, contextual interepretation of the provisions of the Income Tax Act, 1961.

(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.

19 Notes to the Accounts

		Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
1	**Estimated amount of contracts on capital account to be executed and not provided for**	607.12	1048.56
2	**Contingent Liability**		
	(a) In respect of the guarantees given to banks on behalf of third parties	130.14	—
	(b) In respect of:		
	(i) Excise Duty	949.16	839.43
	(ii) Customs Duty	1.06	2.44
	(iii) Sales Tax	2846.85	442.18
	(iv) Service Tax	193.10	—
	(iv) Income Tax	743.62	1078.76
	(v) Pending Labour Matters contested in various courts	122.66	96.25
	(vi) Pending labour matters relating to wage settlement	Amount Unascertainable	Amount Unascertainable
	(vii) Provident fund contribution on leave encashment paid from 01/10/94 to 30/04/05	Amount Unascertainable	Amount Unascertainable
	(viii) Claims against the Company not acknowledged as debts	Amount Unascertainable	Amount Unascertainable
	(c) DPEA claims (Refer Note 4)		
3	**Managerial remuneration under Section 198 of the Companies Act,1956**		
	Salaries, Bonus & Commission	144.67	111.29
	Contribution to PF and Other Funds	23.49	17.68
	Perquisites	16.79	21.57
	Sitting Fees	1.70	2.20
	Commission to Non- Whole time Directors	10.00	4.00
	Total	196.65*	156.74

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

* The increase in remuneration of Mr. Kewal Handa, Managing Director, consequent to the revision of maximum limit of his salary from Rs. 85 lakhs to Rs. 180 lakhs w.e.f. from 1st June, 2006, 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 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 17th November, 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 25th August, 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. 1466 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 17th November, 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 25th August, 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".

(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 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 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

		30th Nov 2006	30th Nov 2005
Earnings per share has been computed as under:			
(a)	Profit after Taxation (Rs. Lakhs)	**10633.47**	7073.29
(b)	Number of Equity Shares outstanding at beginning of the year	**2,98,41,440**	2,98,41,440
(c)	Earnings per share (Face value Rs. 10/- per share) (a) / (b) (Basic and diluted)	**Rs. 35.63**	Rs. 23.70

6 Disclosure for operating leases under Accounting Standard 19 ñ ìLeasesî

(a) Where the Company is a Lessee:

(i) 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.

(ii) Lease payments are recognized in the Profit and Loss Account under “Rent” in Schedule 16.

(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 :

	Rupees in Lakhs
Gross book value	744.63
Accumulated depreciation	227.85
Depreciation for the lease period	22.34
Rental income	93.00

(ii) Lease Income recognised in the Profit and Loss Account for the year in respect of sub-let property is Rs. 490.05 lakhs (Nov 2005: Rs. 330.41 lakhs)

Our health forecast ?
Accelerated business
growth and wider therapy
area portfolios.

Over the next few years, you will see considerable progress on many fronts, especially in the launch of new generation medicines from the global Pfizer research pipeline in various therapies such as Cardiovascular, Diabetes, Anti-Infectives and HIV. A number of customer engaging initiatives and innovative marketing programs have been planned to sustain these launches. Pfizer's efforts will also be focused in expanding current business and penetrating untapped markets through new ventures in retail, rural and institutional sectors. The older product portfolio continues to have significant potential and is being promoted actively.

7 Assets held for disposal

The Company has identified the assets situated at various properties 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 3) include assets at these plants at lower of their respective book values or estimated net realisable value as follows

a) Ankleshwar property — Rupees in Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2006	30th Nov 2005	**30th Nov 2006**	30th Nov 2005	**30th Nov 2006**	30th Nov 2005
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

b) Hyderabad Property (held for disposal in an earlier year) — Rupees in Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2006	30th Nov 2005	**30th Nov 2006**	30th Nov 2005	**30th Nov 2006**	30th Nov 2005
Freehold Land	-	8.09	-	-	-	8.09
Freehold Building	-	140.54	-	109.02	-	31.52
Total	-	148.63	-	109.02	-	39.61

During the current year, the Company has sold the assets for the total consideration of Rs.1221 lakhs and accordingly recognised the profit of Rs.1181.39 lakhs shown under "Operating and other income" (Schedule 13).

c) Chandigarh Property — Rupees in Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2006	30th Nov 2005	**30th Nov 2006**	30th Nov 2005	**30th Nov 2006**	30th Nov 2005
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

The Company is in the process of disposing of the Chandigarh property on 'As is where is' basis and an Agreement for sale has been entered into with a prospective buyer during the quarter ended 30th November, 2006. The Company is awaiting Governmental clearances. The Company has received an advance of Rs. 27.80 crores which is forfeitable in case the sale transaction does not consummate for reasons other than Government clearances.

d) Ankleshwar Property (erstwhile Pharmacia Healthcare Limited) (held for disposal in an earlier year) — Rupees in Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2006	30th Nov 2005	**30th Nov 2006**	30th Nov 2005	**30th Nov 2006**	30th Nov 2005
Leasehold Land	-	35.41	-	-	-	35.41
Building	-	275.34	-	76.41	-	198.93
Plant & machinery	-	792.04	-	477.51	-	314.53
Office equipment, Furniture & fixtures	-	31.88	-	16.61	-	15.27
Total	-	1134.67	-	570.53	-	564.14

During the current year, the Company has sold all the assets for the total consideration of Rs. 566.84 lakhs and accordingly recognised the profit of Rs. 2.70 lakhs shown under "Operating and other income" (Schedule 13).

Notes to the Consolidated Financial Statements for the year ended 30th November, 2006

8 Disclosures as required by the Accounting Standard - 18 on ìRelated Party Disclosuresî 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)

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
Pfizer Animal Health SA, Belgium
Pfizer Italiana SPA
Pfizer Australia Pty Limited, Australia
Pfizer Japan Inc., Japan
Pfizer Global Trading, Hong Kong
Pfizer Global Trading, Ireland
Pfizer Pharmaceutical India Pvt. Ltd, India
Pfizer Egypt S. A. E., Egypt
Pfizer Products India Private Limited, India
Pfizer Singapore Trading Pte Limited, Singapore
Capsugel Healthcare Ltd., India
Pfizer Private Ltd., Singapore
Pfizer Corporation Hong Kong Limited, Hong Kong

B. Executive Committee Members

Mr. Kewal Handa *
Dr. B.M. Gagrat *
Mr. S. Madhok
Dr. Chitra Lele
Mr. Yugesh Goutam
Ms. Dipali Talwar
Mr. M.G. Rao
Mr. Venkat Iyer
Mr. S.Venkatesh
Mr. Hocine Sidi Said * (resigned w.e.f. 25th March, 2005)
Dr. S. Mukherjee (resigned w.e.f. 31st December, 2006)
Mr. S. Ramkrishna (resigned w.e.f. 25th March, 2006)
Mr. Arun Gupta (resigned w.e.f. 31st January, 2006)
Mr. Viren Mahurkar (Migrated to Pfizer Inc USA during the previous year)
Mr. K. G. Ananthakrishnan (resigned w.e.f. 30th November, 2006)
* Executive Directors on the Board

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

Rupees in Lakhs

		30th Nov 2006			30th Nov 2005		
	Nature of Transactions	Ultimate Holding Company	Companies exercising significant influence	Fellow Subsidiaries	Ultimate Holding Company	Companies exercising significant influence	Fellow Subsidiaries
1	Sale of finished goods (net of returns)	-	-	144.57	-	-	121.60
2	Sale of bulk materials	-	-	-	-	-	48.46
3	Service income	573.24	-	1993.16	898.69	-	1579.98
4	Recovery of expenses	-	-	1353.95	-	-	1514.64
5	Purchase of finished goods	-	16.14	2354.19	-	52.38	377.74
6	Purchase of raw/bulk materials	-	-	-	-	-	949.34
7	Royalty expense	29.20	219.30	398.47	20.72	111.43	259.82
8	Expenses reimbursed	-	-	683.44	-	-	214.60
9	Dividend in respect of the year ended 30th November, 2005 / 30th November, 2004	-	1230.29	-	-	1230.29	-
10	Loans given	-	-	5020.00	-	-	-
11	Outstanding as at the year end – Due from	14.08	-	1229.30	480.55	-	692.41
12	Outstanding as at the year end – Due to	55.55	153.30	1304.41	20.73	89.11	1020.20

Executive committee members & their Relatives

Rupees in Lakhs

		30th Nov 2006		30th Nov 2005	
	Nature of Transactions	Key Management Personnel	Relative of Key Management Personnel	Key Management Personnel	Relative of Key Management Personnel
1	Remuneration	521.46	-	395.31	-
2	Rent paid for residential flats	38.29	-	27.15	-
3	Deposits paid	810.46	-	20.00	-
4	Amounts paid on behalf and recovered	0.16	-	5.75	-
5	Deposits outstanding as at the year end	1078.36	-	999.23	-

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 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.

IV Detail of material transactions during the year :

		Rupees in Lakhs 30th Nov 2006	Rupees in Lakhs 30th Nov 2005
a)	**Sale of finished goods (net of returns)**		
	Pfizer Overseas Inc. Export Division, Belgium	51.10	128.61
	Pfizer Export Company, Ireland	47.70	-
	Pfizer Pharmaceutical India Pvt. Ltd., India	45.77	41.45
b)	**Service income**		
	Pfizer Asia Pacific Pte Ltd., Singapore	305.52	1109.03
	Pfizer Limited, United Kingdom	1634.72	453.97
c)	**Recovery of expenses**		
	Pfizer Pharmaceutical India Pvt. Ltd., India	227.64	90.60
	Pfizer Products India Pvt. Ltd., India	1012.34	1367.19
d)	**Purchase of finished goods**		
	Pfizer Export Company, Ireland	1825.52	75.20
e)	**Royalty expense**		
	Warner-Lambert Company LLC, USA	103.12	33.10
	Parke-Davis & Company LLC, USA	83.29	78.33
	Pfizer Products Inc, USA	338.67	259.82
f)	**Expenses reimbursed**		
	Pfizer International LLC, USA	217.07	139.56
	Pfizer Private Ltd., Singapore	86.30	58.62
	Pfizer Pharmaceutical India Pvt. Ltd., India	218.93	-
	Pfizer Products India Pvt. Ltd., India	68.84	-
g)	**Loans given**		
	Pfizer Pharmaceutical India Pvt. Ltd., India	1750.00	-
	Pfizer Products India Pvt. Ltd., India	1700.00	-
	Capsugel Healthcare Ltd., India	1570.00	-

Notes to the Consolidated Financial Statements for the year ended 30th November, 2006

9 Segment Information for the year ended 30th November, 2006

Business segments (Refer Note 1 below)

Rupees in Lakhs

	30th Nov 2006				30th Nov 2005			
	Pharma-ceuticals	**Animal Health**	**Services**	**Total**	Pharma-ceuticals	Animal Health	Services	Total
Segment revenue								
External sales and services to customers	60527.19	6198.25	2566.41	69291.85	54277.78	6212.87	2478.40	62969.05
Total Segment revenue	60527.19	6198.25	2566.41	69291.85	54277.78	6212.87	2478.40	62969.05
Segment results	17092.29	559.73	262.20	17914.22	14243.56	407.52	263.49	14914.57
Unallocated corporate (expenses) / income (net)				(484.10)				(1997.09)
Operating profit				17430.12				12917.48
Interest expenses and bank charges				(250.65)				(228.76)
Interest income				1421.86				834.15
Income Tax				(5631.03)				(4112.75)
Exceptional Items (net of expenses)	(2044.08)	(1.20)		(2045.28)	(2044.15)	(1.20)		(2045.35)
Unallocated exceptional items				(291.55)				(291.48)
Net profit				10633.47				7073.29
Other information								
Segment assets	19417.33	3528.80	1155.70	24101.83	25668.94	3294.46	1168.01	30131.41
Unallocated corporate assets				40548.92				27989.65
Total assets				64650.75				58121.06
Segment liabilities	9262.42	630.20	205.26	10097.88	11465.21	936.79	194.76	12596.76
Unallocated corporate liabilities				10577.26				7928.82
Total liabilities				20675.14				20525.58
Capital expenditure	953.85	4.66	18.63		1107.28	7.00	10.60	
Depreciation/Amortisation	1250.55	10.71	13.48		1172.06	18.31	112.03	

Geographical segments (Refer Note 2 below)

Rupees in Lakhs

	30th Nov 2006			30th Nov 2005		
	India	**Other Countries**	**Total**	India	Other Countries	Total
Segment Revenue - external sales to customers	**66438.26**	**2853.59**	**69291.85**	60077.15	2891.90	62969.05
Carrying amount of segment assets	**63671.50**	**979.25**	**64650.75**	57043.86	1077.20	58121.06
Capital expenditure	**1504.54**	**-**	**1504.54**	1789.88	-	1789.88

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 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.

Provisions also include amounts contested in appeals with various government authorities in relation to excise and customs duty.

The movement in the above provisions are summarised as under : Rupees in Lakhs

	30th Nov 2006		30th Nov 2005	
	Excise & Custom Duty	**Personnel**	**Excise & Custom Duty**	**Personnel**
Opening balance	127.09	661.98	119.84	367.17
Additions	10.04	775.44	7.25	635.65
Utilisation / Transfers	-	513.23	-	329.95
Reversals	-	5.88	-	10.89
Closing balance	137.13	918.31	127.09	661.98

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 Company's promoters announced the global divesture of the Consumer Healthcare Business in June, 2006 to Johnson & Johnson. Consequently, the global closure was fixed on 20th December, 2006 except for few markets like India for divesture of the aforesaid Consumer Healthcare Business. The Board of Directors of Pfizer Ltd. in India are evaluating the various options available for smooth restructing of the said business.

13 Prior year figures have been regrouped wherever necessary to conform to current years presentation.

For and on behalf of the Board

R A SHAH	*Chairman*
KEWAL HANDA	*Managing Director*
P SHAH **B M GAGRAT (Dr)**	*Directors*
K SUBHARAMAN	*Secretary*

Mumbai, 20th January, 2007

Pfizer Limited

Regd. Office : Pfizer Centre, 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 **56th Annual General Meeting of the Company to be held on Thursday, 22nd March, 2007 and at any adjournment thereof.**

Signed this .... day of .... 2007.

Folio No. / Client ID :

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, 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-SIXTH ANNUAL GENERAL MEETING of the Company at Y.B. Chavan Pratishthan Auditorium, Gen. Jagannath Bhosale Marg, Mumbai 400 021 on Thursday 22nd March, 2007 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


Pfizer
Sildenafil Citrate Tablets 50 mg
Viagra™ 50 mg
1 strip of 1 tablet


Pfizer
Caduet® Tablets
5 mg/10 mg
Pfizer
Amlodipine Besilate (5 mg)
Caduet® Tablets
5 mg/20 mg


Pfizer
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LYRICA™
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1 strip of 14 capsules
Pfizer
Pregabalin Capsules
LYRICA™
150 mg
1 strip of 14 capsules

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