

JAGSONPAL
27th ANNUAL REPORT
2005-06



JAGSONPAL PHARMACEUTICALS LIMITED

BOARD OF DIRECTORS

J.S. Kochhar – Chairman
A.C. Chakrabortti
S. Mukhopadhyay
Dr. S.K. Goyal
R.P.S. Kochhar – Managing Director

GENERAL MANAGER

S.K. Dudeja

BANKERS

Punjab & Sind Bank
Central Bank of India

AUDITORS

P.P. Thukral & Co.
Chartered Accountants

REGISTERED OFFICE

T-210 J, Shahpur Jat,
New Delhi-110049

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Notice

NOTICE is hereby given that the 27th Annual General Meeting of the members of JAGSONPAL PHARMACEUTICALS LIMITED will be held on Saturday, the 30th day of September, 2006 at 10.00 A.M. at Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi - 110003 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date along with the reports of Auditors' and Directors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. A.C.Chakrabortti who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

Special Business:

To consider and if thought fit to pass the following resolution with or without modifications as Ordinary Resolution:

5. RESOLVED that Dr. S.K.Goyal be and is hereby appointed a Director of the Company whose period of office is liable to determination by retirement of directors by rotation.

To consider and if thought fit to pass the following resolutions with or without modifications as Special Resolution:

6. RESOLVED THAT the company hereby accords its approval and consent under sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 and all other applicable statutory provisions, if any to the appointment of Mr. Jagmohan Singh Kochhar as Chairman of the Company and Board of Directors and to his receiving remuneration, benefits and amenities for a period of 5 years with effect from 1st April, 2007 upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Jagmohan Singh Kochhar, a draft whereof is placed before the meeting and for the purposes of identification is subscribed by one of the directors hereof, which agreement is hereby specifically sanctioned with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or

agreement as may be agreed to between the Board of Directors and Mr. Jagmohan Singh Kochhar, provided however, that the remuneration payable to Mr. Jagmohan Singh Kochhar, shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time.

The Draft agreement to be entered into between the Company and Mr. Jagmohan Singh Kochhar and the remuneration to be paid, is placed for the approval of the Members.

- A. The total remuneration payable to the Chairman shall be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956.
- B.
 - i. For the Company's financial year 2007-08 and thereafter, the remuneration payable by way of salary shall be Rs.1,50,000/- per month and shall be subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act 1956.
 - ii. House rent allowance in addition to the above remuneration would be 60% of the Salary.
 - iii. Perquisites in addition to the above remuneration would comprise of Leave travel concession, Club fees, medical reimbursement, personal accident insurance, such perquisites being restricted to Rs.6,00,000/- per annum, subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable. Provision of car for official duties and telephone at residence (including payment of long distance official calls) shall not be included for calculating the above ceiling.
 - iv. In addition, Mr. Jagmohan Singh Kochhar shall be entitled to the Company's contribution to Provident Fund and Superannuation Fund and Gratuity payment in accordance with the rules of the Company. However, these payments shall not be included in the computation of limits of perquisites.

- v. Commission in addition to the above may be allowed subject to a maximum of 4% per annum subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956.

7. RESOLVED THAT the company hereby accords its approval and consent under sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 and all other applicable statutory provisions, if any to the appointment of Mr. Rajpal Singh Kochhar as Managing Director of the Company and Board of Directors and to his receiving remuneration, benefits and amenities for a period of 5 years with effect from 1st April, 2007 upon the terms and conditions and stipulations contained in an agreement to be entered into between the Company and Mr. Rajpal Singh Kochhar, a draft whereof is placed before the meeting and for the purposes of identification is subscribed by one of the directors hereof, which agreement is hereby specifically sanctioned with the liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement as may be agreed to between the Board of Directors and Mr. Rajpal Singh Kochhar, provided however, that the remuneration payable to Mr. Rajpal Singh Kochhar, shall not exceed the maximum limits for payment of managerial remuneration in accordance with the laws, policies, rules, regulations or guidelines in force from time to time.

The Draft agreement to be entered into between the Company and Mr. Rajpal Singh Kochhar and the remuneration to be paid, is placed for the approval of the Members.

- A. The total remuneration payable to the Managing Director shall be subject to the overall ceilings laid down in Sections 198 and 309 of the Companies Act, 1956.
- B.
 - i. For the Company's financial year 2007-08 and thereafter, the remuneration payable by way of salary shall be Rs.1,50,000/- per month and shall be subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act 1956.
 - ii. House rent allowance in addition to the above

remuneration would be 60% of the Salary.

- iii. Perquisites in addition to the above remuneration would comprise of Leave travel concession, Club fees, medical reimbursement, personal accident insurance, such perquisites being restricted to Rs.6,00,000/- per annum, subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956. For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules wherever applicable. Provision of car for official duties and telephone at residence (including payment of long distance official calls) shall not be included for calculating the above ceiling.
- iv. In addition, Mr. Rajpal Singh Kochhar shall be entitled to the Company's contribution to Provident Fund and Superannuation Fund and Gratuity payment in accordance with the rules of the Company. However, these payments shall not be included in the computation of limits of perquisites.
- v. Commission in addition to the above may be allowed subject to a maximum of 4% per annum subject to the overall limits laid down in Sections 198 and 309 of the Companies Act, 1956, read with Schedule XIII of the Companies Act, 1956.

8. RESOLVED that subject to approval of the Central Government under section 314 and other provisions of the Companies Act, 1956, if any, Mr. Prithpal Singh Kochhar, son of Mr. Rajpal Singh Kochhar, Managing Director of the Company, be and is hereby appointed to hold an office of profit under the Company as Vice President–International Business for a period of 5 years with effect from 1st October, 2006 as per the terms and conditions mentioned herein.
- i) Basic Salary - Rs. 80,000/- p.m.
 - ii) House Rent Allowance - 60% of the Basic salary.
 - iii) Contribution to provident and superannuation funds as per the rules of the company
 - iv) Group Personal Accident Insurance as per the rules of the company.
 - v) Leave travel concession as per rules of the Company.

- vi) Medical Reimbursement as per rules of the Company.
- vii) Company car for official use.
- viii) Telephone at residence (including payment of long distance official calls).
- ix) Leave entitlement as per rules of the Company.
- x) The tenure will be subject to termination by three months notice in writing on either side.

By Order of the Board

Place : New Delhi

Dated : 31.07.2006

S.K. Mata

Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT TIME OF THE MEETING.
2. The explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of this notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 28th September, 2006 to 30th September, 2006 (both days inclusive).
4. The dividend, if declared at the meeting, will be payable on or after October 7, 2006.
5. In order to ensure safety against fraudulent encashment of dividend warrants, Members holding shares in physical form are requested to furnish to the Company bank account details which will be printed on the dividend warrants. In case you wish to receive dividend through Electronic Clearing Service (ECS), please provide your bank account details along with a photocopy of the cancelled cheque slip bearing the 9 digit MICR code number of the bank where the account is held so that the dividend can be remitted to the credit of your bank account through ECS facility, provided such facility is available in your locality.

Members holding shares in demat form are advised to inform their bank account details/confirm correctness of such details with their respective Depository Participants (DPs). In case 9 digit MICR code is also available with the bank account details, the same will be used for payment of dividend through ECS provided such facility is available in your locality.

6. Members who have not encashed or claimed their dividend for the financial year ended March 31, 1999, and/or subsequent financial years are requested to forward their claim to the Company for encashment of unclaimed dividend.

Members are requested to note that dividends not encashed or claimed within 7 years from the date of transfer to the Company's unpaid dividend account will as per section 205 A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund, established under section 205 C of the Companies Act, 1956.

Please note that the dividend for the year ended March 31, 1999 will be transferred to the Investors Education and Protection Fund in November 2006, hence Members are requested to claim the said dividend immediately.

7. Members are requested to notify immediately any change of address, quoting their folio number.
8. Members attending the meeting are requested to complete the enclosed Attendance slip and deliver the same at the entrance of the meeting place.
9. It will be appreciated that queries, if any, on Accounts and Operations of the Company are sent to the Company ten days in advance of the meeting so that the answer may be made readily available.
10. Members are requested to bring their copy of the Annual Report at the meeting.
11. Profile of Mr. A.C. Chakrabortti, the director retiring by rotation.

Mr. A.C. Chakrabortti is a Fellow member of the Institute of Chartered Accountants of India and F.C.A (Engl. & Wales). He is the past president of the Institute of Chartered Accountants of India.

He is on the Board of directors of the Company since 1986. He does not hold any share in the Company. Mr. Chakrabortti is a director and committee member in the following companies :

Company	Designation
La Opala Glass Limited	Chairman
Peerless Hospitex Hospital & Reserch Centre Limited	Chairman
Grindwell Norton Limited	Vice Chairman
GIS Limited	Director
Binani Industries Limited	Director
RasoI Industries Limited	Director
Texmaco Limited	Director
Peerless General Finance & Investment Company Limited	Director
Calcutta Metropolitan Group Limited	Director
Chandras' Chemicals Limited	Director
Denso India Limited	Director
Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd.	Director

Company	Audit Committee
Peerless General Finance & Investment Company Limited	Chairman
Grindwell Norton Limited	Chairman
Denso India Limited	Chairman
Texmaco Limited	Chairman
Binani Industries Limited	Member

None of the Director except Mr. A.C.Chakrabortti is interested in the resolution.

Explanatory Statement

Pursuant to section 173(2) of the Companies Act, 1956.

Item No. 5

Dr. S.K. Goyal, a Professor joined the Board as Additional Director on 30.12.2005. He vacates the office on the meeting and being eligible offers himself for re-appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Dr. Goyal.

Dr. S.K.Goyal is an Economist of international repute. He is a Ph.D from the Delhi School of Economics and M.A. from Punjab University. He is Vice-Chairman & Professor Emeritus of the Institute for Studies in Industrial Development, New Delhi. He has held various senior positions including Hon. Chairman of Research Advisory Committee, Planning Commission, Govt. of India in the rank of Cabinet Minister.

Dr. Goyal has vast experience in the area of Economics and Finance. He has contributed many research reports and articles at National and International level.

None of the Directors except Dr. S.K.Goyal is interested in

this resolution. Directors recommend passing of the ordinary resolution.

Item No. 6 & 7

The company had in its General Meeting held on 29.9.2001 fixed the salary, perquisites and managerial remuneration of Mr. Jagmohan Singh Kochhar, Chairman and Mr. Rajpal Singh Kochhar, Managing Director with effect from 1st April, 2002 for a period of 5 years. Their contracts are proposed to be renewed with effect from 1st April 2007 on the same salary, perquisites and other terms and conditions. The Directors consider that the services of Mr. Jagmohan Singh Kochhar and Mr. Rajpal Singh Kochhar are extremely useful, considering the good performance of the company since their association as the Chairman and the Managing Director and it would be in the interest of the company to re-appoint Mr. Jagmohan Singh Kochhar and the Chairman and Mr. Rajpal Singh Kochhar as the Managing Director. The Board had in its meeting held on 31.7.2006 approved the renewal of contracts.

Mr. Jagmohan Singh Kochhar and Mr. Rajpal Singh Kochhar are interested in the resolutions.

The Directors recommend the resolution for approval of the shareholders.

Item No. 8

As per Section 314 of the Companies Act, 1956, approval of General meeting by way of a special resolution and approval of Central Government is required for an appointment of the Director and/or a relative to an office or place of profit. The Board had in its meeting held on 31.07.2006 approved the appointment of Mr. Prithipal Singh Kochhar, son of Mr. Rajpal Singh Kochhar, Managing Director of the Company subject to necessary approvals. Mr. Prithipal Singh Kochhar is also related to the Chairman of the Company.

Mr. Prithipal Singh Kochhar, aged 27 years holds a dual degree in Economics and International Relations from Syracuse University, USA.

He has experience in International Business and Multilateral trade practices. Mr. Kochhar will be looking after the Exports and International business of the company. The Directors recommend the resolution for approval of the shareholders

By Order of the Board

Place : New Delhi

Dated : 31.07.2006

S.K. Mata

Company Secretary

Directors' Report

To the members of Jagsonpal Pharmaceuticals Limited

Your Directors have the pleasure in presenting their Twenty Seventh Annual Report of the Company and the Audited Accounts, for the period ended 31st March, 2006.

Financial highlights

The financial performance of the company is as under:

(Rs. in Lacs)

Particulars	Current Year	Previous Year
Sales	17213.43	14801.11
Operating Expenditure	15750.02	13513.00
Profit before interest, depreciation and tax	1463.41	1288.11
Financial Expenses	469.86	329.80
Depreciation	150.93	131.71
Profit before Tax	842.62	826.60
Provision for taxation	282.36	280.13
Deferred Tax	0.79	14.67
Fringe Benefit Tax	63.07	0.00
Profit after tax	496.40	531.80
Balance brought forward	702.37	665.95
Profit available for appropriation	1198.77	1197.75
Appropriations:		
Proposed Dividend	26.20	261.98
Additional Income tax on Dividend	3.67	33.40
Transfer to General Reserve	50.00	200.00
Income Tax for earlier years	233.86	–
Balance carried forward	885.04	702.37

Operations

During the period ended March, 2006 sales of the Company grew by 16.29% to Rs.17213.43 lakhs as compared to Rs. 14801.11 lakhs for the year ended March, 2005. The profit before tax increased marginally from Rs. 826.60 lacs to Rs. 842.62 lacs. The performance of the Company for the period under review was far below then expected.

The year 2005-06 was not a good year for the industry. However, Company has been able to achieve the above results against heavy odds, such as, sluggish market trends, lower growth rate of the industry in general and in particular adverse impact caused by the major product

line coming in the ambit of DPCO price regulation. It was sheer determination and hard labour put in by the management and staff, which saw us sail through severe competition, cut throat discounting and under cutting. Your company introduced various measures to counter these adverse factors. These measures helped to sustain the company during the year.

The Company launched/re-launched a few products and increased the area for many other products during the period and the same have been well received in the market. The benefit of the same will be seen in coming years.

The marketing strategies deployed during the year are likely to yield still better results in the future.

Dividend

Your Directors are pleased to recommend for your consideration a dividend of 2 %. This will absorb a sum of Rs. 26,19,800/- (Sum for previous period Rs. 2,61,98,000/- exclusive of Corporate tax thereon).

Delisting of Shares

During the year under review the Equity shares of company were delisted from the Delhi Stock Exchange Association Limited (DSE) and Ludhiana Stock Exchange Association Limited (LSE).

The Equity Shares continue to be listed and regularly traded at the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE).

Employees

The Company continued to maintain cordial relations with its employees at all levels. No man-days were lost during the period due to industrial strife. The information as required under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is enclosed in Annexure 'B' and forms part of this Report.

Directors

Mr. A.C. Chakrabortti, Director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

We are pleased to inform that Dr. S.K. Goyal having vast experience in the field of finance and economics, has kindly joined the Board of Directors of the Company

Corporate Governance

As per the listing agreement with the Stock Exchanges, your Company has complied with the regulations of Corporate Governance. A Report on Corporate Governance along with a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as also a Management Discussion & Analysis Report pursuant to Clause 49 of the Listing Agreement are annexed hereto.

Auditors

M/s. P.P. Thukral & Co., Chartered Accountants retire as auditors at the ensuing Annual General Meeting and are eligible for re-appointment as Auditors.

Energy, Technology & Foreign Exchange

As stipulated under the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the (Disclosure of Particulars in the Report of Board of Directors) rules, 1988, Annexure 'A' contains the particulars pertaining to Conservation of Energy, Technology absorption and Foreign Exchange earning and outgo.

Directors Responsibility Statement

Your Directors confirm that:

1. In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. The accounting policies are consistently applied and reasonable, prudent judgments and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the period.
3. Sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

Acknowledgment

The Board of Directors would like to record their appreciation and gratitude to all employees of the

organisation for their active co-operation and involvement. Thanks are also due, to Jagsonpal customers, dealers, suppliers and bankers.

For and on behalf of the Board of Directors

Place : New Delhi.
Dated : 14th June, 2006

J. S. Kochhar
Chairman

Annexure 'A' To The Directors' Report

Information pursuant to the Companies (Disclosure of Particulars in the Report of Directors) Rules 1988.

FORM A
(See Rule 2)

Form for Disclosure of Particulars with respect to conservation of energy.

A. Power and fuel consumption

	01.04.2005 to 31.3.2006	01.04.2004 to 31.3.2005
1. Electricity		
a) Purchased Units Kwh	12,03,838	11,29,771
Total amount Rs.	51,15,489	48,35,010
Avg. Rate/Unit Rs.	4.24	4.28
b) Own generation		
i) Through diesel Generation		
Units Kwh	7,36,124	6,49,216
Units/ litre of diesel oil Kwh	3.26	3.17
ii) Through Steam turbine generator	N.A.	N.A.
2. Coal	N.A.	N.A.
3. Furnace oil		
Quantity K.Ltr.	3,12,000	2,88,000
Total cost Rs.	83,14,991	62,30,107
Average Rate Rs. / Ltr.	26.65	21.63
4. Others/Internal generation	N.A.	N.A.

B. Consumption

It is not feasible to maintain energy consumption data by product category because of the very large number and variety of products with significantly different energy requirements.

Form B
(See Rule 2)

Form for Disclosure of Particulars with respect to Technology Absorption.

Research and Development (R & D)

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

The R & D Centre carries out Research and Development in the area of Bulk Drugs, Drugs Intermediaries and Pharmaceuticals.

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

During the current year the following projects were successfully accomplished by the R&D team. These projects are expected to contribute significantly towards the profitability of the company.

<i>Product</i>	<i>Application</i>
CycloReg	Regulates menstrual cycle ... improves quality of life.
LycRed Syrup	Keeps stress away... the natural way.

The R&D activities of the Company have resulted in manufacturing process upgradation, improving packagings and cost containment.

3. Future Plan of Action

R & D efforts will be continued in the areas of Bulk drugs and Drug formulations. These will be geared towards development of new product technologies which can be commercialised in future.

4. Expenditure on R & D

	(Rs. in lacs)	
	Mar. 2006	Mar. 2005
a) Capital Expenditure	18.90	14.74
b) Revenue Expenditure	72.54	67.43
TOTAL	91.44	82.17
c) Total R & D expenditure as a percentage of total turn-over.	0.53%	0.56%

5. Foreign Exchange Earnings

	Mar. 2006	Mar. 2005
	432.36	357.64

For and on behalf of the Board of Directors

Place : New Delhi.
Dated : 14th June, 2006

J. S. Kochhar
Chairman

Annexure 'B' To the Directors' Report

Statement under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies' (Particulars of Employee's) Rules, 1975 as amended upto Date :

S.N.	Name & Age of the Employee	Designation	Qualification & Experience	Gross Remuneration Rs.	Net Remuneration Rs.
1.	Mr. Jagmohan Singh Kochhar (76 years)	Chairman	Experience in Senior Management (56 years)	47,01,000	34,37,000
2.	Mr. Rajpal Singh Kochhar (51 years)	Managing Director	M.Sc.(Pharmacy) USA (26 years)	47,01,000	34,37,000

- Gross Remuneration includes : Salary, Bonus, Commission, Allowances and perquisites as per the Rules of the Company.
- Net Remuneration excludes : Contribution towards Recognised Provident Fund, Income Tax deducted at source-value of taxable perquisites
- Mr. Jagmohan Singh Kochhar is the father of Mr. Rajpal Singh Kochhar.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : 14th June, 2006

J. S. Kochhar
Chairman

Annexure to the Directors' Report

Corporate Governance Report

The Securities and Exchange Board of India has stipulated Corporate Governance standards for listed companies through Clause 49 of the listing agreement of the stock exchanges. Your company has put in place systems and procedures and is fully compliant with the standards.

1. Company's Philosophy on code of Governance:

The Company's philosophy on Corporate Governance is to conduct its business affairs in a professional and transparent manner while adhering to high ethical values and morals and always striving for optimizing Shareholder' value. The Company considers good corporate governance to be a pre-requisite for meeting the objective of maximizing shareholders wealth in a sustained manner.

2. Board of Directors

- a) The Board comprises of Executive and Non-executive Directors. The present strength of the Board of Directors is five Directors. The Chairman and the Managing Director are two whole time directors, the remaining three being non-executive Directors, who are independent Directors and are professionals and have expertise in their fields.
- b) The attendance at Board Meetings and last Annual General Meeting of each of the Directors during the financial year of the Company was as under:

Name of Director	Category	Attendance at		Membership of other Board (excluding Alternate Directorship & Directorship in Pvt. Companies)	No. of Committees in which member (excluding Pvt. Companies)
		Board Meetings	Last AGM		
Mr. Jagmohan Singh Kochhar	Chairman	5	Yes	2	1
Mr. Rajpal Singh Kochhar	Managing Director	5	Yes	1	–
Mr. A. C. Chakrabortti	Non-Executive	5	No	12	5
Mr. S. Mukhopadhyay	Non-Executive	5	Yes	2	3
Dr. S.K. Goyal	Non-Executive	1	NA	–	2

- c) During the year five board meetings were held on following dates:

April 30, 2005	July 30, 2005	August 23, 2005
October 26, 2005	January 28, 2006	

- d) Information placed before the Board of Directors
The following information is regularly placed before the Board of Directors
 - Annual budgets/plans.
 - Capital budgets.
 - Quarterly results.
 - Minutes of the Committees.
 - Information on recruitment etc of Senior officer just below the Board level.
 - Material communications from Government bodies.
 - Fatal or serious accidents, dangerous occurrences and pollution problems, if any.
 - Material financial obligations.
 - Significant labor problems, if any.
 - Sale of assets, investments etc. which is not in the normal course of business.
 - Material transactions.
 - Compliance with statutory requirements.

Besides above all major decisions are considered by the Board.

3. Audit Committee

The terms of reference and the role of the Audit Committee include inter-alia reviewing with management the quarterly and annual financial statements, adequacy of internal control systems and frequency and scope of internal audit, overseeing of company's financial reporting process, discussions with internal and external auditors of the company on the audit undertaken, recommending the audit fee, reviewing the internal audit undertaken and its findings, to review the functions of the whistle blower mechanism.

The Audit Committee was formed in January 2002. During the year it had three Non-executive Independent Directors as members - Mr. A.C.Chakrabortti, Dr. S.K.Goyal and Mr. S. Mukhopadhyay. The Chairman of the Committee is Mr. S. Mukhopadhyay. At present it has two members as Mr. A.C.Chakrabortti ceased to be a member of the Committee w.e.f. 29th January, 2006. The Company Secretary Mr. S.K.Mata, acts as the Secretary of the Committee. The Internal Auditor and/or Statutory Auditors are invitees to the meeting. The quorum for the Committee meeting is two Directors.

The Committee has met thrice during the financial year in April, July and January months of 2005-06

4. Remuneration Committee and remuneration of Directors

The Company has not constituted a Remuneration Committee. However the managerial remuneration including perquisites thereof payable to Directors are determined by the shareholders. The remuneration of the directors during the period 1st April, 2005 to 31st March, 2006 as approved by the Board is given below:

a) Executive Directors:

Name	Remuneration
Jagmohan Singh Kochhar	Rs. 47.01 lacs
Rajpal Singh Kochhar	Rs. 47.01 lacs

The above remuneration includes Salary, Bonus, Commission, Allowances and perquisites as per the rules of the Company.

b) Non-Executive Directors:

The Non-Executive Directors were paid remuneration by way of Sitting Fees for attending board and committee meetings plus reimbursement of related actual travel and out of pocket expenses. They are entitled up to 1% commission as and when approved by the Board of Directors. During the year remuneration paid to non-executive directors was as follows:

Director	Sitting Fee	Commission
Mr. A.C.Chakrabortti	Rs. 42500	Rs. 1,20,000
Mr. S. Mukhopadhyay	Rs. 42500	Rs. 1,20,000
Dr. S.K.Goyal	Rs. 5000	Rs. 1,20,000

5. Shareholders'/Investors' Grievances Committee

In order to give the appropriate level of focus to the shareholder and investor related matters this Committee was constituted in January, 2002. At present Mr. S. Mukhopadhyay and Mr. Jagmohan Singh Kochhar are its members. Mr. S. Mukhopadhyay is chairman of the Committee. Mr. S.K.Mata, Company Secretary, is the Compliance Officer of the Company.

The complaints/queries/requests received from the shareholders have been duly attended to and resolved by furnishing requisite information/documents by the Company. A summary of complaints received and resolved by the Company during the financial year is given below:

	Received	Cleared
Non –Receipt of Share Certificates duly transferred	Nil	N.A
Non – Receipt of Dividend warrants	108	108
Miscellaneous queries/requests	131	131
Letter from Stock Exchanges, SEBI and Department of Company Affairs	1	1

Share Transfer Committee

To expedite the transfer of shares and other related matters the power of share transfer and other matters (transmission and issue of duplicate shares etc.) has been delegated to the Share Transfer Committee comprising of Chairman and top officials of the Company. The committee meet at least once in a fortnight. No investors' complaint was pending for a period exceeding one month except cases which are sub judice.

6. General Body Meetings

Details of the last three years' General Meetings is given below:

Year ended	Date & Time	Place	Resolutions Passed
31.03.2005	30.09.2005 10.00 am	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi 110003	Ordinary - 4 Special - 1
31.03.2004	01.09.2004 03.00 pm	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi 110003	Ordinary - 4 Special - 1
EGM	16.06.2004 10.00 am	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi 110003	Ordinary - 2 Special - 2
31.12.2002	06.06.2003 10.00 am	Vanita Samaj, 13, Institutional Area, Lodi Road, New Delhi 110003	Ordinary - 4

All the resolutions set out in the notices were passed by the members. No resolutions were put through Postal ballot last year. Presently the Company does not have any proposal for Postal Ballot.

7. Disclosures

There were no transactions of material nature with the Directors or the Management or relatives of the Directors during the financial year which could have potential conflict with the interests of the Company at large.

The company has complied fully with the requirements of the regulatory authorities on capital market. There have been no instances of non-compliance by the company on any matter related to the capital markets nor has any penalty or stricture been imposed on the company by the stock exchanges and SEBI.

The company has generally followed the accounting standards, laid down by the Institute of Chartered Accountants of India.

The Audit Committee regularly reviews the risk management strategy of the company to ensure the effectiveness of risk management policies and procedures.

The Chief Executive Officer and Managing Director and the Chief Financial Officer and General Manager of the company have furnished the requisite certificate to the board of directors under Clause 49 of the Listing Agreement

8. Means of communications

The quarterly results are published in one English daily newspaper (The Pioneer) and one Hindi newspaper (Veer Arjun) published from Delhi. The half yearly report was not sent to the shareholders. The quarterly results are available on the SEBI internet site www.sebiedifar.nic.in

During the financial year the Company has not made any presentations to the institutional investors or analysts. The Management Discussion and Analysis Report forms a part of this Annual Report.

9. General Shareholder Information

- Annual General Meeting : Saturday, 30th September, 2006
Vanita Samaj, 13, Institutional Area, Lodi Road,
New Delhi - 110003
- Dates of Book Closure : September 28 to September 30, 2006 (both days inclusive)
- Dividend Payment Date : Within Stipulated Time, if declared.

□ Distribution of shareholding as on 31.03.2006

Range (Shares)	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shareholding
1 – 500	6892	66.48	1407794	5.38
501 – 1000	2438	23.52	1980568	7.56
1001 – 10000	978	9.43	2553776	9.75
10001 – 20000	31	0.30	422916	1.61
20001 & above	28	0.27	19832946	75.70

□ Dematerialisation of Securities

Shares of the Company are actively traded on the Stock Exchange, Mumbai and the National Stock Exchange of India Limited. Approximately 92.65% of the Company's total shares have been dematerialized.

□ Plant Location

20 K.M. Mathura Road, Post Office Amar Nagar, Faridabad - 121003

10. Reappointment/appointment of Directors

Name of Director : Mr. A.C.Chakrabortti
 Date of Birth : 02.10.1930
 Date of Joining the Board : 27.04.1986
 Expertise : Mr. A.C.Chakrabortti who retires by rotation at this Annual General Meeting is a Fellow member of the Institute of Chartered Accountants of India and an F.C.A (Engl. & Wales). He was senior partner with M/s. S.R.Batliboi & Co., Chartered Accountants. He is the past president of the Institute of Chartered Accountants of India. He has vast experience in the area of Finance, Corporate Laws and Tax.

List of outside Directorships held : La Opala Glass Limited
 Peerless Hospitex Hospital & Reserch Centre Limited
 Grindwell Norton Limited
 GIS Limited
 Binani Industries Limited
 Rasoi Industries Limited
 Texmaco Limited
 Peerless General Finance & Investment Company Limited
 Calcutta Metropolitan Group Limited
 Chandras' Chemicals Limited
 Denso India Limited
 Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd.

Name of Director : Dr. S.K.Goyal
 Date of Birth : 13.10.1933
 Date of Joining the Board : 30.12.2005
 Expertise : Dr. S.K.Goyal is an Economist of international repute. He is a Ph.D from the Delhi School of Economics and M.A. from Punjab University. He holds the position of Vice-Chairman & Professor Emeritus of the Institute for Studies in Industrial Development, New Delhi. He has held various senior positions including Hon. Chairman of Research Advisory Committee, Planning Commission, Govt. of India in the rank of Cabinet Minister.

Dr. Goyal has vast experience in the area of Economics and Finance. He has contributed many research reports and articles at National and International level.

List of outside Directorships held : None

Auditors' Report on Corporate Governance

To the members of Jagsonpal Pharmaceuticals Limited

We have examined the compliance of conditions of Corporate Governance by Jagsonpal Pharmaceuticals Limited for the period ended on 31st March, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an Audit nor an expression of opinion on the financial statement of the Company.

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company and presented to the Investors' Grievances Committee.

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

For P.P.Thukral & Company
Chartered Accountants

Place : New Delhi
Date : 14th June, 2006

Suresh Sethi
Partner

Management Discussion and Analysis Report

Industry Structure and developments

Pointers for the year ended March 2006 are indicative of the temporary setback to the pharma industry, with annual growth rates declining to below double-digit figures for the last 5 years. The low growth trends are likely to continue for another two years, resulting from the pharma industry aligning itself with the overall growth of the economy.

Despite the gloomy scenario, it is now apparent that the pharma industry gearing up for the revolutionary changes, with rapidly increasing investments by Indian companies on R&D and new product launches.

Indian pharma companies are now actively pursuing international business, especially in Europe, South & Central America and Africa. Like with the IT sector, India is emerging as a hub for new segments like Clinical Research Outsourcing & Biotechnology, with major investments being committed.

The coming years will witness the entry of more and more MNCs, newer therapeutic segments and approaches.

Opportunities and Threats

Jagsonpal has reworked its medium-term plans in light of the emerging fact that new product introductions will be the chief drivers of the growth for companies as well as the industry.

As many as 5 products introduced in the pharma industry in the year 2004 crossed the threshold of Rs.100 million (Year I business), compared to only 2 (2003). Existing products are largely neutralizing this upward swing, with heavy decline rates; even products introduced just before 2000 are steeply declining.

An interesting shift is in line with the trends in developed economies, with chronic disease therapy accounting for a huge 24% of the total market. With lifestyle disorders like diabetes, asthma, cardiovascular disorders, arthritis etc. getting the limelight, both because of increased awareness as well as more frequent diagnosis, these therapeutic segments are likely to be the mainstay for the next decade.

Presently, of course, anti-infective products remain the leaders amongst the 'most-prescribed' in acute illness. It is expected that with a stringent implementation of revised GMP norms, more and more smaller outfits will no longer find it viable to invest more and are more than likely to close down.

This will also steer India in the direction of developed economies, leaving a much lesser number of manufacturers to compete in the market.

In the offering are clearly defined Strategic Business Units, catering to specific therapeutic application areas.

Product-wise performance

LycoRed retains the coveted # 1 ranking in the antioxidant market. This is despite the fact that over three dozen ‘me-too’ equivalents have attempted to emulate the success of Jagsonpal. Most major brands of Jagsonpal hold leadership positions in their respective therapeutic segments, holding high against brands from MNCs and Indian companies.

Two new products have been launched in the last quarter of this fiscal:

CycloReg: A female hormone used essentially for regulating cycles, in addition to the treatment of specific gynecological disorders. Initial figures indicate that CycloReg will be a major contributor to the total business of Jagsonpal in 2007-08.

LycoRed syrup: Encouraged by the success of LycoRed softgels, Jagsonpal has developed, for the first time in the country, an antioxidant in the syrup form. The product is particularly targeted to combat stress, a very common manifestation of urban living. Uncontrolled stress is scientifically documented to trigger a wide range of disease manifestations, with long-term ramifications.

Executives under stress, overworked housewives, stressed young mothers and elderly persons will particularly benefit from regular use of LycoRed Syrup.

Outlook

The focus for 2006-07 will be to cater to the specific needs of the doctors from various specialties. The company will be introducing a large number of new products, which will serve as catalysts for growth in business volumes.

Despite a mediocre performance in this fiscal, the future outlook of the company appears to be very promising, in light of the re-alignment of the business plans. The re-alignment of the product portfolio is expected to address the specific needs of the doctors from various specialities, leading to focused and result-oriented market operations.

Internal Control systems and their adequacy

JPL has adequate internal control systems and processes to safeguard its assets and all the transactions are recorded and reported as per the generally accepted or prescribed norms. The internal control systems are well documented and rigidly implemented. There are clearly defined systems and authority and responsibilities in place which ensure accuracy and reliability of all financial and other data for effective and efficient management. The systems and processes are reviewed periodically and

upgraded under the guidance of Audit committee and external auditors/agencies.

Financial performance with respect to operational performance

Loans

During the period the Loans increased by Rs.499 lacs.

Results from operations

Particulars	(Rs. in Lacs)	
	01.04.2005 to 31.03.2006	01.04.2004 to 31.03.2005
Sales	17213.43	14801.11
Operational expenditure	15750.02	13513.00
PBIDT	1463.41	1288.11
Interest	469.86	329.80
Depreciation	150.93	131.71
PBT	842.62	826.60

Interest

The interest cost increased by Rs.140.06 lacs during the year.

Net Profit

During the current year for the various reasons stated elsewhere the Company could achieve lower net profit.

Receivables

The receivables increased during the year under review.

Human Resources and Industrial relations

The human resource of JPL is one of its biggest assets. In order to achieve overall development of its people and to ensure greater accountability and responsibility continuous training with respect to work and other areas is imparted. The opportunities are created to encourage employees to develop multi functional skills and gear so as to meet the challenging assignments in the company. The industrial relations continue to be very cordial.

Cautionary Statement

The report is based on certain estimates, assumptions and expectations, which may or may not be accurate or realised. The risks factors stated in the report are not exhaustive. So the actual results could materially differ from those expressed or implied. Important factors such as economic conditions, government policies, subsequent developments and other incidental factors etc could make material difference to company’s operations.

Auditors' Report

To the members of Jagsonpal Pharmaceuticals Limited

1. We have audited the attached balance sheet of Jagsonpal Pharmaceuticals Limited as at March 31, 2006 and also the Profit and Loss account and the Cash Flow Statement for the year ended on that date both 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 carried out our examinations 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 misstatements. An audit also 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 the 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 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, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit and Loss Account and cash flow statement are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards under sub section (3C) of Section 211 of the Companies Act, 1956;
 - e) None of the Directors is disqualified as on March 31, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the 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:

- i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
- ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date, and
- iii) in the case of Cash flow statement, of the cash flows for the year ended on that date.

For P. P. Thukral & Co.
Chartered Accountants

Place : New Delhi
Dated : 14th June, 2006

Suresh Sethi
Partner

Annexure to the Auditors' Report

(Referred to in Paragraph (1) of our report of even date)

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, physical verification of a major portion of fixed assets as at March 31, 2006 was conducted by the Management during the year. In our opinion, the frequency of physical verification is reasonable. Having regard to the size of the operations of the company and on the basis of explanations received, in our opinion, the net differences found on physical verification were not significant.
2. a) The inventory of the Company has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were found reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) On the basis of our examination of records of inventory, in our opinion, the company has maintained proper records of inventory and the discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the company.
3. In our opinion, the company has neither granted nor taken any loans, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted/taken any loans, secured or unsecured, to /from parties listed

in the registers maintained under Section 301 of the Companies Act, 1956 clauses iii(b), iii(c) and iii(d) of paragraph 4 of the order are not applicable.

4. In our opinion and according to the explanations given to us, having regard to the explanations that some of the items are of a special nature for which alternative quotations are not available, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5.
 - a) In our opinion and according to information and explanations given to us, the transactions that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, there are no such transactions exceeding Rs. Five lakhs each which have been made at prices, which are not reasonable having regard to the prevailing market prices, for such goods, materials or services at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under, where applicable, with regard to deposits accepted from the public. As per the information and explanations given to us no order under the aforesaid sections has been passed by the Company Law Board on the company.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209(1)(d) of the companies Act, 1956. We have not, however made a detailed examination of the records with a view to determine whether they are accurate or complete.
9.
 - a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the undisputed statutory dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, custom duty, excise duty, cess and other as applicable have

been regularly deposited by the company during the year with the appropriate authorities.

- b) As at 31st March, 2006 according to the records of the Company, there are no dues of wealth tax, service tax and cess which have not been deposited on account of any dispute.
10. The company has neither accumulated losses as at 31st March, 2006 nor it has incurred any cash losses during the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by management, we are of the opinion that the company has not defaulted in repayment of its dues to any financial institution, bank or to debenture holders, if any during the year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute as specified under clause (xiii) of paragraph 4 of the order are not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in securities.
15. The company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions, whereof, in our opinion are prima facie, prejudicial to the interest of the Company.
16. The company has not obtained any term loans that were not applied for the purpose for which these were raised.
17. Based on the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
19. The Company has not raised any money by public issue during the year.
20. According to the information and explanations given to us, during the year, no fraud by the company has been noticed or reported.

For P. P. Thukral & Co.
Chartered Accountants

Place : New Delhi
Dated : 14th June, 2006

Suresh Sethi
Partner

Balance Sheet			
As on 31.03.2006			
PARTICULARS	SCHEDULE NO.	AS ON 31.03.2006 Rs.	AS ON 31.03.2005 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Capital	'1'	13,09,90,000	13,09,90,000
Reserves & Surplus	'2'	57,13,63,830	55,04,35,118
		70,23,53,830	68,14,25,118
Loan Funds			
Secured loans	'3'	34,92,79,129	29,93,84,038
Unsecured Loans	'4'	7,14,50,909	6,61,26,030
Deferred Tax liability (Net)		2,58,06,422	2,57,27,566
TOTAL		1,14,88,90,290	1,07,26,62,752
APPLICATION OF FUNDS			
Fixed Assets			
Net Block	'5'	32,00,77,655	31,54,82,287
Capital Work In Progress		4,68,59,657	0
Investments	'6'	5,031	5,031
Current Assets, Loans and Advances			
Inventories		54,46,34,286	67,31,53,991
Sundry Debtors		36,52,14,238	20,38,35,931
Cash & Bank Balances		3,88,80,147	2,44,55,926
Loans and advances		9,98,63,299	13,19,33,050
		1,04,85,91,970	1,03,33,78,898
LESS:			
Current Liabilities & Provisions	'8'	26,66,44,023	27,62,03,464
Net Current Assets		78,19,47,947	75,71,75,434
TOTAL		1,14,88,90,290	1,07,26,62,752
NOTES TO ACCOUNTS	'13'		
As per our report of even date			
For P.P. Thukral & Co.	J.S. Kochhar	S. Mukhopadhyay	
<i>Chartered Accountants</i>	<i>Chairman</i>	<i>Director</i>	
Suresh Sethi	R. P. S. Kochhar	Dr. S.K. Goyal	
<i>Partner</i>	<i>Managing Director</i>	<i>Director</i>	
Place : New Delhi	Sanjiv Kumar Dudeja	S.K. Mata	
Dated : 14.06.2006	<i>General Manager</i>	<i>Company Secretary</i>	

Profit and Loss Account for the year ending 31.03.2006			
PARTICULARS	SCHEDULE NO.	01.04.05 to 31.03.2006 Rs.	01.04.04 to 31.03.2005 Rs.
INCOME			
Sales		1,72,13,43,044	1,48,01,10,878
Less:Excise Duty		16,33,94,747	15,10,26,347
Net Sales		1,55,79,48,297	1,32,90,84,531
Other Income	'9'	48,82,128	25,86,176
Increase (decrease) in finished goods stock & work in progress		(9,61,11,316)	10,69,97,141
TOTAL		1,46,67,19,109	1,43,86,67,848
EXPENDITURE			
Cost of Materials	'10'	82,23,82,378	79,89,67,761
Other Expenditure	'11'	49,79,95,771	51,08,89,335
TOTAL		1,32,03,78,149	1,30,98,57,096
Profit before interest, Depreciation and Tax		14,63,40,960	12,88,10,752
Financial Expenses	'12'	4,69,86,516	3,29,80,011
Depreciation		1,50,92,879	1,31,70,597
Profit before Tax		8,42,61,565	8,26,60,144
Provision For Tax		2,82,36,183	2,80,13,664
Deferred Tax		78,857	14,66,674
Fringe Benefit Tax		63,06,743	–
Net profit after tax Carried Down		4,96,39,782	5,31,79,806
Balance brought forward from 31.03.05		7,02,37,430	6,65,95,869
Balance Available for Appropriation		11,98,77,212	11,97,75,675
Appropriation :			
Proposed Dividend		26,19,800	2,61,98,000
General Reserve		50,00,000	2,00,00,000
Add. income tax on proposed div.		3,67,427	33,40,245
Income tax for earlier years		2,33,85,727	–
Balance carried over to Schedule '2'		8,85,04,258	7,02,37,430
		11,98,77,212	11,97,75,675
NOTES TO ACCOUNTS	'13'		
As per our report of even date			
For P.P. Thukral & Co. <i>Chartered Accountants</i>	J.S. Kochhar <i>Chairman</i>	S. Mukhopadhyay <i>Director</i>	
Suresh Sethi <i>Partner</i>	R. P. S. Kochhar <i>Managing Director</i>	Dr. S.K. Goyal <i>Director</i>	
Place : New Delhi Dated : 14.06.2006	Sanjiv Kumar Dudeja <i>General Manager</i>	S.K. Mata <i>Company Secretary</i>	

Schedules			
Annexed to and forming part of the Accounts			
		31.03.2006	31.03.2005
		Rs.	Rs.
SCHEDULE '1'			
SHARE CAPITAL			
AUTHORISED			
3,00,00,000 Equity Shares of Rs. 5/- each		<u>15,00,00,000</u>	<u>15,00,00,000</u>
2,00,00,000 unclassified shares of Rs. 5/- each		<u>10,00,00,000</u>	<u>10,00,00,000</u>
ISSUED, SUBSCRIBED & PAID UP			
2,61,98,000 Equity Shares of Rs. 5/- each		<u>13,09,90,000</u>	<u>13,09,90,000</u>
TOTAL		<u>13,09,90,000</u>	<u>13,09,90,000</u>
SCHEDULE '2'			
RESERVES & SURPLUS			
Share Premium Account		60,00,000	60,00,000
Revaluation Reserve			
Balance as on 31.03.2005	15,26,37,231		
Less : Excess amount of depreciation adjusted	<u>23,38,116</u>	15,02,99,115	15,26,37,231
General Reserve			
Balance as on 31.03.2005	32,15,60,457		39,98,02,957
Add : Additions during the year	50,00,000		2,00,00,000
Less : Utilised for Bonus Shares	<u>—</u>		(9,82,42,500)
		32,65,60,457	
Profit & Loss Account			
Balance as on 31.03.2005	7,02,37,430		
Less : Transferred to Profit & Loss Account	7,02,37,430		
Add: Transferred from Profit & Loss Account	<u>8,85,04,258</u>	8,85,04,258	7,02,37,430
TOTAL		<u>57,13,63,830</u>	<u>55,04,35,118</u>
SCHEDULE '3'			
SECURED LOANS			
Short Term Loan as Cash credit facility from Banks, secured by hypothecation of Book Debts and Inventories comprising of raw materials, work in process and finished goods.			
		<u>34,92,79,129</u>	29,93,84,038
TOTAL		<u>34,92,79,129</u>	<u>29,93,84,038</u>
SCHEDULE '4'			
UNSECURED LOANS			
Fixed Deposits		<u>7,14,50,909</u>	<u>6,61,26,030</u>
TOTAL		<u>7,14,50,909</u>	<u>6,61,26,030</u>

SCHEDULE '5' FIXED ASSETS									
Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Balance as at 31.03.05	Additions	Balance as at 31.03.06	Balance as at 31.03.05	For the Year	Balance as at 31.03.06	Balance as at 31.03.06	Depreciation without Revaluation	Balance without Revaluation as at 31.03.2006
Goodwill	3,00,000		3,00,000			0	3,00,000		3,00,000
Free Hold Land	8,58,95,625	16,98,000	8,75,93,625			0	8,75,93,625		37,18,808
Building	13,06,26,860	19,10,613	13,25,37,473	1,37,04,708	44,12,426	1,81,17,134	11,44,20,339	27,04,040	6,82,32,998
Plant & Machinery	8,68,19,305	54,08,930	9,22,28,235	2,83,24,498	44,87,739	3,28,12,237	5,94,15,998	42,41,967	4,68,75,654
Vehicles	1,30,70,959	47,31,047	1,78,02,006	40,04,970	17,26,020	57,30,990	1,20,71,016	17,26,020	1,20,71,016
Other Assets	9,26,93,147	82,77,773	10,09,70,920	4,78,89,434	68,04,810	5,46,94,244	4,62,76,676	64,20,852	3,08,43,155
Total	40,94,05,896	2,20,26,363	43,14,32,259	9,39,23,610	1,74,30,995	11,13,54,605	32,00,77,655	1,50,92,879	16,20,41,631
Previous Year's	38,60,17,217	2,33,88,679	40,94,05,896	7,84,14,897	1,55,08,713	9,39,23,610	31,54,82,287	1,31,70,597	15,51,08,135
							31.03.2006		31.03.2005
							Rs.		Rs.
SCHEDULE '6'									
INVESTMENTS									
Quoted (at cost)							5,031		5,031
(Refer notes to accounts in Schedule '13')									
TOTAL							5,031		5,031
SCHEDULE '7'									
CURRENT ASSETS, LOANS & ADVANCES									
Stock-in-Trade									
(At cost or market price whichever is less as certified by one of the Directors)									
Raw Materials							9,02,69,340		10,77,74,330
Work in process							9,82,97,753		9,81,19,041
Finished Goods							35,60,67,193		46,72,60,620
							54,46,34,286		67,31,53,991
Sundry Debtors									
(Unsecured but considered good)									
Debts outstanding for a period exceeding 6 months							56,25,992		24,48,296
Other Debts							35,95,88,246		20,13,87,635
							36,52,14,238		20,38,35,931
Cash and Bank Balances									
Cash and Imprest in hand							37,72,385		14,98,491
Balances with Scheduled Banks							3,51,07,762		2,29,57,435
							3,88,80,147		2,44,55,926
Loans & Advances									
(Unsecured but considered Good)									
Advances recoverable in cash or in kind or for value to be received							3,81,36,344		2,28,03,184
Advance Income Tax							5,78,92,594		10,72,26,075
Security Deposit							38,34,361		19,03,791
							9,98,63,299		13,19,33,050
TOTAL							1,04,85,91,970		1,03,33,78,898

	31.03.2006 Rs.	31.03.2005 Rs.
SCHEDULE '8'		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors	11,27,82,245	9,53,97,492
Other liabilities	6,81,44,081	4,57,71,890
Interest Accrued but not due	<u>24,88,096</u>	<u>21,35,318</u>
Provisions		
Provision for taxation	8,06,09,801	10,67,00,764
Proposed Dividend	<u>26,19,800</u>	<u>2,61,98,000</u>
TOTAL	<u>26,66,44,023</u>	<u>27,62,03,464</u>
SCHEDULE '9'		
OTHER INCOME		
Miscellaneous Income	48,71,044	25,75,092
Dividend received from other companies	11,084	11,084
TOTAL	<u>48,82,128</u>	<u>25,86,176</u>
SCHEDULE '10'		
COST OF MATERIALS		
Opening Stocks	10,77,74,330	10,84,52,136
Add: Purchases	80,48,77,388	79,82,89,955
	91,26,51,718	<u>90,67,42,091</u>
Less: Closing Stocks	9,02,69,340	10,77,74,330
TOTAL	<u>82,23,82,378</u>	<u>79,89,67,761</u>
SCHEDULE '11'		
OTHER EXPENDITURE		
Power and Fuel	1,98,06,551	1,60,06,611
Rent	67,52,098	62,05,946
Repair and Maintenance	1,43,26,877	1,85,42,082
Personnel Expenses		
- Salaries, Wages, Bonus & Contribution to Provident and other funds	23,99,30,074	21,95,39,472
- Welfare	39,20,029	34,24,914
Insurance	75,10,769	51,38,502
Miscellaneous Expenses	3,56,37,322	2,66,35,057
Auditor's Remuneration	1,60,000	1,33,725
Travelling Expenses	4,26,49,822	8,72,33,265
Sales Administration Expenses	10,20,66,618	10,89,32,199
Freight outward	2,52,35,611	1,90,97,562
TOTAL	<u>49,79,95,771</u>	<u>51,08,89,335</u>
SCHEDULE '12'		
FINANCIAL EXPENSES		
Interest and charges	4,69,86,516	3,29,80,011
TOTAL	<u>4,69,86,516</u>	<u>3,29,80,011</u>

SCHEDULE '13'
NOTES TO ACCOUNTS

Notes annexed to and forming part of the Balance Sheet as at 31st March 2006 and Profit & Loss Account for the year ended on that date.

	31.03.2006	31.03.2005
	Rs.	Rs.
1. Contingent Liabilities		
Bank guarantees	3,00,000	3,00,000

2. Significant Accounting Policies

The significant accounting policies followed by the Company are as follows :

- I. The Accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies' Act, 1956.
- II. Accounting policies are consistent and are in consonance with generally accepted accounting principles.
- III. Fixed assets are stated at cost of acquisition and subsequent improvements thereto including taxes, duties, freight and other incidental expenses to acquisition and installation. In case of write up due to revaluation the fixed assets are shown at such higher amounts. The carrying amount of fixed assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Where the carrying value exceeds the estimated recoverable amount, provision for impairment is made to adjust the carrying value to the recoverable amount. The recoverable amount is the greater of the assets estimated net realizable value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate discounting rate.
- IV. The Company follows the straight line method (S.L.M.) of charging depreciation on all assets. Consequent to the insertion of schedule XIV in Companies Act, 1956 with effect from 2nd April, 1987, depreciation has been provided at the S.L.M. rates prescribed in schedule XIV in respect of additions to fixed assets from and after the said date and in respect of additions to fixed assets prior to said date, the depreciation has been provided at older rates. Pursuant to the notification of department of Company affairs dated 16.12.1993, depreciation on assets acquired on and after the said date is provided at new rates.
- V. Capital work in progress, if any, is stated at cost.
- VI. Long term investments are stated at cost.
- VII. Inventories are valued at the lower of cost and estimated net realisable value after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. Finished goods and work in progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- VIII. Revenue is recognised on completion of sale of goods.
- IX. Transactions in foreign currency are recorded at the exchange rates prevailing on the date of the transaction. Current assets and current liabilities (other than relating to fixed assets) are restated at the rates prevailing at year end or at the forward rates where forward cover has been taken and the difference between the year end rates/forward rate and exchange rates at the date of transaction. Transaction is recognised as income or expense.
- X. Research and Development costs, (other than cost of fixed assets acquired) are charged as an expense in the year in which they are incurred.
- XI. Contribution to Provident Fund is made monthly at a pre-determined rate to the provident fund authorities and accounted on an accrual basis. During the year Rs 50,77,332 was paid as Provident Fund and for previous year Rs. 42,94,853.
- XII. Company has affected an arrangement with Life Insurance Corporation of India under Group Gratuity cum Life Assurance Scheme so as to cover future payment of Gratuity to retiring and other employees and making the contribution to them as per the premium sought.
- XIII
 - a) Sales comprise of sale of goods and internal transfers, net of trade discount, goods returns, breakages.
 - b) Dividend on Shares, Insurance and other claims as and when received.

3. Reserve and Surplus includes an amount of Rs.10,00,00,000 as revaluation of:-

Land	Rs.	6,00,00,000
Building	Rs.	4,00,00,000

(As on 31.3.2001)

An amount of Rs.23,38,116 has been debited to revaluation reserve in 2005-06 (previous year Rs. 23,38,116).

	31.03.2006	31.03.2005
4. Capital Work in Process	(Rs. in lacs)	
Land	350.66	
Preoperative Expenses:		
Salary & Wages	22.44	
Travelling & Conveyance	7.39	
Interest	47.36	
Others	40.75	
Total	468.60	
5. Payment to Whole time Directors including Managing Director:	(Rs.)	(Rs.)
Salary	57,60,000	57,60,000
Commission	36,42,000	34,27,000
Payment to other Directors		
Meeting Fees	90,000	38,500
Commission	3,60,000	-
6. Market Value of quoted long term (non-trade) investments:		
1304 Fully paid Equity Shares of Ranbaxy Laboratories Ltd.	5,63,784	6,57,737
7. Repairs & Maintenance includes:		
Plant & Machinery	66,51,291	96,72,920
Building	38,74,238	37,25,491
Others	38,01,349	51,43,671
8. Computation of Net Profits in accordance with Section 198 of the Companies Act, 1956 and the Commission payable to the directors.	2005-06	2004-05
	(Rs. in lacs)	(Rs. in lacs)
Profit before tax	842.62	826.61
Directors' Remuneration	97.62	91.85
Net Profit under section 198	940.24	918.46
Commission payable to Wholetime Directors' @ 4% each	75.21	73.49
Eligible	36.42	34.27
Commission payable to Independent Directors' @ 1%.	9.40	
Restricted to	3.60	
9. Payment & provisions for Auditors relating to:	(Rs.)	(Rs.)
Audit Fee	1,20,000	1,12,725
Other matters	40,000	21,000
10. The Tax assessment of the Company under the Income Tax Act, 1961 has been completed up to the accounting year ending 31.03.2004 and there are no tax dues standing against the Company in respect of the above.		
	31.03.2006	31.03.2005
11. Balance with Scheduled Banks Include :	Rs.	Rs.
Current Accounts	3,67,50,761	1,07,78,528
Deposit Accounts	2,95,57,000	1,21,78,908
12. Payment of provident fund	50,77,332	42,94,853
13. Excise duty payable on finished goods is accounted in the year of manufacture. The treatment has no impact on the profit.		

14. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 & 4 OF PART II OF SCHEDULE VI OF THE COMPANIES ACT, 1956 (As certified by a Director and accepted by the Auditors).

A. PARTICULARS OF GOODS MANUFACTURED:

Goods manufactured	Unit of Measure	Actual Production	
		01.04.2005 to 31.03.2006	01.04.2004 to 31.03.2005
Capsules	Millions	382.86	442.61
Tablets	Millions	273.21	267.55
Syrups	Kl Ltrs.	839.48	594.58
Ampoules	Kl Ltrs	6.05	4.48
Vials	Kl Ltrs	84.08	51.97
Ointments	M. Tonnes	42.82	33.25
Bulk Drugs & Intermediates	M. Tonnes	51.93	35.81
Dry Powder	M. Tonnes	2.27	0.87

B. STOCKS OF FINISHED GOODS.

(Rs. lacs)

Class of Goods	Unit of Measure	31.03.2006		31.03.2005	
		Qty.	Value	Qty.	Value
Capsules	Millions	71.56	981.87	227.35	2294.45
Tablets	Millions	41.86	738.21	82.88	994.94
Syrups	Kl Ltrs.	152.97	443.96	148.17	322.24
Ampoules	Kl Ltrs	2.02	1049.34	1.35	567.32
Vials	Kl Ltrs	7.18	44.51	18.78	110.12
Ointments	M. Tonnes	7.20	66.59	16.37	152.39
Bulk Drugs & Intermediates	M. Tonnes	6.38	101.95	8.43	185.92
Dry Powder	M. Tonnes	0.38	66.28	0.08	12.06
Infusion	Kl Ltrs.	15.73	67.96	8.83	33.16

C. TURNOVER OF FINISHED GOODS.

(Rs.lacs)

Class of Goods	Unit of Measure	01.04.2005 to 31.03.2006		01.04.2004 to 31.03.2005	
		Qty.	Value	Qty.	Value
Capsules	Millions	633.36	7427.16	487.66	6975.94
Tablets	Millions	380.48	3837.68	334.58	3342.56
Syrups	Kl Ltrs.	939.76	1340.56	608.34	581.44
Injectables:					
Ampoules	Kl Ltrs	7.45	2369.08	6.33	2481.92
Vials	Kl Ltrs	113.38	354.21	75.36	131.07
Ointments	M. Tonnes	72.18	455.12	53.49	234.91
Bulk Drugs & Intermediates	M. Tonnes	53.98	1154.80	32.85	780.69
Dry Powder	M. Tonnes	1.97	125.01	0.97	63.35
Infusion	Kl Ltrs.	56.42	149.81	55.25	209.22

D. PURCHASE OF FINISHED GOODS

(Rs. lacs)

Class of Goods	Unit of Measure	01.04.2005 to 31.03.2006		01.01.2004 to 31.03.2005	
		Qty.	Value	Qty.	Value
Capsules	Millions	94.71	1936.96	145.87	2049.90
Tablets	Millions	66.25	925.71	71.22	624.50
Syrup	Kl Ltrs	105.08	354.00	41.82	95.61
Ampoules	Kl Ltrs.	2.07	773.09	1.58	756.04
Vials	Kl Ltrs.	17.70	106.20	18.7	98.26
Ointment	M.Tonnes	20.19	157.76	23.06	166.13
Bulk Drugs	M.tonnes			1.66	15.88
Dry Powder	M. Tonnes			0.07	6.52
Infusions	Kl Ltrs.	63.32	149.31	62.81	140.65

E. Installed Capacity					
Class of Goods	Unit of Measure	31.03.2006		31.03.2005	
Capsules	Millions	1300		1300	
Tablets	Millions	1300		1300	
Syrup	Kl Ltrs.	2400		2400	
Injectables:					
Ampoules	Kl Ltrs	33		33	
Vials	Kl Ltrs	406		406	
Ointment	M. Tonnes	164		164	
F. CONSUMPTION OF RAW MATERIAL (Rs lacs)					
Item	Unit of Measure	01.04.2005 to 31.3.2006		01.04.2004 to 31.3.2005	
		Qty.	Value	Qty.	Value
D L Oxyphene Base	Mt. Tonnes	37.7	1,041.09	30.0	960.13
Others*	–		7,182.73	–	7,029.54
Total			8,223.82		7,989.67
* No single item constitutes more than 10% in Value terms of the total consumption					
G. BREAK-UP OF CONSUMPTION OF RAW MATERIALS					
Indigenous (Rs lacs)		7478.99		7485.09	
As % age of total		90.94		93.68	
Imported (Rs lacs)		744.83		504.58	
As % age of Total		9.06		6.32	
H. VALUE OF IMPORTS ON CIF BASIS					
Raw Materials (Rs lacs)		659.65		585.47	
I. VALUE OF FINISHED GOODS PURCHASED (Rs. lacs)					
		4403.30		3953.49	
J. EXPENDITURE IN FOREIGN EXCHANGE					
Travelling (Rs lacs)		51.55		33.39	
Subscription		Nil		0.22	
Others		44.64		–	
K. EARNINGS IN FOREIGN EXCHANGE					
Export FOB value (Rs lacs)		432.36		357.64	
15. Deferred tax adjustment has been made upto 31.03.2006. No affect of section 43B liabilities have been made as they are permanent differences.					
16. Segment Reporting					
The company operates in the Pharmaceutical segment. The segment results are as under:-					
Sales (Rs. in lacs)		17213.43		14801.18	
Profit after tax (Rs. in lacs)		496.39		531.80	
17. Disclosure of Earning per Share :					
Basic and diluted Earning per Share		Rs. 1.89		Rs. 2.03	
18. Related party disclosures – AS 18					
A) The company does not have any subsidiary company and or related companies.					
B) Directors:- Related parties Transaction					
Jagmohan Singh Kochhar	47,01,000	- Remuneration			
Rajpal Singh Kochhar	47,01,000	- Remuneration			
19. Previous years' figures have been re-grouped and rearranged wherever necessary.					
20. The names of small scale industries to whom the Company owes dues outstanding for more than 30 days at the Balance Sheet date, computed on unit-wise basis, are: M/s. Air – Tech Industries, Anel Equipments Pvt. Ltd., Anod Pharma Pvt. Ltd., Classic Bottle Caps Pvt.Ltd , Jay Kay Printers, Lasersec India Pvt.Ltd. New Age Aqua Pvt. Ltd., Nitin Life Sciences Ltd.					
As per our report of even date					
For P.P. Thukral & Co. <i>Chartered Accountants</i>	J.S. Kochhar <i>Chairman</i>			S. Mukhopadhyay <i>Director</i>	
Suresh Sethi <i>Partner</i>	R. P. S. Kochhar <i>Managing Director</i>			Dr. S.K. Goyal <i>Director</i>	
Place : New Delhi Dated : 14.06.2006	Sanjiv Kumar Dudeja <i>General Manager</i>			S.K. Mata <i>Company Secretary</i>	

Part IV of Schedule VI of The Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details			
Registration No.	: 9181	State Code	: 55
Balance Sheet Date	: 31.03.2006		
II. Capital Raised During the year (Amount in Rs. thousand)			
Public Issue	: NIL	Rights Issue	: NIL
Bonus Issue	: NIL	Private Placement/Others	: NIL
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousand)			
Total Liabilities	: 1415534	Total Assets	: 1415534
SOURCES OF FUNDS			
Paid-Up Capital	: 130990	Reserves & Surplus	: 571364
Secured Loans	: 349279	Unsecured Loans	: 71451
Deferred Tax Liability	: 25806		
APPLICATION OF FUNDS			
Net Fixed Assets	: 366937	Investments	: 5
Net Current Assets	: 781948	Misc. Expenditure	: NIL
Accumulated Losses	: NIL		
IV. Performance of Company (Amount in Rs. thousand)			
Turnover	: 1721343	Total Expenditure	: 1637081
Profit/Loss Before Tax	: 84262	Profit/Loss After Tax	: +49640
Earning Per Share	: Rs. 1.89	Dividend Rate	: 2%
V. Generic names of three principal products/services of Company (As per monetary terms)			
Item Code No. (ITC Code)	: 294200		
Product Description	: Dextropropoxyphene Hydrochloride		
Item Code No. (ITC Code)	: 300410		
Product Description	: Ampicillin		
Item Code No. (ITC Code)	: 300490		
Product Description	: Nandrolone Decanoate		

As per our report of even date

For P.P. Thukral & Co.
Chartered Accountants

J.S. Kochhar
Chairman

S. Mukhopadhyay
Director

Suresh Sethi
Partner

R. P. S. Kochhar
Managing Director

Dr. S.K. Goyal
Director

Place : New Delhi
Dated : 14.06.2006

Sanjiv Kumar Dudeja
General Manager

S.K. Mata
Company Secretary

Cash Flow Statement
for the Period Ended 31st March, 2006
(Pursuant to Clause 32 of the Listing Agreement)

	31.03.2006 (Rs.)	31.03.2005 (Rs.)
A. Cash Flow From operating activities		
Net Profit before tax and extraordinary items	8,42,61,565	8,26,60,144
Add: Adjustment for Depreciation	<u>1,50,92,879</u>	<u>1,31,70,597</u>
Total	9,93,54,444	9,58,30,741
Add: Interest	<u>4,69,86,516</u>	<u>3,29,80,011</u>
Operating profit before working capital changes	14,63,40,960	12,88,10,752
Less: Increase in Inventories	(12,85,19,705)	10,63,19,335
Increase in Sundry Debtors	16,13,78,307	(2,39,43,554)
Increase in Loans & Advances	(3,20,69,751)	4,36,07,461
Increase in Balances with Scheduled Bank	<u>1,21,50,326</u>	<u>(1,39,70,647)</u>
	13,34,01,783	1,67,98,156
Add: Increase in Current Liabilities & Provisions	(95,59,442)	6,16,69,795
Increase in Short term borrowings from banks	<u>4,98,95,091</u>	<u>1,98,38,198</u>
	17,37,37,432	9,83,06,149
Less: Payment of Interest	4,69,86,516	3,29,80,011
Income Tax , Deferred Tax & Fringe benefit Tax	5,80,07,511	2,94,80,338
Dividend & Tax on Dividend	<u>29,87,227</u>	<u>2,95,38,245</u>
Cash flow before extra ordinary items	6,57,56,179	63,07,555
B. Cash Outflow for investing activities		
Purchase of fixed assets	<u>6,88,86,020</u>	<u>2,33,88,679</u>
	(31,29,841)	(1,70,81,125)
C. Cash Flow from financing activities		
Add: Proceeds from Fixed deposits	<u>53,24,879</u>	<u>1,55,31,104</u>
	21,95,038	(15,50,021)
Add: Cash & Imprest in Hand as on 31.03.2005	14,98,490	30,48,511
Balance of Cash & Imprest in Hand as on 31.03.2006	<u>36,93,528</u>	<u>14,98,490</u>

We have verified the above Cash Flow Statement for the year ended 31st March 2006 with the audited accounts for the year ended on that date and found the same to be in agreement therewith.

As per our report of even date

For P.P. Thukral & Co.
Chartered Accountants

J.S. Kochhar
Chairman

S. Mukhopadhyay
Director

Suresh Sethi
Partner

R. P. S. Kochhar
Managing Director

Dr. S.K. Goyal
Director

Place : New Delhi
Dated : 14.06.2006

Sanjiv Kumar Dudeja
General Manager

S.K. Mata
Company Secretary

JAGSONPAL PHARMACEUTICALS LIMITED
PROXY

Folio No./Client ID No. DP ID No. No. of Shares held.....

I/Weof

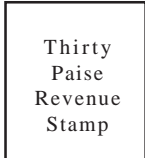
being a Member/Members of Jagsonpal Pharmaceuticals Limited hereby appoint of

..... or failing him

..... of

as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the 27th Annual

General Meeting of the Company to be held on 30.09.2006



Signed by the said

Notes : The proxy must be deposited at the Registered Office of the Company at T-210J, Shahpur Jat, New Delhi-110049, not less than 48 hours before the time for holding the Meeting.

-----Tear here-----

JAGSONPAL PHARMACEUTICALS LIMITED
ATTENDANCE SLIP

THIS ATTENDANCE SLIP, DULY FILLED IN, IS TO BE HANDED OVER AT
THE ENTRANCE OF THE MEETING HALL

Name of the attending Member
(in Block Letters)

Folio Number/Client ID No. DP ID No.

Name of Proxy (In Block Letters, to be filled
in if the Proxy attends instead of the Member)

No. of shares held

I hereby record my presence at the 27th Annual General Meeting at Vanita Samaj, 13 Institutional Area, Lodi Road, New Delhi-110003 at 10.00 am on 30.09.2006

Member's/Proxy's Signature*

* To be signed at the time of handing over this slip.

Past Record

(Rs. in Lacs)

Particulars	Financial Year Ending														
	03 / 1992	03 / 1993	03 / 1994	12 / 1994 (9 mths)	12 / 1995 (12 mths)	03 / 1997 (15 mths)	03 / 1998	03 / 1999	03 / 2000	03 / 2001	09 / 2001 (6 mths)	12 / 2002 (15 mths)	03 / 2004 (15 mths)	03 / 2005 (12 mths)	3/2006 (12 mths)
Fixed Assets	230.30	572.00	948.80	1101.01	1173.10	1424.40	1475.95	1583.51	1659.45	2816.91	2794.12	2845.6	3076.02	3154.82	3669.37
Investments	0.00	0.00	9.70	9.71	299.10	299.10	0.10	0.10	0.10	0.05	0.05	0.05	0.05	0.05	0.05
Net Current Assets	173.10	309.80	402.90	763.59	915.50	1196.60	1952.59	2744.99	3689.50	4465.56	4790.28	4223.88	4031.09	4320.64	4326.69
Total Capital Employed	403.30	881.80	1361.30	1874.98	2387.70	2921.10	3428.63	4328.60	5349.05	7282.52	7584.45	7069.53	7107.16	7475.51	7738.05
Share Holders' Funds	303.60	717.10	1183.20	1434.17	2018.50	2361.80	2810.68	3256.16	4066.42	6023.78	5919.38	6157.61	6601.21	6814.25	7023.54
Sales	2594.00	3448.00	4089.00	4125.75	5970.90	7561.20	7908.75	9146.08	11846.29	13651.87	5690.26	15446.93	17278.09	14801.11	17213.43
Other income	15.30	8.00	34.00	29.81	10.50	12.60	28.27	35.65	43.26	21.74	28.11	63.25	81.46	25.86	48.82
Operating Profit	171.00	343.40	501.90	558.28	984.90	1251.40	1216.83	1314.23	1852.59	1975.24	606.31	1435.74	1710.50	1288.11	1463.41
Interest	95.70	139.20	181.80	139.20	283.60	541.00	403.11	458.68	444.81	509.19	283.77	570.34	405.12	329.80	469.87
Depreciation	10.00	11.40	18.80	18.82	30.20	52.00	55.15	67.32	78.34	89.95	50.57	129.74	144.66	131.71	150.93
Tax	19.00	66.50	66.80	107.29	150.00	188.00	190.00	217.00	388.00	361.00	90.00	220.00	366.00	280.14	282.36
Profit After Tax	46.20	126.40	234.50	292.97	431.10	470.40	568.57	571.22	941.44	1015.10	181.98	515.66	794.71	546.47	497.18
Retained Earnings	19.70	95.40	199.00	259.69	386.60	137.30	460.51	455.69	820.49	885.97	109.37	282.25	473.08	236.43	470.20
Dividend (Including Tax)	26.50	31.00	35.50	33.28	44.50	112.70	108.06	108.06	119.86	108.26	72.17	138.15	295.54	295.38	29.87
Dividend (%)	15.00	17.50	20.00	18.75	25.00	25.00	30.00	30.00	30.00	30.00	20.00	37.50	80.00	20.00	2.00
Earning Per Share (Rs.)	2.61	7.13	13.22	16.50	13.17	14.35	17.36	17.44	28.75	31.00	5.56	15.75	23.45	2.03	1.89

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