

Carol Info Services Limited

BOARD OF DIRECTORS

DR. G B PARULKAR

Chairman

D G MODI

Director

R B GANDHI

Director

ANIL KAMATH

Director

V R KHETAN

Company Secretary

BANKERS

State Bank of India (CAG Branch)

Citibank, N.A.

ICICI Bank Ltd.

HDFC Bank Ltd.

AUDITORS

Haribhakti & Co.

REGISTERED OFFICE

City Survey No. 681,

Village Nahur,

Mulund-Goregaon Link Road,

Bhandup (West),

Mumbai-400 078.

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DIRECTORS' REPORT

The Directors take pleasure in presenting the 26th Annual Report of the Company and audited accounts for the year ended March 31, 2006.

FINANCIAL PERFORMANCE

	Year ended 31.03.2006	(Rs. in thousands) 15 Months Period ended 31.03.2005
Operating Income	184,389	416,418
Operating Profit	91,468	65,475
Other Income	4,594	73,446
Interest Income	107,235	133,133
Depreciation	(57,773)	(74,529)
Profit Before Tax	145,524	197,525
Provision for Tax	(5,260)	(8,504)
Deferred Tax Liability	(11,911)	(13,321)
Fringe Benefit Tax	(569)	—
Net Profit for the Year/Period	127,784	175,700

SUBSIDIARIES AND OPERATIONS

Wockhardt International Limited, a wholly owned subsidiary of the Company, during the year made loss of Rs. 118,665/-. The results of Wockhardt International Limited are annexed with this report.

BOARD OF DIRECTORS

Mr. D G Modi retires by rotation as director at the upcoming Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Modi is a Pharmacy Graduate and has immense experience in his field. He also holds directorship in Merind Limited.

The Board recommends his appointment.

APPOINTMENT OF AUDITORS AND LEGAL COMPLIANCE

M/s. Haribhakti & Co. retire as auditors of the Company at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the operating management, confirms that:

- The annual accounts presented to the members have been prepared on going concern basis and applicable accounting standards have been followed.
- In case of any material departures from the applicable accounting standards, proper explanations have been provided.
- In order to provide a true and fair view of the state of affairs of the Company as on March 31, 2006 and the profits for the year ended on that date reasonable and prudent judgements and estimates have been made and generally accepted accounting policies have been selected and consistently applied.
- For safeguarding the assets of the Company and for preventing and detecting any material fraud and irregularities, proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956.

LEGAL COMPLIANCES

The Company has no employees covered under Section 217(2A) of the Companies Act, 1956.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, relating to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are also annexed herewith.

Carol Info Services Limited

SECRETARIAL AUDIT

As directed by Securities and Exchange Board of India (SEBI) secretarial audit is being carried out at the specified periodicity by a practising Company Secretary. The findings of the secretarial audit were entirely satisfactory.

CORPORATE GOVERNANCE

The report on Corporate Governance and the Certificate on compliance with the conditions of corporate governance under Clause 49 of the Listing Agreement is annexed to this report.

ACKNOWLEDGEMENTS

Your Directors acknowledge the impeccable service rendered by the employees of the Company at all levels towards its overall success. The Directors also take this opportunity to place on record their appreciation to the stakeholders, bankers and all others for their continued support to the Company.

For and on behalf of the
Board of Directors

G B PARULKAR
Chairman

Place : Mumbai
Date : June 26, 2006

ANNEXURE TO THE DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2006.

I. CONSERVATION OF ENERGY

- (1) **Energy conservation measures taken:**
Energy efficient lighting and ballasts and variable frequency drives are completely introduced at different places.
- (2) **Additional Investments and proposals being implemented for reduction of energy consumption:**
Conservation of refrigeration energy of milk in evaporation plant is being explored.
- (3) **Impact of measures taken at (1) above:**
The saving to the tune of Rs. 3,50,000 achieved in the year 2005-06.
- (4) **Total energy consumption and energy consumption per unit of production:**

	Year Ended 31.03.2006	15 Months Period Ended 31.03.2005
(A) Power & Fuel Consumption:		
1. Electricity		
a. Purchased		
Units (in million)	1.174	1.338
Total Amount (in million)	4.784	5.032
Rate/Unit (Rs.)	4.07	3.76
b. Own Generation Through Diesel Generator		
Units (in million)	0.245	0.312
Units per litre of Diesel Oil	3.34	3.35
Cost/Unit (Rs.)	7.68	6.15
2. Coal		Not Applicable
Quantity	—	—
Total Cost	—	—
Average Rate	—	—
3. Furnace Oil & LSHS		
Quantity (Kilo-litres)	542.1	692.3
Total Amount (in million)	10.097	9.904
Average Rate (Rs./Ltr.)	18.63	14.31
4. Natural Gas		Not Applicable
Quantity (unit NM ³)	—	—
Total Amount (in million)	—	—
Average Rate (Rs./100 NM ³)	—	—

(B) Consumption per unit of production:

The consumption per unit depends on the product mix since it consists of different types of products. Hence there is no specific standard.

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. **Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year)**
Company has not imported any technology.
2. **Foreign Exchange Earnings & Outgoing**
Total Foreign Exchange Used and Earned

	Year Ended 31.03.2006	15 Months Period Ended 31.03.2005
(A) Total Foreign Exchange used		
(i) On input of raw materials, spare parts & capital goods	—	2.62
(ii) Expenditure in foreign currency for business travels, books & periodicals, membership subscription, commission on sales and R & D expenses	—	—
(B) Total Foreign Exchange Earned		
	—	—

Carol Info Services Limited

REPORT ON CORPORATE GOVERNANCE

Carol Info Services Limited endeavors to attain the highest standards of Corporate Governance. The Company's pursuit towards achieving good governance is an ongoing process, thereby ensuring truth, transparency, accountability and responsibility in all our dealing with our employees, stakeholders, customers and the community at large.

1. Board of Directors

The Board of Directors of the Company consists of a majority of non-executive/independent directors. The constitution of the Board is given below:

Director	Designation	Wholetime/ Independent	Number of outside directorship held ¹	Number of membership on Board Committees ²	Number of Chairmanship on Board Committees ²
Dr. G B Parulkar	Chairman	Independent	3	3	2
Mr. R B Gandhi	Director	Independent	5	4	1
Mr. Anil Kamath	Director	Independent	6	3	0
Mr. D G Modi	Director	Independent	1	2	0

1. This excludes directorships held in foreign companies, private companies and alternate directorships.

2. This includes the Chairmanship/Membership only in the Audit Committee and Shareholders' Grievance Committee.

2. Audit Committee

Terms of Reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreements with the Stock Exchanges that inter alia include a review of financial reporting process, draft financial statements and auditors' report (before submission to the board), accounting policies and practices, internal controls and internal audit systems, risk management policies and practices, related party transactions, internal audit reports and adequacy of internal audit function.

The role of the audit committee includes recommending the appointment and removal of external auditor, discussion of audit plan, fixation of audit fee and also approval for payment of any other services.

During the year, four meetings were held one of which was before finalisation of accounts. The said meetings were held on June 10, 2005, July 27, 2005, October 31, 2005 and January 31, 2006. The Secretary of the Company acts as a Secretary to the Committee.

The Board of Directors in its meeting dated January 31, 2006, re-constituted the Audit Committee with three members Dr. G B Parulkar (Chairman), Mr. D G Modi and Mr. R B Gandhi.

The constitution of the Committee for the financial year and the attendance of each member of the Committee is given below:

Name	Designation	Wholetime/ Independent	Committee Meetings Attended
Dr. G B Parulkar	Chairman	Independent	4
Mr. R B Gandhi	Director	Independent	4
Mr. Anil Kamath	Director	Independent	3
Mr. D G Modi	Director	Independent	3

3. Investors Grievance Committee

The Investors Grievance Committee which is headed by Dr. G B Parulkar specifically looks into redressing of shareholders and investors complaints such as transfer of shares, non-receipt of shares, non-receipt of dividends and to ensure expeditious share transfer process. During the year ended March 31, 2006, four meetings of the Committee were held.

The constitution of the Committee and the attendance of each member of the Committee is given below:

Name	Committee Meetings Attended
Dr. G B Parulkar	4
Mr. R B Gandhi	4
Mr. Anil Kamath	4
Mr. D G Modi	3

Name & Designation of compliance officer

Mr. V R Khetan – Company Secretary

During the year the Company received 85 communications pertaining to non-receipt of shares sent for transfer, non-receipt of dividend warrants and non-receipt of credit or documents sent for demat. All the communications were satisfactorily replied. There are no shares pending for transfer for a period of more than 21 days from the day of receipt, so long as the documents are clear in all respects.

4. Remuneration of Directors

During the year, the directors were neither paid any remuneration nor granted any loans or advances.

5. Board Meetings & Attendance at Board Meetings & Annual General Meeting

The Board of the company met four times during the current financial year, i.e. June 10, 2005, July 27, 2005, October 31, 2005 and January 31, 2006. The Company placed before the Board the annual operating plans, budgets and performance of various divisions from time to time. Information regarding recruitment of senior executives, show cause notices which are materially important, default if any, in financial obligations, details of joint ventures & collaborations, labour problems, signing of wage agreements, etc. is also placed before the Board as and when the same takes place.

The attendance at the Board Meeting and Annual General Meeting was as under:

Director	Attendance	
	Board meeting	AGM
Dr. G B Parulkar	4	✓
Mr. R B Gandhi	4	✓
Mr. Anil Kamath	4	✓
Mr. D G Modi	3	✓

Details of previous AGMs & Postal Ballot

For the financial year 2002 AGM was held on June 30, 2003 at 3.30 p.m. at Merind Limited, Mulund-Goregaon Link Road, Bhandup (West), Mumbai 400 078.

For the financial year 2003 AGM was held on June 18, 2004 at 3.30 p.m. at Merind Limited, Mulund-Goregaon Link Road, Bhandup (West), Mumbai 400 078.

For the financial year 2004-05 AGM was held on September 12, 2005 at 3.00 p.m. at Merind Limited, Mulund-Goregaon Link Road, Bhandup (West), Mumbai 400 078.

During the last year no resolution was put through postal ballot and neither during the current year any resolution is proposed to be conducted through postal ballot.

6. Management Discussion & Analysis Report

Since, presently the Company has only one unit at Lalru, which purchases fresh milk and manufactures neutraceutical and other milk based products on job work basis, the management discussion and analysis is not material and accordingly the report on the same is not attached with the Directors Report.

7. Disclosures

- The Independent directors do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management, their relatives or the company's subsidiaries, which in the judgement if the Board affect the independence of judgement of the Directors or which may have a potential conflict with interests of the Company. The register of contracts containing the transactions in which the Directors are interested is placed before the Board regularly. Transactions with related parties are disclosed in the schedules to the Annual Accounts in the Annual Report.
- The Company has continued to comply with the requirements of the stock exchanges, SEBI and other statutory authorities on all matter relating to capital markets during the last three years; no penalties, strictures have been imposed on the Company either by SEBI or stock exchanges or other statutory authorities relating to the above.
- The Company is reviewing the existing risk based control system. During the year, an analysis of the Company's risks covering strategic (business), operational, financial and legal & compliance risks, as perceived by the Management had been made and control procedures and systems for mitigating these risks have also been identified.
- The Company has established procedures to enable its Board to periodically review compliance of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances.
- The non-mandatory requirements of the Clause 49 of the listing agreement are neither necessary nor desirable and hence the Company does not consider the need to adopt them.

8. Notes on Directors appointment/re-appointment

Relevant details forms part of the Directors Report.

9. Means of Communication

The quarterly and annual results of the Company are generally published in The Free Press Journal and the Navshakti. As per the requirement of the listing agreement the Company is also been filing all the data relating to quarterly financial results, shareholding pattern and annual report, electronically on the EDIFAR website.

10. Certificate on Compliance of Conditions of Corporate Governance

Certificate on the Compliance of conditions of Corporate Governance is enclosed alongwith this report.

SHAREHOLDER INFORMATION

1. Annual General Meeting

- Date and time : September 29, 2006, 3.00 p.m.
- Venue : Merind Limited, Goregaon-Mulund Link Road, Bhandup (West), Mumbai 400 078.

2. Financial Calendar

Financial reporting for

Quarter ending June 30, 2006	End of July, 2006
Quarter ending September 30, 2006	End of October, 2006
Quarter ending December 31, 2006	End of January, 2007
Year ending March 31, 2007	End of June, 2007
Annual General Meeting for the year ending March 31, 2007	End of September, 2007

3. **Dates of book closure** : September 22, 2006 to September 29, 2006 (both days inclusive)

4. **Registered Office** : City Survey No. 681, Village Nahur, Mulund-Goregaon Link Road, Bhandup (W), Mumbai 400 078.

5. Listing on stock exchanges at

(A) Equity Shares	Bombay Stock Exchange Ltd. The National Stock Exchange
(B) GDRS	Luxembourg Stock Exchange

6. Listing fees

Paid for all the above stock exchanges for 2006-2007.

7. Stock Market Data

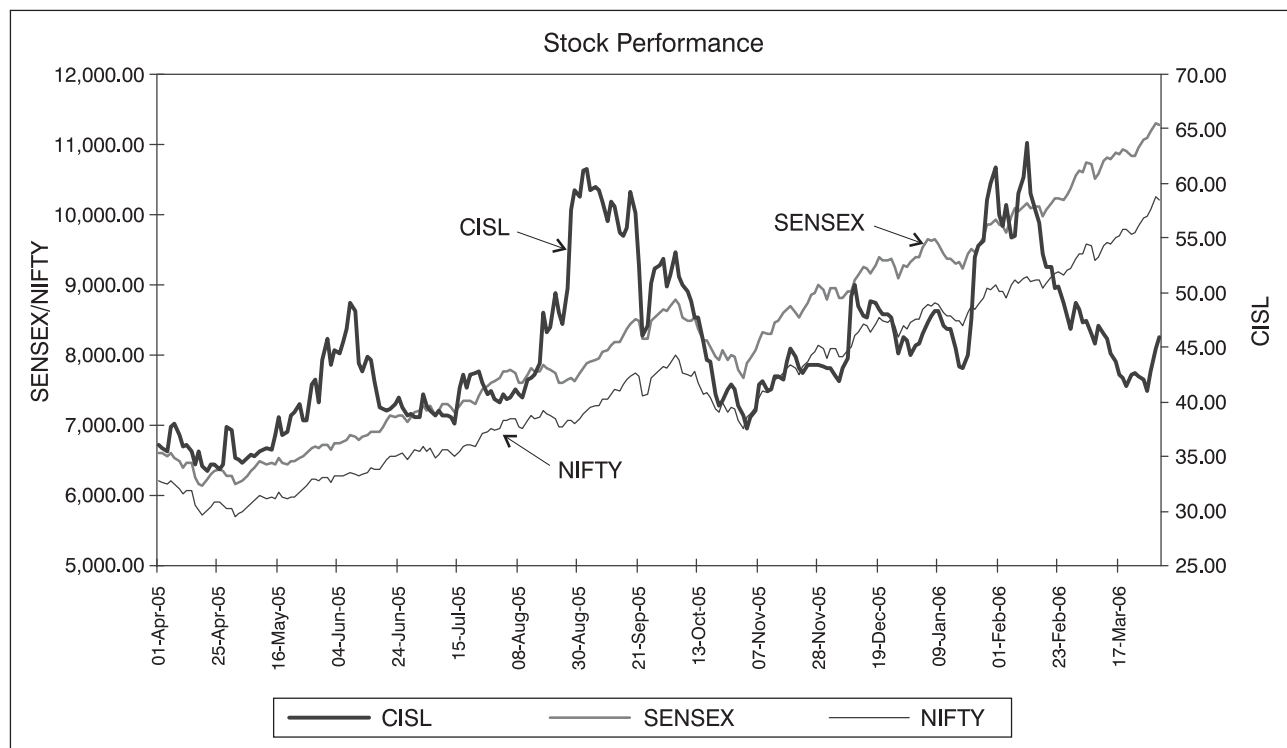
(a) Stock code

- The Stock Exchange, Mumbai : 500446
- National Stock Exchange : CAROLINFO

(b) Stock price data

Month	BSE			NSE		
	High	Low	Monthly Volume	High	Low	Monthly Volume
April 2005	41.00	32.50	962,893	41.00	32.20	1,312,365
May 2005	44.55	33.75	2,719,795	44.90	33.65	3,436,578
June 2005	50.45	38.25	6,714,003	50.45	37.50	7,491,204
July 2005	45.00	37.50	1,666,550	44.75	37.90	1,624,481
August 2005	63.50	38.75	11,557,462	63.30	38.65	10,904,089
September 2005	63.70	43.90	5,064,712	63.45	43.25	5,015,157
October 2005	54.45	37.05	1,159,396	54.40	37.05	1,157,576
November 2005	46.50	38.00	873,433	46.45	36.75	718,576
December 2005	52.90	41.55	2,265,939	52.80	41.95	2,166,108
January 2006	63.90	42.50	7,123,373	63.90	42.60	5,709,255
February 2006	65.40	46.10	6,117,329	65.45	46.60	5,544,328
March 2006	51.45	40.50	986,539	50.95	40.10	699,919

8. Stock Performance Index



9. **Registrars & transfer agents** : Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West)
Mumbai 400 078
Tel: 022 25963838 Fax: 022 25946969

10. Share transfer system

The trading of equity shares of the company is mandatory in the dematerialised form. All the powers concerning Share Transfer is delegated to Mr. Vijay Khetan, the Company Secretary to expedite the process of share transfer.

All shares have been transferred and returned in 21 days from the date of receipt, so long as the documents have been clear in all respects, accordingly no shares are pending transfer for more than 21 days, as at the end of the year.

11. Investor Relations

All complaints received from shareholders have been cleared within the financial year. The complaints are generally replied to within 10 days from their lodgement with the Company.

12. Distribution of shareholding as at March 31, 2006

Slab of Shareholdings No. of Shares	No. of Shareholders	%	Amount in Rs.	%
1 – 500	28,955	90.59	43,625,970	12.31
501 – 1000	1,631	5.10	13,750,990	3.88
1001 – 2000	707	2.22	11,235,930	3.17
2001 – 3000	228	0.71	5,921,100	1.67
3001 – 4000	93	0.29	3,409,730	0.96
4001 – 5000	105	0.33	5,087,860	1.43
5001 – 10000	140	0.43	10,474,160	2.96
Above 10000	105	0.33	260,858,980	73.62
Total	31,964	100.00	354,364,720	100.00

According to categories of shareholders as at March 31, 2006

Categories	Number of shares	Amount in Rs.	%
Promoters, directors & relatives	22,584,758	225,847,580	63.73
Financial Institutions & Banks	10,000	100,000	0.03
Mutual Funds	1,300	13,000	0.00
Insurance Companies	366,100	3,661,000	1.03
Foreign Institutional Investors/OCB's	2,800	28,000	0.01
Bodies Corporate	2,053,525	20,535,250	5.79
Non-resident Indians	525,375	5,253,750	1.49
Shares Representing GDRs	358,946	3,589,460	1.02
Public	9,533,668	95,336,680	26.90
Total	35,436,472	354,364,720	100.00

13. Dematerialisation of shares

As on March 31, 2006, out of the public holding of 9,533,668 equity shares, 8,505,312 equity shares representing 89% of public holding, is in dematerialised form. The Company's shares are compulsorily tradable in dematerialised form. Number of outstanding GDRs as on March 31, 2006 is 358,946.

14. Investors correspondence : V R Khetan, City Survey No. 681, Village Nahur, Mulund-Goregaon Link Road, Bhandup (West), Mumbai-400 078.

15. Address of Factories : Ambala-Chandigarh Highway, Village Sarsini, Lalru P. O., Dist. Patiala 140 501, Punjab.

16. Declaration under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct:

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management of the Company. All the Board Members and the Senior Management Personnel have affirmed their Compliance with the respective Codes.

Certificate on Corporate Governance

To

The Members of **Carol Info Services Limited**

We have examined the compliance of conditions of Corporate Governance by Carol Info Services Limited, for the year ended on March 31, 2006, as stipulated in Clause 49 of the Listing Agreement of the Company with Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of the opinion on the financial Statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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.

Sd/-

VIRENDRA BHATT
Practicing Company Secretary
 ACS No.: 1157 CP No.: 124

Place : Mumbai

Dated : June 26, 2006

CONSOLIDATED AUDITORS' REPORT

Auditors' Report to the Board of Directors of CAROL INFO SERVICES LIMITED
(formerly Wockhardt Life Sciences Limited)

1. We have audited the attached Consolidated Balance Sheet of Carol Info Services Limited ("CISL" or "the Company") and its subsidiary as at March 31, 2006 and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Carol's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21 on 'Consolidated Financial Statements', issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statement of the Company and its subsidiary included in the consolidated financial statements.
4. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting policies generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
 - (ii) in the case of the Profit & Loss Account, of the profits for the year ended on that date; and
 - (iii) in the case of Cash Flow Statements, of the cash flows for the year ended on that date.

Haribhakti & Co.
Chartered Accountants

CHETAN DESAI
Partner
Membership No.: 17000

Place : Mumbai
Date : June 26, 2006

Carol Info Services Limited

(Formerly Wockhardt Life Sciences Limited)

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2006

(All amounts in thousands of Indian Rupees)

	Notes	As at 31.3.2006	As at 31.3.2005 (Note 26)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3		
Equity share capital		354,364	354,364
Reserves and surplus	4	<u>3,178,373</u>	<u>3,050,708</u>
		<u>3,532,737</u>	<u>3,405,072</u>
LOAN FUNDS			
Secured loans	5	195	1,115
Unsecured loans	6	<u>213,613</u>	<u>220,724</u>
		<u>213,808</u>	<u>221,839</u>
DEFERRED TAX LIABILITY	2(g) & 7	<u>85,800</u>	<u>73,889</u>
		<u>3,832,345</u>	<u>3,700,800</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
	2(a) & 8		
Gross block		2,129,508	2,160,653
Accumulated depreciation		<u>(559,371)</u>	<u>(533,150)</u>
Net block		1,570,137	1,627,503
Capital work-in-progress and advances		<u>28,055</u>	<u>26,001</u>
		<u>1,598,192</u>	<u>1,653,504</u>
INVESTMENTS	2(c) & 9	349,063	381,590
CURRENT ASSETS, LOANS AND ADVANCES			
	2(d) & 10		
Inventories		5,261	3,205
Sundry debtors	11	71,865	26,338
Cash and bank balances	12	16,830	12,561
Loans and advances	13	<u>2,136,773</u>	<u>1,953,738</u>
		<u>2,230,729</u>	<u>1,995,842</u>
CURRENT LIABILITIES AND PROVISIONS	14	<u>(345,639)</u>	<u>(330,136)</u>
NET CURRENT ASSETS		<u>1,885,090</u>	<u>1,665,706</u>
		<u>3,832,345</u>	<u>3,700,800</u>

The accompanying notes 1 to 26 are an integral part of this balance sheet.

As per our report of even date

Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : June 26, 2006

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman

R. B. Gandhi
A. V. Kamath } Directors

V. R. Khetan
Company Secretary

Carol Info Services Limited

(Formerly Wockhardt Life Sciences Limited)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2006

(All amounts in thousands of Indian Rupees)

	Notes	For the year ended 31.3.2006	For 15 months ended 31.3.2005 (Note 26)
INCOME			
Sales and services	2(f) & 15	184,389	416,418
Other income	16	4,600	73,446
Interest income	17	107,235	133,133
		<u>296,224</u>	<u>622,997</u>
EXPENDITURE			
Materials consumed	18	1,981	223,678
(Increase)/Decrease in inventories	19	—	16,543
Operating and other expenses	20	91,065	110,936
Depreciation	2(a) & 8	57,773	74,537
		<u>150,819</u>	<u>425,694</u>
PROFIT/(LOSS) BEFORE TAX		145,405	197,303
Provision for tax		(5,260)	(8,504)
Deferred tax	2 (g) & 7	(11,911)	(13,321)
FBT		(569)	—
NET PROFIT FOR THE YEAR		127,665	175,478
Excess/(Short) Provision of earlier year		—	47
		<u>127,665</u>	<u>175,525</u>
Profit and Loss Account, beginning of year		11,986	(163,539)
AMOUNT AVAILABLE FOR APPROPRIATION		139,651	11,986
APPROPRIATIONS			
Transfer (from)/to general reserve		100,000	—
PROFIT AND LOSS ACCOUNT, end of year		39,651	11,986
		<u>139,651</u>	<u>11,986</u>
EARNING PER SHARE			
Earning per share	21		
Basic & Diluted Rs.		3.60	4.95
Basic & Diluted (Annualised) Rs.		3.60	3.96
Nominal value of share Rs.		10.00	10.00

The accompanying notes 1 to 26 are an integral part of this statement.

As per our report of even date

Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : June 26, 2006

V. R. Khetan
Company Secretary

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman

R. B. Gandhi
A. V. Kamath } Directors

Carol Info Services Limited

(Formerly Wockhardt Life Sciences Limited)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2006

(All amounts in thousands of Indian Rupees)

	2006	2005 (Note 26)
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) before tax	145,405	197,303
Adjustments to reconcile profit before tax to cash provided by operations:		
Depreciation	57,773	74,537
Provision for doubtful advances/loans	—	16,714
Advance no more recoverable	2,163	—
Foreign exchange gain	—	(238)
(Profit)/loss on sale of fixed assets/Division, net	(871)	(72,470)
Interest expense	10,910	12,364
Interest income	(118,145)	(145,497)
Dividend income	(941)	(181)
Operating profit before working capital changes	<u>96,294</u>	<u>82,532</u>
(Increase)/decrease in current assets, loans and advances:		
Inventories	(2,056)	33,389
Sundry debtors	(45,527)	(25,602)
Loans and advances	(1,722)	36,976
Increase/(Decrease) in current liabilities and provisions	<u>21,342</u>	<u>228,451</u>
Cash provided by operations	<u>68,330</u>	<u>355,746</u>
Tax paid	(17,293)	(56,058)
Net cash provided by operating activities	<u>51,037</u>	<u>299,688</u>
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work-in-progress	(3,840)	(234,932)
Proceeds from sale of division	—	72,315
Proceeds from sale of fixed assets	2,251	20,845
Purchase of investments	—	(29,937)
Proceeds from sale of investments	32,527	—
Loan (to)/from Companies, net	(175,650)	(903,383)
Interest received	118,145	145,497
Dividend received	941	181
Net cash used in investing activities	<u>(25,626)</u>	<u>(929,414)</u>
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
(Repayment)/Proceeds from long-term borrowings, net	(4,391)	79,840
Interest paid	(15,046)	(8,229)
Dividend paid	(1,705)	(1,056)
Net cash used in financing activities	<u>(21,142)</u>	<u>70,555</u>
NET INCREASE IN CASH AND BANK BALANCES	<u>4,269</u>	<u>(559,171)</u>
CASH AND BANK BALANCES, beginning of period	<u>12,561</u>	<u>571,732</u>
CASH AND BANK BALANCES, end of period	<u>16,830</u>	<u>12,561</u>

The accompanying notes 1 to 26 are an integral part of this cash flow statement.

As per our report of even date

Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : June 26, 2006

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman

R. B. Gandhi
A. V. Kamath } Directors

V. R. Khetan
Company Secretary

Carol Info Services Limited

(Formerly Wockhardt Life Sciences Limited)

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2006

(All amounts in thousands of Indian Rupees unless otherwise stated)

1.(a) Background

Carol Info Services Limited (formerly Wockhardt Life Sciences Limited) ('CISL' or 'the Company'), is a subsidiary of Khorakiwala Holdings and Investments Private Limited. Pursuant to a scheme of arrangement, the pharmaceutical business of the Company was demerged into Wockhardt Limited with effect from January 1, 2000. The name of the Company has been changed from Wockhardt Life Sciences Limited to Carol Info Services Limited with effect from November 7, 2003.

The Company had controlling interest, in the following entity during the period ended March 31, 2006:

	Name of subsidiary	Country of Incorporation	Name of Parent	Percentage of ownership
1.	Wockhardt International Limited	India	Carol Info Services Limited	100%

(b) Basis of consolidation

- (i) The consolidated financial statements of the group have been prepared based on a line-by-line consolidation of the financial statements of CISL and its subsidiary. All material inter-company balances and transactions have been eliminated on consolidation.
- (ii) The financial statements of WIL as at March 31, 2006 used for consolidation purposes have been audited.

2. Summary of the group's significant accounting policies

The consolidated financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and in conformity with accounting principles generally accepted in India. These consolidated financial statements have been prepared to meet the requirements of Clause 32 of the listing agreements with the Stock Exchanges. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The Company capitalizes all costs relating to the acquisition and installation of fixed assets. Exchange differences relating to loan taken for the acquisition of fixed assets are adjusted in the cost of the assets.

Depreciation is provided, using the straight line method, pro-rata to the period of use of assets, at the rates specified in Schedule XIV of the Companies Act, 1956 or based on the useful life of the assets whichever is higher. The rates used by the Company are as follows:

Assets	Percentage
Leasehold land	over the period of lease
Buildings	1.63 - 3.34
Plant & Machinery	4.75 - 5.88
Furniture & Fixtures	6.33
Office Equipments	4.75 - 25
Information Technology Equipments	33.33
Vehicles	20

Fixed assets whose aggregate cost is Rs. 5,000 or less are depreciated fully in the year of acquisition.

(b) Foreign currency transactions

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of the transaction. Foreign currency denominated assets and liabilities are translated into rupees at the rates of exchange prevailing on the date of the balance sheet. All exchange differences are dealt with in the statement of profit and loss, except those relating to acquisition of fixed assets, which are adjusted in the cost of the assets.

In respect of transactions covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the profit and loss account over the period of the contract.

(c) Investments

Long term investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments. Current investments are stated at lower of cost and fair value.

(d) Inventories

Inventories of stores and spare parts are valued at cost.

(e) Retirement benefits

The liability on account of gratuity and leave encashment are provided based on valuation by an independent actuary. Contributions to provident fund and family pension fund are charged to the profit and loss account as incurred.

(f) Revenue recognition

The Company recognises revenues on dispatch of goods to customers. Revenues are recorded at invoice value net of sales tax, excise, returns and trade discounts.

Revenue from services are recognised on completion of such services.

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(g) Income-tax

Provision for current income-taxes is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the statement of Profit and Loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(h) Leases

Operating leases

Lease payments for operating leases are recognised as expense over the lease term. Lease income from operating leases is recognised as income over the lease term. Initial direct costs are recognised immediately as an expense.

(i) Research and Development (R&D)

Capital expenditure on R&D is capitalized as fixed assets. Other expenditure on R&D is expenses as incurred.

	As at 31-3-2006	As at 31-3-2005
3. SHARE CAPITAL		
AUTHORISED		
100,000,000 (2005 – 100,000,000) Unclassified shares of Rs. 10 each	1,000,000	1,000,000
ISSUED		
35,519,797 (2005 – 35,519,797) Equity Shares of Rs. 10 each fully paid up	355,198	355,198
	355,198	355,198
SUBSCRIBED & PAID UP		
35,436,472 (2005 – 35,436,472) Equity Shares of Rs. 10 each fully paid up	354,365	354,365
<i>Less:</i> Allotment money due on 300 equity shares of Rs. 10 each	1	1
	354,364	354,364
Of the above equity shares:		
(a) 21,210,400 (2005 – 21,210,400) fully paid up equity shares are held by Khorakiwala Holdings & Investments Pvt. Limited, the holding company.		
(b) 25,900,976 (2005 – 25,900,976) Equity shares are allotted as fully paid by way of Bonus shares by capitalisation of General Reserve, Capital Redemption Reserve and Share Premium.		
(c) 374,820 (2005 – 374,820) equity shares are allotted as fully paid up pursuant to amalgamation of Wockhardt Health Care Limited with the Company.		
4. RESERVES AND SURPLUS		
Central/State cash subsidy	8,084	8,084
Capital redemption reserve	297,500	297,500
Share premium account	2,716,000	2,716,000
Debenture redemption reserve		
Opening balance	—	17,138
<i>Less:</i> Transferred to General reserve	—	(17,138)
	—	—
General reserve		
Opening balance	17,138	—
Transferred (to)/from Profit and Loss Account	100,000	—
Transferred from Debenture Redemption Reserve	—	17,138
Balance at the end of the period	117,138	17,138
Profit & Loss Account	39,651	11,986
	3,178,373	3,050,708

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	As at 31-3-2006	As at 31-3-2005
5. SECURED LOANS		
Term Loan from Banks	195	1,115
	195	1,115
Term loans from banks are secured by hypothecation of respective vehicles against which loan is taken.		
6. UNSECURED LOANS		
Long term		
Sales Tax Deferral Loan (out of the above Rs. 5,284 thousand (2005 – Rs. 3,471 thousand) is repayable within one year)	60,113	63,584
Short term (repayable within one year)		
Loan from banks	150,000	150,000
Loan from companies	3,500	7,140
	213,613	220,724
7. DEFERRED TAX LIABILITY		
Deferred tax liabilities		
Depreciation on fixed assets	205,291	222,409
Total (A)	205,291	222,409
Deferred tax assets		
Unabsorbed depreciation and business losses	119,491	148,520
Total (B)	119,491	148,520
Deferred tax liability (A-B)	85,800	73,889
Net deferred tax liability as of the year end	85,800	73,889
Less: Opening Deferred Tax Liability	73,889	60,568
Deferred tax (credit)/Charge for the year	11,911	13,321

8. FIXED ASSETS

BLOCK OF ASSET	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01.04.05	Additions during the period	Deletions/ Adjustments during the period	As at 31.03.06	As at 01.04.05	Charge for the period	Deletions/ Adjustments during the period	As at 31.03.06	As at 31.03.06	As at 31.3.05
Freehold land	30,993	—	—	30,993	—	—	—	—	30,993	30,993
Leasehold land	195,141	—	—	195,141	13,806	2,629	—	16,435	178,706	181,335
Buildings	1,153,379	—	6,400	1,146,979	114,096	21,524	6,030	129,590	1,017,389	1,039,283
Plant and machinery	520,065	858	23,548	497,375	208,388	26,009	23,548	210,849	286,526	311,677
Furniture and fixtures	98,819	582	300	99,101	38,343	6,213	300	44,256	54,845	60,476
Office equipments	47,973	346	71	48,248	47,274	505	71	47,708	540	699
Information technology equipments	95,342	—	141	95,201	95,236	37	141	95,132	69	106
Vehicles	18,941	—	2,471	16,470	16,007	856	1,462	15,401	1,069	2,934
Total	2,160,653	1,786	32,931	2,129,508	533,150	57,773	31,552	559,371	1,570,137	1,627,503
Capital Work-in-progress (inclusive of Capital Advances)									28,055	26,001
Grand Total	2,160,653	1,786	32,931	2,129,508	533,150	57,773	31,552	559,371	1,598,192	1,653,504
As at 31.03.2005	1,971,765	227,167	38,279	2,160,653	476,203	74,537	17,590	533,150	1,627,503	

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	As at 31-3-2006	As at 31-3-2005
9. INVESTMENTS (at cost)		
LONG TERM INVESTMENTS		
TRADE:		
UNQUOTED:		
Others		
(a) 50,000,000 (2005 – 50,000,000) Equity shares of Rs. 1 each fully paid up in Wockhardt Hospitals Limited.	50,000	50,000
(b) 1,300,000 (2005 – 1,300,000) 6% Non-cumulative Secured NCDs of Rs. 100 each in Wockhardt Hospitals Limited	130,000	130,000
(c) 1,510,000 (2005 – 1,510,000) 6% Unsecured Non-Convertible Debentures (NCDs) of Rs. 100 each in Merind Limited.	151,000	151,000
NON-TRADE:		
QUOTED:		
In Government securities		
2,200 (2005 – 2,200) 6.75% taxfree US-64 Bonds of Rs. 100 each guaranteed by Government of India, issued by the administrator of the specified undertaking of the Unit Trust of India	220	250
UNQUOTED:		
In Government securities		
(a) National Savings Certificate having face value of Rs. 260 thousand (2005 – Rs. 260 thousand)	260	260
Others		
(a) 780,000 (2005 – 780,000) Equity shares of Rs. 10 each fully paid up in Al Barr Finance House Limited.	17,583	17,583
(b) Investment in Mutual Fund	—	32,497
	349,063	381,590
10. INVENTORIES		
(As Taken, Valued and Certified by the Management)		
Stores and spare parts	5,261	3,205
	5,261	3,205
11. SUNDRY DEBTORS (Unsecured)		
Outstanding for more than six months		
Considered good	25	—
Considered doubtful	7,850	9,167
	7,875	9,167
<i>Less:</i> Provision for doubtful debts	(7,850)	(9,167)
	25	—
Other debts		
Unsecured, considered good	71,840	26,338
	71,865	26,338
Sundry Debtors include Rs. 65,654 thousands (2005 – Rs. 25,738 thousands) receivable from Wockhardt Limited, the Company under the same management. Maximum amount outstanding during the year Rs. 66,933 thousands (2005 – Rs. 63,104 thousands).		
12. CASH AND BANK BALANCES		
Cash on hand	125	29
Balances with scheduled banks		
— in current accounts	16,625	11,452
— in margin accounts	80	80
Fixed Deposits	—	1,000
	16,830	12,561

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	As at 31-3-2006	As at 31-3-2005
13. LOANS AND ADVANCES (Unsecured, considered good)		
Loans to employees	150	84
Loans to Companies		
Considered good	1,727,634	1,555,623
Considered doubtful	118,314	118,314
	<u>1,845,948</u>	<u>1,673,937</u>
Less: Provision for doubtful debts	(118,314)	(118,314)
	<u>1,727,634</u>	<u>1,555,623</u>
Loans to others	478	806
Share application money	33,505	33,638
Advances recoverable in cash or in kind or for value to be received	11,791	11,281
Balance with customs and excise authorities	2,475	2,881
Other Deposits	7,682	7,831
Advance tax, net of provision for tax	353,058	341,594
	<u>2,136,773</u>	<u>1,953,738</u>
<p>Loans to companies include amount due from companies under the same management, Merind Limited Rs. Nil thousand (2005 – Rs. 600 thousand). Maximum amount outstanding during the year Rs. 600 thousand (2005 – Rs. 430,000 thousand), Wockhardt Hospitals Limited Rs. 34,298 thousand (2005 – Rs. 937 thousand). Maximum amount outstanding during the year Rs. 73,885 thousand (2005 – Rs. 564,930 thousand), Wockhardt Maharashtra Hospitals Limited Rs. 3,114 thousand (2005 – Rs. 2,223 thousand). Maximum amount outstanding during the year Rs. 3,114 thousand (2005 – Rs. 2,223 thousand).</p>		
14. CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry creditors — Small scale industrial undertakings [See Note 21(f)]	—	333
— Others	33,887	31,845
Security deposits	289,697	270,823
Unclaimed dividends*	1,299	3,004
Interest accrued but not due	—	4,135
Other liabilities	18,587	17,108
	<u>343,470</u>	<u>327,248</u>
*Investor education and protection fund would be credited as and when required		
Provisions		
Provision for retirement benefits	2,169	2,888
	<u>2,169</u>	<u>2,888</u>
	<u>345,639</u>	<u>330,136</u>
	For the year ended 31.3.2006	For the 15 months ended 31.3.2005
15. SALES AND SERVICES		
Sale of goods	2,399	315,515
Less: Excise duty	—	9,169
	<u>2,399</u>	<u>306,346</u>
Business centre operations	60,166	82,454
Processing charges received	67,488	11,451
Services	5,132	6,186
Rent Income	49,204	9,981
	<u>184,389</u>	<u>416,418</u>
16. OTHER INCOME		
Consideration received for sale of Intravenous fluid division	—	80,487
Profit on sale of assets	871	(8,017)
Miscellaneous income	3,729	976
	<u>4,600</u>	<u>73,446</u>

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	For the year ended 31.3.2006	For the 15 months ended 31.3.2005
17. INTEREST		
Interest paid		
Fixed	—	4,464
Others	<u>10,910</u>	<u>12,364</u>
	10,910	12,364
<i>Less: Interest received [TDS Rs. 3,830 thousand (2005 – Rs. 30,485 thousand)]</i>		
Debentures/Loans/Others	<u>(118,145)</u>	<u>(145,497)</u>
	<u>(107,235)</u>	<u>(133,133)</u>
18. MATERIAL COSTS		
Consumption of raw and packing materials	—	221,622
Purchase of finished goods	<u>1,981</u>	<u>2,056</u>
	<u>1,981</u>	<u>223,678</u>
19. DECREASE/(INCREASE) IN INVENTORIES		
Opening stock		
Finished goods	—	14,767
Work-in-process	—	1,776
Closing stock		
Finished goods	—	—
Work-in-process	<u>—</u>	<u>16,543</u>
	<u>—</u>	<u>16,543</u>
20. OPERATING AND OTHER EXPENSES		
Salaries, wages and bonus	29,318	27,294
Retirement benefits	704	703
Company's contribution to provident and other funds	1,451	2,003
Staff welfare expenses	2,791	3,590
Travelling expenses	913	1,624
Power and fuel	17,701	19,025
Rent, Rates and taxes	7,923	14,466
Maintenance and repairs		
Machinery	1,297	1,103
Buildings	3,714	1,744
Stores and spare parts consumed	2,317	2,485
Insurance	1,305	2,249
Provision for doubtful debts	—	16,714
Advance no more recoverable	2,163	—
General expenses	<u>19,468</u>	<u>17,936</u>
	<u>91,065</u>	<u>110,936</u>

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21. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders (net profit for the year less dividends on preference shares) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive potential equity shares into equity shares.

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below:

Reconciliation of earnings	31.3.2006	31.03.2005
Net profit attributable to equity shareholders		
Profit/(Loss) after tax for the financial year	127,665	175,525
Profit/(Loss) after tax for the financial year (Annualised)	127,665	140,420
Reconciliation of weighted average number of shares	Shares	Shares
For basic/diluted earnings per share	35,436	35,436
	35,436	35,436
Earnings per share (nominal value Rs. 10 each)	Rs.	Rs.
Basic/Diluted	3.60	4.95
Basic/Diluted (Annualised)	3.60	3.96

22. RELATED PARTY DISCLOSURES

(a) Parties where control exists

Subsidiary companies

Wockhardt International Limited

Holding company

Khorakiwala Holdings & Investments Pvt. Limited

(b) Related party relationships where transactions have taken place during the year

Holding company

Khorakiwala Holdings & Investments Pvt. Limited

Fellow Subsidiary enterprises

Wockhardt Limited

Wockhardt Hospitals Limited

Merind Limited

(c) Transactions with related parties during the year

Holding company

Rent paid

Interest received

Loan given

Loan repaid

Apr.05 - Mar.06 Jan.04 - Mar.05

100 137

39,671 29,559

208,845 985,583

54,695 405,859

Note: Maximum loans given to holding company at any point of time was
Rs. 741,616 thousands (2005 – Rs. 579,723 thousands)

Fellow Subsidiary companies

Sale of finished goods

Wockhardt Limited Rs. Nil (Rs. 273,368 thousands)

— 273,368

Sale of raw/packing material

Wockhardt Limited Rs. Nil (Rs. 10,160 thousands)

— 10,160

Rent received

Wockhardt Limited Rs. 52,191 thousands (Rs. 9,735 thousands)

52,388 9,981

Processing charges received

Wockhardt Limited Rs. 67,488 thousands (Rs. 11,451 thousands)

67,488 11,451

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22. RELATED PARTY DISCLOSURES (Contd.)

	Apr.05 - Mar.06	Jan.04 - Mar.05
Recovery of expenses Wockhardt Limited Rs. Nil (Rs. 9,236 thousands)	—	9,236
Guarantee fees recovered Wockhardt Hospitals Limited Rs. 375 thousands (Rs. 938 thousands)	375	938
Guarantee fees paid Wockhardt Limited Rs. Nil (Rs. 10 thousands)	—	10
Business centre fees received Wockhardt Hospitals Limited Rs. 16,224 thousands (Rs. 71,281 thousands)	16,224	71,281
Reimbursement of Support Function Cost Wockhardt Limited Rs. 7,200 thousands (Rs. 2,400 thousands)	7,200	2,400
Interest income Wockhardt Hospitals Limited Rs. 1,161 thousands (Rs. 12,916 thousands)	1,161	12,916
Interest received on Non-Convertible debentures Wockhardt Hospitals Limited Rs. 7,800 thousands (Rs. 13,000 thousands) Merind Limited Rs. 9,060 thousands (Rs. 15,100 thousands)	16,860	28,100
Loan given to fellow subsidiaries Wockhardt Hospitals Limited Rs. 143,361 thousands (Rs. 702,150 thousands) Merind Ltd. Rs. Nil (Rs. 431,600 thousands)	143,361	1,133,750
Loan repaid by fellow subsidiaries Wockhardt Hospitals Limited Rs. 109,491 thousands (Rs. 1,173,298 thousands) Merind Ltd Rs. 600 thousands (Rs. 431,000 thousands)	110,091	1,604,298
Corporate Guarantees given Wockhardt Hospitals Limited Rs. Nil (Rs. 300,000 thousands)	—	300,000
Note: Maximum loans given to fellow subsidiary at any point of time was Rs. 73,985 thousands (Rs. 994,929 thousands)		
(d) Related party balances outstanding		
Receivable from/payable to holding company	741,616	587,467
Receivable from/(payable) to fellow subsidiaries Wockhardt Ltd. Rs. 65,654 thousands (Rs. 25,738 thousands) Wockhardt Hospitals Ltd. Rs. 33,909 thousands (Rs. 938 thousand) Merind Ltd. Rs. Nil (Rs. 600 thousands)	99,563	27,276
Corporate Guarantees given on behalf of Wockhardt Hospitals Ltd.	—	300,000
Non-Convertible debentures with fellow subsidiary company Merind Ltd. Rs. 151,000 thousands (Rs. 151,000 thousands) Wockhardt Hospitals Ltd Rs. 130,000 thousands (Rs. 130,000 thousands)	281,000	281,000
Security deposit payable to fellow subsidiary company Wockhardt Ltd. Rs. 250,000 thousands (Rs. 250,000 thousands)	250,000	250,000

23. SEGMENT INFORMATION

(i) Information about business segments

	Year	Nutrition	Services	Total
REVENUE				
External Sales*	2006	—	184,389	184,389
	2005	326,966	98,621	425,587
Inter-Segment sales	2006	—	—	—
	2005	—	—	—
Total Revenue	2006	—	184,389	184,389
	2005	326,966	98,621	425,587
RESULT				
Segment result	2006	—	33,570	33,570
	2005	15,570	44,201	59,771
Unallocated corporate Expenses	2006			—
	2005			(69,047)
Operating Profit	2006			33,570
	2005			(9,276)

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23. SEGMENT INFORMATION (Contd.)

(i) Information about business segments

	Year	Nutrition		Services	Total
Interest Expenses	2006				(107,235)
	2005				(133,133)
Other Income	2006				4,600
	2005				73,446
Net Profit	2006				145,405
	2005				197,303
OTHER INFORMATION					
Segment assets	2006		—	1,573,535	1,573,535
	2005	326,614	—	1,275,196	1,601,810
Unallocated corporate assets	2006				2,250,469
	2005				2,087,532
Total assets	2006	—	—	1,573,535	3,824,004
	2005	326,614	—	1,275,196	3,689,342
Segment liabilities	2006	—	—	—	—
	2005	7,327	—	—	7,327
Unallocated corporate liabilities	2006				645,247
	2005				618,537
Total Liabilities	2006	—	—	—	645,247
	2005	7,327	—	—	625,864
Capital Expenditure	2006			3,840	3,840
	2005	4,775		230,157	234,932
Depreciation	2006	—	—	57,773	57,773
	2005	24,199	—	50,338	74,537

* Revenue is gross of excise duty

(ii) Information about Secondary Segments

The Company operates in one geographical segment i.e. in India and hence no additional information has been provided in respect of this segment.

(iii) Notes:

Primary Segments

The primary segments of the Company are:

- Nutrition – comprising of manufacture of milk based products.
- Services – comprising of service income.

Secondary segments

Secondary segmental reporting is performed on the basis of the geographical location of customers.

The management views the Indian market and export markets as distinct geographical segments.

Segment revenue and result

The expenses that are not directly attributable to the business segments are shown as unallocated corporate costs.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets, net of allowances. Assets at the corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated.

Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

24. Management of WIL has disclosed that sundry debtors include an amount of Rs. 7,850 thousand in respect of which WIL is awaiting Reserve Bank of India approval for a write off. Accordingly, no adjustments have been made on account of exchange fluctuation relating to these debts.

25. Contingent Liabilities

- (i) Corporate Guarantees given to banks on behalf of Wockhardt Hospitals Limited in respect of facilities granted to it amounts to Rs. Nil (Rs. 300,000 thousands).
- (ii) Demands by Income Tax Authorities for various assessment years; the Company has appealed against these demands – Rs. 260,921 thousands. (Rs. 376,003).
- (iii) Demands for Rs. 14,316 thousands (Rs. 14,316 thousands) have been raised by Sales Tax Authorities. The Company has filed appeals against the said demand.
- (iv) Claims against the Company not acknowledged as debts – Rs. 9,950 thousands (Rs. 9,950 thousands).

26. Prior year comparatives

Prior year figures have been re-classified wherever necessary to conform with current years' presentation. As the figures for the prior year are for 15 months, these are not comparable to the figures of the current year.

Carol Info Services Limited

AUDITORS' REPORT

To

The Members of Carol Info Services Limited (Formerly Wockhardt Life Sciences Limited)

1. We have audited the attached Balance Sheet of Carol Info Services Limited ("the Company") as at March 31, 2006 and also the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 (together "the order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act') and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, Profit and 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 and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act, to the extent they are applicable to the Company;
 - (e) on the basis of written representations received from the directors, as on March 31, 2006, and taken on record by the Board of Directors, we report that none of the directors of the Company is prima facie disqualified as on March 31, 2006, from being appointed as a director in terms of section 274(1)(g) of the Act;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give a true and fair view in conformity with the accounting policies generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006; and
 - (ii) in the case of the Profit & Loss Account, of the profits for the year ended on that date.
 - (iii) in the case of Cash Flow Statements, of the cash flows for the year ended on that date.

For **Haribhakti & Co.**
Chartered Accountants

CHETAN DESAI
Partner
Membership No. 17000

Place : Mumbai

Date : June 26, 2006

ANNEXURE TO AUDITORS' REPORT — MARCH 31, 2006

Annexure referred to in paragraph 3 of our report of even date to the members of **Carol Info Services Limited** on the accounts for the year ended March 31, 2006.

I. Fixed Assets:

The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The Company has a program for phased physical verification of all its fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Accordingly, certain fixed assets have been physically verified by management during the year. As informed, no material discrepancies were noticed on such verification

During the year, the Company has not disposed off substantial part of its fixed assets.

II. Inventory:

As explained to us, the inventory of the Company has been physically verified by the management. In our opinion, the frequency of verification is reasonable.

In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

The Company has maintained proper records of inventory and the discrepancies between the physical stocks and the book stocks noticed on physical verification as mentioned in paragraph 3 above were not material and have been properly dealt with in the books of accounts.

III. Loans taken from/granted to 301 Parties:

The Company has neither granted nor taken unsecured loans to parties covered in the register maintained under Section 301 of the Act.

IV. Internal Control:

In our opinion and according to information and explanations given to us, the existing internal control procedures for the purchase of inventory and fixed assets and for the sale of goods and services are commensurate with the size of the company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

V. Transaction with 301 parties:

According to the explanation and information given to us by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Act have been so entered.

In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act, and exceeding the value of Rs. 5 lacs in respect of any party during the year have been made at prices which are reasonable having regard to nature and terms of sum contract.

VI. Internal Audit:

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

VII. Cost Audit:

On the basis of records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government of India under Section 209(1)(d) of the Act have been maintained. However, we are not required to and have not carried out any detailed examination of such accounts and records.

VIII. Statutory dues:

According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues if any in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance dues, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other material statutory dues have generally been regularly deposited, by the Company during the year with the appropriate authorities in India.

According to the information and explanation given to us, no undisputed amounts payable in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess were in arrears, as at March 31, 2006 for a period of more than six months from the date they became payable.

As at March 31, 2006, there have been no disputed dues which have not been deposited with the respective authorities in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, except as under :

Name of the Statute	Nature of the dues	Amount (Rs. in thousands)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Dues	35,528.53 49,326.39 1,14,373.78 51,668.10 10,024.03	Asst year 93-94 Asst year 94-95 Asst year 95-96 Asst year 99-00 Asst year 00-01	C.I.T. (Appeals)
Bombay Sales Tax Act, 1959	Sales Tax Dues	1,219.43 3,794.05 3,404.56 2,714.41 2,773.14	Asst year 93-94 Asst year 94-95 Asst year 95-96 Asst year 96-97 Asst year 97-98	Appellate Tribunal
Kerala General Sales Tax Act, 1963.	Sales Tax Dues	410.00	Asst year 94-95	Appellate Tribunal

IX. Financial Position:

The Company does not have accumulated losses. Also, it has not incurred any cash loss either during the financial year ended on that date, and in the immediately preceding financial period.

X. Repayment of dues:

In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.

XI. Loans and advances:

The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture and other securities.

XII. Guarantees Given:

According to the information and explanation given to us, the terms and conditions on which the Company has given any guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

XIII. Others:

According to the explanation and information given to us by the management and based on our overall examination of the books of accounts, during the year, the Company has not taken any term loans.

On the basis of review of utilisation of funds which is based on overall examination of the balance sheet of the Company, related information as made available to us and as represented to us by the Management, funds raised on short term basis have not been used for long term purpose.

The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Act.

As per the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

The following Clauses of paragraph 4 and 5 of Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 are not applicable to the Company and hence are not reported upon:

Clause (vi); Clause (xiii); Clause (xiv); Clause (xix); and Clause (xx).

For **Haribhakti & Co.**
Chartered Accountants

CHETAN DESAI
Partner

Membership No. 17000

Place : Mumbai

Date : June 26, 2006

Carol Info Services Limited

(Formerly Wockhardt Life Sciences Limited)

BALANCE SHEET AS AT MARCH 31, 2006

(All amounts in thousands of Indian Rupees)

	Notes	As at 31.3.2006	As at 31.3.2005 (Note 25)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3		
Equity share capital		354,364	354,364
Reserves and surplus	4	3,163,123	3,035,339
		<u>3,517,487</u>	<u>3,389,703</u>
LOAN FUNDS			
Secured loans	5	195	1,115
Unsecured loans	6	213,613	220,724
		<u>213,808</u>	<u>221,839</u>
DEFERRED TAX LIABILITY			
	2 (g) & 7	85,800	73,889
		<u>3,817,095</u>	<u>3,685,431</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	2(a) & 8	2,129,493	2,160,638
Accumulated depreciation		(559,358)	(533,137)
Net block		<u>1,570,135</u>	<u>1,627,501</u>
Capital work-in-progress and advances		28,055	26,001
		<u>1,598,190</u>	<u>1,653,502</u>
INVESTMENTS			
	2(c) & 9	369,063	401,590
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	2(d) & 10	5,261	3,205
Sundry debtors	11	71,865	26,338
Cash and bank balances	12	16,786	12,517
Loans and advances	13	2,101,550	1,918,383
		<u>2,195,462</u>	<u>1,960,443</u>
CURRENT LIABILITIES AND PROVISIONS			
	14	(345,620)	(330,104)
NET CURRENT ASSETS			
		<u>1,849,842</u>	<u>1,630,339</u>
		<u>3,817,095</u>	<u>3,685,431</u>

The accompanying notes 1 to 25 are an integral part of this balance sheet.

As per our report of even date

Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : June 26, 2006

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman

R. B. Gandhi
A. V. Kamath } Directors

V. R. Khetan
Company Secretary

Carol Info Services Limited

(Formerly Wockhardt Life Sciences Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2006

(All amounts in thousands of Indian Rupees)

	Notes	For the year ended 31.3.2006	For 15 months ended 31.3.2005 (Note 25)
INCOME			
Sales and services	2(f) & 15	184,389	416,418
Other income	16	4,594	73,446
Interest income	17	107,235	133,133
		<u>296,218</u>	<u>622,997</u>
EXPENDITURE			
Materials consumed	18	1,981	223,678
(Increase)/Decrease in inventories	19	–	16,543
Operating and other expenses	20	90,940	110,722
Depreciation	2(a) & 8	57,773	74,529
		<u>150,694</u>	<u>425,472</u>
PROFIT/(LOSS) BEFORE TAX		145,524	197,525
Provision for tax		(5,260)	(8,504)
Deferred tax	2 (g) & 7	(11,911)	(13,321)
FBT		(569)	–
NET PROFIT FOR THE YEAR		<u>127,784</u>	<u>175,700</u>
Profit and Loss Account, beginning of year		(3,383)	(179,083)
AMOUNT AVAILABLE FOR APPROPRIATION		<u>124,401</u>	<u>(3,383)</u>
APPROPRIATIONS			
Transfer to General Reserve		100,000	–
PROFIT AND LOSS ACCOUNT, end of year		<u>24,401</u>	<u>(3,383)</u>
		<u>124,401</u>	<u>(3,383)</u>
Earnings per share			
	22		
Basic & Diluted Rs.		3.61	4.96
Basic & Diluted (Annualised) Rs.		3.61	3.97
Nominal value of share Rs.		10.00	10.00

The accompanying notes 1 to 25 are an integral part of this statement.

As per our report of even date

Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : June 26, 2006

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman

R. B. Gandhi
A. V. Kamath } Directors

V. R. Khetan
Company Secretary

Carol Info Services Limited

(Formerly Wockhardt Life Sciences Limited)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2006

(All amounts in thousands of Indian Rupees)

	2006	2005 (Notes 25)
A. CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Profit/(Loss) before tax	145,524	197,525
Adjustments to reconcile profit before tax to cash provided by operations:		
Depreciation	57,773	74,529
Provision for doubtful advances/loans	-	16,714
Advance no more recoverable	2,163	-
Foreign exchange (Gain)/Loss	-	255
(Profit)/loss on sale of fixed assets/Division, net	(871)	(72,470)
Interest expense	10,910	12,365
Interest income	(118,145)	(145,497)
Dividend income	(941)	(181)
Operating profit before working capital changes	96,413	83,240
(Increase)/decrease in current assets, loans and advances		
Inventories	(2,056)	33,389
Sundry debtors	(45,527)	(25,602)
Loans and advances	(1,855)	36,238
Increase/(Decrease) in current liabilities and provisions	21,355	227,934
Cash provided by operations	68,330	355,199
Tax paid	(17,293)	(55,404)
Net cash provided by operating activities	51,037	299,795
B. CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work-in-progress	(3,840)	(234,932)
Proceeds from sale of division	-	72,315
Proceeds from sale of fixed assets	2,251	20,845
Proceeds from sale of investments	32,527	-
Purchase of investments	-	(29,937)
Loan (to)/from Companies, net	(175,650)	(903,438)
Interest received	118,145	145,497
Dividend received	941	181
Net cash used in investing activities	(25,626)	(929,469)
C. CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES:		
(Repayment)/Proceeds from long-term borrowings, net	(4,391)	79,840
Interest paid	(15,046)	(8,229)
Dividend paid	(1,705)	(1,056)
Net cash used in financing activities	(21,142)	70,555
NET DECREASE IN CASH AND BANK BALANCES	4,269	(559,119)
CASH AND BANK BALANCES, beginning of period	12,517	571,636
CASH AND BANK BALANCES, end of period	16,786	12,517

The accompanying notes 1 to 25 are an integral part of this cash flow statement.

As per our report of even date

Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Date : June 26, 2006

V. R. Khetan
Company Secretary

For and on behalf of the Board of Directors

G. B. Parulkar
Chairman

R. B. Gandhi
A. V. Kamath } Directors

Carol Info Services Limited

(Formerly Wockhardt Life Sciences Limited)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2006

(All amounts in thousands of Indian Rupees unless otherwise stated)

1. Background

Carol Info Services Limited (formerly Wockhardt Life Sciences Limited) ('CISL' or 'the Company'), is a subsidiary of Khorakiwala Holdings and Investments Private Limited. Pursuant to a scheme of arrangement, the pharmaceutical business of the Company was demerged into Wockhardt Limited with effect from January 1, 2000. The name of the Company has been changed from Wockhardt Life Sciences Limited to Carol Info Services Limited with effect from November 7, 2003.

2. Summary of significant accounting policies

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in accordance with accounting principles generally accepted in India. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The Company capitalizes all costs relating to the acquisition and installation of fixed assets. Exchange differences relating to loan taken for the acquisition of fixed assets are adjusted in the cost of the assets.

Depreciation is provided, using the straight line method, pro rata to the period of use of assets, at the rates specified in Schedule XIV of the Companies Act, 1956 or based on the useful life of the assets whichever is higher. The rates used by the Company are as follows:

Assets	Percentage
Leasehold land	Over the period of Lease
Buildings	1.63 – 3.34
Plant & Machinery	4.75 – 5.88
Furniture & Fixtures	6.33
Office Equipments	4.75 – 25
Information Technology Equipments	33.33
Vehicles	20

Fixed assets whose aggregate cost is Rs. 5,000 or less are depreciated fully in the year of acquisition.

(b) Foreign currency transactions

Foreign currency transactions during the year are recorded at rates of exchange prevailing on the date of the transaction. Foreign currency denominated assets and liabilities are translated into rupees at the rates of exchange prevailing on the date of the balance sheet. All exchange differences are dealt with in the statement of profit and loss, except those relating to acquisition of fixed assets, which are adjusted in the cost of the assets.

In respect of transactions covered by forward exchange contracts, the difference between the contract rate and the spot rate on the date of the transaction is charged to the profit and loss account over the period of the contract.

(c) Investments

Long term investments are stated at cost. Provision is made to recognise a diminution, other than temporary, in the value of investments. Current investments are stated at lower of cost and fair value.

(d) Inventories

Inventories of stores and spare parts are valued at cost.

(e) Retirement benefits

The liability on account of gratuity and leave encashment are provided based on valuation by an independent actuary. Contributions to provident fund and family pension fund are charged to the profit and loss account as incurred.

(f) Revenue recognition

The Company recognises revenues on dispatch of goods to customers. Revenues are recorded at invoice value net of sales tax, excise, returns and trade discounts.

Revenue from services are recognised on completion of such services.

(g) Income-tax

Provision for current income-taxes is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the statement of Profit and Loss using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(h) Leases

Operating leases

Lease payments for operating leases are recognised as expense over the lease term. Lease income from operating leases is recognised as income over the lease term. Initial direct costs are recognised immediately as an expense.

(i) Research and Development (R&D)

Capital expenditure on R&D is capitalized as fixed assets. Other expenditure on R&D is expenses as incurred.

3. SHARE CAPITAL

	As at 31.3.2006	As at 31.3.2005
AUTHORISED		
100,000,000 (2005 – 100,000,000) Unclassified shares of Rs. 10 each	<u>1,000,000</u>	<u>1,000,000</u>
ISSUED		
35,519,797 (2005 – 35,519,797) Equity Shares of Rs. 10 each fully paid-up	<u>355,198</u>	<u>355,198</u>
	<u>355,198</u>	<u>355,198</u>
SUBSCRIBED & PAID-UP		
35,436,472 (2005 – 35,436,472) Equity Shares of Rs. 10 each fully paid-up	<u>354,365</u>	<u>354,365</u>
Less: Allotment money due on 300 Equity Shares of Rs. 10 each	<u>1</u>	<u>1</u>
	<u>354,364</u>	<u>354,364</u>

Of the above equity shares:

- (a) 21,210,400 (2005 – 21,210,400) fully paid-up Equity Shares are held by Khorakiwala Holdings and Investments Pvt. Limited, the holding company.
- (b) 25,900,976 (2005 – 25,900,976) Equity Shares are allotted as fully paid by way of Bonus shares by capitalisation of General Reserve, Capital Redemption Reserve and Share Premium.
- (c) 374,820 (2005 – 374,820) Equity Shares are allotted as fully paid-up pursuant to amalgamation of Wockhardt Health Care Limited with the Company.

4. RESERVES AND SURPLUS

Central/State cash subsidy	8,084	8,084
Capital redemption reserve	297,500	297,500
Share premium account	2,716,000	2,716,000
Debenture redemption reserve		
Opening balance	–	17,138
Less: Transferred to General reserve	–	(17,138)
	–	–
General reserve		
Opening balance	17,138	–
Transferred (to)/from Profit and Loss Account	100,000	–
Transferred from Debenture Redemption Reserve	–	17,138
Balance at the end of the period	<u>117,138</u>	<u>17,138</u>
Profit & Loss Account	<u>24,401</u>	<u>(3,383)</u>
	<u>3,163,123</u>	<u>3,035,339</u>

	As at 31.3.2006	As at 31.3.2005
5. SECURED LOANS		
Term Loan from Banks	195	1,115
	195	1,115
Term loans from banks are secured by hypothecation of respective vehicles against which loan is taken.		
6. UNSECURED LOANS		
Long term		
Sales Tax Deferral Loan (out of the above Rs. 5,284 thousand (2005 – Rs. 3,471 thousand) is repayable within one year)	60,113	63,584
Short term (repayable within one year)		
Loan from banks	150,000	150,000
Loan from companies	3,500	7,140
	213,613	222,724
7. DEFERRED TAX LIABILITY		
Deferred tax liabilities		
Depreciation on fixed assets	205,291	222,409
Total (A)	205,291	222,409
Deferred tax assets		
Unabsorbed depreciation and business losses	119,491	148,520
Total (B)	119,491	148,520
Deferred tax liability (A-B)	85,800	73,889
Net deferred tax liability as of the year end	85,800	73,889
Less : Opening Deferred Tax Liability	73,889	60,568
Deferred tax (credit)/Charge for the year	11,911	13,321

8. FIXED ASSETS

BLOCK OF ASSET	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01.04.2005	Additions during the period	Deletions/ Adjustments during the period	As at 31.3.2006	As at 01.04.2005	Charge for the year	Deletions/ Adjustments during the year	As at 31.3.2006	As at 31.3.2006	As at 31.3.2005
Freehold land	30,993	–	–	30,993	–	–	–	–	30,993	30,993
Leasehold land	195,141	–	–	195,141	13,806	2,629	–	16,435	178,707	181,336
Buildings	1,153,379	–	6,400	1,146,979	114,096	21,524	6,030	129,590	1,017,389	1,039,284
Plant and machinery	520,064	858	23,548	497,374	208,388	26,009	23,548	210,849	286,525	311,676
Furniture and fixtures	98,818	582	300	99,100	38,343	6,213	300	44,256	54,844	60,475
Office equipments	47,960	346	71	48,235	47,262	505	71	47,696	539	699
Information Technology equipments	95,342	–	141	95,201	95,236	37	141	95,132	69	106
Vehicles	18,941	–	2,471	16,470	16,007	856	1,462	15,401	1,069	2,934
Total	2,160,638	1,786	32,931	2,129,493	533,137	57,773	31,552	559,358	1,570,135	1,627,503
Capital Work-In-Progress (inclusive of Capital advances)									28,055	26,001
Grand Total	2,160,638	1,786	32,931	2,129,493	533,137	57,773	31,552	559,358	1,598,190	1,653,504
As at 31.3.2005	1,971,752	227,167	38,279	2,160,640	476,198	74,529	17,590	533,137	1,627,503	

	As at 31.3.2006	As at 31.3.2005
9. INVESTMENTS (AT COST)		
LONG TERM INVESTMENTS		
TRADE:		
UNQUOTED:		
In subsidiary companies		
(a) 2,000,000 (2005 – 2,000,000) Equity Shares of Rs. 10 each fully paid-up in Wockhardt International Limited (including one fully paid-up share of par value held in the name of the nominee of the Company).	20,000	20,000
Others		
(a) 50,000,000 (2005 – 50,000,000) Equity Shares of Re. 1 each fully paid-up in Wockhardt Hospitals Limited.	50,000	50,000
(b) 1,300,000 (2005 – 1,300,000) 6% Non-cumulative Secured NCDs of Rs. 100 each in Wockhardt Hospitals Limited.	130,000	130,000
(c) 1,510,000 (2005 – 1,510,000) 6% Unsecured Non-Convertible Debentures (NCDs) of Rs. 100 each in Merind Limited.	151,000	151,000
NON-TRADE:		
QUOTED:		
In Government securities		
(a) 2,200 (2005 – 2,200) 6.75% taxfree US-64 Bonds of Rs. 100 each guaranteed by Government of India, issued by the administrator of the specified undertaking of the Unit Trust of India.	220	250
UNQUOTED:		
In Government securities		
(a) National Savings Certificate having face value of Rs. 260 thousand (2005 – Rs. 260 thousand)	260	260
Others		
(a) 780,000 (2005 – 780,000) Equity Shares of Rs. 10 each fully paid-up in Al Barr Finance House Limited.	17,583	17,583
(b) Investment in Mutual Fund.	–	32,497
	369,063	401,590
10. INVENTORIES		
(As Taken, Valued and Certified by the Management)		
Stores and spare parts	5,261	3,205
	5,261	3,205
11. SUNDRY DEBTORS (Unsecured)		
Outstanding for more than six months		
Considered good	25	–
Considered doubtful	–	1,317
	25	1,317
<i>Less:</i> Provision for doubtful debts	–	(1,317)
	25	–
Other debts		
Unsecured, Considered good	71,840	26,338
	71,865	26,338
Sundry Debtors include Rs. 65,654 thousands (2005 – Rs. 25,738 thousands) receivable from Wockhardt Limited, the Company under the same management. Maximum amount outstanding during the year Rs. 66,933 thousands (2005 – Rs. 63,104 thousands).		
12. CASH AND BANK BALANCES		
Cash on hand	125	29
Balances with scheduled banks		
– in current accounts	16,581	11,408
– in margin accounts	80	80
Fixed Deposits	–	1,000
	16,786	12,517

	As at 31.3.2006	As at 31.3.2005
13. LOANS AND ADVANCES (Unsecured, considered good)		
Loans to employees	150	84
Loans to Companies		
Considered good	1,727,634	1,555,623
Considered doubtful	118,314	118,314
	1,845,948	1,673,937
<i>Less: Provision for doubtful debts</i>	(118,314)	(118,314)
	1,727,634	1,555,623
Loans to others	478	806
Share application money	255	255
Advances recoverable in cash or in kind or for value to be received	11,792	11,284
Balance with customs and excise authorities	2,446	2,852
Other Deposits	7,682	7,831
Advance tax, net of provision for tax	351,113	339,648
	2,101,550	1,918,383

Loans to companies include amount due from companies under the same management, Merind Limited Rs. Nil thousand (2005 – Rs. 600 thousand) [maximum amount outstanding during the year Rs. 600 thousand (2005 – Rs. 430,000 thousand)], Wockhardt Hospitals Limited Rs. 34,298 thousand (2005 – Rs. 937 thousand). Maximum amount outstanding during the year Rs. 73,885 thousand (2005 – Rs. 564,930 thousand)], Wockhardt Maharashtra Hospitals Limited Rs. 3,114 thousand (2005 – Rs. 2,223 thousand). Maximum amount outstanding during the year Rs. 3,114 thousand (2005 – Rs. 2,223 thousand)].

14. CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry creditors – Small scale industrial undertakings [see note 21 (f)]	–	333
– Others	33,870	31,845
Security deposits	289,697	270,823
Unclaimed dividends*	1,299	3,004
Interest accrued but not due	–	4,135
Other liabilities	18,585	17,076
	343,451	327,216

*Investor education and protection fund would be credited as and when required

PROVISIONS

Provision for retirement benefits	2,169	2,888
	2,169	2,888
	345,620	330,104

For the year ended 31.3.2006	For the 15 months ended 31.3.2005
------------------------------------	-----------------------------------------

15. SALES AND SERVICES

Sale of goods	2,399	315,515
<i>Less: Excise duty</i>	–	9,169
	2,399	306,346
Business centre operations	60,166	82,454
Processing charges received	67,488	11,451
Services	5,132	6,186
Rent Income	49,204	9,981
	184,389	416,418

	For the year ended 31.3.2006	For the 15 months ended 31.3.2005
16. OTHER INCOME		
Consideration received for sale of Intravenous fluid division	–	80,487
Profit on sale of assets	871	(8,017)
Miscellaneous income	3,723	976
	<u>4,594</u>	<u>73,446</u>
17. INTEREST		
Interest paid		
Fixed	–	4,464
Others	10,910	12,364
	<u>10,910</u>	<u>12,364</u>
<i>Less: Interest received [TDS Rs. 3,830 thousand (2005 – Rs. 30,485 thousand)]</i>		
Debentures/Loans/Others	(118,145)	(145,497)
	<u>(107,235)</u>	<u>(133,133)</u>
18. MATERIAL COSTS		
Consumption of raw and packing materials	–	221,622
Purchase of finished goods	1,981	2,056
	<u>1,981</u>	<u>223,678</u>
19. DECREASE/(INCREASE) IN INVENTORIES		
Opening stock		
Finished goods	–	14,767
Work-in-process	–	1,776
Closing stock		
Finished goods	–	–
Work-in-process	–	–
	<u>–</u>	<u>16,543</u>
20. OPERATING AND OTHER EXPENSES		
Salaries, wages and bonus	29,318	27,294
Retirement benefits	704	703
Company's contribution to provident and other funds	1,451	2,003
Staff welfare expenses	2,791	3,590
Travelling expenses	913	1,624
Power and fuel	17,701	19,024
Rent, Rates and taxes	7,923	14,466
Maintenance and repairs		
Machinery	1,297	1,103
Buildings	3,714	1,744
Stores and spare parts consumed	2,317	2,485
Insurance	1,305	2,249
Provision for doubtful debts	–	16,714
Advance no more recoverable	2,163	–
General expenses	19,343	17,723
	<u>90,940</u>	<u>110,722</u>

21. SUPPLEMENTARY PROFIT & LOSS ACCOUNT DATA

(a) Break-up of Materials and Stores & Spare Parts Consumed

	For the year ended 31-03-2006		For the 15 months ended 31-03-2005	
	Value Rs. in thousands	%	Value Rs. in thousands	%
(i) Materials				
Imported – Materials	-	-	3,056	1.38
Indigenously Procured Materials	-	-	218,566	98.62
	<u>-</u>	<u>-</u>	<u>221,622</u>	<u>100.00</u>
(ii) Stores and Spare Parts				
Imported	-	-	-	-
Indigenously Procured	2,317	100.00	2,485	100.00
	<u>2,317</u>	<u>100.00</u>	<u>2,485</u>	<u>100.00</u>

(b) Raw Material and Packing Material Consumed

Material Description	Unit of Measurement	For the year ended 31-3-2006		For the 15 months ended 31-3-2005	
		Quantity	Value (Rs. in thousands)	Quantity	Value (Rs. in thousands)
1. Milk	Ltrs.	-	-	8,678,018	82,374
2. Whey Protein	Kgs.	-	-	65,299	13,977
3. Maltodextrin	Kgs.	-	-	514,272	12,845
4. Casein	Kgs.	-	-	44,269	12,061
5. Tin 500 gm.	Ths.	-	-	966	10,725
6. Others			-		89,640
			<u>-</u>		<u>221,622</u>

(c) Installed capacity, actual production, closing stock and sales in respect of each class of goods

Particulars	U/M	Year/ Period	Installed Capacity Per Annum Quantity	Production Quantity	Purchase Quantity	Stock at Commencement		Stock at close		Turnover	
						Quantity	Rs./Thousand Value	Quantity	Rs./Thousand Value	Quantity	Rs./Thousand Value
1. Powders	KGS.	2006 2005	- (4,000,000)	- (3,676,382)	- -	- (126,843)	- (14,767)	- -	- -	- (3,803,224)	- (312,730)
2. Others		2006 2005					- -	- -	- -		- (2,785)
							- (14,767)	- -	- -		- (315,515)

Installed capacity is on one shift basis.

Figures in bracket indicates prior year comparatives

	Apr. 05- Mar. 06	Jan. 04- Mar. 05
(d) Auditor's Remuneration		
Audit Fees	134	153
Tax Audit Fees	34	33
Other services	344	-
	512	186
(e) Value of Imports on C.I.F. Basis		
Raw Materials & Packing Materials	-	2,620
	-	2,620
(f) There are no balances due for more than thirty days as at March 31, 2006 to Small Scale Industrial undertakings.		

22. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders (net profit for the year less dividends on preference shares) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of equity shares and the weighted average number of equity shares, which would be issued on the conversion of all the dilutive potential equity shares into equity shares.

The calculations of earnings per share (basic and diluted) are based on the earnings and number of shares as computed below.

	31-3-2006	31-3-2005
Reconciliation of earnings		
Net Profit attributable to equity shareholders		
Profit/(Loss) after tax for the financial year	127,784	175,700
Profit/(Loss) after tax for the financial year (Annualised)	127,784	140,560
Reconciliation of weighted average number of shares		
	Shares	Shares
For basic/diluted earnings per share	35,436	35,436
	35,436	35,436
Earnings per share (nominal value Rs. 10 each)	Rs.	Rs.
Basic/Diluted	3.61	4.96
Basic/Diluted (Annualised)	3.61	3.97

23. RELATED PARTY DISCLOSURES

(a) Parties where control exists

Subsidiary companies

Wockhardt International Ltd.

Holding company

Khorakiwala Holdings & Investments Pvt. Limited

(b) Related party relationships where transactions have taken place during the year

Holding company

Khorakiwala Holdings & Investments Pvt. Limited

Fellow Subsidiary enterprises

• Wockhardt Limited • Wockhardt Hospitals Limited • Merind Limited

(c) Transactions with related parties during the year

	Apr. 05- Mar. 06	Jan. 04- Mar. 05
<i>Holding company</i>		
Rent paid	100	137
Interest received	39,671	29,559
Loan given	208,845	985,583
Loan repaid	54,695	405,859

Note: Maximum loans given to holding company at any point of time was Rs. 741,616 thousand (2005 – Rs. 579,723 thousands)

	Apr. 05- Mar. 06	Jan. 04- Mar. 05
<i>Fellow Subsidiary companies</i>		
Sale of finished goods Wockhardt Limited	Rs. Nil (Rs . 273,368 thousands)	– 273,368
Sale of raw/packing material Wockhardt Limited	Rs. Nil (Rs . 10,160 thousands)	– 10,160
Rent received Wockhardt Limited	Rs. 52,191 thousands (Rs. 9,735 thousands)	52,388 9,981
Processing charges received Wockhardt Limited	Rs. 67,488 thousands (Rs. 11,451 thousands)	67,488 11,451
Recovery of expenses Wockhardt Limited	Rs. Nil (Rs. 9,236 thousands)	– 9,236
Guarantee fees recovered Wockhardt Hospitals Limited	Rs. 375 thousands (Rs. 938 thousands)	375 938
Guarantee fees paid Wockhardt Limited	Rs. Nil (Rs. 10 thousands)	– 10
Business centre fees received Wockhardt Hospitals Limited	Rs. 16,224 thousands (Rs. 71,281 thousands)	16,224 71,281
Reimbursement of Support Function Cost Wockhardt Limited	Rs. 7,200 thousands (Rs. 2,400 thousands)	7,200 2,400
Interest income Wockhardt Hospitals Limited	Rs. 1,161 thousands (Rs. 12,916 thousands)	1,161 12,916
Interest received on Non-convertible debentures Wockhardt Hospitals Limited Merind Limited	Rs. 7,800 thousands (Rs. 13,000 thousands) Rs. 9,060 thousands (Rs. 15,100 thousands)	16,860 28,100
Loan given to fellow subsidiaries Wockhardt Hospitals Limited Merind Limited	Rs. 143,361 thousands (Rs. 702,150 thousands) Rs. Nil (Rs. 431,600 thousands)	143,361 1,133,750
Loan repaid by fellow subsidiaries Wockhardt Hospitals Limited Merind Limited	Rs. 109,491 thousands (Rs. 1,173,298 thousands) Rs. 600 thousands (Rs. 431,000 thousands)	110,091 1,604,298
Corporate Guarantees given Wockhardt Hospitals Limited	Rs. Nil (Rs. 300,000 thousands)	– 300,000
Note: Maximum loans given fellow subsidiaries at any point of time was Rs. 73,985 thousand (Rs. 994,929 thousand)		
<i>(d) Related party balances outstanding</i>		
Receivable from/payable to holding company		741,616 587,467
Receivable (from)/payable to fellow subsidiaries Wockhardt Limited Wockhardt Hospitals Limited Merind Limited	Rs. 65,654 thousands (Rs. 25,738 thousands) Rs. 33,909 thousands (Rs. 938 thousands) Rs. Nil (Rs. 600 thousands)	99,563 27,276
Corporate Guarantees given on behalf of Wockhardt Hospitals Limited		– 300,000
Non-Convertible debentures with fellow subsidiary company Merind Limited Wockhardt Hospitals Limited	Rs. 151,000 thousands (Rs. 151,000 thousands) Rs. 130,000 thousands (Rs. 130,000 thousands)	281,000 281,000
Security deposit payable to fellow subsidiary company Wockhardt Limited	Rs. 250,000 thousands (Rs. 250,000 thousands)	250,000 250,000

24. Contingent Liabilities

- (i) Corporate Guarantees given to banks on behalf of Wockhardt Hospitals Limited in respect of facilities granted to it amounts to Rs. Nil (Rs. 300,000 thousands).
- (ii) Demands by Income Tax Authorities for various assessment years; the Company has appealed against these demands – Rs. 260,921 thousand. (Rs. 376,003 thousand).
- (iii) Demands for Rs. 14,316 thousand (Rs. 14,316 thousand) has been raised by Sales Tax Authorities. The Company has filed appeals against the said demand.
- (iv) Claims against the Company not acknowledged as debts – Rs. 9,950 thousand (Rs. 9,950 thousand).

25. Prior year comparatives

Prior year figures have been re-classified wherever necessary to conform with current years' presentation. As the figures for the prior year are for fifteen months, these are not comparable to the figures of the current year.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (RUPEES IN THOUSANDS)

(a) Registration details:		Application of funds	
Registration No.	21942	Net fixed assets	1,570,135
State Code	11	Capital work in progress including advances	28,055
Balance Sheet Date	31-03-2006	Investments	369,063
(b) Capital raised during the year:		Net current assets	1,849,842
Public Issue	Nil	Accumulated losses	—
Rights Issue	Nil	(d) Performance of the company:	
Bonus Issue	Nil	Turnover	296,218
Private Placement	Nil	Total expenditure	150,694
(c) Position of mobilisation and deployment of funds:		Profit/(loss) before tax	145,524
Total liabilities and shareholders funds	3,817,095	Profit/(loss) after tax	127,784
Total assets	3,817,095	Earnings per share	3.61
Sources of funds		Dividend rate %	Nil
Paid-up capital	354,364	(e) Generic names of three principal products/services of the company:	
Reserves and surplus	3,163,123	Product Description	—
Secured loans	195	Product Description	—
Unsecured loans	213,613	Product Description	—
Deferred tax liability	85,800		

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Particulars	Wockhardt International Limited
1. The Financial year of the subsidiary company ended on	March 31, 2006
2. (a) The No. of Equity Shares held by Carol Info Services Limited and its nominee in the subsidiary as at March 31, 2006	20,00,000 Equity Shares of Rs. 10/- each fully paid up
(b) Extent of interest of Carol Info Services Limited in the Capital of the Subsidiary	100%
3. Net Aggregate amount of the Profits/(Losses) of the subsidiary so far it concerns the members of Carol Info Services Limited as is not dealt with the Companies' Accounts:	
(a) Losses for the year ended March 31, 2006 of the Subsidiaries (Rs. in thousands)	119
(b) Losses for the previous Financial Year of the subsidiaries, since it became a subsidiary of Carol Info Services Ltd. (Rs. in thousands)	15,691
4. Net Aggregate amount of the Profits/(Losses) of the subsidiary so far as dealt with or provision is made for those losses in Carol Info Services Ltd's. Accounts	
(a) For the Subsidiary's Financial year ended March 31, 2006	—
(b) For the previous year since it became a subsidiary of Carol Info Services Ltd.	—

Place : Mumbai
Date : June 26, 2006

BOARD OF DIRECTORS

R. B. Gandhi
Chairman

G. B. Parulkar
Director

A. V. Kamath
Director

AUDITORS

Haribhakti & Co.

BANKERS

Bank of India

REGISTERED OFFICE

*Wockhardt Towers, Bandra-Kurla Complex
Bandra (East), Mumbai-400 051.*

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors present the Fifteenth Annual Report and the Audited statement of Accounts for the year ended March 31, 2006.

OPERATIONS

During the period under review, the Company has recorded a loss of Rs. 118,665/-. In view of this, the directors do not recommend any dividend for the year.

DEPOSITS

The Company has not accepted any deposits from the public during the year under review.

EMPLOYEES

The Company has no employees covered by section 217(2A) of the Companies Act, 1956.

BOARD OF DIRECTORS

Mr. Rajiv Gandhi retires by rotation as director at the upcoming Annual General Meeting and being eligible offers himself for reappointment. The Board recommends his appointment.

RE-APPOINTMENT OF AUDITORS AND LEGAL COMPLIANCE

The retiring auditors, M/s Haribhakti & Co., Chartered Accountants have furnished the necessary certificate under Section 224 (IB) of the Companies Act, 1956, and being eligible, offer themselves for re-appointment. The said appointment is proposed for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT U/S 217 (2AA)

- (i) The annual accounts presented to the members have been prepared on going concern basis and applicable accounting standards have been followed.
- (ii) In case of any material departures from the applicable accounting standards, proper explanations have been provided.
- (iii) In order to provide a true and fair view of the state of affairs of the Company as on March 31, 2006 and the profits for the year ended on that date reasonable and prudent judgments and estimates have been made and generally accepted accounting policies have been selected and consistently applied.
- (iv) For safeguarding the assets of the Company and for preventing and detecting any material fraud and irregularities, proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956.

For and on behalf of the Board of Directors

Place : Mumbai
Date : June 21, 2006

Sd/-
Chairman

Registered Office:
Wockhardt Towers
Bandra-Kurla Complex
Bandra (East), Mumbai - 400 051.

AUDITORS' REPORT

TO THE MEMBERS OF WOCKHARDT INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of **Wockhardt International Limited** ("the Company") as at March 31, 2006 and also the annexed Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report)(Amendment) Order, 2004 (together "the order") issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ("the Act") and on the basis of such checks as we considered appropriate, and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance Sheet, Profit and 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 and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Act, to the extent they are applicable to the Company;
 - (e) on the basis of written representations received from the directors, as on March 31, 2006, and taken on record by the Board of Directors, we report that none of the directors of the Company is prima facie disqualified as on March 31, 2006, from being appointed as a director in terms of section 274(1)(g) of the Act;
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give a true and fair view in conformity with the accounting policies generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006; and
 - (ii) in the case of the Profit & Loss Account, of the profits for the year ended on that date.
 - (iii) in the case of Cash Flow Statements, of the cash flows for the year ended on that date.

For **HARIBHAKTI & CO.**
Chartered Accountants

CHETAN DESAI
Partner

Place : Mumbai
Date : June 21, 2006.

Membership No. 17000

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 3 of Auditors' Report of even date to the members of Wockhardt International Limited on the accounts for the year ended March 31, 2006.

I. Fixed Assets:

The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The fixed assets have been physically verified by management during the period covered under by our audit and no material discrepancies were noticed on such verification. During the year, the Company has not disposed off substantial part of its fixed assets.

II. Loans taken from/granted to 301 Parties:

The Company, during the period covered by our audit, has neither taken nor granted secured or unsecured loans, to companies covered in the register maintained under Section 301 of the Act.

III. Internal Control:

In our opinion and according to information and explanations given to us, the existing internal control procedures for the purchase of inventory and fixed assets and for the sale of goods and services are commensurate with the size of the company and nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

IV. Transaction with 301 Parties:

According to the explanation and information given to us by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Act have been so entered.

V. Internal Audit:

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

VI. Statutory dues:

According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also based on Management representations, undisputed statutory dues if any in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance dues, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Service Tax, Cess and any other material statutory dues have generally been regularly deposited, by the Company during the year with the appropriate authorities in India.

According to the information and explanation given to us, no undisputed amounts payable in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess were in arrears, as at March 31, 2006 for a period of more than six months from the date they became payable.

As at March 31, 2006, there have been no disputed dues which have not been deposited with the respective authorities in respect of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty and Cess, except as under :

Name of the Statute	Nature of the dues	Amount (Rs. in thousands)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax Dues	83.19 861.23	Asst year 92-93 Asst year 99-00	Appellate Tribunal

VII. Financial Position:

The Company does not have accumulated losses as at March 31, 2006. However, the company has incurred cash losses of Rs. 118.67 thousands during the year ended on that date and Rs. 214.56 thousands during the immediately preceding previous year.

VIII. Loans and advances:

The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debenture and other securities.

IX. Others:

According to the explanation and information given to us by the management and based on our overall examination of the books of accounts, during the year, the Company has not taken any term loans.

On the basis of review of utilisation of funds which is based on overall examination of the balance sheet of the Company, related information as made available to us and as represented to us by the Management, funds raised on short term basis have not been used for long term purpose.

The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Act.

As per the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

The following Clauses of paragraph 4 and 5 of Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company and hence are not reported upon: Clause (ii); Clause (vi); Clause (viii); Clause (xi); Clause (xiii); Clause (xiv); Clause (xv); Clause (xix); and Clause (xx).

For **HARIBHAKTI & CO.**
Chartered Accountants

CHETAN DESAI
Partner

Membership No. 17000

Place : Mumbai
Dated : June 21, 2006.

BALANCE SHEET AS AT 31ST MARCH, 2006

	Schedule No.	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	2,00,00,000	2,00,00,000
Reserves and Surplus	2	1,52,22,064	1,53,40,729
Total		3,52,22,064	3,53,40,729
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	3	12,750	12,750
Less: Accumulated Depreciation		(12,749)	(12,749)
Net Block		1	1
CURRENT ASSETS, LOANS AND ADVANCES			
Current Assets			
Sundry debtors	4	—	—
Cash and Bank balance		44,051	43,677
Loans and Advances	5	3,51,95,848	3,53,28,848
		3,52,39,899	3,53,72,525
Less: Current Liabilities and Provisions	6	17,836	31,797
NET CURRENT ASSETS		3,52,22,063	3,53,40,728
Total		3,52,22,064	3,53,40,729
Notes to Accounts	10		

As per our report of even date

For **Haribhakti & Co.**
Chartered Accountants
Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Dated : June 21, 2006

For and on behalf of the Board

R. B. Gandhi
G. B. Parulkar } Directors

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH, 2006

	Schedule No.	For year ended 31.03.2006 (Rupees)	For 15 months ended 31.03.2005 (Rupees)
INCOME			
Other Income	7	6,480	—
		6,480	—
EXPENDITURE			
Operating and Other Expenses	8	1,25,145	2,14,563
Depreciation		—	7,626
		1,25,145	2,22,189
Profit/(Loss) before Tax		(1,18,665)	(2,22,189)
Provision for Taxation		—	—
Deferred tax provision		—	—
Profit/(Loss) after Tax		(1,18,665)	(2,22,189)
Excess/(Short) provision for earlier years		—	47,061
		(1,18,665)	(175,128)
Balance brought forward from previous year		1,53,40,729	1,55,15,857
Available for Appropriation		1,52,22,064	1,53,40,729
APPROPRIATIONS			
Balance carried forward to Balance Sheet		1,52,22,064	1,53,40,729
		1,52,22,064	1,53,40,729
Earning per share (Basic/Diluted)	9	(0.06)	(0.09)
Notes to Accounts	10		

As per our report of even date

For **Haribhakti & Co.**
Chartered Accountants
Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Dated : June 21, 2006

For and on behalf of the Board

R. B. Gandhi
G. B. Parulkar } Directors

**STATEMENT OF CASH FLOW
for the period ended March 31, 2006**

	For the year ended 31.03.2006 (Rupees)	For the 15 months ended 31.03.2005 (Rupees)
Cash flow from operating activities		
Net profit before Taxation and Extraordinary Item	(1,18,665)	(2,22,189)
Adjustments for:		
Depreciation	—	7,626
Operating profit before Working Capital changes	(1,18,665)	(2,14,563)
Loans and Advances Except Advance tax	1,33,000	7,42,204
Sundry Creditors	(13,961)	23,462
Cash generated from Operations	374	5,51,103
Income-taxes paid	—	(6,03,732)
Net cash from Operating Activities	374	(52,629)
Cash flow from Investing Activities	—	—
Net cash from Investing Activities	—	—
Cash flow from Financing activities	—	—
Net cash used in Financing Activities	—	—
Net increase in cash and cash equivalents	374	(52,629)
Cash and cash equivalents at beginning of period	43,677	96,306
Cash and cash equivalents at the end of period	44,051	43,677

As per our report of even date

For **Haribhakti & Co.**
Chartered Accountants
Chetan Desai
Partner
Membership No.: 17000

Place : Mumbai
Dated : June 21, 2006

For and on behalf of the Board

R. B. Gandhi
G. B. Parulkar } Directors

SCHEDULES

SCHEDULE 1

SHARE CAPITAL

	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
Authorised		
25,00,000 (25,00,000) Equity Shares of Rs. 10/- each	2,50,00,000	2,50,00,000
Issued		
20,00,000 (20,00,000) Equity Shares of Rs. 10/- each	2,00,00,000	2,00,00,000
Subscribed & Paid-up		
20,00,000 (20,00,000) Equity Shares of Rs. 10/- each	2,00,00,000	2,00,00,000
	2,00,00,000	2,00,00,000

Of the above equity shares 20,00,000 (20,00,000) fully paid-up equity shares are held by Carol Info Services Limited (formerly, Wockhardt Life Sciences Limited), the holding company.

SCHEDULE 2

RESERVES & SURPLUS

	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
Profit & Loss Account	1,52,22,064	1,53,40,729
	1,52,22,064	1,53,40,729

SCHEDULE 3

FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.05	Additions	Deductions	As at 31.03.06	As at 01.04.05	Charge for the period	Deduction/ Adjustments	As at 31.03.06	As at 31.03.06	As at 31.03.05
Office Equipments	12,750	—	—	12,750	12,749	—	—	12,749	1	1
TOTAL	12,750	—	—	12,750	12,749	—	—	12,749	1	1

SCHEDULE 4

CURRENT ASSETS

	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
A. SUNDRY DEBTORS (UNSECURED)		
Outstanding for a period exceeding six months		
Considered Good	—	—
Considered Doubtful	78,49,952	78,49,952
	78,49,952	78,49,952
Less: Provision for Doubtful Debts	(78,49,952)	(78,49,952)
	—	—
B. CASH AND BANK BALANCES		
With Scheduled Banks in:		
Current Accounts	44,051	43,677
	44,051	43,677

SCHEDULE 5

**LOANS AND ADVANCES
(Unsecured, Considered good)**

	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
Advances recoverable in cash or in kind or for value to be received	—	—
Share Application Money	3,32,50,000	3,33,83,000
Advance Tax (Including Tax Deducted at Source, net of provision for tax)	19,45,848	19,45,848
	3,51,95,848	3,53,28,848

SCHEDULE 6

CURRENT LIABILITIES

	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
Sundry Creditors	—	—
— Small scale undertakings	—	—
— Others	17,836	31,797
	17,836	31,797

SCHEDULE 7

OTHER INCOME

	For year ended 31.03.2006 (Rupees)	For 15 months ended 31.03.2005 (Rupees)
Liability no more payable	6,480	—
	6,480	—

SCHEDULE 8

OPERATING AND OTHER EXPENSES

	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
Auditors' Remuneration	16,836	20,663
Legal and Professional	1,01,500	1,43,900
Consultancy	—	50,000
Bank charges	6,809	—
	1,25,145	2,14,563

SCHEDULE 9

EARNING PER SHARE

	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
Profit after tax for the financial year	(1,18,665)	(1,75,128)
No. of equity shares	20,00,000	20,00,000
Earning per share (nominal value Rs. 10 each)	(0.06)	(0.09)
Basic/Diluted (Rs.)	(0.06)	(0.09)

SCHEDULE 10

NOTES FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) **Basis of Accounting:**

All Income and Expenditure are accounted on Accrual basis.

(b) **Fixed Assets:**

Fixed Assets are stated at historical cost of acquisition including direct/indirect cost incurred to put the asset in use or as adjusted for fluctuations in Foreign Exchange costs of acquisitions or at the value determined by the independent valuer on the date of such revaluation, as the case may be, less accumulated depreciation.

(c) **Depreciation:**

Depreciation on Fixed Assets is provided using the Straight Line Method pro-rata to the period of use of assets, at the rates provided by Schedule XIV of the Companies Act, 1956.

(d) **Investments:**

Investments are valued at cost plus related charges such as brokerage, stamps, fees etc.

(e) **Deferred Tax Liability:**

Provision for current income-tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognised for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised and carried forward only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

	For the year ended 31.03.2006 (Rupees)	For the 15 months ended 31.12.2005 (Rupees)
2. Auditors' Remuneration		
Audit Fees	15,000	18,750
Service Tax	1,838	1,913
Total	16,838	20,663

3. Calculation of Deferred Tax Liability/(Asset)

Particulars	Amount (Rs.)	Amount (Rs.)
Opening balance		
Accelerated Depreciation	(10,096)	—
Charge for the year		
Accelerated Depreciation	2,202	(10,096)
Closing balance		
Accelerated Depreciation	(7,894)	(10,096)

Due to virtual uncertainty of profits for the future years, Deferred Tax Asset of Rs. 7,894/- comprising of unabsorbed depreciation have not been recognised in books of accounts.

4. (a) Expenditure in Foreign Currency **Nil** Nil
 (b) Earnings in Foreign Exchange **Nil** Nil
5. Sundry Debtors of Rs. 78,49,952/-, for which a provision has been made during the year 2000-2001, is subject to the RBI approval for a write off, and hence no further adjustment has been made for exchange fluctuations.
6. Previous years figures are regrouped wherever necessary. As the figures for the current year are for twelve months, these are not comparable to the figures of the previous period of fifteen months.

**BALANCE SHEET ABSTRACT AND COMPANY'S
GENERAL BUSINESS PROFILE
(RUPEES IN THOUSANDS)**

I Registration details

Registration No.	:	60162
State Code	:	11
Balance Sheet Date	:	31-03-2006

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

Public Issue	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

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

Total Liabilities and shareholders funds	:	35,222
Total Assets	:	35,222

Sources of Funds

Paid-up Capital	:	20,000
Reserves and Surplus	:	15,222
Secured Loans	:	Nil
Unsecured Loans	:	Nil
Deferred Tax Liability	:	Nil

Application of Funds

Net Fixed Assets	:	Nil
Capital work in progress including advances	:	Nil
Investments	:	Nil
Net Current Assets	:	35,222
Accumulated Losses	:	Nil

IV Performance of Company (Amount in Rs. Thousands)

Turnover	:	6
Total Expenditure	:	125
+/- Profit/(Loss) Before Tax	:	(119)
+/- Profit/(Loss) After Tax	:	(119)
Earnings per Share in Rs.	:	(0.06)
Dividend Rate (%)	:	Nil

**V Generic name of three principal products/services
of the Company:**

Product Description	:	Nil
Product Description	:	Nil
Product Description	:	Nil

Carol Info Services Limited

NOTICE

Notice is hereby given that the Twenty-Sixth Annual General Meeting of the members of **CAROL INFO SERVICES LIMITED** will be held at Merind Limited, Mulund-Goregaon Link Road, Bhandup (West), Mumbai 400 078 on Friday, September 29, 2006 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006, and the Profit and Loss Account for the year ended on that date with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D. G. Modi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint the Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY/PROXIES NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
3. Members are requested to notify immediately any change in their address to the Depository Participant with whom they maintain the demat account for shares held in electronic mode and to the Company's Registrar and Transfer Agents for shares held in physical mode.
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company Secretary atleast seven days before the date of the meeting, so that the information required by the Members can be made available at the meeting.
5. In terms of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund. Members shall not be able to claim any unpaid dividend from the said fund or the Company thereafter. Members who have not encashed the dividend warrants for the years 1998-99 are requested to contact the Registrar and Transfer Agents, Intime Spectrum Registry Ltd., Mumbai. Outstanding dividend for the years prior to 1997-98 and the interim dividend for the year 1998-99 have been transferred to the Investor Education and Protection Fund.

BY ORDER OF THE BOARD

V R KHETAN
Company Secretary

Registered Office:

City Survey No. 681,
Village Nahur, Mulund-Goregaon Link Road,
Bhandup (W), Mumbai 400 078.

Mumbai, June 26, 2006.

Carol Info Services Limited

Registered Office:

City Survey No. 681, Village Nahur, Mulund-Goregaon Link Road,
Bhandup (West), Mumbai-400 078.

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

NAME OF THE ATTENDING MEMBER (IN BLOCK LETTERS)	MEMBER'S FOLIO NUMBER/ CLIENT ID. NO.
NAME OF PROXY (IN BLOCK LETTERS) (To be filled in if the proxy attends instead of the Member)	

No. of Shares held

I hereby record my presence at the Twenty-Sixth Annual General Meeting at Merind Ltd., Mulund-Goregaon Link Road, Bhandup (West), Mumbai 400 078, on Friday, September 29, 2006 at 3.00 p.m.

Member's/Proxy's Signature

Note: The copy of the Annual Report may please be brought to the meeting hall.

----- TEAR HERE -----

Carol Info Services Limited

Registered Office:

City Survey No. 681, Village Nahur, Mulund-Goregaon Link Road,
Bhandup (West), Mumbai-400 078.

PROXY FORM

I/We

of

being a member/members of the above named Company, hereby appoint

.....

of

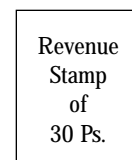
or failing him

of

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held on Friday, September 29, 2006 at 3.00 p.m.

Signed

Date :



Note: Proxies must reach the Company's Registered Office not less than 48 hours before the meeting.

