

**BALANCE SHEET**

As at March 31, 2005

Rupees in Millions

	Schedule No.	As at 31-03-2005	As at 31-03-2004
<b>SOURCES OF FUNDS :</b>			
[1] Shareholders' Funds :			
Capital	1	314	314
Reserves and Surplus	2	5830	5081
		6144	5395
[2] Loan Funds :			
Secured Loans	3	2874	3437
Unsecured Loans	4	841	620
		3715	4057
[3] Deferred Tax Liability [ Net ]	20[B-23]	1012	974
Total		10871	10426
<b>APPLICATION OF FUNDS :</b>			
[1] Fixed Assets :	5		
Gross Block		9505	8460
Less : Depreciation and Impairment		2721	1984
Net Block		6784	6476
Capital work-in-progress		396	408
Preoperative & Project Expenses pending allocation	20[B-15]	4	8
		7184	6892
[2] Investments		1368	1381
[3] Current Assets, Loans and Advances :			
Inventories	7	1939	1603
Sundry Debtors	8	1088	1659
Cash and Bank Balances	9	264	372
Loans and Advances	10	1372	701
		4663	4335
Less : Current Liabilities & Provisions :			
Liabilities	11	1844	1819
Provisions	12	575	511
		2419	2330
Net Current Assets		2244	2005
[4] Miscellaneous Expenditure : [to the extent not written off or adjusted]	13	75	148
Total		10871	10426
Significant Accounting Policies and Notes on Accounts	20		

As per our report of even date

For R. R. Patel & Co.,  
Chartered AccountantsFor Mukesh M. Shah & Co.,  
Chartered AccountantsPankaj R. Patel  
Chairman & Managing DirectorR. R. Patel  
ProprietorMukesh M. Shah  
PartnerJyotindra B. Gor  
Chief Accounts OfficerUpen H. Shah  
Company SecretaryMukesh M. Patel  
Director

Ahmedabad, Dated : 29th April, 2005.

## PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2005

Rupees in Millions

	Schedule No.	Year ended 31-03-2005	Year ended 31-03-2004
<b>INCOME :</b>			
Sales		11253	11160
Less : Excise Duty		619	811
Net Sales		10634	10349
Other Income	14	785	894
		11419	11243
<b>EXPENDITURE :</b>			
Consumption of Materials and Finished Goods	15	4311	4436
General Expenses	16	4003	3719
Research Expenses	17	710	632
Interest and Financial Charges	18	202	166
Depreciation		565	531
		9791	9484
Profit before Extra ordinary items and Tax		1628	1759
Less: Extra-ordinary Expenses:			
Amortisation of compensation under Voluntary Retirement Scheme		124	125
Profit before Tax		1504	1634
Less : Provision for Taxation	19	190	205
Profit after Tax		1314	1429
Add : Balance brought forward		1064	567
Less: Goodwill on Amalgamation & Amalgamation Adjustment Account written off		0	(92)
		1064	475
<b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>		2378	1904
Appropriations :			
Transfer to Debenture Redemption Reserve		0	150
Dividends :			
Proposed Dividend on Equity Shares		377	377
Corporate Dividend Tax on Proposed Dividend		53	48
		430	425
Transfer to General Reserve		458	265
		888	840
Balance carried to Balance Sheet		1490	1064
Basic and Diluted E P S [ in Rupees ]	20 [B-22]	20.93	22.75
Significant Accounting Policies and Notes on Accounts	20		

As per our report of even date

For R. R. Patel & Co.,  
Chartered Accountants

For Mukesh M. Shah & Co.,  
Chartered Accountants

Pankaj R. Patel  
Chairman & Managing Director

R. R. Patel  
Proprietor

Mukesh M. Shah  
Partner

Jyotindra B. Gor  
Chief Accounts Officer

Upen H. Shah  
Company Secretary

Mukesh M. Patel  
Director

Ahmedabad, Dated : 29th April, 2005.

## Cash Flow Statement for the year ended March 31, 2005.

Particulars	Rupees in Millions	
	Year ended 31-03-2005	Year ended 31-03-2004
<b>A Cash Flows from Operating Activities :</b>		
Net profit before taxation and extraordinary items	1628	1759
Adjustments for :		
Depreciation	565	531
[ Profit ] / Loss on sale of assets [ net ]	2	(34)
[ Profit ] / Loss on impaired assets [ net ]	1	0
[ Profit ] / Loss on sale of investments [ net ]	(15)	0
[ Interest income ]	(47)	(54)
[ Dividend income ]	(456)	(607)
Interest expenses	186	242
Bad debts written off	19	18
Discount on debentures written off	0	1
Provisions for retirement benefits	48	23
Provisions for probable product warranty claims and return of goods	11	0
Total	314	120
Operating profit before working capital changes	1942	1879
Adjustments for :		
[ Increase ] / Decrease in trade receivables	548	(284)
[ Increase ] / Decrease in other receivables	(637)	130
[ Increase ] / Decrease in inventories	(336)	170
Increase / [ Decrease ] in trade payables & other liabilities	23	62
Total	(402)	78
Cash generated from operations	1540	1957
Interest received	38	54
[ Interest paid ]	(196)	(209)
[ Direct taxes paid ] [ Net of refunds ]	(109)	(88)
Total	(267)	(243)
Cash flow before extraordinary items	1273	1714
Extraordinary income / [ expenditure ]	197	198
Net cash from operating activities	1470	1912
<b>B Cash flows from investing activities :</b>		
[ Purchase of fixed assets ]	(1155)	(1008)
[ Pre-operative & Project expenses ]	(18)	(2)
[ Purchase of investments ]	0	(747)
Proceeds from sale of Investments	28	0
Proceeds from sale of fixed assets	127	384
Dividend received	456	607
Net cash from investing activities	(562)	(766)

## Cash Flow Statement for the year ended March 31, 2005.

Rupees in Millions		
Particulars	Year ended 31-03-2005	Year ended 31-03-2004
C Cash flows from financing activities :		
[ Borrowings ] [ net ]	(342)	(372)
[ Dividends paid ]	(376)	(222)
[ Tax on dividends paid ]	(48)	(28)
Net cash used in financing activities	(766)	(622)
Net increase / [ decrease ] in cash and cash equivalents	142	524
Cash and cash equivalents at the beginning of the year	372	89
Cash and cash equivalents acquired due to amalgamation	0	9
Cash and cash equivalents at the close of the year	264	372

## Notes to the cash flow statement

- 1 All figures in brackets are outflow.
- 2 Previous year's figures have been regrouped wherever necessary.

Pankaj R. Patel  
Chairman & Managing Director

\ Jyotindra B. Gor  
Chief Accounts Officer

Upen H. Shah  
Company Secretary

Mukesh M. Patel  
Director

Ahmedabad, Dated : 29th April 2005.

## Auditors' Report

The Board of Directors,  
Cadila Healthcare Limited,  
Zydus Tower ,  
Sarkhej-Gandhinagar Highway,  
Ahmedabad - 380 015.

We have examined the attached Cash Flow Statement of Cadila Healthcare Limited for the year ended March 31, 2005. The statement has been prepared by the Company in accordance with the requirements of Clause No. 32 of the listing agreement with various Stock Exchanges and is based on and is derived from the audited Profit and Loss Account and Balance Sheet of the Company for the year ended March 31, 2005 covered by our Report dated 29th April 2005 to the members of the Company.

For R. R. Patel & Co.,  
Chartered Accountants

R. R. Patel  
Proprietor

Ahmedabad, Dated : 29th April, 2005

For Mukesh M. Shah & Co.,  
Chartered Accountants

Mukesh M. Shah  
Partner

Ahmedabad, Dated : 29th April, 2005

## Schedules forming part of the Balance Sheet

Rupees in Millions

	As at 31-03-2005	As at 31-03-2004
\Schedule : 1 - Capital :		
Authorised :		
90,000,000 Equity Shares of Rs.5/- each	450	450
500,000 Preference Shares of Rs. 100/- each	50	50
	500	500
Issued, Subscribed and Paid-up :		
62,806,854 Equity Shares of Rs.5/- each fully paid-up	314	314
Notes : Of the above shares,		
[A] 33,034,332 shares were allotted as fully paid-up pursuant to the Scheme of Arrangement & Amalgamation without payments being received in cash.		
[B] 14,885,122 shares were allotted as fully paid-up by way of Bonus shares by capitalisation of General Reserve.		
Total	314	314
\Schedule : 2 - Reserves & Surplus :		
Capital Redemption Reserve Account:		
Balance as per last Balance Sheet	32	20
Add : Amount transferred on Amalgamation	0	12
	32	32
Share Premium Account :		
Balance as per last Balance Sheet	2561	2561
Debenture Redemption Reserve :		
Balance as per last Balance Sheet	324	237
Add : Transfer from Profit and Loss Account	0	150
	324	387
Less: Transfer to General Reserve	77	63
	247	324
General Reserve :		
Balance as per last Balance Sheet	1100	913
Add : Transfer from Debenture Redemption Reserve	77	63
Add : Transfer from Profit and Loss Account	458	265
	1635	1241
Less : Adjustment of amortisation of Intangible Assets	0	141
Less : Adjustment of Impairment of Fixed Assets [ Refer note no.B - 1 of Sch. no.20 ] [ Net of deffered tax adjustments of Rs. 68 Millions { Previous Year Rs. Nil }]	135	0
	1500	1100
	1490	1064
Balance in Profit and Loss Account	5830	5081
Total	5830	5081

## Schedules forming part of the Balance Sheet

Rupees in Millions

	As at 31-03-2005	As at 31-03-2004
Schedule : 3 - Secured Loans :		
1 Privately Placed Debentures :		
A 70,8.4 % Secured , Redeemable Non Convertible Debentures [ NCDs ] of Rs. 7,000,000/- [ As at 31-3-04 - Rs. 10,000,000 ] each consisting of two separately tradable principle parts [ STRPP ] as under:	490	700
- Nil [ STRPP 1 representing 30% of the face value of NCDs, redeemed at par on 20th August , 2004.]		
- STRPP 2 representing 70 % of the face value of NCDs , redeemable at par on 20th August , 2005.		
B 60,7 % Redeemable Non Convertible Debentures of Rs. 8,333,333.33 [ As at 31-03-04 Rs. 10,000,000 ] each [ Redeemable in six equal half yearly installments commencing from Nov., 2004 ]	500	600
	990	1300
2 Loans and Advances from Banks :		
A Term Loans [ Including FCL Rs. Nil { As at 31-03-04 - Rs. 193 } Millions ]	0	293
B Working Capital Loans [ Including FCL Rs. 443 { As at 31-03-04 - Rs. 477} Millions ]	490	569
C External Commercial Borrowings [ ECB ] in Foreign Currency	1394	1049
	1884	1911
3 Other Loans and Advances :		
Term Loan from a Financial Institution [ Including FCL Rs. Nil { As at 31-03-04 - Rs. 226 } Millions ]	0	226
Total	2874	3437
Securities for Loans :		
1 [A] First charge by way of mortgage of immovable properties and hypothecation of movable properties of the Bulk Drug unit of the Company at Ankleshwar, Corporate Office Complex of the Company at Ahmedabad and legal mortgage of selected Trade Marks of the Company.		
[B] First charge by way of mortgage of corporate office complex of the Company at Mumbai, a residential flat of the Company at Ahmedabad and legal mortgage of selected Trade Marks of the Company.		
2 [A] [ a ] Rs. Nil [ As at 31-03-04 - Rs. 100 Millions ] is secured by first pari passue charge by way of equitable mortgage of immovable properties and hypothecation of movable properties , both present and future, of the Formulation Unit of the Company at Moraiya , save and except current assets charged to Banks for working capital finance.		
[ b ] Rs. Nil [ As at 31-03-04 - Rs. 193 Millions ] is secured by hypothecation of three trade marks of the Company.		
[B] [ a ] Secured by way of hypothecation of inventories and book-debts , both present and future of the specific divisions for which facilities are availed by the Company.		
[ b ] Out of total, Rs. 490 Millions [ As at 31-03-04 Rs. 443 Millions ] are further secured by pledge of titles to the goods despatched, besides second charge on all the fixed assets of the Formulation Unit of the Company at Moraiya and Plant and Machineries of the Bulk Drug Unit of the Company at Ankleshwar.		
[ c ] The above charges rank pari passue amongst banks in the respective consortium.		

## Schedules forming part of the Balance Sheet

[C] [ a ]Rs. 876 Millions [ As at 31-03-04 - Rs. 874 Millions ] are secured by first equitable mortgage of immovable properties and hypothecation of movable properties, both present and future, of the Formulation Unit of the Company at Moraiya, save and except current assets charged to banks for working capital finance loans to rank pari passue between lenders at 2[A][a] & 2[C][c].

[ b ]Rs. 120 millions [ As at 31-03-04 - Rs. 175 Millions ] are secured by first mortgage of immovable properties and hypothecation of movable properties, both present and future of the Formulation Unit situated at Ponda, Goa save and except current assets charged to Banks for working capital finance loans & to rank pari passue with 2[C][c].

[ c ]Rs. 398 Millions [ As at 31-03-04 - Rs. Nil ] are secured by securities mentioned at 2[C][a] & 2[C][b] above on pari passue basis.

3 First pari-passue charge by way of equitable mortgage of immovable properties and hypothecation of movable properties, both present and future, of the Formulation Unit of the Company at Moraiya, save and except current assets, charged to banks for working capital finance loan, to rank pari passue with other lenders.

Rupees in Millions

	As at 31-03-2005	As at 31-03-2004
Schedule : 4 - Unsecured Loans :		
1 Fixed Deposits [ Rs. 0.05 { As at 31-03-04 Rs. 0.24 } Millions ]	0	0
2 Short - term Loans:		
A From Banks	0	200
B From a Financial Institution in foreign currency	402	0
	402	200
3 Other Loans and Advances :		
A Interest free deemed loan against deferment of sales tax :		
a From a Financial Institution	193	194
b Deferred amount	210	189
	403	383
B From a Financial Institution	3	4
C From Others	33	33
	439	420
Total	841	620

Note : Loan at [ 3 - A ] is subject to first and / or second charge to be created on the fixed assets of the Formulation Unit of the Company at Moraiya, to rank pari-passue with other lenders. Pending creation of this security amount upto Rs. 85 [ As at 31-03-04 - Rs. 85 ] Millions is secured by personal guarantee of a Managing Director of the Company.

## Schedules forming part of the Balance Sheet

Schedule : 5 - Fixed assets :														
Rupees in Millions														
Nature of Fixed Assets	Gross Block					Depreciation					Impairment Adjustments		Net Block	
	As at 31-03-04		Additions During the year	Sales and / or adj. during the year	As at 31-03-05	Up to 31-03-04			For the year	On Sales and / or adj. during the year	Up to 31-03-05	As at 31-03-05	As at 31-03-04	
	Opening Balance	Acquired under the Scheme				Total	Opening Balance	Acquired under the Scheme						Total
Freehold Land	191	0	191	89	108	0	0	0	0	0	108	191		
Leasehold Land	82	0	82	0	82	6	6	1	0	7	75	76		
Buildings	1792	0	1792	33	1965	222	222	52	6	268	1697	1570		
Plant & Machinery	3386	0	3386	17	4204	985	985	232	14	1203	2886	2401		
Furnitures, Fixtures & Office Equipments	359	0	359	13	367	102	102	20	8	114	247	257		
Vehicles	141	0	141	10	168	46	46	15	4	57	111	95		
Trademarks, Technical Know-how Patents & Designs	2454	0	2454	0	2556	573	573	244	0	817	1656	1881		
Commercial Rights	55	0	55	0	55	50	50	1	0	51	4	5		
Total	8460	0	8460	162	9505	1984	1984	565	32	2517	6784	6476		
2003-2004	7921	99	8020	435	8460	1382	1402	531	(51)	1984	6476			

## Notes:

- Buildings include Rs. 0.02 [ As at 31-03-04 Rs. 0.02 ] Millions being the value of Shares held in Co-operative housing Societies.
- Additions of Rs. 213 [ Previous Year - Rs. 269 ] Millions in Research Assets during the year are included in additions column, under the respective heads, of gross block as above.
- Legal title of some of the immovable properties Acquired pursuant to the scheme of Amalgamation are in the process of being transferred in the name of the Company.



## Schedules forming part of the Balance Sheet

Rupees in Millions

	Nos.[*]	Face Value[**]	As at 31-03-2005	As at 31-03-2004
Schedule : 6 - Investments [ At cost ] :				
Long Term Investments :				
In Government Securities [Unquoted] :				
National Savings Certificates [ Lodged with Govt. Auth. as security ] [ Rs. 16,350/- ]^			0	0
Kisan Vikas Patra [ Lodged with Sales Tax Auth. as security ] [ Rs. 9,000 ]^			0	0
			0	0
In Shares, Debentures and Bonds :				
Subsidiary companies [ Unquoted ] :				
In fully paid-up equity shares of :				
Dialforhealth India Ltd.	5000000	10	50	50
German Remedies Ltd.	24000	100	2	2
Zydus International Pvt. Ltd., Ireland	6079000	£1	470	470
Zydus Pharmaceuticals Ltd.	950000	10	10	10
Sub-total			532	532
Trade Investments [ Unquoted ] :				
In fully paid-up equity shares of :				
Companies under the same Management :				
Zydus Altana Healthcare Pvt. Ltd.	10000000	10	100	100
Sarabhai Zydus Animal Health Ltd.	27000000	10	270	270
			370	370
In fully paid-up Series B & C Convertible Preferred Stock of :				
Onconova Therapeutic Inc. USA	802638	\$0.01	187	187
			557	557
Other Investments :				
Quoted :				
In fully paid-up Equity Shares of :				
The Zandu Pharmaceuticals Works Ltd.	0 [13523]	10	0	78
HDFC Bank Ltd. [ Rs. 10,850/- ]^	800	10	0	0
Housing Development Finance Corporation Ltd.	43900	10	1	1
Saket Projects Ltd. [ Rs. 50,000/- ]^	5000	10	0	0
			1	79
In fully paid-up Bonds of Unit Trust of India :				
- 6.6% Tax free ARS Bonds	391712 [0]	100	39	0
- 6.75% Tax free US-64 Bonds	34515	100	4	4
			43	4
			44	83
Unquoted :				
In Units of Mutual Funds :				
Unit Trust of India - M I P - 1999	0 [3580000]	10	0	38
In fully paid-up equity shares of :				
Pharmaceutical Business Group [I] Ltd.	999800	10	10	10
Co. Op. Bank of Ahmedabad Ltd. [ Rs. 50/- ]^	2	25	0	0
Bharuch Enviro Infrastructure Ltd. [ Rs. 12,140/- ]^	1214	10	0	0
Bharuch Eco - Acqua Infrastructure Ltd	568920 [256505]	10	6	3
Enviro Infrastructure Co. Ltd.	50000	10	1	1
Green Environment Co-op. Service [Rs. 5,000/- ]^	50	100	0	0
Avra Laboratories P. Ltd.	250000 [0]	10	2	0
			19	14

## Schedules forming part of the Balance Sheet

Rupees in Millions

	Nos.[*]	Face Value[**]	As at 31-03-2005	As at 31-03-2004
<b>Schedule : 6 - Investments (At cost) :</b>				
In fully paid-up Bonds of :				
Rural Electrification Corporation Ltd.				
- 5.15 %, 5 Year Capital Gains Bonds, Series - III	10500	10000	105	105
National Housing Bank Ltd.				
- 5.10 %, 5 Year Capital Gains Bonds, 2002	10000	10000	100	100
National Bank for Agricultural & Rural Development				
- 5 %, 5 Year Capital Gains Bonds.	1000	10000	10	10
			215	215
			234	267
Total Other Investments			278	350
Total Investments in Shares, Debentures & Bonds			1367	1439
Contribution to the Corpus of Gujarat Venture Capital Fund: 1990 [ Rs. 85,000/- { As at 31-03-04 Rs. 1,10,000/- } ]^	-	-	0	0
1995	-	-	1	2
			1	2
Total			1368	1441
Less : Provision for diminution in value of Investments			0	60
Aggregate Book Value of Investments :			1368	1381
Unquoted			1324	1358
Quoted [ Market Value Rs 75 Millions { As at 31-03-2004 Rs. 63 Millions}]			44	23
Total			1368	1381
Note :				
In * Nos. [*] figures of Previous year are same unless stated in [ ]				
In Face Value [**] , figures in Indian Rupees unless stated otherwise.				
[^] Figures in bracket denotes absolute Rupees.				
<b>Schedule : 7 - Inventories :</b>				
[As taken, valued and certified by the management]			44	57
[ Valued at lower of cost and net realisable value ]				
Stores and Spare Parts				
Stock-in-Trade :				
Raw Materials			496	441
Packing Materials			64	63
Finished Goods			968	703
			1528	1207
Works-in-progress			367	339
Total			1939	1603
<b>Schedule : 8 - Sundry Debtors : [ Unsecured ] :</b>				
Debts outstanding for a period exceeding six months :				
Considered good			109	79
Considered doubtful			9	9
total			118	88
less: Provision for doubtful debts			9	9
			109	79
Other debts - Considered good :				
Due from subsidiary companies [ Refer note no. B-10 or Sch.no.20 ]			3	0
Others			976	1580
			979	158
Total			1088	1659

## Schedules forming part of the Balance Sheet

Rupees in Millions

	As at 31-03-2005	As at 31-03-2004
Schedule : 9 - Cash and Bank Balances :		
Cash balance on hand	5	4
Bank Balances :		
With Scheduled Banks :		
In Current Accounts	8	246
In Fixed Deposit Accounts	244	106
[Out of this, fixed deposits of Rs. 58 { As at 31-03-2004 Rs. 57 } Millions have been pledged with Banks as Margin Money for Guarantees issued and fixed deposits of Rs. 0.3 { As at 31-03-2004 Rs. 0.3 } Millions have been pledged with Sales-Tax Authorities ]		
In Foreign Currency Current Accounts	5	15
	257	367
With Other Banks :		
In Current Account in foreign currency with :		
International Moscow Bank [ formerly known as Bank Austria Creditanstalt], Moscow, [ Maximum amount outstanding during the year Rs 3 { Previous year Rs. 2 } Millions ]	1	1
JSP Pension Bank Aval Kiev, Ukraine [ Maximum amount outstanding during the year Rs. 1 { Previous year - Rs. Nil } Million ]	1	0
	2	1
Total	264	372
Schedule : 10 - Loans and Advances :		
[Considered Good, unsecured unless otherwise stated ]		
Advances to subsidiary companies [ Refer note no. B-11 of Sch.no. 20 ]	504	99
Advances recoverable in cash or in kind or for value to be received :		
Secured:		
Advances to a Joint Venture Company [ Refer note no. B-12 of Sch.no. 20 ]	159	81
Others [ Include loan to an Officer Rs. 0.2 { as at 31-03-04 Rs. 0.1 } Millions ] [ Maximum balance due during the year Rs. 0.2 { Previous Year Rs. 0.1 } Millions ]	1	2
	160	83
Unsecured :		
Others	540	381
	1204	563
Advance payment of Income Tax [ net of provision ]	47	22
Balances with Custom / Central Excise Authorities	110	114
Interest receivable from others	11	2
Total	1372	701

## Schedules forming part of the Balance Sheet

Rupees in Millions

	As at 31-03-2005	As at 31-03-2004
Schedule : 11 - Current Liabilities :		
Acceptances	231	166
Sundry Creditors :		
Small scale Industrial Undertakings	13	57
For Capital Goods	50	35
Others	1377	1371
Subsidiary Companies	61	52
	1501	1515
Advances from Debtors	26	30
Trade Deposits	12	25
Investor Education and Protection Fund [ * ] :		
Unclaimed dividends	9	8
Matured but unclaimed Fixed Deposits [ Rs. 0.01 {As at 31-03-04 Rs. 0.01 } Millions ]		
Interest payable on matured but unclaimed fixed deposits [ Rs. 0.01 { As at 31-03-04 Rs. 0.01 } Millions ]	0	0
Total [*][ There are no amounts due and outstanding to be credited to Investor Education and Protection Fund ]	9	8
Interest accrued but not due on loans	65	75
Total	1844	1819
Schedule : 12 - Provisions :		
Proposed dividend	377	377
Corporate Dividend Tax on Proposed Dividend	53	48
Provision for probable product warranty claims and return of goods	11	0
Provision for retirement benefits	134	86
Total	575	511
Schedule : 13 - Miscellaneous Expenditure [ To the extent not written off or adjusted ] :		
Preliminary Expenses [ Rs. 0.08 { as at 31-03-04 Rs. 0.1 } Millions ]	0	0
Compensation under Voluntary Retirement Scheme	75	148
Total	75	148

## Schedules forming part of the Profit and Loss Account

Rupees in Millions

	Year ended 31-03-2005	Year ended 31-03-2004
\Schedule : 14 - Other Income :		
A Operating Income :	130	69
Export Incentive Received	136	138
Processing Charges Income [ T.D.S. Rs. 2.7 { Previous year - Rs. 2.9 } Millions ]	16	4
Surplus on account of fluctuations in foreign exchange rates [ net ]	31	40
Miscellaneous Income	313	251
B Non Operating Income :		
a Dividends [ Gross ]:		
From Long Term - Trade Investments in:		
Subsidiaries	2	2
Joint Ventures	450	600
	452	602
From Long Term Non - Trade investments - Others	4	5
Total Dividend received	456	607
b Others :	1	2
Rent Received [ T.D.S. Rs. 0.23 { Previous year - Rs. 0.03 } Millions ]	457	609
C Profit on sale of Investments [ Net ]	15	0
D Profit on assets sold / discarded [ Net ]	0	34
Total	785	894
Schedule : 15 - Consumption of Materials and Finished Goods :		
Raw Materials :		
Stock at commencement	441	503
Stock at commencement acquired under the Scheme	0	6
Add : Purchases	2218	2121
	2659	2630
Less : Stock at close	496	441
	2163	2189
Packing Materials	340	337
Purchases of Finished Goods	2101	1838
[ Increase ] / Decrease in Stock of Finished Goods & Work-in-process :		
Stock at close :		
Finished Goods	968	703
Works-in-progress	367	339
	1335	1042
Less : Stock at commencement		
Finished Goods	703	719
Works-in-progress	339	384
	1042	1103
Less : Stock at commencement acquired under the Scheme:		
Finished Goods	0	9
Works-in-progress	0	2
	0	11
	(293)	72
Total	4311	4436

## Schedules forming part of the Profit and Loss Account

Rupees in Millions

	Year ended 31-03-2005	Year ended 31-03-2004
\Schedule : 16 - General Expenses :		
Personnel expenses :		
Salaries, wages and bonus	1057	989
Company's contribution to provident & other funds	143	113
Staff welfare expenses	64	65
	1264	1167
Stores and spare parts consumed	122	118
Power & fuel	226	181
Processing Charges	83	110
Insurance	39	39
Repairs :		
Buildings	10	13
Plant and Machinery	32	24
Others	15	20
	57	57
Rent	18	17
Rates and Taxes	47	3
Managing Director's Remuneration	75	81
Commission to Directors	2	1
Travelling Expenses	223	204
Legal and Professional fees	184	282
Miscellaneous Expenses	346	280
Selling & Distribution Expenses :		
Commission on sales	155	137
Freight and forwarding on sales	159	133
Sales promotion expenses	232	264
Advertisements	172	141
Seminar, Conference and Exhibition	145	113
Representative Allowances and Incentives	179	192
Other marketing expenses	240	157
	1282	1137
Bad debts written off	19	18
Preliminary Expenses written off [ Rs 0.32 { Previous year - Rs. 0.32 } Millions ]	0	0
Directors' fees [ Rs 0.22 { Previous year - Rs. 0.18 } Millions ]	0	0
Loss on assets sold / discarded [ Net ]	2	0
Loss on assets impaired [ Net ]	1	0
Donations	13	24
Total	4003	3719

## Schedules forming part of the Profit and Loss Account

Rupees in Millions

	Year ended 31-03-2005	Year ended 31-03-2004
Schedule : 17 - Research Expenses :		
Materials	198	196
Personnel expenses :		
Salaries, wages and bonus	125	80
Company's contribution to provident & other funds	11	7
Staff welfare expenses	5	6
	141	93
Stores and spare parts consumed	35	32
Power & fuel	19	18
Analytical expenses	246	240
Insurance	4	4
Building Repairs	2	1
Plant & machineries repairs	3	2
Rent	4	4
Travelling Expenses	7	4
Legal and Professional fees	2	0
Others [ Excluding Depreciation of Rs. 58.5 { Previous Year - Rs. 43.7 } Millions ]	49	38
Total	710	632
Schedule : 18 - Interest and Financial Charges :		
Interest :		
On term loans	79	92
On debentures	87	102
On working capital loans from banks	16	31
Others	4	17
	186	242
Discount on debentures written off	0	1
Deficit [ Surplus ] on account of fluctuations in foreign rates on loans	30	(66)
Bank commission & charges	33	43
	249	220
Less : Interest earned [ Gross ] :		
From Long Term Investments	13	3
Others [ T.D.S. Rs. 4.1 { Previous year Rs. 3.3 } Millions ]	34	51
	47	54
Total	202	166
Schedule : 19 - Provision for Taxation :		
Current Tax	84	
105   Deferred Tax		117
Total	106	222
[ Less ] : Prior year's tax adjustments [ Rs. 0.3 Millions ]		(17)
Total	190	205

## Schedules forming part of the Balance Sheet and Profit and Loss Account

## \Schedule : 20 - Significant Accounting Policies &amp; Notes on Accounts :

## A Significant Accounting Policies :

## 1 Basis of Accounting :

The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable & with the applicable provisions of the Companies Act, 1956.

## 2 Use of Estimates :

The preparation of Financial statements in conformity with the accounting standards generally accepted in India requires, the management to make estimates and assumptions in respect of certain items like provisions for doubtful debts, impairment of Fixed assets, provision for product warranty claims etc. that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

## 3 Fixed Assets and Depreciation :

- A Fixed Assets are stated at historical cost of acquisition / construction less accumulated depreciation & impairment loss. Cost [ Net of Cenvat credit received / receivable ] includes related expenditure and pre-operative & project expenses for the period upto completion of construction / assets are put to use.
- B Depreciation is provided on "straight line method" as per Section 205 (2) (b) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto.
- C Depreciation on impaired assets is calculated on its residual value, if any on a systematic basis over its remaining useful life.
- D Leasehold land is amortized over the period of the lease.
- E The Trade Marks and Technical Know-how Fees are amortised over its estimated economic life of ten years.
- F Depreciation on additions / disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use.

## 4 Impairment of Assets :

The Company assesses at each balance sheet date whether there is any indication of impairment of any asset. If such indication exists, assets are impaired by comparing carrying amount of each asset and / or cash generating unit to the recoverable amount being higher of the net selling price or value in use. Value in use is determined from the present value of the estimated future cash flows from the continuing use of the assets.

## 5 Borrowing Costs:

Borrowing costs attributable to the acquisition / constructions of a qualifying asset are capitalised as part of the cost of such assets up to the date of the assets are ready for its intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## 6 Expenditure during the Construction Period :

The expenditure incidental to the expansion / new projects are allocated to Fixed Assets in the year of commencement of the commercial production.

## 7 Investments :

- A Long term and strategic investments are stated at cost, less any diminution in the value other than temporary.
- B Current investments, if any, are stated at lower of cost and fair value determined on individual investment basis.
- C Investments in shares of foreign subsidiary and other Companies are expressed in Indian Currency at the rates of exchange prevailing at the time when the original investments were made.

## 8 Inventories :

- A Raw Materials , Stores & Spare Parts , Packing Materials , Finished Goods and Works-in-Progress are valued at lower of cost and net realisable value .
- B Cost [ Net of Cenvat credit availed ] of Raw Materials, Stores & Spare Parts , Packing Materials & Finished Goods is determined on FIFO basis .
- C Cost of Finished Goods and Works-in-Progress is determined by taking material cost [ net of cenvat credit availed ], labour and relevant appropriate overheads .

## 9 Revenue Recognition :

- A Sales of products in domestic market are recognised when they are despatched to customers at invoice value and are reported net of trade discounts & sales tax collected.
- B Revenue in respect of export sales is recognised on shipment / air lift of products.
- C Dividend income is recognised when the unconditional right to receive the income is established.
- D Interest income is recognised on time proportionate method.
- E Revenue in respect of other income is recognized when no significant uncertainty as to its determination or realisation exists.



## Schedules forming part of the Balance Sheet and Profit and Loss Account

## \Schedule : 20 - Significant Accounting Policies &amp; Notes on Accounts :

- 10 Foreign Currency Transactions :
- A The transactions in foreign currencies on revenue accounts are stated at the rates of exchange prevailing on the date of transaction.
  - B The net gain or loss on account of exchange differences either on settlement or on translation are recognised in the Profit & Loss Account, except in cases where they relate to acquisition of Fixed Assets , the same are adjusted to the carrying cost of respective Fixed Assets.
  - C The foreign currency assets and liabilities covered by forward contracts are stated at forward contract rates, while those not covered by forward contracts are restated at the prevailing exchange rates at the year end. The premium in respect of forward contracts is accounted over the period of the contract.
- 11 Research and Development Cost :
- A Revenue expenditure on research and development is charged to the profit and loss account of the year in which it is incurred.
  - B Capital expenditure on research and development is given the same treatment as Fixed Assets.
- 12 Excise Duty :
- Excise Duty is accounted gross of Cenvat benefit availed on inputs and Fixed Assets.
- 13 Retirement Benefits :
- A Contribution to Provident Fund and Superannuation Scheme accruing during each year as per the schemes are charged to Profit and Loss Account.
  - B Gratuity and Leave encashment liabilities are charged to Profit and Loss Account on the basis of actuarial valuation.
- 14 Miscellaneous Expenditure Not Written Off :
- A Discount on issue of debentures and debenture Issue expenses are amortised proportionately over the tenure of debentures.
  - B Preliminary expenses are written off over a period of five years .
  - C The compensation paid to the employees under Voluntary Retirement Scheme is amortised over a period of 42 months.
- 15 Provision for Bad and Doubtful Debts / Advances :
- Provision is made in accounts for Bad & Doubtful Debts / Advances which in the opinion of the Management are considered irrecoverable.
- 16 Provision for Product warranties :
- Estimated warranty claims in respect of products sold during the year are provided based on the management's estimates of probable customers claims.
- 17 Taxes on Income :
- A Current tax is determined on the basis of the amount of tax payable on taxable income for the year.
  - B In accordance with Accounting Standard 22 - "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India, amount of the deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future.
- B Notes on Accounts :
- 1 In accordance with the Accounting Standard - 28 on "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the management has carried out impairment test on individual assets and / or cash generating unit in respect of the economic life of fixed assets and have reviewed the potential generation of economic benefits from the fixed assets and have concluded that some of the fixed assets employed in the continuing business are unlikely to generate adequate economic returns over their useful lives. Consequently, some of the items of Plant & Machineries and Furnitures & Fixtures of formulation & API businesses are written down to their recoverable amount, being the residual realizable value and some of the intangible assets of formulation business on account of discontinuing the business of related products.
- In accordance with the said standard, impairment loss as at 1st April, 2004 amounting to Rs.203 Millions is charged to the General Reserve, whereas the impairment loss amounting to Rs. 1 Million arising during the year is charged to the Profit & Loss Account.
- 2 The Company has imported certain capital Equipments at concessional rate of custom duty under "Export promotion of" Capital Goods Scheme" of the Central Government. The Company has undertaken an incremental export obligation to the extent of US \$ 18 Millions( equivalent to Rs. 797 Millions Approx. ) [ Previous Year US \$ 18 Millions { equivalent to Rs. 779 Millions approx.}] to be fulfilled during a specified period as applicable from the date of imports. The liability towards custom duty payable thereon in respect of unfulfilled export obligations as on 31st March, 2005 of Rs. 117 Millions [ as at 31-03-04 Rs. 87 Millions ] is not provided for.

## Schedules forming part of the Balance Sheet and Profit and Loss Account

## Schedule : 20 - Significant Accounting Policies &amp; Notes on Accounts :

- 3 In view of the announcement by the Institute of Chartered Accountants of India, with reference to Accounting Standard - 9, the inter unit transfer of bulk drugs of Rs. 304 [ Previous year Rs. 356 ] Millions have been excluded from the sales and from the material consumption and the export incentives of Rs. 130 [ Previous year Rs. 69 ] Millions & Processing Charges income of Rs. 136 [ Previous Year Rs. 138 ] Millions have been regrouped from sales to Other Income. However, this has no impact on profitability.
- 4 The Company has an investment of Rs. 50 Millions in Dialforhealth India Ltd., a wholly owned subsidiary of the Company. The accumulated losses as at 31st March, 2005 amounting to Rs. 70 Millions has exceeded the entire share capital of the said Company. However having regard to the long term strategy of the Company , no provision is considered necessary on this account.
- 5 The Company has an investment of Rs. 270 Millions in fully paid up equity shares of Sarabhai Zydus Animal Health Ltd., a Joint venture company. The accumulated losses of the Company as at 31st March, 2005 are nearly 75 % of its net worth. However having regard to the long term strategy of the Company, no provision is considered necessary on this account.
- 6 A The names of small Scale Industrial Undertakings to whom amounts outstanding as on 31st March, 2005 are as under:  
M/s. A Choksey Chemical Industries, M/s. Ajni Interiors, M/s. Amishi Drugs & Chemicals, M/s. Annapurna Enterprise, M/s. Art-O-Print , M/s. Ashok Engineering, M/s. Auto Control Industries, M/s. Autofits, M/s. Autopack Industries, Beardsell Limited, M/s. Brajesh Packaging Pvt. Ltd., M/s. Canton Laboratories, M/s. Citadel Architectural Solutions P L, M/s. Core Emballage Limited , M/s. Creative Printers Pvt. Ltd., M/s. D.K. Scientific Industries, M/s. Daman Foils Pvt. Ltd., M/s. Dhara Engineers, M/s. Ganesh Engineering Co., M/s. Glass Ampoules (India) Pvt. Ltd, M/s. Gopinath Industries, M/s. Gujarat Febrotech, M/s. Gurudatt Steel Industries, M/s. Hi Tec Power Controls, M/s. Hi Tech Engineers, M/s. Hi-Tec Power Controls, M/s. Hydroflex Hose Industries, M/s. Isha Plastic Industries, M/s. J.H.Mehta & Brothers, M/s. Jai Rubber Enterprises, M/s. Jalvi Enterprise, M/s. Jay Engineering, M/s. Jewel Packaging Pvt. Ltd., M/s. Jewel Paper (P) Ltd., M/s. Kaisha Manufacturers Pvt. Ltd., M/s. Kaizen Engineers, M/s. Kaveri Engineering Works, M/s. Klassic Gold, M/s. Klasspack Pvt. Ltd., M/s. Kunal Enterprises, M/s. Laxmi Engineering Equipments, M/s. Maharshi Industries, M/s. Makers Polyfilms Pvt Ltd, M/s. Mark Bond Coatings Industries, M/s. Maximaa Systems Ltd., M/s. Mevish Pharmaceutical Equip. Works, M/s. Micro Tech Systems, M/s. Monalee Enterprises., M/s. Nits Engineers, M/s. Opra Power System, M/s. Parle Pharma Machineries, M/s. Perfect Acid And Chemicals, M/s. Perfect Engineering Works, M/s. Premier Aircon, M/s. Pure Chem Pvt. Ltd., M/s. Rolex Plastic Industries, M/s. Roto Polymers India , M/s. Rushabh Sales, M/s. S.D. Enterprise, M/s. Safeworld Systems Pvt Ltd , M/s. Samrat Pharmachem Ltd, M/s. Satellite Engineers, M/s. Shivani Scientific Indus. (P) Ltd., M/s. Shree Ganesh Industries, M/s. Shreeji Paper Containers, M/s. Shrinath Products, M/s. Silicagel Products Mfg Co., M/s. Sujako Interiors Pvt. Ltd., M/s. Swami Engineering Works, M/s. Temple Packaging P Ltd., M/s. Tube Glass Containers Ltd., M/s. Unique Offset, M/s. Unique Printers, M/s. Universal Medicap Ltd., M/s. Varun Engineers, M/s. Water Link Technologies, M/s. Wee Pack Industries, M/s. Zeal Packaging,
- B The above information has been compiled in respect of parties to the extent to which they could be identified as Small Scale and ancillary undertakings on the basis of information available with the Company.
- 7 Hitherto the company has been providing for sales return & warranty claims in the year in which actual credit notes are issued and goods are returned by the customers. However, in view of the accounting standard - 29, Provisions, contingent liabilities and contingent assets, issued by the Institute of Chartered Accountants of India, being mandatory w.e.f. 1st April, 2004, the company has provided for the customers' probable claims of product warranties based on management estimates. Due to such change, the profit for the year is lower by Rs. 11 millions.
- 8 The Company has given the guarantee in favour of a bank for securing term loans granted by it to Sarabhai Zydus Animal Health Ltd. [ SZAHL ] , a joint venture company .The Company has also pledged with the bank its investments of 11960100 equity shares of SZAHL held by the Company. During the year under review, the Company has paid Rs. 177 Millions to the bank on behalf of SZAHL honouring its obligation under the aforesaid guarantee.  
In terms of guarantee document entered into between the bank , SZAHL and the Company, all rights and security of the lender shall automatically get transferred in favour of the Company on repayment of the said loan. In view of this, the amount recoverable from SZAHL is disclosed as secured advance under Loans and Advances under schedule - 10.
- 9 The Company's interest in the jointly controlled entities is shown as under in compliance with the requirements of the Accounting Standard - 27 Financial Reporting of Interest in Joint Ventures , [ AS - 27 ] issued by the Institute of Chartered Accountants of India :

Name of the Company	% of holdings	Accounting year ending on	Rupees in Millions				
			Status	Assets	Liabilities	Income	Expenditure
Zydus Altana Healthcare Pvt. Ltd .	50	31-12-04	Audited	431	164	695	134
Sarabhai Zydus Animal Health Ltd.	50	31-03-05	Unaudited	314	252	354	362

## Schedules forming part of the Balance Sheet and Profit and Loss Account

\Schedule : 20 - Significant Accounting Policies & Notes on Accounts :		
The Company's share in contingent liabilities of jointly controlled entities in compliance with the requirement of AS-27 referred to above is as under:		
	Rupees in Millions	
A In respect of guarantees given by a Bank and counter guarantees given by the jointly controlled entities [ Rs.0.2 Millions ]		0
B In respect of demand raised by the Government of Gujarat on account of stamp duty payable on the trademark acquired by one of the jointly controlled entity against which appeal has been preferred before the Hon'able Delhi High Court		16
Estimated amount of contracts remaining to be executed on capital account and not provided for [ Net of Advances ]		15
	Rupees in Millions Year ended	
	31-03-2005	31-03-2004
10 Sundry Debtors include amount due from wholly owned subsidiary Companies:		
A Zydus Pharmaceuticals Ltd. [ Maximum amount due during the year Rs. 49 { Previous Year Rs. Nil } Millions ]	3	0
11 Loans & Advances include amount due from wholly owned subsidiary Companies:		
A Zydus Pharmaceuticals Ltd. [ Maximum amount due during the year Rs. 50 { Previous Year Rs. 50 } Millions ]	50	50
B Zydus International Pvt. Ltd. [ Rs. 805/- { As at 31-03-04 Rs. 805 } ] [ Maximum amount due during the year Rs. 805 { Previous Year Rs. 805/- } ]	0	0
C Dialforhealth India Ltd.[ Maximum amount due during the year Rs. 57 { Previous Year Rs. 49 } Millions ]	57	49
D Zydus Cadila Healthcare [ USA ] Inc. [ Maximum amount due during the year Rs. Nil { Previous Year Rs. 5 Millions } ]	0	0
E Zydus France SAS [ Maximum amount due during the year Rs. 397 { Previous Year Rs. Nil } Millions ]	397	0
Note : All without interest except E. The terms of repayment not specified in B, C & E. In case of A repayable within One / two years.		
12 Loans & Advances include amount due from a Joint Venture Company :		
A Sarabhai Zydus Animal Health Ltd.[ Maximum amount due during the year Rs. 159 { Previous Year Rs. 89 } Millions      Note : Interest bearing. The terms of repayment not specified.]	159	81
13 Miscellaneous Expenses include :		
A Auditors' Remuneration :		
a Audit Fees	2	1
b Tax Audit Fees	1	1
c Certification & Other Charges [ Rs. 0.3 { Previous Year Rs. 0.1 } Millions ]	0	0
d Total	3	2
B Cost Auditor's Remuneration including fees for other services	1	1
14 Capital expenditure on Research & Development [Including Capital Work-in-Progress Rs. 154 {Previous Year-Rs. 45} Millions]	322	250

## Schedules forming part of the Balance Sheet and Profit and Loss Account

Schedule : 20 - Significant Accounting Policies & Notes on Accounts :		Rupees in Millions	
		Year ended	
		31-03-2005	31-03-2004
15 Break up of Pre - operative & Project expenses :			
A General Expenses :			
a Travelling, Conveyance & Vehicle Expenses		1	1
b Professional Fees & Consultation Charges		3	3
c Others		13	5
d Total		17	9
\ B Personnel Expenses		1	2
C Depreciation [ Rs. Nil { Previous Year Rs. Nil } ]		0	0
\ D Net Pre - operative & Project Expenses		18	11
\ E Add : Expenses incurred till Previous year		8	6
F Total		26	17
G Less : Capitalised during the year on commencement of respective projects / units		22	9
H Pre-operative & Project Expenses carried to Balance Sheet		4	8
16 Estimated amount of contracts remaining to be executed on capital account and not provided for [ Net of Advances ]		217	136
17 During the year, the Company has capitalised the borrowing cost amounting to Rs. 7 [ Previous Year Rs. 4 ] Millions ]			
18 Segment Information:			
Segment Information has been given in the Consolidated Financial Statements of the Company. Hence, as per Accounting Standard - 17 issued by the Institute of Chartered Accountants of India, no separate disclosure on segment information is given in these financial statements.			
		Rupees in Millions	
		In respect of [ * ]	
		Amalgamated Companies	In respect of Cadila Healthcare Ltd.
		As at 31-03-05	As at 31-03-04
		As at 31-03-05	As at 31-03-04
19 Contingent liabilities not provided for :			
A In respect of guarantees given by a Bank and counter guarantees given by the Company.		0	0
B In respect of outstanding dues against guarantees given by the Company to Banks for the loans availed by a Joint Venture Company		0	0
C In respect of guarantees given by the Company to Banks for the outstanding dues of loans availed by Zydus Pharmaceuticals Limited, wholly owned subsidiary company		0	0
D Claims against the Company not acknowledged as debts		0.1	1
E In respect of the demand raised by the Central Excise, State Excise & Service Tax dept. against which the Company has preferred an appeal. The Company has been legally advised that the demand is not tenable.		9	10
F In respect of the demand raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order , 1979 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain life saving formulations and disputed by the Company. Based on the legal advice the Company does not foresee the crystallization of the liability.		27	27
G In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals / Courts.		0	0
H In respect of Sales Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals / Courts.		0	0
Note : [ * ] represents contingent liabilities taken over by the Company under the Scheme of Arrangement and Amalgamation of erstwhile Cadila Laboratories Ltd., Cadila Chemicals Ltd., Cadila Antibiotics Ltd., Cadila Exports Ltd. and Cadila Veterinary Pvt. Ltd. with the Company w.e.f. 1st June 1995.			

## Schedules forming part of the Balance Sheet and Profit and Loss Account

Schedule : 20 - Significant Accounting Policies & Notes on Accounts :		Rupees in Millions	
		Year ended	
		31-03-2005	31-03-2004
20 A	Details of remuneration paid / payable to a Managing Director :		
a	Remuneration	72	78
b	Contribution to Provident and other Funds	3	3
c	Total	75	81
B	Computation of net profit as per section 198 read with section 309, 349 & 350 of the Companies Act, 1956 :		
a	Profit as per Profit & Loss Account	1314	1429
b	Add :		
	Depreciation provided in Accounts	565	531
	Provision for Taxation - Current , Deferred & Prior year tax adjustments	190	205
\	Managing Director's Remuneration	75	81
	Directors' Fees	0	0
	Commission to Other Directors	2	1
	Loss on sale / disposal of Assets [ Net ]	2	0
		834	818
c	Total ( a + b )	2148	2247
d	Less: Depreciation as per section 350	565	531
	Less: Profit on sale of Investments [ Net ]	15	0
	Less: Profit on sale / disposal of Assets [ Net ]	0	34
	Total	580	565
e	Net Profit as per section 198 ( c - d )	1568	1682
C	Maximum remuneration payable at the rate of 5% of the net profit as per section 309 of the Companies Act, 1956. MD remuneration @ 5 %	78	84
\	D Commission to Non-Executive Directors :		
	Maximum allowable as per Companies Act, 1956 [ 1 % of net profit ]	16	17
	Maximum approved by the Shareholders	5	5
	Commission approved by the Board	2	1
21	Related Party Transactions :		
A	Name of the Related Party and Nature of the Related Party Relationship :-		
a	Subsidiary Companies :		
	Dialforhealth India Limited	Zydus Healthcare S.A. ( Pty ) Ltd. [ South Africa ]	
	German Remedies Limited	Zydus Healthcare [ USA ] LLC.	
	Zydus Pharmaceuticals Limited	Zydus Healthcare Brazil LTDA.	
	Zydus International Pvt. Ltd. [ Ireland ]	Zydus Pharmaceuticals ( USA ) Inc.	
	Zydus France SAS	SCI Immopharm	
b	Joint Venture Companies :		
	Sarabhai Zydus Animal Health Limited	Zydus Altana Healthcare Pvt. Ltd.	
c	Directors and their relatives :		
	Shri P.R.Patel	Chairman & Managing Director [ C.M.D. ]	
	Shri Sharvil P.Patel	Director & son of C.M.D.	
	Aarti Trust	Sister of C.M.D. is beneficiary of the Trust	
	Gira Trust	Sister of C.M.D. is beneficiary of the Trust	
	Rita Trust	Sister of C.M.D. is beneficiary of the Trust	
	Zydus Family Trust	C.M.D. & his relatives are beneficiaries of the Trust	

## Schedules forming part of the Balance Sheet and Profit and Loss Account

## Schedule : 20 - Significant Accounting Policies &amp; Notes on Accounts :

- d Enterprises significantly influenced by Directors and / or their relatives :  
 Cadmach Machinery Company Private Limited  
 M/s. CMC Machinery

## B Transactions with Related Parties :

The following transactions were carried out with the related parties in the ordinary course of business :

- a. Details relating to parties referred to in items 21 - A [ a, b and d ] :

Nature of Transactions	Volume of the transactions [ Rupees in Millions ]					
	Subsidiary Companies		Joint Venture Companies		Associate Enterprises	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	31-03-05	31-03-04	31-03-05	31-03-04	31-03-05	31-03-04
1 Purchases :						
Goods	13	17				
Fixed Assets					23	1
Services	25	12			4	5
Deputation of personnel	405	368				
2 Sales :						
Goods	743	1977	5	4		
Services		2				
3 Investments :						
Purchases		463		20		
Dividend Received	2	2	450	600		
4 Finance :						
Inter Corporate Deposits given	459	64	160	182		
Deposits Repaid	5		83	190		
Guarantees given	81	121	133	267		
Interest Received	8		14	11		
5 Outstanding :						
Payable	61	52				
Receivable	507	99	159	81		

- b. Details relating to persons referred to in item 21-A [ c ] above :

	Rupees in Millions	
	Year Ended	
	31-03-05	31-03-04
1 Remuneration	75	81
2 Interest expense on deposits taken	0	10
3 Rent paid [ Rs. 0.2 { previous Year 0.2 } Millions ]	0	0
4 Deposits repaid	0	232
5 Outstanding remuneration payable	72	79

## Schedules forming part of the Balance Sheet and Profit and Loss Account

## Schedule : 20 - Significant Accounting Policies &amp; Notes on Accounts :

## 22 Calculation of Earnings per Share [ EPS ] :

The numerators and denominators used to calculate the basic and diluted EPS are as follows :

		Year ended		
		31-03-2005	31-03-2004	
A	Profit after tax attributable to Shareholders	Rs. in Millions	1314	1429
B	Basic and weighted average number of Equity shares outstanding during the year	Nos.	62806854	62806854
C	Nominal value of equity share	Rupees	5	5
D	Basic and Diluted EPS	Rupees	20.93	22.75

## 23 Deferred Tax :

- A The Deferred tax liability of Rs. 106 Millions for the year has been recognised in the Profit And Loss Account.  
 B The Deferred tax assets of Rs. 68 Millions in respect of provision of impairment of fixed assets for the earlier years have been recognised in the General Reserve.  
 C Break up of Deferred Tax Assets and Liabilities into major components of the respective balances are as under :

		Rupees in Millions			
		As on 31-03-2004	Charge for the year to Profit & Loss A/c.	Adjusted against General Reserve	As on 31-03-2005
Deferred Tax Liabilities :					
Depreciation					
		1057	176	-68	1165
Others					
		15	(1)		14
\	Total	1072	175	(68)	1179
Deferred Tax Assets :					
Retirement benefits					
		21	30		51
Receivables					
		6	(2)		4
Others					
		71	41		112
	Total	98	69	0	167
\	Net Deferred Tax Liability	974	106	(68)	1012

## 24 Quantitative and Value analysis of Sales Turnover :

		Year ended 31-03-05		Year ended 31-03-04	
		Qty.	Rs. in Millions	Qty.	Rs. in Millions
Class of Goods		Units of Measure			
	Tablets	6121	5370	5938	5257
\	Capsules	599	1028	630	1059
	Injections	1281	1343	1291	1219
	Dry Powder Injections	6977	548	8386	451
	Liquids	2101	304	2214	312
\	Dry Syrups, Powders & Granules	724	506	792	514
	Ointment	138	134	136	130
	Cosmeceuticals	477	175	323	150
	Suppositories	16	47	17	0
	Bulk Drugs	228	1730	280	1872
	Others		68		196
\	Total		11253		11160

## Schedules forming part of the Balance Sheet and Profit and Loss Account

Schedule : 20 - Significant Accounting Policies & Notes on Accounts :							
25 Quantitative and Value analysis of Opening / Closing Stock :							
Class of Goods	Units of Measure	As at 31-03-05		As at 31-03-04		As at 31-03-03 [*]	
		Qty.	Rs. in Millions	Qty.	Rs. in Millions	Qty.	Rs. in Millions
Tablets	ML.Nos.	490	250	335	170	283	141
\ Capsules	ML.Nos.	49	37	34	30	35	38
\ Injections	K.Ltrs.	31	60	33	56	113	81
\ Dry Powder Injections	Kgs.	540	24	87	7	181	36
\ Liquids	K.Ltrs.	18	15	44	12	67	19
\ Dry Syrups, Powders & Granules	Tonnes	26	6	21	6	37	15
\ Ointments	Tonnes	22	7	2	1	9	4
\ Suppositories	ML.Nos.	3	3	2	2	2	2
Bulk Drugs	Tonnes	23	134	15	88	28	79
\ Others			19		12		16
Total			555		384		431
\ Note :- [*] includes acquired under the scheme of Amalgamation.							
26 Quantitative and Value Analysis of goods traded in :							
(A) Stock at Commencement :	Units of Measure	Rs. in Millions		Rs. in Millions			
		Qty.	Rs. in Millions	Qty.	Rs. in Millions		
		As at 01-04-04		As at 01-04-03 [*]			
Tablets	ML.Nos.	420	130	239	105		
Capsules	ML.Nos.	38	26	25	21		
Injections	K.Ltrs.	126	58	26	88		
Dry Powder Injections	Kgs.	272	27	270	10		
\ Liquids	K.Ltrs.	224	24	38	16		
\ Dry Syrups, Powders & Granules	Tonnes	32	8	18	7		
Ointments	Tonnes	19	4	2	0		
Bulk Drugs	Tonnes	0	0	0	1		
Cosmeceuticals	Tonnes	82	14	49	8		
Others			28		32		
Total			319		288		
\ Note :- [*] includes acquired under the scheme of Amalgamation.							
(B) Purchases :		Year ended 31-03-05		Year ended 31-03-04			
Tablets	ML.Nos.	3525	753	2572	587		
Capsules	ML.Nos.	342	203	284	179		
Injections	K.Ltrs.	990	641	675	341		
Dry Powder Injections	Kgs.	3460		4316			
Liquids	K.Ltrs.	1728	218	1888	221		
Dry Syrups, Powders & Granules	Tonnes	357	146	447	196		
Ointments	Tonnes	69	15	95	28		
Bulk Drugs	Tonnes	2	6	14	19		
Cosmeceuticals	Tonnes	496	79	357	64		
Others			40		203		
Total			2101		1838		



## Schedules forming part of the Balance Sheet and Profit and Loss Account

### Schedule : 20 - Significant Accounting Policies & Notes on Accounts :

(C) Stock at close :	Units of Measure	Rs. in		Rs. in	
		Qty.	Millions	Qty.	Millions
		As at 31-03-05		As at 31-03-04	
Tablets	ML.Nos.	521	176	420	130
Capsules	ML.Nos.	36	39	38	26
Injections	K. Ltrs.	123	88	126	58
Dry Powder Injections	Kgs.	178	38	272	27
Liquids	K.Ltrs.	157	20	224	24
Dry Syrups, Powders & Granules	Tonnes	42	8	32	8
Ointments	Tonnes	1	0	19	4
Cosmeceuticals	Tonnes	96	19	82	14
Others			25		28
Total			413		319

### 27 Consumption of Raw materials with Value and Quantity break-up :

Others [ none of which individually accounts for more than 10 % of the total consumption ]  
Total

Year Ended 31-03-05		Year Ended 31-03-04	
Qty.	Rs. in Millions	Qty.	Rs. in Millions
	2163		2189
	2163		2189

### 28 Quantitative information in respect of each class of goods manufactured [ including manufactured by others, but excluding manufactured for others, on loan license basis ] by the Company [ As Certified by the management ] :

Class of Goods	Units of Measure	Installed Capacity		Actual Production	
		31-03-05	31-03-04	Year Ended 31-03-05	Year Ended 31-03-04
Tablets	ML.Nos.	6690	4440	2912	3644
Capsules	ML.Nos.	790	630	287	370
Injections	K.Ltrs.	513	513	302	650
Dry Powder Injections	Kgs.	200	200	3058	4040
Liquids	K.Ltrs.	3000	3000	298	430
Dry Syrups, Powders & Granules	Tonnes	6632	6632	395	364
Ointments	Tonnes	0	0	72	52
Suppositories	ML.Nos.	7	7	11	18
Bulk Drugs [#]	Tonnes	373	413	276	371
Lyophilised Injections	ML. Nos.	2	2	2	1
Vaccines	ML. Dosages	1	1	1	1
Aerosols	ML. Nos.	3	3	0	0
Transdermals	ML. Nos.	5	0	0	0

[#] Includes Inter unit Transfer 42 Tones [ 2003-04 - 92 Tonnes ]

Note: Licensed capabilities not stated in view of abolition of industrial licensing for all of the above class of goods vide Notification No. F.NO. 10[11] / 92 - LP dated 25th October, 1994, issued by Government of India.

## Schedules forming part of the Balance Sheet and Profit and Loss Account

## Schedule : 20 - Significant Accounting Policies &amp; Notes on Accounts :

	Year ended 31-03-05		Year ended 31-03-04	
	Rs. in Millions	% to Total	Rs. in Millions	% to Total
29 A Value of Raw Materials Consumed :				
Imported	873	40	734	34
Indigenous	1290	60	1455	66
\ Total	2163	100	2189	100
B Value of Stores & Spares Consumed :				
Imported	8	7	11	9
\ Indigenous	114	93	107	91
Total	122	100	118	100

  

	Rupees in Millions	
	Year ended	
	31-03-2005	31-03-2004
30 Value of Imports calculated on CIF basis :		
Raw Materials	811	693
Packing Materials	34	23
Finished goods	188	227
Spare Parts	4	4
Capital goods	248	125
31 Expenditure in Foreign currency :		
Travelling	23	22
Commission	37	45
Purchases of Trade-marks & Technical Know-how	11	194
Interest	64	23
Others [Salaries, Product Registration fees, Bio Study etc..]	523	417
32 Earnings in Foreign exchange :		
FOB value of Exports	1380	1773
Others	8	0
33 Remittances made on account of dividend in Foreign currency	Nil	Nil

## Schedules forming part of the Balance Sheet and Profit and Loss Account

## Schedule : 20 - Significant Accounting Policies &amp; Notes on Accounts :

## C Balance Sheet abstract and Company's General Business Profile :-

## 1 Registration details :

Registration number	25878 of 1995 - 96
Balance sheet date	31-03-2005
State code	4

## 2 Capital raised during the year

Rs. in Thousands  
NIL

## 3 Position of Mobilisation &amp; Deployment of Funds :

Total Liabilities	10871110
Total Assets	10871110
Sources of Funds :	
Paid up Capital	314000
Reserves & Surplus	5830110
Deferred Tax Liabilities	1012000
Secured Loans	2874000
Unsecured Loans	841000
Application of Funds :	
Net Fixed Assets	7184000
Investments	1368110
Net Current assets	2244000
Miscellaneous Expenditure	75000

## 4 Performance of Company :

Turnover [ including other income ]	11419000
Total Expenditure	9914695
Profit before Tax	1504305
Profit after Tax	1314305
Basic and Diluted Earning per Share [ Rs. ]	20.93
Dividend rate [%]	120%

## 5 Generic names of three principal products/services of Company [ As per monetary terms ] :

Item Code Number [ ITC Code ]	300,420.11
Product Description	Ciprofloxacin in capsules etc.
Item Code Number [ ITC Code ]	300,490.38
Product Description	Other antacids
Item Code Number [ ITC Code ]	300,439.03
Product Description	Dexamethasone tablets, injections, eye/ear drops etc.

## Signatures to Schedules 1 to 20.

As per our report of even dateFor R. R. Patel & Co.,  
Chartered AccountantsFor Mukesh M. Shah & Co.,  
Chartered AccountantsPankaj R. Patel  
Chairman & Managing DirectorR. R. Patel  
ProprietorMukesh M. Shah  
PartnerJyotindra B. Gor  
Chief Accounts OfficerUpen H. Shah  
Company SecretaryMukesh M. Patel  
Director

## CONSOLIDATED BALANCE SHEET

As at March 31, 2005

Rupees in Millions

	Schedule No.	As at 31-03-2005	As at 31-03-2004
<b>SOURCES OF FUNDS :</b>			
[1] Shareholders' Funds :			
<i>Capital</i>	1	314	314
<i>Reserves and Surplus</i>	2	5620	5050
		5934	5364
[2] Loan Funds :			
<i>Secured Loans</i>	3	2991	3725
<i>Unsecured Loans</i>	4	842	651
		3833	4376
[3] Deferred Tax Liability [ Net ]	21[B-13]	1010	972
<i>Total</i>		10777	10712
<b>APPLICATION OF FUNDS :</b>			
[1] Fixed Assets :	5		
<i>Gross Block</i>		11158	10063
<i>Less : Depreciation and Impairment</i>		3677	2735
<i>Net Block</i>		7481	7328
<i>Capital work-in-progress</i>		421	407
<i>Preoperative &amp; Project Expenses pending allocation</i>		4	8
		7906	7743
[2] Investments	6	467	479
[3] Current Assets, Loans and Advances :			
<i>Inventories</i>	7	2221	1768
<i>Sundry Debtors</i>	8	1235	2012
<i>Cash and Bank Balances</i>	9	612	442
<i>Loans and Advances</i>	10	924	647
<i>Total</i>		4992	4869
Less : Current Liabilities & Provisions :			
<i>Liabilities</i>	11	2060	1959
<i>Provisions</i>	12	606	573
<i>Total</i>		2666	2532
Net Current Assets		2326	2337
[4] Miscellaneous Expenditure :			
<i>[to the extent not written off or adjusted]</i>	13	78	153
<i>Total</i>		10777	10712
Significant Accounting Policies and Notes on Accounts	21		

As per our report of even date

For R. R. Patel & Co.,  
Chartered AccountantsFor Mukesh M. Shah & Co.,  
Chartered AccountantsPankaj R. Patel  
Chairman & Managing DirectorJ. B. Gor  
Chief Accounts OfficerR. R. Patel  
ProprietorMukesh M. Shah  
PartnerUpen H. Shah  
Company SecretaryMukesh M. Patel  
Director

Ahmedabad, Dated : 29th April, 2005

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the Year ended March 31, 2005

Rupees in Millions

	Schedule No.	Year ended 31-03-2005	Year ended 31-03-2004
INCOME :			
<i>Sales</i>		13051	12773
<i>Less : Excise Duty</i>		621	811
<i>Net Sales</i>		12430	11962
<i>Other Income</i>	14	378	333
<i>Total</i>		12808	12295
EXPENDITURE :			
<i>Consumption of Materials and Finished Goods</i>	15	4840	5007
<i>General Expenses</i>	16	4775	4111
<i>Research Expenses</i>	17	736	615
<i>Interest and Financial Charges</i>	18	245	210
<i>Depreciation</i>	19	716	712
<i>Total</i>		11312	10655
Profit before extra ordinary items and Tax		1496	1640
Extra-ordinary [Expenses] :			
<i>Amortisation of compensation under Voluntary Retirement Scheme</i>		(125)	(125)
Profit before Taxes		1371	1515
<i>Less : Provision for Taxation</i>	20	192	213
Profit after Tax		1179	1302
<i>Add : Pre-acquisition loss transferred to Capital Reserve arising on consolidation</i>		0	34
<i>Add : Loss attributable to Minority Share Holders</i>		20	0
<i>[ Less ] / add : Adjustments on consolidation</i>		16	(5)
Net Profit		1215	1331
<i>Add : Balance brought forward</i>		720	449
<i>Less : Goodwill on Amalgamation &amp; Amalgamation Adjustment account written off</i>		0	92
PROFIT AVAILABLE FOR APPROPRIATIONS		720	357
Appropriations :		1935	1688
<i>Transfer to Debenture Redemption Reserve</i>		0	150
Dividends :			
<i>Proposed Dividend on - Equity Shares</i>		377	377
<i>Corporate Dividend Tax on Distributed Profit</i>		112	112
<i>Total</i>		489	489
<i>Transfer to General Reserve</i>		514	329
		1003	968
Balance carried to Balance Sheet		932	720
Basic and Diluted E P S [ in Rupees ]	21[B-12]	19.34	21.20
Significant Accounting Policies and Notes on Accounts	21		
<u>As per our report of even date</u>			
<i>For R. R. Patel &amp; Co., Chartered Accountants</i>		<i>For Mukesh M. Shah &amp; Co., Chartered Accountants</i>	
<i>R. R. Patel Proprietor</i>		<i>Mukesh M. Shah Partner</i>	
<i>Ahmedabad, Dated : 29th April, 2005</i>		<i>J. B. Gor Chief Accounts Officer</i>	
		<i>Pankaj R. Patel Chairman &amp; Managing Director</i>	
		<i>Upen H. Shah Company Secretary</i>	
		<i>Mukesh M. Patel Director</i>	

## Consolidated Cash Flow Statement

for the year ended March 31, 2005.

Rupees in Millions		
Particulars	Year ended 31-03-2005	Year ended 31-03-2004
<b>A Cash Flows from Operating Activities :</b>		
<i>Net profit before taxation and extraordinary items</i>	1496	1606
<i>Adjustments for :</i>		
<i>Depreciation</i>	716	712
<i>Loss on impairment of assets</i>	2	0
<i>Profit on sale of assets [ net ]</i>	(9)	0
<i>Profit on sale of investments [ net ]</i>	(15)	0
<i>Interest income</i>	(33)	(50)
<i>Dividend income</i>	(4)	(5)
<i>Interest expenses</i>	209	277
<i>Bad debts written off</i>	19	18
<i>Discount on debentures written off</i>	0	1
<i>Provision for Probable Product Warranty Claims &amp; Return of Goods</i>	11	0
<i>Provisions for retirement benefits</i>	40	41
<i>Total</i>	936	994
<i>Operating profit before working capital changes</i>	2432	2600
<i>Adjustments for :</i>		
<i>[ Increase ] / Decrease in trade receivables</i>	754	(397)
<i>[ Increase ] / Decrease in other receivables</i>	(236)	170
<i>[ Increase ] / Decrease in inventories</i>	(453)	245
<i>Increases / [ Decrease ] in trade payables &amp; other liabilities</i>	99	64
<i>Total</i>	164	82
<i>Cash generated from operations</i>	2596	2682
<i>Interest received</i>	23	50
<i>Interest paid</i>	(218)	(244)
<i>Direct taxes paid ( Net of refunds )</i>	(118)	(94)
<i>Total</i>	(313)	(288)
<i>Cash flow before extraordinary items</i>	2283	2394
<i>Exchange Rate Fluctuation and other adjustments arising on Consolidation</i>	58	0
<i>Extraordinary items</i>	(50)	(55)
<i>Net cash from operating activities</i>	2297	2339
<b>B Cash flows from investing activities :</b>		
<i>Purchase of fixed assets</i>	(1248)	(1040)
<i>Pre-operative &amp; Project expenses</i>	(18)	0
<i>Refund of Investment received and credited to Capital Reserves</i>	19	0
<i>Acquisition of reserves (net) on amalgamation adjusted against capital reserve</i>	0	34
<i>Purchase of investments</i>	(5)	(556)
<i>Proceeds from sale of Investments</i>	33	0
<i>Proceeds from sale of fixed assets</i>	143	381
<i>Dividend received</i>	4	7
<i>Net cash from investing activities</i>	(1072)	(1174)
<b>C Cash flows from financing activities :</b>		
<i>Borrowing ( net )</i>	(543)	(526)
<i>Dividends paid</i>	(376)	(218)
<i>Tax on dividends paid</i>	(130)	(92)
<i>Net cash used in financing activities</i>	(1049)	(836)
Net increase / (-) decrease in cash and cash equivalents	177	329
Cash and cash equivalents at the beginning of the year	442	103
Cash and cash equivalent of new subsidiary at the beginning of year	0	10
Cash and cash equivalent at the close of the year	613	442

**Consolidated Cash Flow Statement**  
*for the year ended March 31, 2005.*

Notes to the cash flow statement

- 1 *All figures in brackets are outflows.*
- 2 *Previous year's figures have been regrouped wherever necessary.*

*Jyotindra B. Gor*  
*Chief Accounts Officer*

*Upen H. Shah*  
*Company Secretary*

*Pankaj R. Patel*  
*Chairman & Managing Director*

*Mukesh M. Patel*  
*Director*

*Ahmedabad, Dated : 29th April, 2005*

**Auditor's Report**

*The Board of Directors,*  
*Cadila Healthcare Limited,*  
*Zydus Tower,*  
*Sarkhej-Gandhinagar Highway,*  
*Ahmedabad - 380 015.*

*We have examined the attached Condoliated Cash Flow Statement of Cadila Healthcare Limited for the year ended March 31, 2005. The statement has been prepared by the Company in accordance with the requirements of Clause No. 32 of the listing agreement with various Stock Exchanges and is based on and is derived from the audited Profit and Loss Account and Balance Sheet of the Company for the year ended March 31 2005 covered by our Report dated 29th April 2005 to the members of the Company.*

*For R. R. Patel & Co.,*  
*Chartered Accountants*

*R. R. Patel*  
*Proprietor*

*Ahmedabad, Dated : 29th April, 2005*

*For Mukesh M. Shah & Co.,*  
*Chartered Accountants*

*Mukesh M. Shah*  
*Partner*

*Ahmedabad, Dated : 29th April, 2005*

Schedules forming part of the  
Consolidated Balance Sheet

Rupees in Millions

	As at 31-03-2005	As at 31-03-2004
Schedule : 1 - Capital :		
Authorised :		
<i>90,000,000 Equity Shares of Rs. 5/- each</i>	450	450
<i>500,000 Preference Shares of Rs. 100/- each</i>	50	50
	500	500
Issued, Subscribed and Paid-up :		
<i>62,806,854 Equity Shares of Rs. 5/- each fully paid-up</i>	314	314
Notes : Of the above shares :		
[A] <i>33,034,332 shares were allotted as fully paid-up pursuant to the Scheme of Arrangement &amp; Amalgamation without payments being received in cash.</i>		
[B] <i>1,48,85,122 shares were allotted as fully paid-up by way of Bonus shares by capitalisation of General Reserve.</i>		
Total	314	314
Schedule : 2 - Reserves & Surplus :		
Capital Reserve :		
<i>Balance as per last Balance Sheet</i>	183	0
<i>Add : Capital Reserve arising due to consolidation</i>	46	183
	229	183
Capital Redemption Reserve Account :		
<i>Balance as per last Balance Sheet</i>	32	20
<i>Add : Amount Transferred on Amalgamation</i>	0	12
	32	32
Share Premium Account :		
<i>Balance as per last Balance Sheet</i>	2561	2561
Debenture Redemption Reserve :		
<i>Balance as per last Balance Sheet</i>	324	237
<i>Add : Transfer from Profit and Loss Account</i>	0	150
<i>Less : Transfer to General Reserve</i>	77	63
	247	324
Foreign Currency Reserves :		
<i>Balance as per last Balance Sheet</i>	0	0
<i>Less : Other movements in Equity Reserves</i>	10	0
	(10)	0
General Reserve :		
<i>Balance as per last Balance Sheet</i>	1129	949
<i>Less : Opening Balance adjusted against goodwill due to Amalgamation</i>	0	10
<i>Add : Transfer from Debenture Redemption Reserve</i>	77	63
<i>Add : Transfer from Profit and Loss Account</i>	458	268
<i>Less : Adjustment of Impairment of Fixed Assets [ Refer note no. B - 1 of Sch. no. 21 ]</i>	135	0
<i>[ net of deferred tax adjustments of Rs. 68 millions ( Previous Year Rs. Nil ) ]</i>		
<i>Less : Adjustment of amorisation of intangible assets</i>	0	141
	1529	1129
Balance in Profit and Loss Account	932	720
	5521	4949
Group's proportionate share in reserves (other than balance in P & L Account) of Joint Ventures	99	101
Total	5620	5050



Schedules forming part of the  
Consolidated Balance Sheet

Rupees in Millions

	As at 31-03-2005	As at 31-03-2004
Schedule : 3 - Secured Loans :		
1 Privately Placed debentures :		
A 70, 8.4% Secured, Redeemable Non Convertible Debentures [ NCDs ] of Rs. 70,00,000/- [ As at 31-03-04 - Rs. 100,00,000 ] each consisting of two separately tradable principle parts [ STRPP ] as under.:	490	700
- Nil [ STRPP 1 representing 30% of the face value of NCDs redeemable at par on 20th August, 2004 ]		
- STRPP 2 representing 70% of the face value of NCD's redeemable at par on 20th August, 2005.		
B 60 7% Redeemable Non Convertible Debentures of Rs. 8,333,333.33 each [ As at 31-03-04 Rs. 10,000,000 each ] [ Redeemable in six equal half-yearly installments commencing from Nov., 2004 ]	500	600
	990	1300
2 Loans and Advances from Banks :		
A Term Loans	0	293
B Working Capital Loans	498	679
C External Commercial Borrowings	1394	1049
	1892	2021
3 Other Loans and Advances :		
A Term Loan from a Financial Institution	0	226
	2882	3547
4 Group's proportionate share in secured loans of Joint Ventures	110	178
Total	2992	3725
Schedule : 4 - Unsecured Loans :		
1 Fixed Deposits [ Rs. 0.05 { As at 31-03-04 Rs. 0.24 } Millions ]	0	0
2 Short - term Loans from Banks		
A From Banks	0	201
B From a Financial Institution	403	0
	403	201
3 Other Loans and Advances :		
A Interest free deemed loan against deferment of sales tax		
a From a Financial Institution	193	194
b Deferred amount	210	189
	403	383
B From a Financial Institution	3	4
C From Others	33	33
D Total	439	420
	842	420
4 Group's proportionate share in unsecured loans of Joint Ventures	0	30
Total	842	651

Schedules forming part of the  
Consolidated Balance Sheet

Schedule : 5 - Fixed Assets :							
Nature of Fixed Assets	Rupees in Millions						
	Gross Block		Depreciation			Net Block	
	As at 31-03-2005	As at 31-03-2004	Upto 31-03-2005	Impairment Adjustments	Upto 31-03-2004	As at 31-03-2005	As at 31-03-2004
Goodwill	0	0	0	0	0	0	0
Freehold Land	110	193	0	0	0	110	193
Leasehold Land	84	82	7	0	6	77	76
Buildings	1969	1796	269	0	222	1700	1574
Plant & Machinery	4226	3406	1215	115	994	2896	2412
Furniture, Fixtures & Office Equipments	413	421	139	6	128	268	293
Vehicles	169	141	56	0	46	113	95
Trade Marks, Technical Know-how, Patents & Designs	3361	3210	1339	83	1024	1939	2186
Commercial Rights	56	55	51	0	50	5	5
<b>Total</b>	<b>10388</b>	<b>9304</b>	<b>3076</b>	<b>204</b>	<b>2470</b>	<b>7108</b>	<b>6834</b>
Share in assets of Joint Ventures	770	759	339	58	265	373	494
<b>Grand Total</b>	<b>11158</b>	<b>10063</b>	<b>3415</b>	<b>262</b>	<b>2735</b>	<b>7481</b>	<b>7328</b>
2003-04	10063	8868	2735	0	1526	7328	7342

  

Rupees in Millions	
As at 31-03-2005	As at 31-03-2004

  

Schedule : 6 - Investments [ At cost ] :		
Long Term Investments :		
In Government Securities [Unquoted] : [ Rs. 0.03 { As at 31-03-04 Rs. 0.03 } Millions ]		0
In Shares, Debentures and Bonds :		
Trade Investments [Unquoted] :		
In fully paid-up Series B and C Convertible Preferred Stock		187
Total Trade Investments		187
Other Investments :		
Quoted :		
In fully paid-up Equity Shares	1	79
Unquoted :		
In Mutual funds	43	42
In Fully paid-up equity shares	19	14
In Fully paid-up Bonds	215	215
Total	277	271
Total Other Investments		278
I		465
Contribution to the Corpus of Gujarat Venture Capital Fund		2
<b>Total</b>		<b>467</b>
Less : Provision for diminution in value of Investments		0
<b>Aggregate Book Value of Investments</b>		<b>467</b>

Schedules forming part of the  
Consolidated Balance Sheet

Rupees in Millions

	As at 31-03-2005	As at 31-03-2004
\Schedule : 7 - Inventories :		
<i>[As taken, valued and certified by the management]</i>		
Stores, Spare Parts	44	57
Stock in Trade :		
Raw Materials	502	444
Packing Materials	64	63
Finished Goods	1131	797
Total	1697	1304
Works-in-progress	367	339
	2108	1700
Group's proportionate share in inventories of Joint Ventures	113	68
Total	2221	1768
Schedule : 8 - Sundry Debtors : [ Unsecured, unless otherwise stated ] :		
Debts outstanding for a period exceeding six months :		
Considered good	117	88
Considered doubtful	9	12
	126	100
Less : Provision for doubtful debts	9	12
	117	88
Other debts - Considered good	1078	1684
	1195	1772
Group's proportionate share in sundry debtors of Joint Ventures	40	240
Total	1235	2012
Schedule : 9 - Cash and Bank Balances :		
Cash on hand	5	4
Bank Balances :		
With Scheduled Banks :		
In Current Accounts	129	401
In Fixed Deposit Accounts	245	107
In Foreign Currency Current Accounts	27	17
	401	525
With Other Banks :		
In Current Account with International Moscow Bank and JSP Pension Bank Aval Kiev, Ukraine, Moscow, in foreign currency a/c.	2	31
	408	560
Group's proportionate share in cash and balances of Joint Ventures	205	(118)
Total	613	442

Schedules forming part of the  
Consolidated Balance Sheet

Rupees in Millions

	As at 31-03-2005	As at 31-03-2004
Schedule : 10 - Loans and Advances :		
<i>[ Considered Good, unsecured unless otherwise stated ]</i>		
<i>Advances recoverable in cash or in kind or for value to be received :</i>		
<i>Secured :</i>		
<i>Advances to a Joint Venture Company</i>	79	40
<i>Others</i>	1	2
<i>Total</i>	80	42
<i>Unsecured :</i>		
<i>Others</i>	626	433
	706	475
<i>Advance payment of Income - tax [ net of provision ]</i>	58	26
<i>Balances with Custom / Central Excise Authorities</i>	110	114
<i>Interest receivable from others</i>	11	2
	885	617
<i>Group's proportionate share in loans and advances of Joint Ventures</i>	39	30
<b>Total</b>	<b>924</b>	<b>647</b>
Schedule : 11 - Current Liabilities :		
<i>Acceptances</i>	231	166
<i>Sundry Creditors :</i>		
<i>Small Scale Industries</i>	13	25
<i>For Capital Goods</i>	50	35
<i>Others</i>	1567	1489
<i>Total</i>	1630	1549
<i>Advances from Debtors</i>	26	30
<i>Trade Deposits</i>	23	36
<i>Investor Education and Protection Fund [ * ] :</i>		
<i>Unclaimed dividends</i>	9	8
<i>Matured but unclaimed Fixed Deposits [ Rs. 0.01 (As at 31-03-04 Rs. 0.01) Millions ]</i>	0	0
<i>Total [ * ] [ There are no amounts due and outstanding to be credited to Investor Education and Protection Fund ]</i>	9	8
<i>Interest accrued but not due on loans</i>	65	75
	1984	1864
<i>Group's proportionate share in current liabilities of Joint Ventures</i>	76	95
<b>Total</b>	<b>2060</b>	<b>1959</b>
Schedule : 12 - Provisions :		
<i>Proposed dividend</i>	377	377
<i>CDT on Proposed Dividend</i>	53	48
<i>Provision for Probable Product Warranty Claims &amp; Return of Goods</i>	11	0
<i>Provision for retirement benefits</i>	159	119
	600	544
<i>Group's proportionate share in provisions of Joint Ventures</i>	6	29
<b>Total</b>	<b>606</b>	<b>573</b>
Schedule : 13 - Miscellaneous Expenditure <i>[To the extent not written off or adjusted] :</i>		
<i>Preliminary Expenses [ Rs. 0.08 ( as at 31-03-04 Rs. 0.1 ) Millions ]</i>	0	0
<i>Compensation under Voluntary Retirement Scheme</i>	77	152
	77	152
<i>Group's proportionate share in miscellaneous expenditure of Joint Ventures</i>	1	1
<b>Total</b>	<b>78</b>	<b>153</b>

Schedules forming part of the  
Consolidated Profit and Loss Account

Rupees in Millions

	Year ended 31-03-2005	Year ended 31-03-2004
Schedule : 14 - Other Income :		
A Operating Income :		
<i>Export Incentive Received</i>	130	69
<i>Processing Charges Income</i>	136	138
<i>Surplus on account of fluctuations in foreign exchanges rates [ net ]</i>	15	6
<i>Miscellaneous Income</i>	54	42
<i>Total</i>	335	255
B Non Operating Income :		
a Dividends [ Gross ] :		
<i>From Long Term Non - Trade Investments - Others</i>	4	5
b Others :		
<i>Rent Received</i>	1	2
	5	7
C <i>Profit on sale of Investments [ net ]</i>	15	0
D <i>Profit on assets sold / discarded [ net ]</i>	9	34
	364	296
E <i>Group's proportionate share in other income of Joint Ventures</i>	14	37
Total	378	333
Schedule : 15 - Consumption of Materials and Finished Goods :		
<i>Raw Materials</i>	2198	2303
<i>Packing Materials</i>	340	338
<i>Purchases of Finished Goods</i>	2393	1882
<i>[ Increase ] / Decrease in Stock of Finished Goods &amp; Work-in-process</i>	(361)	155
<i>Group's proportionate share in material cost of Joint Ventures</i>	270	329
Total	4840	5007

Schedules forming part of the  
Consolidated Profit and Loss Account

Rupees in Millions

	Year ended 31-03-2005	Year ended 31-03-2004
Schedule : 16 - General Expenses :		
<i>Personnel expenses :</i>		
<i>Salaries, wages and bonus</i>	1147	974
<i>Company's contribution to provident &amp; other funds</i>	250	202
<i>Staff welfare expenses</i>	68	60
	1465	1236
<i>Stores and spare parts consumed</i>	122	118
<i>Power &amp; fuel</i>	227	183
<i>Processing Charges</i>	83	110
<i>Insurance</i>	46	40
<i>Repairs :</i>		
<i>Buildings</i>	10	13
<i>Plant and Machinery</i>	32	24
<i>Others</i>	15	20
	57	57
<i>Rent</i>	47	32
<i>Rates and Taxes</i>	80	14
<i>Managing Director's Remuneration</i>	75	81
<i>Commission to Directors</i>	2	1
<i>Travelling Expenses</i>	242	211
<i>Exchange Rate Fluctuations [ on consolidation ]</i>	3	15
<i>Miscellaneous Expenses</i>	575	579
<i>Selling &amp; Distribution Expenses :</i>		
<i>Commission on sales</i>	163	163
<i>Freight and forwarding on sales</i>	193	145
<i>Sales promotion expenses</i>	300	266
<i>Advertisements</i>	211	185
<i>Seminar, Conference and Exhibition</i>	167	114
<i>Representative Allowance and Incentives</i>	235	200
<i>Other marketing expenses</i>	302	166
	1571	1239
<i>Bad debts written off</i>	19	18
<i>Preliminary Expenses written off [ Rs. 0.32 { Previous year - Rs. 0.32 } Millions ]</i>	0	0
<i>Directors' fees [ Rs. 0.22 { Previous year - Rs. 0.18 } Millions ]</i>	0	0
<i>Loss on Impairment of Assets</i>	2	0
<i>Donations</i>	13	24
	4629	3959
<i>Group's proportionate share in general expenses of Joint Ventures</i>	146	152
<b>Total</b>	<b>4775</b>	<b>4111</b>

Schedules forming part of the  
Consolidated Profit and Loss Account

Rupees in Millions

	Year ended 31-03-2005	Year ended 31-03-2004
Schedule : 17 - Research Expenses :		
<i>Research Materials</i>	212	179
<i>Personnel expenses :</i>		
<i>Salaries, wages and bonus</i>	125	80
<i>Company's contribution to provident &amp; other funds</i>	11	7
<i>Staff welfare expenses</i>	5	6
	141	93
<i>Stores and spare parts consumed</i>	21	31
<i>Power &amp; fuel</i>	19	18
<i>Analytical expenses</i>	246	240
<i>Insurance</i>	4	4
<i>Building Repairs</i>	2	1
<i>Plant &amp; machineries repairs</i>	3	2
<i>Rent</i>	4	4
<i>Travelling Expenses</i>	7	4
<i>Legal and Professional fees</i>	2	0
<i>Others [ Excluding Depreciation of Rs. 58.5 ( Previous Year - Rs. 43.7 ) Millions ]</i>	75	39
<b>Total</b>	<b>736</b>	<b>615</b>
Schedule : 18 - Interest and Financial Charges :		
<i>Interest :</i>		
<i>On term loans</i>	79	92
<i>On debentures</i>	87	102
<i>On working capital loans from banks</i>	17	37
<i>Others</i>	5	19
	188	250
<i>Deficit [ Surplus ] on account of fluctuations in foreign exchange rates on loans</i>	35	(66)
<i>Discount on debentures written off</i>	0	1
<i>Bank commission &amp; charges</i>	35	48
	258	233
<i>Less : Interest earned on others [ Gross ] :</i>		
<i>From Long Term Investments</i>	14	3
<i>Others</i>	19	47
<i>Total</i>	33	50
	225	183
<i>Group's proportionate share in net interest and financial charges of Joint Ventures</i>	20	27
<b>Total</b>	<b>245</b>	<b>210</b>
Schedule : 19 - Depreciation and Miscellaneous Expenditure written off :		
<i>Depreciation</i>	642	570
<i>Group's proportionate share in depreciation and deferred revenue expenditure of Joint Ventures</i>	74	142
<b>Total</b>	<b>716</b>	<b>712</b>
Schedule : 20 - Provision for Taxation :		
<i>Current Tax</i>	85	111
<i>Deferred Tax</i>	106	115
<i>Total</i>	191	226
<i>Add [ Less ] : Prior year's tax adjustments</i>	0	(17)
	191	209
<i>Group's proportionate share in tax provisions made by Joint Ventures</i>	1	4
<b>Total</b>	<b>192</b>	<b>213</b>

## Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account

### Schedule : 21- Significant Accounting Policies and Notes on Accounts :

#### A Significant Accounting Policies :

##### 1 Basis of Accounting :

*The financial statements are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable & with the applicable provisions of the Companies Act, 1956.*

##### 2 Basis of consolidation:

*The Consolidated Financial Statements [ CFS ] relate to Cadila Healthcare Limited, its Subsidiaries and Joint Ventures. The CFS have been prepared on the following basis :*

A *The financial statements of the parent company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of the items like assets, liabilities, income and expenses.*

B *CFS have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances, except :*

*[ 1 ] Zydus Altana Healthcare Private Limited, a Joint Venture Company is providing the depreciation at the following rates on straight line method which are higher than the rates specified in Schedule - XIV of the Companies Act, 1956 :*

<i>- Buildings - factory</i>	<i>5 %</i>
<i>- Buildings - Non Factory</i>	<i>2.5 %</i>
<i>- Plant &amp; Machinery [including containers, which are being depreciated at 50 %]</i>	<i>15%</i>
<i>- Office and Other Equipments</i>	<i>20 %</i>
<i>- Computers and Peripherals</i>	<i>20 %</i>
<i>- Vehicles</i>	<i>20 %</i>
<i>- Furniture and Fixtures</i>	<i>16.66 %</i>

C *The excess / deficit of the cost of the Company's investments in each of its subsidiaries and Joint Ventures over its share in equities of such respective companies on the date of acquisition is recognised in the financial statements as Goodwill/capital reserve. However, such excess or deficit arising after the date of acquisition on account of current fluctuations in respect of the foreign subsidiaries is transferred to Profit and Loss Account under the head "Deficit on account of fluctuations in foreign exchange rates"*

D *In case of the foreign subsidiaries, the revenue items are consolidated using "Average exchange rate" prevailing during the year.*

*All the assets and liabilities as at the Balance Sheet date are converted at the rate of exchange prevailing at the end of the year.*

E *Investments in the Joint ventures have been accounted for by using the "Proportionate Consolidation method" in accordance with the Accounting Standard - 27 on "Financial reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.*

F *CFS are prepared after fully eliminating intra group balances, intra group transactions and unrealised profits from the intra group transactions.*



## Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account

### Schedule : 21 - Significant Accounting Policies and Notes on Accounts :

G CFS as at 31st March, 2005 comprise the financial statements of Cadila Healthcare Limited and its subsidiaries as well as its interest in Joint Ventures as at 31st March, 2005, which are as under:

a. Subsidiaries:

Sr. No.	Name of the Company	Country of incorporation	% Shareholding and voting power	Status	Financial statements as on
A Indian Subsidiaries:					
1	Zydus Pharmaceuticals Limited	India	Wholly Owned Subsidiary (WOS)	Audited	31st March, 2005
2	Dialforhealth India Limited	India	WOS	Audited	31st March, 2005
3	German Remedies Limited	India	WOS	Audited	31st March, 2005
B Foreign Subsidiaries:					
1	Zydus International Private Limited, Ireland [ZIPL]	Ireland (UK)	WOS	Audited	31st March, 2005
2	Zydus Healthcare SA (Pty.) Limited	South Africa	WOS of ZIPL	Audited	31st March, 2005
3	Zydus Healthcare (USA) LLC	U. S.A.	WOS of ZIPL	Audited	31st March, 2005
4	Zydus Healthcare Brazil Ltda.	Brazil	WOS of ZIPL	Audited	31st March, 2005
5	Zydus Pharmaceuticals USA Inc.	U. S.A.	82.35% holding of ZIPL	Audited	31st March, 2005
6	Zydus France, SAS, France.	France	WOS of ZIPL	Unaudited	31st March, 2005
7	SCI Immopharm	France	WOS of Zydus France SAS	Unaudited	31st March, 2005

b. Joint Ventures :

Sr. No.	Name of the Company	Country of incorporation	% Shareholding and voting power	Status	Financial statements as on
1	Zydus Altana Healthcare Pvt. Ltd.	India	50%	Unaudited	31st March, 2005
2	Sarabhai Zydus Animal Health Limited	India	50%	Unaudited	31st March, 2005

3 Accounting Policies and Notes on Accounts of the financial statements of the Parent Company and its subsidiaries are set out in their respective financial statements. However, the Company has disclosed such notes and details which represents the needed disclosure to serve as a guide for better understanding of the Group's position.

B Notes on Accounts :

- In accordance with the Accounting Standard - 28 on Impairment of Assets issued by the Institute of Chartered Accountants of India, the management has carried out impairment test on individual assets and / or cash generating unit in respect of the economic life of fixed assets and have reviewed the potential generation of economic benefits from the fixed assets and have concluded that some of the fixed assets employed in the continuing business are unlikely to generate adequate economic returns over their useful lives. Consequently, some of the items of Plant & Machineries and Furnitures & Fixtures of formulation & API businesses are written down to their recoverable amount, being the residual realizable value and some of the intangible assets of formulation business on account of discontinuing the business of related products. In accordance with the said standard, impairment loss as at 1st April, 2004 amounting to Rs.203 Millions is charged to the General Reserve, Rs 58 Million in respect of Group's proportionate share in impairment loss of a Joint Venture company is charged to Group's proportionate share in reserves of Joint Ventures, whereas the impairment loss amounting to Rs. 2 Million arising during the year is charged to the Profit & Loss Account.
- To align the reporting period of all the subsidiaries and Joint Ventures with that of Holding company, the accounts of foreign subsidiaries and a Joint Venture company has been reported for thirteen / fifteen months period in consolidated accounts. Due to this change the consolidated sales increased by Rs. 324 Million and profit increased by Rs. 57 Millions.
- Previous year's figures of twelve months are not comparable with those of the current year's figures which includes thirteen / fifteen months figures of foreign subsidiaries and a joint venture company.
- In view of the announcement by the Institute of Chartered Accountants of India, with reference to Accounting Standard - 9, the inter unit transfer of bulk drugs of Rs. 304 [ Previous year Rs. 356 ] Millions have been excluded from the sales and from the material consumption and the export incentives of Rs. 130 [ Previous year Rs. 69 ] Millions & Processing Charges income of Rs. 136 [ Previous Year Rs. 138 ] Millions have been regrouped from sales to Other Income. However, this has no impact on profitability.
- Hitherto the company has been providing for sales return & warranty claims in the year in which actual credit notes are issued and goods are returned by the customers. However, in view of the accounting standard - 29, Provisions, contingent liabilities and contingent assets, issued by the Institute of Chartered Accountants of India, being mandatory w.e.f. 1st April, 2004, the company has provided for the customers' probable claims of product warranties based on management estimates. Due to such change, the profit for the year is lower by Rs. 12 millions.

## Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account

### Schedule : 21- Significant Accounting Policies and Notes on Accounts :

6 Up to last year Zyclus France SAS, wholly owned subsidiary company was following a policy of Impairment in respect of Intangible fixed assets and no depreciation was provided for. During the current year the management has decided to depreciate the intangibles over its estimated economic life of 10 years from the date they were acquired in addition to provision for impairment loss. Due to such change, an additional charge amounting to Rs. 33 Million on account of depreciation is provided during the year resulting into lower profit to the extent.

7 The Sales include Rs. 1254 Millions [ Previous year Rs. 1155 millions ] Group's proportionate share in net sales of Joint Ventures

8 Contingent liabilities not provided for :

Rupees in Millions

	Cadila Healthcare Ltd. and Subsidiaries		Joint Ventures
	As at 31-03-05	As at 31-03-04	As at 31-03-05
A In respect of guarantees given by a Bank and counter guarantees given by the Company.	129.4	117.2	0.0
B In respect of outstanding dues against guarantees given by the Company to Banks for the loans availed by a Joint Venture Company	225	134	0
C Claims against the Company not acknowledged as debts	284	17.1	0.6
D In respect of the demand raised by the Central and State Excise dept. against which the Company has preferred an appeal. The Company has been legally advised that the demand is not tenable.	277	219	0
E In respect of the demand raised by the Ministry of Chemicals & Fertilizers, Govt. of India under Drug Price Control Order, 1979 for difference in actual price and price of respective bulk drug allowed while fixing the price of certain life saving formulations and disputed by the Company. Based on the legal advice the Company does not foresee the crystallization of the liability.	27	27	0
F In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals / Courts.	59	241	0
G In respect of Sales Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals / Courts.	77	91	0
H In respect of demand raised by the Government of Gujarat on account of stamp duty payable on the trade-marks acquired by one of the jointly controlled entity against which appeal has been preferred before the Hon'able Delhi High Court	0	0	16
9 Estimated amount of contracts remaining to be executed on capital account and not provided for [ Net of Advances ]	217	136	7.3

10 Segment Information :

A Primary Business Segment : There is only one Segment namely Pharmaceutical Products.

B Secondary Business Segment - By Geographical market :

	Within India		Outside India		Total	
	Year ended		Year ended		Year ended	
	31-03-05	31-03-04	31-03-05	31-03-04	31-03-05	31-03-04
a Sales revenue by geographical market	10297	9956	2754	2817	13051	12773
b Carrying amount of segment assets	12923	13013	520	231	13443	13244
c Additions to fixed assets (net)	1220	835	51	360	1271	1195

C Notes :

a The segment revenue in the geographical segments considered for disclosure are as follows :

- Revenue within India includes sales to customers located within India.
- Revenue outside India includes sales to customers located outside India.

## Schedules forming part of the Consolidated Balance Sheet and Consolidated Profit and Loss Account

### Schedule : 21- Significant Accounting Policies and Notes on Accounts :

#### 11 Related Party Transactions :

##### A Name of the Related Party and Nature of the Related Party Relationship :

###### a Joint Venture Companies :

*Sarabhai Zydus Animal Health Limited Zydus Altana Healthcare Pvt. Ltd.*

###### b Directors and their relatives :

*Shri P. R. Patel Chairman & Managing Director [ C.M.D. ]*  
*Shri Sharvil P. Patel Director & son of C.M.D.*  
*Aarti Trust Sister of C.M.D. is beneficiary of the Trust*  
*Gira Trust Sister of C.M.D. is beneficiary of the Trust*  
*Rita Trust Sister of C.M.D. is beneficiary of the Trust*  
*Zydus Family Trust C.M.D. & his relatives are beneficiaries of the Trust*

###### c Enterprises significantly influenced by Directors and / or their relatives :

*Cadmach Machinery Company Private Limited*  
*M/s. Cadmach Exports*

##### B Transactions with Related Parties :

*The following transactions were carried out with the related parties in the ordinary course of business.*

###### a Details relating to parties referred to in items 11 - A [ a and c ]

##### Nature of Transactions

##### Volume of the Transactions [ Rupees in Millions ]

	Joint Venture Companies		Associate Enterprises	
	Year ended		Year ended	
	31-03-05	31-03-04	31-03-05	31-03-04
1 Purchases :				
<i>Goods</i>				
<i>Fixed Assets</i>			23	7
<i>Services</i>			4	5
2 Sales :				
<i>Goods</i>	5	4		
3 Investments :				
<i>Purchase</i>	0	20		
<i>Dividend Received</i>	450	600		
4 Finance :				
<i>Inter Corporate Deposits given</i>	160	182		
<i>Deposits Repaid</i>	83	190		
<i>Guarantees given</i>	133	267		
<i>Interest Received</i>	14	11		
5 Outstanding :				
<i>Receivable</i>	159	81		

###### b Details relating to persons referred to in item 11- A [ b ] above :

1 *Remuneration*  
2 *Interest expense on deposits taken*  
3 *Rent paid - [ Rs. 0.2 ( previous Year of Rs. 0.2 ) Millions ]*  
4 *Deposits repaid*  
5 *Outstanding fixed deposits payable*  
6 *Outstanding remuneration payable*

	Year ended	
	31-03-05	31-03-04
	75	82
	0	10
	0	0
	0	232
	0	0
	72	79

## Schedules forming part of the Balance Sheet and Profit and Loss Account

### Schedule : 21- Significant Accounting Policies and Notes on Accounts - Continue :

#### 12 Calculation of Earnings per Share [ EPS ] :

The numerators and denominators used to calculate the basic and diluted EPS are as follows :

		Year ended	
		31-03-05	31-03-04
A	Profit attributable to Shareholders	Rs. in Millions	
B	Basic and weighted average number of Equity shares outstanding during the year	Nos.	
C	Nominal value of equity share	Rupees	
D	Basic and Diluted EPS	Rupees	
		1215	1331
		62806854	62806854
		5	5
		19.34	21.20

#### 13 Deferred Tax :

- A The Deferred tax liability of Rs. 106 Million for the year has been recognised in the Profit And Loss Account.  
 B Break up of Deferred Tax Assets and Liabilities into major components of the respective balances are as under :

	As on 31-03-05	As on 31-03-04
<i>Deferred Tax Liabilities :</i>		
Depreciation	1155	1135
Others	14	16
Total	1169	1151
<i>Deferred Tax Assets :</i>		
Retirement benefits	53	23
Receivables	4	6
Others	102	150
Total	159	179
<i>Net Deferred Tax Liability</i>	1010	972

#### As per our report of even date

For R. R. Patel & Co.,  
Chartered Accountants

For Mukesh M. Shah & Co.,  
Chartered Accountants

J. B. Gor  
Chief Accounts Officer

Pankaj R. Patel  
Chairman & Managing Director

R. R. Patel  
Proprietor

Mukesh M. Shah  
Partner

Upen H. Shah  
Company Secretary

Mukesh M. Patel  
Director

Ahmedabad, Dated : 29th April, 2005