

TAJ PHARMACEUTICALS LIMITED

FINANCIAL REPORT 2004





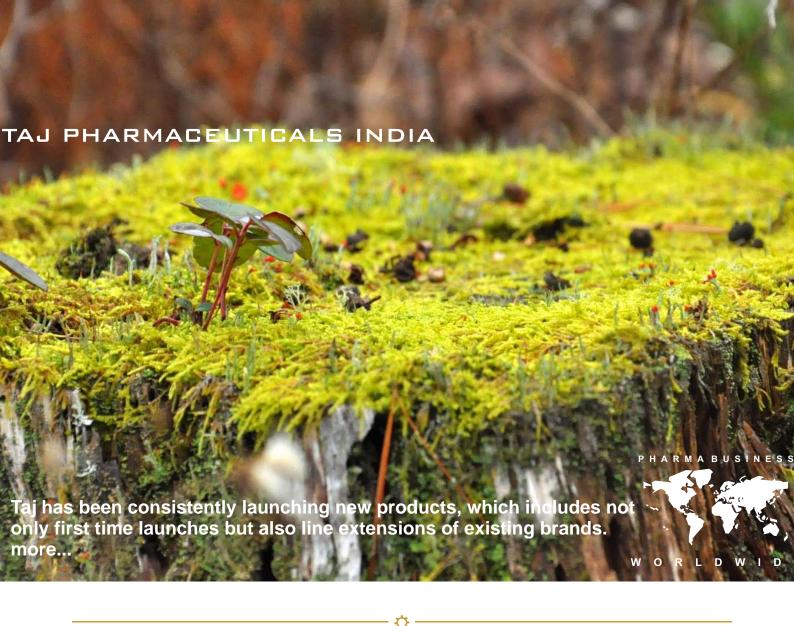


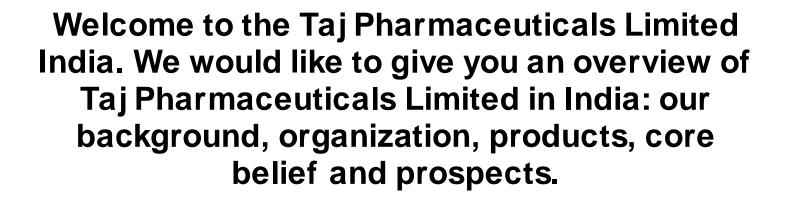
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### A matter of course for Taj Pharmaceuticals

Taj Pharmaceuticals has long been aware that only a financially successful company can be active in environmental and social areas and that financial success only results if it acts in an environmentally and socially responsible manner. In this context, we consider sustainable development to mean a long-term process designed to meet the needs of current and future generations.

Safety and environmental protection are two important invariables amid changing values. Thus, the assurance of safety and environmental protection is not only required by law but constitutes an obligation and at the same time a key success factor in all our business dealings.









#### COMBINED AND CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2004

(in Rupees and in Lacs)

	2004
NET SALES	57 859
COST OF SALES	(27 353)
GROSS PROFIT	32 225
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES OTHER OPERATING INCOME, NET NON-RECURRING OPERATING EXPENSES	(19 529) 657 (35)
OPERATING INCOME	13 318
NON-OPERATING EXPENSES:	
Interest expense Foreign currency exchange loss	(1 880) (38)
INCOME BEFORE INCOME TAX EXPENSE	11 400
Income tax expense	(1 289)
NET INCOME	10 111



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### COMBINED AND CONSOLIDATED BALANCE SHEET AT MARCH 31, 2004

(in Rupees and in Lacs)

ASSETS	2004	2003
NON-CURRENT ASSETS:		
Property, plant & equipment, net	25 138	23 025
Intangible assets, net	11 537	11 226
Total non-current assets	36 675	34 251
CURRENT ASSETS:		
Inventories	9 946	9 170
ccounts receivable	20 385	15 562
Receivables from related parties	9 675	2 168
Other receivables and prepaid expenses	5 478	4 533
Cash	41	130
Total current assets	45 525	31 563
TOTAL ASSETS	82 200	65 814
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY:		
Share capital	1	1
Retained earnings	48 114	35 444
Total shareholders' equity	48 115	35 445
MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	-	207
LONG-TERM LIABILITIES:		
Long-term borrowings	7 208	1 470
Deferred taxation	2 684	2 080
Long-term portion of finance leases payable	52	49
Total long-term liabilities	9 944	3 599
CURRENT LIABILITIES:		
Short-term borrowings and current portion of long-term borrowings	11 238	14 706
Accounts payable	4 752	2 221
Payables to related parties	3 678	7 310
Other payables and accrued expenses	4 206	2 188
Current portion of finance leases payable	267	138
Total current liabilities	24 141	26 563
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	82 200	65 814



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### COMBINED AND CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2004

(in Rupees and in Lacs)

	2004
OPERATING ACTIVITIES: Income before income tax expense	11 400
Adjustments to reconcile net income to net cash	
used in operating activities:	2.062
Depreciation and amortization  Loss on disposal of property, plant and equipment	3 063 57
Provision for doubtful receivables	571
Foreign currency exchange loss on financing and investing activities	38
Interest expense	1 880
Operating cash flow before working capital changes	17 009
Increase in inventories	(776)
Increase in accounts receivable	(5 394)
Increase in receivables from related parties	(539)
Increase in other receivables and prepaids	(945)
Increase in accounts payable	2 703 (178)
Decrease in payables to related parties Increase in other payables and accruals	2 736
Cash flows from operations	14 616
Income taxes paid	(950)
Interest paid	(2 521)
Net cash inflow from operating activities	11 145
INVESTING ACTIVITIES:	
Purchase of property, plant and equipment	(3 444)
Purchase of intangible assets	(456)
Purchase of equity interest in subsidiaries	(222)
Net cash outflow from investing activities	(4 122)
FINANCING ACTIVITIES:	
Proceeds from borrowings, net	1 275
Repayment of borrowings to related parties, net	(10 426)
Net cash outflow from financing activities	(9 151)
Effect of currency translation on cash flows	2 039
NET DECREASE IN CASH	(89)
CASH, beginning of period	130
CASH, end of period	41
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### COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED MARCH 31, 2004

(in Rupees and in Lacs)

	Share capital	Retained Earnings	Total Shareholders' Equity
Balance at January 1, 2004	1	35 444	35 445
Net income Currency translation		10 111 2 559	10 111 2 559
Balance at December 31, 2004	1	48 114	48 115



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### TAJ PHARMACEUTICALS LIMITED

"Working for healthier India"



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#### About Taj Pharmaceutical Limited

Taj Pharmaceuticals Limited is a pharmaceutical company founded and based in India. The company manufacturers pharmaceutical formulations and API for India and other countries of world. The company was established in 1995 as an enterprise and in 2004 became a public limited company. As per Mumbai pharmaxil and Chemixil association the company manufacturers and exports to countries like Albania, Argentina, Austria, Chile and Iraq. In 1995 pharmaceuticals wing only has a schedule M certification for pharmaceuticals products manufacturing in India. Taj Pharmaceuticals established its manufacturing unit in Gujarat because of government policies in 1999 with WHO / GMP licence. The company in 2003 revived all the old manufacturing units and approached the FDA Gujarat for 4000 new pharmaceuticals drug permissions for the first time in India.

According to the Indian Trade Mark the company owns about 450 brands and 4600 generic manufacturing permissions in India. According to the export data analysis the company was the largest exporter of generic medicines to the Europe and Middle East countries.

www.tajpharma.com

The company medicines are present in France, Georgia, Egypt and CIF countries





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