Pfizer

Working together for a healthier world™

ANNUAL REPORT 2006-2007

GOAL: HAND IN HAND WITH COMMITMENT

GOAL:

hand in hand
with **COMMITMENT**

Without commitment, a goal can end up as an empty promise.

Without commitment, a goal has no definite plan.

Without commitment, a goal may never be realized.

A goal that has joined hands with such a strong sense of commitment can only come true.

With an undeterred focus, Pfizer is backing its goal for a healthier world with a strong commitment.

A commitment that will also create a healthier sense of trust, partnerships, work culture and profits.

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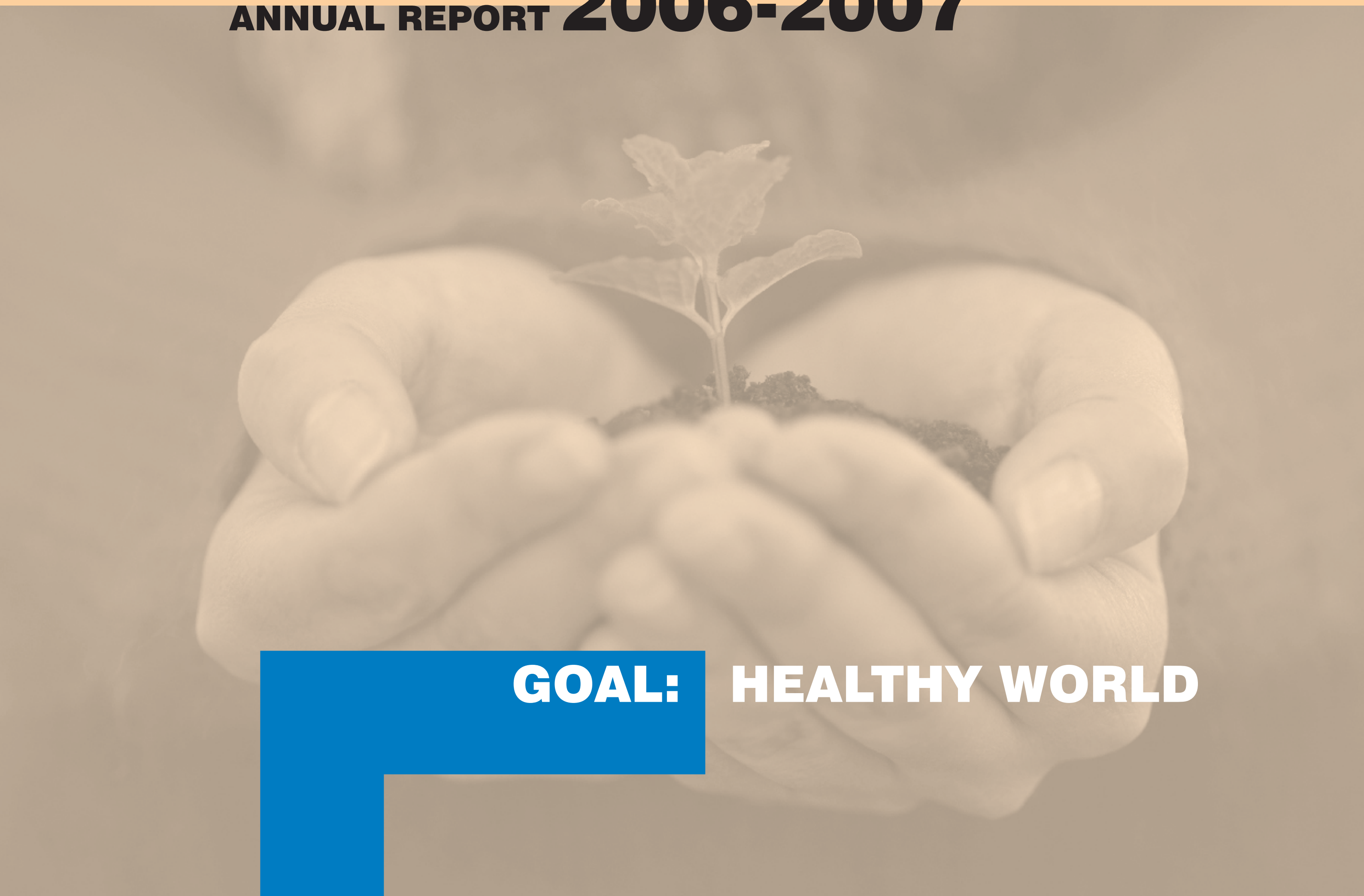

GOAL: HEALTHY WORLD

COMMITMENT

To discover, develop and ensure access to safe, effective medicines and health solutions that patients around the world value and trust

GOAL:

HEALTHY WORLD

At Pfizer, we are inspired by a single goal: a healthier world.

We are strongly committed to developing new, safe medicines that prevent and treat serious diseases.

We are equally dedicated to making them available to the people who need them most.

We have a leading portfolio of medicines that address unmet medical needs across a broad range of therapeutic areas and a leading pipeline of promising new drugs in areas such as oncology, diabetes and cardiovascular diseases.

We believe that from progress comes hope and the promise of a healthier world.

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HEALTHY WORLD

Working together for a healthier world™

ANNUAL REPORT 2006-2007

GOAL: HEALTHY TRUST

COMMITMENT
Partner with people
who help us develop and
market our products,
prescribe them and benefit
from them - scientists, regulators,
physicians and investors

GOAL:

HEALTHY TRUST

At Pfizer, we value your trust.

We are committed to delivering value to our patients, customers and shareholders.

There will be constant focus on improving the way we do business.

We strive to operate with transparency in everything we do.

We believe that a healthier world can only be built through trust.

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HEALTHY TRUST

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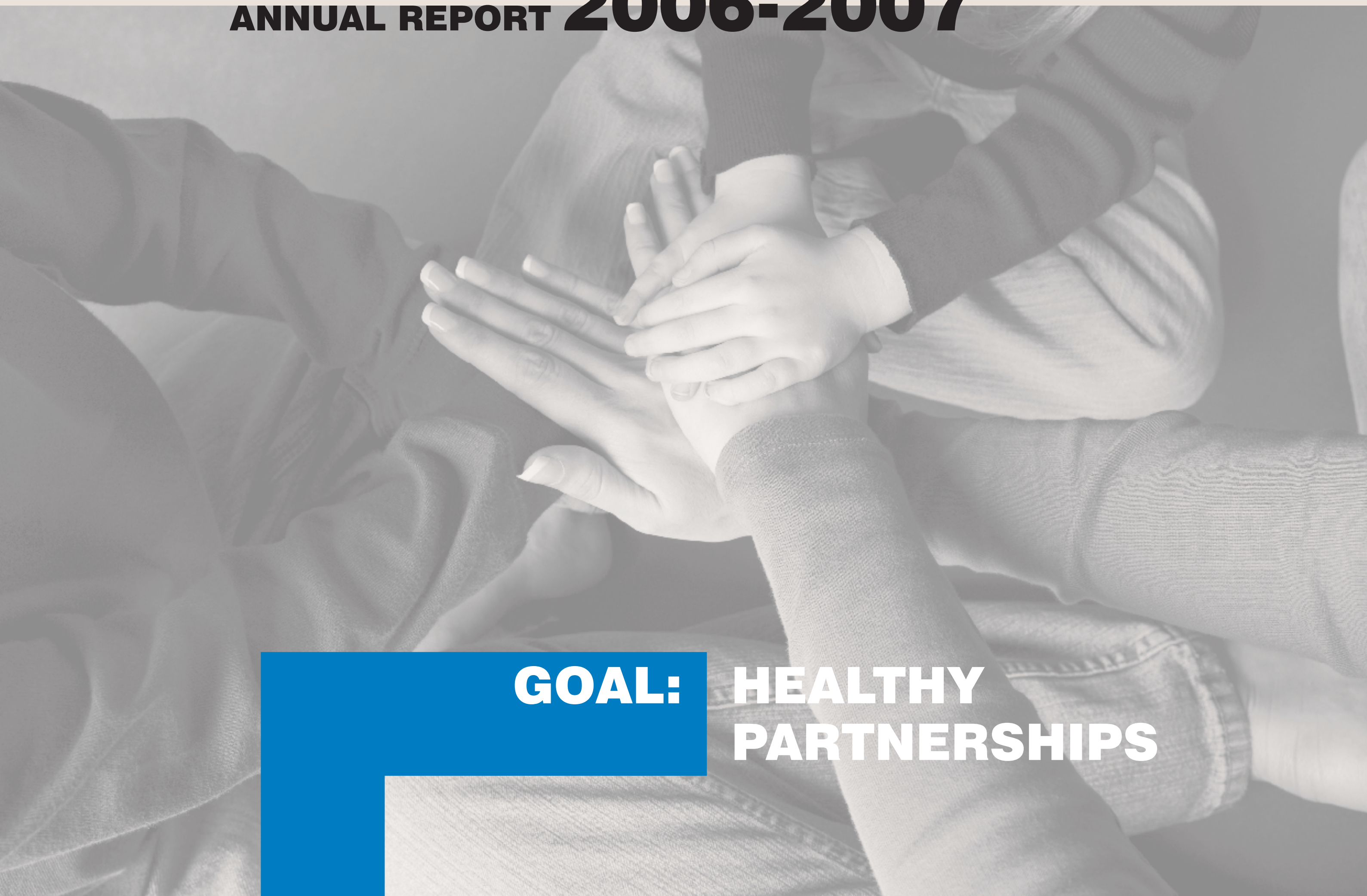

GOAL: HEALTHY PARTNERSHIPS

COMMITMENT

Build productive and enduring relationships with governments and communities so that we can together bring health, wealth and well being to society.

GOAL:

HEALTHY PARTNERSHIPS

At Pfizer, we invest in partnerships that will stand the test of time.

We are deeply committed to working with stake holders to help increase access to our innovative medicines.

We will concentrate on building enduring relationships with everyone from patients to health care providers, managed care organizations to world governments and non-governmental organizations.

We believe that these partnerships will go a long way in creating a healthier world.

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ANNUAL REPORT **2006-2007**

HEALTHY PARTNERSHIPS

Pfizer

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ANNUAL REPORT 2006-2007

GOAL: HEALTHY ‘EMPLOYER’ BRAND

COMMITMENT
Make Pfizer a great place to work for, with a culture that upholds Pfizer Values

GOAL:

HEALTHY 'EMPLOYER' BRAND

At Pfizer, our most valuable asset is our people.

We are strongly committed to making Pfizer a great place to work.

Our focus will be on creating a culture that recognizes colleague accomplishments.

There will be a constant thrust on performance, career development and growth.

Diversity is our strength and we will encourage it.

We will ensure that the Pfizer Values are upheld at all times.

We believe that with a committed workforce we are better equipped to create a healthier world.

HEALTHY 'EMPLOYER' BRAND

Working together for a healthier world™

CONTENTS

Pfizer Limited: Ten Year Financial Summary

Rupees in Lakhs

	1998	1999	2000	2001	2002‡	2003	2004§	2005	2006	2007
Sources of Funds										
Shareholders' Funds										
Share Capital	1172	1172	2344*	2344	2344	2880	2880	2984	2984	2984
Share Capital Suspense A/C					536	–	104	–	–	–
Reserves and Surplus	7104	9541	11167	14645	27923	27960	31292	34672	37589	61880
Total Shareholders' Funds	8276	10713	13511	16989	30803	30840	34276	37656	40573	64864
Borrowed Funds										
Secured Loans	156	–	–	–	–	–	–	–	–	–
Unsecured Loans	1	1	–	–	–	–	1200	–	–	–
Total	8433	10714	13511	16989	30803	30840	35476	37656	40573	64864
Application of Funds										
Net Fixed Assets	3678	3502	3728	4210	5696	6110	7564	7770	6675	7040
Investments	346	324	324	324	529	324	324	–	–	50
Deferred Tax Asset (Net)	–	–	310	503	790	989	636	903	1436	1298
Current Assets, Loans and Advances:										
Inventories	4018	4486	5780	5644	8484	8658	7389	8983	9845	9506
Sundry Debtors	2317	3810	3918	5421	12341	5883	7174	8282	6901	6137
Cash and Bank Balances	820	2329	4609	5763	6840	8908	16110	20993	30651	47979
Other Current Assets	–	–	–	–	–	45	137	214	903	817
Loan & Advances	3923	3839	3529	4289	7260	8330	6840	6693	6821	13537
Total Current Assets, Loans and Advances	11078	14464	17836	21117	34925	31824	37650	45165	55121	77976
Less: Current Liabilities and Provisions										
Current Liabilities	5375	5439	6771	6312	11112	9619	11284	13404	14495	10628
Provisions	2047	2376	2366	2853	5244	4192	5421	6448	9498	11165
Net Current Assets	3656	6649	8699	11952	18569	18013	20945	25313	31128	56183
Misc. Expenditure (Deferred Revenue Expenditure)										
Voluntary Retirement Scheme	753	239	–	–	5219	5404	6007	3670	1334	293
Commercial Rights	–	–	450	–	–	–	–	–	–	–
Total Net Assets	8433	10714	13511	16989	30803	30840	35476	37656	40573	64864
Income	23343	28733	32719	36207	65127	55896	65966	69750	76586	77301
Gross Sales				3796	5719	3954	4884	5416	6039	6199
Less: Excise Duty				2643	5165	4478	5304	4482	4312	3836
Less: Sales Tax				29768	54243	47464	55778	59852	66235	67266
Net Sales										
Operating and other Income	3744	5107	5162	6147	6007	4051	3924	4103	5953	34270
Total	27087	33840	37881	35915	60250	51515	59702	63955	72188	101536
Expenditure										
Material Cost	6997	8830	10066	10736	21978	19737	22370	20007	22356	23148
Personnel Cost	5712	4865	5056	5580	8784	7942	8255	10014	10234	10170
Manufacturing and other expenses	11313	14100	15774	11154	17183	16409	18564	19273	19746	20510
Interest Expense	211	54	37	26	76	39	81	15	7	2
Depreciation	967	768	676	717	1064	1083	1026	1385	1307	958
Total	25200	28617	31609	28213	49085	45210	50296	50694	53650	54788
Profit Before Taxation & Exceptional Items	1887	5223	6272	7702	11165	6305	9406	13261	18538	46748
Exceptional items - Net	–	–	–	–	1518	(1673)	(1922)	(2337)	(2337)	(1735)
Profit Before Taxation	1887	5223	6272	7702	12683	4632	7484	10924	16201	45013
Taxation	629	2130	2518	2953	5089	1881	2932	4112	5628	11120
Profit After Taxation	1258	3093	3754	4749	7594	2751	4552	6812	10573	33893
Tax Provision as % of PBT	33.3	40.8	40.1	38.3	40.1	40.6	39.2	37.6	34.7	24.7
Net Profit as % of Sales	5.4	10.8	11.5	13.1	11.7	4.9	6.9	9.8	13.8	50.3
Earnings per share (Rs.)	10.73	26.39	16.02@	20.26	26.37	9.55	15.25	22.83	35.43	113.58
Equity Dividend per share (Rs.)	4.00	5.00	4.00	5.00	7.50	7.50	10.00	10.00	22.50	27.50
Total Dividend Amount (Rs. in Lakhs)	469	586	938	1172	2160	2160	2984	2984	6714	8206
Book Value per share (Rs.)	70.61	91.41	57.64 @	72.48	106.95	107.08	114.86	126.19	135.95	217.37

* 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 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

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BOARD OF DIRECTORS

R. A. Shah	Chairman
Kewal Handa	Managing Director
Pradip P. Shah	Director
Dr. Bomi M. Gagrat	Executive Director, Technical Operations
Yugesh Goutam	Executive Director, Human Resources
Richard Gane	Director

EXECUTIVE COMMITTEE

Kewal Handa	Managing Director
Dr. Bomi M. Gagrat	Technical Operations
Sunil Madhok	Animal Health
Dipali Talwar	Legal
Yugesh Goutam	Human Resources
S. Venkatesh	Strategic Business Development
Venkat Iyer	Business Technology & Distribution
Dr. C. Potkar	Medical & Regulatory Affairs

COMPANY SECRETARY
Prajeet Nair

AUDITORS
BSR & Co.

REGISTERED OFFICE:
Pfizer Centre, 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.,
Plot No. 17 - 24, Vittalrao Nagar, Near Image Hospital,
Madhapur, Hyderabad 500 081. Tel.: 040 23420815 - 28
Fax : 040 23420814 Email: kvpnair@karvy.com

Notice

Notice is hereby given that the 57th Annual General Meeting of the members of Pfizer Limited will be held at the Yeshwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021 on Tuesday, April 15, 2008, at 3.00 p.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at November 30, 2007, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors.
2. To declare Dividend for the year ended November 30, 2007.
3. To appoint a Director in place of Mr. R.A. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   "**RESOLVED** that Mr. Yugesh Goutam who holds office as an Additional Director of the Company up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and who is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member pursuant to Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

   "**RESOLVED** that pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), consent of the Company be and is hereby accorded to the appointment of Mr. Yugesh Goutam as Whole - time Director, designated as Executive Director-Human Resources, for a period of five years with effect from June 28, 2007 and to his receiving remuneration, payments, perquisites and amenities from that date as given below:

   A. Salary, Fixed Allowances and Bonus / Performance Linked Incentives:

   The aggregate of Salary, Fixed Allowances and Bonus / Performance Linked Incentives payable to Mr. Yugesh Goutam shall be subject to a maximum limit of Rs.75,00,000/- (Rupees Seventy Five Lakhs Only) per annum.

   B. (i) Perquisites:

   In addition to the above mentioned Salary, Fixed Allowances and Bonus / Performance Linked Incentives, Mr. Yugesh Goutam shall also be entitled to perquisites like furnished accommodation, gas, electricity, water and use of Company car for official duties. In case the Company owned / leased accommodation is not provided, Mr. Goutam shall be entitled for House Rent Allowance subject to a maximum limit of Rs.20,00,000/- (Rupees Twenty Lakhs Only) per annum.

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

   a) **Telephone / Facsimile / Computer :**

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

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

   Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the above ceiling to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961. Gratuity payable as per the Company's Scheme.

   c) **Medical Expenses:**

   Reimbursement of all medical expenses incurred for Mr. Goutam, his wife and dependent children (family) as per the rules of the Company.

   d) **Leave and Leave Passage:**

   Leave as per the rules of the Company. Mr. Goutam will also be entitled to leave encashment as per the rules of the Company. Leave Travel Concession for Mr. Goutam and his family once in a year to any destination in India.

   e) **Club Membership:**

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

   f) **Entertainment Expenses:**

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

   Perquisites shall be evaluated as per Income-Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost.

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

C. Minimum Remuneration:

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

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised from time to time to amend, alter or otherwise vary the terms and conditions of the appointment of Mr. Goutam including remuneration, provided that such remuneration shall not exceed the maximum limits for payment of managerial remuneration as may be admissible to him 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."

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

"**RESOLVED** that Mr. Richard Gane who holds office as an Additional Director of the Company up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 ("the Act") and who is eligible for appointment, and in respect of whom the Company has received a notice in writing from a member pursuant to Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Item Nos. 5 to 7 of Special Business is annexed hereto.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 7th April, 2008 to 15th April, 2008 (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 instrument appointing 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:**

   Mr. R.A.Shah was appointed as a Director liable to retire by rotation by the shareholders at the 54th Annual General Meeting held on April 28, 2005. Mr. R.A.Shah is liable to retire by rotation at the 57th 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 hereunder:

   Mr. R.A.Shah is a leading Solicitor and a Senior Partner of M/s. Crawford Bayley & Co., a firm of Advocates & Solicitors. He specializes in a broad spectrum of corporate laws in general, with special focus on Foreign Investments, Joint Ventures, Technology and License Agreement, Intellectual Property Rights, Mergers and Acquisitions, Industrial Licensing and Anti Trust Laws, Company Law and Taxation.

   He is the Chairman / Director of the following other public limited companies and Chairman / Member of following other Board Committees:

Name of Company	Designation	Chairmanship / Membership of Audit Committee of Board
Godfrey Phillips India Ltd. (Phillip Morris affiliate)	Chairman	–
Clariant Chemicals (India) Ltd. (Formerly known as Colour Chem Limited)	Chairman	Chairman
Colgate Palmolive India Ltd.	Vice-Chairman	Chairman
Abbott India Ltd.	Director	Member
Asian Paints (India) Ltd.	Director	–
ACC Limited	Director	–
The Bombay Dyeing & Mfg. Co. Ltd.	Director	Chairman

Name of Company	Designation	Chairmanship / Membership of Audit Committee of Board
BASF India Ltd.	Director	Member
Deepak Fertilizers & Petrochemicals Corporation Ltd.	Director	—
Lupin Limited	Director	—
Wockhardt Ltd.	Director	Member
Nicholas Piramal India Ltd.	Director	Chairman
Procter & Gamble Hygiene and Healthcare Ltd.	Director	Member
Century Enka Ltd. (Akzo affiliate)	Director	Member

Mr. R.A.Shah holds 3,400 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 2000 has been transferred to the "Investor Education and Protection Fund" established by the Central Government. Members shall not be able to register their claim in respect of their unencashed dividend with regard to the said dividend. Unclaimed dividend for all the subsequent years will be transferred to the "Investor Education and Protection Fund" according to the statutory stipulations. Members are requested to contact the Company's Registrars and Transfer Agents, in respect of their outstanding dividends for the succeeding years.

By Order of the Board of Directors

Mumbai, February 25, 2008

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

Prajeet Nair
Company Secretary

Explanatory statement pursuant to Section 173 of the Companies Act, 1956.

ITEM NOS. 5 & 6:

The Board of Directors of the Company, has appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Mr. Yugesh Goutam as an Additional Director of the Company with effect from June 28, 2007. In terms of the provisions of Section 260 of the Act, Mr. Yugesh Goutam would hold office up to the date of this Annual General Meeting.

The Company has received a notice in writing from a member together with a deposit of Rs.500/- (Rupees five hundred only) pursuant to Section 257 of the Act, proposing Mr. Goutam's candidature for the office of Director.

The Board of Directors at its Meeting held on June 28, 2007 appointed Mr. Yugesh Goutam as an Executive Director-Human Resources of the Company for a period of five years with effect from June 28, 2007 on such remuneration, payments, perquisites, benefits and amenities as set out in the resolution at Item No. 6 of the Notice.

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

Mr. Goutam is 43 years old and has done his Masters degree with specialisation in Personnel Management and Industrial Relations. He has also undergone an Executive Programme in Human Resources from University of Michigan and Global Top Management Programme from Kellog Business School, North-Western University.

Mr. Goutam has over 20 years of rich experience in both Indian and multinational organizations. He began his career as a Management pupil with the Indian affiliate of British American Tobacco and went on to work across industries such as FMCG, IT, Telecom, Healthcare and Petrochemical. Prior to joining Pfizer, Mr. Goutam worked for Reliance Industries Limited as Vice-President-Human Resources. He has also worked with Becton Dickinson in a regional role as Head, Asia Pacific and South East Asia. Mr. Goutam's key area of interest is 'Transformation and Change Management'. Mr. Goutam has experience of handling business and HR issues during Mergers and Acquisitions. He joined Pfizer Ltd. in March, 2004 as Senior Director - Human Resources and as a Senior Member of the Executive Committee Team of Pfizer Ltd. Mr. Goutam is also a Member of the Shareholders' Grievance Committee of Pfizer Limited.

Mr. Goutam does not hold any other Directorships and Chairmanships / Memberships in Board Committees.

Mr. Goutam is the Vice-Chairman of the OPPI (Organization of Pharmaceutical Producers of India) HR Committee and is the member of the Conference Board, India.

Mr. Goutam holds 44 equity shares of Rs.10/- each in the Company.

The Board recommends the Resolutions set out at Item Nos. 5 & 6 of the Notice for the approval of the members.

The given particulars of his appointment and remuneration as set out at Item No. 6 of the Notice may be treated as an Abstract pursuant to Section 302 of the Act.

Mr. Goutam is deemed to be interested in these Resolutions as it concerns him. No other Director is concerned or interested in the passing of these Resolutions.

ITEM NO. 7:

The Board of Directors of the Company, has appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Mr. Richard Gane as an Additional Director of the Company with effect from November 30, 2007. In terms of the provisions of Section 260 of the Act, Mr. Richard Gane would hold office up to the date of this Annual General Meeting.

The Company has received a notice in writing from a member together with a deposit of Rs.500/- (Rupees five hundred only) pursuant to Section 257 of the Act, proposing Mr. Gane's candidature for the office of Director.

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

Mr. Gane is 38 years old and holds a LL.B. degree from Queens University in Belfast and a LL.M. post graduate degree in International Law from Nottingham University. He attended law school at the College of Law, Chester, UK. Before joining Pfizer, he was a trainee Solicitor with Edwards Geldard, Cardiff, UK. He joined Pfizer in January, 1997 as a Legal Advisor in UK for Pfizer's prescription business and in January, 2001, he became the Head of Legal Affairs in UK and European Union (EU) for Pfizer's Consumer Healthcare products. In 2003, he moved to head the Legal Division of AFME Region of Pfizer Inc., as the Corporate Counsel-PGP-Africa/Middle East/India/Pakistan.

In 2006, Mr. Gane moved to Hong Kong where he is currently the Senior Corporate Counsel for Asia Region of Pfizer Inc. Mr. Gane is a Member of the UK Law Society.

Mr. Gane does not hold any other Directorships and Chairmanships / Memberships in Board Committees of Indian public limited companies.

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

The Board recommends the Resolution set out at Item No. 7 of the Notice for the approval of the members.

Mr. Gane 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.

Mumbai, February 25, 2008

By Order of the Board of Directors

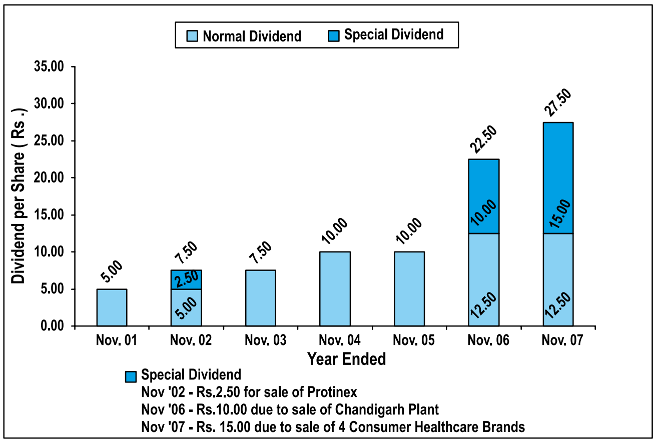
Registered Office:
Pfizer Centre, Patel Estate, Off S. V. Road,
Jogeshwari (West), Mumbai – 400 102.

Prajeet Nair
Company Secretary

DIRECTORS' REPORT including Management Discussion and Analysis Report

TO THE MEMBERS

Your Directors have pleasure in presenting this 57th Annual Report together with the Audited Accounts for the year ended November 30, 2007. 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. 27.50 per share (275%) for the financial year ended November 30, 2007 which includes Rs.15.00 per share (150%) as special dividend in view of the sale of four Consumer Healthcare Brands to M/s. Johnson & Johnson Limited. The dividend payout will aggregate to Rs.8206.40 lakhs and the tax on distributed profits payable by the Company would amount to Rs.1394.68 lakhs.

FINANCIAL RESULTS

Rupees in Lakhs

	Year Ended November 30, 2007	Year Ended November 30, 2006
Sales (Net of Excise Duty & Sales Tax)	67266	66235
Operating and other Income	34270	5953
Profit Before Taxation and Exceptional Items	46748	18538
Exceptional Items - Net	(1735)	(2337)
Profit Before Taxation	45013	16201
Less: Taxation		
- Current Tax	10740	5855
- Fringe Benefit Tax	242	307
- Deferred Tax	**138**	(533)
Profit After Taxation	33893	10572
Balance of Profit from Prior Years	24097	22281
Surplus available for Appropriation	57990	32853
Appropriations:		
Transfer to General Reserve	3400	1100
Proposed Dividend	8206	6714
Tax on Dividend	1395	942
Balance carried to Balance Sheet	44989	24097

OPERATIONS

Your Company recorded sales of Rs. 67266 lakhs, an increase of 1.56 percent over Rs. 66235 lakhs in the previous year. Your Company achieved a net profit of Rs. 33893 lakhs as compared to Rs.10572 lakhs for the previous year showing an increase of 220.59 percent.

Subsequent to the financial year end, your Company transferred the exclusive license it holds in respect of the trademarks relating to four Consumer Healthcare brands, viz., Benadryl, Caladryl, Benylin and Listerine and certain assets relating thereto, for a consideration of Rs. 21485.10 lakhs to M/s.Johnson & Johnson Limited. All the remaining products under the Consumer Healthcare Portfolio will continue to be with the Company.

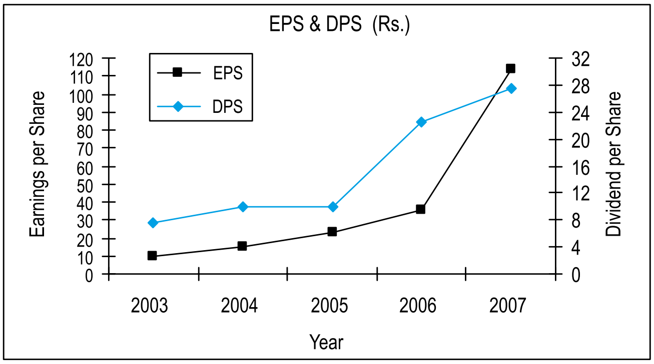
CORPORATE

In compliance with Accounting Standard 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

The Indian economy continues to be one of the fastest growth economies in the world with an annual GDP growth in excess of 9 percent over the last 2 years. Short term inflationary concerns have died down and inflation continues to be in the healthy mid 4 percent levels. The government is also increasing its commitment towards extending healthcare services for the poor and underprivileged. In the coming two years, the government plans to double the public healthcare expenditure in areas such as preventive care, improving access to quality healthcare for the rural population and investing in healthcare delivery infrastructure.



PHARMA INDUSTRY IN 2007 – AN OVERVIEW

The pharmaceutical market has grown at 13.4 percent (IMS MAT Dec. 2007) as against a projected growth of 12.5 percent (IMS Prognosis 2007 - 2011). This is despite the lower growth of acute segments such as anti-infectives and respiratory which grew at rates slower than that of Chronic segment. The Chronic segment on the other hand has maintained its growth at 20.5% with segments such as cardiovascular showing growth in excess of 20% (IMS MAT Dec. 2007). The year also witnessed an overall reduction in the 'historically' observed growth disparity between Multinational Companies (MNCs) and their Indian counterparts. The MNCs as a group grew by 9.8 percent while Indian companies clocked a somewhat higher growth rate of 14.3 percent, compared to 10.8 percent and 19.6 percent respectively, as seen last year. Globally, India was ranked at #15 in terms of value and #4 in volume terms.

Collaborative research is expected to be the future of the new drug discovery process in India. 2007 witnessed many Indian pharmaceutical companies entering into collaborative drug discovery deals. While India continues to be a key destination for manufacturing, it is now also being perceived to play an important role in the global drug development value chain - Contract Research and Manufacturing (CRAM) continues to aid growth of the industry. Opportunities in manufacturing and services continue to drive the industry growth; however this trend is expected to change gradually. The large retail chains bring with them the potential for change in distribution system and delivery of drugs to patients.

Other notable changes continue to occur in the healthcare provider landscape in India. This includes a growing presence of corporate hospitals and the expansion of retail outlets from urban to semi-urban areas thus encompassing small towns that will now have greater access to treatment facilities and medicines. Factors such as rising prevalence of lifestyle related diseases coupled with improving health awareness and purchasing power will continue to drive growth in the pharmaceutical market.

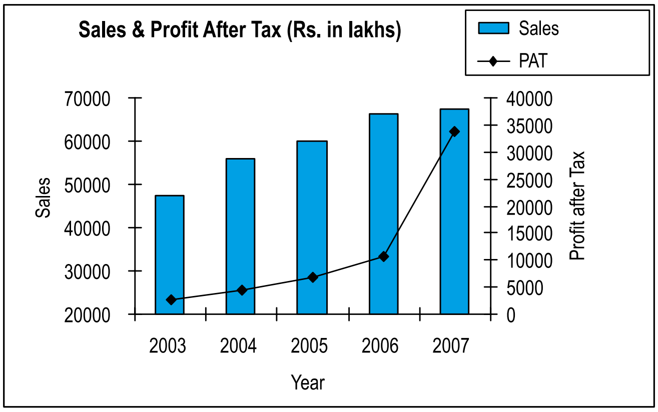
Despite the dynamic policy environment, several products were launched in the country in key therapeutic areas such as Cancer and HIV. Patients in India now have access to newer and advanced treatments for life threatening diseases that will help them lead better quality lives and manage their disease better.

OUTLOOK AND IMPLICATIONS

The Indian pharmaceutical market is expected to grow at 11-12 percent and triple to $20 billion by 2015, and thus make its move to become one of the world's top 10 pharma markets. This growth will primarily be driven by the launch of new products and market expansion strategies. Domestic companies will also continue to grow through acquisitions, joint ventures, leveraging low operational costs and outsourcing. However, price control mechanisms and the dynamic policy environment may constrain market growth.

Today, the Indian pharmaceutical market stands at a critical juncture. It is gradually making a transition from being cost effective to being innovative – whether it is discovering new drugs through collaborative research or growing the market. It is therefore critical to create an environment that stimulates long term benefits, ensures IP security and promotes sustainable growth of the industry. This requires the combined effort of the pharmaceutical industry, medical professionals, government, non - profit organizations and academicians - a symbiotic association that will result in discovery of new drugs that have more effective cures than their predecessors.

REVIEW OF OPERATIONS



BUSINESS SEGMENT: PHARMACEUTICALS DIVISION

Performance 2007

Your Company has a market share of 2.6 percent, and is currently ranked 11th. In the last few years, we have consolidated our brands, developed a strategic focus when it comes to customer engagement and building new channels for expanding our business. Our current portfolio includes some of India's best known brands within the industry. These products have stood the test of time and are even today preferred brands. In addition, we are also broadening the circle to include other major products such as Amlogard, Magnex and Magnamycin. These three products have together clocked a growth of 21 percent. Given the pressures of the pricing regime this move will ensure more of our products that have the potential to perform, are given the opportunity to develop in the market. This strategy of focusing on specific products will expand to include more products in the coming years.

Your Company has increased the focus on institutional sales as well as on launching new products and increasing the base of existing products. Growth is imminent if we execute our strategy effectively. Read on to learn about our initiatives to become more efficient and effective in achieving our goals.

Marketing & Medical Initiatives

Your Company's commitment to develop and consolidate strong relationships with customers has continued during 2007 with the launch of several initiatives. One such initiative was called the 'Survival of the Fittest' which was aimed to increase awareness and sensitize clinicians regarding the threats posed by increasing bacterial resistance (in ICUs), emerging resistance to higher antibiotics and the growing menace of Acinetobacter infections. A number of symposia were conducted across India, where opinion leaders addressed leading Intensivists, Infectious Disease Specialists and Microbiologists. The initiative provided a platform to share current management practices in treatment of different types of hospital acquired infections like Sepsis and VAP, highlight local antimicrobial resistance patterns and discuss the increasing threat of Multiple Drug Resistant pathogens.

Another initiative that was very impactful was your Company's efforts in the field of Neuropathic Pain. Several high science international speakers programs, Continuing Medical Education (CMEs) and innovative programs were conducted to increase awareness about neuropathic pain and its treatment. 'Chronic Back Pain: Is it more or less Neuropathic?' was a novel initiative to bring eminent pain specialists, neurologists and leading orthopedicians of the country to a common platform. The attempt was to move towards a rational and symptom-based treatment for back pain therapy. This initiative created awareness about pain which requires distinctive pain management strategies and where early inception of the most appropriate treatment is highly desirable in order to improve outcomes.

Your Company rolled out the 'Healthy Heart™' program to yet another location – Bangalore. This program, the first of its kind in India, is now operational in Hyderabad, Chennai and Bangalore through an alliance with Apollo Hospital group. This alliance brings together personnel, expertise, and infrastructure to provide managed healthcare to subjects by offering the very best of products and services, thereby maximizing value to patients, and all participating stakeholders. It is envisaged that this initiative will provide overall healthcare benefits through disease awareness and education, cost effective screening and diagnosis of CVD, and its risk factors, and promotion and practice of guideline defined treatment.

Your Company won prestigious awards for its continued pursuit of launching value added programs / services, high science education and gaining leadership positions in represented market. In its quest to become the market leader and the most prescribed brand in the Vitamin market, Becosules has scaled greater heights in the year 2007. Becosules won the Reader's Digest Trusted Brand Gold Award (India), in the Vitamin and Health Supplement category in May 2007. This award is the ultimate seal of consumer approval as the voters are all the Publication's readers. Your Company also received 'Frost and Sullivan Brand Strategy Development Award' for Becosules in the Indian Dietary Supplement Category for the year 2006-2007. 'Frost & Sullivan' Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technology innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research in order to identify best practices in the industry.

Field Force

Your Company has taken several well defined strategic steps that aim to maximize returns over the short and medium term.

The Efficiency and Effectiveness (EnE) initiative was extremely critical as it aims to radically improve field force effectiveness and efficiency. Launched last year, EnE was rolled out to Pharma field force this year and is on course to deliver its results. EnE comprises critical changes in our business processes designed to enhance sales and marketing performance.

Project Sanjeevani, another initiative of your Company seeks to expand the Company's reach to a larger customer base, thus enhancing revenues and profitability. Launched in 2007, the project is steadily being rolled out across the country and is expected to significantly impact your Company's revenue stream.

Another cross functional initiative, Project Linearity, has completed phase 1 in 2007. The project is beginning to make its impact by streamlining your Company's end-to-end supply chain in order to maximize value to the customers.

BUSINESS SEGMENT: ANIMAL HEALTH DIVISION

India is the largest producer of milk - 4th largest producer of eggs, 5th largest broiler producer and 2nd largest shrimp producer. Dairy and Poultry contribute 90 percent to the Animal Health Industry in India and the balance is shared by Companion, Equine and Swine. The dairy potential stems from the estimated 100 million cattle heads.

While India's economy is the second fastest growing in the world, the agricultural growth has remained low with 6 percent growth in 2005-06 and 2.7 percent in 2006-07. We do witness a correlation of agricultural growth with the livestock business.

An independent study has confirmed that over the last 30 years, the inclusion of milk and meat in the Indian diet has been steadily increasing. The poultry business has grown and consolidated over the years with integrators, especially in Southern India, making rapid strides. The dairy business which was once mostly backyard is also shaping up in the last couple of years. From being deficient to self reliant, India has turned into an exporter of milk in the last few years. This augurs well for the industry.

2007 was a year of positive achievement for the Pfizer Animal Health Division as we continued to make progress on all fronts. Sales growth is coming from an ever-widening portfolio of fast-growing products that, combined with good cost control, has enabled us to deliver a strong financial performance. We also have very healthy momentum in our pipeline, with new products added in the last 12 months. For all these reasons, we look to the future with confidence.

Dairy Business:

India has the largest population of cattle in the world and continues to hold its position as the highest producer of milk in the world. The major segments of the Dairy market are Anti-infectives, Parasiticides, Reproductives, and Nutritionals. Some of the major issues faced by the Dairy business have been its dependence on the agrarian economy, on intermittent monsoon rain, the 'reach' to the customers who are widespread, the non-availability of market audit, and price sensitivity.

The Dairy market has witnessed a gradual shift to organized farming, with increased holding per farm and greater awareness of productivity and management practices. Our Dairy business is well positioned to take advantage of the changes taking place in the market and the growth in the sector. We have registered significantly higher growth than the market and are poised to further accelerate the growth thereby strengthening our position in the dairy market.

Poultry Business:

The Indian Poultry market is more organized than the Dairy industry with an annual growth rate of 11 percent. The per capita consumption of chicken meat has grown at a CAGR of 10 percent in the last 15 years and reached 2 kg / capita / year.

Pfizer Poultry team has consciously increased its focus on 'Biosecurity'. We have witnessed 'Bird Flu' episodes in the recent past and the focus on Biosecurity would be beneficial for the poultry farmers. The team is making conscious efforts to move the market from 'conventional disinfectant' approach to a more comprehensive 'Biosecurity approach' based on ROI.

This coupled with other strategies, will result in significant gains to grow the business and gain leadership in the segment.

Companion Animal Business:

The Companion Animal (CA) market is at a nascent stage but is growing at around 20 percent per annum. The entry of Pet Food companies in India has increased visibility of CA market. This coupled with higher disposable income of India household in a growing economy is fuelling the growth of CA market.

CA Team has a leading position in the CA market and is the largest player in the polyvalent bios segment. We are well positioned to seize the growth opportunity in the CA market through an aggressive field force and determined efforts on demand creation which will strengthen our current demand for CA Bios while we continue to look for new products in therapeutic segments.

Dedicated teams by all species in Pfizer Animal Health India coupled with innovative business strategies are the growth drivers in an otherwise challenging business environment.

Our consistent performance over the years and a significantly above budget performance for the year led to our receiving the recognition for the best performance in Asia Pacific Region for 2007.

BUSINESS SEGMENT: SERVICES – MEDICAL & RESEARCH DIVISION

The Pfizer India Medical & Research Division is a team of 30. The group is organized under the departments: Medical Affairs & Research, Clinical Research, Regulatory Affairs, Clinical Development, and Quality Standards and Training.

Medical Affairs & Research

Medical Affairs & Research (MAR) Team provides direction to Marketing, Sales, and Training efforts. The team provides resources and technical expertise towards the following: medical relationship management with key opinion leaders via medical research specialists, who facilitate scientific engagements, therapeutic area–related meetings, investigator–initiated research projects and unrestricted educational grants. New product evaluation, development, and launch efforts, ongoing support to in-lines, via medical development plans synchronized with brand plans, 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 & Research staff also provides product-related technical support for regulatory activities in the areas of registration, labelling, and safety surveillance. MAR strives to achieve and surpass well-defined standards, benchmarks and metrics. Notable contributions have been the development & dissemination of information on the value of our medicines clearly differentiating them from similars and emphasizing the uniqueness of the original research molecule. Outcomes Research studies to justify value proposition have been conducted, e.g., the burden of neuropathic pain study. As part of the Pfizer Education & Research League (PEARL), nine workshops on clinical research & continuing medical education (CME) topics have been conducted at key institutes. A national consensus document on management of acute spinal cord injury (ASCI) is on the anvil. A tool to detect neuropathic pain (painDetect) was shared and awareness of the mixed (nociceptive + neuropathic) nature of chronic back pain was accomplished. A study comparing Magnex (cefoperazone – sulbactam) with 3 drug standard of care in intra–abdominal infections revealed that monotherapy was superior in efficacy, safety, and tolerability and more cost–effective. Two manuscripts of this study in peer-reviewed journals were accepted for publication clearly proving that Original is One. Towards the end of the year a new function External Medical Affairs has emerged. This function is essentially the medical interface with government, academia/universities and medical societies. Liaising with Pfizer External Medical Affairs International, a partner has been identified with which Pfizer India will collaborate in the space of public health, viz., Public Health Foundation of India.

A campaign to highlight the benefit–risk ratio of low molecular weight heparins in selecting the Balanced Efficacy & Safety Thromboprophylatic (BEST) won the Upjohn award for innovation.

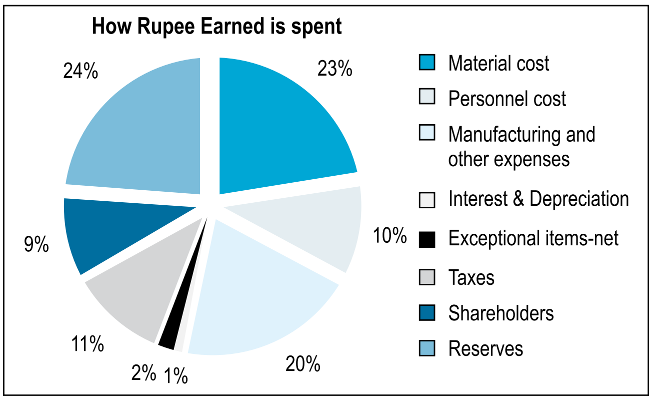
The first Indian guidelines on hypertension were updated and released at the Association of Physicians of India (API) Conference in Goa in February, 2007. It is proposed to create a medical information cell that is both reactive and proactive and that monitors market intelligence, analyzes trends, and leverages on the value of this information for the benefit of our internal and external customers. A survey among key opinion leaders ranked medical services number one, among top Indian and foreign multinational pharmaceutical companies, in areas of medical meetings, CMEs & medical information.

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 three organizational segments: Study Management; India Regional Monitoring Group; and Support Services. About four-fifth of the clinical research portfolio relates to phase II and phase III studies executed for 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 helps 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 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.



HUMAN RESOURCES DIVISION

The Human Resources (HR) division played a key role during 2007 to drive the aspirational and transformational goals across the organization.

The pillars for people processes revolve around two critical imperatives viz. building a high performance culture and building world class talent. The present employee strength in the organization stands at 1889. The focus during 2007 was on the following initiatives:

Organizational Transformation:

As part of the global transformational guidelines, Pfizer India too implemented an organizational restructuring exercise. The objective of this exercise was to optimize and improve efficiencies in line with our growth plans. The new organization structure will support faster decision making and cut down on multiple hierarchical levels in the organization. The span of control for key managers was also increased.

Performance Management System:

The ‘Performance Management System’ is the pivot on which people processes are managed. A good understanding of the performance management system ensures that individual objectives are linked to organizational aspirations. In line with this, goal alignment workshops were conducted to ensure alignment and synergy across divisions. Workshops on coaching and counselling skills were conducted for key managers in the organization. A system to review individual performance in line with organizational performance is put in place to build performance differentiation.

Talent Planning Process:

Talent identification is not limited to building succession plans in the system. The leadership team is committed to engage in a systematic process to identify and develop the talent pool in the organization. In line with this, talent is identified in three separate pipelines viz. Strategic, Functional and Execution / Unique position. The focus was on formulating robust ‘Individual Development Plans’ as part of talent development. A higher variable pay component was paid to members of the talent pool. A few colleagues were also nominated for Global assignments. General Management Developmental programs were conducted at the Indian Institute of Management (Ahmedabad) for Pfizer executives.

Colleague Engagement:

The key objective of the ‘Colleague Engagement’ survey was to identify select areas by which ‘engagement’ can be built and then to focus efforts on developing action plans at the people manager level. As part of the Reward and Recognition program, a grand award ceremony was held in the organization to reward outstanding contribution for their efforts towards achieving the organisation’s goals.

Peoplesoft:

Your Company’s HR division has a central database repository called ‘Peoplesoft’ for all Pfizer processes. This central database is picked up by both global as well as local systems / processes. Hence a lot of focus is given to ensure the data integrity in the Peoplesoft system. As we move forward, Peoplesoft will provide data for all people processes in the organization.

Field Force – Achievers’ Club:

The focus this year was on high performing sales colleagues. An ‘Achievers’ Club’ of such high performing colleagues was formed with clear developmental initiatives earmarked for each colleague. Field colleagues were also provided exposure to marketing functions through a secondment program. The focus was also on having 'Individual Development Plans' for developing field colleagues. These programs have been 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

Your Company's efforts are to ensure that the business environment is conducive for it to introduce new products in the market and expand the presence of its existing products. These efforts will require significant support by the government and its policies. For instance, the intent to expand the net for drugs under price control is being expressed more strongly by the government. Your Company and the industry association have had several meetings with the concerned ministries in order to present our perspective on the matter. Despite low drug prices, access to medicines continues to be an area of great concern. Over 65% of the population do not have access to essential medicines. It is therefore, imperative that the industry and the government work closely towards creating a sustainable model for the future.

Your Company continues to work through industry associations to ensure that the spirit of the law is upheld and transparent processes and procedures are implemented to interpret the law.

The Corporate Communication department has provided support to the transformation process, colleague engagement in the case of the consumer health business transfer, partnered with Legal, Pfizer Global Security and Quality Assurance departments to tackle the issue of counterfeit. Your Company has placed advertisements to create awareness amongst consumers about the increasing presence of counterfeit drugs in the market.

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 Risk Assurance Services further supplements the Company's internal control systems. This is done by the Risk Assurance Services Department, 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 Risk Assurance Services Department, 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

Pfizer Global Manufacturing (PGM) India has continued to ensure compliance with the highest standards of quality and at the same time has successfully maintained its competitive edge with systematic improvement in operating efficiencies so as to bring improvements in product costs. There is a 'Continuous Improvement' program in place which ensures that efficiency and productivity are optimized.

PGM is also working towards aligning with Global initiatives of 'Lean and Agile Manufacturing Strategy'. It recognizes that the Global Plant Network Strategy (PNS) is in alignment with the Pfizer objective of integrating with One - Pfizer and to bring products to market faster and more fully leverage PGM capabilities. PGM India has consistently achieved inventory reduction goals and executes complexity reduction strategies very effectively.

PGM India continues to maximize the value of contract manufacturing relationships. It operates a secure supply chain, providing products whenever and wherever they are needed around the world. PGM India has partnered with Global and Indian partners. These partnerships have resulted in significant cost savings. We have collaborated with the Global Supply Chain organizations within Pfizer in creating future supply network and supporting its key stakeholders. Our people have demonstrated their skilled competencies to interact, negotiate and deliver results, through these partnerships, consistent with Pfizer standards of excellence.

PGM India has embraced the new paradigm of 'Right First time' (RFT). We have effectively employed Six Sigma based RFT methodologies and Continuous Process Monitoring techniques to study Machine and Process capability indices. These studies revealed a number of improvement opportunities. Method 1 (basic) approach was used for investigating shop-floor/laboratory incidents. Green Belt and Black Belt projects were then taken up to institutionalize sustainable changes in manufacturing operations at Thane plant as well as at Contract Manufacturing locations. This has contributed to overall improvements in effectiveness and efficiency leading to significant business benefits in wastage reduction, energy savings and batch yields.

We have actively participated in the worldwide journey to embrace colleague diversity and foster a PGM culture of Inclusion. All Colleagues are valued, engaged and recognized as a true resource of competitive advantage. The unique contributions of empowered colleagues lead to continuous improvements and breakthrough achievements. Colleagues are encouraged to embrace the 'transformational mindset' and participate in an Open, Communicative and Inclusive culture that allows for divergent thinking and leveraging unique thinking styles. The commitment to Diversity and Inclusion is deliberately reflected in the prominent position as the first Mission Element of PGM, 'We are a diverse team of highly engaged colleagues.'

In order to move our organizational culture towards a transformed PGM, Senior Leadership has begun a mentoring initiative and hosting informal discussion sessions to increase engagement and receive direct feedback on the PGM organizational pulse. The new initiatives will include developing a Diversity and Inclusion (D&I) competencies profile to add to the technical and leader behavior competencies profiles. The D&I profile is designed to assist with colleague development by assuring that future PGM leaders are catalysts to drive a culture change to achieve the PGM D&I Vision as linked to PGM business results. A recent Survey was conducted by The Gallup Organization to assess Engagement and Inclusion at all Pfizer units worldwide. PGM India will ensure that the results of the survey will be analyzed and actions will be initiated to bring about an enhanced culture that promotes colleague engagement, inclusion and participation.

PGM India continues to find ways to 'Make Pfizer a Great Place to Work'. We have made a strong commitment to develop diverse, highly technical colleagues with strong business acumen who will thrive in our rapidly changing environment. PGM transformation will provide opportunities for enhancement of our existing colleagues' competencies with personal growth and adaptability to manage new ways of delivering products, services and treatment to patients. Our streamlining efforts will help us give colleagues the opportunity to learn and grow and develop their skills.

We understand that to achieve future success in the rapidly changing business environment, PGM fundamentally needs to go beyond change...it needs to transform all aspects of our business. We are committed to executing better and faster. We are also adding new strategies to ensure success and contribute towards helping people lead healthier lives.

DUCHEM LABORATORIES LIMITED - SUBSIDIARY COMPANY

The Net Sales of the Subsidiary Company for the year under review is Rs. 403 lakhs as compared to Rs. 444 lakhs for the previous year. The operations for the period reflect a Net Profit of Rs. 108 lakhs as against Net Profit of Rs. 20 lakhs for the previous year.

DIRECTORS

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

The Board of Directors at their meeting held on June 28, 2007 appointed Mr. Yugesh Goutam as an Additional Director of the Company. The Board also appointed him as Executive Director – Human Resources with effect from June 28, 2007. Mr. Goutam's appointment and remuneration are being placed before the shareholders at the ensuing Annual General Meeting of the Company. The information required to be furnished under Clause 49 IV (G) of the Listing Agreement is given in the Notice of the 57th Annual General Meeting.

The Board of Directors at their meeting held on November 30, 2007 appointed Mr. Richard Gane as an Additional Director of the Company. Mr. Richard Gane shall be appointed as a Director pursuant to Section 257 of the Companies Act, 1957 at the forthcoming Annual General Meeting of the Company. The information required to be furnished under Clause 49 IV (G) of the Listing Agreement is given in the Notice of the 57th Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

I. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.

II. Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

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

IV. Your Directors have prepared the attached Statement of Accounts for the year ended November 30, 2007 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 to this Report.

The information required under Section 217(2A) of the Companies Act, 1956 ("the Act") read with the Rules framed thereunder forms part of this Report. However, as per provision of Section 219 (1)(b)(iv) of the Act, the Report and Accounts are being sent to all shareholders excluding the statement of particulars of employees under Section 217(2A) of the Act. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Company's Registered Office.

AUDITORS

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

COST AUDITORS

Pursuant to the provisions of Section 233B of the Companies Act, 1956 necessary applications have been submitted to the Department of Company Affairs for the appointment of M/s N. I. Mehta & Co. as Cost Auditors to audit the cost accounts maintained by the Company in respect of Formulations for the year ending November 30, 2008.

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. Your 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

Mumbai, February 25, 2008

R.A. SHAH
Chairman

Corporate Social Responsibility

Your Company strives to be a trusted and responsible member of the community in which it works to give back to our communities through urban revitalization initiatives, school partnerships and support for healthcare in rural and urban India. We help to foster forward - thinking, community - based approaches within the organization which manifests itself through the involvement of our colleagues in the various social initiatives that we have embarked on in 2007.

The sustained efforts to give back to the society have resulted in communities continuing to be benefited by them. Your Company's efforts to rebuild the school building at Nagapattinam that was destroyed during the tsunami in 2005 continues to impart education to several children even today. The other philanthropic initiatives led by the Corporate Communications team of your Company in 2007 are:

Product Donations

Your Company supported activities that tackled diseases through product donation. Significant product donations were made to deserving voluntary organizations. Amongst other medicines, your Company has donated several products to social organizations which included NGOs that work in schools for the underprivileged. Your Company also provided the urgent supply of medicines required by UNICEF for patients in the flood affected districts of Bihar. Your Company's medicines were donated to over 20 NGOs that serve across all age groups from orphan children to the aged.

Running for a cause

Your Company also participated in the Mumbai marathon and ran in support of Vcare - an NGO that works towards helping cancer patients and their families cope with the crisis in their lives. V Care is an emotional support group, providing assistance for financial aid, counselling and gives information to patients and their families in addition to other activities.

Mother and Child Healthcare Project in rural Haryana

The Mother & Child Healthcare Project in rural Haryana extends to 41 villages. Pfizer India's partnership with Arpana Research & Charities Trust for this project has entered into the sixth year.

Your Company's support has enabled Arpana to empower women, impart education and generate awareness on antenatal care, post natal care and sanitation. The increased awareness saw a 20 percent reduction in low birth weight babies, 94 percent coverage of antenatal checkups and TT immunizations and a 20 percent jump in institutional deliveries. The presence of neural tube defects among the infants also showed a decrease.

Arpana also facilitated the inclusion of vital micronutrients in the dietary habits by promoting the concept of village gardens. The project involved distribution of seeds, monitoring of kitchen gardens and prizes for well maintained kitchen gardens. 64 percent of the target villages now have gardens. This has ensured supply of nutritious food and vegetables for the families, thereby better health for the mother and child.

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 has benefited 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.

Annexure To Directors' Report

CONSERVATION OF ENERGY:

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

Specific Energy Conservation Measures are:

i) Installation of Heat Recovery System for Boiler.

ii) Replacement of Furnace Oil by Bagasse Briquette as fuel for Boiler.

b) Additional proposals or activities if any

i) Variable Frequency Drives for additional equipment.

ii) Installation of new Aeration System.

iii) Revamping of Electrical Distribution System.

c) Impact of measures taken

Energy conservation measures stated above have resulted in gradual savings.

Total energy consumption and energy conservation per unit of production:

As per Form A of the Annexure hereunder:

Form A :

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

A. POWER AND FUEL CONSUMPTION:

			Current Year 1-12-2006 to 30-11-2007		Previous Year 1-12-2005 to 30-11-2006
1.	Electricity:				
	Purchased Unit (000's)	**KWH**	6936	KWH	7243
	Total Amount (000's)	**Rs.**	32253	Rs.	32117
	Rate/Unit	**Rs.**	4.65	Rs.	4.43
2.	Own Generation				
	Through Diesel Generators (000's)	**KWH**	118	KWH	154
	Units/litre of L.D.O	**KWH**	**NA**	KWH	2.99
	Marginal Cost/Unit	**Rs.**	**NA**	Rs.	8.54
	(considering only L.D.O price)				
	Units/Litre of H.S.D.		3.09		–
	Marginal cost/unit	**Rs. / KWH**	11.08		–
	(considering only HSD Price)				

		Current Year 1-12-2006 to 30-11-2007		Previous Year 1-12-2005 to 30-11-2006
3. Bagasse				
Quantity	**MT**	4160	MT	5033
Total Amount (000's)	**Rs.**	13728	Rs.	17112
Avg. Rate/MT	**Rs.**	**3300**	Rs.	3275
4. Furnace Oil				
Quantity	**KL**	**177**	KL	344
Total Amount (000's)	**Rs.**	**4201**	Rs.	7073
Avg. rate/KL	**Rs.**	**23732**	Rs.	20560

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 and injectibles).

I. **Energy conservation measures taken**
   1. Rationalization of Utility Operations

II. **Additional proposals being implemented for reduction of energy consumption**
   1. Energy savings by Lighting control system.

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	27.64
(ii)	Revenue	2429.52
(iii)	Total	2457.16
(iv)	Total R&D expenditure as percentage of total turnover	3.65%

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 was Rs. 2207.22 lakhs.

   (b) The foreign exchange expenditure (which includes import of raw materials, spares and remittance of dividends etc.) was Rs. 7273.81 lakhs.

For and on behalf of the Board of Directors

R.A. SHAH

Mumbai, February 25, 2008 *Chairman*

Report on Corporate Governance

I. PFIZER'S 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 had 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 Board at Pfizer represents an optimum mix of professionalism, knowledge and experience. The Chairman of the Board is a Non-Executive Independent Director. Mr.R.A.Shah and Mr.Pradip Shah, Non-executive Directors, are Independent Directors. The Board comprises of 3 Non-Executive Directors out of the total strength of 6 Directors as on date. The table set below will explain the details.

Name	Category of Directorship*	No. of other Director-ships held	No. of other Committees of which Member	No. of other 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 M. Gagrat	WTD	1	Nil	Nil
Mr. Pradip Shah	NED (I)	13	4	3
Mr. Yugesh Goutam	WTD	Nil	Nil	Nil
Mr.Richard Gane	NED	Nil	Nil	Nil

* 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.

(3) Mr. Yugesh Goutam was appointed as an Executive Director - Human Resources with effect from June 28, 2007. Mr. Richard Gane was appointed as a Non-Executive Director with effect from November 30, 2007. With the appointment of Mr. Goutam, the Company did not achieve the requirement of 50% non-executive directors for a short period, till the appointment of Mr. Gane.

(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. Six Board Meetings were held during the period December 1, 2006 to November 30, 2007. These were held on December 26, 2006, January 20, 2007, March 22, 2007, June 28, 2007, September 24, 2007 and November 30, 2007. 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	6	6	Yes
Mr. Pradip Shah	6	6	Yes
Mr. Kewal Handa	6	5	Yes
Dr. Bomi M. Gagrat	6	6	Yes
Mr. Yugesh Goutam	3	1	N.A.
Mr. Richard Gane	1	–	N.A.

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 M. Gagrat.

Mr.Pradip Shah is a Chartered Accountant by profession. Mr.R.A. Shah is a Solicitor by profession. Dr.Bomi M. 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.Prajeet Nair, 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 and 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.

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 January 20, 2007, March 22, 2007, June 28, 2007 and September 24, 2007. The following table gives attendance of the Members in the Audit Committee Meeting :

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

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee was present at the 56th Annual General Meeting held on March 22, 2007.

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, Mr.Kewal Handa, Managing Director and Mr.Yugesh Goutam, Executive Director, Human Resources.

Mr.Prajeet Nair, the Company Secretary, acts as the Secretary to the Committee and as the Compliance Officer.

One Shareholders' Grievance Committee Meeting was held on September 24, 2007.

The details of complaints received, cleared / pending during the financial year 2006-07 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	2	352	354	Nil
Non-receipt of shares certificate after transfer/ consolidation/ transmission/ exchange/split/ merger	1	148	149	Nil
Non-receipt of Annual Report	Nil	105	105	Nil
Total	3	605	608	**Nil**

605 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, 2007 that may have a potential conflict in the interest of the Company at large.

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

The following table gives details of remuneration paid to all Directors during the financial year 2006-07:

Executive Directors

Rs. in lakhs

Name	Remuneration		
	Salary, Benefits and Perquisites	Performance linked Incentives	Total
Mr. Kewal Handa	174.79	24.96	199.75
Dr. Bomi M. Gagrat	56.84	12.56	69.40
Mr. Yugesh Goutam	29.51	4.39	33.90
Total	261.14	41.91	303.05

Notes:

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

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

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 remuneration of Mr.Yugesh Goutam, Executive Director, Human Resources 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 Resident 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	1.00	5.00	6.00	3400
Mr. Pradip Shah	1.10	5.00	6.10	Nil
Mr. Richard Gane	-	-	-	Nil
Total	2.10	10.00	12.10	

Notes:

1. The Comission payable to Resident 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.33.31 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 preceding 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

a. The details of the last 3 Annual General Meetings held:

1.	56th Annual General Meeting :	22nd March, 2007 at 3.00 pm. Y. B. Chavan Auditorium, General Jagannath Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021.
2.	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.

3. 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.

b. Special resolutions passed at the last three AGMs:

Two special resolutions were passed at 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.

c. Passing of Resolutions by Postal Ballot:

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, 2007.

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. Risk Management framework

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

f. 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 January 29, 2007, March 26, 2007, July 2, 2007 and October 11, 2007. 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

April 7, 2008 to April 15, 2008 (both days inclusive).

Date, time and venue of the Annual General Meeting:

Date : April 15, 2008

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 or after April 21, 2008 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, 2008
Second Quarter Fourth week of June, 2008
Third Quarter Fourth week of September, 2008
Audited Results Fourth week of January, 2009

Registered Office

Pfizer Limited, Pfizer Centre, Patel Estate,
Off 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.,
Plot No. 17 - 24, Vittalrao Nagar, Near Image Hospital,
Madhapur, Hyderabad 500 081. Tel.: 040 23420815 - 28
Fax : 040 23420814 Email: kvpnair@karvy.com

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 up to 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.

International Securities Identification Number (ISIN)

The Company's scrips form part of the SEBI's Compulsory demat segment bearing ISIN No. **INE182A01018**.

Corporate Identity Number (CIN)

The Company's CIN, allotted by the Ministry of Corporate Affairs, Government of India, is **L24231MH1950PLC008311**. The Company is Registered at Mumbai in the State of Maharashtra, India.

MARKET PRICE DATA

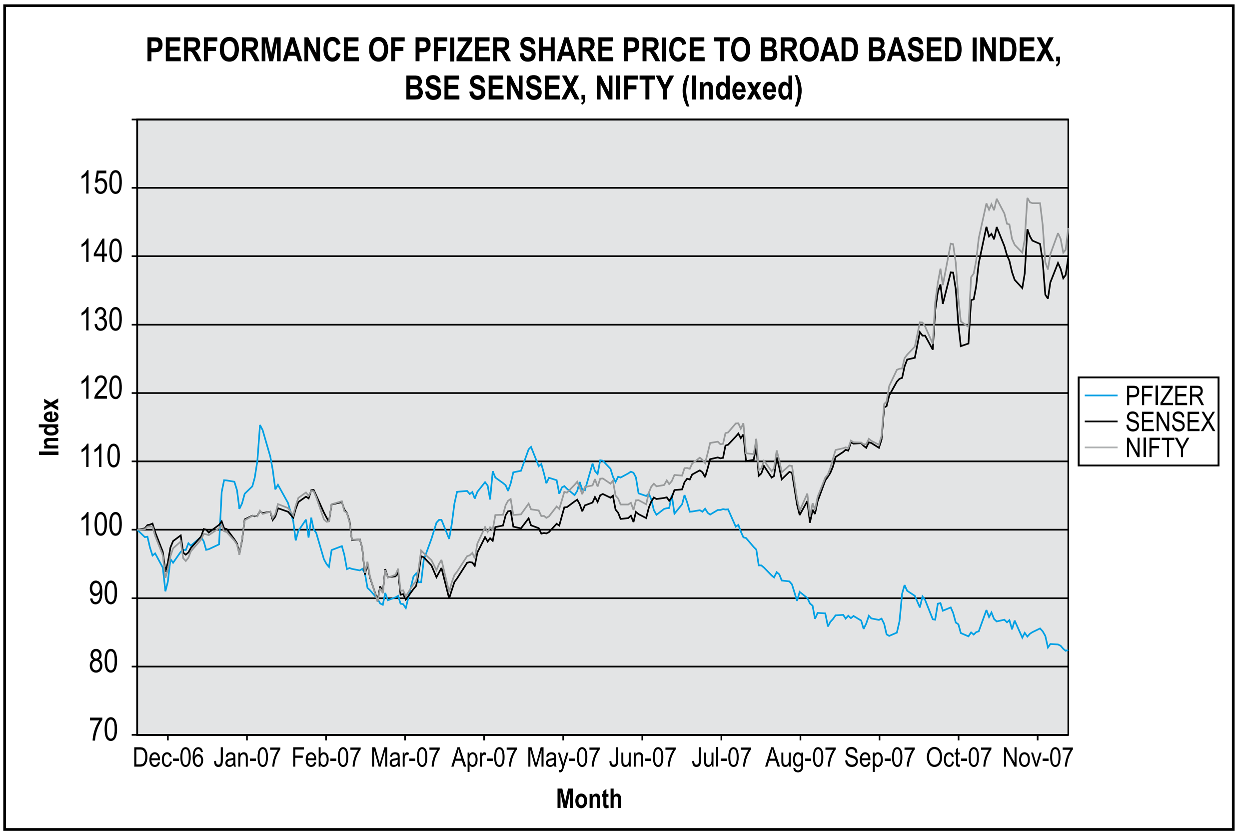
The High and Low prices of the Company's share (of the face value of Rs.10/- each) from December, 2006 till November, 2007 are as below:

	Bombay Stock Exchange Ltd.		The National Stock Exchange of India Ltd.	
Month	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Dec. 2006	850.05	705.10	794.00	708.00
Jan. 2007	925.00	766.00	923.00	765.10
Feb. 2007	823.90	683.00	810.00	684.10
Mar. 2007	815.95	686.00	815.00	690.00
Apr. 2007	866.00	751.00	875.00	757.00
May. 2007	893.00	805.00	890.00	815.50
Jun. 2007	880.00	790.00	890.00	800.25
July. 2007	850.00	760.00	831.00	744.00
Aug. 2007	783.50	670.00	789.00	668.00
Sep. 2007	750.00	661.15	750.00	637.10
Oct. 2007	719.80	660.00	725.00	650.00
Nov. 2007	720.00	635.00	763.45	643.90

DISTRIBUTION OF SHAREHOLDING

(a) Class-wise Distribution of Equity Shares as on 30th November, 2007:

Number of Equity Share Holding	Number of Shareholders	Percentage Shareholders	Number of Shares	Percentage Shareholdings
1 - 50	45740	62.22	1055124	3.54
51 -100	12831	17.45	1045993	3.50
101 -500	13240	18.01	2710348	9.08
501 -1000	1087	1.48	774689	2.60
1001 - 5000	519	0.71	990020	3.32
5001 -10000	26	0.03	174172	0.58
10001 & ABOVE	73	0.10	23091094	77.38
Total	73516	100.00	29841440	100.00



(b) Shareholding Pattern as on 30th November, 2007:

Category	No. of Shares	Percentage
Foreign Collaborators (Pfizer & Associates)	12,302,937	41.23
Banks	28,255	0.09
Financial Institutions	5,492,121	18.40
Foreign Institutional Investors	338,316	1.13
Mutual Funds	3,897,389	13.06
Domestic Companies	1,093,727	3.67
Non-Domestic Companies	29,100	0.10
Non-Residents	151,917	0.51
Others	6,507,678	21.81
Total	**29,841,440**	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, 2007, 55.79% {representing 94.93% of the widely held shares} of the paid-up share capital of the Company representing 16649536 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

Chairman's Office

The Chairman, Mr.R.A. Shah, Solicitor is a Senior Partner of Crawford Bayley & Co. His office is located in Mumbai and, therefore, he has not sought maintenance of the Chairman's Office at the Registered Office premises of the Company.

Shareholders' Rights

The half-yearly financial results are published in the newspapers 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, February 25, 2008

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 2007 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 II (a) Note (3) of the Report on Corporate Governance, due to the appointment of an executive director on board on 28 June 2007 of the financial year, the criteria of 50% of non executive directors as per Clause 49(I) (A) of the Listing Agreement from the period 28 June 2007 till 29 November 2007 was not achieved.

In our opinion, and to the best of our information and according to the explanations given to us, *subject to* the aforesaid, 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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai, February 25, 2008

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 Nitin Negandhi, Sr. Manager, Treasury & Payroll in our capacity as Chief Executive Officer (CEO) and Acting Chief Financial Officer (Acting 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, 2007 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 that there are no

   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
(Chief Executive Officer)

Nitin Negandhi
Sr. Manager Treasury & Payroll
(Acting Chief Financial Officer)

Mumbai, February 25, 2008

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

In accordance with Clause 49 I (D) 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, 2007.

For PFIZER LIMITED

Kewal Handa
Managing Director

Mumbai, February 25, 2008

Auditors' Report

To the Members of Pfizer Limited

We have audited the attached balance sheet of Pfizer Limited ('the Company') as at 30 November 2007 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 ('the Order') 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 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30 November 2007 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 2007;

   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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai, 25 February, 2008

Annexure to the Auditors' Report – 30 November 2007

(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 programme 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. The discrepancies noticed during physical verification have been adjusted in the books of account.

(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 inventory 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, we are of the opinion that there are no companies, firms or other parties covered in the register required under Section 301 of the Act. Accordingly, paragraph 4(iii) of the Order is not applicable.

(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 2007 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 dues set out in Appendix 1 in respect of Income-tax, Sales tax, Service tax, Customs duty and Excise duty have not been deposited by the Company with the appropriate authorities on account of disputes.

(x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding debentures or any outstanding loans from financial institution during the year.

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

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/society.

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

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

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

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.

(xviii) As stated in paragraph (iii) 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 during the year.

(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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai, 25 February 2008

Appendix 1 as referred to in paragraph ix (b) of Annexure to the Auditors' Report

Name of the Statue	Nature of Dues	Amount (Rupees in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Duty and penalty	68.54	1996-2003	Customs, Excise, Service tax Appellate Tribunal
		14.41	1996-1997	
		92.37	1998-2000	
		22.32	1998-2003	
		40.49	1998-2001	
		6.14	1998-1999	
		14.49	1999-2000	
		75.00	1999-2003	
		49.20	2000-2001	
		7.52	2001-2002	
		36.83	2001-2003	
		90.97	2002-2003	
The Central Excise Act, 1944	Duty and Penalty	6.06	1990-1992	Commissioner of Appeals
		1.04	1994	
		4.04	2003-2004	
		4.06	2004-2005	
		3.17	2005-2006	
The Central Excise Act, 1944	Duty and Penalty	12.62	1985-1988	Assistant Commissioner
		6.93	2000-2001	
The Central Excise Act, 1944	Duty and Penalty	14.55	1998	Supreme Court
Customs Act, 1962	Duty and penalty on imports and other disputes	41.92	1996-1997	Supreme Court
Customs Act, 1962	Duty and penalty on imports and other disputes	1.06	1995	Commissioner of Appeals
Service Tax	Duty & Penalty	193.10	1997-2001	Bombay High Court
The Income Tax Act, 1961	Tax and penalty on expenditure disallowed	1576.23	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
		0.56	1983-1984	Deputy Commissioner (Appeal)
		6.54	1985-1986	
		2.81	1986-1987	
		1.92	1993-1994	
		2446.54	1994-1995	
		0.45	1995-1996	
		0.69	1996-1997	
		42.02	1999-2000	
		959.05	2000-2001	
		125.50	2001-2002	
		20.71	2002-2003	
		126.83	2003-2004	
		20.22	1993-1994	Additional Commissioner
		4.56	1994-1995	
		4.00	1995-1996	
		2.97	1996-1997	
		0.62	1997-1998	
		7.87	1998-1999	
		3.32	1994-1996	Tribunal
		2.18	1996-1997	
		1.46	1998-1999	
		9.47	2001-2002	
		3.57	2002-2003	
		14.31	2000-2001	Joint Commissioner
		54.76	2001-2002	
		14.12	2002-2003	
		1.92	1986-1987	Assistant Commissioner
		1.54	1998-1999	

Balance Sheet as at 30th November, 2007

	Schedule Ref.			Rupees in Lakhs As at 30th Nov 2007			Rupees in Lakhs As at 30th Nov 2006
Sources of Funds							
Shareholders' funds							
Share capital	1		2984.32			2984.32	
Reserves and surplus	2		61880.14			37588.68	
				64864.46			40573.00
TOTAL				64864.46			40573.00
Application of Funds							
Fixed assets	3						
Gross block			14161.14			14686.28	
Accumulated depreciation			(8144.80)			(8170.77)	
Net block			6016.34			6515.51	
Capital work-in-progress at cost, including advances			1024.38			160.01	
				7040.72			6675.52
Investments	4			50.25			0.36
Deferred tax asset (Net)	5			1297.92			1436.08
Current assets, loans and advances							
Inventories	6	9506.26			9844.72		
Sundry debtors	7	6136.55			6900.83		
Cash and bank balances	8	47979.17			30650.58		
Other current assets	9	817.11			902.83		
Loans and advances	10	13536.94			6821.94		
			77976.03			55120.90	
Current liabilities and provisions							
Current liabilities	11	(10627.98)			(14495.23)		
Provisions	12	(11165.48)			(9498.17)		
			(21793.46)			(23993.40)	
Net current assets				56182.57			31127.50
Miscellaneous expenditure (to the extent not written off or adjusted)							
Voluntary retirement scheme				293.00			1333.54
TOTAL				64864.46			40573.00
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

BHAVESH DHUPELIA
Partner
Membership No: 042070

Mumbai, 25th February, 2008

For and on behalf of the Board

R A SHAH — *Chairman*

KEWAL HANDA — *Managing Director*

P SHAH
B M GAGRAT (Dr)
YUGESH GOUTAM — *Directors*

PRAJEET NAIR — *Secretary*

Mumbai, 25th February, 2008

Profit and Loss Account for the year ended 30th November, 2007

	Schedule Ref.			Rupees in Lakhs Year Ended 30th Nov 2007			Rupees in Lakhs Year Ended 30th Nov 2006
Income							
Gross sales		77301.06			76585.80		
Less: Excise duty		6199.28			6039.69		
Less: Sales tax		3835.94			4310.89		
Net sales			67265.84			66235.22	
Operating and other income	13		34269.68			5952.70	
				101535.52			72187.92
Expenditure							
Material cost	14		23147.72			22356.03	
Personnel cost	15		10169.76			10233.95	
Manufacturing and other expenses	16		20510.30			19745.96	
Interest on short term loans			1.52			7.15	
Depreciation	3		958.46			1307.13	
				54787.76			53650.22
Profit Before Taxation and Exceptional Items				46747.76			18537.70
Exceptional items - Net	17			(1735.04)			(2336.83)
Profit Before Taxation				45012.72			16200.87
Less: Taxation							
Current tax				10740.00			5854.44
Fringe benefit tax				242.02			307.00
Deferred tax				138.16			(533.08)
Profit After Taxation				33892.54			10572.51
Balance brought forward after adjustments				24097.22			22280.83
Total Available For Appropriation				57989.76			32853.34
Transfer to general reserve			3400.00			1100.00	
Proposed dividend			8206.40			6714.44	
Tax on dividend			1394.68			941.68	
				13001.08			8756.12
Balance Carried To Balance Sheet				44988.68			24097.22
				Rs.			Rs.
Earnings Per Share (Basic And Diluted)				113.58			35.43
(Refer Note 10 in the notes to the accounts - Schedule 19)							
Nominal Value Per 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

BHAVESH DHUPELIA
Partner
Membership No: 042070

Mumbai, 25th February, 2008

For and on behalf of the Board

R A SHAH — *Chairman*

KEWAL HANDA — *Managing Director*

P SHAH
B M GAGRAT (Dr)
YUGESH GOUTAM — *Directors*

PRAJEET NAIR — *Secretary*

Mumbai, 25th February, 2008

Cash Flow Statement for the year ended 30th November, 2007

		Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
A	Cash Flow from Operating Activities : -		
	Net profit before taxation and exceptional items	46747.76	18537.70
	Adjustments for		
	Depreciation	958.46	1307.13
	Unrealised foreign exchange (gain) / loss	10.03	4.12
	Interest income	(3698.23)	(1274.38)
	Profit on fixed assets sold / discarded	(92.38)	(32.22)
	Profit on sale of assets held for disposal	(27369.29)	(1184.09)
	Interest expenses	1.52	7.15
	Provision for doubtful debts and advances	510.32	287.42
	Provisions no longer required written back	(160.00)	–
	Provision for loss of subsidiary company	–	41.00
	Provision for dimunition in the value of investment	0.11	–
	Operating profit before working capital changes	16908.30	17693.83
	Adjustments for		
	Trade and other receivables	188.94	956.68
	Inventories	338.46	(861.31)
	Trade and other payables	(3804.51)	1839.74
	Provisions (excluding proposed dividend,tax on distributed profits, income tax provision)	37.36	(711.03)
	Cash generated from operations	13668.55	18917.91
	Direct taxes paid (Net)	(11297.00)	(6620.81)
	Net cash from operating activities before exceptional items	2371.55	12297.10
	Exceptional Items		
	VRS paid	(694.50)	–
	Net cash from operating activities after exceptional items (A)	1677.05	12297.10
B	Cash Flow from Investing Activities : -		
	Purchase of fixed assets	(1367.09)	(2293.35)
	Proceeds from sale of fixed assets	27966.70	1973.96
	Purchase of investments / inter corporate deposits (Net)	(6700.00)	–
	Interest received	3353.24	1065.44
	Net cash used in investing activities (B)	23252.85	746.05
C	Cash Flow from Financing Activities :-		
	Dividend paid (including tax on distributed profits)	(7588.04)	(3374.75)
	Interest paid	(1.52)	(7.15)
	Net cash used in financing activities (C)	(7589.56)	(3381.90)
	Net Increase / (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	17340.34	9661.25
	Opening cash and cash equivalents (Note 1)	30638.83	20977.58
	Closing cash and cash equivalents (Note 1)	47979.17	30638.83
		17340.34	9661.25

Cash Flow Statement for the year ended 30th November, 2007

	Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
Notes :		
1 Cash and Cash Equivalents Include :		
Cash on hand	4.30	5.45
With scheduled banks		
On current accounts (including accounts with overdraft facility)	1871.20	1193.25
On margin money accounts	3.48	3.48
On time deposit accounts	46090.40	29448.40
Cheques on hand	9.79	–
Unrealised translation gain on foreign currency cash & cash equivalents	–	(11.75)
	47979.17	30638.83

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

BHAVESH DHUPELIA
Partner
Membership No: 042070

Mumbai, 25th February, 2008

For and on behalf of the Board

R A SHAH — *Chairman*

KEWAL HANDA — *Managing Director*

P SHAH
B M GAGRAT (Dr)
YUGESH GOUTAM — *Directors*

PRAJEET NAIR — *Secretary*

Mumbai, 25th February, 2008

Schedules

	Rupees in Lakhs		Rupees in Lakhs
		30th Nov 2007		30th Nov 2006

		Rupees in Lakhs 30th Nov 2007		Rupees in Lakhs 30th Nov 2006
Schedule 1: Share capital				
Authorised				
2,98,44,080 (Nov 2006: 2,98,44,080) Equity shares of Rs. 10 each		2984.41		2984.41
1,01,55,920 (Nov 2006: 1,01,55,920) Unclassified shares of Rs. 10 each		1015.59		1015.59
		4000.00		4000.00
Issued				
2,98,44,080 (Nov 2006: 2,98,44,080) Equity shares of Rs. 10 each		2984.41		2984.41
Subscribed and paid up				
2,98,41,440 (Nov 2006: 2,98,41,440) Equity shares of Rs. 10 each fully paid-up Of the above		2984.14		2984.14
- 1,91,08,636 (Nov 2006: 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 2006: 93,76,100) Equity shares of Rs. 10 each fully paid-up are held by Pfizer Corporation, Panama.				
- 21,42,896 (Nov 2006: 21,42,896) 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 2006: 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 2006: 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 2006: 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	11213.76		10113.76	
Add : Transfer from profit and loss account	3400.00		1100.00	
		14613.76		11213.76
Balance as per profit and loss account		44988.68		24097.22
TOTAL		61880.14		37588.68

Schedule 3 : Fixed assets

Rupees in Lakhs

	COST				DEPRECIATION / AMORTISATION				NET BOOK VALUE	
	As at 01.12.2006	Additions	Deductions	As at 30.11.2007	As at 01.12.2006	For the year	Deductions	As at 30.11.2007	As at 30.11.2007	As at 30.11.2006
Intangible Assets										
Trademarks	15.51	–	–	15.51	15.51	–	–	15.51	–	–
Tangible Assets										
Land :										
Freehold	–	–	–	–	–	–	–	–	–	–
Leasehold	32.57	–	–	32.57	13.52	0.67	–	14.19	18.38	19.05
Buildings :										
On freehold land @	787.38	–	–	787.38	142.78	12.47	–	155.25	632.13	644.60
On leasehold land	1280.74	177.16	14.63	1443.27	257.94	48.25	12.71	293.48	1149.79	1022.80
Leasehold improvements	1559.05	22.08	77.71	1503.42	910.28	180.83	77.58	1013.53	489.89	648.77
Machinery & equipment	5576.50	200.88	274.56	5502.82	2598.08	230.85	256.50	2572.43	2930.39	2978.42
Office equipment,										
Furniture & fixtures	4442.42	133.49	361.29	4214.62	3571.33	353.05	346.64	3577.74	636.88	871.09
Vehicles	992.11	–	330.56	661.55	661.33	132.34	291.00	502.67	158.88	330.78
TOTAL	14686.28	533.61*	1058.75	14161.14	8170.77	958.46*	984.43	8144.80	6016.34	6515.51
Previous year	14886.50	1504.54*	1704.76	14686.28	7810.74	1307.13*	947.10	8170.77		
Capital work-in-progress including capital advances									1024.38	160.01
GRAND TOTAL									7040.72	6675.52

@ Buildings include investment in share application money of Rs. 500 (Nov 2006: Rs. 500) in a co-operative housing society, representing ownership of two residential flats.

* Excludes Rs. 43.45 lakhs (Nov 2006: Rs. 39.11 lakhs) being individual assets costing less than Rs. 5000 written off without capitalisation and net of Rs. 146.64 lakhs (Nov 2006: Rs. Nil) being reversal of excess depreciation provided in the prior years.

Schedules

		Rupees in Lakhs 30th Nov 2007		Rupees in Lakhs 30th Nov 2006
Schedule 4: Investments				
(At cost except where otherwise stated)				
Long Term Investments				
Non-Trade (unquoted)				
Government securities		0.11		0.11
Rural Electrification Corporation of India 500 (Nov 2006: Nil) Bonds of Rs. 10000 each fully paid up		50.00		–
Gold Sovereign (Actual cost Rs. 61)		–		–
The Shamrao Vithal Co-operative Bank Limited 1,000 (Nov 2006: 1,000) shares of Rs. 25 each, fully paid-up		0.25		0.25
Other securities				
Bharuch Eco-Aqua Infrastructure Limited 72,935 (Nov 2006: 72,935) Equity shares of Rs. 10 each, fully paid		7.29		7.29
Bharuch Enviro Infrastructure Ltd. 175 (Nov 2006: 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 2006: 3,24,000) Equity shares of Rs. 100 each, fully paid-up		324.00		324.00
Less: Provision for diminution in value of investments		(331.42)		(331.31)
TOTAL		50.25		0.36
Schedule 5: Deferred tax asset (Net)				
Deferred tax asset				
Arising on account of timing differences in :				
Provision for doubtful debts and advances	669.97		587.03	
Provision for leave encashment	163.20		117.95	
Provision for excise duty, custom duty and sales tax	107.64		46.17	
Amortisation of voluntary retirement costs	178.51		144.01	
Others	629.01		767.04	
		1748.33		1662.20
Deferred tax liability				
Arising on account of timing difference in:				
Depreciation		450.41		226.12
TOTAL		1297.92		1436.08
Schedule 6: Inventories				
Stores and maintenance spares		177.50		242.26
Packing materials		395.25		423.33
Stock-in-trade				
Raw materials		2458.82		2235.67
Work-in-process		546.49		319.57
Finished goods		5928.20		6623.89
TOTAL		9506.26		9844.72

Schedules

		Rupees in Lakhs 30th Nov 2007		Rupees in Lakhs 30th Nov 2006
Schedule 7: Sundry debtors (unsecured)				
Debts outstanding				
- Over six months		1683.61		1856.95
- Other debts		6123.94		6594.37
		7807.55		8451.32
of which				
- Considered good		6136.55		6900.83
- Considered doubtful		1671.00		1550.49
		7807.55		8451.32
Provision for doubtful debts		(1671.00)		(1550.49)
TOTAL		6136.55		6900.83
Bad debts written off Rs. 237.49 lakhs (Nov 2006: Rs. 695.29 lakhs) out of the provision for doubtful debts.				
Schedule 8: Cash and bank balances				
Cash on hand		4.30		5.45
With scheduled banks				
In current accounts		1871.20		1193.25
In margin money accounts (under lien)		3.48		3.48
In time deposit accounts		46090.40		29448.40
Cheques on hand / in transit		9.79		–
TOTAL		47979.17		30650.58
Schedule 9: Other current assets				
Interest accrued but not due on bank deposits		767.49		422.50
Fixed Assets held for sale ** (at book value or estimated net realisable value / salvage, whichever is lower) *		49.62		480.33
TOTAL		817.11		902.83
* Realisable value / Salvage value is based on valuation reports of approved valuers, where applicable ** Refer Note 12 of the Notes to the accounts, Schedule 19				
Schedule 10: Loans and advances (unsecured)				
Advances recoverable in cash or in kind or for value to be received				
- Considered good	2294.61		2154.15	
- Considered doubtful	300.08		193.17	
	2594.69		2347.32	
Provision for doubtful advances	(300.08)		(193.17)	
		2294.61		2154.15
Amounts recoverable from Pfizer Pharmaceutical India Private Limited *		5796.18		261.25
Amounts recoverable from Pfizer Products India Private Limited *		1269.12		–
Amounts receivable from Duchem Laboratories Limited *		44.23		123.63
Deposits		3954.50		4142.29
Balances with Customs, Port Trust and Excise on current accounts		178.30		140.62
TOTAL		13536.94		6821.94
Advances written off Rs. 45.41 lakhs (Nov 2006: Rs. Nil) out of the provision for doubtful advances. * Refer Note 3 of the Notes to the accounts, Schedule 19				

Schedules

	Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
Schedule 11: Current liabilities		
Sundry creditors		
Due to Small Scale Industrial Undertakings (Refer Note 14 of the Notes to the accounts, Schedule 19)	–	238.24
Due to Micro, Small and Medium Enterprises (Refer Note 14 of the Notes to the accounts, Schedule 19)	105.36	–
Others	9067.83	12618.24
Security deposits	415.10	419.27
Dividends - unclaimed *	261.04	192.96
Amount payable to Pfizer Products India Private Limited	–	201.67
Other liabilities	778.65	824.85
TOTAL	10627.98	14495.23
* Investor education and protection fund is being credited by the amount of unclaimed dividend after seven years from the due date.		
Schedule 12: Provisions		
Proposed dividend	8206.40	6714.44
Tax on distributed profits	1394.68	941.68
Gratuity	451.76	475.17
Leave encashment	480.15	350.34
Provision for contingencies (Net)	66.60	137.13
Income tax provisions	390.35	774.95
[Net of taxes paid Rs. 59406.20 lakhs (Nov 2006: Rs. 48281.60 lakhs)]		
Fringe benefit tax provisions	124.14	54.56
[Net of taxes paid Rs. 591.40 lakhs (Nov 2006:Rs. 419.00 lakhs)]		
Wealth tax provisions (Net)	51.40	49.90
TOTAL	11165.48	9498.17
Schedule 13: Operating and other income		
Service Income	2126.39	2612.45
Interest (Gross)		
On staff loans	18.03	28.52
On deposits with banks, delayed payments, etc.	3150.17	1274.38
[Tax deducted at source - Rs. 651.03 lakhs (Nov 2006: Rs. 234.87 lakhs)]		
On others	530.03	111.91
[Tax deducted at source -Rs. 114.86 lakhs (Nov 2006: Rs. 26.98 lakhs)]		
Rental income (Gross)	612.76	583.05
[Tax deducted at source - Rs. 139.21 lakhs (Nov 2006: Rs. 131.59 lakhs)]		
Profit on sale of assets held for disposal	27369.29	1184.09
Profit on fixed assets sold (Net)	92.38	32.22
Other insurance claims	133.65	68.73
Exchange gain (Net)	51.07	13.13
Provision / liability no longer required written back	160.00	–
Others	25.91	44.22
TOTAL	34269.68	5952.70

Schedules

			Rupees in Lakhs 30th Nov 2007			Rupees in Lakhs 30th Nov 2006
Schedule 14: Material cost						
(Increase) / decrease in stock of finished goods and work-in-process						
Stock at commencement						
Finished goods	6623.89			5553.24		
Work-in-process	319.57			363.46		
		6943.46			5916.70	
Stock at close						
Finished goods	5928.20			6623.89		
Work-in-process	546.49			319.57		
		6474.69			6943.46	
			468.77			(1026.76)
Raw materials						
Stock at commencement		2235.67			2505.28	
Purchases (Net)		9778.80			8446.96	
		12014.47			10952.24	
Stock at close		(2458.82)			(2235.67)	
			9555.65			8716.57
Packing materials consumed			4415.07			4238.66
Purchase of traded goods			8708.23			10427.56
TOTAL			23147.72			22356.03

		30th Nov 2007		30th Nov 2006
Schedule 15: Personnel cost				
Salaries, wages and bonus		7883.93		8227.20
Company's contribution to gratuity fund		934.14		574.74
Company's contribution to provident and other funds		598.30		553.75
Staff welfare expenses		753.39		878.26
TOTAL		10169.76		10233.95
Schedule 16: Manufacturing and other expenses				
Consumption of stores and maintenance spares		171.18		217.98
Processing charges		1945.29		1741.22
Power and fuel		733.25		721.79
Water		60.81		28.34
Repairs : Buildings	17.65		8.80	
Machinery	251.97	269.62	241.33	250.13
Rent		1062.03		998.66
Rates and taxes		244.65		238.64
Insurance		263.77		175.46
Clinical trials		1075.59		1089.29
Legal and professional charges		1137.81		915.91
Equipment rentals, service charges, low cost assets written off		792.83		670.82
Freight, forwarding and transport		2091.98		1848.72
Travelling (including boarding, lodging, conveyance and other expenses)		1294.85		1552.93
Communication expenses		444.85		435.76
Advertising and promotion		3659.39		3561.65
Commission		1059.35		911.06
Provision for doubtful debts and advances (Net)		510.32		287.42
Provision for diminution in value of long term investments		0.11		–
Provision for loss of subsidiary company		–		41.00
Royalty		707.67		697.90
Excise duty		97.55		262.56
Miscellaneous expenses		2887.40		3098.72
TOTAL		20510.30		19745.96
Schedule 17: Exceptional items - Net				
Exceptional expense				
Amortization of compensation paid to employees under VRS		1735.04		2336.83
TOTAL		1735.04		2336.83

18 Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National advisory Committee on Accounting Standards, 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. 5000 are written off and those costing more than Rs. 5000 but upto US$ 1000 are fully depreciated in the year of purchase except that -

"multiple-like items" the cost of which is over US$ 10000 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$ 10000 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 based on the estimated useful life of the assets 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 up to 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 lease period
Leasehold Improvements	Higher of 8% to 10% or Amortised over the lease period
Machinery & Equipment	8% to 40%
Office Equipment, Furniture & Fixture	8% to 33.33%
Vehicles	25%

(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.

Intangibles Assets

(i) Intangible assets comprises of trademarks. Trademarks are recorded at their acquisition cost and are amortised over the lower of their estimated useful life and period of ownership on straight line basis i.e. over a period of 3 years.

(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.

Impairment of Assets

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 at the higher of its net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment loss is recognised 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 on a monthly basis. 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.

The premium or discount on forward contracts is recognized over the period of the contracts. The premium or discount in respect of forward contracts related to acquisition of imported fixed assets is adjusted against the carrying costs of corresponding fixed assets. In respect of other contracts, it is recognized in the Profit and Loss Account.

(e) Investments

Long-term investments are stated at cost less any other than temporary diminution in value, determined separately for each individual investment.

(f) Inventories

Raw materials, work-in-progress, finished goods, and packing materials are valued at the lower of weighted average cost and net realizable 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. The net realizable value of work-in-progress is determined with reference to the selling price of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value.

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

(g) Samples

Physicians' samples are valued at standard cost, which approximates actual cost.

(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 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.

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

(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 in the earlier years is charged to the Profit and Loss Account over a period of five years. Compensation paid during the year under the VRS is charged to the Profit and Loss Account.

(l) Taxation

Income tax expense comprises current tax, deferred tax charge or credit and fringe benefit tax. Provision for current tax is based on the results for the year ended 30th November, 2007, in accordance with the provisions of the Income Tax Act, 1961. The final tax liability will be determined on the basis of the operations for the year 1st April 2007 to 31st March 2008, being the tax year of the Company.

The deferred tax charge or credit is recognized using substantially enacted rates. In the case of unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each Balance Sheet date to reassess realization.

Provision for Fringe Benefit Tax is made on the basis of applicable rates on the taxable value of eligible expenses of the Company as prescribed under the Income Tax Act, 1961.

(m) Earnings per Share

Basic and diluted earnings per share are 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 2007	Rupees in Lakhs 30th Nov 2006
1	Estimated amount of contracts on capital account to be executed and not provided for	4436.83	607.12
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	119.59	130.14
	(b) In respect of :		
	(i) Excise Duty	544.82	949.16
	(ii) Customs Duty	40.54	1.06
	(iii) Sales Tax	3946.78	2846.85
	(iv) Service Tax	193.11	193.10
	(v) Income Tax	743.62	743.62
	(vi) Pending Labour Matters contested in various courts	122.66	122.66
	(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	Loans and Advances include amounts due from:		
	Duchem Laboratories Limited, a subsidiary company [Maximum aggregate amount due during the year Rs. 149.29 lakhs (Nov 2006 – Rs. 315.78 lakhs)]	44.23	123.63
	Pfizer Pharmaceutical India Pvt. Ltd., a company under the same management [Maximum aggregate amount due during the year Rs. 6783.54 lakhs (Nov 2006 – Rs. 1700.48 lakhs)]	5796.18	261.25
	Capsugel Healthcare Limited, a company under the same management [Maximum aggregate amount due during the year Rs. Nil (Nov 2006 – Rs. 1570.00 lakhs)]	–	–
	Pfizer Products India Pvt. Ltd., a company under the same management [Maximum aggregate amount due from during the year Rs. 2007.10 lakhs (Nov 2006- Rs. Nil)]	1269.12	–
4	Advertising and promotion includes cost of samples distributed.	728.02	829.30
5	Auditors' Remuneration (including service tax, as applicable):		
	For Audit	29.66	26.94
	For Other Attestation services	42.13	22.73
	Out of pocket expenses	1.15	1.89

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 (A)								
Others	Tonnes	–	–	4.20	4.20	46.37	–	–
		(–)	(–)	(4.80)	(4.80)	(47.70)	(–)	(–)
FORMULATIONS (B)								
Injectables :								
Liquid parentals	Litres	43850.65	170.94	244924.12	259598.94	1532.38	19429.09	102.79
		(16055.37)	(94.97)	(309322.81)	(277483.82)	(1519.38)	(43850.65)	(170.94)
Tablets and capsules	No. in Millions	305.08	2019.03	2126.31	2097.32	23065.73	307.78	1900.75
		(305.74)	(2029.44)	(2057.63)	(2035.49)	(21561.66)	(305.08)	(2019.03)
Liquids	Litres	1070583.98	1455.39	7111298.86	7013127.30	17988.13	882165.07	1336.35
		(1025543.17)	(1166.21)	(7003896.64)	(6840676.44)	(16471.96)	(1070583.98)	(1455.39)
Solids	Kgs	15505.53	92.23	97923.22	93212.48	938.73	18270.44	142.14
		(18567.37)	(100.71)	(100655.78)	(102787.42)	(1024.11)	(15505.53)	(92.23)
Ointments	Kgs	371.35	2.74	–	(613.10)	(7.01)	2.16	0.01
		(4427.76)	(25.18)	(–)	(2982.22)	(39.49)	(371.35)	(2.74)
Food products	Tonnes	4.72	12.24	–	(0.09)	(0.35)	0.04	0.10
		(27.15)	(63.84)	(541.84)	(550.93)	(1204.11)	(4.72)	(12.24)
Feed supplements	Tonnes	79.94	131.22	352.16	351.81	1115.58	65.70	106.50
		(87.78)	(177.06)	(404.95)	(401.58)	(1178.85)	(79.94)	(131.22)
TOTAL (B)			3883.79			44633.19		3588.64
			(3657.41)			(42999.56)		(3883.79)

TRADING ACTIVITIES

Class of Goods	Unit of Measure	STOCKS AT COMMENCEMENT Quantity	STOCKS AT COMMENCEMENT Rupees in Lakhs	PURCHASES Quantity	PURCHASES Rupees in Lakhs	SALES Quantity	SALES Rupees in Lakhs	STOCKS AT CLOSE Quantity	STOCKS AT CLOSE Rupees in Lakhs
FORMULATIONS (C)									
Injectables :									
Liquid parentals	Litres	9268.13	320.42	38642.45	981.63	32415.62	2581.41	12389.30	417.94
		(6243.52)	(173.85)	(37150.67)	(828.68)	(32749.48)	(2369.32)	(9268.13)	(320.42)
Powder parentals	Kgs	322.73	217.81	2767.48	1707.43	2701.61	5641.03	338.73	226.27
		(317.55)	(178.27)	(2416.81)	(1644.97)	(2329.89)	(4690.22)	(322.73)	(217.81)
Tablets and capsules	No. in Millions	23.41	781.17	61.95	983.01	70.75	2592.24	11.53	509.28
		(25.57)	(398.09)	(110.57)	(1866.29)	(103.97)	(3405.52)	(23.41)	(781.17)
Liquids	Litres	488128.87	923.43	2565594.94	4002.15	2584947.77	9796.82	383234.19	763.16
		(571170.26)	(900.01)	(3039076.26)	(4849.31)	(3057024.77)	(11203.21)	(488128.87)	(923.43)
Solids	Kgs	20438.50	147.24	16402.70	126.52	20543.06	311.95	14586.11	99.54
		(18186.12)	(112.44)	(24435.01)	(187.29)	(17955.84)	(274.02)	(20438.50)	(147.24)
Ointments	Kgs	3576.76	21.33	26135.84	114.30	23430.23	449.31	5297.67	22.21
		(4868.11)	(15.55)	(25406.08)	(92.84)	(25281.02)	(442.04)	(3576.76)	(21.33)
Feed supplements	Tonnes	86.76	245.24	360.53	143.07	290.34	251.32	133.79	219.90
		(23.04)	(27.38)	(315.92)	(348.11)	(242.60)	(226.96)	(86.76)	(245.24)
Feed supplements	Litres	5615.00	2.04	880407.00	269.74	722901.70	432.92	143798.00	43.30
		(9225.00)	(2.95)	(60000.00)	(16.89)	(60612.70)	(25.04)	(5615.00)	(2.04)
Miscellaneous	No. in Millions	2.33	81.42	3.25	380.38	3.50	529.28	0.65	37.96
		(2.57)	(87.29)	(9.01)	(302.17)	(9.05)	(551.63)	(2.33)	(81.42)
TOTAL (C)			2740.10		8708.23		22586.28		2339.56
			(1895.83)		(10136.55)		(23187.96)		(2740.10)
TOTAL (A+B+C)			6623.89		8708.23		67265.84		5928.20
			(5553.24)		(10136.55)		(66235.22)		(6623.89)

Notes:
1. Figures of production are inclusive of production for captive consumption and quantities produced in the factories of third parties on loan licenses.
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 2007		30th Nov 2006	
Class of Goods	Unit of Measure	Quantity	Rupees In Lakhs	Quantity	Rupees In Lakhs
Vitamins	Tonnes	471.51	2874.47	444.85	1687.16
Codeine Phosphate	Kgs	5694.51	1963.11	5892.94	2029.05
Salinomycin	Kgs	149150.00	113.87	164007.93	29.82
Sugar	Tonnes	2587.17	382.26	2769.15	526.65
Propylene Glycol	Tonnes	218.69	172.28	272.54	207.86
Others (Including Imports)			4049.66		4236.03
TOTAL			9555.65		8716.57
Whereof:		Percentage		Percentage	
Imported-Delivered Cost		35	3297.00	26	2292.11
Indigenously Obtained		65	6258.65	74	6424.46
TOTAL		100	9555.65	100	8716.57

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

6 (c) Licensed and Installed Capacities

Class of Goods	Unit of Measure	Installed Capacity	
		30th Nov 2007	30th Nov 2006
Bulk Drugs and Drug Intermediates			
Oxytetracycline /Tetracycline	MT	Nil	*
Others	MT	Nil	*
Formulations			
Tablets and capsules (Three shift basis)	Mn. Nos.	3624	3624
Liquids (Two shift basis)	Litres	6960000	6960000
Solids (Two shift basis)	Kgs	162400	162400
Ointments (Single shift basis)	Kgs	232800	232800
Food Products			
Protein Food	MT	Nil	1000

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

Notes:

A. In terms of Press Note No. 4 (1994 series) dated October 25, 1994 issued by the Department of Industrial Development, Ministry of Industry, Government of India and Notification No. S.O. 137(E) dated 1 March 1999 issued by the Department of Industrial Policy and Promotion, Ministry of Industry, Government of India, industrial licensing has been abolished in respect of bulk drugs and formulations.

B. 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, 2007

			Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
	(d)	Value of imports calculated on CIF basis		
		Raw Materials	2600.19	2937.13
		Spare Parts for Maintenance of machinery and Laboratory Chemicals	–	1.48
		Capital Goods	12.45	192.56
		Finished Goods	871.33	1249.33
	(e)	Expenditure in Foreign Currency		
		Travel	75.87	104.88
		Royalty	506.54	549.88
		IT charges	178.32	67.69
		Professional Charges	91.08	13.17
		Others	169.87	72.32
			30th Nov 2007	30th Nov 2006
	(f)	Remittance made on account of dividends in foreign currency		
		Number of shareholders	4	4
		Number of shares held	12,302,938	12,302,938
		Net amount of dividends remitted in foreign currency		
		Dividend in respect of the year ended 30th November, 2006	2768.16	–
		Dividend in respect of the year ended 30th November, 2005	–	1230.29
			Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
	(g)	Earnings in foreign currency		
		Exports (on FOB basis)	46.37	147.68
		Service Income (Gross)	2160.85	2705.91
7	(a)	Managerial remuneration under Section 198 of the Companies Act, 1956		
		Salaries, Bonus & Commission	219.03	144.67
		Contribution to PF and Other Funds	35.40	23.49
		Perquisites	31.95	16.79
		Sitting Fees	2.10	1.70
		Commission to Non- Whole time Directors	10.00	10.00
		TOTAL	298.48	196.65
		Excludes gratuity and leave encashment benefits as the same are based on actuarial valuation.		
	(b)	**Computation of net profits for commission payable to the Directors**		
		Net Profit as per Profit and Loss Account	33892.54	10572.51
		Income tax	11120.18	5628.36
		Remuneration to Directors	298.48	196.65
		Depreciation charged in the accounts	958.46	1307.13
		Net Profit / (Loss) on sale of fixed assets per Section 349 of the Companies Act, 1956	92.38	32.22
		Provision for Doubtful debts/advances	510.32	287.42
		Provision for diminution in value of investments	0.11	–
			46872.47	18024.29
		Net (Profit)/Loss on sale of fixed assets per accounts	(92.38)	(32.22)
		Depreciation as computed under Section 350 of the Act (see note below)	(958.46)	(1307.13)
		Bad debts and Doubtful Advances written off against provision	(282.90)	(695.29)
		Profit on sale of assets held for disposal	(27369.28)	(1184.09)
		TOTAL	18169.45	14805.56
		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 April 29, 2004.	10.00	10.00
		Commission approved by the Board of Directors at meeting held on February 25,2008 .	10.00	10.00
		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.		

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 Orders 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".

Notes to the Financial Statements for the year ended 30th November, 2007

(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 l akhs. This amount has been deposited with the Government of India and is included under the head “Loans and Advances”.

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

In view of matters (a), (b), (c), (e), (f) and (g) being subjudice, the legal opinion being in favour of the Company, and based on the assessment of the Management, no further provision is considered necessary over and above the sum of Rs.198.37 lakhs which has been paid off in earlier years.

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

	Rupees in Lakhs	Rupees in Lakhs
	30th Nov 2007	30th Nov 2006
9 Expenditure on Research & Development during the year		
Capital expenditure	27.64	26.14
Revenue expenditure charged to the Profit and Loss Account	2429.52	2353.88
	2457.16	2380.02
Note: Research & development expenditure includes those incurred while rendering services to group companies.		

	30th Nov 2007	30th Nov 2006
10 Earnings per Share		
Earnings per share has been computed as under:		
(a) Profit after Taxation (Rs. lakhs)(Net profit attributable to Equity Shareholders)	33892.54	10572.51
(b) Number of Equity Shares outstanding at end of the year	29,841,440	29,841,440
(c) Earnings per share (Face value Rs. 10/- per share) (a) / (b) (Basic and diluted)	Rs. 113.58	Rs. 35.43

11 Disclosure for operating leases under Accounting Standard 19 – “Leases”

(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 18.

Notes to the Financial Statements for the year ended 30th November, 2007

(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	128.68
Depreciation for the lease period	12.14
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. 519.76 lakhs (Nov 2006: Rs. 490.05 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

a) Ankleshwar property – Other current assets (Schedule 9) includes assets of Ankleshwar plant at lower of their respective book values or estimated net realisable value as follows:

Rupees in Lakhs

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2007	30th Nov 2006	30th Nov 2007	30th Nov 2006	30th Nov 2007	30th Nov 2006
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) Chandigarh Property – Other current assets (Schedule 9) include assets of Chandigarh plant held for disposal in an earlier year at lower of their respective book values or estimated net realisable value as follows:

Asset Head	Original Cost		Accumulated Depreciation		Written Down Value	
	30th Nov 2007	30th Nov 2006	30th Nov 2007	30th Nov 2006	30th Nov 2007	30th Nov 2006
Freehold Land	–	3.60	–	–	–	3.60
Freehold Building	–	176.36	–	81.31	–	95.05
Machinery & Equipment	–	1665.82	–	1360.84	–	304.98
Office Equipment, Furniture & Fixtures	–	96.23	–	69.15	–	27.08
Total	–	1942.01	–	1511.30	–	430.71

During the current year, the Company has sold the assets for the total consideration of Rs. 27800.00 lakhs and accordingly recognized the profit of Rs. 27369.29 lakhs shown under "Operating and other income" (Schedule 13).

13 Stock of Physicians' samples is included under 'Loans and advances' (Schedule 10) Rs. 129.58 lakhs (Nov 2006 – Rs. 207.59 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. Limited.
Aerochem Silvassa Limited.
Bharat Industries
Bajaj Healthcare Limited.
Bharat Rubber Works
Bajaj Health & Nutritions Pvt. Limited.
Crown Paper Products
Creative Cartons
Canton Laboratories
Colourcon Asia Pvt Limited.
Caps (India)
Everest Industrial Corporation
Excelarts Private Limited
Esco Closures Private Limited
Espi Industries & Chemicals Pvt. Limited.
Flex Art Foil Pvt. Limited.
Geno Pharmaceuticals Limited
Global Pharmatech Pvt. Limited.
Global Flavour & Fragnances
Heniel Pack
Hyderabad Security & Offset Printers
Impact Containers Limited
Ishita Drugs & Industries Limited.
Jupiter Dyechem Pvt Limited.
Lubri-Chem Industries Limited
Laxmi Polyplast Industries
Metakaps Engineering
Mysore Agencies
Mega Fine Pharma (P) Limited,
Matrix Laboratories Limited.
Multi Impression
Metaprint Industries Pvt. Limited.
Nirmal Chemicals
Nucleus Chem Oil Pvt. Limited.
Perfect Packing Industries
Preema Packaging
Paper Kraft Industries
Purna Packaging
Positive Packaging Industries Pvt. Limited
P D Fine Chem
Plastopack
Pharmpak Private Limited
Pharchem
Padarsh Pharma Pvt Limited
Param Packaging Pvt Limited
Royale Impex
Sai Paper Product
Satyam Industries
Shree Products Limited
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. Limited
Velpack Private Limited
Western Cans Pvt Limited

Notes to the Financial Statements for the year ended 30th November, 2007

The following disclosures are made for the amounts due to the Micro, Small and Medium Enterprises : Rupees in Lakhs

	30th Nov 2007
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	122.69
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	–
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	–
Amount of interest accrued and remaining unpaid at the end of the accounting year	–

On the basis of information and records available with the Company, the above disclosures are made under 'Current liabilities' (Schedule 11) in respect of amounts due to the Micro, Small and Medium enterprises and Small Scale Industrial Undertakings, who have registered with the relevant competent authorities. This has been relied upon by the auditors.

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

I Names of related parties and description of relationships

A Parties where control exists:

Companies collectively exercisin 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 Italiana SPA
Pfizer Animal Health SA, Belgium
Pfizer Asia Manufacturing Pte Limited, Singapore
Pfizer Asia Pacific Pte Limited, Singapore
Pfizer Australia Pty Limited, Australia
Pfizer Corporation Hong Kong Limited, Honk Kong
Pfizer Enterprises SARL, Luxembourg
Pfizer Export Company, Ireland
Pfizer Global Trading, Ireland
Pfizer Inc., Philippines
Pfizer Italia S.r.l, Italy
Pfizer Japan Inc., Japan
Pfizer Limited, United Kingdom
Pfizer Limited Taiwan
Pfizer Overseas LLC, USA
Pfizer Pharmaceutical India Pvt. Limited, India
Pfizer Pharmaceuticals Korea Limited, Korea
Pfizer Singapore Trading Pte Limited, Singapore
Pfizer Private Limited, Singapore
Pfizer Products India Private Limited, India
Pfizer International LLC, USA
Pfizer Products Inc., USA
Capsugel Healthcare Limited, India

B Executive Committee Members

Mr. Kewal Handa *
Dr. B.M. Gagrat *
Mr. S. Madhok
Mr. Yugesh Goutam*
Ms. Dipali Talwar
Mr. Venkat Iyer
Mr. S.Venkatesh
Dr. Chandrashekhar Potkar (w.e.f. 1st April, 2007)
Mr. M.G. Rao (resigned w.e.f. 10th November, 2007)
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. K. G. Ananthakrishnan (resigned w.e.f. 30th November, 2006)

* Executive Directors on the Board

Notes to the Financial Statements for the year ended 30th November, 2007

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

Rupees In Lakhs

	Nature of Transactions	30th Nov 2007 Ultimate Holding Company	30th Nov 2007 Companies exercising significant influence	30th Nov 2007 Subsidiary Company	30th Nov 2007 Fellow Subsidiaries	30th Nov 2006 Ultimate Holding Company	30th Nov 2006 Companies exercising significant influence	30th Nov 2006 Subsidiary Company	30th Nov 2006 Fellow Subsidiaries
1	Sale of finished goods (Net of returns)	–	–	–	43.19	–	–	–	96.87
2	Sale of bulk materials	–	–	–	49.58	–	–	–	47.70
3	Service income	303.58	–	–	1809.99	573.24	–	–	1993.16
4	Recovery of expenses	22.34	–	–	1821.91	–	–	–	1353.95
5	Purchase of finished goods	–	–	–	827.40	–	16.14	–	412.44
6	Purchase of raw/bulk materials	–	–	–	1051.66	–	–	–	1941.75
7	Royalty expense	29.17	164.95	–	402.11	29.20	219.30	–	398.47
8	Write Back	–	–	–	0.43	–	–	–	–
9	Expenses reimbursed	–	–	–	273.33	–	–	–	679.83
10	Dividend in respect of the year ended 30th November, 2006 / 30th November, 2005	–	2768.16	–	–	–	1230.29	–	–
11	Reimbursement of Civil work	–	–	–	294.17	–	–	–	–
12	Rental income	–	–	–	55.42	–	–	–	44.78
13	Loans given	–	–	–	16390.52	–	–	–	5020.00
14	Loans Repaid	–	–	–	10075.52	–	–	–	5020.00
15	Outstanding as at the year end – Due from	68.72	–	44.23	7691.82	14.08	–	123.63	1229.30
16	Outstanding as at the year end – Due to	24.79	169.79	–	1271.88	55.54	153.30	–	1304.41
17	Guarantees given to Banks on behalf of Subsidiary Company, outstanding as at the year end	–	–	2400.00	–	–	–	2400.00	–

Executive committee members

Rupees in Lakhs

	Nature of Transactions	30th Nov 2007 Key Management Personnel	30th Nov 2006 Key Management Personnel
1	Remuneration	597.40	521.46
2	Rent paid for residential flats	46.90	38.29
3	Deposits paid	298.00	810.46
4	Amounts paid on behalf and recovered	0.26	0.16
5	Deposits outstanding as at the year end	1317.74	1078.36

III Others

* Services are rendered to the subsidiary company by providing resources like manpower, assets, etc. for which no amount is recovered from the subsidiary company.

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

Notes to the Financial Statements for the year ended 30th November, 2007

IV Details of material transactions during the year

		Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
a)	**Sale of finished goods (Net of returns)**		
	Pfizer Overseas Inc. Export Division, Belgium	–	51.10
	Pfizer Pharmaceutical India Pvt. Limited, India	43.19	45.77
b)	Sale of bulk materials		
	Pfizer Global Trading, Ireland	49.58	47.70
c)	Service income		
	Pfizer Asia Pacific Pte Limited, Singapore	–	305.52
	Pfizer Limited, United Kingdom	1606.57	1634.72
	Pfizer Inc., USA	303.58	579.68
d)	Recovery of expenses		
	Pfizer Pharmaceutical India Pvt. Limited, India	54.69	227.64
	Pfizer Products India Pvt. Limited, India	1747.80	1012.34
e)	**Purchase of finished goods**		
	Pfizer Export Company, Ireland	144.08	1825.52
	Pfizer Overseas LLC., USA	264.05	116.23
	Pfizer Singapore Trading Pte Limited, Singapore	163.55	52.59
	Pfizer Enterprises SARL, Luxembourg	133.15	69.02
f)	Purchase of raw / bulk materials		
	Pfizer Export Company, Ireland	1027.69	205.21
g)	Royalty expense		
	Warner-Lambert Company LLC, USA	73.56	103.12
	Parke-Davis & Company LLC, USA	91.39	83.29
	Pfizer Products Inc, USA	402.11	338.67
h)	Expenses reimbursed		
	Pfizer International LLC	100.92	217.07
	Pfizer Private Limited, Singapore	93.46	86.30
	Pfizer Pharmaceutical India Pvt. Limited, India	11.59	49.93
	Pfizer Products India Pvt. Ltd, India	23.28	68.84
i)	Loans given		
	Pfizer Pharmaceutical India Pvt. Limited, India	11915.00	1750.00
	Pfizer Products India Pvt. Limited, India	4475.52	1700.00
	Capsugel Healthcare Limited, India	–	1570.00
j)	Loans repaid		
	Pfizer Pharmaceutical India Pvt. Limited, India	6450.00	1750.00
	Pfizer Products India Pvt. Limited, India	3625.52	1700.00
	Capsugel Healthcare Limited, India	–	1570.00
k)	Remuneration to Key Management Personnel		
	Kewal Handa	184.75	124.03
	Dr B.M. Gagrat	68.00	58.79
	Yugesh Goutam	65.59	57.71

Notes to the Financial Statements for the year ended 30th November, 2007

16 Disclosures as required by the Accounting Standard 17 on "Segment Reporting" are given below :

Business Segments (Refer Note 1 below) Rupees in Lakhs

	30th Nov 2007				30th Nov 2006			
	Pharma-ceuticals	Animal Health	Services	Total	Pharma-ceuticals	Animal Health	Services	Total
Segment revenue								
External sales and services to customers	60450.41	6840.60	2101.22	69392.23	60354.72	5926.53	2566.42	68847.67
Total Segment revenue	60450.41	6840.60	2101.22	69392.23	60354.72	5926.53	2566.42	68847.67
Segment results	17529.85	1094.12	252.27	18876.24	17066.75	558.64	262.19	17887.58
Unallocated corporate (expenses) / income (Net)				24416.88				(514.04)
Operating profit				43293.12				17373.54
Interest expense and bank charges				(243.59)				(250.65)
Interest income				3698.23				1414.81
Income tax				(11120.18)				(5628.36)
Exceptional Items - Net	(1735.04)			(1735.04)	(2044.08)	(1.20)		(2045.28)
Unallocated exceptional items				–				(291.55)
Net profit				33892.54				10572.51
Other information								
Segment assets	19920.63	2925.50	790.12	23636.25	19386.30	3417.42	1155.70	23959.42
Unallocated corporate assets				63021.67				40606.98
Total assets				86657.92				64566.40
Segment liabilities	7875.89	723.01	190.72	8789.62	9232.18	534.87	205.26	9972.31
Unallocated corporate liabilities				13003.84				14021.09
Total liabilities				21793.46				23993.40
Capital expenditure	437.37	13.42	18.65	469.44	953.85	4.66	18.63	977.14
Depreciation/Amortisation	468.91	35.78	–	504.69	843.73	10.71	13.48	867.92

Geographical segments (Refer Note 2 below) Rupees in Lakhs

	30th Nov 2007			30th Nov 2006		
	India	Other Countries	Total	India	Other Countries	Total
Segment Revenue - external sales to customers	67244.65	2147.58	69392.23	65994.08	2853.59	68847.67
Carrying amount of segment assets	85999.30	658.62	86657.92	63587.15	979.25	64566.40
Capital expenditure	533.61	–	533.61	1504.54	–	1504.54

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.

Notes to the Financial Statements for the year ended 30th November, 2007

17 Disclosure relating to provisions

Personnel related provisions

Personnel related provision include provision for 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. This provision is expected to be paid upon renewal / execution of new contract.

The Company has made provision for pending assessments in respect of duties and other levies, the outflow of which would depend on the outcome of the respective events.

The movement in the above provisions are summarised as under:

Rupees in Lakhs

	30th Nov 2007		30th Nov 2006	
	Contingency	Personnel	Contingency	Personnel
Opening balance	137.13	360.18	127.09	177.70
Additions	34.00	74.31	10.04	182.48
Utilisation / Transfers	2.96	232.81	–	–
Reversals	101.57	–	–	–
Closing balance	66.60	201.68	137.13	360.18

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 Upto the previous year, the expenditure incurred under the voluntary retirement scheme (VRS) was charged to Profit and Loss Account over a period of five years. However, during the current year this policy has been changed and expenditure under the VRS is charged to the Profit and Loss Account of the year in which it is incurred. The impact of the above change in the accounting policy has resulted in an increased cost of Rs. 555.60 lakhs and consequent decrease in profit.

20 The Company's promoters announced the global divestiture of the Consumer Healthcare Business in June 2006 to Johnson & Johnson. Consequently, the global closure was fixed on 20th December 2006. Pursuant to the approval of the Board of Directors at their meeting held on 31st December, 2007 the company has transferred the exclusive license in respect of trademarks relating to Benadryl, Caladryl, Benylin and Listerine and certain assets related thereto, for a total consideration of Rs. 21485.10 lakhs to Johnson & Johnson Limited. All the remaining products under the Consumer Healthcare Portfolio will continue to be with the Company.

21 As per the revised recommendation of the Board of Directors, the shareholders in the Annual General Meeting held on 22nd March, 2007 approved the increased rate of dividend of 225% from the earlier proposed rate of 125%. The effect of aforesaid has been incorporated in the previous year figures.

22 The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations having underlying transaction and relating to firm commitments or highly probable forecast transactions. The Company does not enter into any forward contract which is intended for trading or speculative purposes.

Foreign currency exposures that are not hedged by derivative instruments or otherwise are USD 7.95 (in lakhs) equivalent to Rs. 314.73 lakhs.

23 Prior year figures have been regrouped wherever necessary to conform to current year's presentation.

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

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

Mumbai, 25th February, 2008 PRAJEET NAIR *Secretary*

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

Balance sheet abstract and Company's general business profile

I Registration details

Registration No	8311	State code	11
Balance sheet date	30 11 2007		

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
	6486446	6486446
Source of funds		
	Share Capital	Reserves and surplus
	298432	6188014
	Secured loans	Unsecured loans
	Nil	Nil
Application of funds		
	Net fixed assets	Investments
	704072	5025
	Deferred tax asset (net)	Net current assets
	129792	5618257
	Miscellaneous expenditure	Accumulated losses
	29300	Nil

IV Performance of the Company (Amount in Rupees thousand)

Turnover (including other income)	Total expenditure
10153552	5478776
Profit before tax and exceptional items +	
4674776	
Profit before tax +	Profit after tax +
4501272	3389254
Earnings per share (Rupees)	Dividend rate
113.58	275 %

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 VitaminC
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*
P SHAH B M GAGRAT (Dr) YUGESH GOUTAM	*Directors*
PRAJEET NAIR	*Secretary*

Mumbai, 25th February, 2008

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	30.11.07	100%	107.72	-	(0.16)	(365.00)

For and on behalf of the Board

R A SHAH	*Chairman*
KEWAL HANDA	*Managing Director*
P SHAH YUGESH GOUTAM B M GAGRAT	*Directors*
PRAJEET NAIR	*Secretary*

Mumbai, 25th February, 2008

DUCHEM LABORATORIES LIMITED (Annual Accounts of Subsidiary Company)
DIRECTORS' REPORT

Your Directors have pleasure in presenting this Forty-ninth Annual Report together with the audited statement of accounts of the Company for the year ended November 30, 2007.

FINANCIAL RESULTS

Rupees in Lakhs

	Year ended November 30, 2007	Year ended November 30, 2006
Profit / (Loss) for the year	122	23
Less : Current Tax	14	3
Profit / (Loss) After Taxation	108	20
Balance of Loss from previous years	(365)	(385)
Balance of Profit / (Loss) carried to Balance Sheet	(257)	(365)

OPERATIONS

The Net Sales of the Company for the year under review is Rs. 403 lakhs as compared to Rs. 444 lakhs for the previous year. The operations for the period reflect a Net Profit of Rs. 108 lakhs as against Net Profit of Rs. 20 lakhs for the previous year.

DIVIDEND

Your Directors do not recommend any dividend for the year ended November 30, 2007.

DIRECTORS

Mr. Ajay Shukla resigned as a Director of the Company with effect from the close of business hours on September 1, 2007. Your Directors wish to place on record their appreciation for the valuable contributions made by Mr. Shukla during his tenure as a Director.

During the year under review, Mr. Uday Mohan was appointed as Additional Director by the Board of Directors with effect from September 1, 2007 pursuant to the provisions of Section 260 of the Companies Act, 1956. Mr. Uday Mohan shall be appointed as Director pursuant to Section 257 of the Companies Act, 1956 in the forthcoming Annual General Meeting of the Company.

Mr. M. G. Rao resigned as a Director of the Company with effect from the close of business hours on November 8, 2007. Your Directors wish to place on record their appreciation for the valuable contributions made by Mr. Rao during his tenure as a Director.

The Board of Directors at their meeting held on November 8, 2007 appointed Ms. Kavita Bhavnani as Additional Director of the Company with effect from November 8, 2007 pursuant to the provisions of Section 260 of the Companies Act, 1956. Ms. Bhavnani shall be appointed as Director pursuant to Section 257 of the Companies Act, 1956 in the forthcoming Annual General Meeting of the Company.

In accordance with the Articles of Association of the Company, Dr. Bomi M. Gagrat, Director will retire by rotation at the forthcoming 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.

DIRECTORS' 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 the 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, 2007 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 act as Auditors of the Company for the current year, if re-appointed.

On behalf of the Board of Directors

B M GAGRAT (Dr)
Chairman

Mumbai, February 23, 2008.

Auditors' Report

To the Members of

Duchem Laboratories Limited

We have audited the attached balance sheet of Duchem Laboratories Limited ('the Company') as at 30 November 2007 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 ('the Order') 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 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30 November 2007 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 2007;

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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai, 23 February 2008

Annexure to the Auditors' Report 30 November 2007

(Referred to in our report of even date)

(i) The Company did not have fixed assets at any time during the year. Accordingly, paragraph 4(i) of the Order is not applicable to the Company.

(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. For stocks lying with third parties at the year-end, written confirmations have been obtained.

(b) The procedures for the physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in the books of account.

(iii) According to the information and explanations given to us, we are of the opinion that there are no companies, firms or other parties covered in the register required under Section 301 of the Act. Accordingly, paragraph 4(iii) of the Order is not applicable.

(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 required to be maintained under Section 301 of the Act.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1)(d) of the Act for any of the products of the Company.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, the Company has been generally regular in depositing undisputed statutory dues including Income tax, Sales tax and other material statutory dues with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection fund, Wealth tax, Service tax, Customs duty and Excise duty. 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 Income tax, Sales tax and other material statutory dues were in arrears as at 30 November 2007 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	Tax and penalty on expenditure disallowed	66.47	2002-2003	CIT (Appeal)
		15.01	2004-2005	CIT (Appeal)
		15.02	2005-2006	CIT (Appeal)
		349.63	2000-2002	ITAT

(x) *The Company has accumulated losses at the end of the financial year aggregating Rs 257.44 lakhs which is in excess of 50% of its net worth.* The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xi) The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.

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

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.

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

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

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

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, and having regard to the explanation that funding from the holding company is not on short term basis, the Company did not have any short term borrowings.

(xviii) As stated in paragraph (iii) 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

Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai, 23 February 2008

Balance Sheet as at 30th November, 2007

	Schedule Ref.			Rupees in Lakhs As at 30th Nov 2007			Rupees in Lakhs As at 30th Nov 2006
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	78.32			86.33		
Sundry debtors	3	32.94			46.84		
Cash and bank balances	4	12.09			43.86		
Loans and advances	5	60.73			41.28		
			184.08			218.31	
Current liabilities and provisions							
Current liabilities	6		(117.52)			(259.47)	
Net current assets				66.56			(41.16)
Profit and Loss Account				257.44			365.16
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

BHAVESH DHUPELIA
Partner
Membership No: 042070

Mumbai, 23rd February, 2008

For and on behalf of the Board

B M GAGRAT (Dr) *Chairman*

UDAY MOHAN
KAVITA BHAVNANI } *Directors*

Mumbai, 23rd February, 2008

Profit and Loss Account for the year ended 30th November, 2007

	Schedule Ref.		Rupees in Lakhs Year Ended 30th Nov 2007		Rupees in Lakhs Year Ended 30th Nov 2006
Income					
Gross sales		429.06		474.18	
Less: Sales tax		25.57		30.00	
Net sales			403.49		444.18
Miscellaneous income	7		37.03		7.05
			440.52		451.23
Expenditure					
(Increase)/decrease in stocks of finished goods	8		8.01		1.54
Purchases			250.43		317.47
Other expenses	9		60.36		109.58
			318.80		428.59
Profit /(Loss) Before Taxation			121.72		22.64
Less : Taxation					
Current Tax			14.00		2.67
Profit /(Loss) After Taxation			107.72		19.97
Balance of Profit and Loss Account brought forward			(365.16)		(385.13)
Balance of Profit and Loss Account carried forward			(257.44)		(365.16)
			Rs.		Rs.
Earnings Per Share of Rs.100 each (Basic and Diluted)			33.25		6.16
(Refer Note 3 in the Notes to accounts -Schedule 11)					
Significant accounting policies	10				
Notes to the accounts	11				

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

For BSR & Co.
Chartered Accountants

BHAVESH DHUPELIA
Partner
Membership No: 042070

Mumbai, 23rd February, 2008

For and on behalf of the Board

B M GAGRAT (Dr) *Chairman*

UDAY MOHAN
KAVITA BHAVNANI } *Directors*

Mumbai, 23rd February, 2008

Cash Flow Statement for the year ended 30th November, 2007

		Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
A	Cash Flow from Operating Activities : -		
	Net profit before taxation	121.72	22.64
	Adjustments for		
	Bad debts	6.11	–
	Provision for doubtful debts & advances	8.74	12.00
	Operating profit before working capital changes	136.57	34.64
	Adjustments for		
	Trade and other receivables	1.89	161.16
	Inventories	8.01	1.54
	Trade and other payables	(141.95)	(222.95)
	Cash generated / (used) in operations	4.52	(25.61)
	Direct taxes paid / refunded (Net)	(36.29)	47.22
	Net cash from / (used in) operating activities (A)	(31.77)	21.61
B	Cash Flow from Investing Activities (B)	–	–
C	Cash Flow from Financing Activities (C)	–	–
	Net Increase/ (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	(31.77)	21.61
	Opening cash and cash equivalents (Note 1)	43.86	22.25
	Closing cash and cash equivalents (Note 1)	12.09	43.86
		(31.77)	21.61

Notes :			
1.	Cash and Cash Equivalents include :		
	With scheduled banks		
	On current accounts (including accounts with overdraft facility)	12.09	43.86
		12.09	43.86
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

BHAVESH DHUPELIA
Partner
Membership No: 042070

Mumbai, 23rd February, 2008

For and on behalf of the Board

B M GAGRAT (Dr) *Chairman*

UDAY MOHAN
KAVITA BHAVNANI } *Directors*

Mumbai, 23rd February, 2008

Schedules

	Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
Schedule 1: Share capital		
Authorised		
4,76,000 (Nov 2006: 4,76,000) Equity shares of Rs. 100 each	476.00	476.00
24,000 (Nov 2006: 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 2006: 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		
Finished goods	78.32	86.33
TOTAL	78.32	86.33
Schedule 3 : Sundry debtors (unsecured)		
Debts outstanding for a period exceeding six months	215.00	209.81
Other debts	28.94	42.03
	243.94	251.84
of which		
- Considered good	32.94	46.84
- Considered doubtful	211.00	205.00
	243.94	251.84
Provision for doubtful debts	(211.00)	(205.00)
TOTAL	32.94	46.84
Schedule 4 : Cash and bank balances		
With scheduled banks		
On current account	12.09	43.86
TOTAL	12.09	43.86
Schedule 5 : Loans and advances (unsecured)		
Advances recoverable in cash or in kind or for value to be received		
Considered good		
Advances	7.84	11.98
Deposits	1.30	–
Considered doubtful	2.74	–
	11.88	11.98
Provision for doubtful deposits	(2.74)	–
	9.14	11.98
Income tax payments (Net of provision Rs. 241.46 lakhs, Nov 2006 Rs. 227.46 lakhs)	51.59	29.30
TOTAL	60.73	41.28

	Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
Schedule 6 : Current liabilities		
Sundry creditors		
Due to Small Scale Industrial Undertakings {refer note (5) of Schedule 11}	–	50.68
Due to Micro, Small and Medium Enterprises {refer note (5) of Schedule 11}	28.65	–
Due to the Holding Company - Pfizer Limited	44.23	123.63
Others	44.64	85.16
TOTAL	117.52	259.47
Schedule 7 : Miscellaneous income		
Interest on refund of income tax	–	7.05
Liability no longer required written back	33.04	–
Others	3.99	–
TOTAL	37.03	7.05

Schedules

Schedule 8 : (Increase)/decrease in stocks of finished goods		
Stocks at commencement	86.33	87.87
Stocks at close	78.32	86.33
TOTAL	8.01	1.54
Schedule 9 : Other expenses		
Insurance	1.18	1.93
Rates and taxes	0.57	1.41
Freight, forwarding and transport	4.54	7.20
Commission	11.89	35.33
Bad debts	6.11	–
Provision for doubtful debts	6.00	12.00
Provision for doubtful deposits	2.74	–
Bank charges	4.42	2.53
Legal and professional fees {refer note (2) of Schedule 11}	9.13	11.88
Sales tax	13.60	4.15
Loss due to flood	–	31.25
Miscellaneous expenses	0.18	1.90
TOTAL	60.36	109.58

Schedule 10 : Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, 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 and liabilities and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimate is recognized prospectively in current and future periods.

(c) Going concern

These financial statements have been prepared on a going concern basis. The management believes that the Company will continue to operate as a going concern and meet all its liabilities as they fall due for payment due to the following reasons :

- the Company's bank facilities are guaranteed by the Holding Company, and
- letter of continued financial support received from the Holding Company confirming that they would continue to provide whatever support is necessary, financial or otherwise, to ensure that the Company continues to operate as a going concern; is able to obtain funding from its bankers and is able to meet its liabilities as they fall due for payment.

(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 returns and trade discounts.

Interest income is recognised on a time proportionate basis.

(f) Taxation

Income tax expense comprises current tax, deferred tax charge or credit and fringe benefit tax. Provision for current tax is based on the results for the year ended 30th November, 2007, in accordance with the provisions of the Income Tax Act, 1961. The final tax liability will be determined on the basis of the operations for the year 1st April 2007 to 31st March 2008, being the tax year of the Company.

The deferred tax charge or credit is recognized using substantially enacted rates. In the case of unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each Balance Sheet date to reassess realization.

Notes to the Financial Statements for the year ended 30th November, 2007

Provision for Fringe Benefit Tax is made on the basis of applicable rates on the taxable value of eligible expenses of the Company as prescribed under the Income Tax Act, 1961.

(g) 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.

(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.

Schedule 11 : Notes to the accounts

		Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
1	Contingent liabilities		
	Income tax	543.21	470.44
2	Auditors' remuneration (including taxes, where applicable)		
	For Audit	3.37	3.37
	Out of pocket expenses	0.12	–
	TOTAL	3.49	3.37

		30th Nov 2007	30th Nov 2006
3	Earnings per share		
	Net profit after tax (Rs. in lakhs)	107.72	19.97
	Weighted average number of equity shares of Rs. 100/- each	324,000	324,000
	Basic and Diluted earnings per share (Rs.)	33.25	6.16

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	3.97	27.12	27.27	120.09	26.20	187.88	4.71	19.66
		(3.62)	(26.61)	(27.43)	(164.40)	(26.45)	(244.28)	(3.97)	(27.12)
Liquids	Litres	–	–	–	–	(27.60)	(0.03)	–	–
		(–)	(–)	(–)	(–)	-(9.00)	-(0.01)	(–)	(–)
Injectables :									
Powder parentals	Kgs.	393.32	49.64	597.60	72.24	689.40	138.47	258.45	31.56
		(319.29)	(54.75)	(796.13)	(108.25)	(655.98)	(131.45)	(393.32)	(49.64)
Solids	Kgs.	1527.25	9.57	8712.50	58.10	6423.15	77.17	3587.90	27.10
		(1038.50)	(6.51)	(6725.00)	(44.82)	(6058.05)	(68.46)	(1527.25)	(9.57)
TOTAL			86.33		250.43		403.49		78.32
			(87.87)		(317.47)		(444.18)		(86.33)

Notes : 1. Stocks are after adjustment of write-offs.
2. Figures in brackets are in respect of the previous year.

Notes to the Financial Statements for the year ended 30th November, 2007

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

Medibios Laboratories Private Limited
Astral Pharmaceutical Industries

The following disctosures are made for the amounts due to the Micro, Small and Medium Enterprises : Rupees in lakhs

	30th Nov 2007
Principal amount and interest due thereon remaining unpaid to any supplier as at the year end	28.65
Amount of interest paid by the company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	–
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED	–
Amount of interest accrued and remaining unpaid at the end of the accounting year	–

On the basis of information and records available with the Company, the above disclosures are made under 'Current liabilities' (Schedule 6) in respect of amounts due to the Micro, Small and Medium enterprises and Small Scale Industrial Undertakings, who have registered with the relevant competent authorities. This has been relied upon by the auditors.

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

I Names of Related Parties and description of relationships

Parties where control exists :

Holding Company : Pfizer Limited

Ultimate Holding Company : Pfizer Inc., USA

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 2007	30th Nov 2006
1	Outstanding as at the year end – Due to	44.23	123.63
2	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 Rs. Nil.

Notes to the Financial Statements for the year ended 30th November, 2007

7 **Disclosures as required by the Accounting Standard 17 on "Segment Reporting" are given below :**

Business segments (Refer Note 1 below) Rupees in Lakhs

	30th Nov 2007			30th Nov 2006		
	Pharma-ceuticals	Animal Health	Total	Pharma-ceuticals	Animal Health	Total
Segment revenue						
External sales to customers	177.23	226.26	403.49	172.46	271.72	444.18
Total Segment revenue	177.23	226.26	403.49	172.46	271.72	444.18
Segment results	36.53	58.22	94.75	28.26	5.40	33.66
Unallocated corporate (expenses) / income (Net)			26.97			(11.02)
Net profit before tax			121.72			22.64
Income Tax			(14.00)			(2.67)
Net profit after tax			107.72			19.97
Other information						
Segment assets	33.54	85.56	119.10	31.03	111.38	142.41
Unallocated corporate assets			64.98			75.90
Total assets			184.08			218.31
Segment liabilities	10.76	22.45	33.21	78.24	170.95	249.19
Unallocated corporate liabilities			84.31			10.28
Total liabilities			117.52			259.47

Geographical segments (Refer Note 2 below) Rupees in Lakhs

	30th Nov 2007			30th Nov 2006		
	India	Other Countries	Total	India	Other Countries	Total
Segment Revenue - external sales to customers	403.49	-	403.49	444.18	-	444.18
Carrying amount of segment assets	184.08	-	184.08	218.31	-	218.31

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 position of Company Secretary of the Company has been vacant from 30th December 2006 till date.

9 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*

UDAY MOHAN
KAVITA BHAVNANI } *Directors*

Mumbai, 23rd February, 2008

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

Balance sheet abstract and Company's general business profile

I Registration details

Registration No	11117	State code	11
Balance sheet date	30 11 2007		

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

Source of funds

Share Capital	Reserves and surplus
32400	Nil
Secured loans	Unsecured loans
Nil	Nil

Application of funds

Net fixed assets	Investments
Nil	Nil
Deferred tax asset (net)	Net current assets
Nil	6656
Miscellaneous expenditure	Accumulated losses
Nil	25744

IV Performance of the Company (Amount in Rupees thousand)

Turnover (including other income)	Total expenditure
44052	31880
Profit before tax +	Profit after tax +
12172	10772
Earnings per share (Rupees)	Dividend rate
33.25	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*

UDAY MOHAN
KAVITA BHAVNANI } *Directors*

Mumbai, 23rd February, 2008

Auditors' Report

To the Board of Directors of Pfizer Limited

We have audited the attached consolidated balance sheet of Pfizer Limited (the Company) and its subsidiary, Duchem Laboratories Limited (collectively referred to as 'the Group') as at 30 November 2007 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 2007;

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

Bhavesh Dhupelia
Partner
Mumbai, *25 February 2008* — *Membership No: 042070*

Consolidated Balance Sheet as at 30th November, 2007

	Schedule Ref.			Rupees in Lakhs As at 30th Nov 2007			Rupees in Lakhs As at 30th Nov 2006
Sources of Funds							
Shareholders' funds							
Share capital	1		2984.32			2984.32	
Reserves and surplus	2		61987.69			37588.51	
				64972.01			40572.83
TOTAL				64972.01			40572.83
Application of Funds							
Fixed assets	3						
Gross block			14161.14			14686.28	
Accumulated depreciation			(8144.80)			(8170.77)	
Net block			6016.34			6515.51	
Capital work-in-progress at cost, including advances			1024.38			160.01	
				7040.72			6675.52
Investments	4			50.25			0.36
Deferred tax asset (Net)	5			1297.92			1436.08
Current assets, loans and advances							
Inventories	6	9584.58			9931.05		
Sundry debtors	7	6169.49			6947.66		
Cash and bank balances	8	47991.26			30694.43		
Other current assets	9	817.11			902.83		
Loans and advances	10	13501.85			6667.32		
			78064.29			55143.29	
Current liabilities and provisions							
Current liabilities	11	(10660.28)			(14547.09)		
Provisions	12	(11113.89)			(9468.87)		
			(21774.17)			(24015.96)	
Net current assets				56290.12			31127.33
Miscellaneous expenditure (to the extent not written off or adjusted) Voluntary retirement scheme				293.00			1333.54
TOTAL				64972.01			40572.83
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

BHAVESH DHUPELIA
Partner
Membership No: 042070

Mumbai, 25th February, 2008

For and on behalf of the Board

R A SHAH	*Chairman*
KEWAL HANDA	*Managing Director*
P SHAH **B M GAGRAT (Dr)** YUGESH GOUTAM	*Directors*
PRAJEET NAIR	*Secretary*

Mumbai, 25th February, 2008

Consolidated Profit and Loss Account for the year ended 30th November, 2007

	Schedule Ref.			Rupees in Lakhs Year Ended **30th Nov 2007**			Rupees in Lakhs Year Ended 30th Nov 2006
Income							
Gross sales		**77730.12**			77059.98		
Less: Excise duty		**6199.28**			6039.69		
Less: Sales tax		**3861.51**			4340.89		
Net sales			**67669.33**			66679.40	
Operating and other income	13		**34306.71**			5959.75	
				101976.04			72639.15
Expenditure							
Material cost	14		**23406.16**			22675.04	
Personnel cost	15		**10169.76**			10233.95	
Manufacturing and other expenses	16		**20570.66**			19814.55	
Interest on short term loans			**1.52**			7.15	
Depreciation	3		**958.46**			1307.13	
				55106.56			54037.82
Profit Before Taxation And Exceptional Items				**46869.48**			18601.33
Exceptional items - Net	17			**(1735.04)**			(2336.83)
Profit Before Taxation				**45134.44**			16264.50
Less: Taxation							
Current tax				**10754.00**			5857.11
Fringe benefit tax				**242.02**			307.00
Deferred tax				**138.16**			(533.08)
Profit After Taxation				**34000.26**			10633.47
Balance brought forward after adjustments				**24097.05**			22219.70
Total Available for Appropriation				**58097.31**			32853.17
Transfer to general reserve			**3400.00**			1100.00	
Proposed dividend			**8206.40**			6714.44	
Tax on dividend			**1394.68**			941.68	
				13001.08			8756.12
Balance Carried To Balance Sheet				**45096.23**			24097.05
				Rs.			Rs.
Earnings Per Share (Basic And Diluted) (Refer Note 5 in the Notes to the Accounts - Schedule 19)				**113.94**			35.63
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

BHAVESH DHUPELIA
Partner
Membership No: 042070

Mumbai, 25th February, 2008

For and on behalf of the Board

R A SHAH	*Chairman*
KEWAL HANDA	*Managing Director*
P SHAH **B M GAGRAT (Dr)** YUGESH GOUTAM	*Directors*
PRAJEET NAIR	*Secretary*

Mumbai, 25th February, 2008

Consolidated Cash Flow Statement for the year ended 30th November, 2007

		Rupees in Lakhs	Rupees in Lakhs
		30th Nov 2007	30th Nov 2006
A	**Cash Flow from Operating Activities : -**		
	Net profit before taxation and exceptional items	**46869.48**	18601.33
	Adjustments for		
	Depreciation	**958.46**	1307.13
	Unrealised foreign exchange (gain) / loss	10.03	4.12
	Interest income	**(3698.23)**	(1274.38)
	Profit on fixed assets sold / discarded	**(92.38)**	(32.22)
	Profit on sale of assets held for disposal	**(27369.29)**	(1184.09)
	Interest expenses	**1.52**	7.15
	Provision for doubtful debts and advances	**525.17**	299.42
	Provisions no longer required written back	**(193.04)**	-
	Provision for dimunition in the value of investment	0.11	-
	Operating profit before working capital changes	**17011.83**	17728.46
	Adjustments for		
	Trade and other receivables	**68.47**	996.80
	Inventories	**346.47**	(859.77)
	Trade and other payables	**(3791.04)**	1737.83
	Provisions (excluding proposed dividend, tax on distributed profits, income tax provision)	**37.37**	(711.03)
	Cash generated from operations	**13673.10**	18892.29
	Direct taxes paid (Net)	**(11333.31)**	(6573.57)
	Net cash from operating activities before exceptional items	**2339.79**	12318.72
	Exceptional Items		
	VRS paid	**(694.50)**	-
	Net cash from operating activities after exceptional items (A)	**1645.29**	12318.72
B	**Cash Flow from Investing Activities : -**		
	Purchase of fixed assets (Net)	**(1367.09)**	(2293.35)
	Sale of fixed assets	**27966.70**	1973.96
	Purchase of investments / inter corporate deposits (Net)	**(6700.00)**	-
	Interest received	**3353.24**	1065.44
	Net cash used in investing activities (B)	**23252.85**	746.05
C	**Cash Flow from Financing Activities :-**		
	Dividend paid (including tax on distributed profits)	**(7588.04)**	(3374.75)
	Interest paid	**(1.52)**	(7.15)
	Net cash used in financing activities (C)	**(7589.56)**	(3381.90)
	Net Increase/ (Decrease) in Cash & Cash Equivalents (A)+(B)+(C)	**17308.58**	9682.87
	Opening cash and cash equivalents (Note 1)	**30682.68**	20999.81
	Closing cash and cash equivalents (Note 1)	**47991.26**	30682.68
		17308.58	9682.87

Consolidated Cash Flow Statement for the year ended 30th November, 2007

	Rupees in Lakhs **30th Nov 2007**	Rupees in Lakhs 30th Nov 2006
Notes :		
1 Cash and Cash Equivalents include :		
Cash on hand	**4.30**	5.45
With scheduled banks		
On current accounts (including accounts with overdraft facility)	**1883.29**	1237.10
On margin money accounts	**3.48**	3.48
On time deposit accounts	**46090.40**	29448.40
Cheques on hand	**9.79**	–
Unrealised translation gain on foreign currency cash & cash equivalents	**–**	(11.75)
	47991.26	30682.68

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

BHAVESH DHUPELIA
Partner
Membership No: 042070

Mumbai, 25th February, 2008

For and on behalf of the Board

R A SHAH — *Chairman*

KEWAL HANDA — *Managing Director*

P SHAH
B M GAGRAT (Dr)
YUGESH GOUTAM — *Directors*

PRAJEET NAIR — *Secretary*

Mumbai, 25th February, 2008

Schedules to Consolidated Financial Statements

		Rupees in Lakhs		Rupees in Lakhs
		30th Nov 2007		30th Nov 2006
Schedule 1: Share capital				
Authorised				
2,98,44,080 (Nov 2006: 2,98,44,080) Equity shares of Rs. 10 each		**2984.41**		2984.41
1,01,55,920 (Nov 2006: 1,01,55,920) Unclassified shares of Rs. 10 each		**1015.59**		1015.59
		4000.00		4000.00
Issued				
2,98,44,080 (Nov 2006: 2,98,44,080) Equity shares of Rs. 10 each		**2984.41**		2984.41
Subscribed and paid up				
2,98,41,440 (Nov 2006: 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 2006: 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 2006: 93,76,100) Equity shares of Rs.10 each fully paid-up are held by Pfizer Corporation, Panama.				
- 21,42,896 (Nov 2006: 21,42,896) 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 2006: 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 2006: 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 2006: 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	**11213.76**		10113.76	
Add : Transfer from profit and loss account	**3400.00**		1100.00	
		14613.76		11213.76
Balance as per profit and loss account		**45096.23**		24097.05
TOTAL		**61987.69**		37588.51

Schedule 3 : Fixed assets

Rupees in Lakhs

	COST				DEPRECIATION / AMORTISATION				WRITTEN DOWN VALUE	
	As at 01.12.2006	Additions	Deductions	As at 30.11.2007	As at 01.12.2006	For the year	Deductions	As at 30.11.2007	As at 30.11.2007	As at 30.11.2006
Intangible Assets										
Trademarks	15.51	-	-	15.51	15.51	-	-	15.51	-	-
Tangible Assets										
Land :										
Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold	32.57	-	-	**32.57**	13.52	0.67	-	**14.19**	**18.38**	19.05
Buildings :										
On freehold land @	787.38	-	-	**787.38**	142.78	12.47	-	**155.25**	**632.12**	644.60
On leasehold land	1280.74	177.16	14.63	**1443.27**	257.94	48.25	12.71	**293.48**	**1149.79**	1022.80
Leasehold improvements	1559.05	22.08	77.71	**1503.42**	910.28	180.83	77.58	1013.53	**489.89**	648.77
Machinery & equipment	5576.50	200.88	274.56	**5502.82**	2598.08	230.85	256.50	**2572.43**	**2930.39**	2978.42
Office equipment,										
Furniture & fixtures	4442.42	133.49	361.29	**4214.62**	3571.33	353.05	346.64	**3577.74**	**636.88**	871.09
Vehicles	992.11	-	330.56	661.55	661.33	132.34	291.00	**502.67**	**158.88**	330.78
TOTAL	**14686.28**	533.61 *	**1058.75**	**14161.14**	**8170.77**	**958.46 ***	**984.43**	**8144.80**	**6016.34**	6515.51
Previous year	14886.50	1504.54 *	1704.76	14686.28	7810.74	1307.13 *	947.10	8170.77		
Capital work-in-progress including capital advances									**1024.38**	160.01
GRAND TOTAL									**7040.72**	6675.52

@ Buildings include investment in share application money of Rs. 500 (Nov 2006: Rs. 500) in a co-operative housing society, representing ownership of two residential flats.

* Excludes Rs. 43.45 lakhs (Nov 2006: Rs. 39.11 lakhs) being individual assets costing less than Rs. 5000 written off without capitalisation and net of Rs. 146.64 lakhs (Nov 2006: Rs. Nil) being reversal of excess depreciation provided in the prior years.

Schedules to Consolidated Financial Statements

		Rupees in Lakhs		Rupees in Lakhs
		30th Nov 2007		30th Nov 2006
Schedule 4: Investments				
(At cost except where otherwise stated)				
Long Term Investments				
Non-Trade (unquoted)				
Government securities		0.11		0.11
Rural Electrification Corporation of India				
500 (Nov 2006: Nil) Bonds of Rs. 10000 each fully paid up		50.00		–
Gold Sovereign (Actual cost Rs. 61)		–		–
The Shamrao Vithal Co-operative Bank Limited				
1,000 (Nov 2006: 1,000) shares of Rs. 25 each, fully paid-up		**0.25**		0.25
Other securities				
Bharuch Eco-Aqua Infrastructure Limited				
72,935 (Nov 2006: 72,935) Equity Shares of Rs. 10 each, fully paid		**7.29**		7.29
Bharuch Enviro Infrastructure Ltd.				
175 (Nov 2006: 175) Equity Shares of Rs. 10 each, fully paid		**0.02**		0.02
Less: Provision for diminution in value of investments		**(7.42)**		(7.31)
TOTAL		**50.25**		0.36
Schedule 5: Deferred tax asset (Net)				
Deferred tax asset				
Arising on account of timing differences in :				
Provision for doubtful debts and advances	**669.97**		587.03	
Provision for leave encashment	**163.20**		117.95	
Provision for excise duty, custom duty and sales tax	**107.64**		46.17	
Amortisation of voluntary retirement costs	**178.51**		144.01	
Others	**629.01**		767.04	
		1748.33		1662.20
Deferred tax liability				
Arising on account of timing difference in:				
Depreciation		**450.41**		226.12
TOTAL		**1297.92**		1436.08
Schedule 6: Inventories				
Stores and maintenance spares		**177.50**		242.26
Packing materials		**395.25**		423.33
Stock-in-trade				
Raw materials		**2458.82**		2235.67
Work-in-process		**546.49**		319.57
Finished goods		**6006.52**		6710.22
TOTAL		**9584.58**		9931.05

Schedules to Consolidated Financial Statements

		Rupees in Lakhs 30th Nov 2007		Rupees in Lakhs 30th Nov 2006
Schedule 7: Sundry debtors (unsecured)				
Debts outstanding				
- Over six months		**1898.61**		2066.76
- Other debts		**6152.88**		6636.39
		8051.49		8703.15
of which				
- Considered good		**6169.49**		6947.66
- Considered doubtful		**1882.00**		1755.49
		8051.49		8703.15
Provision for doubtful debts		**(1882.00)**		(1755.49)
TOTAL		**6169.49**		6947.66
Bad debts written off Rs. 237.49 lakhs (Nov 2006: Rs. 695.29 lakhs) out of the provision for doubtful debts.				
Schedule 8: Cash and bank balances				
Cash on hand		**4.30**		5.45
With scheduled banks				
In current accounts		**1883.29**		1237.10
In margin money accounts (under lien)		**3.48**		3.48
In time deposit accounts		**46090.40**		29448.40
Cheques on hand / in transit		**9.79**		-
TOTAL		**47991.26**		30694.43
Schedule 9: Other current assets				
Interest accrued but not due on bank deposits		**767.49**		422.50
Fixed assets held for sale **		**49.62**		480.33
(at book value or estimated net realisable value / salvage, whichever is lower) *				
TOTAL		**817.11**		902.83
* Realisable value / Salvage value is based on valuation reports of approved valuers, where applicable ** Refer Note 12 of the Notes to the accounts, Schedule 19				
Schedule 10: Loans and advances (unsecured)				
Advances recoverable in cash or in kind or for value to be received				
- Considered good	**2303.75**		2123.16	
- Considered doubtful	**302.82**		193.17	
	2606.57		2316.33	
Provision for doubtful advances	**(302.82)**		(193.17)	
		2303.75		2123.16
Amounts Recoverable from Pfizer Pharmaceutical India Private Limited		**5796.18**		261.25
Amounts Recoverable from Pfizer Products India Private Limited		**1269.12**		-
Deposits		**3954.50**		4142.29
Balances with Customs, Port Trust and Excise on Current Accounts		**178.30**		140.62
TOTAL		**13501.85**		6667.32
Advances written off Rs. 45.41 lakhs (Nov 2006: Rs. Nil) out of the provision for doubtful advances.				

Schedules to Consolidated Financial Statements

	Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
Schedule 11: Current liabilities		
Sundry creditors		
Due to Small Scale Industrial Undertakings	–	288.92
Due to Micro, Small and Medium Enterprises	**134.02**	-
Others	**9071.47**	12619.44
Security deposits	**`415.10**	419.25
Dividends - unclaimed *	**261.04**	192.96
Amount payable to Pfizer Products India Private Limited	**-**	201.67
Other Liabilities	**778.65**	824.85
TOTAL	**10660.28**	14547.09
* 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	**8206.40**	6714.44
Tax on distributed profits	**1394.68**	941.68
Gratuity	**451.76**	475.17
Leave encashment	**480.15**	350.34
Provision for contingencies (Net)	66.60	137.13
Income tax provisions	**338.76**	745.65
[Net of taxes paid Rs. 59699.25 lakhs, (Nov 2006 Rs. 48957.36 lakhs)]		
Fringe benefit tax provisions	**124.14**	54.56
[Net of taxes paid Rs. 591.40 lakhs (Nov 2006: Rs. 419.00 lakhs)]		
Wealth tax provisions (Net)	**51.40**	49.90
TOTAL	**11113.89**	9468.87
Schedule 13: Operating and other income		
Service Income		
Interest (Gross)	**2126.39**	2612.45
On staff loans	**18.03**	28.52
On deposits with banks, delayed payments, etc.	**3150.17**	1274.38
[Tax deducted at source - Rs. 651.03 lakhs (Nov 2006: Rs. 234.87 lakhs)]		
On Income tax refunds	–	7.05
On others	530.03	111.91
[Tax deducted at source -Rs. 114.86 lakhs (Nov 2006: Rs. 26.98 lakhs)]		
Rental income	**612.76**	583.05
[Tax deducted at source - Rs. 139.21 lakhs (Nov 2006: Rs. 131.59 lakhs)]		
Profit on sale of assets held for disposal	**27369.29**	1184.09
Profit on fixed assets sold (Net)	**92.38**	32.22
Other insurance claims	133.65	68.73
Exchange gain (Net)	**51.07**	13.13
Provision / liability no longer required written back	**193.04**	–
Others	**29.90**	44.22
TOTAL	**34306.71**	5959.75

Schedules to Consolidated Financial Statements

			Rupees in Lakhs 30th Nov 2007			Rupees in Lakhs 30th Nov 2006
Schedule 14: Material cost						
(Increase) / decrease in stock of finished goods and work-in-process						
Stock at commencement						
Finished goods	6710.22			5641.11		
Work-in-process	319.57			363.46		
		7029.79			6004.57	
Stock at close						
Finished goods	6006.52			6710.22		
Work-in-process	546.49			319.57		
		6553.01			7029.79	
			476.78			(1025.22)
Raw materials						
Stock at commencement		2235.67			2505.28	
Purchases		9778.80			8446.96	
		12014.47			10952.24	
Stock at close		(2458.82)			(2235.67)	
			9555.65			8716.57
Packing materials (Net)			4415.07			4238.66
Purchase of traded goods			8958.66			10745.03
TOTAL			23406.16			22675.04
Schedule 15: Personnel cost						
Salaries, wages and bonus			7883.93			8227.20
Company's contribution to gratuity fund			934.14			574.74
Company's contribution to provident and other funds			598.30			553.75
Staff welfare expenses			753.39			878.26
TOTAL			10169.76			10233.95
Schedule 16: Manufacturing and other expenses						
Consumption of stores and maintenance spares			171.18			217.98
Processing charges			1945.29			1741.22
Power and fuel			733.25			721.79
Water			60.81			28.34
Repairs : Buildings		17.65			8.80	
Machinery		251.97	269.62		241.33	250.13
Rent			1062.03			998.66
Rates and taxes			245.22			240.05
Insurance			264.95			177.39
Clinical trials			1075.59			1089.29
Legal and professional charges			1146.94			927.79
Equipment rentals, service charges, low cost assets written off			792.83			670.82
Freight, forwarding and transport			2096.52			1855.92
Travelling (including boarding, lodging, conveyance and other expenses)			1294.85			1552.93
Communication expenses			444.85			435.99
Advertising and promotion			3659.39			3561.65
Commission			1071.24			946.39
Provision for doubtful debts / advances (Net)			525.17			299.42
Provision for diminution in value of long term investments			0.11			-
Royalty			707.67			697.90
Excise duty			97.55			262.56
Miscellaneous expenses			2905.60			3138.33
TOTAL			20570.66			19814.55
Schedule 17: Exceptional items - Net						
Exceptional expense						
Amortization of compensation paid to employees under VRS			1735.04			2336.83
TOTAL			1735.04			2336.83

18 Significant Accounting Policies

1 Basis of Preparation

(a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) – 'Consolidated Financial Statements' issued by The Institute of Chartered Accountants of India (ICAI). These financial statements comprise Pfizer Limited ("The Company") and 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, constitutes 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, 2007	:	100%

2 Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 and accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

(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 up to Rs. 5000 are written off and those costing more than Rs. 5000 but up to US$ 1000 are fully depreciated in the year of purchase except that-

"multiple-like items" the cost of which is over US$ 10000 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$ 10000 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 up to 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	Higher of 8% to 10% or Amortised over the lease period
Machinery & Equipment	8% to 40%
Office Equipment, Furniture & Fixture	8% to 33.33%
Vehicles	25%

(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.

Intangible Assets

(i) Intangible assets comprises of trademarks. Trademarks are recorded at their acquisition cost and are amortised over the lower of their estimated useful life and period of ownership on straight line basis i.e. over a period of 3 years.

(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.

Impairment of Assets

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. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. 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.

(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.

The premium or discount on forward contracts is recognized over the period of the contracts. The premium or discount in respect of forward contracts related to acquisition of imported fixed assets is adjusted against the carrying costs of corresponding fixed assets. In respect of other contracts, it is recognized in the Profit and Loss Account.

(e) Investments

Long-term investments are stated at cost less any other than temporary diminution in value, determined separately for each individual investment.

(f) Inventories

Raw materials, work-in-progress, finished goods, and packing materials are valued at the lower of weighted average cost and net realizable 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. The net realizable value of work-in-progress is determined with reference to the selling price of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realizable value.

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

(g) Samples

Physicians' samples are valued at standard cost, which approximates actual cost.

(h) Debtors / Loans & Advances

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

(i) 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.

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

(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 in the earlier years under the VRS is charged to the Profit and Loss Account over a period of five years. Compensation paid during the year under the VRS is fully charged to the Profit and Loss Account.

m) Taxation

Income tax expense comprises current tax, deferred tax charge or credit and fringe benefit tax. Provision for current tax is based on the results for the year ended 30th November, 2007, in accordance with the provisions of the Income Tax Act, 1961. The final tax liability will be determined on the basis of the operations for the year 1st April 2007 to 31st March 2008, being the tax year of the Company.

The deferred tax charge or credit is recognized using substantially enacted rates. In the case of unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each Balance Sheet date to reassess realization.

Provision for Fringe Benefit Tax is made on the basis of applicable rates on the taxable value of eligible expenses of the Company as prescribed under 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 provision is created 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 2007	Rupees in Lakhs 30th Nov 2006
1	**Estimated amount of contracts on capital account to be executed and not provided for**	4436.83	607.12
2	**Contingent Liability**		
	(a) In respect of the guarantees given to banks on behalf of third parties	119.59	130.14
	(b) In respect of:		
	(i) Excise Duty	544.82	949.16
	(ii) Customs Duty	40.54	1.06
	(iii) Sales Tax	3946.78	2846.85
	(iv) Service Tax	193.11	193.10
	(iv) Income Tax	1286.83	1214.06
	(v) Pending Labour Matters contested in various courts	122.66	122.66
	(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	219.03	144.67
	Contribution to PF and Other Funds	35.40	23.49
	Perquisites	31.95	16.79
	Sitting Fees	2.10	1.70
	Commission to Non- Whole time Directors	10.00	10.00

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

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 Orders 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 August 1995 and Rs. 74 lakhs for Isokin for the period 1982 to June 1997).

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

(g) Multivitamin Formulations

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

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

In view of matters (a), (b), (c), (e), (f) and (g) being subjudice, the legal opinion being in favour of the Company, and based on the assessment of the Management, no further provision is considered necessary over and above the sum of Rs. 198.37 lakhs which has been paid off in earlier years.

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

5 Earnings per Share

	30th Nov 2007	30th Nov 2006
Earnings per share has been computed as under:		
(a) Profit after Taxation (Rs. in lakhs)	34000.26	10633.47
(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. 113.94	Rs. 35.63

6 Disclosure for operating leases under Accounting Standard 19 –“Leases”

(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	128.68
Depreciation for the lease period	12.14
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. 519.76 lakhs (Nov 2006: Rs. 490.05 lakhs)

Notes to the Consolidated Financial Statements for the year ended 30th November, 2007

7 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.

(a) Ankleshwar property – Other current assets (Schedule 9) includes assets of Ankleshwar plant at lower of their respective book values or estimated net realisable value as follows:

Rupees in Lakhs

Asset Head	Original Cost		**Accumulated Depreciation**		**Written Down Value**	
	30th Nov 2007	30th Nov 2006	30th Nov 2007	30th Nov 2006	30th Nov 2007	30th Nov 2006
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) Chandigarh property – Other current assets (Schedule 9) include assets of Chandigarh plant held for disposal in an earlier year at lower of their respective book values or estimated net realisable value as follows:

Rupees in Lakhs

Asset Head	Original Cost		**Accumulated Depreciation**		**Written Down Value**	
	30th Nov 2007	30th Nov 2006	30th Nov 2007	30th Nov 2006	30th Nov 2007	30th Nov 2006
Freehold Land	-	3.60	-	-	-	3.60
Freehold Building	-	176.36	-	81.31	-	95.05
Machinery & Equipment	-	1665.82	-	1360.84	-	304.98
Office Equipment, Furniture& Fixtures	-	96.23	-	69.15	-	27.08
TOTAL	-	1942.01	-	1511.30	-	430.71

During the current year, the Company has sold the assets for the total consideration of Rs. 27800.00 lakhs and accordingly recognized the profit of Rs. 27369.29 lakhs shown under "Operating and other income" (Schedule 13).

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

I Names of related parties and description of relationships

A Parties where control exists:

Companies collectively exercising significant influence	Pfizer Corporation, Panama Warner-Lambert Company, LLC, USA Parke Davis & Company, LLC, USA Pharmacia Corporation, USA [Collectively holding 41.23% of the aggregate of equity share capital of the Company] Pfizer Inc., USA (Ultimate holding company)

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

Pfizer Italiana SPA
Pfizer Animal Health SA, Belgium
Pfizer Asia Manufacturing Pte Limited, Singapore
Pfizer Asia Pacific Pte Limited, Singapore
Pfizer Australia Pty Limited, Australia
Pfizer Corporation Hong Kong Limited, Honk Kong
Pfizer Enterprises SARL, Luxembourg
Pfizer Export Company, Ireland
Pfizer Global Trading, Ireland
Pfizer Inc., Philippines
Pfizer Italia S.r.l, Italy
Pfizer Japan Inc., Japan
Pfizer Limited, United Kingdom
Pfizer Limited, Taiwan
Pfizer Overseas LLC, USA
Pfizer Pharmaceutical India Pvt. Limited, India
Pfizer Pharmaceuticals Korea Limited, Korea
Pfizer Singapore Trading Pte Limited, Singapore
Pfizer Private Limited, Singapore
Pfizer Products India Private Limited, India
Pfizer International LLC, USA
Pfizer Products Inc., USA
Capsugel Healthcare Limited, India

B **Executive Committee Members**

Mr. Kewal Handa *

Dr. B.M. Gagrat *

Mr. S. Madhok

Mr. Yugesh Goutam*

Ms. Dipali Talwar

Mr. Venkat Iyer

Mr. S.Venkatesh

Dr. Chandrashekhar Potkar (w.e.f. 1st April, 2007)

Mr. M.G. Rao (resigned w.e.f. 10th November, 2007)

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. 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 2007			30th Nov 2006		
	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)	–	–	43.19	-	-	96.87
2	Sale of bulk materials	–	–	49.58	-	-	47.70
3	Service income	303.58	–	1809.99	573.24	-	1993.16
4	Recovery of expenses	22.34	–	1821.91	-	-	1353.95
5	Purchase of finished goods	–	–	827.40	-	16.14	412.44
6	Purchase of raw/bulk materials	–	–	1051.66	-	-	1941.75
7	Royalty expense	29.17	164.95	402.11	29.20	219.30	398.47
8	Write Back	–	–	0.43	-	-	-
9	Expenses reimbursed	-	-	273.33	-	-	679.83
10	Dividend in respect of the year ended 30th November, 2006 / 30th November, 2005	-	2768.16	-	-	1230.29	-
11	Reimbursement of Civil work	-	-	294.17	-	-	-
12	Rental income	-	-	55.42	-	-	44.78
13	Loans given	-	-	16390.52	-	-	5020.00
14	Loans Repaid	-	-	10075.52	-	-	5020.00
15	Outstanding as at the year end – Due from	68.72	-	7691.82	14.08	-	1229.30
16	Outstanding as at the year end – Due to	24.79	169.79	1271.88	55.54	153.30	1304.41

II **Executive committee members**

Rupees in Lakhs

	Nature of Transactions	30th Nov 2007 **Key Management Personnel**	30th Nov 2006 Key Management Personnel
1	Remuneration	597.40	521.46
2	Rent paid for residential flats	46.90	38.29
3	Deposits paid	298.00	810.46
4	Amounts paid on behalf and recovered	0.26	0.16
5	Deposits outstanding as at the year end	1317.74	1078.36

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

Notes to the Consolidated Financial Statements for the year ended 30th November, 2007

IV Details of material transactions during the year :

		Rupees in Lakhs 30th Nov 2007	Rupees in Lakhs 30th Nov 2006
a)	**Sale of finished goods (Net of returns)**		
	Pfizer Overseas Inc. Export Division, Belgium	–	51.10
	Pfizer Pharmaceutical India Pvt. Limited, India	43.19	45.77
b)	**Sale of bulk materials**		
	Pfizer Global Trading, Ireland	49.58	47.70
c)	Service income		
	Pfizer Asia Pacific Pte Limited, Singapore	–	305.52
	Pfizer Limited, United Kingdom	1606.57	1634.72
	Pfizer Inc., USA	303.58	579.68
d)	**Recovery of expenses**		
	Pfizer Pharmaceutical India Pvt. Limited, India	54.69	227.64
	Pfizer Products India Pvt. Limited, India	1747.80	1012.34
e)	**Purchase of finished goods**		
	Pfizer Export Company, Ireland	144.08	1825.52
	Pfizer Overseas LLC, USA	264.05	116.23
	Pfizer Singapore Trading Pte Limited, Singapore	163.55	52.59
	Pfizer Enterprises SARL, Luxembourg	133.15	69.02
f)	**Purchase of raw / bulk materials**		
	Pfizer Export Company, Ireland	1027.69	205.21
g)	**Royalty expense**		
	Warner-Lambert Company LLC, USA	73.56	103.12
	Parke-Davis & Company LLC, USA	91.39	83.29
	Pfizer Products Inc, USA	402.11	338.67
h)	**Expenses reimbursed**		
	Pfizer International LLC, USA	100.92	217.07
	Pfizer Private Limited, Singapore	93.46	86.30
	Pfizer Pharmaceutical India Pvt. Limited, India	11.59	49.93
	Pfizer Products India Pvt. Limited, India	23.28	68.84
i)	**Loans given**		
	Pfizer Pharmaceutical India Pvt. Limited, India	11915.00	1750.00
	Pfizer Products India Pvt. Limited, India	4475.52	1700.00
	Capsugel Healthcare Limited, India	–	1570.00
j)	**Loans repaid**		
	Pfizer Pharmaceutical India Pvt. Limited, India	6450.00	1750.00
	Pfizer Products India Pvt. Limited, India	3625.52	1700.00
	Capsugel Healthcare Limited, India	–	1570.00
k)	**Remuneration to Key Management Personnel**		
	Kewal Handa	184.75	124.03
	Dr. B.M. Gagrat	68.00	58.79
	Yugesh Goutam	65.59	57.71

Notes to the Consolidated Financial Statements for the year ended 30th November, 2007

9 **Disclosures as required by the Accounting Standard 17 on "Segment Reporting" are given below :**

Business segments (Refer Note 1 below)

Rupees in Lakhs

	30th Nov 2007				30th Nov 2006			
	Pharma-ceuticals	**Animal Health**	Services	Total	Pharma-ceuticals	Animal Health	Services	Total
Segment revenue								
External sales and services to customers	60627.64	7066.86	2101.22	69795.72	60527.19	6198.25	2566.41	69291.85
Total Segment revenue	60627.64	7066.86	2101.22	69795.72	60527.19	6198.25	2566.41	69291.85
Segment results	17566.38	1152.34	252.27	18970.99	17092.29	559.73	262.20	17914.22
Unallocated corporate (expenses) / income (Net)				24443.85				(484.10)
Operating profit				43414.84				17430.12
Interest expense and bank charges				(243.59)				(250.65)
Interest income				3698.23				1421.86
Income tax				(11134.18)				(5631.03)
Exceptional Items - Net	(1735.04)	–	–	(1735.04)	(2044.08)	(1.20)	–	(2045.28)
Unallocated exceptional items				–				(291.55)
Net profit				34000.26				10633.47
Other information								
Segment assets	19954.17	3011.06	790.12	23755.35	19355.37	3528.80	1155.70	24039.87
Unallocated corporate assets				62990.83				40548.92
Total assets				86746.18				64588.79
Segment liabilities	7886.65	745.46	190.72	8822.83	9200.46	630.20	205.26	10035.92
Unallocated corporate liabilities				12951.34				13980.04
Total liabilities				21774.17				24015.96
Capital expenditure	437.37	13.42	18.65	469.44	953.85	4.66	18.63	977.14
Depreciation/Amortisation	468.91	35.78	–	504.69	843.73	10.71	13.48	867.92

Geographical segments (Refer Note 2 below)

Rupees in Lakhs

	30th Nov 2007			30th Nov 2006		
	India	Other **Countries**	Total	India	Other Countries	Total
Segment Revenue - external sales to customers	67648.14	2147.58	69795.72	66438.26	2853.59	69291.85
Carrying amount of segment assets	86087.56	658.62	86746.18	63609.54	979.25	64588.79
Capital expenditure	533.61	–	533.61	1504.54	–	1504.54

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

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

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

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

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

10 Disclosure relating to provisions

Personnel related provisions

Personnel related provision include provision for 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. This provision is expected to be paid upon renewal / execution of new contract.

The Company has made provision for pending assessments in respect of duties and other levies, the outflow of which would depend on the outcome of the respective events.

The movement in the above provisions are summarised as under:

Rupees in Lakhs

	30th Nov 2007		30th Nov 2006	
	Contingency	**Personnel**	Contingency	Personnel
Opening balance	137.13	360.18	127.09	177.70
Additions	34.00	74.31	10.04	182.48
Utilisation / Transfers	2.96	232.81	–	–
Reversals	101.57	–	–	–
Closing balance	66.60	201.68	137.13	360.18

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 Upto the previous year, the expenditure incurred by the Company under the voluntary retirement scheme (VRS) was charged to Profit and Loss Account over a period of five years. However, during the current year this policy has been changed and expenditure under the VRS is charged to the Profit and Loss Account of the year in which it is incurred. The impact of the above change in the accounting policy has resulted in an increased cost of Rs. 555.60 lakhs and consequent decrease in profit.

13 The Company's promoters announced the global divestiture of the Consumer Healthcare Business in June 2006 to Johnson & Johnson. Consequently, the global closure was fixed on 20th December 2006. Pursuant to the approval of the Board of Directors at their meeting held on 31st December, 2007 the company has transferred the exclusive license in respect of trademarks relating to Benadryl, Caladryl, Benylin and Listerine and certain assets related thereto, for a total consideration of Rs. 21485.10 lakhs to Johnson & Johnson Limited. All the remaining products under the Consumer Healthcare Portfolio will continue to be with the Company.

14 As per the revised recommendation of the Board of Directors of the Company, the shareholders in the Annual General Meeting held on 22nd March, 2007 approved the increased rate of dividend of 225% from the earlier proposed rate of 125%. The effect of aforesaid has been incorporated in the previous year figures.

15 The Company uses forward contracts to hedge its risks associated with foreign currency fluctuations having underlying transaction and relating to firm commitments or highly probable forecast transactions. The Company does not enter into any forward contract which is intended for trading or speculative purposes.

Foreign currency exposures that are not hedged by derivative instruments or otherwise are USD 7.95 (in lakhs) equivalent to Rs. 314.73 lakhs.

16 Prior year figures have been regrouped wherever necessary to conform to current year's presentation

For and on behalf of the Board

R A SHAH *Chairman*

KEWAL HANDA *Managing Director*

P SHAH
B M GAGRAT (DR)
YUGESH GOUTAM } *Directors*

Mumbai, 25th February, 2008 **PRAJEET NAIR** *Secretary*

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 57th **Annual General Meeting of the Company to be held on Tuesday, 15th April, 2008 and at any adjournment** thereof.

Signed this .... day of .... 2008.

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-SEVENTH ANNUAL GENERAL MEETING of the Company at Y.B. Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Mumbai 400 021 on Tuesday 15th April, 2008 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

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

www.pfizerindia.com

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