AUDITORS' REPORT

Auditors' Report
To the Members of FDC Limited

1. We have audited the attached Balance Sheet of FDC Limited ('the Company') as at March 31, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;

      b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

      c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY BHATT
Partner
Membership No. : 36647

Place: Mumbai
Date: June 28, 2008

Annexure referred to in paragraph 3 of our report of even date

Re. FDC Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified by the management in a phased manner as per regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

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

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) As informed, the Company has not taken/ granted any loans, secured or unsecured from/ to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of paragraphs 4(iii) (b), (c), (d), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

AUDITORS' REPORT

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of Statute (Nature of Dues)	Period to which the amount relates	Forum where dispute is pending	Amount Rupees in lacs
Sales Tax (Tax / Penalty / Interest)	Apr 2000 - Mar 2001	Commissionerate	12.09
	Apr 2001 - Mar 2002	Commissionerate	11.07
	Apr 2002 - Mar 2003	Commissionerate	61.68
	Apr 2003 - Mar 2004	Commissionerate	13.15
	Apr 2004 - Mar 2005	Commissionerate	1.43
	Total		**99.42**
Excise Duty (Penalty/ Interest)	Apr 1997 - Mar 1998	Customs, Excise, Service Tax Appellate Tribunal (CESTAT)	8.02
	Apr 1998 - Feb 1999	CESTAT	3.76
	Oct 2000 - Nov 2001	CESTAT	18.70
	Nov 2002 June 2003	CESTAT	12.43
	Apr 2004 - Mar 2005	CESTAT	1.26
	Sub-total (a)		**44.17**
	Apr 2000 - Dec 2001	Commissionerate	14.88
	Dec 2003 - Oct 2004	Commissionerate	48.38
	Sub-total (b)		**63.26**
	Total (a+b)		**107.43**
Total			**206.85**

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has no outstanding dues in respect of a financial institution or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In respect of dealing/trading in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company, in its own name.

AUDITORS' REPORT

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

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

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

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

(xx) The Company has not raised money through public issues during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY BHATT
Partner
Membership No. : 36647

Place: Mumbai
Date: June 28, 2008

DIRECTORS REPORT

Your directors are pleased to present their report on the business and operations of your Company for the year ended March 31, 2008.

1. FINANCIAL RESULTS

	Year ended 31.03.2008 Rupees in lacs	Year ended 31.03.2007 Rupees in lacs
Sales (gross)	**52,526.81**	46,904.92
Other income	**1,914.17**	1,293.46
Gross profit (before finance expenses & depreciation)	**9,059.65**	9,348.43
Deductions:		
Interest & finance expenses	**148.07**	125.44
Depreciation	**1,115.09**	949.15
Amortisation of VRS expenses	**-**	142.07
Profit before taxation	**7,796.49**	8,131.77
Provision for taxation	**1,218.76**	1,685.18
Provision for taxation of earlier year written off	**2.10**	13.18
Profit after taxation	**6,575.63**	6,433.41
Brought forward profit	**7,807.55**	6,057.28
Amount available for appropriation	**14,383.18**	12,490.69
Appropriations:		
Interim dividend	**-**	1,914.62
Dividend	**1,914.62**	-
Dividend tax	**325.39**	268.52
Transfer to general reserve	**2,500.00**	2,500.00
Balance carried over to next year	**9,643.17**	7,807.55
	14,383.18	12,490.69

Previous year's figures have been regrouped/reclassified, wherever necessary.

2. DIVIDEND

Your board of directors recommend a dividend of 100% for the year 2007-2008. The same, if declared at the forthcoming annual general meeting will be paid to those shareholders whose names stand registered in the register of members as on August 30, 2008. This dividend is tax free in the hands of the shareholder. The proposed dividend is commensurate with the profits of the Company for the year 2007-2008.

3. BUSINESS REVIEW

The Indian pharmaceutical industry grew by 14.70% to touch the market size of Rs. 32,409 crores during the year 2007-2008. Multinationals grew by 9.77% while the Indian pharmaceutical companies outpaced them by recording a healthy growth of 15.68% (Source: ORG MAT April 2008). Globally India was ranked at 15^{th} in terms of value and 4^{th} in terms of volume. The Indian pharmaceutical market is expected to grow at a Cumulative Annual Growth rate (CAGR) of 16% over 2007-2011. (Source: KPMG)

Many factors led way to a healthy growth in the pharma sector. The Indian pharmaceutical market witnessed an increase in the disposal income giving way to a rise in the GDP. One of the growth drivers was the increasing population in the ageing group, which boosted the typical age related diseases such as diabetes and cardio vasculars. The diabetic segment recorded a growth of 26.80% in excess of 8.11% of the last year. The cardio vascular segment recorded a growth of 23% in excess of 10.93% of the last year. (Source: ORG MAT April 2008)

The improvement in the life style of the middle class society due to increased purchasing capacity, coupled with improvement in health awareness helped the industry to sustain the double-digit growth. The growing health awareness in the semi-urban and rural areas also led to a strong penetration in health insurance as well as increase in demand for western and domestic medicines.

According to the Associated Chambers of Commerce and Industry of India (ASSOCHAM) contract-manufacturing and clinical market in India is expected to reach $900 million and $1 billion by 2010 respectively. Global manufacturers are eyeing India in terms of significant opportunity in contract manufacturing and contract research due to cost advantage as compared to western countries. This market is growing at an accelerated pace. This is mainly attributed to the low manpower cost, expert technical staff, excellent infrastructure in terms of clinical trial laboratories and contract manufacturing, readily available world class accredited state of the art manufacturing facilities. Also liberalisation in the foreign laws has led to infusion of foreign direct investment by multinational giants in the research and development areas. India is already witnessing these fruits in terms of joint ventures, mergers, acquisitions, licensing, technology sharing arrangement, marketing tie-ups, to leverage on the partners expertise in drug developments, research and development, product filings and regulatory compliances.

DIRECTORS REPORT

With large number of products going off patent, the generic market is expected to be in the forefront. Globally it is expected that the generic market will grow at a CAGR of 11% between 2006-2010 and touch $94 billion by 2010. India has a 10% share in this market. (Source: KPMG)

Despite a healthy growth of the industry and a promising future, with loads of opportunities ahead, the pharma sector still faces some concerns. The stringent drug price control regime had led to some companies close business or bear the losses. The new pharmaceutical policy which is expected to cover around 354 essential drugs which is yet to see the light of the day is strongly opposed by the pharma players. Public health care funding and insurance has yet to display some healthy numbers. Infrastructure in terms of hospitals, retail outlets in the urban, semi-urban and rural areas are yet to be strengthened. Added to this, the unfair competition from spurious and look alike products manufactured by unorganised sector has resulted in reduced off take. The market for spurious drugs is estimated at Rs. 15,000 crores and this is increasing at an alarming rate of 20-25% p.a. (Source: ASSOCHAM). Further the product patent regime is going to bring in strong competition in terms of prices. Foreign exchange market is becoming volatile with rupee appreciating against dollar.

Against the above market background, we give below a brief review of various functions of your Company:

a. Marketing

Your Company registered a growth of 32.60 % during the year 2007-2008, as against the Indian pharma industry growth of 14.70%. Your Company has maintained its market share of 1.74% and its rank has been maintained at 20. (Source: ORG MAT April 2008)

Your Company introduced a line extension to its flagship brand ***ZIFI*** namely ***ZIFI-CV*** a combination of Cefixime and Clavulanic acid in the anti-biotic segment. This drug has shown promising results in the treatment of lower respiratory tract infections. Within a short span of time, ZIFI-CV, features among the top 3 brands in the regional ORG, in this combination. ZIFI-CV has already occupied a place of pride among the top 5 new launches with a MAT and monthly March 2008 ranking at No.4 among the new launches in the industry.

In the highly competitive anti-ulcerant combination market of Pantoprazole and Domperidone, your Company's brand ***ZIPANT-D SR*** has maintained the 4th position with the second highest growth rate. (Source: ORG MAT March 2008).

Your Company has successfully maintained no. 1 position in the Levocetirizine market (anti -allergy) with the flagship brand ***1-AL*** tablet/syrup. Brand extension of this product is on the way.

In the Ofloxacin market, your flagship brand ***ZO*** is ranked as the top 300 largest contributing brands of the Indian pharma market. (Source- ORG MAT March 2008)

IOTIM E/D, the gold standard brand in the glaucoma management got international recognition with the approval of USFDA permitting it to be manufactured and marketed in USA.

Among the new introductions, ***ZEFU*** created a mark in the oral Cephalosporins market. Within a short span of just 7 months of launch ***ZEFU*** was ranked 6th among the new introductions for the year ended March 2008 and infact for the month of March 2008, ranked 3rd among the new introductions.

Considering the potential of chronic therapy area, your company introduced its anti-diabetic brand ***ZIGLIM*** and ***ZIPIO***, in various combinations.

Also various products were launched in the therapeutic areas such as cardio vasculars, dental care, ophthalmology and dermatology.

A summary of the various innovative products introduced during the year 2007-2008 which are being aggressively promoted in various therapeutic categories are as under:

Therapeutic Group	Trade name
Dental care	TRIGUARD (with improved formula)
Anti-biotics	ZIFI-CV, FLEMICLAV-LB, ZIPOD, ZEFU
Cardiovasculars	TORSEMI, ZIVAST-F
Dermatologicals (Topical Anti-Fungal)	ZOCON TRANSGEL, ZOCON Dusting powder
Ophthalmologicals	HYMOIST E/D
Artificial Sweeteners	SUCRALITE Granules, SUCRALITE Pellets
Energy drink	ENERZAL LIME Tetrapak
ORS	ELECTRAL ready to drink tetrapak (apple and mango)

The performance of the new products is encouraging.

b. Financial Performance

Your Company's turnover increased by 12% over the previous year. Profits were under pressure due to inflationary conditions and an all round increase in costs particularly in the costs of major material ingredients. The Company has initiated various cost control measures, which are expected to fructify in the ensuing period.

The Company's internal control procedures commensurate with its size and nature of business. The internal audit reports are regularly placed before the audit committee for its review.

c. Exports

The annual export turnover of the Company for the year under review was Rs. 3,927.56 lacs as compared to Rs. 4,090.16 lacs in the year 2006-2007. This was due to the severe depreciation of the US dollar v/s the strengthening Indian rupee. Moreover there was steep rise in prices of key ingredients, packaging components and increase in freight and local transport costs.

Planned forays into newer markets of Cambodia, Swaziland, Trinidad, Namibia, Zambia, Kenya, Nigeria and Uganda were undertaken. Entry strategies were put in place for other markets such as Kazakistan, Ethiopia, Ivory Cost, UAE, Bahrain, Angola, Congo, Egypt, and Costa Rica. Regulatory efforts on filing is in full swing.

As a conscious strategy, the Company is aggressively pursuing opportunities to undertake contract manufacturing for buyers from both the regulated and semi-regulated markets for sterile ophthalmic and oral solid dosage forms.

Two special products procured by several NGOs -Zinc sulfate dispersible tablets and ORS for severely malnourished children were approved by leading global NGOs. Your Company has won a long-term supply contract against global competition, with preliminary orders being processed. These products will significantly complement the existing ORS sales.

Your Directors hope that the Company's core competence in sterile dosage form development, manufacturing and analytical process development backed by marketing will culminate in finalisation of business models with several players in the high yield/ near patent expiry market segments in the regulated and semi-regulated markets.

4. RESEARCH & DEVELOPMENT

Research & Development is a vital area of the Company's focus and has been a key factor in maintaining the Company's growth. Leveraging on its strong research and development department, your Company is constantly evolving products with newer molecules and newer dosage forms. Your Company keeps abreast with the latest trends in the product development. FDC today has 4 separate laboratories for Formulations, Synthetics, Nutraceuticals and Biotech research.

a. *Formulations*

Your Company has received approval from the USFDA for its Abbreviated New Drug Application (ANDA) for Timolol Maleate ophthalmic solution. Timolol Maleate is a nonselective beta-blocking drug, used as a primary line of treatment for glaucoma. The Company's other 2 ANDAs, Ciprofloxacin ophthalmic solution and Ofloxacin ophthalmic solution are in the pipeline, in the final stages of approval. Besides these 3 products, FDC also has on its anvil around 5 more products at an advanced stage of filing.

Your Company's flagship brand, ***ELECTRAL,*** the first ever ORS product in a sachet powder form is now introduced in a liquid tetra pack as a ***"ready to serve ORS drink".*** The product was introduced in mango and apple flavours. The product on account of its quality and being ready to drink is well accepted in the market.

Your Company as reported earlier has launched products in the various therapeutic groups. R & D is in the pipeline in the anti-diarrhoel, anti-biotic, anti-ulcer, anti-fungals, anti-epileptic, anti-viral, anti-histamine and anti-diabetics with enhanced stability.

Your Company through the introduction of various ANDAs, strong and efficient R & D efforts, new formulations, cost effective processes etc. is anticipated to increase its business and market coverage in future. Your Company is continuously striving to increase its growth to maximize the shareholders value.

b. *Synthetics*

Your Company has developed and designed cost effective processes for various near off patent drugs namely Pregabalin, Duloxetine Hydrochloride, Rupatadine Fumarate and Levalbuterol Hydrochloride. An innovative process for manufacturing Flurbiprofen was also designed and the same has been successfully tested at laboratory scale. Besides, development of generic APIs for ophthalmic and anti-fungal agents, based on patent expiry for export of APIs and formulations has been undertaken. Your Company has filed 2 process patents with the Indian Patent Office and 3 drug master files with the USFDA authorities. Also your company has tied up with DSIR, New Delhi and NCL, Pune for development of novel anti-fungal agents.

c. *Nutraceuticals*

Your Company launched a low calorie sucralose based tabletop sweetener for calorie conscious people, especially for those people suffering from diabetes and obesity. This product was launched under the brand name ***SUCRALITE.***

Your Company's well established infant formula food ***SIMYL MCT*** powder gained an edge over other infant formulas after being certified by Bureau of Indian Standards, thereby getting the prestigious Indian Standards Institution mark and by TUV Nord for HACCP (Hazard Analysis and Critical Control Points) certification.

Certain nutritional products were modified or re-formulated to meet the BIS standards. This has led to cost savings and increased shelf life.

d. *Biotechnology*

As reported to you earlier, with regards to the license technology agreement signed by your Company with an Israel based company, for production and purification of recombinant protein licensed to your company, all the preparations for initiating the 5 consistency batch trial have been completed and work is actively in progress for commencing these batches, the data of which have

Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration details

Registration No.	3176	State Code	11
Balance Sheet	Date 31 / Month 03 / Year 2008		

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Preferential Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	4955839	Total Assets	4955839
Sources of Funds			
Paid-up Capital	192247	Reserves & Surplus	3560875
Secured Loans	NIL	Unsecured Loans	128745
Deferred Tax Liability	139572		
Application of Funds			
Net Fixed Assets	2200201	Investments	1222277
Net Current Assets	598961	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	5088084	Total Expenditure	4308435
Profit/(-) Loss Before Tax	779649	Profit/(-) Loss After Tax	657563
Earning Per Share in Rs.	3.43	Dividend Rate%	100.00

V. Generic names of three principal products/services of the Company (As per monetary terms)

Item Code No. (ITC Code)	300420.19
Product Description	CEFIXIME TRIHYDRATE
Item Code No. (ITC Code)	300420.70
Product Description	CEFADROXIL
Item Code No. (ITC Code)	300420.64
Product Description	AZITHROMYCIN

Note: Classification of products / services under ITC Code being of a technical nature is not verified by the Auditors.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO HOLDING COMPANY'S INTEREST IN THE SUBSIDIARY COMPANIES

PARTICULARS	NAME OF THE SUBSIDIARIES		
	FDC Holdings Netherlands B.V.	**FDC International Limited**	**FDC Inc.**
1. The Financial Year of the Subsidiary Companies ended on	31.03.2008	31.03.2008	31.03.2008
2. Date on which they became subsidiaries	30.07.1997	09.10.1997	01.09.2004
3. Number of shares held by FDC Limited (Holding Company) in the subsidiary Companies at the end of the financial year of the Subsidiary Companies	7,890 shares of EUR 45.38 each	Through FDC Holdings Netherlands B.V. 374,085 shares of GBP 0.01 each	500 ordinary shares of common stock of USD 100 each
4. Extent of interest of Holding Company as at the end of the financial year of the Subsidiary Companies	100%	100%	100%
5. The net aggregate amount of the Subsidiary Companies' Profit/ (Loss) so far as it concerns members of the Holding Company and is not dealt with in the Holding Company's Accounts			
i. For the year ended 31st March, 2008	(EUR 255,601)	(GBP 76,432)	USD 30,242
ii. For the financial years since they became subsidiaries	(EUR 183,406)	(GBP 161,364)	USD 222,018
6. The net aggregate amount of the Subsidiary Companies' Profit/ (Loss) so far as it concerns members of the Holding Company and dealt with in the Holding Company's Accounts			
i. For the year ended 31st March, 2008	Nil	Nil	Nil
ii. For the financial years since they became subsidiaries	Nil	Nil	Nil

For and on behalf of the board

MOHAN A CHANDAVARKAR
Chairman and Managing Director

ASHOK A CHANDAVARKAR
Director

Place : Mumbai
Date : June 28, 2008

SHALINI KAMATH
Company Secretary

Auditors' Report to the Board of Directors of FDC Limited

We have audited the attached Consolidated Balance Sheet of FDC Limited ('the Company'), and its subsidiaries and the joint venture company (together referred to as 'Group'), as at March 31, 2008, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of certain subsidiaries and the joint venture company, whose financial statements reflect total assets of Rs 961.72 lacs as at March 31, 2008 and the total revenue of Rs 1,482.69 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company management in accordance with the requirements of Accounting Standards (AS) 21-'Consolidated Financial Statements' and AS 27-'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2008;

b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and

c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & CO.
Chartered Accountants

per VIJAY BHATT
Partner
Membership No.: 36647

Place: Mumbai
Date: June 28, 2008

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
I. SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	'A'	1,922.47	1,922.47
Reserves and surplus	'B'	35,509.73	31,404.74
		37,432.20	33,327.21
LOAN FUNDS			
Unsecured loans	'C'	1,409.11	354.28
DEFERRED TAX			
(Refer Note 10 of Schedule 'O')			
Deferred tax liabilities		1,738.28	1,463.70
Less: Deferred tax assets		342.56	161.74
		1,395.72	1,301.96
TOTAL		40,237.03	34,983.45
II. APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	'D'	24,889.04	22,106.42
Less: Depreciation and Impairment (Refer Note 15 of Schedule 'O')		7,613.87	6,531.98
Net block		17,275.17	15,574.44
Capital work-in-progress and advances [Net of provision for impairment of assets Rs. 144.79 lacs (Previous year - Rs. 144.79 lacs)]		5,005.93	4,352.47
		22,281.10	19,926.91
INVESTMENTS	'E'	12,038.67	4,893.40
CURRENT ASSETS, LOANS AND ADVANCES	'F'		
Interest accrued on investments		5.06	5.06
Inventories		9,116.54	9,767.07
Sundry debtors		1,984.84	2,507.23
Cash and bank balances		1,739.03	2,221.36
Loans and advances		2,673.15	1,885.33
		15,518.62	16,386.05
Less:			
CURRENT LIABILITIES AND PROVISIONS	'G'		
Current liabilities		7,175.40	5,994.07
Provisions		2,425.96	230.69
		9,601.36	6,224.76
NET CURRENT ASSETS		5,917.26	10,161.29
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	'H'	-	1.85
TOTAL		40,237.03	34,983.45
Significant Accounting Policies	'N'		
Notes to Accounts	'O'		

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY BHATT
Partner
Membership No. 36647

Place: Mumbai
Date: June 28, 2008

For and on behalf of the board

MOHAN A. CHANDAVARKAR
Chairman and Managing Director

ASHOK A. CHANDAVARKAR
Director

SHALINI KAMATH
Company Secretary

Place: Mumbai
Date: June 28, 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
INCOME			
Sales		53,072.45	47,676.26
Less: Excise duty		3,560.14	4,198.66
		49,512.31	43,477.60
Other Income	'I'	1,881.34	1,313.50
TOTAL		51,393.65	44,791.10
EXPENDITURE			
Cost of materials	'J'	25,499.11	20,572.95
Employees' cost	'K'	5,217.08	4,678.84
Operating expenses	'L'	11,876.22	9,999.93
Finance expenses	'M'	157.10	130.22
Depreciation and Impairment		1,128.87	960.14
Less: Transfer from revaluation reserve		12.67	8.77
		1,116.20	951.37
TOTAL		43,865.71	36,333.31
Profit before taxation and exceptional item		7,527.94	8,457.79
Exceptional item			
Amortisation of voluntary retirement scheme expenses		-	142.07
Profit before taxation		7,527.94	8,315.72
Provision for taxation			
For the year			
- Current		915.19	1,219.41
- Deferred		93.76	340.18
- Fringe benefit tax		200.00	175.00
		1,208.95	1,734.59
For earlier years		2.10	19.74
		1,211.05	1,754.33
Profit after taxation		6,316.89	6,561.39
Balance brought forward		7,931.98	6,053.73
Amount available for appropriation		14,248.87	12,615.12
APPROPRIATIONS			
Interim dividend		4.10	1,914.62
Final dividend - proposed		1,914.62	-
Dividend tax		327.95	268.52
Transfer to General Reserve		2,500.00	2,500.00
Balance carried to Consolidated Balance Sheet		9,502.20	7,931.98
		14,248.87	12,615.12
Earnings per share (Refer Note 16 of Schedule 'O') **Basic and diluted - Par value Re. 1 per share**		3.30	3.43
Significant Accounting Policies	'N'		
Notes to Accounts	'O'		

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

As per our report of even date

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY BHATT
Partner
Membership No. 36647

Place: Mumbai
Date: June 28, 2008

For and on behalf of the board

MOHAN A. CHANDAVARKAR
Chairman and Managing Director

ASHOK A. CHANDAVARKAR
Director

SHALINI KAMATH
Company Secretary

Place: Mumbai
Date: June 28, 2008

DIRECTORS REPORT

to be submitted to Review Committee on Genetic Manipulation (RCGM) to get permission to conduct animal toxicity studies.

5. PERSONNEL

The overall industrial and employee relations remained healthy. Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Statement of Particulars of Employees) Rules, 1975, forms a part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, this report and the accounts are being sent to all shareholders excluding the particulars of employees under Section 217(2A). Any shareholder interested in obtaining a copy of the statement may write to the secretarial department at the corporate office of the Company.

6. SOCIAL RESPONSIBILITIES

In discharge of its social obligations, your Company has undertaken various initiatives on safety, health and environmental issues to protect and improve the quality of life of the people and to ensure and maintain healthy environment. Your Company has conducted several eye and blind camps in different regions in order to educate and lend a helping hand to the lower section of the society. Also your Company has frequently arranged for camps for creating awareness towards the adverse and killing affects of diabetes. As a measure to ensure pollution free environment, your Company has established effluent treatment plants at its various facilities.

7. DIRECTORS

In accordance with Article 60 of the Articles of Association and the relevant provisions of the Companies Act, 1956, Mr. Ameya A. Chandavarkar and Dr. Nagam H. Atthreya, retire by rotation at the ensuing annual general meeting and being eligible, offer themselves for re-appointment. A brief profile of Mr. Ameya A. Chandavarkar and Dr. Nagam H. Atthreya is given under the section on corporate governance of this report.

8. DIRECTORS' RESPONSIBILITY STATEMENT

Your directors confirm that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed;

b. the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended March 31, 2008 and of the Profit and Loss Account for that period;

c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the directors have prepared the annual accounts on going concern basis.

9. CORPORATE GOVERNANCE

As required by the existing clause 49 of the listing agreements entered into with the stock exchanges, a separate report on corporate governance is given as a part of the annual report alongwith the auditors' statement on its compliance.

10. AUDITORS

The auditors of your Company M/s. S.R. Batliboi & Co., chartered accountants, Mumbai, retire at the ensuing annual general meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

11. COST AUDITORS

The directors have appointed Shri. Prakash Sevekari, cost auditor, to conduct the cost audit of bulk drugs and formulations for the financial year ending March 31, 2009. The requisite applications for approval of their appointment will be submitted to the Central Government.

12. PUBLIC DEPOSITS

At the close of the year, there were no fixed deposits matured and payable by the Company.

13. PARTICULARS OF SUBSIDIARIES AND ITS OPERATIONS

Your Company's Wholly Owned Subsidiary (WOS), FDC International Limited, UK, FDC Holdings Netherlands BV, Netherlands, reported a loss of 76,432 Pounds and Euro 2,55,601 respectively. Your Company's WOS at USA, namely FDC Inc., reported a profit of USD 30,242. Your Company's joint venture business at South Africa namely Fair Deal Corporation Pharmaceutical (Pty) Limited (FDC SA), reported a profit of Rand 6,69,311.

FDC International Limited (FDC Int.) had received a product recall notice from UKMHRA directing withdrawal of all its 5 ophthalmic products. The recall was unjustified and uncalled for and was based on 2 complaints over the last 10 years after having sold 10 million units. The reason given was "rough edges" at the seaming area which is cosmetic in nature and is inherently dominant in FFS or BFS bottles. It is an absolutely normal feature in all other competitive products. The withdrawal notice was issued without

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	2007 - 2008 Rupees in lacs		2006 - 2007 Rupees in lacs	
CASH FLOWS FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAXATION		7,527.94		8,315.72
Adjustments for :				
Depreciation and Impairment	1,116.20		951.37	
Interest expense	124.29		104.26	
Interest income	(131.81)		(84.29)	
(Profit)/ Loss on sale of fixed assets (net)	(23.40)		0.84	
Dividend income	(522.97)		(178.86)	
Diminution in value of current investments	596.69		-	
Profit on sale of investments (net)	(735.31)		(440.07)	
Translation adjustment on consolidation	47.44		30.16	
Unrealised foreign exchange loss/ (gain) on restatement	114.90		20.22	
Bad debts written off	7.04		13.28	
Provision for doubtful debts	70.53		21.97	
Provision for doubtful advances	8.54		15.88	
Provision for expenses no longer required written back	(72.22)		(28.71)	
Provision for doubtful debts/ advances no longer required written back	(15.85)		(216.84)	
Miscellaneous expenditure amortised during the year	1.85	585.92	145.16	354.37
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		8,113.86		8,670.09
Adjustments for :				
(Increase)/ decrease in debtors	444.00		(87.12)	
(Increase)/ decrease in inventories	650.53		(2,659.10)	
(Increase)/ decrease in advances	271.20		628.91	
Increase/ (decrease) in creditors	1,248.13		1,292.74	
Increase/ (decrease) in provisions	(44.74)	2,569.12	54.96	(769.61)
CASH GENERATED FROM OPERATIONS		10,682.98		7,900.48
Direct taxes paid (including Fringe benefit tax)		(1,315.95)		(1,438.79)
NET CASH FROM OPERATING ACTIVITIES (A)		9,367.03		6,461.69
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES				
Purchase of fixed assets		(3,657.13)		(5,856.27)
Proceeds from sale of fixed assets		197.47		25.00
(Increase)/ decrease in inter-corporate deposits given		(1,000.00)		25.00
Repayment of loan by joint venture entity		50.02		-
Purchase of investments in joint venture entity		-		(6.55)
Proceeds from sale of investments in joint venture entity		6.55		-
Purchase of investments - others		(25,571.25)		(20,421.21)
Proceeds from sale of investments - others		18,558.05		22,627.51
Dividend received		522.97		178.86
Interest received		135.78		74.00
NET CASH FROM/ (USED IN) INVESTING ACTIVITIES (B)		(10,757.54)		(3,353.66)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES				
Repayment of Government grant		-		(15.00)
Proceeds from/ (repayment of) borrowings		1,062.51		(40.85)
Repayment of interest free sales tax loan		(24.01)		(6.88)
Dividend paid		(4.10)		(2,492.21)
Dividend tax paid		(2.56)		(349.08)
Interest paid		(124.29)		(104.26)
NET CASH FROM/ (USED IN) FINANCING ACTIVITIES (C)		907.55		(3,008.28)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(482.96)		99.75
OPENING CASH AND CASH EQUIVALENTS		2,195.96		2,096.21
CLOSING CASH AND CASH EQUIVALENTS (Refer Note 1 below)		1,713.00		2,195.96

Notes to the Cash Flow Statement

1. Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise of the following Balance Sheet items:

PARTICULARS	31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
Cash on hand	**7.39**	7.79
Balance with scheduled banks:		
In current accounts	**1,650.48**	2,155.45
In fixed and margin deposits (provided against letter of credit and bank guarantees)	**81.16**	58.12
Unrealised foreign exchange loss/ (gain) on restatement of cash and cash equivalents	**(26.03)**	(25.40)
TOTAL	**1,713.00**	2,195.96

2. Previous year's figures have been regrouped/ reclassified wherever necessary.

As per our report of even date

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY BHATT
Partner
Membership No. 36647

Place: Mumbai
Date: June 28, 2008

For and on behalf of the board

MOHAN A. CHANDAVARKAR
Chairman and Managing Director

ASHOK A. CHANDAVARKAR
Director

SHALINI KAMATH
Company Secretary

Place: Mumbai
Date: June 28, 2008

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
A. SHARE CAPITAL		
AUTHORISED		
250,000,000 (Previous year - 250,000,000) Equity shares of Re. 1 each	2,500.00	2,500.00
ISSUED AND SUBSCRIBED		
194,606,102 (Previous year - 194,606,102) Equity shares of Re. 1 each	1,946.06	1,946.06
PAID-UP		
191,461,102 (Previous year - 191,461,102) Equity shares of Re. 1 each, fully paid-up	1,914.61	1,914.61
Add: 3,145,000 (Previous year - 3,145,000) Equity shares forfeited	7.86	7.86
TOTAL	1,922.47	1,922.47

Of the above shares:

(i) 15,000 (Previous year - 15,000) shares were allotted as fully paid-up pursuant to a contract for consideration other than cash.

(ii) 28,900,000 (Previous year - 28,900,000) shares were allotted as fully paid-up by way of Bonus shares by capitalisation out of General Reserve.

(iii) 95,730,551 (Previous year - 95,730,551) shares were allotted as fully paid-up by way of Bonus shares by capitalisation out of Share Premium Account.

	31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
B. RESERVES AND SURPLUS		
CAPITAL RESERVE	45.01	45.01
CAPITAL REDEMPTION RESERVE	16.81	16.81
SHARE PREMIUM ACCOUNT	*607.58	*607.58
* Includes share premium received on forfeited shares Rs. 72.90 lacs (Previous year - Rs. 72.90 lacs)		
REVALUATION RESERVE		
Opening Balance	122.45	131.22
Less: Transfer to Consolidated Profit and Loss Account	12.67	8.77
Closing Balance	109.78	122.45
GENERAL RESERVE		
Opening Balance	21,186.40	18,739.49
Less: Adjustment for change in accounting policy	-	53.09
Add: Transfer from Consolidated Profit and Loss Account	2,500.00	2,500.00
Closing Balance	23,686.40	21,186.40
RESERVE FOR DIMINUTION IN VALUE/ LOSS ON SALE OF INVESTMENTS	1,500.00	1,500.00
SURPLUS IN CONSOLIDATED PROFIT AND LOSS ACCOUNT	9,502.20	7,931.98
TRANSLATION RESERVE	41.95	(5.49)
TOTAL	35,509.73	31,404.74
C. UNSECURED LOANS		
Interest-free Sales tax loans [Repayable within one year-Rs. 40.10 lacs (Previous year - Rs. 36.04 lacs)]	286.85	310.86
Packing Credit Foreign Currency Loan from Bank [Repayable within one year - Rs. 1,000.60 lacs (Previous year - Rs. Nil)]	1,000.60	-
Other Loan (There are no fixed terms for repayment of this loan)	121.66	43.42
TOTAL	1,409.11	354.28

D. FIXED ASSETS

Rupees in lacs

PARTICULARS	GROSS BLOCK				DEPRECIATION/ IMPAIRMENT					NET BLOCK	
	As at 31.03.2007	Additions	Deletions / Adjustments	As at 31.03.2008	Up to 31.03.2007	For the year	Impairment of Assets	Deletions / Adjustments	Up to 31.03.2008	As at 31.03.2008	As at 31.03.2007
Leasehold land *	373.90	-	-	373.90	103.65	6.59	-	-	110.24	263.66	270.25
Freehold land **	373.79	191.57	-	565.36	-	-	-	-	-	565.36	373.79
Buildings***	6,436.66	1,530.21	151.79	7,815.08	894.22	196.90	-	3.79	1,087.33	6,727.75	5,542.44
Plant and machinery	8,779.61	526.17	44.66	9,261.12	4,089.33	554.13	49.80	30.25	4,663.01	4,598.11	4,690.28
Laboratory testing machines	1,491.63	180.68	9.43	1,662.88	215.58	76.81	-	0.81	291.58	1,371.30	1,276.05
Electrical installations	733.88	147.50	-	881.38	147.37	40.27	-	-	187.64	693.74	586.51
Furniture, fixtures and fittings	1,230.93	100.16	4.46	1,326.63	325.43	76.85	-	3.22	399.06	927.57	905.50
Office equipments	766.20	50.07	0.08	816.19	123.41	37.09	-	0.08	160.42	655.77	642.79
Vehicles	353.24	0.41	8.41	345.24	137.32	31.09	-	7.88	160.53	184.71	215.92
Capital expenditure on R&D											
Buildings	109.91	-	-	109.91	41.31	3.57	-	-	44.88	65.03	68.60
Equipments	1,129.14	272.96	2.22	1,399.88	431.97	52.64	-	0.95	483.66	916.22	697.17
Furniture and fixtures	46.03	3.79	-	49.82	20.40	2.83	-	-	23.23	26.59	25.63
Water coolers and refrigerators	6.32	0.15	-	6.47	1.99	0.30	-	-	2.29	4.18	4.33
Intangible assets											
Dossiers (Refer Note 4 of Schedule 'N')	275.18	-	-	275.18	-	-	-	-	-	275.18	275.18
TOTAL	**22,106.42**	**3,003.67**	**221.05**	**24,889.04**	**6,531.98**	**1,079.07**	**49.80**	**46.98**	**7,613.87**	**17,275.17**	15,574.44
Previous year	16,517.54	5,638.78	49.90	22,106.42	5,595.90	960.14	-	24.06	6,531.98	15,574.44	

* Includes leasehold land at Delhi which is in the process of being registered in the name of the Company.
** Freehold land of Rs. 191.57 lacs (Previous year - Rs. Nil) includes cost of unquoted fully paid shares in various co-operative housing societies.
*** Building of Rs. 1,246.85 lacs (Previous year - Rs. 156.42 lacs) includes cost of unquoted fully paid shares in various co-operative housing societies.

	31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
E. INVESTMENTS		
I. LONG TERM		
Government Securities		
National Savings Certificates	0.07	0.07
35 (Previous year - 35) Government of India G.P. Notes - face value of Rs. 2,000 (Refer Note 7 of Schedule 'O')	0.02	0.02
Non Trade		
In Others		
1,000 (Previous year - 1,000) Equity Shares of The Saraswat Co-op. Bank Limited of Rs. 10 each	0.10	0.10
5,000 (Previous year - 5,000) Equity Shares of The North Kanara G.S.B. Co-op. Bank Limited of Rs. 10 each	0.50	0.50
100 (Previous year - 100) Shares of Roha Industries Association Sahakari Grahak Bhandar Limited of Rs. 25 each	0.03	0.03
Fully paid-up Equity Shares (Quoted)	1,561.02	278.43
Bonds (Quoted)	234.09	234.09
Units of Mutual Funds	8,780.88	4,373.61
SUB TOTAL	10,576.71	4,886.85

	31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
II. CURRENT		
Trade		
Fully paid-up Equity Shares in subsidiary company		
Nil (Previous year - 113,750) Equity Shares of Fair Deal Corporation Pharmaceutical SA (Pty) Ltd., of ZAR 1 each	-	6.55
Non Trade		
Fully paid-up Equity Shares (Quoted)	273.11	-
Less: Provision for diminution in value of investments	40.56	-
	232.55	-
Units of Mutual Funds	1,785.54	-
Less: Provision for diminution in value of investments	556.13	-
	1,229.41	-
SUB TOTAL	1,461.96	6.55
TOTAL	12,038.67	4,893.40

	31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
F. CURRENT ASSETS, LOANS AND ADVANCES		
INTEREST ACCRUED ON INVESTMENTS	5.06	5.06
INVENTORIES		
Raw materials	1,630.96	1,569.67
Packing materials	423.76	387.87
Work-in-process	922.42	1,075.55
Finished products	6,139.40	6,733.98
	9,116.54	9,767.07
SUNDRY DEBTORS (Unsecured)		
Over six months :		
Considered good	78.80	177.04
Considered doubtful	186.28	119.69
Other debts :		
Considered good	1,906.04	2,330.19
Considered doubtful	-	9.98
	2,171.12	2,636.90
Less: Provision for doubtful debts	186.28	129.67
	1,984.84	2,507.23
CASH AND BANK BALANCES		
Cash on hand	7.39	7.79
Balance with scheduled banks :		
In current accounts	1,650.48	2,155.45
In fixed and margin deposits (provided against letter of credit and bank guarantees)	81.16	58.12
	1,739.03	2,221.36
LOANS AND ADVANCES (Unsecured)		
Advances recoverable in cash or in kind or for value to be received :		
Considered good	2,097.08	1,514.28
Considered doubtful	33.64	32.47
	2,130.72	1,546.75
Less: Provision for doubtful advances	33.64	32.47
	2,097.08	1,514.28
Sundry deposits	99.65	94.46
Advance tax (net of provision)	471.80	273.14
Balance with customs and excise authorities	4.62	3.45
	2,673.15	1,885.33
TOTAL	15,518.62	16,386.05
G. CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry creditors	3,921.40	3,027.39
Other liabilities	1,981.56	1,974.09
Security deposits	1,034.30	908.20
Due to customers	194.49	48.84
Investor Education and Protection Fund (shall be credited as and when due by the following amount)		
Unpaid dividend	43.65	35.55
	7,175.40	5,994.07
PROVISIONS		
Provision for retirement benefits	177.03	208.14
Provision for gratuity fund	1.42	12.77
Provision for Wealth tax	7.50	9.78
Proposed dividend - final	1,914.62	-
Dividend tax	325.39	-
	2,425.96	230.69
TOTAL	9,601.36	6,224.76

	31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
H. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Technical know-how fees	1.85	4.94
Less: Amortised during the year	1.85	3.09
	-	1.85
Voluntary Retirement Scheme expenses	-	142.07
Less: Amortised during the year	-	142.07
	-	-
TOTAL	-	1.85

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
I. OTHER INCOME		
Export incentives	132.00	119.45
Claims received	93.62	43.89
Interest received [Tax deducted at source Rs. 12.51 lacs (Previous year - Rs. 1.63 lacs)]	131.81	84.29
Miscellaneous receipts	154.16	201.39
Profit on sale of fixed assets (net)	23.40	-
Provision for doubtful debts/ advances no longer required, written back	15.85	216.84
Provision for expenses no longer required, written back	72.22	28.71
Dividend from joint venture entity	22.65	-
Income from current investments :		
Dividend on current investments (non-trade)	316.59	-
Profit on sale of current investments (net)	89.07	-
	405.66	-
Income from long term investments :		
Dividend on long term investments (non-trade)	183.73	178.86
Profit on sale of long term investments (net)	646.24	440.07
	829.97	618.93
	1,235.63	618.93
TOTAL	1,881.34	1,313.50
J. COST OF MATERIALS		
Raw materials consumed	14,352.64	14,734.17
Packing materials consumed	3,143.22	2,951.80
Purchase for resale	7,249.67	5,077.74
(Increase)/ decrease in stock		
Closing stock :		
Work-in-process	922.42	1,075.55
Finished products	6,139.40	6,733.98
	7,061.82	7,809.53
Less: Opening stock :		
Work-in-process	1,075.55	694.43
Finished products	6,733.98	5,029.08
	7,809.53	5,723.51
	747.71	(2,086.02)
Increase/ (decrease) in excise duty on finished products	5.87	(104.74)
TOTAL	25,499.11	20,572.95
K. EMPLOYEES' COST		
Salaries, wages, bonus and commission	4,445.23	3,942.19
Contribution to provident and other funds (Refer Note 8 of Schedule 'O')	527.97	461.25
Welfare expenses	243.88	275.40
TOTAL	5,217.08	4,678.84

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
L. OPERATING EXPENSES		
Processing charges	598.98	569.51
Power, fuel and water charges	935.13	899.97
Pharma Miscellaneous expenses	553.75	425.97
Repairs and maintenance :		
Building	205.00	222.20
Plant and machinery	263.81	305.80
Other assets	170.00	176.39
	638.81	704.39
Stores and spares	185.57	181.76
Rent	82.41	79.39
Rates and taxes	259.76	353.03
Insurance	56.13	66.80
Travelling and conveyance	2,101.19	1,628.43
Communication expenses	125.83	119.36
Carriage, freight and forwarding	1,079.11	923.24
Advertisement and sales promotion	2,544.14	2,300.52
Sales tax/ Value added tax	70.98	104.02
Commission on sales	429.86	327.96
Auditors' remuneration :		
Audit fees	17.22	17.88
Other services	0.57	0.39
Out of pocket expenses	0.10	0.14
	17.89	18.41
Cost audit fees	0.69	0.62
Tax audit fees	1.69	3.98
Directors sitting fees	2.18	2.65
Bad debts written off	12.48	80.41
Less: Transfer from Provision for doubtful debts	5.44	67.13
	7.04	13.28
Provision for doubtful debts	70.53	21.97
Provision for doubtful advances	8.54	15.88
Provision for diminution in value of current investments	596.69	-
Loss on fixed assets sold/ scrapped (net)	-	0.84
Amortisation of technical know-how fees	1.85	3.09
Donation	15.76	21.57
Miscellaneous expenses	1,491.71	1,213.29
TOTAL	11,876.22	9,999.93

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
M. FINANCE EXPENSES		
Interest : (Refer Note 9 of Schedule 'O')		
on Bank	19.99	-
on Others	104.30	104.26
Bank Charges	32.81	25.96
TOTAL	157.10	130.22

N. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements are prepared and presented under the historical cost convention, except for certain fixed assets of FDC Limited which were revalued on 30th September 1993 (refer Note 3 below) and in case of assets where a provision is made for impairment losses, following accrual basis of accounting and in accordance with Accounting Standard 21 - "Consolidated Financial Statements", Accounting Standard 27 - "Financial Reporting of Interests in Joint Ventures" and clarifications thereon notified by the Companies (Accounting Standards) Rules, 2006 and to the extent possible in the same format as that adopted by the parent company (FDC Limited) for its separate financial statements. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year. The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

2. BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of FDC Limited ("the Company"), the parent company and all of its subsidiaries (collectively referred to as "the Group"). The consolidated financial statements of the Group have been consolidated on a line-by-line basis basis by adding together the book values of like items of assets, liabilities, income and expenses. The Group accounts for its proportionate share of interest in the joint venture companies by proportionate consolidation method in accordance with Accounting Standard 27 - "Financial Reporting of Interests in Joint Ventures".

In the preparation of consolidated financial statements, all significant intra-group transactions and accounts are eliminated. Unrealised profits, if any, on items carried in inventories are also eliminated from the consolidated financial statements. Unrealised losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the Group.

The excess of cost to the parent company of its investment in the subsidiaries and joint venture companies over its portion of equity in the subsidiaries/ joint venture companies at the respective dates on which investment in such subsidiaries/ joint venture companies was made, is recognised in the financial statements as Goodwill and the same is charged off during the year of acquisition. The parent company's portion of equity in such subsidiaries/ joint venture companies is determined on the basis of the book values of assets and liabilities as per the financial statements of the subsidiaries/ joint venture companies as on the date of investment.

3. FIXED ASSETS

All fixed assets other than revalued assets are stated at cost less accumulated depreciation/ amortisation less impairment losses. Cost comprises of the purchase price and any other directly attributable costs of bringing the assets to its working condition for its intended use. Adjustments arising from exchange rates variances relating to liabilities attributable to fixed assets are taken to the Consolidated Profit and Loss Account.

Intangible assets are recorded at the consideration paid for acquisition.

Land, buildings, major items of plant and machinery and research and development equipment of FDC Limited at Jogeshwari and Roha were revalued on 30th September 1993 on the basis of the report of an approved valuer. Difference between the book value and the value as per valuer's report amounting to Rs. 730.70 lacs was transferred to Revaluation Reserve during the year ended 31st March 1994. These fixed assets are stated at revalued amounts less accumulated depreciation.

4. DEPRECIATION/ AMORTISATION/ IMPAIRMENT

FDC Limited

Depreciation on the historical cost of fixed assets is provided on straight-line method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

Depreciation on revalued portion of fixed assets is calculated on straight line method over balance useful life of assets as determined by the valuer and is transferred from Revaluation Reserve to the Consolidated Profit and Loss Account.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

After recognition of impairment loss, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on straight line basis over its remaining useful life.

Assets costing less than Rs. 5,000 are depreciated at the rate of hundred per cent.

Leasehold land/ improvements are amortised over the period of lease.

Subsidiaries/ Joint venture companies

Depreciation is provided on cost less estimated residual value of fixed assets over their expected useful lives following reducing balance method/ straight-line method.

No depreciation has been provided on intangible assets i.e. "Dossiers".

5. INVESTMENTS

Long-term investments are valued at cost less provision for diminution in value, other than temporary, if any.

Current investments are valued at lower of cost or fair value (repurchase price or market value) on individual item basis.

6. INVENTORIES

Raw materials and packing materials are valued at lower of cost or net realisable value, cost of which includes duties and taxes (net off CENVAT and VAT, wherever applicable) and is arrived at on weighted average cost basis. Cost of imported raw materials and packing materials lying in bonded warehouse includes customs duty. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Finished products including traded goods and work-in-process are valued at lower of cost or net realisable value. Cost of finished products and work-in-process includes material cost, labour, direct expenses, production overheads and excise duty, where applicable.

7. MISCELLANEOUS EXPENDITURE

Technical know-how fees for process know-how incurred upto 31st March 2003 are treated as deferred revenue expenditure and amortised equally over six years. Such expenditure incurred after 31st March 2003 is charged off to Consolidated Profit and Loss Account.

Compensation paid under Voluntary Retirement Scheme is treated as deferred revenue expenditure and amortised equally over five years for schemes effected upto 31st March 2006.

8. REVENUE RECOGNITION

Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to customers, which coincides with dispatch of goods to customers. Sales include excise duty but exclude sales tax/ value added tax.

Dividend is recognised when the Company's right to receive the payment is established. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of Schedule VI of the Companies Act, 1956.

Other income is accounted for on accrual basis except where the receipt of income is uncertain in which case it is accounted for on receipt basis.

9. FOREIGN CURRENCY TRANSLATION/ TRANSACTIONS

Transactions in foreign currency are recorded at the rates prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency outstanding at the year end are restated at the year end exchange rates.

Exchange differences including those arising on repayment and translation of liabilities relating to acquisition of fixed assets are taken to the Consolidated Profit and Loss Account.

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Consolidated Profit and Loss Account in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.

The financial statements of the foreign subsidiaries and the joint venture companies are translated into Indian Rupees as follows:

Non integral operations:

- Revenue items except opening and closing inventories are translated at the average exchange rate for the year. Opening and closing inventories are translated at the rates prevalent at the commencement and close respectively of the accounting period.
- All assets and liabilities are translated using the closing exchange rate.
- The differences on translation including those arising on elimination of non-monetary intra-group balances and transactions are taken to Translation Reserve as a part of Reserves and Surplus.
- The differences arising on elimination of monetary intra-group balances and transactions are taken to the Consolidated Profit and Loss Account.

Integral operations:

- Revenue items except opening and closing inventories are translated at the average exchange rate for the year. Opening and closing inventories are translated at the rates prevalent at the commencement and close respectively of the accounting period.
- All monetary assets and liabilities are translated using the closing exchange rate.
- All non-monetary assets and liabilities, other than fixed assets and inventories, are translated using the exchange rate at the date of their acquisition.
- Fixed assets are translated using the exchange rate at the date of their acquisition. Adjustments arising from exchange rates variances relating to liabilities attributable to fixed assets are also capitalised.
- The differences on translation including those arising on elimination of intra-group balances and transactions are taken to Consolidated Profit and Loss Account.

10. GOVERNMENT GRANTS

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with.

Government grants received as capital incentives are credited to Capital Reserve. Government grants in other forms are credited to the Consolidated Profit and Loss Account.

Government grants relating to specific fixed assets are disclosed as deduction from the gross value of the assets concerned.

11. EMPLOYEE BENEFITS

Company's contribution to recognised provident fund, family pension fund and superannuation fund is defined contribution plan and is charged to the Consolidated Profit and Loss Account on accrual basis. There are no other obligations other than the contribution payable to the respective trusts.

Contribution to gratuity fund is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Actuarial gains/ losses are immediately recognised in the Consolidated Profit and Loss Account.

12. RESEARCH AND DEVELOPMENT (R&D)

Expenditure on capital assets for R & D is included in fixed assets. Revenue expenditure is charged off to Consolidated Profit and Loss Account in the year in which it is incurred.

13. LEASE ACCOUNTING

Leases where substantially all the risks and benefits of ownership are retained by the lessor, are classified as operating leases. Operating lease expenses/ income is recognised in the Consolidated Profit and Loss Account on a straight line basis over the lease term.

14. **EARNING PER SHARE**

Basic earning per share is computed by dividing the net profit after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is computed by dividing the net profit after tax attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, if any.

15. **ACCOUNTING FOR TAXES ON INCOME**

Tax expense comprises of current, deferred and fringe benefit tax. Provision for current tax and fringe benefit tax is made, based on the tax payable under the Income-tax Act, 1961. Deferred tax assets and liabilities from timing differences between taxable income and accounting income is accounted for using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. At each balance sheet date, the Company reassesses unrecognised deferred tax assets. Deferred tax assets are recognised only to the extent that there is a reasonable certainty of their realisation. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

O. NOTES TO THE CONSOLIDATED ACCOUNTS

1. Consolidation of Accounts:

The list of subsidiary companies and the joint venture company which are included in consolidation are as under:

Name of the Company	Country of Incorporation	Proportion of ownership interest/ voting power
FDC Holding Netherlands B.V.	The Netherlands	100% (Previous year - 100%)
FDC International Limited	United Kingdom	100% (Previous year - 100%)
FDC Inc.	United States of America	100% (Previous year - 100%)
Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	Republic of South Africa	49% (Previous year - 84%)

		31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
2.	Contingent liabilities not provided for:		
	(i) Disputed tax matters		
	Income tax	**114.64**	120.50
	Excise duty	**107.42**	66.91
	Sales tax	**99.43**	52.02
	(ii) In respect of guarantees given by banks	**40.97**	68.49
3.	Letter of credit issued by bankers	**183.91**	297.82
4.	Estimated amount of duty payable on export obligation against outstanding advance licences	**3.11**	6.36
5.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances paid) - Tangible assets	**690.08**	1,287.69

6. Under various schemes of Government of Maharashtra, FDC Limited is entitled to Sales Tax deferral incentives for its units at Waluj and Sinnar. These are repayable in 5-6 installments after a period of 10-12 years from the year of availment.

7. Of the total investments stated in Schedule 'E' to the accounts, National Savings Certificates of the value of Rs. 0.04 lacs (Previous year - Rs. 0.04 lacs) and Government of India G.P. Notes of the value of Rs. 0.02 lacs (Previous year - Rs. 0.02 lacs) have been lodged with the Excise authorities. National Savings Certificates of Rs. 0.03 lacs (Previous year - Rs. 0.03 lacs) have been lodged with the Sales tax authorities.

giving FDC Int. any opportunity of being heard and moreover FDC Int. was not provided with the details of the complaints. FDC Int. made a number of representations to the UKMHRA from November 2007 and even presented an expert report in February 2008 from leading ophthalmologists about their over-reaction to patient safety. Almost after 6 months had elapsed the UKMHRA relaxed its stand on the recall. However looking into the shelf life lost during the whole process there was no alternative but to destroy the stock instead of repacking the same.

In terms of section 212(8) of the Company's Act, 1956, the Company has received exemption from Government of India, Ministry of Corporate Affairs, New Delhi, from attaching the accounts of its subsidiaries viz. FDC Holdings Netherlands BV, Netherlands, FDC International Limited, UK and FDC Inc., USA, for the financial year ended March 31, 2008. However as directed by the Central Government, the financial data of the subsidiaries have been furnished under "Notes to the Consolidated Accounts" (refer Note 21 of schedule 'O').

Also, as directed by the Central Government, annual accounts of the subsidiaries and the related detailed information will be made available to the holding and subsidiary company investors on request and the same is available for inspection by the members at the registered office of the Company, between 10.00 a.m. to 12.00 noon on all days except Fridays and holidays, till the date of the forthcoming meeting and will also be placed before the said meeting.

Any shareholder interested in obtaining a copy of the annual accounts of the subsidiary company and the detailed information with the financial statement of the said subsidiaries may write to the secretarial department at the corporate office of the Company.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed as Annexure A to this Report.

15. ACKNOWLEDGEMENTS

Your Directors take this opportunity to place on record their gratitude for the continued support and co-operation extended to the Company by the medical fraternity, trade, Government agencies, financial institutions, investors, bankers, consumers and employees.

For and on behalf of the board

Place: Mumbai
Date: June 28, 2008

MOHAN A. CHANDAVARKAR
Chairman and Managing Director

8. As per Accounting Standard 15 (revised 2005) - "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Defined Contribution Plan

Contribution to Defined Contribution Plans recognised as expense for the year under Contribution to provident and other funds (Schedule 'K') are as under:-

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
Employer's Contribution to Provident Fund	146.01	125.15
Employer's Contribution to Pension Scheme	167.25	145.01
Employer's Contribution to Superannuation Fund	43.82	41.17

Defined Benefit Plan

The employees' gratuity fund scheme managed by trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Rupees in lacs

		Gratuity		Leave Encashment	
		Funded Plan		Non-Funded Plan	
		31st March, 2008	31st March, 2007	31st March, 2008	31st March, 2007
I	**Change in Benefit Obligation**				
	Liability at the beginning of the year	333.92	315.13	132.04	109.50
	Interest Cost	29.50	26.43	11.03	8.82
	Current Service Cost	61.36	50.26	31.75	26.84
	Past Service Cost (Non Vested Benefit)	-	-	-	-
	Past Service Cost (Vested Benefit)	-	-	-	-
	Benefit Paid	(53.14)	(70.14)	(51.89)	(52.08)
	Actuarial (gain)/ loss on obligations	(8.08)	12.24	27.62	38.96
	Liability at the end of the year	363.56	333.92	150.55	132.04
II	**Fair Value of Plan Assets**				
	Fair Value of Plan Assets at the beginning of the year	321.15	321.63	-	-
	Expected Return on Plan Assets	29.45	26.52	-	-
	Contributions	73.50	45.00	-	-
	Benefit Paid	(53.14)	(70.14)	-	-
	Actuarial gain/ (loss) on Plan Assets	(8.82)	(1.86)	-	-
	Fair Value of Plan Assets at the end of the year	362.14	321.15	-	-
	Total Actuarial gain/ (loss) to be recognised	(0.74)	(14.10)	(27.62)	(38.96)
III	**Actual Return on Plan Assets**				
	Expected Return on Plan Assets	29.45	26.52	-	-
	Actuarial (gain)/ loss on Plan Assets	(8.82)	(1.86)	-	-
	Actual Return on Plan Assets	20.63	24.66	-	-
IV	**Amount recognised in the Balance Sheet**				
	Liability at the end of the year	(363.56)	(333.92)	(150.55)	(132.04)
	Fair Value of Plan Assets at the end of the year	362.14	321.15	-	-
	Difference	(1.42)	(12.77)	(150.55)	(132.04)
	Unrecognised Past Service Cost	-	-	-	-
	Unrecognised Transition Liability	-	-	-	-
	Amount recognised in the Consolidated Balance Sheet	(1.42)	(12.77)	(150.55)	(132.04)
V	**Expenses recognised in the Income Statement**				
	Current Service Cost	61.36	50.26	31.75	26.84
	Interest Cost	29.50	26.43	11.03	8.82
	Expected Return on Plan Assets	(29.45)	(26.52)	-	-
	Past Service Cost (Non Vested Benefit) recognised	-	-	-	-
	Past Service Cost (Vested Benefit) recognised	-	-	-	-
	Recognition of Transition Liability	-	-	-	-
	Net Actuarial (gain)/ loss to be recognised	0.74	14.10	27.62	38.96
	Expense recognised in the Consolidated Profit and Loss Account	62.15	64.27	70.40	74.62

Rupees in lacs

		Gratuity Funded Plan		Leave Encashment Non-Funded Plan	
		31st March, 2008	31st March, 2007	31st March, 2008	31st March, 2007
VI	**Balance Sheet Reconciliation**				
	Opening Net Liability	12.77	(6.50)	132.04	109.50
	Expense as above	62.15	64.27	70.40	74.62
	Employers Contribution	(73.50)	(45.00)	(51.89)	(52.08)
	Amount recognised in the Consolidated Balance Sheet	1.42	12.77	150.55	132.04
VII	**Investment Details**				
	Government of India Assets	108.85	100.95	-	-
	Corporate Bonds	129.47	114.46	-	-
	State Government	63.40	68.46	-	-
	Equity	40.13	23.91	-	-
	Others	20.29	13.37	-	-
	Total	362.14	321.15	-	-
VIII	**Actuarial Assumptions**				
	Discount Rate Current	8.00%	8.00%	8.00%	8.00%
	Rate of Return on Plan Assets Current	8.00%	8.00%	-	-
	Salary Escalation Current	5.00%	5.00%	5.00%	5.00%

IX **Salary Escalation Rate**
The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

X **Basis used to determine Expected Rate of Return on Plan Assets**
The expected rate of return on Plan Assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

XI The Company expects to contribute Rs. 90.42 lacs to gratuity in next year.

9. Interest does not include any interest paid towards fixed loans.

10. Following are the major components of Deferred tax (asset)/ liability :

		31st March, 2008 Rupees in lacs	31st March, 2007 Rupees in lacs
Deferred tax liabilities			
Depreciation		1,733.08	1,463.70
Others		5.20	-
	(A)	1,738.28	1,463.70
Less: Deferred tax assets			
Provision for doubtful debts/ advances		74.75	55.11
Provision for diminution in the value of investments		101.41	-
Liabilities under Section 43B of the Income-tax Act, 1961		142.61	106.28
Expenses disallowed under Section 40(a)(ia) of the Income Tax Act, 1961		23.79	-
Others		-	0.35
	(B)	342.56	161.74
Net Deferred tax liability	(A)-(B)	1,395.72	1,301.96

11. Segment information:

Primary segment information

The Group principally operates only in one business segment i.e. pharmaceuticals, hence all the information presented in the consolidated financial statements above will be relevant to this segment.

Secondary segment information

The Group's operating divisions are managed from India. The principal geographical areas in which the Group operates are India and others. The country-wise segmentation is not relevant as exports to individual countries are not more than 10% of enterprise revenue.

Rupees in lacs

Particulars	India	Others	Total
Segment Revenue	**48,464.42** (42,669.79)	**4,608.03** (5,006.47)	**53,072.45** (47,676.26)
Carrying amount of assets by location of assets	**36,477.84** (34,653.29)	**1,321.88** (1,659.67)	**37,799.72** (36,312.96)
Additions to tangible and intangible assets	**3,657.13** (5,856.27)	**-** (-)	**3,657.13** (5,856.27)

Previous year's figures are shown in brackets.

12. Related party disclosures, as required by Accounting Standard 18 - "Related Parties Disclosures" are given below:

A. Joint Venture Company

- Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.

B. Key Management Personnel

- Mr. Mohan A. Chandavarkar
- Mr. Ashok A. Chandavarkar
- Mr. Nandan M. Chandavarkar

C. Relatives of Key Management Personnel

- Mr. Ameya A. Chandavarkar
- Ms. Sandhya M. Chandavarkar
- Ms. Mangala A. Chandavarkar
- Ms. Aditi Bhanot

D. Enterprises in which Key Management Personnel have significant influence

- Anand Synthochem Limited
- Mejda Marketing Private Limited
- Akhil Farma Limited
- Aditi Sales Corporation
- Soven Trading and Investment Company Private Limited
- Transgene Trading and Investment Company Private Limited

E. Nature of transaction:

Rupees in lacs

Particulars	Joint Venture Entity	Key Management Personnel	Relatives of Key Management Personnel	Enterprises in which Key Management Personnel have significant influence	Total
Sale of goods	- (1.04)	- (-)	- (-)	- (-)	- (1.04)
Services received	- (-)	- (-)	- (-)	**35.01** (30.66)	**35.01** (30.66)
Rent paid	- (-)	- (-)	- (-)	**4.65** (4.50)	**4.65** (4.50)
Finance					
- Loans recovered	**50.02** (-)	- (-)	- (-)	- (-)	**50.02** (-)
- Equity contribution in cash or in kind	- (6.55)	- (-)	- (-)	- (-)	- (6.55)
- Sale of Equity	**6.55** (-)	- (-)	- (-)	- (-)	**6.55** (-)
Interest received	**6.50** (9.78)	- (-)	- (-)	- (-)	**6.50** (9.78)
Remuneration*	- (-)	**92.75** (102.13)	- (-)	- (-)	**92.75** (102.13)
Commission	- (-)	**98.58** (112.38)	- (-)	- (-)	**98.58** (112.38)
Sitting fees	- (-)	- (-)	**0.03** (-)	- (-)	**0.03** (-)
Dividend received	**22.65** (-)	- (-)	- (-)	- (-)	**22.65** (-)
Dividend paid	- (-)	- (336.06)	- (303.64)	- (434.53)	- (1,074.23)
Outstanding Balances					
- Payable	- (-)	**104.23** (118.67)	- (-)	- (-)	**104.23** (118.67)
- Loans granted	**115.00** (248.27)	- (-)	- (-)	- (-)	**115.00** (248.27)
- Interest on loans granted	**6.50** (21.17)	- (-)	- (-)	- (-)	**6.50** (21.17)
- Receivable others	- (-)	- (-)	- (-)	- (0.03)	- (0.03)
- Receivable against debtors	**5.53** (12.98)	- (-)	- (-)	- (-)	**5.53** (12.98)
- Provisions made on Receivable against debtors	**10.83** (11.80)	- (-)	- (-)	- (-)	**10.83** (11.80)

*Including perquisites, contribution to Provident fund and other funds
Previous year's figures are shown in brackets.

Out of the above items, transactions in excess of 10% of the total related party transactions are as under:

		2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
1	**Sale of goods**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	-	1.04
2	**Services received**		
	Anand Synthochem Limited	9.48	10.39
	Mejda Marketing Private Limited	17.50	13.19
	Akhil Farma Limited	8.03	7.08
3	**Rent paid**		
	Aditi Sales Corporation	3.00	3.00
	Akhil Farma Limited	1.65	1.50
4	**Loans recovered**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	50.02	-
5	**Equity contribution in cash or in kind**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	-	6.55
6	**Sale of Equity**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	6.55	-
7	**Interest received**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	6.50	9.78
8	**Remuneration**		
	Mr. Mohan A. Chandavarkar	34.32	32.08
	Mr. Ashok A. Chandavarkar	29.85	28.25
	Mr. Nandan M. Chandavarkar	28.58	26.87
	Mr. Ameya A. Chandavarkar	-	14.93
9	**Commission**		
	Mr. Mohan A. Chandavarkar	39.43	39.02
	Mr. Ashok A. Chandavarkar	31.54	31.22
	Mr. Nandan M. Chandavarkar	27.61	27.31
	Mr. Ameya A. Chandavarkar	-	14.83
10	**Sitting fees**		
	Mr. Ameya A. Chandavarkar	0.03	-
11	**Dividend received**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	22.66	-
12	**Dividend paid**		
	Mr. Mohan A. Chandavarkar	-	141.87
	Mr. Ashok A. Chandavarkar	-	136.90
	Ms. Sandhya M. Chandavarkar	-	201.28
	Soven Trading and Investment Company Private Limited	-	212.26
	Transgene Trading and Investment Company Private Limited	-	222.27
13	**Outstanding Balances Payable**		
	Mr. Mohan A. Chandavarkar	41.89	41.32
	Mr. Ashok A. Chandavarkar	33.66	33.21
	Mr. Nandan M. Chandavarkar	28.68	29.31
	Mr. Ameya A. Chandavarkar	-	14.83
14	**Outstanding Balances against loans granted**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	115.00	248.27
15	**Outstanding Balances against interest on loans granted**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	6.50	21.17
16	**Outstanding Balances receivable others**		
	Akhil Farma Limited	-	0.03
17	**Outstanding Balances receivable against debtors**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	5.53	12.98
18	**Provisions made on receivable against debtors**		
	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	10.83	11.80

13. Pursuant to Accounting Standard 19 - "Leases", disclosure on leases is as follows:

The Group's asignificant leasing arrangements are in respect of godowns/ office premises taken on operating lease basis. The aggregate lease rentals payable are charged as Rent and shown under 'Operating Expenses' (Schedule 'L').

These leasing arrangements, which are cancellable, range between 1 year and 5 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms. There are certain agreements which provide for increase in rent.

14. Pursuant to the Accounting Standard 27 - "Financial Reporting of interests in Joint Ventures", the disclosures relating to the Joint Venture Company is as follows:

Sr. No.	Name	Country of Incorporation	Percentage of Ownership Interest as on 31st March, 2008	Percentage of Ownership Interest as on 31st March, 2007
1.	Fair Deal Corporation Pharmaceutical SA (Pty) Ltd.	Republic of South Africa	49%	84%

During the previous year, the Company had acquired additional 35% shareholding in joint venture company, Fair Deal Corporation Pharmaceutical SA (Pty) Ltd. ("FDC SA") thereby making it a subsidiary of the Company. However, subsequent to the balance sheet date of the previous year, the Company had entered into an agreement for transfer of the aforesaid 35% shareholding to a new joint venture partner.

As per the requirements of Accounting Standard - 21, a subsidiary should be excluded from consolidation when the control intends to be temporary because the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future. Accordingly, in the previous year, the Group has not consolidated FDC SA as a subsidiary as defined under Accounting Standard - 21 and has accounted for its 49% share in FDC SA using proportionate consolidation method in accordance with Accounting Standard - 27. The balance 35% shareholding of the Company in FDC SA is accounted as an investment in accordance with the Accounting Standard - 13, and accordingly, the same was disclosed as "Current Investment" in the Consolidated Balance Sheet. Thus, the Group's Profit and Loss Account, Balance Sheet and Cash Flow Statement incorporate the Group's share of income, expenses, assets and liabilities of FDC SA on line by line basis to the extent of 49% shareholding.

15. Pursuant to Accounting Standard 28 - "Impairment of Assets", the Company made an assessment as at 31st March 2008 for any indication of impairment in the carrying amount of the Company's assets and determined impairment loss on certain assets aggregating to Rs. 49.80 lacs.

16. Earnings per share has been computed as under:

	2007 - 2008	2006 - 2007
Profit after tax for the year (Rupees in lacs)	**6,316.89**	6,561.39
Weighted Average number of shares	**191,461,102**	191,461,102
Nominal value per share (Rupees)	**1.00**	1.00
Earnings per share - Basic (Rupees)	**3.30**	3.43
- Diluted (Rupees)	**3.30**	3.43

17. Remuneration to Managerial Personnel included in Consolidated Profit and Loss Account:

	2007 - 2008 Rupees in lacs	2006 - 2007 Rupees in lacs
A) Chairman and Wholetime Directors		
Salaries	78.81	87.02
Commission	98.58	112.38
Perquisites	0.64	0.42
Contribution to Provident fund and other funds	13.30	14.69
	191.33	214.51
B) Non-wholetime Directors		
Commission	5.54	2.00
Sitting Fees	2.18	2.65
	7.72	4.65
Total Managerial Remuneration	199.05	219.16

Note: The above remuneration does not include contribution to Gratuity Fund and provision for leave encashment, as this contribution/ provision is a lump sum amount for all relevant employees based on an actuarial valuation.

18. Foreign currency transactions/ balances of the Group are not hedged by derivative instruments or otherwise. The details of foreign currency transactions/ balances of the Group are:

Balances		Foreign currency amount		Equivalent amount Rupees in lacs	
		31st March, 2008	31st March, 2007	31st March, 2008	31st March, 2007
Bank Balances	USD	416,219	322,085	164.30	138.16
	EUR	1	10,698	-	6.09
	GBP	213,080	38,973	165.65	32.60
	JPY	-	13,000,000	-	47.10
Sundry debtors	USD	1,262,641	1,410,647	498.99	600.20
	AUD	-	65,416	-	23.52
	EUR	62,704	95,420	39.03	54.33
	GBP	-	96,413	-	80.64
Loans and advances	EUR	-	1,539	-	0.88
	USD	46,283	155,131	18.25	66.52
	GBP	550	-	0.43	-
	ZAR	2,510,461	3,268,488	121.51	248.27
Sundry creditors	EUR	64,905	131,127	41.38	83.28
	USD	693,485	185,958	279.36	80.56
	GBP	1,773	-	1.43	-
Unsecured Loan	USD	2,494,009	-	1,000.60	-
Investment in joint venture company	ZAR	-	113,750	-	6.55

19. Revenue expenditure on research and development (including depreciation) aggregating to Rs. 899.49 lacs (Previous year - Rs. 582.57 lacs) is included under relevant heads in the Consolidated Profit and Loss Account.

20. Cost of samples (manufactured and purchased) has been included in Cost of Materials.

21. Pursuant to the exemption granted by the Department of Company Affairs, Government of India, the Company is publishing the consolidated and standalone financial statements of FDC Limited and its subsidiaries. The financial statements and auditors' reports of the individual subsidiaries are available for inspection by the shareholders at the registered office. However, the information in aggregate on capital, reserves, total assets, total liabilities, details of investments (except in case of investment in subsidiaries), total income, profit before taxation, profit after taxation and proposed dividend for each subsidiary is as follows:

Rupees in lacs

Sr. No.	Particulars	FDC Holdings Netherlands B.V.	FDC International Limited	FDC Inc.
	Currency	Euro	UK Pounds	US Dollar
	Exchange Rate as on 31st March 2008	63.25	79.48	40.02
1.	Capital	150.80	2.23	22.00
2.	Reserves	(40.60)	(127.46)	16.82
3.	Total Assets	279.08	526.42	41.06
4.	Total Liabilities [Excluding (1) and (2)]	168.88	651.65	2.24
5.	Investments (other than in Subsidiaries)	-	-	-
6.	Sales	-	804.20	259.52
7.	Other Income	30.66	122.40	(8.56)
8.	Profit/ (Loss) before taxation	(140.14)	(84.38)	6.81
9.	Provision for taxation	-	(20.63)	3.29
10.	Profit/ (Loss) after taxation	(140.14)	(63.75)	3.52
11.	Interim Dividend	-	-	70.09
12.	Proposed Dividend	-	-	-

22. Previous year's figures have been regrouped/ reclassified, wherever necessary.

Signatures to Schedules "A" to "O"

As per our report of even date

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY BHATT
Partner
Membership No. 36647

Place: Mumbai
Date: June 28, 2008

For and on behalf of the board

MOHAN A. CHANDAVARKAR
Chairman and Managing Director

ASHOK A. CHANDAVARKAR
Director

SHALINI KAMATH
Company Secretary

Place: Mumbai
Date: June 28, 2008

ANNEXURE A

Information pursuant to the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, forming part of the report of the directors for the year ended March 31, 2008.

A. CONSERVATION OF ENERGY

a. Energy conservation measures undertaken

Jogeshwari R& D Centre

- Installation of bio gas plant for canteen
- Replacement of split A.C. units of analytical research development laboratory by fan coil units of chilled water

Roha

- Installation of high efficiency in-line gear boxes with VFD's in place of belt driven gear boxes
- Replacement of DX coil of AHU's by chilled water coils

Sinnar

- Installation of high efficiency water pumps for chilled water and condensers of screw chillers

Goa

- Installation of capacitor banks at point of use
- Installation of maximum demand controller
- Installation of screw compressor for air
- Use of air blower in place of compressed air for ETP

Waluj

- Replacement of dedicated chiller plant by common chiller for chilled water supply for the mold cooling
- Installation of natural roof ventilators

b. Proposals for energy conservation

- Solar systems for hot water to AHU's
- Low capacity air compressors / chillers for plant operations on holidays / Sundays

c. Impact of the measures of (a) and (b)

The adoption of energy conservation measures of the type indicated above has resulted in significant savings.

d. Total energy consumption and energy consumption per unit of production as per Form A

Since pharmaceutical production comprises of wide variety of products, each requiring different compositions and mix, the compilation of consumption per unit of production is not feasible.

Form A

Form for disclosure of particulars with respect to conservation of energy

A. Power and fuel consumption

	2007-2008	2006-2007
1. Electricity		
a. Purchased unit (kwh)	13,176,508	12,806,030
Total amount (Rs.)	73,600,004	71,565,741
Rate/unit (Rs.)	5.59	5.59
b. Own Generation		
i. Through diesel Generator unit (kwh)	1,472,323	1,436,106
Unit per litre of diesel oil (kwh)	3.19	3.37
Cost/unit (Rs.)	10.10	9.89
ii. Through steam turbine/generator	N.A.	N.A.
2. Coal	N.A.	N.A.
3. Furnace Oil		
Qty. (kilo litre)	307	500
Total Cost (Rs.)	7,362,634	10,148,285
Rate/unit (Rs.)	23.98	20.30
4. Bagasse		
Qty. (kgs)	1,745,260	1,084,045
Total Cost (Rs.)	6,568,500	3,828,461
Rate/unit (Rs.)	3.76	3.53
5. Others/Internal Generation	N.A.	N.A.

B. TECHNOLOGY ABSORPTION

Form B

Form for disclosure of particulars with respect to absorption

RESEARCH & DEVELOPMENT (R&D)

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

- Launching new products in various therapeutic segment as mentioned earlier in the director's report
- Cost reduction of products by use of economical processes and excipients
- Process and quality improvement of existing formulations
- Development of generic APIs and their intermediates
- Synthesis of new chemical entities and lead compounds including an attempt to make single enantiomeric drugs, mainly anti -fungals
- Development of biotherapeutics such as colony stimulating factor

- Biotransformation studies for anti-diabetic molecule
- Ocular cytotoxicity studies by invitro assay to evaluate the effect of our ophthalmic products on corneal cell lines

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

- Penetration of products into regulated markets
- Reduction in time cycles of conversion and raw material consumption
- Improvement in quality and yield
- Evolution of eco-friendly, environmental friendly, cost-effective and safe processes
- Development/improvements of products and processes with patent potential
- Development of cost effective therapeutic molecules
- Development of improved in-house assay for formulated ophthalmic products

3. Future plan of action

- To make more robust technology transfers
- Registering ophthalmic and solid oral dosage forms with USFDA/EU
- To develop modified release dosage forms
- Designing economically viable sequences to manufacture APIs with local and export potential
- Development of APIs based on patent expiry
- To file process and product patent (s)
- Commercial production using optimised and standardised process parameters, after submission of 5 consistency trial batches data to DBT
- Conducting of shake flask studies for carrying out biotransformation to generate an intermediate required for production of anti-diabetic drug

4. Expenditure on R&D

	2007-2008 Rupees in lacs	2006-2007 Rupees in lacs
a. Capital	276.90	*46.78
b. Recurring	899.49	582.57
c. Total	1,176.39	629.35
d. Total R&D expenditure as a percentage of total turnover	2.24%	1.34%

*Including W.I.P.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation and innovation

- Sustained release technology
- Innovation in Flurbiprofen manufacturing process and technology transfer to be executed
- Successful technology transfer for Fluconazole, Pregabalin, Duloxetine Hydrochloride & Rupatadine Fumarate

2. Benefits derived as a result of the above efforts

- Product development and cost competitiveness
- Introduction of new products
- Substitution of imported raw materials
- Management of SHE (Safety, Health and Environment) parameters as per stringent safety standards

3. Information regarding imported technology (imported during the last 5 years reckoned from the beginning of the financial year)

a. **Technology Imported:** Know how for the manufacture of a recombinant therapeutic protein, including genetically engineered clone.

b. **Year of import**: 2003-2004

c. **Has the technology been fully absorbed**: Yes

d. **If not fully absorbed, area where this has not taken place, reasons therefore and future plans of action**: Technology has been standardised on laboratory scale for one rDNA product as of date. All the preparations for initiating the 5 consistency batch trial have been completed and work is actively in progress for commencing these batches, the data of which have to be submitted to Review Committee on Genetic Manipulation (RCGM) to get permission to conduct animal toxicity studies.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services, and export plans

FDC's foreign exchange earnings, stood at Rs. 4,080.75 lacs, for the year 2007-2008 against Rs. 4,091.32 lacs in 2006-2007. This was due to the severe depreciation of the US dollar vs. the strengthening Indian rupee. Moreover there was steep rise in prices of key ingredients, packaging components and increase in freight and local transport costs. The Company is continuously exploring possibilities of exporting more of its products to different markets.

2. Total foreign exchange earnings and outgo

	2007-2008 Rupees in lacs	2006-2007 Rupees in lacs
i. Earnings	4,080.75	4,091.32
ii.Outgo	3,308.90	4,123.37

Previous year's figures have been regrouped/reclassified, wherever necessary.

For and on behalf of the board

Place : Mumbai
Date : June 28, 2008

MOHAN A. CHANDAVARKAR
Chairman and Managing Director