

# Mixing the right dosage



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Marksans Pharma Limited

Annual Report 2004-05



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On 14th March, 2005, perhaps one of the biggest deals gripped the pharmaceutical industry and took it by storm: the integrated alignment pact of [Marksans Pharma Ltd\\*](#) (a niche formulation and biopharmaceutical player) with [Tasc Pharmaceuticals Ltd.](#) (a research driven API manufacturer) resulting in the creation of a new entity: Marksans Pharma Ltd. (Formerly Tasc Pharmaceuticals Ltd.)

An entity, which will be an integrated player for both pharmaceuticals (based on chemical substances) and biopharmaceuticals (based on biologics). An entity which will possess facilities to manufacture both formulations and basic substances. An entity with a presence across the entire pharmaceutical value chain.

Making the combined entity a formidable force (featuring amongst the top players) in today's domestic pharmaceutical industry: [just the right dose to make it a market leader in the challenging business environment.](#)

*\*Formerly known as Glenmark Laboratories Ltd.*

# Marksans Pharma Ltd.

# : the aligned entity

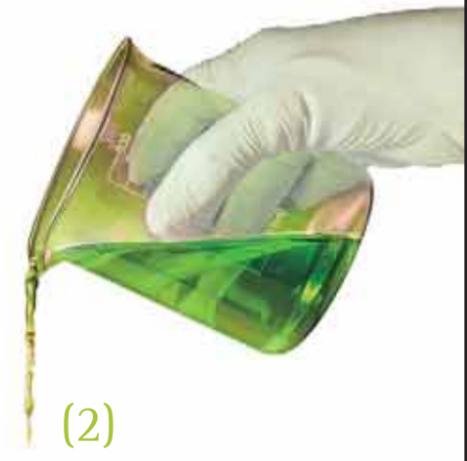


(1)

## Marksans Pharma Ltd.



- Incorporated in 2000 as a wholly-owned subsidiary of Glenmark Pharmaceutical Ltd.
- Spun off into a separate company in March 2003 under the leadership of Mark Saldanha with 13 years of experience in the pharmaceutical industry.
- Robust business model built around the following core competencies:
  - US FDA compliant, TGA and MCA approved state-of-the-art formulation manufacturing plant with the largest capacity for soft gelatin capsules and tablets in India.
  - Exports to the regulated markets of the US and Europe.
  - Strong R&D centre.
  - In-licensing.
  - Niche segment focus.
  - Specialty-segment focus.
  - Toll manufacturing-preferred supplier.
  - Biotechnology.
  - Aggressive distribution and marketing set-up.
  - Robust revenue growth.
- Major business segments - Pharmaceutical formulations, Biopharmaceutical formulations, R&D and CRAMS.
- Raised resources through private equity placement to Springhill Bioventure Fund UK & UTI Venture Fund, Bangalore, India. Springhill is a pharma-dedicated fund operating from UK, actively funding pharma companies in the UK and US. This was their first investment in India.



(2)

## Tasc Pharmaceuticals Ltd.



- A leading manufacturer of Active Pharmaceutical Ingredients (API) and R&D services provider.
- Multi product versatile facilities.
- Large API portfolio.
- Major business segments - API, Contract Research and Manufacturing Services (CRAMS), Drug Discovery and Development Support Services (DDDSS) and Custom Chemical synthesis.
- Listed on the Bombay Stock Exchange (BSE), Mumbai and the National Stock Exchange (NSE).

## MIXING THE RIGHT DOSAGE



Rationale behind the merger from the Managing Director, Mark Saldanha, Marksans Pharma Ltd.

Dear shareholders,

The year 2005 represents a critical period in the history of the Indian pharmaceutical industry as post 2005, Indian pharmaceutical manufacturers will be required to mandatorily conform to the sweeping international requirements of patent recognition and either manufacture off patented products, discover new molecules or enter into collaborations with patent holders to manufacture patented products.

Coupled with the stringent patent regime, sweeping changes in the global pharmaceutical industry are also impacting the domestic pharmaceutical industry. For instance, molecules worth US\$76 bn are going off patent between 2003-06, thereby qualifying them for generic manufacture. So as to not lose out on this opportunity, global players are partnering technologically-sound pharma companies in low-cost economies like India to produce off-patent products.

But though Indian pharma companies are preferred technology partners, they need to strategically reinvent themselves, refurbish their existing models and reposition themselves by strengthening their status across the entire value chain.

Taking a step in this direction, Tasc Pharmaceuticals has embarked on a bold initiative: it aligned Marksans Pharma with Tasc Pharmaceuticals to form a new entity that is expected to deliver the following strategic benefits:

- Create an entirely-vertically integrated company.
- Establish a significant presence across the entire value chain.
- Have a dependable and scalable business model due to its wider product basket, better market access and comprehensive R&D strengths to capture emerging business opportunities in the area of niche therapeutic segments, biopharmaceuticals, CRAMS and DDDSS.
- Be able to de-risk its business model: domestic presence coupled with focus on exports and a wider market presence by virtue of leveraging strategic relationships of both the entities.
- Offer a niche and wide product portfolio in biopharmaceuticals, APIs and formulations.
- Make a focused foray into biopharmaceuticals, a niche area.
- Improve its operational efficiency.
- Offer comprehensive services - CRAMS, CCS and DDDSS.
- Pursue collaborative research - new product development, NDDS and basic and fundamental research.

We are convinced that this merger will enable us to mix the right dosage required for sustainable growth.

Mark Saldanha

*Managing Director, Marksans Pharma Ltd.*

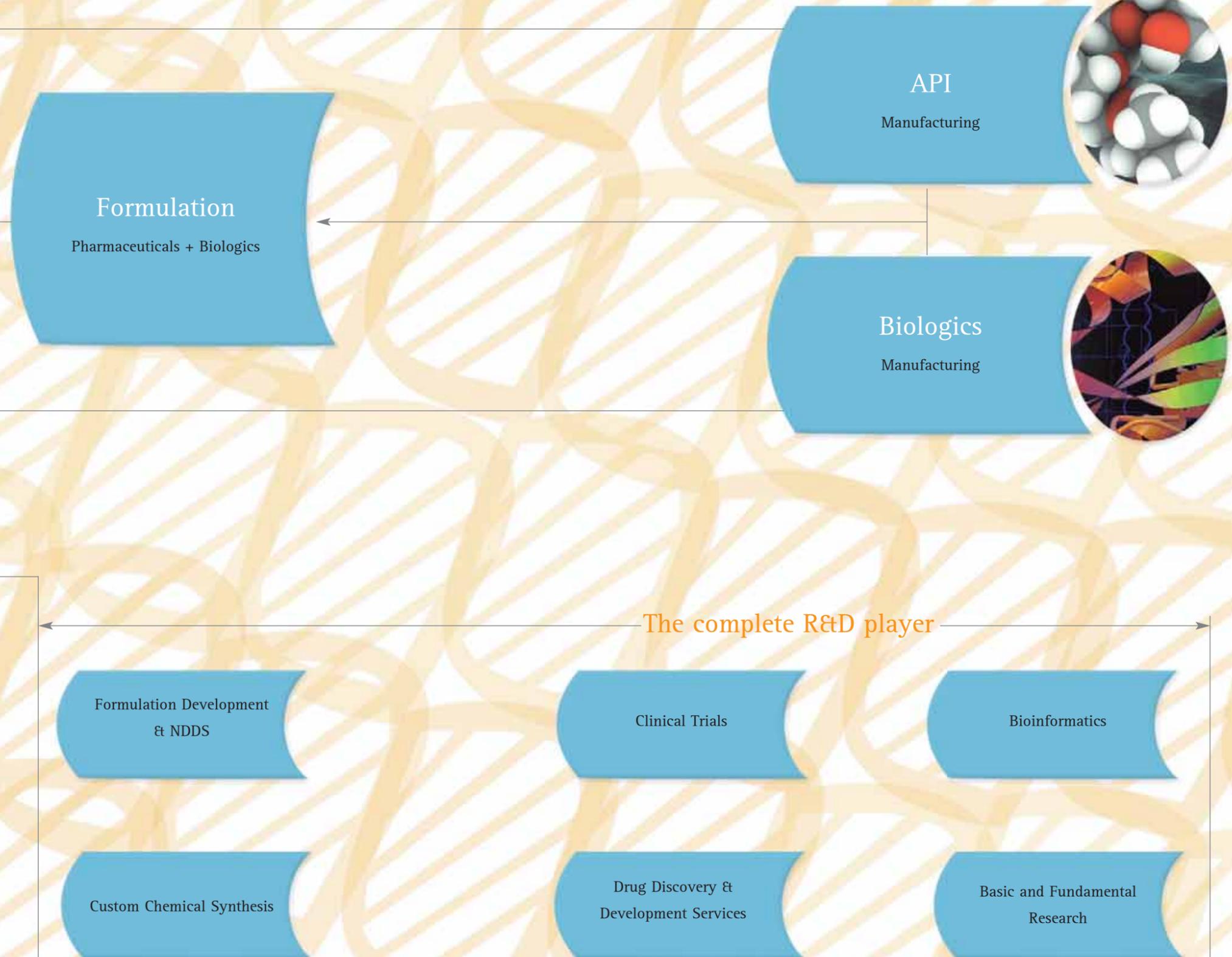
# New entity business model

## Domestic market

- Niche focus
- Large product portfolio
- NDDS, NCE
- In-licensing

## Exports market

- Supply tie-ups
- Joint marketing
- CRAMS
- Out-licensing

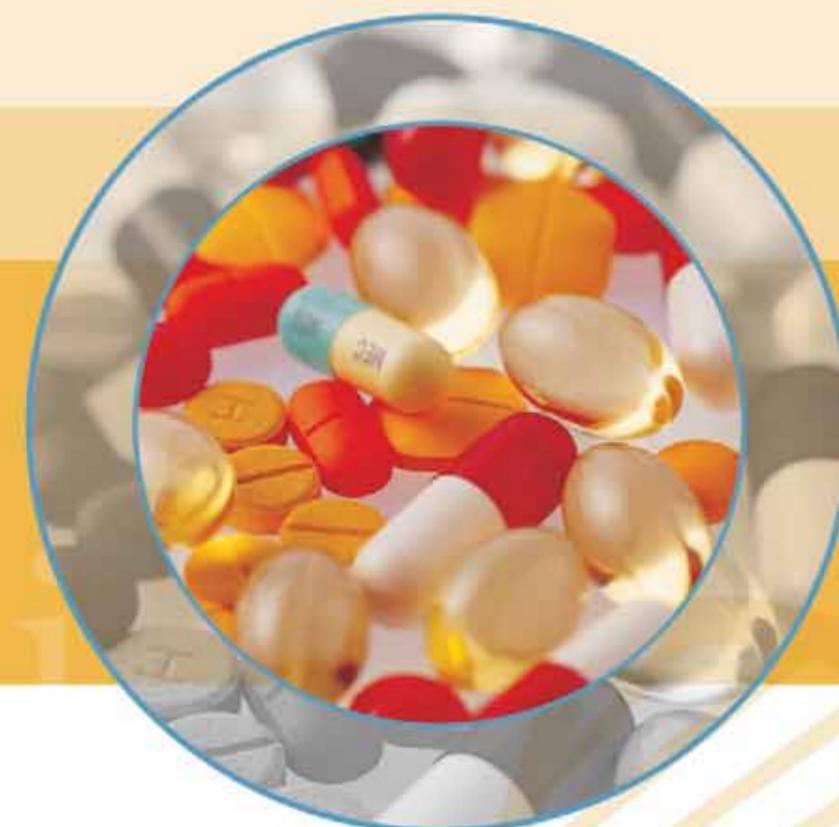


### MIXING THE RIGHT DOSAGE

*What are the tangible benefits from this alignment?*



# 1 World class facilities



Marksans Pharma has put in place world-class facilities by leveraging state-of-the-art manufacturing technology, incorporating best practices and adhering to stringent regulatory compliances, which ensure that the customer receives products of the highest quality.

Post amalgamation, it is best positioned to leverage its strength in this area as is evident from the following:

#### FORMULATIONS

- It has invested in a formulation plant at Goa, India, comprising of a built-up area of 18,000 square feet with scalable capacity.
- This plant has been built as per US FDA guidelines and has been approved by UK MHRA, Australian TGA and Brazilian ANVISA health authorities.

- This facility will focus on manufacture of tablets and soft gelatin capsules with a capacity of 2,400 mn nos. each, per annum, making it the largest such plant in Asia.
- Has also set up an R&D centre at this plant which will comprise three divisions for formulation development, devising analytical methods and conducting stability studies.
- The new entity has filed six product dossiers for registration with the Australian regulatory authorities, two product dossiers with UK MHRA and one product dossier with New Zealand. These product dossiers cover the cardiovascular, antibiotic and pain-management segments.

#### ACTIVE PHARMACEUTICAL INGREDIENTS

- The combined entity's formulation facilities are complimented by

two large multi-product and versatile API manufacturing facilities at Kurkumbh, Pune, India.

- These facilities are benchmarked to cGMP standards and are expected to get US FDA approval in a year's time.
- The company also provides API contract manufacturing services to world generic leaders from its Pune facility.
- A state-of-the-art research laboratory is being set up to provide drug discovery and development-related services.
- The combined entity intends to set up pilot scale facilities to manufacture recombinant proteins (through the biological fermentation process) with support from IIT, Delhi.

The aligned entity is thus well placed to meet the outsourcing requirements of global generic players.

MIXING THE RIGHT DOSAGE  
*What are the tangible benefits from this alignment?*

## 2 Enhanced R&D skills



In the new patent regime, strong research and development capabilities will represent the critical backbone for growing pharmaceutical companies.

### OBJECTIVES

As a proactive measure, the new entity has embarked on meaningful R&D investments which will help it emerge as a complete R&D player spanning a broad bandwidth of services such as research on NCEs (New Chemical Entities) and NDDS (Novel Drug Discovery System), file more ANDAs (Abbreviated New Drug Application), focus on product development - development of APIs and formulations for regulated and non-regulated markets, carry out drug discovery related services, custom chemical synthesis, clinical trials, bioinformatics and basic and fundamental research.

To achieve the above, the combined force has embarked on the following initiatives:

- It has set up a full-fledged state-of-the-art R&D Centre at Goa

equipped with the latest equipment for the development and evaluation of different pharmaceutical dosage forms such as tablets, capsules, liquid oral, injectables and dry syrups.

- It has initiated a research and development project with IIT, Delhi for the indigenous development of Granulocyte Colony Stimulating Factor (GCSF), a life-saving drug, which is indicated for Neutropenia, reduction of neutrophils in the blood. Patients undergoing anticancer treatment both Chemotherapy as well as Radiotherapy often suffer from Neutropenia. Dr. J.K. Deb from IIT, Delhi heads the project. The product is expected to be ready for upscaling by May 2005 and is likely to get an FDA registration by April 2006.
- The R&D centre at Goa is well equipped for formulation development, analytical method development and for conducting stability studies.
- It has invested in a team of scientists specialising in NDDS and

formulation development. The team will be headed by Dr. A.V. Sharma, a doctorate in NDDS.

- The aligned entity's ability to formulate and market the drug in the shortest possible lead time gives the company a competitive advantage which will act as the benchmark for future R&D activities.
- Currently, it has a robust product pipeline with more than 40 products under development to be launched both in the domestic as well as the international market.
- The aligned entity is concentrating on developing products for the fast-growing lifestyle segment (cardiovascular, anti diabetes, CNS and neuropsychiatry) likely to go off patent over the next few years.
- The company's R&D efforts will also focus on developing APIs for these products going off patent at its multipurpose facilities, the market size for which is estimated at US\$20 bn.

SEGMENT	MOLECULE	PATENT EXPIRY
CARDIOVASCULAR	Ramipril	2008
	Atorvastatin	2009
	Carvedilol	2007
	Losartan	2009
	Fenofibrate	2009
ANTIDIABETICS	Pioglitazone	2006
	Rosiglitazone Malete	2008
	Glimipride	2005
CNS	Venlafaxine	2007
	Risperidone	2007
	Escitalopram	2009
	Mirtazapine	2010



- The combined entity has entered into strategic pacts with reputed international and local institutions for increasing its share in the niche biopharmaceuticals segment.
- It has also collaborated with global pharmaceutical players for joint product development of drugs going off patent.
- It is currently working on two NCEs in collaboration with the original patent holders: one based in UK and the other in India (along with the Indian Council of Medical Research, Government of India).
- With the onset of structural changes post 2005, the company recognises the need to possess intellectual property rights. Keeping this in mind, the company has already established itself as a brand in developing soft gelatin capsule products.

The combined entity will also possess comprehensive R&D strengths

in custom chemical synthesis, clinical trials and basic and fundamental research.

#### R&D SERVICES

Amalgamated entity will aggressively focus on an R&D services-led business model spanning the entire value chain. It will focus on DDDSS and custom chemical synthesis.

To strengthen its R&D based services, the combined entity, in addition to its R&D centre at Goa (focusing on formulation development including NDDS), is setting up another state-of-the-art R&D centre with four blocks for focused research - Analytical Block for chemistry related research, Biotech Block for basic and fundamental research, Clinical Laboratory to co-ordinate clinical research operations (CRO) and Bioinformatics Block.

MPL has a competent R&D team in place that will function under the guidance of a scientific advisory committee. MPL also has proprietary technology in place to carry out basic research at the molecular level.

Lastly, the new entity will focus on emerging opportunities in pharmaceuticals such as outsourcing CRAMS. Outsourcing research (discovery-related services and clinical trials) and manufacturing is emerging as a lucrative business opportunity.

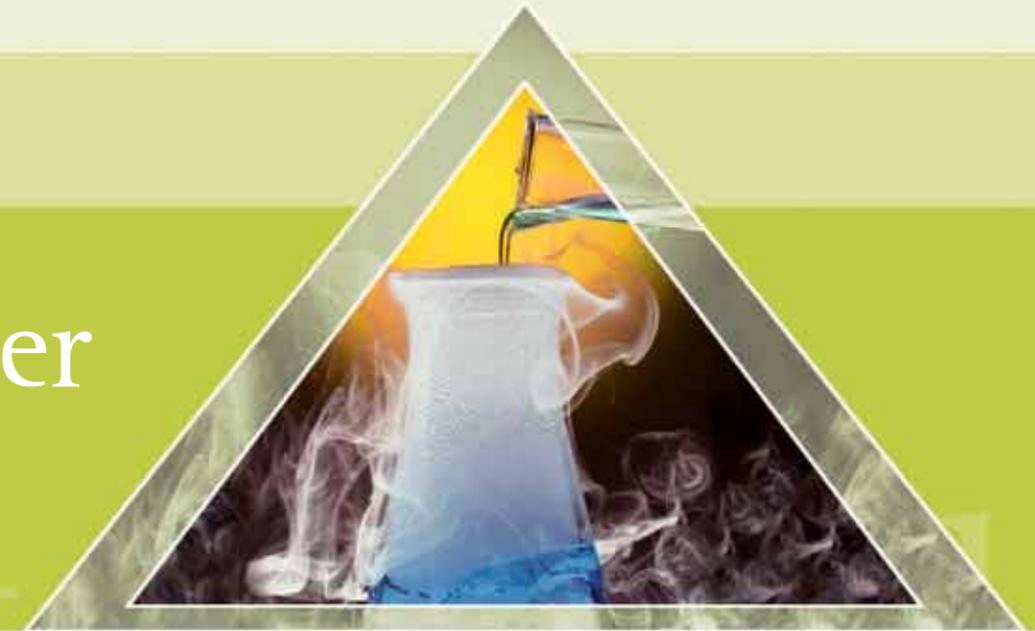
As a result, the combined entity will be one of the few players in the country offering comprehensive R&D services right from formulation development and NDDS, to clinical trials, bioinformatics, custom chemical synthesis, drug discovery and development services and basic and fundamental research, helping it drive revenues in challenging times.



## MIXING THE RIGHT DOSAGE

*What are the tangible benefits from this alignment?*

# 3 Vertically integrated player



In today's competitive marketplace, complete integration has emerged as the new corporate mantra because of the significant advantages it offers companies such as:

- It covers the entire value chain.
- Helps leverage the maximum from existing operations.
- Rationalises costs.
- Assures supply of raw material (in case of backward integration).
- Helps climb the value chain in case of forward integration.
- Helps offer a wide range of products and services.
- Helps meet all customer needs under one roof.

Just the benefits the aligned entity intends to encash on.

For the new entity, complete integration will help meet all needs of global generics customers across the world right from APIs to

formulations, to CRAMS outsourcing, to R&D facilities for DDDSS and formulation development. Secondly, it will help service domestic customers' better by offering them a comprehensive range of APIs and formulations with a specialised focus on biopharmaceuticals: a niche segment. Making the combined entity a one-stop-solution provider in the pharmaceutical industry and placing it in the league of a handful of players in the world to achieve this distinction. Thereby, increasing the profitability and competitiveness of the aligned entity.

Given the importance of having integrated facilities, the company has initiated the following:

Backward integration for Marksans and forward integration for Tasc.

- Multi-product versatile facilities of Tasc will be used to manufacture APIs for Marksans' current range of formulations.
- Marksans' formulation facilities will be used to manufacture

formulations based on Tasc's current range of APIs.

● The combined entity, with support from the Department of Biochemical Engineering and Biotechnology, Indian Institute of Technology, Delhi, is in the process of setting up fermentation facilities to manufacture recombinant proteins and other biologics. These facilities are expected to go on stream in two years' time. With facilities in place to manufacture biologics, the company will emerge as a completely integrated pharmaceutical player with capabilities in:

- Manufacturing APIs,
- Manufacturing biologics,
- Manufacturing formulations (for both APIs and biologics),
- R&D facilities for drug discovery, drug development and formulation development.



## MIXING THE RIGHT DOSAGE

What are the tangible benefits from this alignment?



# 4 Wide product basket

To accelerate its growth story, it is imperative for a company to offer customers a wide product portfolio to select from. Across all therapeutic segments. From the fast growing lifestyle related segments such as the cardiovascular and anti-diabetic segments. To the new emerging ones such as neuropsychiatry. And to the segments of the future - Biopharmaceuticals.

Just what the merger will help the combined entity offer to its discerning customers across the world: a bouquet of niche and wide product portfolio in biopharmaceuticals, APIs and formulations.

### STRATEGY: FORMULATIONS

- To ensure optimum representation of therapeutic segments in the domestic branded formulations industry, the company has five separate divisions to market its range of formulation products :
- **Critical care division** - to market niche Biotech products, a major growth driver in the future.
- **Cerebella** - to market CNS and Psychiatry products (Rs 5.75 bn and growing at 11 per cent)
- **Mark Remedies (100% subsidiary)** - to market Prescription /

Ethical products for niche therapy segments.

- **Zenmark & Marksans** - to market OTC products and branded generics (more than 100 products from this division).

The break-up of domestic formulation sales is as follows: (approx)

Division	% of domestic sales in FY05	% of domestic sales by FY08
Mark Remedies	10	20
Cerebella	17	22
Zenmark & Marksans	57	13
Critical Care/NCE/ Patented products	16	45

- The combined entity will offer its customers 150 products across these five divisions, of which 80 products feature in the ORG list and more than 40 products are currently under development.
- MPL has put in place a strong team of over 300 marketing representatives, 25 sales managers, 50 distributors, 1,000 stockists and 200,000 retailers to market its products.

- For its prescription/ethical products, the entity is focusing mainly on high growth segments such as the respiratory, gastro-intestinal, gynaecology and nutritional supplements segments.

- Under the Cerebella division, the entity offers products addressing the specialised neuropsychiatry segment, with a prime focus on the anti depressant, anti psychotic, anti anxiety, anti coagulant and anti epileptic segments. The company's decision to enter this segment was based on the fact that it has a huge market potential, estimated at Rs 5.75 bn, growing at 10 per cent, with only 10 active players operating in this segment. The company expects to garner a significant market share in this segment by introducing technologically superior therapies, exclusive biotech products for neuropsychiatry, tie-up with NGOs to reach out to the masses and introduce ICU exclusive products.

- It has launched Crite-Care an 'in-licensing' division in the domestic market. And has obtained DCI permission for the import and marketing of 'Interferon' and 'Enoxaparin' in India. The company has entered into exclusive agreements with 'Centre of Genetic Engineering and Biotechnology' Cuba

and Dr. Lazar Labs of Argentina for import of these products and exclusive marketing of the same in India and parts of Asia. Its CNS division has launched the latest molecules in India with a focus on NDDS products.

- With a deep understanding of the market, competent people with strong CNS background and customer-focused promotional activities, the entity is aiming to be among the top ten players within the next five years in the neuropsychiatry segment and reach a turnover of Rs 1 bn.

- The new entity intends to adopt a focused approach for its neuropsychiatry and bio-pharmaceutical products.

- It intends to continuously introduce four to five products per quarter, which will help consistently expand and broaden its product portfolio.

Its R&D team is developing 15 high potential molecules (going off-patent in the next five years) to be launched in FY06 and is developing more than 40 molecules to be launched over the next three years.

# Divisions

**Mark Remedies** ● 100% subsidiary of Marksans Pharma ● Prescription / Ethical products ● Focus on women's health, geriatric disorders, internal medicine, nutritional support and lifestyle disorder associated with gastro-intestinal, cardiology and diabetology.

Brand	Active Substance	Segment	Estimated Domestic Market size (Rs. million)
Ambrol Plus	Ambroxol hydrochloride, Guaifenesin	Cough preparations	6,800
Acixx	Magaldrate, Simethicone	Antacid, anti flatulent	2,500
Methovit	Niacinamide, methylcobalamin, folic acid	Vitamin B1 & metabolites	610
Marcef	Ceftriaxone sodium	Cephalosporins	10,000
Flox O	Ofloxacin	Quinolones	7,400
X Cal	Calcium citrate	Calcium preparations, gynaecology	1,600
Hemcap	Elemental iron	Iron supplement, gynaecology	4,300
Seromark	Paracetamol, Diclofenac sodium	Anti rheumatic non-steroidal	10,000
Aclav	Amoxicillin trihydrate	Amoxicillin preparations	6,800
Alfacaps Plus	Alfacalcidol	Anti osteoporosis	1,000
Ampty	Itoripide hydrochloride	GI prokinetic	420

**Cerebella** ● Launched in November 2004 ● Started with just three brands - today bigger bouquet of brands ● Focused on niche markets of psychiatry and neurology ● People with CNS background -deep understanding of market ● Therapeutic focus - anti depressant, anti psychotics, anti epileptics, anti Parkinson's therapy, memory enhancer etc.

Brand	Active Substance	Segment	Estimated Domestic Market size (Rs. million)
Ropeway	Ropinirole	Anti Parkinson	400
Donaz	Donepezil	Anti depressant	2,090
Bazzy	Clobazam	Anti epileptic	3,180
Markparin	Enoxaparin	Anti coagulant	350
Citofast	Escitalopram	Anti depressant	2,090
Paro XL	Paroxetine	Anti depressant	2,090
Xenotril SL	Clonazepam	Anti epileptic	3,180
Olanzotic	Olanzapine	Anti psychotic	920
Bilif	Aripiprazole	Anti psychotic	920

**Critical Care** ● Foray into bio-pharmaceuticals ● Two focused brands (1) Markferon: Active substance- Interferon Alpha 2b, anti cancer (2) Markparin - Active substance Enoxaparin - low molecular weightt heparin, anti coagulant; in-licensing and joint product development programs in place for future products.

## STRATEGY: ACTIVE PHARMACEUTICAL INGREDIENTS

● The new entity not only manufactures APIs for in-house consumption at the formulation plant in Goa but also manufactures a range of high potential API products for the domestic and export markets.

● It manufactures APIs addressing the high growth, high potential

anti-infective and anti-ulcerant therapeutic segment.

● Its future range of APIs will address the lifestyle related segment comprising the cardiovascular, anti-depressant, anti-histamine, anti-allergic therapeutic segment: a huge market wherein the world market size for products going off patent in this segment over the next five years has been estimated at US\$ 20 bn. To leverage the expected boom in this segment, the company intends to introduce

15 new products developed by 2006 - Remipril (Cardiovascular/ Anti-hypertensive), Carvedilol (Cardiovascular), Atorvastatin (Cardiovascular), Fenofibrate (Cardiovascular), Pioglitazone (Anti-diabetic), Rosiglitazone (Anti-diabetic), Glimipride (Anti-diabetic), Citalopram (Anti-depressant), Venlafaxine (CNS), Risperitone (CNS), Mirtazapine (CNS) and Losartan Potassium (Cardiovascular).

● To strengthen its presence in the existing therapeutic

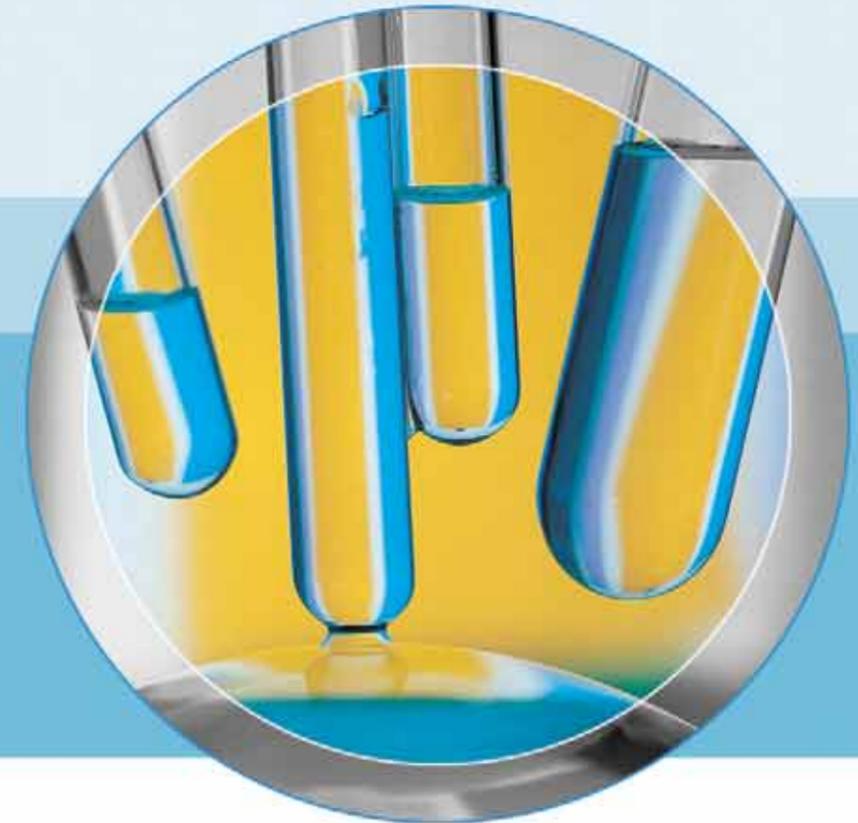
segments, it intends to increase capacities for its principal products wherein annual capacities are expected to touch 3,200 tons.

● To capitalise on changing demand scenarios, it has invested in versatile manufacturing facilities, which will enable the combined entity to alter product mix with fluctuations in demand.

## MIXING THE RIGHT DOSAGE

*What are the tangible benefits from this alignment?*

# 5 Global focus



In order to grow at an exponential rate, a company has to chalk out a multi-pronged growth strategy. This means that in addition to broad basing product offerings, increasing presence over existing and new therapeutic and foraying into niche areas, it is also imperative to identify new fast growing markets for the company's products and concurrently increase presence in existing markets.

Just what the new entity embarked on in the current financial year.

### FORMULATIONS

To enter new lucrative markets such as UK, Australia, Latin America and South East Asia, the company has tied up with various players

in these geographies for product development, contract manufacturing and co-marketing.

The products will be manufactured at its UK MHRA and Australian TGA approved Goa facility, one of the largest formulation manufacturing facilities in India and the largest facility for manufacturing soft gelatin capsules in Asia.

Thanks to its supply agreements, the combined entity has a strong product pipeline in place worth millions of dollars for the next three years.

To give a fillip to revenues, post US FDA approval of its formulation plant, the combined entity expects significant export revenue to

accrue from the US, the biggest pharmaceutical market in the world.

### ACTIVE PHARMACEUTICAL INGREDIENTS

To boost API exports to existing and new geographies, the combined entity expects to leverage its supplier-of-choice status with reputed Indian and multinational pharmaceutical companies.

- To capitalise on emerging opportunities from fast growing geographies, it is setting up marketing hubs in the high growth markets of the United States, Europe and Australia and has positioned itself as a preferred potential partner for low-cost, high-quality specialised API products, CRAMS and as an R&D services

provider for global generic players.

- Thanks to these strategic initiatives, the company expects a substantial contribution from API and API-related exports by 2006, accounting for almost 70 per cent of total revenues.

The combined entity's formulation facilities are US FDA compliant and approved by UK MHRA, Australian TGA and Brazilian Anvisa health authorities. Its formulation and API facilities are expected to get US FDA approval in the next 12 months. With the right kind of infrastructure in place, the entity is ideally placed to cater to overseas markets as a preferred partner for global generic players for supply of both API and formulation.

## MIXING THE RIGHT DOSAGE

*What are the tangible benefits from this alignment?*

# 6 New chemical entities



For years, Indian pharmaceutical companies' business relied excessively on the reverse engineering of products. However, as India moves towards a product patent respecting regime, there is an increasing urgency to revise this strategy and invest in research of new drugs since the erstwhile practice of producing patented products through the non-infringing route will not be allowed.

Given the changing paradigm in the pharmaceutical industry, the combined entity intends to develop few NCEs with renowned research institutes. In fact, some of these NCEs are going through Phase II and Phase III clinical trials.

The combined entity is developing a male contraceptive called the Reversible Inhibition of Sperm Under Guidance (RISUG), a non-

hormonal drug molecule, which is patented in India, Bangladesh, USA, Malaysia, Thailand and China. This NCE is a novel concept as it does not entail use of synthetic material (condoms) or surgery (vasectomy). The NCE is currently undergoing Phase III clinical trials.

It has signed a contract for basic research on male contraceptives wherein it has entered into an agreement with Dr Sujoy Guha, Indian Council of Medical Research, Ministry of Health & Family Welfare for the Development and Commercialisation of the worldwide patented Male Contraceptive.

The new entity has also forayed into contract research for formulation development with a UK-based company.

### HIGHLIGHTS OF NCE UNDER DEVELOPMENT

RISUG (Reversible inhibition of sperm under guidance)

- A male contraceptive in Phase III clinical trials.
- Novel concept - no use of synthetic material (condom) or surgery (vasectomy).
- Concept and technology of Indian origin.
- New non-hormonal drug molecule.
- Agreement with Ministry of Health and Indian Medical Research Council.
- Patented in India, Bangladesh, USA, Malaysia, Thailand and China.
- Undergone extensive toxicology and animal carcinogenicity studies.
- Evaluated on rat, rabbit, two species of monkeys.
- Survey by USA women's group rates it as the best emerging non-hormonal male contraceptive.
- The World Health Organisation (WHO) considers it promising.
- Huge support by Ministry of Health (MOH) for population control measures.
- High-margin product that can be marketed through MOH and other regulatory agencies engaged in promoting population control measures.

## MIXING THE RIGHT DOSAGE

*What are the tangible benefits from this alignment?*

# 7 Biopharmaceuticals



In order to grow faster than the industry, companies need to constantly identify high growth and niche segments which are marked by high entry barriers such as complex manufacturing processes and stringent regulatory environment, which in turn results in fewer players operating in this space.

This explains the company's foray into the high growth specialised field of bio-pharmaceuticals.

Biotechnology medicines leverage the full potential of genetic engineering which helps heal life threatening and congenital diseases such as cancer, cardiovascular, diabetes, cosmetic reconstruction, among other ailments.

The first biologic drugs were patented in the US and Europe 20 years ago.

Today, these products account for more than US\$30 bn in annual

sales worldwide (S.A.M estimates) and are expected to exceed \$45 bn in sales by the end of 2005.

The world market for therapeutic proteins is over US\$22 bn and India represents just one per cent of this market.

Over the next five years, it is estimated that US\$13 bn worth of biologic products will go off patent.

This represents an attractive untapped opportunity, which vindicates Marksans Pharma's focus on development and commercialisation of generic biopharmaceutical products.

Given the scenario, the new entity has put in place an ambitious strategic plan to drive this business ahead.

● It has entered into a number of in-licensing/joint R&D agreements with both international agencies and local research institutes for product development and/or marketing.

● It has identified some products and molecules to launch in the fields of oncology and the cardiovascular segments.

● Some of the products approved/licensed/under development are:

● Interferon Alpha 2b. The worldwide recombinant interferon alpha market is estimated at US\$2 bn. To leverage this growth potential the company has licensed it from the Centre of Genetic Engineering and Biotechnology, Cuba. The company has received the approval and registration for this product and is marketing this product under the 'Markferon' brand name.

● Granulocyte Colony Stimulating Factor (GCSF) which has an estimated world market in excess of US\$2 bn.

● Erythropoietin (EPO), a recombinant insulin with an estimated world market of more than US\$2 bn.

# MPL's foray into bio-pharmaceuticals

Product	Licensors / Joint R&D	Segment / Indication	Current Status
Interferon Alfa 2b	Center of Genetic Engineering and Biotechnology, Cuba	Viral hepatitis infections and hematological cancers	Approved and registered for import and marketing. World market size US\$1 bn
Granulocyte Colony Stimulating Factor (GCSF)	Beijing four rings, China	Protein stimulator of bone marrow cells. Useful for neutropenia in cancer patients	Phase III trials completed and report being submitted to relevant authorities. Likely product launch within next six months. World market size US\$2 bn
Erythropoietin	Beijing four rings, China	Treatment of anemia in HIV infected and cancer patients	To be applied for product registration. World market size US\$2 bn
Interlukin 2	Laboratorio Pablo Cassara, Argentina	Indicated for the therapy of melanoma and renal cell carcinoma	Only Chiron USA has introduced the product in India
Recombinant Epidermal growth factor cream (EGF)	Center of Genetic Engineering and Biotechnology, Cuba	Useful for patients undergoing superficial and deep radiotherapy	In process of registration with regulatory authorities
Salmon Calcitonin	Laboratorios Gramon, Argentina	Osteoporosis and treatment of chronic pain in terminal cancer patients	Received dossier from the manufacturer and application under preparation
Citicoline	Laboratorios Gramon, Argentina	Cardiovascular disorder	Dossier awaited from the manufacturer and will go for phase III clinical trials
Octreotide	Laboratorios Gramon, Argentina	AIDS, chemotherapy, GI tumours and breast cancer	Dossier awaited from the manufacturer
GCSF	Department of Biochemical Engineering and Biotechnology, IIT Delhi	As above	Product development program for pilot scale development of fermentation facilities to manufacturing recombinant proteins

## THE RIGHT DOSAGE

# 8 Whole is greater than sum-of-the-parts



An important psychological principle which governs all our actions is the 'whole is greater than the-sum-of-the-parts'. The aptness and accuracy of this principle is best reflected in the tangible benefits which the merger promises to deliver to the amalgamated entity such as:

The amalgamated entity will be a de-risked company deriving revenues from a stronger presence in both the international and the domestic marketplace.

### REGULATED MARKETS

Have a strong presence in the high-value regulated markets of USA and Europe

- Feature amongst the top 10 fully-integrated pharma companies in India, with strengths in research, manufacturing (both API and formulations) and marketing/operating in regulated markets.
- Have one of the largest manufacturing infrastructure for APIs and formulations.
- Position itself as the preferred outsourcing partner by large MNCs operating in the regulated markets.
- With the acquisition of a US generic marketing company, it will be able to leverage its manufacturing capabilities.

### DOMESTIC MARKET

- Specialty segment focus (Criticare, CNS, Biopharmaceuticals).
- MPL is a front runner in introducing patented/NDDS/in-licensed products in the domestic market (RISUG, GCSF, EGF) in the post-patent era.
- High-value API focus.

### INTEGRATED PLAYER

- Backward integration for Marksans and forward integration for TASC.

- Multi-product versatile facilities of Tasc will be used to manufacture APIs for Marksans's current and future range of formulations.
- Integration of APIs with biopharmaceuticals and formulations will position Tasc as a leading player in the post-patent scenario in the global markets.
- Wider basket of products to be offered by the amalgamated entity.

Result: Increased profitability and competitiveness of the amalgamated entity.

# Director's Report

## DEAR SHAREHOLDERS,

Your Directors take pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2005.

## FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	2004-05	2003-04
Turnover	24635.02	13306.28
<b>Profit Before Depreciation, Taxation &amp; non recurring items</b>	<b>3180.81</b>	<b>1640.10</b>
Less: Depreciation	694.48	615.25
Provision for Taxation	228.75	78.84
Non Recurring Items	0	3.18
Deferred Tax	217.02	119.86
<b>Net Profit for the year</b>	<b>2040.56</b>	<b>822.97</b>
Add: Profit & Loss A/c . Balance at the beginning of the year	936.01	148.62
Less : Opening Balance of Deferred Tax	0	(35.58)
Add: Excess Provision Written Back	0	0.00
Add: Depreciation Written Back	0	0.00
<b>Balance Carried to Balance Sheet</b>	<b>2976.57</b>	<b>936.01</b>

## OPERATIONS

During the year under review, your Company has achieved a remarkable rise in the turnover and net profits, when compare with the previous year. During the year, Company has achieved a turnover of Rs. 24635.02 Lacs as compared to Rs. 13306.28 Lacs of the last year, showing a 85.14% increase in the turnover over the previous year. These has been achieved by constant and committed efforts of expanding the market base, exploring new area of business, strengthening distribution network and creating a

highly result oriented team to tap business potentials. The operating profits of the Company have also increased to Rs. 3180.81 Lacs as compared to Rs. 1640.10 Lacs of the last year, showing an increase of 93.94% over the previous year

## DIVIDEND

In view of Company's ongoing expansion plans and to support the fund requirements of the Company to stimulate further growth, your Board of Directors are not recommending any dividend for the current year.

## AMALGAMATION AND CHANGE OF NAME:

Company has successfully completed the process of Amalgamation with M\S. Marksans Pharma Limited (formerly M\S. Glenmark Laboratories Limited) pursuant to High Courts order dated 19th August, 2005. As provided in the approved Scheme of Amalgamation, necessary shares have been issued to the shareholders of the M\S. Marksans Pharma Limited (formerly M\S. Glenmark Laboratories Limited). These Shares issued pursuant to Amalgamation are listed with B.S.E. and N.S.E. Pursuant to approved Scheme Amalgamation name of the Company has been changed from M\S. Tasc Pharmaceuticals Limited to M\S. Marksans Pharma Limited with effect from 10th October, 2005.

## FOREIGN CURRENCY CONVERTIBLE BONDS:

Company has successfully raised USD 50 Million through Zero Coupon Foreign Currency Convertible Bonds issue.

## FIXED DEPOSITS:

During the year under review, your Company has not accepted any deposits

## DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of provisions of Section 217(2AA) of the Companies Act, your Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgements and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March , 2005 and the profit and loss account for the period ended 31st March , 2005;
- proper and sufficient care has been taken 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;
- the annual accounts have been prepared on a going concern basis.

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

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this Report.

## EMPLOYEES:

Your Company does not have any employee whose particulars are required to be given under section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employee) Rules 1975, as amended up to date.

## DIRECTORS:

Mr. Mark Saldanha, was appointed as Additional Director and Managing Director of the Company at the Board meeting held on 06.10.2005. Mrs. Sandra Saldanha, Dr. A. V. Sharma, Mr. Ajay Mittal and Dr. Kim Tan were appointed as Additional Directors of the Company at the Board meeting held on 06.10.2005.

Mr. Sanjay Thakkar, Mr. Kishor D. Sheth, Mr. Kanwardeep Singh and Mr. Jitendra Pandya resigned as Director of the Company at the Board meeting held on 06.10.2005.

## AUDITORS:

M/s Nitin Pota and Associates, Statutory Auditors of the Company ceases to be auditors of the Company at the date of ensuing Annual General Meeting. M/s N. K. Mittal and Associates, Chartered Accountant, has given their consent to act as Statutory Auditors of the Company. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits U/S 224 of the Companies Act, 1956. The Board recommends appointment of M/s N. K. Mittal and Associates as Statutory Auditors.

## APPRECIATION:

Your Directors thank all the employees of the Company, the Bankers, the distributors, business associates and shareholders for their support during the year and look forward to their continued support in the future.

By Order of the Board of Directors,

Mark Saldanha  
Managing Director

Mumbai, 6th October, 2005.

## Registered office:

601-622, Chintamani Plaza,  
Mohan Studio Compound,  
Andheri- Kurla Road,  
Andheri (E),  
Mumbai 400 099.

## ANNEXURE A :- POWER AND FUEL CONSUMPTION

Particulars	2004-05	2003-04
1. Electricity		
(a) Purchases		
Units (in '000 Kwhrs)	8,376	6,854
Total Amount (Rs. In '000's)	29,625	25,898
Rate/Unit (Rs.)	3.54	3.78
(b) Own Generation		
(i) Diesel Generator		
Units (in '000 Kwhrs)	1022	614
Units per Ltr. Of Diesel Oil	3.67	3.62
Cost/Unit (Rs.)	6.83	6.29
(ii) Through Steam Turbine/Generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace oil		
Quantity (K.ltrs)	2,102	1,952
Total Amount (Rs. In '000's)	26,236	23,528
Average Rate (Rs. /K.Ltr)	12,481	12,053
4. Light Diesel Oil		
Units(K.ltrs)	378	164
Total Amount (Rs. In '000's)	7,268	2,740
Average Rate (Rs. /K.Ltr)	19,230	16,760
5. Other/ Internal Generation	NIL	Nil

## ANNEXURE B

## Technology Absorption, adoption and Innovation

## 1. Efforts in brief towards technology absorption, adoption and innovation:

Most efforts are in the areas of improving plant operation by more and more automation hence achieving improvement in yield and quality.

## 2. Benefits derived:

Benefits derived are increase in level of output higher capacity utilization and improvement in yield and quality in maintenance of high quality and reduction in rejection rate.

## ANNEXURE C

## Foreign Exchange Earnings &amp; Outgo

This information is given in the Note No. 14(f) & 14(g) in the Notes to the Financial Statement of the Annual Report.

For and on Behalf of the Board

Mark Saldanha  
Managing Director

## Management Discussion and Analysis

## INDUSTRY STRUCTURE

Presently, the Indian Pharmaceuticals Companies contribution to the global drug industry is sizeable in terms of volume (8 percent); yet its corresponding value share is very restricted at 1 percent. However, with the advent of the GATT regime and the new Indian Patents Act coming into force, the outlook for growth is optimistic. In view of the current trends, it is predicted that the market will grow at a constant CARG of 8 to 10 percent, taking the India's share from USD 4.6 billion in 2004 to USD 7.8 billion in 2008.

The Industry has also been characterised by

- A need for product patent recognition, which served as an entry impediment for large global players.
- Domination by local companies (77 percent) which have shown twice as much growth as that of their global counterparts in the country.
- High price sensitivity with the government playing a role of moderator.
- Fragmented market place, which has moved towards consolidation especially in light of the new patent act.
- A nascent health Insurance sector where an overwhelming majority of people cannot afford insurance.
- Shift in the growth of therapy areas.

While acute illness still dominate, the growth rate of chronic category, cardiovascular, CNS and diabetes segments have demonstrated the fastest growth.

The upcoming implementation of the VAT has raised issues of

apprehension amongst stockists and wholesalers, signaling a possible negative impact in the initial stages.

## OPERATIONAL OVERVIEW.

Marksans constantly reviews its product-market portfolio with a view to strengthen sustainable growth. In the three years leading to the post GATT era, Marksans has worked towards strengthening its competitive status by investing in long-term value assets.

Likewise, research continues to remain an area of focus. Similarly, manufacturing facilities across the our three facilities have been upgraded or expanded to cater to the regulated market needs.

To ensure superior control of operations, the Company has instituted a top quality managerial and executive information system, which has started delivering the desired results and consequently, the Company has been able to better monitor its operations and costs.

## REVENUES

Marksans turnover for 2004-05 for its India operations was Rs 2545.32 million compare to Rs 1388.26 million in 2003-04, resulting in an increase of 83.35 percent with each of its business segments making their contributions.

## SUBSIDIARIES

Mark Remedies Pvt.Ltd. a wholly-owned subsidiary of Marksans, has achieved sales revenue of Rs 65.45 million.

## COST OF SALES

The Cost of sale showed a increase from 70.31percent in 2003-04 to 75.07percent in 2004-05 mainly on account of general decline

in the realisations of bulk actives and increased competition in the domestic market.

#### SELLING AND ADMINISTRATION EXPENSES

Selling and Administration Expenses were Rs 142.65 million in 2004-05, an increase of 3.96 percent against Rs 137.21 million in 2003-04.

#### DEPRECIATION

The provision for depreciation was Rs 69.50 million in 2004-05 compared with Rs.61.52 million in 2003-04. This rise is mainly due to the increase in fixed assets of the company.

#### INTEREST

The expenditure on account of interest was Rs 119.15 million in 2004-05 compared with Rs 107.55 million in 2003-04. The interest expenditure increased due to increase in the borrowing during the year whilst implementing various capital-intensive projects as well as in increase in the working capital requirement for the business.

#### RESEARCH AND DEVELOPMENT EXPENSES

The Research and Development Expenses were Rs 46.73 million in 2004-05. The increase was in line with the growth of the R&D staff strength and increase in research activity.

#### PROVISION FOR TAXATION

The Taxation charged for the financial year 2004-05 was Rs 23.03 million compared with Rs 7.93 million in 2003-04.

#### PROVISION FOR DEFERRED TAXATION

A Provision for Deferred Tax of Rs 21.47 million was made as per Accounting Standard 22 'Accounting for Taxes on Incomes' issued by the Institute of Chartered Accountants of India.

#### SHARE CAPITAL PENDING ALLOTMENT

Pursuant to the scheme of amalgamation of Marksans Pharma Ltd. with the company 2,34,40,563 Equity shares of Rs 10 each & 13,50,000, 7% redeemable preference shares of Rs 100 each will be issued to the equity shareholders and preference share holders of the erstwhile Marksans Pharma Ltd. (Formerly Glenmark Laboratories Ltd.) respectively.

#### RESERVES & SURPLUS

The Reserves & Surplus increased from Rs 107.46 million to Rs 528.64 million due to transfer of Rs 101.40 million from profit & loss account & Rs 319.77 million from Share premium account.

#### SECURED LOANS

Secured loans decreased from Rs. 897.06 million in 2003-04 to Rs. 854.33 million in 2004-05 due to repayments of term loan instalments.

#### UNSECURED LOANS

Unsecured loans decreased to Rs. 432.00 million in 2004-05 compared with Rs. 558.48 million in 2003-04.

#### FIXED ASSETS

The Company's gross assets block increased from Rs. 976.56 million as at 31st March 2004 to Rs. 1252.31 million as at 31st March 2005 on account of modernization of the plant at Goa and construction of multipurpose, versatile API manufacturing facility at Kurkumbh.

#### INVENTORY

Inventory increased from Rs. 366.81 million in 2003-04 to Rs. 524.15 million in 2004-05, mainly to service a larger product basket for the domestic, export and API business & also largely due to change in taxation, i.e. MRP-based Excise and VAT implementation.

#### RECEIVABLE

Receivables increased from Rs. 535.25 million in 2003-04 to Rs. 616.22 million in 2004-05.

#### LOAN AND ADVANCES

Loans and advances increased from Rs. 408.25 million in 2003-04 to Rs. 741.94 million in 2004-05.

#### CASH AND BANK BALANCE

Cash and Bank balance increased to Rs. 97.05 million from Rs. 42.99 million mainly due to short term deposits with banks.

#### CURRENT LIABILITIES

Current liabilities and provisions decreased from Rs. 407.83 million in 2003-04 to 387.25 million in 2004-05.

#### NET WORKING CAPITAL

The net working capital has increased from Rs. 578.05 million to Rs. 924.37 million due to an increase in the receivables, inventory, cash and bank balance, loans & advances and reduction in current liabilities.

#### OPPORTUNITIES

##### Low per capita expenditure on pharmaceuticals

India has one of the lowest per capita health care expenditures in the world which is likely to correct over the coming years. For instance, India's per capita expenditure on pharmaceuticals is only USD 4 well below USA (USD 1992), Canada (USD 1483), Germany (USD 1819) and United Kingdom (USD 1415).

##### Privatisation of insurance.

Presently, only two million Indian -0.2 percent of the population - are medically insured even as a recent study indicates that 75 percent are potential insurable. Insurance companies have estimated that household healthcare spending will rise from 2 percent to 6 percent in the coming years, translating into attractive growth for India's pharmaceuticals industry.

##### Rising income levels

Rising income and an increase in the geriatrics population,

sustained by advance in hygiene and medicine, are driving a shift in market away from vitamins, anti-infectives and gastrointestinal treatment towards products that treat cardiovascular problem, central nervous systems disorders, diabetes and other complex ailments. By 2010, cardiovascular and central nervous systems treatment will account for a higher share of remedies provided. This is expected to result in a faster growth for companies like Glenmark that specialise in related niches.

##### Rural opportunity

Presently, 76 percent of the Indian pharmaceutical off-take transpires in urban centres. The four metros namely Delhi, Kolkata and Chennai account for about a fourth of the entire IPM. Within rural India, the market is concentrated in areas where the level of infrastructure development is relatively high. Accordingly to the World Development Report 2000, only 50 percent of the population in India has access to healthcare facilities. In rural areas, this percentage is lower. As penetration levels improve, a broader growth for India's pharmaceuticals industries is expected.

##### Threats

The implementation of GATT from 2005 represents the biggest threats facing the IPI. India will recognize product patents, thus reducing process reverse engineering opportunities. Indian companies that have not prepared for this reality will face intense competition and perhaps even de-grow over the coming years.

##### Outlook

Marksans short term and long term outlook appears encouraging for the following:

- An integrated approach with presence in R&D, bulk actives and formulation along with an increasing coverage of regulated markets.
- A strong focus on establishing each element in its integrated chain as a revenue generator's commitment to expand to new global markets with customised strategies.
- A horizontal and vertical expansion in therapeutic segments in all target markets.
- An aggressive and adoptable marketing approach to widen its doctor reach, e.g. creation of 5 new divisions, each having its own marketing focus.
- A variety of investments ranging from upgrading manufacturing capabilities, understanding regulatory requirements, alliances and building IPR assets, like new drugs and delivery systems for the future.

##### Regulatory Compliance Systems

Since pharmaceutical products affect human lives directly, the corresponding raw material quality is stringently regulated by the health authorities of the various countries.

These authorities govern each aspect of bringing a drug to the market; moreover, these regulatory agencies keep raising their quality benchmarks in response to consumer concerns. In view of this, a manufacturer seeking to serve these countries requires to invest in, closely track and comply with this evolving regulatory environment. Any delay in compliance could potentially lead to a staggered market entry and lost business opportunities.

Marksans has built a dedicated Regulatory Affairs team engaged in tracking and building protocols to comply with the stringent regulatory requirements across geographies. It has also extended this ability into a confidence-building documentation system, which proves the quality of the Company's products as safe for consumption and customized to the precise requirements of these geographies.

#### INTERNAL CONTROL SYSTEMS

Marksans adequate controls cover a comprehensive definition of individual roles and responsibilities, an effective feedback flow to facilitate effective monitoring and a responsible internal audit process.

#### SEGMENTAL ANALYSIS

Particulars	(Rs. in Lakhs)	
Business Segement as Primary Segements		
1. Segement Revenue	31.03.05	31.03.04
a) Bulk Drugs Division	14371.14	8007.43
b) Formulations Divison	10918.41	5759.88
Total	25289.55	13767.31
Less : Inter Segement Revenue	-	-
Net Sales	25289.55	13767.31
2. Segement Results [Profit/(Loss) before tax and interest from each segement]		
a) Bulk Drugs Division	2385.66	1220.97
b) Formulations Division	1399.65	1019.81
Total	3785.31	2240.78
Less : 1) Interest & finance charges	1193.44	1092.35
2) Other un-allocable expenditure net off		
un-allocable income	85.09	121.56
Extra Ordinary Item (Net)	-	-
Total Profit/(Loss) before Tax	2506.78	1026.87

#### CAUTIONARY STATEMENT

Statements in the Management's Discussion and Analysis Report describing the Company's Objective, projections and estimates are forward looking statements and progressive within the meaning of applicable Security Laws and Regulations. Actual results may vary from those expressed.

# Corporate Governance

The Company pursuant to the code on the Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) furnishes its report as under:

## PHILOSOPHY ON CODE OF GOVERNANCE

The Company is committed to good corporate governance. The Company respects the rights of its Shareholders to information on the performance of the Company and it is the endeavor to maximize the long-term value to the shareholders of the Company. The compliance report is prepared and given below in conformity with the mandatory requirements of the Listing Agreement with the Stock Exchange.

## BOARD OF DIRECTORS

The size and composition of the Board conforms to the requirements of the Corporate Governance code under the Listing Agreement with stock exchanges.

During the financial year under review, 8 Board meetings were held on the following dates: 17th May, 2004, 29th July, 2004, 6th August, 2004, 14th September, 2004, 28th October, 2004, 1st December, 2004, 24th February, 2005 and 18th March, 2005.

None of the directors are members of more than 10 committees of the Board nor are they chairman of more than 5 committees in which they are directors. The details as to Composition, Status, Attendance at the Board Meetings, and the last Annual General Meeting, outside Directorship and other Committees membership are as follows:

Name of the Director	Status i.e Executive, Non - Executive and independent Director	No. of Board Meetings attended out of 8 held	No. of membership in other Boards or Committees as a member or Chairman, excluding foreign and Private Companies		Whether attended the last AGM
			Board	Committee	
Mr. Mark Saldanha (Managing Director)*	Executive and Non - Independent	NIL	1	NIL	NO
Mr. B. K. Mishra	Executive and Non - Independent	4	NIL	NIL	NO
Mrs. Sandra Saldanha *	Non -Executive and Non- Independent	NIL	1	NIL	NO
Dr. A. V. Sharma *	Non- Executive and Independent	NIL	1	3	NO
Mr. Ajay Mittal *	Non- Executive and Independent Nominee - UTI	NIL	NIL	3	NO
Dr. Kim Tan *	Non- Executive and Independent	NIL	NIL	3	NO

Name of the Director	Status i.e Executive, Non - Executive and independent Director	No. of Board Meetings attended out of 8 held	No. of membership in other Boards or Committees as a member or Chairman, excluding foreign and Private Companies		Whether attended the last AGM
			Board	Committee	
Mr. Sanjay K. Agarwal	Non- Executive and Independent Nominee - IDBI	6	NIL	NIL	NO
Mr. Vijay Thakkar	Executive and Non - Independent	8	NIL	NIL	YES
Mr. Sanjay Thakkar "	Executive and Non - Independent	7	NIL	NIL	YES
Mr. Kishor D. Sheth "	Executive and Non - Independent	8	NIL	NIL	YES
Mr. Nitin Parikh	Non- Executive and Independent	2	NIL	NIL	YES
Mr. Rajesh Maheshwari	Non- Executive and Independent	7	NIL	NIL	YES
Mr. Kanwardeep Singh "	Non- Executive and Independent	NIL	1	NIL	NO
Mr. Jitendra Pandya "	Non- Executive and Independent	NIL	NIL	NIL	NO

\* Mr. Mark Saldanha, was appointed as Additional Director and Managing Director of the Company at the Board meeting held on 06.10.2005. Mrs. Sandra Saldanha, Dr. A. V. Sharma, Mr. Ajay Mittal and Dr. Kim Tan were appointed as Additional Directors of the Company at the Board meeting held on 06.10.2005.

" Mr. Sanjay Thakkar, Mr. Kishor D. Sheth, Mr. Kanwardeep Singh and Mr. Jitendra Pandya resigned as Director of the Company at the Board meeting held on 06.10.2005.

## AUDIT COMMITTEE

The Audit Committee, consists of three Directors, namely Dr. A. V. Sharma (Chairman), Mr. Ajay Mittal and Dr. Kim Tan, all of them are independent director. The Committee was reconstituted during the year. The Managing Director, head of Finance along with internal auditors and statutory auditors were invited to the audit committee meetings. Company Secretary acts as a Secretary to the Committee. The constitution, functions and the terms of the reference of the Audit Committee are those prescribed under clause 49 of the Listing Agreement as well as under Section 292 A of the Companies Act, 1956. During the financial year under review, 3 Audit committee meetings were held on the following dates: 24th April, 2004, 28th June, 2004 and 27th January, 2005, which were attended by all the members of the Committee.

## REMUNERATION COMMITTEE AND REMUNERATION OF THE DIRECTORS

The Remuneration Committee of the Company consists of three Directors, namely Dr. A. V. Sharma (Chairman), Mr. Ajay Mittal and

Dr. Kim Tan. All the members of the committee are Non-Executive Director. The Committee has power to determine the remuneration of the executive directors of the Company as per the provision of Clause 49 of the Listing Agreement and applicable provisions of the Companies Act, 1956.

## INVESTORS GRIEVANCE REDRESSAL COMMITTEE

The Investor Grievance Redressal Committee, consists of three Directors, namely Dr. A. V. Sharma (Chairman), Mr. Ajay Mittal and Dr. Kim Tan. The Committee was reconstituted during the year. The Committee looks into the shareholders' and investors' grievances.

The committee oversees the performance of the Registrars and Transfer agents and recommends measures to improve the level of investor services.

Bigshare Services Pvt. Limited, Company's registrar and Transfer agent process these transfers. The company has authorised Mr. H.P.Kanaani, Company Secretary and Legal Manager of the Company to approve the share transfers, and all shares have been transferred and returned in 15 days from the date of receipt, so long as the documents have been clear in all respects.

The Board has designated Mr. H.P.Kanaani as compliance officer.

Number of complaints received during the year : 31

Number of complaints resolved to the satisfaction of shareholders : 31

Number of share transfers pending as on March 31, 2005 : NIL

## GENERAL BODY MEETINGS

Annual General Meetings	Date	Time	Venue	No. of Special Resolutions
Twelfth	30/9/2004	10.00 AM	Ivy Restaurant Banquets, Above Shoppers' Stop, Amar Mahal, Chembur, Mumbai - 400089.	1
Eleventh	25/9/2003	10.00 AM	Shri Sai Leela, A-1/1, Rajawadi Hsg. Soc., Ghatkopar(E) Mumbai - 400077.	Nil
Tenth	26 /9/2002	10.00 AM	Hotel Ganesh Palace, Opp. Ghatkopar Stn., Ghatkopar(W) Mumbai - 400086.	1

The special resolutions were passed on show of hands.

## DISCLOSURES

- No material, financial and commercial transactions were reported by the management to the Board of Directors in which management had personal interest having a potential conflict with the interest of the Company at large.
- There are no transactions with the Director or Management, their associates or their relatives etc. that may have potential conflict with the interest of the Company at large.
- There was no non-compliance during the last three years by the Company on any matter related to the capital market. Consequently, there were neither any penalties imposed nor strictures passed on the Company by Stock Exchanges, SEBI or any statutory authority.

## MEANS OF COMMUNICATION

Quarterly, Half-yearly, and Annual results of the company are published in one English (usually Economic Times) and one Marathi newspaper (usually Maharashtra Times). These are also submitted to the stock exchanges in accordance with the Listing Agreement and are available on the website of the BSE (www.bseindia.com) & NSE (www.nseindia.com) and also on the SEBI's website (www.sebidifnar.nic.in). No presentations were made to institutional investors or to analysts under review.

The management discussion and analysis report forms part of the

annual report.

## GENERAL SHAREHOLDER INFORMATION.

AGM: 13th AGM

Date: December 22, 2005

Time : 2.30 p.m

Venue : Hotel Tunga International, B/11, M.I.D.C. Central Road, Andheri [E], Mumbai-400093

Financial calendar

Financial Year - April to March

First Quarter Results - Last week of July

Second Quarter Results - Last week of October

Third Quarter Results - Last week of January

Last Quarter Results - Last week of April

Date of Book Closure

December 16, 2005 to December 22, 2005 (both days inclusive)

Dividend payment date

Nil, as there is no proposal to declare dividend.

Listing on Stock Exchanges

BSE and NSE

Stock Code

BSE- 524404, NSE- MARKSANS

ISIN No.: INE750C01018.

Market price data on BSE

Month	Open	High	Low	Close	No. of Shares
April 2004	43.00	53.00	42.30	46.00	603660
May 2004	44.70	47.50	32.55	37.25	354311
June 2004	39.50	44.70	33.50	35.05	542012
July 2004	34.70	60.95	34.50	53.05	1519997
August 2004	52.50	60.00	44.00	56.25	883565
September 2004	57.00	107.00	53.50	103.95	672192
October 2004	101.00	166.50	95.00	153.55	1922027
November 2004	154.00	186.55	154.00	160.60	906599
December 2004	163.80	182.40	157.40	182.40	977152
January 2005	186.00	213.40	180.25	206.15	727812
February 2005	213.00	302.60	201.00	277.45	1569479
March 2005	288.00	398.20	275.00	318.55	5747084

Registrar and Transfer agents

Bigshare Services Pvt. Ltd.

E-2, Ansa Industrial Estate, Saki Vihar Road, Andheri (East), Mumbai 400 072.

Ph. No. 28470652/53/28473474

Share Transfer System

All the transfers received are processed and approved by the Investors Grievance's Redressal Committee, which normally meets twice a month or more depending upon the volume of the transfers.

Distribution of Shareholding as on March 31, 2005 :

No. of shares		No. of shareholders		No. of shares	
From	To	Number	%	Number	%
Less Than	500	4340	88.21	630342	5.04
	501	259	5.26	216793	1.73
	1001	121	2.46	188636	1.51
	2001	37	0.75	97076	0.78
	3001	33	0.67	118493	0.95
	4001	23	0.47	107284	0.86
	5001	37	0.75	292822	2.34
	10001	70	1.42	10848554	86.79
<b>Total</b>		<b>4920</b>	<b>100.00</b>	<b>12500000</b>	<b>100.00</b>

Dematerialisation of shares and Liquidity

Based on SEBI directives, Company's shares are traded in Dematerialised form. As on 31.3.2005, 97.49% of the paid up share capital of the company was in the dematerialised form.

Outstanding GDR / ADR / Warrants or any convertible instrument, conversion dates and likely impact on equity.

Company has issued FCCB convertible in to Equity Shares of the Company on 08.11.2005.

Plant Locations

One plant of the Company is located at Verna, Goa and two plants of the Company are located at MIDC, Village - Kurkumbh, Taluka - Daund, District- Pune, Maharashtra.

Address for Correspondence

Mr. H.P.Kanaani

Company Secretary and Legal Manager

Marksans Pharma Limited

601-622, Chintamani Plaza, Mohan Studio Compound, Andheri- Kurla Road, Andheri (E), Mumbai 400 099.

## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,

**MARKSANS PHARMA LTD.**

(Formerly TASC PHARMACEUTICALS LIMITED.)

We have examined the compliance of conditions of Corporate Governance by MARKSANS PHARMA LTD. [Formerly TASC PHARMACEUTICALS LTD.], for the year ended 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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 conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements 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 with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We state that as per the records maintained by the Company, there were no investor grievances remaining unattended / pending for a period exceeding one month.

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 NITIN POTA & ASSOCIATES  
Chartered Accountants

NITIN POTA  
Proprietor  
Membership No. 42215

Place: Mumbai

Date : 6th October, 2005

For N.K.MITTAL & ASSOCIATES  
Chartered Accountants

N.K.MITTAL  
Proprietor  
Membership No. 46785

# Auditors' Report

To the members of **MARKSANS PHARMA LIMITED (FORMERLY TASC PHARMACEUTICALS LIMITED)**

We have audited the attached Balance Sheet of **MARKSANS PHARMA LIMITED** as at 31st March 2005 and the Profit & 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.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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 report as follows:

- 1) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified therein.
- 2) Further to our comments in the Annexure referred to above, we state 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 these books;
  - c) The Balance Sheet and the Profit and Loss Account and Cash Flow Statement referred to in this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet and the Profit &

Loss Account and Cash Flow Statement comply with the Accounting Standards referred with in Section 211(3C) of the Companies Act, 1956;

- e) On the basis of the written representations received from the Directors of the Company and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2005 from being appointed as a Director in terms of Clause (g) of sub section (1) of Section 274 of the Companies Act, 1956;
- f) Subject to the remarks in Note 6 of Schedule 18 of the notes to accounts regarding Non-provision of Gratuity, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes give the information required by the Companies Act, 1956 and 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, 2005, and
  - ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.
  - iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

FOR NITIN POTA & ASSOCIATES  
Chartered Accountants

NITIN J. POTA  
(Proprietor)  
M. NO. 42215

FOR N.K.MITTAL & ASSOCIATES  
Chartered Accountants

N.K.MITTAL  
(Proprietor)  
M.NO.46785

## ANNEXURE

Re : **MARKSANS PHARMA LIMITED (FORMERLY TASC PHARMACEUTICALS LIMITED)**

Referred to in point no.1 of our report of even date.

- i. (a) The company has maintained proper records showing particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the management at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.
  - (c) Substantial part of fixed assets have not been disposed off during the year.
- ii. (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
  - (b) In our opinion, 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 has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- iii. The company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- iv. In our opinion, there are adequate internal control procedures 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.
- v. (a) According to the information & explanations given to us, the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
  - (b) In our opinion, each of these transactions and exceeding the value of five lakh rupees in respect of any party during the financial year have been made 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 its 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 maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However we are neither required to carry out nor have carried out any detailed examination of such accounts and records.
- ix. (a) The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities.

- (b) According to the information & explanations given to us, no undisputed amounts payable in respect of Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty and cess were in arrears, as at 31st March 2005, for a period of more than 6 months from the date they became payable.
- (c) According to the information & explanations given to us, there are no dues of Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty and cess which have not been deposited on account of any dispute.
- x. At the end of the financial year, the Company does not have accumulated losses. The Company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.
- xi. According to the information & explanations given to us, the company has delayed in payment of some dues to financial institution & banks. However, as on 31.03.2005 all have been made good. (See note 8b of Schedule 14).
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, 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 are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. The company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. Term loans availed by the Company were, prima facie, applied for the purpose for which the loans were obtained.
- xvii. On an overall basis, the funds raised on short-term basis have, prima facie, not been used for long term investment and vice versa.
- xviii. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xix. The company has not issued any debentures.
- xx. The company has not raised money by public issues during the year.
- xxi. Based on the checks carried out by us, any fraud on or by the company has not been noticed or reported during the year.

FOR NITIN POTA & ASSOCIATES  
Chartered Accountants

NITIN J. POTA  
(Proprietor)  
M. NO. 42215

Place : Mumbai  
Date : 6th October, 2005

FOR N.K.MITTAL & ASSOCIATES  
Chartered Accountants

N.K.MITTAL  
(Proprietor)  
M.NO.46785

## Balance sheet as on 31 march, 2005

PARTICULARS	SCHEDULE NO	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	1	494,405,630	335,000,200
Reserves & Surplus	2	526,839,345	107,190,825
<b>Total</b>		<b>1,021,244,975</b>	<b>442,191,025</b>
<b>Loan Funds</b>			
Secured Loans	3	833,642,636	875,744,704
Unsecured Loans	4	42,000,000	54,148,832
<b>Total</b>		<b>1,896,887,611</b>	<b>1,372,084,561</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b> (Gross Block)	5	1,251,970,580	976,354,427
Less: Depreciation		235,616,364	166,167,971
<b>Net Block</b>		1,016,354,216	810,186,456
Investment	6	2,550,000	2,550,000
Current Assets, Loans & Advances			
Inventories	7	485,230,290	340,454,646
Sundry Debtors	8	572,038,377	508,737,995
Loans & Advances	9	126,415,083	43,205,206
Cash & Bank Balances	10	95,083,614	42,305,638
<b>Total (A)</b>		<b>1,278,767,363</b>	<b>934,703,485</b>
Current Liabilities & provisions	11	379,633,576	381,569,774
<b>Total (B)</b>		<b>379,633,576</b>	<b>381,569,774</b>
Net Current Assets (A) - (B)		899,133,787	553,133,711
Deferred Tax Assets/(Liability) (Net)		(42,127,764)	(20,425,352)
Miscellaneous Expenditure (To the extent not written off)	12	20,977,373	26,639,744
<b>Total</b>		<b>1,896,887,611</b>	<b>1,372,084,561</b>
Notes to the Accounts	18		

As per our attached report of even dated

**For and behalf of**  
 Nitin Pota & Associates  
*Chartered Accountants*  
 Nitin Pota  
*(Proprietor)*  
 M.No. 42215  
 N.K.Mittal & Associates  
*Chartered Accountants*  
 N.K.Mittal  
*(Proprietor)*  
 M.No. 46785

**For and on Behalf of the Board**  
 Mark Saldanha  
*Mg. Director*  
 Vijay P.Thakkar  
*Director*  
 Hitesh Kanani  
*Company Secretary*

Place: Mumbai  
 Date: 6th October 2005

## Profit & Loss Account for the Period ended as on 31 march, 2005

(Amount in Rs.)

PARTICULARS	SCHEDULE NO	AS ON 31-MAR-05	FOR THE PERIOD ENDE OF AS ON 31-MAR-04
<b>INCOME</b>			
<b>Sales</b>		2,463,501,987	1,330,628,172
Other Income	13	16,365,009	11,536,916
		<b>2,479,866,996</b>	<b>1,342,165,088</b>
<b>EXPENDITURE</b>			
Cost of Sales	14	1,863,842,111	946,366,687
Administration, Selling & Distribution Expenses	15	129,233,704	125,517,246
Interest & Financial Charges	16	116,314,726	103,692,261
Research and Development Expenses	17	46,731,761	-
Depreciation	5	69,448,393	61,525,486
Loss on Sale of Fixed Assets		-	318,372
Miscellaneous Expenditure Written Off		5,662,371	2,577,965
		<b>2,231,233,066</b>	<b>1,239,998,016</b>
<b>Profit Before Tax</b>		<b>248,633,930</b>	<b>102,167,072</b>
Provision for Taxation			
- Current Year		22,283,878	7,772,093
- Earlier Years		591,189	112,221
- Deferred Tax		21,702,412	11,985,861
<b>Net Profit after Tax</b>		<b>204,056,451</b>	<b>82,296,897</b>
Balance Profit brought forward		93,601,363	14,862,400
Less: Opening Balance of Deferred Tax Liability		-	3,557,934
		<b>297,657,814</b>	<b>93,601,363</b>
Add: Excess Provision for Taxation W. Back			-
Add : Depreciation Written Back			-
<b>Closing Balance Transferred to Balance Sheet</b>		<b>297,657,814</b>	<b>93,601,363</b>
Notes to the Accounts	18		

As per our attached report of even dated

**For and behalf of**  
 Nitin Pota & Associates  
*Chartered Accountants*  
 Nitin Pota  
*(Proprietor)*  
 M.No. 42215  
 N.K.Mittal & Associates  
*Chartered Accountants*  
 N.K.Mittal  
*(Proprietor)*  
 M.No. 46785

**For and on Behalf of the Board**  
 Mark Saldanha  
*Mg. Director*  
 Vijay P.Thakkar  
*Director*  
 Hitesh Kanani  
*Company Secretary*

Place: Mumbai  
 Date: 6th October 2005

## Schedules Forming Part of the Financial Statements as on March 31, 2005

(Amount in Rs.)

PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>Schedule - 1 [SHARE CAPITAL]</b>		
Authorised		
4,60,00,000 (Pr.Yr-2,60,00,000) Equity Shares of Rs.10/- each	460,000,000	260,000,000
14,00,000 (Pr.year-13,50,000) 7% redeemable cumulative - preference Shares of Rs.100/- each	140,000,000	135,000,000
Nil (Pr.yr-5,00,000) Unclassified shares of Rs.10/- each	-	5,000,000
	<b>600,000,000</b>	<b>400,000,000</b>
Issued Subscribed and Paid-up.		
1,25,00,000 (Pr.yr-1,00,00,000) Equity Shares of Rs.10/- each	125,000,000	100,000,000
Share Capital Pending Allotment		
2,34,40,563 (Pr.yr-1,00,00,020) Equity Shares of Rs.10/- each	234,405,630	100,000,200
13,50,000 (Pr.yr-13,50,000) 7% redeemable cumulative - preference Shares of Rs.100/- each	135,000,000	135,000,000
Fully paid-up to be issued Pursuant to the Scheme of Amalgamation of Marksans Pharma Ltd. with the Company [See Note 5(c) of Note to Accounts]		
	<b>494,405,630</b>	<b>335,000,200</b>

<b>SCHEDULE - 2 [RESERVES &amp; SURPLUS]</b>		
Capital Reserves	122,500	122,500
General Reserves	2,668,162	2,668,162
Share Premium	10,798,800	10,798,800
Add: Transferred During the Year	319,772,348	-
Profit & Loss Account	93,601,363	59,651,928
Less: Transferred to share capital pending allotment	(104,180,280)	-
Add: Transferred During the Year	204,056,452	33,949,435
	<b>526,839,345</b>	<b>107,190,825</b>

<b>SCHEDULE - 3 [SECURED LOANS]</b>		
[See Note 9(a) of Note to Accounts for nature of security]		
Term Loan	539,423,741	561,474,436
Working Capital Facilities	290,157,375	309,484,426
Other Loans (Vehicle Loans)	4,061,520	4,785,842
	<b>833,642,636</b>	<b>875,744,704</b>

<b>SCHEDULE - 4 [UNSECURED LOANS]</b>		
Deposits & Others	42,000,000	54,148,832
	<b>42,000,000</b>	<b>54,148,832</b>

## Schedules Forming Part of the Financial Statements as on March 31, 2005

(Amount in Rs.)

Particulars	Gross Block				Depreciation				Net Block	
	As on	Additions	Sales/Dedn.	As on	Upto	For the Year	Wr.Back	As on	As on	As on
	31.03.2004			31.03.2005	31.03.2004			31.03.2005	31.03.2004	31.03.2005
Land & Building	293,675,341	36,924,740	-	330,600,081	21,314,539	9,251,644	-	30,566,183	272,360,802	300,033,898
Plant & Machinery	656,970,741	232,296,534	-	889,267,275	138,785,525	57,444,814	-	196,230,339	518,185,216	693,036,936
Computer & Software	4,193,932	474,932	-	4,668,864	2,063,658	714,481	-	2,778,139	2,130,274	1,890,725
Office Equipments	2,459,024	938,736	-	3,397,760	292,262	198,859	-	491,121	2,166,762	2,906,639
Furnitures & Fixtures	6,229,251	3,022,600	-	9,251,851	1,459,082	474,131	-	1,933,213	4,770,169	7,318,638
Vehicles	12,826,138	1,958,611	-	14,784,749	2,252,905	1,364,463	-	3,617,368	10,573,233	11,167,381
<b>Total</b>	<b>976,354,427</b>	<b>275,616,153</b>	<b>-</b>	<b>1,251,970,580</b>	<b>166,167,971</b>	<b>69,448,393</b>	<b>-</b>	<b>235,616,364</b>	<b>810,186,456</b>	<b>1,016,354,216</b>
Previous Year	927,598,402	49,587,546	1,042,622	976,354,427	104,911,411	61,499,048	242,488	166,167,971	822,686,991	810,186,456

(Amount in Rs.)

PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>SCHEDULE - 6 [INVESTMENT]</b>		
<b>(Unquoted/non trade unless otherwise stated)</b>		
Inv. In shares of Mark Remedies (P) Ltd. (100% subsidiary of Glenmark Laboratories (P) Ltd.)	2,500,000	2,500,000
In Equity Share of Development Credit Bank Ltd.	50,000	50,000
	<b>2,550,000</b>	<b>2,550,000</b>

<b>SCHEDULE - 7 [INVENTORIES]</b>		
Raw Material, Packing Material & Other Materials	259,609,091	252,905,603
Work - in - Process	32,828,129	25,331,375
Finished Goods	191,578,816	59,401,405
Stores & Spares	1,214,254	2,816,263
	<b>485,230,290</b>	<b>340,454,646</b>

<b>Schedule - 8 [SUNDRY DEBTORS]</b>		
Debtors (Unsecured and Considered good)		
Outstanding for over six month	21,351,813	15,653,844
Others	554,156,220	496,553,806
	<b>575,508,033</b>	<b>512,207,650</b>
Less: Provision for doubtful Debts	3,469,656	3,469,656
	<b>572,038,377</b>	<b>508,737,995</b>

<b>SCHEDULE - 9 [LOANS AND ADVANCES]</b>		
(Unsecured and considered good)		
Advances (recoverable in cash or kind or value to be received)	126,415,083	43,205,206
	<b>126,415,083</b>	<b>43,205,206</b>

## Schedules Forming Part of the Financial Statements as on March 31, 2005

PARTICULARS	(Amount in Rs.)	
	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>SCHEDULE - 10 [CASH AND BANK BALANCES]</b>		
Cash in Hand	1,012,646	490,918
Balance with Scheduled Banks in Current Account	17,324,922	17,565,141
Deposits with Banks	76,746,045	24,249,578
	<b>95,083,614</b>	<b>42,305,638</b>
<b>SCHEDULE - 11 [CURRENT LIABILITIES &amp; PROVISION]</b>		
Sundry Creditors & Other Liabilities	357,177,242	371,097,843
Unclaimed Dividend	172,456	198,107
Provision For Taxation	22,283,878	10,273,824
	<b>379,633,576</b>	<b>381,569,774</b>
<b>SCHEDULE - 12 [MISCELLANEOUS EXPENDITURE]</b>		
(To the Extent not Written off)		
Preliminary Expenses	1,489,214	1,710,058
Product launch, Investigation and Registration Expenses	18,812,053	24,028,213
Shares Issue Expenses	676,106	901,473
	<b>20,977,373</b>	<b>26,639,744</b>
<b>SCHEDULE - 13 [OTHER INCOME]</b>		
DEPB Income	12,393,645	8,580,400
Other Income	3,971,364	2,956,516
	<b>16,365,009</b>	<b>11,536,916</b>
<b>SCHEDULE - 14 [COST OF SALES]</b>		
Purchases	1,198,212,908	111,823,737
(Increase)/Decrease in Inventories	(139,674,165)	(20,867,204)
Net Raw Material Consumption	630,703,825	675,334,154
Water Charges	2,540,995	2,364,760
Electricity Charges	29,020,122	26,178,485
Salaries, Wages, Allowances & Staff Welfare	30,390,471	29,644,352
Other Manufacturing Expenses	112,647,955	121,888,403
	<b>1,863,842,111</b>	<b>946,366,687</b>
<b>SCHEDULE - 15 [ADMIN., SELLING &amp; DISTRIBUTION]</b>		
Rent , Rates & Taxes	7,815,617	8,257,314
Salaries & Allowances	34,244,147	31,115,461
Staff Welfare	1,104,538	1,301,470
Directors' Remuneration	4,268,760	3,392,400
Travelling Expenses	8,395,727	10,796,136
Freight outward	26,192,412	20,484,983
Communication Expenses	3,375,381	3,740,510
Repairs & Maintenance	609,769	1,257,088
Audit Fees	275,500	162,800
Selling & Distribution Expenses	24,483,298	25,640,983
Legal & Professional Fees	8,511,000	3,311,098
Office Expenses	1,663,317	2,068,018
Other Operating Expenses	8,294,239	13,988,986
	<b>129,233,704</b>	<b>125,517,246</b>

## Schedules Forming Part of the Financial Statements as on March 31, 2005

PARTICULARS	(Amount in Rs.)	
	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>Schedule - 16 [INTEREST &amp; FINANCIAL CHARGES]</b>		
Interst on Term Loans	59,287,649	47,778,998
Interest on Working Capital Facilities & Other Interest	57,027,076	55,913,263
	<b>116,314,726</b>	<b>103,692,261</b>
<b>Schedule - 17 [RESEARCH AND DEVELOPMENT EXPENSES]</b>		
Directors Remuneration	770,580	-
Salary and other allownces	4,256,900	-
Consumables, Chemicals & Other Material	34,045,660	-
Other Expencess	7,658,621	-
	<b>46,731,761</b>	-
<b>SCHEDULE - 18 NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005</b>		
(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES		
(a) Accounting Standards		
The Accounts have been prepared to comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.		
(b) System of Accounting		
The Accounts have been prepared under the Historical Cost convention. The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis, except for accounting of Gratuity liability. Interest from customers for delayed payments is also accounted on the ascertainment of realisability.		
(c) Fixed Assets		
Fixed assets are stated at cost alongwith costs directly attributable to bring the assets to their working condition as reduced by MODVAT credit and set off available for Sales Tax.		
(d) Depreciation		
Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs from time to time. Leasehold land is not amortise.		
(e) Impairment of Assets		
The company identifies impairable assets at the year end in terms of cash generating unit concept based on para-5 to 13 of AS-28 issued by ICAI for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, if any, when crystallizes is charged against revenue of the year.		
(f) Expenditure during construction period		
In case of new projects and substantial expansion of existing factories, expenditure incurred including financing costs prior to commencement of commercial production is capitalized. All pre-operative and trial run expenditure accumulated as Capital Work in Progress is allocated on a pro- rata basis depending on the prime cost of the assets.		
(g) Inventories		
Inventories are valued at the lower of cost (net of Modvat Credit) or Net Realisable Value as under :		
Raw materials, Packing Material and Stores - At Weighted Average Cost on FIFO basis.		
Work in Process - At Cost (Direct Cost plus Conversion Cost) upto estimated stage of completion.		
By-Products - At Net Realisable Value.		
Finished Goods - At Cost (Direct cost plus Conversion Cost and Excise Duty) or Net Realisable Value, whichever is lower.		

- (h) Customs / Excise duty  
Excise Duty on Finished goods and Custom Duty on imported materials are accounted on production of packed finished goods / receipt of material in Customs bonded warehouses.
- (i) Foreign Currency Transaction  
Purchase of imported raw materials, capital goods and components are accounted based on presentation memos from bank on the date of the transaction. In respect of liabilities on imports of raw materials, capital goods and components for which invoices / bills are not received, the liability is accounted based on the exchange rates prevailing on the date of the balance sheet.  
Export Sales of finished goods are accounted on the basis of export invoices on the invoice date. In respect of the unrealised exports, the receivables are accounted based on the exchange rates prevailing on the date of the balance sheet.
- (j) Miscellaneous Expenditure  
Expenditure on launch of new products and their sales promotion and expenditure for registration and for obtaining regulatory approvals for products for overseas market are being amortised over a period of 60 months.
- (k) Research and Development  
Capital expenditure on research and development is capitalized as fixed assets. Other expenditure on R&D is expensed as incurred.
- (l) Investments  
Long Term Investments are stated at cost.
- (m) Gratuity  
For Bulk Drug Division :- Payment of Gratuity is accounted for on cash basis.  
For Formulation Division :- Gratuity is accounted on accrual basis
- (n) Revenue Recognition  
The company recognizes sale of goods on the invoice date. Sales comprise of amounts invoiced for goods sold, including excise duty but net of returns and trade discounts.  
Dividend Income is accounted when right to receive dividend is established.
- (o) Income Tax  
Provision for Current Income tax liability is made on estimated Taxable Income under Income Tax Act, 1961 after considering permissions, deductions and disallowances. This liability is calculated at the applicable tax rate or minimum alternate tax rate u/s 115JB of the Income tax Act, 1961, as the case may be. Provision is also made for deferred tax liability / asset arising due to timing differences between profits computed for Income tax and the book profits as per the financial statements, for creation of a deferred tax asset or liability. This liability is recognised only if there is a reasonable certainty that the deferred tax assets / liability will be created and are reviewed at each balance sheet date. This liability is calculated at the applicable tax rate or minimum alternate tax rate u/s 115JB of the Income Tax Act, 1961 as the case may be.

(2) CONTINGENT LIABILITIES	31st March 2005	31st March 2004
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	NIL	NIL
(b) Claim against the Company not acknowledged as debt.	NIL	NIL
(c) In respect of Letters of Credit & Bank Guarantees issued by the Company's Bankers :	Rs. 352.10 lacs	Rs.372.55 lacs
(d) Disputed Taxes/Dues	Rs. 41.01 Lacs	NIL

(3) AUDITORS REMUNERATION	31st March 2005	31st March 2004
Audit Fees	Rs. 2,25,910	Rs. 1,26,250
Tax Audit Fees	Rs. 49,590	Rs. 35,500
Other Services	Rs. 1,65,907	Rs. 43,582

- | (4) DIRECTORS' REMUNERATION                                                         | 31st March 2005 | 31st March 2004 |
|-------------------------------------------------------------------------------------|-----------------|-----------------|
| Remuneration paid under Section 198 and Schedule XIII of the Companies Act, 1956 to |                 |                 |
| (a) Managing Director                                                               | Rs. 22,92,960   | Rs. 1,72,960    |
| (b) Other Directors' Remuneration Salaries and Allowances                           | Rs. 27,23,380   | Rs. 12,49,440   |
| (c) Directors' Sitting Fees                                                         | Rs. 23,000      | Rs. 12,000      |
- (5) AMALGAMATION OF MARKSANS PHARMA LIMITED WITH THE COMPANY
- a) Pursuant to the Scheme of Amalgamation of the erstwhile Marksans Pharma Ltd. [MPL] with the Company, both being pharmaceutical companies, as approved by the shareholders and secured creditors in the Court convened meeting held on 12th May, 2005 and subsequently sanctioned by the Hon'ble High Court of Judicature at Bombay on 19th August, 2005, the assets and liabilities of the erstwhile MPL were transferred to and vested in the Company with retrospective effect from 1st April, 2004. The Scheme has, accordingly, been given effect in this account.
- b) The Amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14) as issued by the Institute of Chartered Accountants of India. Accordingly the assets, liabilities and reserves of the erstwhile MPL as at 1st April, 2004 have been taken over at their book values.
- c) Pursuant to the scheme referred to at (a) above, 2,34,40,563 Equity shares of Rs.10/- each and 13,50,000 7% Redeemable Cumulative Preference shares of Rs.100/- each, are to be issued to the shareholders of MPL for consideration other than cash, by way of allotting nine equity shares of Rs.10/- each for every five equity shares of Rs.10/- each, and one 7% Redeemable Cumulative Preference shares of Rs.100/- each for every one 7% Redeemable Cumulative Preference shares of Rs.100/- each held by them, against capitalization of reserves in terms of the approved scheme. Corresponding amount is transferred from Profit & Loss to share capital pending allotment appearing in schedule 1.
- d) Sales transactions between Tasc Pharmaceuticals Ltd. [pre-amalgamated] and the erstwhile MPL took place before the announcement of the amalgamation scheme, as independent companies and hence these are not deducted from the total sales disclosed in the profit and loss account.
- e) Figures of the previous year also include the figures of erstwhile MPL, to make them comparable with the current year's figures.
- (6) The provision for liabilities in respect of payment of gratuity to employees of bulk drugs division , as per Payment of Gratuity Act, 1972, has not been made. The total liability towards retirement gratuity payable as on 31st March, 2005 has been ascertained as per actuarial valuation, at Rs.11,55,162 comprising Rs.9,67,553 upto 31st March, 2004 and Rs. 1,87,609 for the current year, in compliance with AS-15, on Accounting for Retirement Benefits in the Financial Statements of Employer, issued by the Institute of Chartered Accountants of India. Had the company provided for gratuity as per actuarial valuation, the profit for the current year would have been lower by Rs.1,87,609, excluding the charge for the earlier years of Rs.9,67,553. Consequently the Reserves & Surplus of the company are higher by Rs.11,55,162. For the formulation division provision for gratuity has made as per Payment of Gratuity Act, 1972.

(7) Balances with Scheduled Banks in Deposit Accounts includes Balances in respect of Unclaimed Dividend of Rs.1,72,456.20

(8) LEASES

The company has taken various residential, office and godown premises under operating lease or leave & license agreement. The leasing agreement which are non cancelable are for a period of three years. As at 31.03.2005, the company had committed minimum lease payment under non-cancelable operating lease as follows:

	(Amount in Rs'000s)	
	2004-2005	2003-2004
Minimum lease payments		
Due within one year	7284	9814
Due later than one year and not later than five years	6413	15853
<b>Total</b>	<b>13697</b>	<b>25667</b>

The leasing arrangements, which are cancelable range between 11 months and 3 years, are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. The aggregate lease rentals payable are charged to Profit & loss accounts as rent.

(9) a. Security for Loans in Schedule 3 :

**For Bulk Drugs Division**

- 1] Term Loans : Secured by Mortgage on First Charge Basis, except for the working capital term loans, which are secured by Mortgage on second Charge Basis, of the Company's all Immovable assets, present and future, situated at Plot D-10 and A-88, MIDC Kurkumbh, Tal. Daund, Dist. Pune, office premises situated at B-7/8, Satyam Commercial Complex, Ghatkopar[E], Mumbai-77, and personal guarantee of Director, and on Second Charge basis against hypothecation of Current assets.
- 2] Cash Credit from Banks : Secured against hypothecation of Current assets and also secured by way of Mortgage on Second Charge Basis of the Company's all Immovable assets, present and future, situated at Plot D-10 and A-88, MIDC Kurkumbh, Tal. Daund, Dist. Pune, office premises situated at B-7/8, Satyam Commercial Complex, Ghatkopar[E], Mumbai-77, and personal guarantee of Director.
- 3] Hire Purchase Loans : Secured by hypothecation of respective Assets financed.

**For Formulations Division**

- 1] Term Loan:-Secured by Hypothecation of a specific machinery situated at the Company's Manufacturing facility at the Verna, Goa & personal guarantees of Director.
- 2] Working Capital facilities :-Secured by hypothecation of the stock of raw material, packing material, work in progress, receivables and personal guarantees of Director.
- 3] Vehicle Loans:- Secured by Hypothecation of respective vehicle.

b. During the year, the Company made few delay in the payments to financial institution & banks as under:

Rs. In lacs		
Name of institution/banks	Maximum amount of delay payment	Maximum period of delay payment
Industrial Development Bank of India	110.01	91 days
Development Credit Bank Ltd.	6.29	33 days
Punjab National Bank	8.61	56 days
Bank of India	10.57	19 days

(10) As required by AS-18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India, list of parties with whom transactions have taken place during the year are as follows:

a) **Key Management Personnel / Directors & Remuneration:**

Vijay P. Thakkar	Rs. 6,00,000.00
Sanjay P. Thakkar	Rs. 4,80,000.00
Kishor D. Sheth	Rs. 4,80,000.00
B. K. Mishra	Rs. 5,50,000.00
Mark Saldanha	Rs. 16,92,960.00
Mrs. Sandra Saldanha	Rs. 4,42,800.00
Dr. Anu Sharma	Rs. 7,70,580.00
Nitin B. Parikh	Rs. 3,000.00
Jyotindra J. Jasani	Rs. 3,000.00
Jagdish C. Mehta	Rs. 3,000.00
Rajesh M. Maheshwari	Rs. 8,000.00
Sanjeev Kumar Agarwal	Rs. 6,000.00
<b>Total</b>	<b>Rs.45,38,340.00</b>

b) **Parties where control exists**

Wholly owned subsidiary companies  
Mark Remedies Private Limited

c) **Related party relationships where transaction have taken place during the year**

Subsidiary Companies  
Mark Remedies Private Limited

(10) d) **Transaction with related parties during the year**

(Amount in Rs'000s)

	2004 - 2005	2003-2004
<b>Subsidiary company</b>		
Sale of Finished products	8,457	5,720
Sale of materials	—	1,521
Advance given	27,933	15,085
Share application money	—	2,400
<b>Related party balances</b>		
Unsecured advance receivable from wholly owned subsidiary	53,790	16,661

(11) The Company has no information as to whether any of its suppliers constitute small scale undertakings and therefore the amount due to such suppliers has not been identified.

(12) DEFERRED TAX LIABILITY / (ASSET) :

The major elements of deferred tax liability / (asset) are as under :

	Deferred Tax (Asset)/ Liability As at 1-4-2004	Current Year charge/(Credit)	Deferred Tax (Asset)/ Liability As at 31-03-2005
Depreciation	34330939.53	10073697.53	44404637.06
Provision For Excise Duty/Gratuity	(2014691.56)	(605394.19)	(2620085.75)
Preliminary Expenses Written Off	266381.24	76831.22	343212.46
C/f Income Tax Losses	(12157278.28)	12157278.28	—
	20425350.93	21702412.84	42127763.77

(13) Segment-wise Disclosure as per Accounting Standard 17:

PARTICULARS (Rs. In Lakhs)

BUSINESS SEGMENTS AS PRIMARY SEGMENTS

1. Segment Revenue	<b>31.03.05</b>	<b>31.03.04</b>
a) Bulk Drugs Division	14371.14	8007.43
b) Formulations Division	10263.87	5298.85
Total	24635.01	13306.28
Less: Inter Segment Revenue	-	-
Net Sales	24635.01	13306.28

Note: Inter Segment Revenue is considered Nil above on the basis that the inter segment transactions took place before the announcement of the amalgamation scheme, between Tasc Pharmaceuticals Ltd and Marksans Pharma Ltd, as independent companies and hence the total sales considered as it is.

2. Segment Results [Profit / (Loss) before tax and interest from each segment]	<b>31.03.05</b>	<b>31.03.04</b>
a) Bulk Drugs Division	2385.66	1220.97
b) Formulations Division	1351.32	976.03
Total	3736.98	2197.00
Less: (1) Interest & finance charges	1165.04	1053.77
(2) Other un-allocable expenditure net off un-allocable income	85.09	121.56
Extra Ordinary Item (Net)	-	-
Total Profit / (Loss) before Tax	2486.85	1021.67

3. Other Information:	<b>31.03.05</b>	<b>31.03.04</b>
Segment Assets		
a) Bulk Drugs Division	10723.82	7991.42
b) Formulations Division	12252.89	9618.43
Unallocated assets	-	-
Total assets	22976.71	17609.85
Segment Liabilities		
a) Bulk Drugs Division	6528.32	6457.18
b) Formulations Division	6445.73	6997.17
Unallocated liabilities	-	-
Total liabilities	12435.40	13454.35
Capital Expenditure		
a) Bulk Drugs Division	2460.56	317.74
b) Formulations Division	295.61	174.92
Total capital expenditure	2756.17	492.66
Depreciation		
a) Bulk Drugs Division	518.81	453.12
b) Formulations Division	175.68	161.88
Total depreciation	694.49	615.00
Non cash expenses other than depreciation		
a) Bulk Drugs Division	2.25	2.25
b) Formulations Division	56.60	25.76
Total	58.85	28.01
GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS		(Rs. In Lakhs)
Segment Revenue	<b>31.03.05</b>	<b>31.03.04</b>
a) Exports	4850.89	3356.96
b) Others	19784.12	9949.32
Total	24635.01	13306.28

(14) Additional information pursuant to the provisions of paragraphs 3, 4C, 4D of Part II of Schedule VI to the Companies Act, 1956 (figures in brackets relates to the previous year)

a) Licensed capacity, installed capacity and production (as certified by the management and not verified by auditors, it being technical matter)		
<b>Bulk Drugs Division</b>	<b>31st March 2005</b>	<b>31st March 2004</b>
1) Installed Capacity :	1140 TPA	1140 TPA
2) Actual Production :	669559.800 kgs	499724.731 kgs.

NOTE : Licensed capacity is not mentioned since the same is not applicable.

**Formulations Division**

Item	Installed Capacity		Actual Production	
			Qty:	No.in Lacs
	2004-05	2003-04	2004-05	2003-04
Tablets	12600	12600	5,030.19	5,102.12
Soft Gel Capsules	6000	6000	538.80	1,184.32
Hard Gel Capsules	--	--	111.00	--
Syrups	8400	8400	16.29	27.80
Injectibles	--	--	18.19	7.15
Ointment	--	--	5.44	32.84
Others	--	--	39.01	10.86

Notes:

- The Products of the company are exempt from Licesnsing Procedures
- Actual Productions includes goods manufactured at third party manufacturing facilities.

b) Opening Stock, Closing Stock and Sales

	(Amount Rs. In lacs)					
	Opening Stock		Closing Stock		Sales	
	Quantity (Units)	Value	Quantity (Units)	Value	Quantity (Units)	Value
Bulk Drugs Division	* (*)	488.19 (661.37)	* (*)	1504.97 (488.19)	* (*)	14371.14 (8007.43)
Formulations Division	* (*)	105.82 (445.48)	* (*)	410.82 (105.82)	* (*)	10263.88 (5298.85)

\* Quantities cannot be aggregated

c) Consumption of Major Raw Materials :

	(Units)	(Rs. In lacs)
Bulk Drugs Division	* (*)	4541.51 (4434.22)
Formulations Division	* (*)	6740.29 (2397.79)

\* Quantities cannot be aggregated

d) Value and Percentage of Raw Materials and Stores and Spares consumed :  
PercentageValue

	(%)	(Rs. In lacs)
Raw Materials :		
Indigenous	75.03 (58.36)	8464.54 (3986.92)
Imported	24.97 (41.64)	2817.26 (2845.09)
Stores & Spares :		
Indigenous	100.00 (100.00)	28.74 (63.03)

e) C. I. F. Value of Imports.	Rs. 2128.72 lacs (Rs. 2235.36 lacs)
f) Expenditure in Foreign Currency.	Rs. 8.85 lacs (Rs. 11.64 lacs)
g) Earnings in foreign currency.	Rs. 4470.66 lacs (Rs. 2243.53 lacs)

(15) Figures of the previous year also include the figures of erstwhile Marksans Pharma Ltd, to make them comparable with the current year's figures Further they have been regrouped and re-arranged wherever necessary, so as to make them comparable with the current year's figures.

Signatures to Schedule No. 1 to 18

As per our attached report of even dated

For and behalf of		For and on Behalf of the Board	
Nitin Pota & Associates <i>Chartered Accountants</i>	N.K.Mittal & Associates <i>Chartered Accountants</i>	Mark Saldanha <i>Mg. Director</i>	Vijay P.Thakkar <i>Director</i>
Nitin Pota <i>(Proprietor)</i> M.No. 42215	N.K.Mittal <i>(Proprietor)</i> M.No. 46785	Hitesh Kanani <i>Company Secretary</i>	

Place: Mumbai  
Date: 6th October 2005

## Balance Sheet Abstract & Company's General Business Profile

( Amount in Rs.'000s)

(I) Registration Details		
Registration No.	0 6 6 3 6 4	State Code <span style="border: 1px solid black; padding: 2px;">1 1</span>
Balance Sheet Date	3 1    0 3    2 0 0 5	
(II) Capital raised during the year		
Public Issue	NIL	Right issue <span style="border: 1px solid black; padding: 2px;">NIL</span>
Bonus Issue	NIL	Private Placement <span style="border: 1px solid black; padding: 2px;">3 0 2 2 5</span>
(III) Position of mobilisation and deployment of funds		
Total Liabilities and shareholders funds	1 8 9 6 8 8 8	Total assets <span style="border: 1px solid black; padding: 2px;">1 8 9 6 8 8 8</span>
<b>SOURCES OF FUNDS</b>		
Paid-up Capital	4 9 4 4 0 6	Reserves and surplus <span style="border: 1px solid black; padding: 2px;">5 2 6 8 3 9</span>
Secured loans	8 3 3 6 4 3	Unsecured loans <span style="border: 1px solid black; padding: 2px;">0 4 2 0 0 0</span>
<b>APPLICATION OF FUNDS</b>		
Net fixed assets and capital work in progress including advances	1 0 1 6 3 5 4	Investments <span style="border: 1px solid black; padding: 2px;">0 0 2 5 5 0</span>
Net current assets	8 9 9 1 3 4	Deffered Tax assets / (Liability ) <span style="border: 1px solid black; padding: 2px;">4 2 1 2 7</span>
Miscellaneous expenditure	0 2 0 9 7 7	Accumulated losses <span style="border: 1px solid black; padding: 2px;">NIL</span>
(IV) Performance of the Company		
Turnover	2 4 7 9 8 6 7	Total Expenditure <span style="border: 1px solid black; padding: 2px;">2 2 3 1 2 3 3</span>
Profit/(loss) before tax	2 4 8 6 3 4	Profit/(loss) after tax <span style="border: 1px solid black; padding: 2px;">2 0 4 0 5 6</span>
Basic Earning per share in Rs	9 . 1 2	Diluted Earning per share in Rs <span style="border: 1px solid black; padding: 2px;">6 . 3 9</span>
Dividend Rate	NIL	

For and behalf of		For and on Behalf of the Board	
Nitin Pota & Associates <i>Chartered Accountants</i>	N.K.Mittal & Associates <i>Chartered Accountants</i>	Mark Saldanha <i>Mg. Director</i>	Vijay P.Thakkar <i>Director</i>
Nitin Pota <i>(Proprietor)</i> M.No. 42215	N.K.Mittal <i>(Proprietor)</i> M.No. 46785	Hitesh Kanani <i>Company Secretary</i>	
Place: Mumbai			
Date: 6th October 2005			

## Statement of Cash Flow for the period ended as on March 31, 2005

PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>A. CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES</b>		
Profit Before Tax	248,633,931	102,167,072
Adjustments to reconcile profit before tax and prior period items to cash provided by operations:		
<b>Depreciation</b>	69,448,393	61,499,048
Preliminary & Deferred Revenue Expenses Written off	5,662,371	2,577,965
Loss on sale of Fixed Assets	-	318,372
Investment Income/Insurance Claim	(1,961)	(1,800)
Interest Expenses	116,504,228	104,338,109
Provision for doubtful debts	-	3,469,656
Provision for Gratuity & Leave Encashment	-	1,119,541
Operating Profit before working capital changes	440,246,962	275,487,963
<b>(Increase) in Current Assets, Loans &amp; advances</b>		
Inventories	(144,775,642)	(19,666,102)
Trade and other receivables	(49,754,045)	(192,419,823)
Loans & Advances	(85,976,269)	(3,010,541)
Income Tax Paid	(7,820,903)	2,931,342
Deferred Revenue Expenses	-	(26,080,799)
Increase in current Liabilities and provisions	(27,492,588)	(175,999,299)
cash provided by operations	124,427,514	(138,757,259)
Net cash used in operating activities	124,427,514	(138,757,259)
<b>B. CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(275,616,153)	(49,530,634)
Sale of Fixed Assets	-	213,750
Investment	-	(2,532,000)
Divident Received	1,961	1,800
Net Cash used in Investing Activities	(275,614,192)	(51,847,084)
<b>C. CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:</b>		
Increase in Equity Share Capital	155,225,150	-
Increase in Preference Share Capital	-	-
Increase in Share Premium	219,772,348	-
Fees paid for Increase in Paid up Capital	-	(350,000)
Proceeds/(Repayment) of Secured Loans	(39,345,504)	398,660,821
Proceeds/(Repayment) of Unsecured Loans	(2,148,832)	(1,768,211)
Interest Paid	(116,781,945)	(108,260,202)
Net cash provided by Financing Activities	216,721,217	288,282,408
Net Increase /(Decrease) in Cash and Bank Balances	65,534,539	97,678,066
Cash & Bank Balances as at 31.03.2004	(64,335,410)	(162,013,476)
Cash & Bank Balances as at 31.03.2005	1,199,129	(64,335,410)

### Notes :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India
- The Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

For and on Behalf of the Board

Mark Saldanha  
Mg. Director

Vijay P.Thakkar  
Director

Hitesh Kanani  
Company Secretary

Place:-Mumbai

Date:-6th October 2005

### AUDITORS REPORTS

We have verified the above Cash flow statement of Tasc Pharmaceuticals Limited, This statement has been prepared by company from the audited financial statement for the year ended 31 March 2005, Subject to reallocations made by company We found the same to be in accordance with requirement of Clause 32 of the Listing Agreement with Stock Exchange.

#### For and behalf of

Nitin Pota & Associates  
Chartered Accountants

N.K.Mittal & Associates  
Chartered Accountants

Nitin Pota  
(Proprietor)  
M.No.42215

N.K.Mittal  
Proprietor  
M.No.46785

Place:-Mumbai

Date:-6th October 2005

# Director's Report

To,  
The Members,  
MARK REMEDIES PVT. LTD.

Directors of your Company hereby present Fourth Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2005.

## FINANCIAL RESULTS:

Particulars	(Rs. in Lacs)	
	2004-05	2003-04
Turnover	654.54	461.03
Operating Profit	185.89	163.16
Profit Before Taxation	20.44	5.20
Less: Provision for Taxation	5.15	2.42
Net Profit for the year	15.29	2.78
Add: Profit & Loss A/c ..		
Balance at the beginning of the year	2.77	0.00
Balance Carried to Balance Sheet	18.06	2.78

## OPERATIONS:

The Company is engaged in the marketing of formulations. The turnover of company has increase to Rs.6.54 Crores from 4.61 Crores with a trained and motivated sales team in major parts of the Country. Company is looking forward to a good performance in the coming year.

## DIVIDEND:

Directors have not recommended any dividend for the current financial year.

## PARTICULARS OF EMPLOYEES:

There are no employees drawing salaries in excess of the limit provided in the Section 217 (2A) of the Companies Act, 1956 and hence no information for the same, for the year ended 31st March, 2005.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, the Directors' confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- appropriate accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2005 and the profit and loss account for the period ended 31st March, 2005;
- Proper and sufficient care has been taken 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;
- the annual accounts have been prepared on a going concern basis.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS\ OUTGO:

n. a.

## AUDITORS:

At the Annual General Meeting, M/s. N. K. Mittal & Associates, Chartered Accountants retire and they have given the certificate of their eligibility for reappointment as the Company's Auditor.

For and on Behalf of the Board of Directors

**Mark Saldanha**  
Director

Place : Mumbai  
Date : 29.07.2005.

# Auditor's Report

To  
The Members of  
MARK REMEDIES PRIVATE LIMITED

We have audited the attached Balance Sheet of **MARK REMEDIES PRIVATE LIMITED** as at 31st March, 2005 and the related Profit & Loss Account and 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.

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 from any material misstatement. 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

1) As required by the Companies (auditors' Report) order, 2003, issued by the Central Government of India in terms of Sections 227 (4A) of the Companies Act, 1956, and on the basis of such checks of books and records of the company as we considered appropriate and according to the information given to us, we give in the Annexure A statement on the matters specified in paragraphs 4 & 5 of the said order, to the extent applicable to the company.

Further to our comments in the Annexure referred to in paragraph (1) 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 purpose of our audit;

(b) In our opinion, proper book of accounts as required by law

have been kept by the company, so far as it appears from our examination of those books.

- (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standard referred to in sub-sections (3C) of section 211 of the companies Act, 1956.
- (e) Based on the written representations received from the Directors as on 31st March, 2005 and taken on record by the Board of Directors and the information & explanation given to us, we report that none of the directors are as at 31st March, 2005, prima-facie disqualified from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanation 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 2005
  - (ii) in the case of Profit & Loss Account, of the profit 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 N. K. MITTAL & ASSOCIATES  
Chartered Accountants

N. K. MITTAL  
(Proprietor)  
M. No. 46785

Place : Mumbai  
Date : 29th July, 2005.

# Annexure to the Auditor's Report

(This is the annexure referred to in our Report of even date)

In terms of the information and explanation given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion, is reasonable, considering the size and nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.
- (c) In our opinion and according to the information & explanation given to us, no fixed assets have been disposed off by the Company during the year.
- (ii) (a) The stock of inventory (excluding stocks with third parties) 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, 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) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records which have been properly dealt with in the books of account were not material.
- (iii) The Company has not granted any loans, secured or unsecured, to companies covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has not taken any loans, secured or unsecured, from Companies covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with size of company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.
- (v) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register in pursuance of Section 301 of companies Act, 1956 have been so entered. There was no transaction made during the year.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not purchased goods and material and sold goods, material and services aggregating during the year of Rs. 5 lacs or more in value from / to any of the parties listed in the register maintained under Section 301 of the Act.
- (vii) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (viii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (ix) The Central Government has not prescribed for the maintenance

of cost records for the company under clause (d) of sub-section (1) of Section 209 of the Act.

- (x) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (xi) According to the information and explanations given to us and the records of the company examined by us, no undisputed amount payable in respect of income tax, sales tax, custom duty and excise duty were outstanding as at March 31, 2005 for a period of more than six months from the date they became payable.
- (xii) The company does not have accumulated losses and has not incurred cash losses in current financial year covered by our audit and the immediately preceding financial year.
- (xiii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date.
- (xiv) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xv) The provisions of any special statute applicable to chit fund, nidhi, mutual benefit fund and societies are not applicable to the Company.
- (xvi) In our opinion, the Company is not a dealer or trader in shares, securities debentures and other investments.
- (xvii) In our opinion, and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xviii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long-term investment.
- (xix) The Company has not made any preferential allotment of shares to parties and companies covered in register maintained under Section 301 of the act during year.
- (xx) The Company has not raised any money by public issues during year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For N. K. MITTAL & ASSOCIATES  
Chartered Accountants

N. K. MITTAL  
(Proprietor)  
M. No. 46785

Place : Mumbai  
Date : 29th July, 2005.

## Balance sheet as on 31 march, 2005

PARTICULARS	SCHEDULE NO	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	1	2,500,000	2,500,000
Reserves & Surplus	2	1,806,413	277,458
		<b>4,306,413</b>	<b>2,777,458</b>
<b>Loan Funds</b>			
Secured Loans	3	20,696,375	21,323,382
Unsecured Loans	4	22,725,361	1,700,000
		<b>47,728,149</b>	<b>25,800,841</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets (Net Block)</b>	5	264,961	184,662
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	6	38,928,192	26,356,742
Sundry Debtors	7	44,185,694	26,521,868
Loans & Advances	8	1,569,705	1,952,621
Cash & Bank Balances	9	1,970,543	690,267
<b>Total (A)</b>		<b>86,654,134</b>	<b>55,521,498</b>
<b>Current Liabilities</b>			
Current Liabilities	10	39,017,956	30,439,726
Provisions	11	865,176	160,000
<b>Total (B)</b>		<b>39,883,132</b>	<b>30,599,726</b>
<b>Net Current Assets (A) - (B)</b>		46,771,002	24,921,772
Deferred Tax Asset/( Liability) Net		74,281	(160,729)
Miscellaneous Expenditure (To the extent not written off)	12	617,905	855,136
		<b>47,728,149</b>	<b>25,800,841</b>

The Accompanying notes 1 to 4 are integral part of this Statement

M/s.N. K. Mittal & Associates  
(Chartered Accountants)

For and on Behalf of the Board of Directors

N. K. Mittal  
Proprietor  
Membership No. 46785

Mark Saldanha  
Director

Sandra Saldanha  
Director

Place : Mumbai  
Date : 29th July 2005

## Profit & Loss Account for the Period ended as on 31 march, 2005

(Amount in Rs.)

PARTICULARS	SCHEDULE NO	AS ON 31-MAR-05	FOR THE PERIOD ENDE OF AS ON 31-MAR-04
<b>INCOME</b>			
Sales		65,453,606	46,102,961
<b>EXPENDITURE</b>			
Cost of Sales	13	46,864,489	29,786,657
Administration, Selling & Distribution Expenses	14	13,416,999	11,674,631
Interest & Financial Charges	15	2,839,992	3,858,160
Depereciation	5	50,951	26,438
Deffered Revenue Exp.W.Off		223,191	223,191
Preliminary Expenses W.Off		14,040	14,040
		<b>63,409,662</b>	<b>45,583,117</b>
<b>Profit Before Tax</b>		<b>2,043,944</b>	<b>519,844</b>
<b>Provision for Taxation</b>			
Current Year		750,000	160,000
Earlier Year		-	17,811
Deffered Tax		(235,010)	64,574
<b>Net Profit After Tax</b>		<b>1,528,954</b>	<b>277,459</b>
Add: Opening Balance of Profit & Loss A/c.		277,459	96,155
Less: Opening Deferred Tax Liability		-	(96,155)
Closing Balance Transferred to Balance Sheet		<b>1,806,413</b>	<b>277,459</b>

The Accompanying notes 1 to 4 are integral part of this Statement

M/s.N. K. Mittal & Associates  
(Chartered Accountants)

For and on Behalf of the Board of Directors

N. K. Mittal  
Proprietor  
Membership No. 46785

Mark Saldanha  
Director

Sandra Saldanha  
Director

Place : Mumbai  
Date : 29th July 2005

## Schedules Forming Part of the Financial Statements as on March 31, 2005

(Amount in Rs.)

PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>Schedule - 1 [SHARE CAPITAL]</b>		
Authorised 2,50,000 (Pre.Year - 2,50,000) Equity Shares of Rs.10/- each	2,500,000	2,500,000
	<b>2,500,000</b>	<b>2,500,000</b>
Issued Subscribed and Paid-up. 2,50,000 (Pre.Year - 2,50,000) Equity Shares of Rs.10/- each	2,500,000	2,500,000
	<b>2,500,000</b>	<b>2,500,000</b>
<b>Schedule - 2 [RESERVES &amp; SURPLUS]</b>		
Profit & Loss Account - Opening Balance	277,458	96,154
Add: Transferred During the Year	1,528,954	181,304
	<b>1,806,412</b>	<b>277,458</b>
<b>Schedule - 3 [SECURED LOANS]</b>		
Working Capital Facilities - Corporation Bank (Secured by Hypotecation of the stock of raw Materials, packing materials, work-in-process, finished goods - receivables etc.& personal guarantees of Directors)	20,696,375	21,323,382
	<b>20,696,375</b>	<b>21,323,382</b>
<b>Schedule - 4 [UNSECURED LOANS]</b>		
Mr Mark Saldanha	1,200,000	1,700,000
Marksans Pharma Limited	21,525,361	0
	<b>22,725,361</b>	<b>1,700,000</b>

## SCHEDULE - 5 [FIXED ASSETS]

(Amount in Rs.)

Particulars	Gross Block			Depreciation			Net Block			
	As on 31.03.2005	Additions	Sales/Dedn.	As on 31.03.2005	Upto 31.03.2004	For the Year	Wr.Back	As on 31.03.2005	As on 31.03.2004	As on 31.03.2005
Computer & Software	211,100	131,250	-	342,350	26,438	50,951	-	77,389	184,662	264,961
Total	211,100	131,250	-	342,350	26,438	50,951	-	77,389	184,662	264,961
Previous Year	-	211,100	-	211,100	-	26,438	-	26,438	-	184,662

## Schedules Forming Part of the Financial Statements as on March 31, 2005

(Amount in Rs.)

PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>SCHEDULE - 6 [INVESTMENT]</b>		
Raw Material, Packing Material, Finished Goods & Other Materials	38,928,192	26,356,742
	<b>38,928,192</b>	<b>26,356,742</b>
<b>Schedule - 7 [SUNDRY DEBTORS]</b>		
Other Debtors (Unsecured and Considered good)		
Outstanding for over six month	2,651,142	1,326,093
Others	41,534,552	25,195,775
	<b>44,185,694</b>	<b>26,521,868</b>
<b>Schedule - 8 [LOANS AND ADVANCES]</b>		
Advances (recoverable in cash or kind or value to be received)	926,416	1,065,882
Modvat Receivable	39,265	55,239
FD with UTI for Bank Gurantee	5,000	5,000
Margin Money with corporation Bank	131,024	358,500
Deposits	468,000	468,000
	<b>1,569,705</b>	<b>1,952,621</b>
<b>Schedule - 9 [CASH AND BANK BALANCES]</b>		
Cash in Hand	31,527	149,356
Balance with Scheduled Banks in Current Account	1,939,015	540,911
	<b>1,970,542</b>	<b>690,267</b>
<b>Schedule - 10 [CURRENT LIABILITIES]</b>		
Sundry Creditors	4,236,403	23,554,223
Statutory Dues Payable	292,798	496,368
Other Liabilities	34,488,755	6,389,136
	<b>39,017,956</b>	<b>30,439,726</b>
<b>Schedule - 11 [PROVISIONS]</b>		
Provision for Taxation	865,176	160,000
	<b>865,176</b>	<b>160,000</b>
<b>Schedule - 12 [MISCELLANEOUS EXPENDITURE]</b>		
(To the Extent not Written off)		
Preliminary Expenses	36,840	50,880
Deffered Revenue Expenditure	581,065	804,256
	<b>617,905</b>	<b>855,136</b>

## Schedules Forming Part of the Financial Statements as on March 31, 2005

(Amount in Rs.)

PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>Schedule - 13 [COST OF SALES]</b>		
Purchase of Raw Materials, Packing Materials	35,823,341	19,125,812
Other Direct & Operating Expenses	23,612,598	16,882,614
(Increase)/Decrease in Inventories	(12,571,450)	(6,221,769)
	<b>46,864,489</b>	<b>29,786,657</b>
<b>Schedule - 14 [ADMIN., SELLING &amp; DISTRIBUTION]</b>		
Rent	283,020	888,986
Salaries & Allowances	7,681,570	6,365,341
Recruitment & Training	278,269	761,300
Travelling Expenses	432,447	304,195
Communication Expenses	130,553	128,685
Courier & Postage Expenses	157,297	169,762
Printing & Stationery	734,637	166,840
Repairs & Maintenance	68,526	75,788
Audit Fees	27,550	25,000
Vehicle Expenses & Local Conveyance	142,272	191,839
Legal & Professional Fees	65,525	155,500
Office Expenses	13,313	226,746
Other Operating Expenses	42,723	159,254
Insurance	45,358	-
Freight Outward	1,115,536	866,757
Selling & Distribution Expenses	2,198,405	1,188,639
	<b>13,417,001</b>	<b>11,674,631</b>
<b>Schedule - 15 [INTEREST &amp; FINANCIAL CHARGES]</b>		
Interest on Working Capital		
Facilities & Other Interest	2,813,987	3,522,770
Bank Charges & Other Financial Charges	26,005	335,390
	<b>2,839,992</b>	<b>3,858,160</b>

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AS ON MARCH 31, 2005.

MARK REMEDIES PRIVATE LIMITED was incorporated on February 11, 2002 as a Private Limited Company. The Company becomes wholly subsidiary of Glenmark Laboratories Limited w.e.f. 31st December, 2003. The Company is principally engaged in the business of Manufacturers, reseller and distributors of pharmaceuticals, drugs, medicines etc.

#### 1. Significant Accounting Policies

- Basic Accounting  
The financial Statements are prepared under the Historical cost concept on accrual basis of accounting and in conformity with the accounting principles generally accepted in India except where otherwise stated.
- Revenue Recognition  
The Company recognises revenues on dispatch of goods to customers. Revenues are recorded at invoice value, inclusive of excise duty but net of returns and trade discounts and sales tax.
- Inventory  
Inventories of raw materials and finished goods are valued at cost or net realisable value, whichever is lower. Cost of raw material is ascertained on a first - in - first - out basis. Costs of finished goods include the cost of materials consumed, labour and manufacturing overheads. Excise and customs duty accrued on production or import of goods, as applicable, is included in the valuation of inventories.

## Schedules Forming Part of the Financial Statements as on March 31, 2005

- Fixed assets and depreciation  
Fixed Assets are stated at cost less accumulated depreciation. The company capitalises all costs relating to the acquisition and installation of fixed assets. Depreciation is provided using the straight line method at the rates specified in Schedule XIV of Companies Act, 1956. Fixed assets having aggregate cost of Rs. 5,000 or less are depreciated fully in the year of acquisition.
- Employees Benefits  
Retirement benefits to employees comprises of payment of gratuity, and Provident fund under the relevant schemes of the government. These benefits are calculated as per the applicable laws and charged to the Profit & Loss Account.
- Miscellaneous Expenditure  
Expenditure on launch of new products and their sales promotion and expenditure for registration and for obtaining regulatory approvals for products for overseas markets for the products are being amortised over a period of sixty months.

#### 2. Notes to Accounts :

- In the opinion of Board, the current assets, loans & advances are approximately of the value stated if realised in the ordinary course of business, provision for known liabilities and not in excess of amounts considered reasonable necessary.
- Closing Stocks is taken as per inventories prepared valued and certified by the management.
- Additional Information pursuant to the provisions of paragraphs 3 & 4 of Part II of Schedule VI of the Companies Act 1956 is as follows:-  
There are no employees who are in receipt of or are entitled to receive emoluments excluding retirement benefits amounting to Rs. 14 Lacs per annum or Rs. 2 Lac per month, if employed during a part of the year.
- Company does not have any production facility of its own hence the information regarding Licensed & Installed capacities are not applicable.
- Company did not carry out any foreign exchange transactions during the year under review hence there was no foreign exchange earnings or outgo.

#### 3. Breakup of Finished Goods Sold.

Material	F.Y. 2004-05		F.Y. 2003-04	
	Qty	Value Rs.	Qty	Value Rs.
Alfa caps & Flox caps	111314	35,62,796	1578497	72,23,594
Aclav, Ambrol Syrups	391924	1,70,87,830	577840	1,56,66,921
Ampty	48550	16,73,181	401998	79,71,101
Floxo 200 Tablets	50000	1,40,000	630510	17,71,077
KOF D Tablets& Hemcap	39440	12,77,856	19,910	33,150
Panloc & Marcef	227002	60,76,843	576310	23,11,579
Ralox & Methovit	279464	42,99,982	155150	11,65,021
X-Cal & Ofloxacin	181647	55,40,738	1261310	29,48,943
ACIXX	301866	74,27,409	---	---
Others		1,83,66,971		70,11,575
<b>Total</b>		<b>6,54,53,606</b>		<b>4,61,02,961</b>

#### 4 Previous Year Figures:

The Previous year figures are regrouped according to the presentation of the current year figures.

M/s.N. K. Mittal & Associates  
(Chartered Accountants)

For and on Behalf of the Board of Directors

N. K. Mittal  
Proprietor  
Membership No. 46785

Mark Saldanha  
Director  
Sandra Saldanha  
Director

Place : Mumbai  
Date : 29th July 2005

## Balance Sheet Abstract & Company's General Business Profile

( Amount in Rs.'000s)

(I) Registration Details			
Registration No.	1 3 4 6 7 6	State Code	1 1
Balance Sheet Date	3 1 0 3 2 0 0 5		
(II) Capital raised during the year			
Public Issue	NIL	Right issue	NIL
Bonus Issue	NIL	Private Placement	NIL
(III) Position of mobilisation and deployment of funds			
Total Liabilities and shareholders funds	4 7 7 2 8	Total assets	4 7 7 2 8
<b>SOURCES OF FUNDS</b>		Reserves and surplus	1 8 0 6
Paid-up Capital	2 5 0 0	Unsecured loans	2 2 7 2 5
Secured loans	2 0 6 9 6	Investments	NIL
<b>APPLICATION OF FUNDS</b>		Deffered Tax assets / (Liability )	7 4
Net fixed assets and capital work in progress including advances	2 6 5	Accumulated losses	NIL
Net current assets	4 6 7 7 1	Total Expenditure	6 3 4 1 0
Miscellaneous expenditure	6 1 8	Profit/(loss) after tax	1 5 2 9
(IV) Performance of the Company		Diluted Earning per share in Rs	
Turnover	6 5 4 5 4		
Profit/(loss) before tax	2 0 4 4		
Basic Earning per share in Rs	6 . 1 1		
Dividend Rate	NIL		

M/s.N. K. Mittal & Associates  
(Chartered Accountants)

For and on Behalf of the Board of Directors

N. K. Mittal  
Proprietor  
Membership No. 46785

Mark Saldanha  
Director

Sandra Saldanha  
Director

Place : Mumbai  
Date : 29th July 2005

## Statement of Cash Flow for the period ended as on March 31, 2005

PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>A. CASH FLOWS PROVIDED BY /(USED IN) OPERATING ACTIVITIES</b>		
Profit Before Tax	2,043,944	519,844
Add: Non operating Expenses		
Depreciation	50,951	26,438
Interest & Financial Charges	2,839,992	3,858,160
Provision for Gratuity & Leave Encashment	-	217,039
Deffered Revenue Exps. W.off	223,191	223,191
Preliminary Expenses Writtern Off	14,040	14,040
	5,172,118	4,858,711
(Increase)/ Decrease in Current Assets Loans & Advances	382,916	4,252,373
(Increase)/ Decrease in Sundry Debtors	(17,663,826)	(13,128,004)
(Increase)/ Decrease in Inventories	(12,571,450)	(6,221,769)
Deferred Revenue Expenditure	-	(673,423)
Income Tax paid for 2002-2003	(44,824)	(43,811)
Increase/ (Decrease) in current Liabilities	8,578,229	21,453,561
Net Cash Provided (used in) Operating Activities	(16,146,836)	10,497,638
<b>B. Cash Flows Provided by/ (used in) Investing Activities</b>		
Purchase of Fixed Assets	(131,250)	(211,100)
<b>C. Cash Flows Provided by/(used in) Financing Activities</b>		
Increase /(Decrease) in Equity Share Capital	-	1,700,000
Increase /(Decrease) in Secured Loans	(627,007)	8,113,480
Increase /(Decrease) in Unsecured Loans	21,025,362	(15,800,000)
Fees paid for Increase in Paid up Capital	-	(57,000)
Interest Paid	(2,839,992)	(3,858,160)
Net cash provided by Financing Activities	17,558,363	(9,901,680)
Net Increase/ (Decrease) in Cash & Bank Balance [A+B+C]	1,280,277	384,858
Cash and Bank Balance - beginning of the year	690,267	305,409
Cash and Bank Balance - end of the year	1,970,543	690,267
Net Increase/ (Decrease) in Cash & Bank Balance	1,280,276	384,858

Notes :

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting- Standard-3 Cash Flow Statements issued by the Institute of Chartered Accountants of India
- The Previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation

M/s.N. K. Mittal & Associates  
(Chartered Accountants)

For and on Behalf of the Board of Directors

N. K. Mittal  
Proprietor  
Membership No. 46785

Mark Saldanha  
Director

Sandra Saldanha  
Director

Place : Mumbai  
Date : 29th July 2005

# Auditors' Report

To the members of **MARKSANS PHARMA LTD** (formerly TASC PHARMACEUTICALS LIMITED)

We have audited the attached consolidated Balance Sheet of MARKSANS PHARMA LTD (formerly TASC PHARMACEUTICALS LIMITED) (the company) and its subsidiary, Mark Remedies Pvt. Ltd. as at 31st March 2005 and also the consolidated Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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 report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of AS-21 on consolidated financial statements issued by the Institute of Chartered Accountants of India.

On the basis of information and explanation given to us and on consideration of separate audit reports on individual audited financial statements of Tasc Pharmaceuticals Ltd. and its aforesaid subsidiary, 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.

- In the case of consolidated Balance Sheet, of the state of affairs of Tasc Pharmaceuticals Ltd. and its subsidiary as at 31st March, 2005; and
- In the case of consolidated Profit and Loss Account, of the profit of Tasc Pharmaceuticals Ltd. and its subsidiary for the year ended on that date.

FOR NITIN POTA & ASSOCIATES Chartered Accountants

NITIN J. POTA  
(Proprietor)  
M. NO. 42215

Place : Mumbai  
Date : 6th October 2005

FOR N.K.MITTAL & ASSOCIATES Chartered Accountants

N.K.MITTAL  
(Proprietor)  
M.NO.46785

## Consolidated Balance sheet as on 31 march, 2005

PARTICULARS	SCHEDULE NO	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	1	494,405,630	335,000,200
Reserves & Surplus	2	528,645,757	107,468,283
		<b>1,023,051,387</b>	<b>442,468,483</b>
<b>Loan Funds</b>			
Secured Loans	3	854,339,011	897,068,086
Unsecured Loans	4	43,200,000	55,848,832
		<b>1,920,590,398</b>	<b>1,395,385,401</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets (Gross Block)	5	1,252,312,930	976,565,527
Less:-Depreciation		235,693,753	166,194,409
Net Block		1,016,619,177	810,371,118
Investment	6	50,000	50,000
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	524,158,482	366,811,388
Sundry Debtors	8	616,224,071	535,259,863
Loans & Advances	9	74,194,289	40,825,235
Cash & Bank Balances	10	97,054,156	42,995,905
Total (A)		<b>1,311,630,997</b>	<b>985,892,391</b>
Current Liabilities & provisions	11	387,251,570	407,836,908
Total (B)		<b>387,251,570</b>	<b>407,836,908</b>
Net Current Assets (A) - (B)		<b>924,379,427</b>	<b>578,055,483</b>
Deferred Tax Assets/(Liability) (Net)		(42,053,483)	(20,586,081)
Miscellaneous Expenditure (To the extent not written off)	12	21,595,278	27,494,880
		<b>1,920,590,398</b>	<b>1,395,385,401</b>
Notes to the Accounts	18		

As per our attached report of even dated

### For and behalf of

Nitin Pota & Associates  
Chartered Accountants

Nitin Pota  
(Proprietor)  
M.No. 42215

N.K.Mittal & Associates  
Chartered Accountants

N.K.Mittal  
(Proprietor)  
M.No. 46785

### For and on Behalf of the Board

Mark Saldanha  
Mg. Director

Hitesh Kanani  
Company Secretary

Place: Mumbai  
Date: 6th October 2005

## Consolidated Profit & Loss Account for the Period ended as on 31 march, 2005

PARTICULARS	SCHEDULE NO	(Amount in Rs.)	
		AS ON 31-MAR-05	FOR THE PERIOD ENDE OF AS ON 31-MAR-04
<b>INCOME</b>			
<b>Sales</b>		2,528,955,593	1,376,731,133
Other Income	13	16,365,009	11,536,916
		<b>2,545,320,602</b>	<b>1,388,268,049</b>
<b>EXPENDITURE</b>			
Cost of Sales	14	1,910,706,600	976,153,344
Administration, Selling & Distribution Expenses	15	142,650,704	137,218,315
Interest & Financial Charges	16	119,154,718	107,550,421
Research and Development Expenses	17	46,731,761	-
Depreciation	5	69,499,344	61,525,486
Loss on Sale of Fixed Assets		-	318,372
Miscellaneous Expenditure Writtern Off		5,899,602	2,815,196
		<b>2,294,642,729</b>	<b>1,285,581,133</b>
<b>Profit Before Tax</b>		250,677,873	102,686,916
Provision for Taxation			
- Current Year		23,033,878	7,932,093
- Earlier Years		591,189	130,032
- Deferred Tax		21,467,402	12,050,435
Net Profit after Tax		205,585,404	82,574,356
Balance Profit brought forward		93,878,821	14,862,400
Less: Opening Balance of Deferred Tax Liability			3,557,934
		<b>299,464,225</b>	<b>93,878,822</b>
Add: Excess Provision for Taxation W. Back			-
Add : Depreciation Writtern Back			-
Closing Balance Transferred to Balance Sheet		299,464,225	93,878,822
Notes to the Accounts	18		

As per our attached report of even dated

### For and behalf of

Nitin Pota & Associates  
Chartered Accountants  
Nitin Pota  
(Proprietor)  
M.No. 42215

N.K.Mittal & Associates  
Chartered Accountants  
N.K.Mittal  
(Proprietor)  
M.No. 46785

### For and on Behalf of the Board

Mark Saldanha  
Mg. Director  
Hitesh Kanani  
Company Secretary

Place: Mumbai

Date: 6th October 2005

## Consolidated Schedules Forming Part of the Financial Statements as on March 31, 2005

PARTICULARS	(Amount in Rs.)	
	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>Schedule - 1 [SHARE CAPITAL]</b>		
Authorised		
4,60,00,000 (Pr.Yr-2,60,00,000) Equity Shares of Rs.10/- each	460,000,000	260,000,000
14,00,000 (Pr.year-13,50,000) 7% redeemable cumulative - preference Shares of Rs.100/- each	140,000,000	135,000,000
Nil (Pr.yr-5,00,000) Unclassified shares of Rs.10/- each	-	5,000,000
	<b>600,000,000</b>	<b>400,000,000</b>
Issued Subscribed and Paid-up.		
1,25,00,000 (Pr.yr-1,00,00,000) Equity Shares of Rs.10/- each	125,000,000	100,000,000
Share Capital Pending Allotment		
2,34,40,563 (Pr.yr-1,00,00,020) Equity Shares of Rs.10/- each	234,405,630	100,000,200
13,50,000 (Pr.yr-13,50,000) 7% redeemable cumulative - preference Shares of Rs.100/- each	135,000,000	135,000,000
Fully paid-up to be issued Pursuant to the Scheme of Amalgamation of Marksans Pharma Ltd. with the Company [See Note 6(c) of Note to Accounts]		
	<b>494,405,630</b>	<b>335,000,200</b>
<b>SCHEDULE - 2 [RESERVES &amp; SURPLUS]</b>		
Capital Reserves	122,500	122,500
General Reserves	2,668,162	2,668,162
Share Premium	10,798,800	10,798,800
Add: Transferred During the Year Profit & Loss Account	319,772,348	-
Less: Transferred to share capital pending allotment	(104,180,280)	-
Add: Transferred During the Year	205,585,406	34,130,739
	<b>528,645,757</b>	<b>107,468,283</b>
<b>SCHEDULE - 3 [SECURED LOANS]</b>		
[See Note 10(a) of Note to Accounts for nature of security]		
Term Loan	539,423,741	561,474,436
Working Capital Facilities	310,853,750	330,807,808
Other Loans (Vehicle Loans)	4,061,520	4,785,842
	<b>854,339,011</b>	<b>897,068,086</b>
<b>SCHEDULE - 4 [UNSECURED LOANS]</b>		
Deposits & Others	43,200,000	55,848,832
	<b>43,200,000</b>	<b>55,848,832</b>

Consolidated Schedules Forming Part of the Financial Statements as on March 31, 2005

SCHEDULE - 5 [FIXED ASSETS]

(Amount in Rs.)

Particulars	Gross Block			Depreciation				Net Block		
	As on 31.03.2004	Additions	Sales/Dedn.	As on 31.03.2005	Upto 31.03.2004	For the Year	Wr.Back	As on 31.03.2005	As on 31.03.2004	As on 31.03.2005
Land & Building	293,675,341	36,924,740	-	330,600,081	21,314,539	9,251,644	-	30,566,183	272,360,802	300,033,898
Plant & Machinery	656,970,741	232,296,534	-	889,267,275	138,785,525	57,444,814	-	196,230,339	518,185,216	693,036,936
Computer & Software	4,405,032	606,182	-	5,011,214	2,090,096	765,432	-	2,855,528	2,314,936	2,155,686
Office Equipments	2,459,024	938,736	-	3,397,760	292,262	198,859	-	491,121	2,166,762	2,906,639
Furnitures & Fixtures	6,229,251	3,022,600	-	9,251,851	1,459,082	474,131	-	1,933,213	4,770,169	7,318,638
Vehicles	12,826,138	1,958,611	-	14,784,749	2,252,905	1,364,463	-	3,617,368	10,573,233	11,167,381
<b>Total</b>	<b>976,565,527</b>	<b>275,747,403</b>	<b>-</b>	<b>1,252,312,930</b>	<b>166,194,409</b>	<b>69,499,344</b>	<b>-</b>	<b>235,693,753</b>	<b>810,371,118</b>	<b>1,016,619,177</b>
Previous Year	927,598,402	49,798,646	1,042,622	976,565,527	104,911,411	61,525,486	242,488	166,194,409	822,686,991	810,371,118

(Amount in Rs.)

PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>SCHEDULE - 6 [INVESTMENT]</b>		
<b>(Unquoted/non trade unless otherwise stated)</b>		
In Equity Share of Development Credit Bank Ltd.	50,000	50,000
	<b>50,000</b>	<b>50,000</b>

SCHEDULE - 7 [INVENTORIES]

Raw Material, Packing Material & Other Materials	259,609,091	252,905,603
Work - in - Process	32,828,129	25,331,375
Finished Goods	230,507,008	85,758,147
Stores & Spares	1,214,254	2,816,263
	<b>524,158,482</b>	<b>366,811,388</b>

Schedule - 8 [SUNDRY DEBTORS]

Debtors (Unsecured and Considered good)		
Outstanding for over six month	24,002,955	16,979,937
Others	595,690,772	521,749,581
	<b>619,693,727</b>	<b>538,729,518</b>
Less: Provision for doubtful Debts	3,469,656	3,469,656
	<b>616,224,071</b>	<b>535,259,863</b>

SCHEDULE - 9 [LOANS AND ADVANCES]

(Unsecured and considered good)		
Advances (recoverable in cash or kind or value to be received)	74,194,289	40,825,235
	<b>74,194,289</b>	<b>40,825,235</b>

Consolidated Schedules Forming Part of the Financial Statements as on March 31, 2005

(Amount in Rs.)

PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>SCHEDULE - 10 [CASH AND BANK BALANCES]</b>		
Cash in Hand	1,044,173	640,274
Balance with Scheduled Banks in Current Account	19,263,937	18,106,052
Deposits with Banks	76,746,045	24,249,578
	<b>97,054,156</b>	<b>42,995,905</b>

SCHEDULE - 11 [CURRENT LIABILITIES & PROVISION]

Sundry Creditors & Other Liabilities	363,930,060	397,204,977
Unclaimed Dividend	172,456	198,107
Provision For Taxation	23,149,054	10,433,824
	<b>387,251,570</b>	<b>407,836,908</b>

SCHEDULE - 12 [MISCELLANEOUS EXPENDITURE]

<b>(To the Extent not Written off)</b>		
Preliminary Expenses	1,526,054	1,760,938
Product launch, Investigation and Registration Expenses	19,393,118	24,832,469
Shares Issue Expenses	676,106	901,473
	<b>21,595,278</b>	<b>27,494,880</b>

SCHEDULE - 13 [OTHER INCOME]

DEPB Income	12,393,645	8,580,400
Other Income	3,971,364	2,956,516
	<b>16,365,009</b>	<b>11,536,916</b>

SCHEDULE - 14 [COST OF SALES]

Purchases	1,198,212,908	111,823,737
(Increase)/Decrease in Inventories	(152,245,615)	(27,088,973)
Net Raw Material Consumption	666,527,166	694,459,966
Water Charges	2,540,995	2,364,760
Electricity Charges	29,020,122	26,178,485
Salaries, Wages, Allowances & Staff Welfare	30,390,471	29,644,352
Other Manufacturing Expenses	136,260,553	138,771,017
	<b>1,910,706,600</b>	<b>976,153,344</b>

SCHEDULE - 15 [ADMIN., SELLING & DISTRIBUTION]

Rent , Rates & Taxes	8,098,637	9,146,300
Salaries & Allowances	41,925,717	37,480,802
Staff Welfare	1,104,538	1,301,470
Directors' Remuneration	4,268,760	3,392,400
Travelling Expenses	8,828,174	11,292,170
Freight outward	27,307,948	21,351,740
Communication Expenses	3,505,934	4,038,957
Repairs & Maintenance	678,295	1,332,876
Audit Fees	303,050	187,800
Selling & Distribution Expenses	26,681,703	26,829,622
Legal & Professional Fees	8,576,525	3,466,598
Office Expenses	1,676,630	2,294,764
Other Operating Expenses	9,694,794	15,102,817
	<b>142,650,704</b>	<b>137,218,315</b>

## Consolidated Schedules Forming Part of the Financial Statements as on March 31, 2005

(Amount in Rs.)		
PARTICULARS	AS ON 31-MAR-05	AS ON 31-MAR-04
<b>Schedule - 16 [INTEREST &amp; FINANCIAL CHARGES]</b>		
Interest on Term Loans	59,287,649	47,778,998
Interest on Working Capital Facilities & Other Interest & Charges	59,867,068	59,771,423
	<b>119,154,718</b>	<b>107,550,421</b>
<b>Schedule - 17 [RESEARCH AND DEVELOPMENT EXPENSES]</b>		
Directors Remuneration	770,580	-
Salary and other allowances	4,256,900	-
Consumables, Chemicals & Other Material	34,045,660	-
Other Expences	7,658,621	-
	<b>46,731,761</b>	<b>-</b>

### SCHEDULE - 18 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

#### (1) PRINCIPAL OF CONSOLIDATION

- (a) The consolidated financial statements of Group have been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- (b) Pursuant to the Scheme of Amalgamation of the erstwhile Marksans Pharma Ltd [MPL] with the Company, the amalgamated company, Tasc Pharmaceuticals Ltd. (Post Merger of Marksans Pharma Limited with Tasc Pharmaceuticals Limited) is a 100% holding company of Mark Remedies Pvt. Ltd.

#### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) Accounting Standards  
The Accounts have been prepared to comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- (b) System of Accounting  
The Accounts have been prepared under the Historical Cost convention. The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis, except for accounting of Gratuity liability. Interest from customers for delayed payments is also accounted on the ascertainment of realisability.
- (c) Fixed Assets  
Fixed assets are stated at cost alongwith costs directly attributable to bring the assets to their working condition as reduced by MODVAT credit and set off available for Sales Tax.
- (d) Depreciation  
Depreciation on fixed assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Department of Company Affairs from time to time. Leasehold land is not amortise.
- (e) Impairment of Assets  
The company identifies impairable assets at the year end in terms of cash generating unit concept based on para-5 to 13 of AS-28 issued by ICAI for the purpose of arriving at impairment loss thereon being the difference between the book value and recoverable value of relevant assets. Impairment loss, if any, when crystallizes is charged against revenue of the year.
- (f) Expenditure during construction period  
In case of new projects and substantial expansion of existing factories, expenditure incurred including financing costs prior to commencement of commercial production is capitalized. All pre-operative and trial run expenditure accumulated as Capital Work in Progress is allocated on a pro- rata basis depending on the prime cost of the assets.

### SCHEDULE - 18 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2005

#### (g) Inventories

Inventories are valued at the lower of cost (net of Modvat Credit) or Net Realisable Value as under :

Raw materials, Packing Material and Stores - At Weighted Average Cost on FIFO basis.

Work in Process - At Cost (Direct Cost plus Conversion Cost) upto estimated stage of completion.

By-Products - At Net Realisable Value.

Finished Goods - At Cost (Direct cost plus Conversion Cost and Excise Duty) or Net Realisable Value, whichever is lower.

#### (h) Customs / Excise duty

Excise Duty on Finished goods and Custom Duty on imported materials are accounted on production of packed finished goods / receipt of material in Customs bonded warehouses.

#### (i) Foreign Currency Transaction

Purchase of imported raw materials, capital goods and components are accounted based on presentation memos from bank on the date of the transaction. In respect of liabilities on imports of raw materials, capital goods and components for which invoices / bills are not received, the liability is accounted based on the exchange rates prevailing on the date of the balance sheet.

Export Sales of finished goods are accounted on the basis of export invoices on the invoice date. In respect of the unrealised exports, the receivables are accounted based on the exchange rates prevailing on the date of the balance sheet.

#### (j) Miscellaneous Expenditure

Expenditure on launch of new products and their sales promotion and expenditure for registration and for obtaining regulatory approvals for products for overseas market are being amortised over a period of 60 months.

#### (k) Research and Development

Capital expenditure on research and development is capitalized as fixed assets. Other expenditure on R&D is expensed as incurred.

#### (l) Investments

Long Term Investments are stated at cost.

#### (m) Gratuity

For Bulk Drug Division :- Payment of Gratuity is accounted for on cash basis.

For Formulation Division :- Gratuity is accounted on accrual basis

#### (n) Revenue Recognition

The company recognizes sale of goods on the invoice date. Sales comprise of amounts invoiced for goods sold, including excise duty but net of returns and trade discounts.

Dividend Income is accounted when right to receive dividend is established.

#### (o) Income Tax

Provision for Current Income tax liability is made on estimated Taxable Income under Income Tax Act, 1961 after considering permissions, deductions and disallowances. This liability is calculated at the applicable tax rate or minimum alternate tax rate u/s 115JB of the Income tax Act, 1961, as the case may be. Provision is also made for deferred tax liability / asset arising due to timing differences between profits computed for Income tax and the book profits as per the financial statements, for creation of a deferred tax asset or liability. This liability is recognised only if there is a reasonable certainty that the deferred tax assets / liability will be created and are reviewed at each balance sheet date. This liability is calculated at the applicable tax rate or minimum alternate tax rate u/s 115JB of the Income Tax Act, 1961 as the case may be.

(3) CONTINGENT LIABILITIES	31st March 2005	31st March 2004
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances)	NIL	NIL
(b) Claim against the Company not acknowledged as debt.	NIL	NIL
(c) In respect of Letters of Credit & Bank Guarantees issued by the Company's Bankers :	Rs. 352.10 lacs	Rs.372.55 lacs
(d) Disputed Taxes/Dues	Rs. 41.01 Lacs	NIL

(4) AUDITORS REMUNERATION

	31st March 2005	31st March 2004
Audit Fees	Rs. 2,53,460	Rs. 1,51,250
Tax Audit Fees	Rs. 49,590	Rs. 35,500
Other Services	Rs. 1,65,907	Rs. 43,582

(5) DIRECTORS' REMUNERATION

Remuneration paid under Section 198 and Schedule XIII of the Companies Act, 1956 to

(a) Managing Director	Rs. 22,92,960/=	Rs. 1,72,960/=
(b) Other Directors' Remuneration Salaries and Allowances	Rs. 27,23,380/=	Rs. 12,49,440/=
(c) Directors' Sitting Fees	Rs. 23,000/=	Rs. 12,000/=

(6) AMALGAMATION OF MARKSANS PHARMA LIMITED WITH THE COMPANY

- Pursuant to the Scheme of Amalgamation of the erstwhile Marksans Pharma Ltd. [MPL] with the Company, both being pharmaceutical companies, as approved by the shareholders and secured creditors in the Court convened meeting held on 12th May, 2005 and subsequently sanctioned by the Hon'ble High Court of Judicature at Bombay on 19th August, 2005, the assets and liabilities of the erstwhile MPL were transferred to and vested in the Company with retrospective effect from 1st April, 2004. The Scheme has, accordingly, been given effect in this account.
- The Amalgamation has been accounted for under the "pooling of interests" method as prescribed by Accounting Standard (AS-14) as issued by the Institute of Chartered Accountants of India. Accordingly the assets, liabilities and reserves of the erstwhile MPL as at 1st April, 2004 have been taken over at their book values.
- Pursuant to the scheme referred to at (a) above, 2,34,40,563 Equity shares of Rs.10/- each and 13,50,000 7% Redeemable Cumulative Preference shares of Rs.100/- each, are to be issued to the shareholders of MPL for consideration other than cash, by way of allotting nine equity shares of Rs.10/- each for every five equity shares of Rs.10/- each, and one 7% Redeemable Cumulative Preference shares of Rs.100/- each for every one 7% Redeemable Cumulative Preference shares of Rs.100/- each held by them, against capitalization of reserves in terms of the approved scheme. Corresponding amount is transferred from Profit & Loss to share capital pending allotment appearing in schedule 1.
- Sales transactions between Tasc Pharmaceuticals Ltd. [pre-amalgamated] and the erstwhile MPL took place before the announcement of the amalgamation scheme, as independent companies and hence these are not deducted from the total sales disclosed in the profit and loss account.
- Figures of the previous year also include the figures of erstwhile MPL, to make them comparable with the current year's figures.

- (7) The provision for liabilities in respect of payment of gratuity to employees of bulk drugs division, as per Payment of Gratuity Act, 1972, has not been made. The total liability towards retirement gratuity payable as on 31st March, 2005 has been ascertained as per actuarial valuation, at Rs.11,55,162 comprising Rs.9,67,553 upto 31st March, 2004 and Rs. 1,87,609 for the current year, in compliance with AS-15, on Accounting for Retirement Benefits in the Financial Statements of Employer, issued by the Institute of Chartered Accountants of India. Had the company provided for gratuity as per actuarial valuation, the profit for the current year would have been lower by Rs.1,87,609, excluding the charge for the earlier years of Rs.9,67,553. Consequently the Reserves & Surplus of the company are higher by Rs.11,55,162. For the formulation division provision for gratuity has made as per Payment of Gratuity Act, 1972.

- (8) Balances with Scheduled Banks in Deposit Accounts includes Balances in respect of Unclaimed Dividend of Rs.1,72,456.20

(9) LEASES

The company has taken various residential, office and godown premises under operating lease or leave & license agreement. The leasing agreement which are non cancelable are for a period of three years. As at 31.03.2005, the company had committed minimum lease payment under non-cancelable operating lease as follows:

	(Amount in Rs'000s)	
	2004-2005	2003-2004
Minimum lease payments		
Due within one year	7284	9814
Due later than one year and not later than five years	6413	15853
<b>Total</b>	<b>13697</b>	<b>25667</b>

The leasing arrangements, which are cancelable range between 11 months and 3 years, are usually renewable by mutual consent on mutually agreeable terms. Under these arrangements, generally refundable interest free deposits have been given. The aggregate lease rentals payable are charged to Profit & loss accounts as rent.

- (10) a Security for Loans in Schedule 3 :

**For Bulk Drugs Division**

- Term Loans : Secured by Mortgage on First Charge Basis, except for the working capital term loans, which are secured by Mortgage on second Charge Basis, of the Company's all Immovable assets, present and future, situated at Plot D-10 and A-88, MIDC Kurkumbh, Tal. Daund, Dist. Pune, office premises situated at B-7/8, Satyam Commercial Complex, Ghatkopar[E], Mumbai-77, and personal guarantee of Director, and on Second Charge basis against hypothecation of Current assets.
- Cash Credit from Banks : Secured against hypothecation of Current assets and also secured by way of Mortgage on Second Charge Basis of the Company's all Immovable assets, present and future, situated at Plot D-10 and A-88, MIDC Kurkumbh, Tal. Daund, Dist. Pune, office premises situated at B-7/8, Satyam Commercial Complex, Ghatkopar[E], Mumbai-77, and personal guarantee of Director.
- Hire Purchase Loans : Secured by hypothecation of respective Assets financed.

**For Formulations Division**

- Term Loan:-Secured by Hypothecation of a specific machinery situated at the Company's Manufacturing facility at the verna,Goa & personal guarantees of Director.
- Working Capital facilities :-Secured by hypothecation of the stock of raw material, packing material, work in progress, receivables and personal guarantees of Director.
- Vehicle Loans:- Secured by Hypothecation of respective vehicle.

- b. During the year, the Company made few delay in the payments to financial institution & banks as under:

Name of institution/banks	Maximum amount of delay payment	Maximum period of delay payment
Industrial Development Bank of India	110.01	91 days
Development Credit Bank Ltd.	6.29	33 days
Punjab National Bank	8.61	56 days
Bank of India	10.57	19 days

- (11) As required by AS-18 "Related Parties Disclosure" issued by The Institute of Chartered Accountants of India, list of parties with whom transactions have taken place during the year are as follows:

a) **Key Management Personnel / Directors & Remuneration:**

Vijay P. Thakkar	Rs. 6,00,000.00
Sanjay P. Thakkar	Rs. 4,80,000.00
Kishor D. Sheth	Rs. 4,80,000.00
B. K. Mishra	Rs. 5,50,000.00
Mark Saldanha	Rs.16,92,960.00
Mrs. Sandra Saldanha	Rs. 4,42,800.00
Dr. Anu Sharma	Rs. 7,70,580.00
Nitin B. Parikh	Rs. 3,000.00
Jyotindra J. Jasani	Rs. 3,000.00
Jagdish C. Mehta	Rs. 3,000.00
Rajesh M. Maheshwari	Rs. 8,000.00
Sanjeev Kumar Agarwal	Rs. 6,000.00
<b>Total</b>	<b>Rs.45,38,340.00</b>

b) **Parties where control exists**

Wholly owned subsidiary companies  
Mark Remedies Private Limited

c) **Related party relationships where transaction have taken place during the year**

Subsidiary Companies  
Mark Remedies Private Limited

d) **Transaction with related parties during the year**

	(Amount in Rs'000s)	
	2004 - 2005	2003-2004
<b>Subsidiary company</b>		
Sale of Finished products	8,457	5,720
Sale of materials	—	1,521
Advance given	27,933	15,085
Share application money	—	2,400
<b>Related party balances</b>		
Unsecured advance receivable from wholly owned subsidiary	53,790	16,661

(12) The Company has no information as to whether any of its suppliers constitute small scale undertakings and therefore the amount due to such suppliers has not been identified.

(13) DEFERRED TAX LIABILITY / (ASSET) :

The major elements of deferred tax liability / (asset) are as under :

	Deferred Tax (Asset)/ Liability As at 1-4-2004	Current Year charge/(Credit)	Deferred Tax (Asset)/ Liability As at 31-03-2005
Depreciation	34491668.53	10022981.53	44514650.06
Provision For Excise Duty/Gratuity	(2014691.56)	(789688.19)	(2804379.75)
Preliminary Expenses Written Off	266381.24	76831.22	343212.46
C/f Income Tax Losses	(12157278.28)	12157278.28	0
	20586079.93	21467402.84	42053482.77

(14) Segment-wise Disclosure as per Accounting Standard 17:

PARTICULARS	(Rs. In Lakhs)	
<b>BUSINESS SEGMENTS AS PRIMARY SEGMENTS</b>		
1. Segment Revenue		
	31.03.05	31.03.04
a) Bulk Drugs Division	14371.14	8007.43
b) Formulations Division	10918.41	5759.88
Total	25289.55	13767.31
Less: Inter Segment Revenue	—	—
Net Sales	25289.55	13767.31

Note: Inter Segment Revenue is considered Nil above on the basis that the inter segment transactions took place before the announcement of the amalgamation scheme between Tasc Pharmaceuticals Ltd and Marksans Pharma Ltd, and hence the total sales considered as it is.

2. Segment Results [Profit / (Loss) before tax and interest from each segment]	31.03.05	31.03.04
a) Bulk Drugs Division	2385.66	1220.97
b) Formulations Division	1399.65	1019.81
Total	3785.31	2240.78
Less: (1) Interest Et finance charges	1193.44	1092.35
(2) Other un-allocable expenditure net off un-allocable income	85.09	121.56
Extra Ordinary Item (Net)	—	—
Total Profit / (Loss) before Tax	2506.78	1026.87

3. Other Information:	31.03.05	31.03.04
Segment Assets		
a) Bulk Drugs Division	10723.82	7991.42
b) Formulations Division	12559.18	9971.71
Unallocated assets	—	—
Total assets	23283.00	17963.13
Segment Liabilities		
a) Bulk Drugs Division	6528.32	6457.18
b) Formulations Division	6740.12	7356.22
Unallocated liabilities	-	-
Total liabilities	13268.44	13813.40
Capital Expenditure		
a) Bulk Drugs Division	2460.56	317.74
b) Formulations Division	296.92	177.03
Total capital expenditure	2757.48	494.77

Depreciation

a) Bulk Drugs Division	518.81	453.12
b) Formulations Division	176.19	162.14
Total depreciation	695.00	615.26

Non cash expenses other than depreciation

a) Bulk Drugs Division	2.25	2.25
b) Formulations Division	56.74	25.90
Total	58.99	28.15

GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS

	(Rs. In Lakhs)	
Segment Revenue	31.03.05	31.03.04
a) Exports	4850.89	3356.96
b) Others	20437.17	10410.35
Total	25288.06	13767.31

(15) Figures of the previous year also include the consolidated figures of erstwhile Marksans Pharma Ltd and its subsidiary, Mark Remedies Pvt. Ltd, to make them comparable with the current year's figures Further they have been regrouped and re-arranged wherever necessary, so as to make them comparable with the current year's figures.

Signatures to Schedule No. 1 to 18

As per our attached report of even dated

Nitin Pota & Associates  
Chartered Accountants  
Nitin Pota  
(Proprietor)  
M.No. 42215

N.K.Mittal & Associates  
Chartered Accountants  
N.K.Mittal  
(Proprietor)  
M.No. 46785

For and on Behalf of the Board

Mark Saldanha  
Mg. Director  
Vijay P.Thakkar  
Director  
Hitesh Kanani  
Company Secretary

Place: Mumbai  
Date: 6th October 2005

# Corporate Information

## Directors

Mr. Mark Saldanha - Chairman And Managing Director  
Dr. A .V. Sharma - Director  
Dr. Kim Tan - Director  
Mr. Ajay Mittal - Nominee Director - Uti  
Mrs. Sandra Saldanha - Director  
Mr. B.K. Mishra - Whole Time Director  
Mr. Vijay P. Thakar - Managing Director  
Mr. Sanjeev Kumar Agarwal - Nominee Director - Idbi  
Mr. Rajesh Maheshwari - Director  
Mr. Nitin Parikh - Director

## Company Secretary

Mr. H.P.Kanaani

## Auditors

Nitin Pota & Associates  
Chartered Accountants

N.K. Mittal & Associates  
Chartered Accountants

## Legal Advisors

M\S. Crawford Bayley And Co.

## Bankers

State Bank Of India  
Bank Of India  
Corporation Bank

## Share Transfer Agents

Bigshare Services Pvt. Ltd.  
E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri [East], Mumbai 400 072

## Registered Office

601-622, Chintamani Plaza,  
Mohan Studio Compound, Andheri- Kurla Road,  
Andheri (E), Mumbai 400 099

## Works

L - 82 Et 83, Verna Industrial Estate,  
Verna, Goa , 403 722

D-10, Kurkumbh M.I.D.C.,  
Tal. Daund, Dist. Pune - 413 105.

A-88, Kurkumbh M.I.D.C.,  
Tal. Daund, Dist. Pune - 413 105.

## 13th Annual General Meeting

### Day & Date

Thursday, 22nd December, 2005

### Time

2.30 P.M.

### Venue

Hotel Tunga International,  
B/11. M.I.D.C., Central Road,  
Andheri (E) Mumbai 400 093.

# Notice

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of Marksans Pharma Limited will be held on Thursday the 22nd day of December 2005 at Hotel Tunga International, B/11, M.I.D.C. Central Road, Andheri [E], Mumbai-400 093, at 2.30 p.m. to transact the following business:

## ORDINARY BUSINESS

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March 2005, the Profit and Loss Account for the period ended as on that date and the Report of the Directors and the Auditors thereon.
- 2) To appoint a Director in place of Mr. B.K. Mishra, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint auditors to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

## SPECIAL BUSINESS

- 4) To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to provision of Section 257 of the Companies Act, 1956, Mr. Mark Saldanha, who was appointed as an Additional Director at the Board Meeting held on 6th October, 2005 and whose term of office expires at the commencement of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr. Mark Saldanha, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company."
- 5) To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to provision of Section 257 of the

Companies Act, 1956, Mrs. Sandra Saldanha, who was appointed as an Additional Director at the Board Meeting held on 6th October, 2005 and whose term of office expires at the commencement of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mrs. Sandra Saldanha, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company."

- 6) To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to provision of Section 257 of the Companies Act, 1956, Dr. A. V. Sharma, who was appointed as an Additional Director at the Board Meeting held on 6th October, 2005 and whose term of office expires at the commencement of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Dr. A. V. Sharma, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company."
- 7) To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to provision of Section 257 of the Companies Act, 1956, Mr. Ajay Mittal, who was appointed as an Additional Director at the Board Meeting held on 6th October, 2005 and whose term of office expires at the commencement of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr. Ajay Mittal, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company."
- 8) To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provision of Section 257 of the Companies Act, 1956, Dr. Kim Tan, who was appointed as an Additional Director at the Board Meeting held on 6th October, 2005 and whose term of office expires at the commencement of this meeting and in respect of whom notice under section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Dr. Kim Tan, as a candidate for the office of the Director of the Company, together with necessary deposits, be and is hereby appointed as Director of the Company."

- 9) To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and in terms of the Articles of Association of the Company, consent of the members of the Company be and is hereby accorded for appointment of Mr. Mark Saldanha, as a Managing Director of the Company, not liable to retire by rotation, with effect from 6th October, 2005 for a period of 5 years on the following terms and conditions:

**Salary:**

Salary @ Rs. 76,000/- per month. Subject to such annual increments as the Board may determine.

**H. R. A.:**

H.R. A. @ 33 % of the salary.

**Perquisites:**

Reimbursement of house maintenance expenses together with utilities thereof such as gas, electricity, water, furnishing and repairs, servants allowance, education allowance for dependent children, entertainment and newspaper and periodicals allowance, medical reimbursement, leave travel allowance for himself and his family, club fees and Medical Insurance Policy and Personal accident Policy in accordance with the rules of the Company or as agreed by the Board of Directors. The total value of such perquisites to be restricted to an amount equivalent to the annual salary.

**Membership of club:**

Admissions fees and monthly subscriptions for not more than one club.

**Retirement benefits:**

Company's contribution to Provident Fund and Super-annuation or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, 1961. Gratuity Payable in accordance with the rules of the Company and the value of such benefits shall not be included in the computation of limits for remuneration or perquisites as aforesaid.

**Use of Car and telephone:**

Provisions of the Company's car and driver for use on Company's business and telephone at residence and also

mobile (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

RESOLVED FURTHER THAT the remuneration payable to Mr. Mark Saldanha shall be subject to deduction of tax as per the provisions of the Income Tax Act.

RESOLVED FURTHER THAT the remuneration payable to the Managing Director (including the salary, perquisites, benefits and amenities) does not exceed the limits laid down in Sections 198 and 309 of the Companies Act, 1956, or any statutory modification or re-enactment thereof.

RESOLVED FURTHER THAT in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate the Company will pay remuneration by way of salary, perquisites, allowances and benefits as specified above, as the minimum remuneration, provided that the total remuneration shall not exceed the ceiling as provided in part II of Schedule XIII to the Companies Act, 1956, as amended.

RESOLVED FURTHER THAT Board of Directors of the Company be and are hereby authorized to increase remuneration of the said Managing Director during his tenure within the limits set out in Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do such acts, deeds and things as may be necessary in this regard."

- 10) To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the proviso to Regulation 4 in Schedule 2 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000, the limit for investment by Foreign Institutional Investors in the Company be and is hereby increased from 24% of the paid-up equity share capital of the Company to 49% of the paid-up equity share capital of the Company."

**POSTAL BALLOT**

To declare the results of the resolutions relating to the alteration of the main Object Clause of the Memorandum of Association of the Company, conducted through postal Ballot.

By Order of the Board of Directors,  
H.P.Kanaani  
Company Secretary and Legal Manager

Mumbai, 6th October, 2005.

**Registered office:**

601-622, Chintamani Plaza,  
Mohan Studio Compound,  
Andheri- Kurla Road,  
Andheri (E), Mumbai 400 099

#### NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE MEMBER OF THE COMPANY. Proxies in order to be effective must be deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- b) The relative Explanatory statements pursuant to section 173 (2) of the Companies Act, 1956, in respect of the Special business is attached hereto.
- c) The Register of Members and Transfer Books of the Company will be closed from 16th December 2005 and will remain closed till 22nd December 2005 (both days inclusive).
- d) Shareholders desiring any information as regards the Accounts are requested to write to the Company at least 8 days in advance so as to enable the Management to keep the information ready.
- e) Members are requested to notify the Company immediately of any change in their Registered Address along with the pin code.
- f) Details of the Directors seeking reappointment at the forthcoming Annual General Meeting:

"Mr. B. K. Mishra is 48 years old. He has a Bachelor in Science degree (Honours) with a diploma in chemical engineering. He is the Technical Director of the Company. He has made substantial contribution in elevating the production to present level and his experience will help the Company in the future also. He does not hold directorship in any other Company nor he is member of any Committees of the Board. "

By Order of the Board of Directors,

H.P.Kanaani

Company Secretary and Legal Manager

Mumbai, 6th October, 2005.

#### **Registered office:**

601-622, Chintamani Plaza,  
Mohan Studio Compound,  
Andheri- Kurla Road,  
Andheri (E), Mumbai 400 099

#### ANNEXURE TO THE NOTICE

#### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

##### ITEM NO. 4

The Board of Directors appointed Mr. Mark Saldanha, as Additional Director of the Company at the Board Meeting held on 6th October 2005.

Under Section 260 of the Companies Act, 1956, Mr. Mark Saldanha holds office as Director up to the date of the forthcoming Annual General Meeting.

Company has received notice from a member, Under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Mark Saldanha, as Director of the Company.

Mr. Mark Saldanha is 33 years of age. He has a vast experience in the field of marketing, production and finance and his business acumen, entrepreneurial zeal, organizational skills combined with his managerial abilities will enable the Company to achieve great heights.

Save and except, Mr. Mark Saldanha and Mrs. Sandra Saldanha, no other Directors of the Company are interested in the resolution.

##### ITEM NO. 5

The Board of Directors appointed Mrs. Sandra Saldanha, as Additional Director of the Company at the Board Meeting held on 6th October 2005.

Under Section 260 of the Companies Act, 1956, Mrs. Sandra Saldanha holds office as Director up to the date of the forthcoming Annual General Meeting.

Company has received notice from a member, Under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mrs. Sandra Saldanha, as Director of the Company.

Mrs. Sandra Saldanha has a vast experience in the field of overall management of the organization and the Company will be benefited by her in-depth knowledge of overall management.

Save and except, Mr. Mark Saldanha and Mrs. Sandra Saldanha, no other Directors of the Company are interested in the resolution.

##### ITEM NO. 6

The Board of Directors appointed Dr. A. V. Sharma, as Additional Director of the Company at the Board Meeting held on 6th October 2005.

Under Section 260 of the Companies Act, 1956, Dr. A. V. Sharma holds office as Director up to the date of the forthcoming Annual General Meeting.

Company has received notice from a member, Under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Dr. A. V. Sharma, as Director of the Company.

Dr. A.V. Sharma has approximately 19 years of experience in pharmaceutical industry and has obtained a PHD in New Drug Delivery Systems in 1993. He has a vast experience in the field of formulation development / NDDS. He was also associated in filing patents in his earlier assignments.

Save and except, Dr. A. V. Sharma, no other Directors of the Company are interested in the resolution.

#### ITEM NO. 7

The Board of Directors appointed Mr. Ajay Mittal, as Additional Director of the Company at the Board Meeting held on 6th October 2005.

Under Section 260 of the Companies Act, 1956, Mr. Ajay Mittal holds office as Director up to the date of the forthcoming Annual General Meeting.

Company has received notice from a member, Under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr. Ajay Mittal, as Director of the Company.

Mr. Ajay Mittal is a Nominee Director of UTI Venture Fund on the Board of the Company.

Save and except, Mr. Ajay Mittal, no other Directors of the Company are interested in the resolution.

#### ITEM NO. 8

The Board of Directors appointed Dr. Kim Tan, as Additional Director of the Company at the Board Meeting held on 6th October 2005.

Under Section 260 of the Companies Act, 1956, Dr. Kim Tan holds office as Director up to the date of the forthcoming Annual General Meeting.

Company has received notice from a member, Under Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Dr. Kim Tan, as Director of the Company.

Dr. Kim Tan is 50 years of age and is the founder Chairman of SpringHill Management Ltd, a private equity and VC fund management company. He is also a director on the board of directors of Active Capital Trust Plc, a LSE listed Investment Trust Company. Furthermore, Dr. Kim Tan is the founder Chairman of AsiaPrise Biotech Sdn Bhd which operates the NCI Cancer Hospital in Malaysia, a subsidiary of TH Group Berhad. And is also on the board of number of listed and private biotech and pharmaceutical companies in the United Kingdom, United States of America, India and Malaysia. He is an advisor to a number of government agencies in Asia on the subject of biotechnology and chairs the Research Expert

Working Group for the Asia Pacific Economic Community (APEC) Life Science Forum. He has also obtained a Ph.D in biochemistry and is a Fellow of the Royal Society of Medicine. With his vast and varied experience, Company will be immensely benefited.

Save and except, Dr. Kim Tan, no other Directors of the Company are interested in the resolution.

#### ITEM NO. 9

Board of Directors appointed Mr. Mark Saldanha, as Managing Director at the Board Meeting held on 6th October, 2005.

Mr. Mark Saldanha is 33 years of age. He is the principal architect of success and progress of the Company. Under his capable, dynamic and manifold leadership Company will surely touch new heights of success and higher level of performance in the years to come. It is therefore necessary in the best interest of the Company to avail his services and guidance for the further progress of the Company. His detailed salary break up is forming the part of the resolution for his appointment. Members are requested to treat this as disclosure as required Under Section 302 of the Companies Act, 1956.

#### ITEM NO. 10

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 provides that the total shareholding of all FIIs in a company is subject to a limit of 24% of the paid-up equity share capital of a company. However, this limit can be increased to the relevant statutory limit of foreign direct investment permitted in respect of the company by passing of a resolution of the board of directors of the company followed by passing a special resolution of the shareholders of the company in a general meeting. The Company, being involved in the pharmaceutical industry, is permitted to have foreign direct investment up to 100% of its share capital under the automatic route. The Company intends to increase the limit of FII investment in its equity share capital and hence it is proposed to pass this resolution.

None of the Directors of the Company are interested in the resolution except as members of the Company.

By Order of the Board of Directors,

H.P.Kanaani  
Company Secretary and Legal Manager

Mumbai, 6th October, 2005.

**Registered office:**  
601-622, Chintamani Plaza,  
Mohan Studio Compound,  
Andheri- Kurla Road,  
Andheri (E), Mumbai 400 099



**MARKSANS PHARMA LIMITED**

Regd Office: 601-622, Chintamani Plaza, Mohan Studio Compound,  
Andheri-Kurla Road, Andheri [E], Mumbai-400 099

**ATTENDANCE SLIP**

Regd Folio No./Client & D.P.I.D \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I hereby record my presence at the 13th Annual General Meeting of the Company to be held at Hotel Tunga International, B/11, M.I.D.C. Central Road, Andheri [E], Mumbai-400 093 on Thursday, 22nd December, 2005 at 2.30 p.m.

\_\_\_\_\_  
Member's/Proxy Name

\_\_\_\_\_  
Member's/Proxy Signature

Note: Please sign this attendance slip and hand over at the entrance of the meeting hall.



**MARKSANS PHARMA LIMITED**

Regd Office: 601-622, Chintamani Plaza, Mohan Studio Compound,  
Andheri-Kurla Road, Andheri [E], Mumbai-400 099

**PROXY FORM**

Regd Folio No./Client & D.P.I.D \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I/We

\_\_\_\_\_ of \_\_\_\_\_

(write full address)

being a member/members of Marksans Pharma Limited hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to attend and vote for me/us on my/our behalf at the 13th Annual General Meeting of the Company to be held at Hotel Tunga International, B/11, M.I.D.C. Central Road, Andheri [E], Mumbai-400 093 on Thursday, 22nd December, 2005 at 2.30 p.m. and at any adjournment thereof.

Affix  
Re 1  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

Signature .....

Note: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding of the aforesaid meeting.