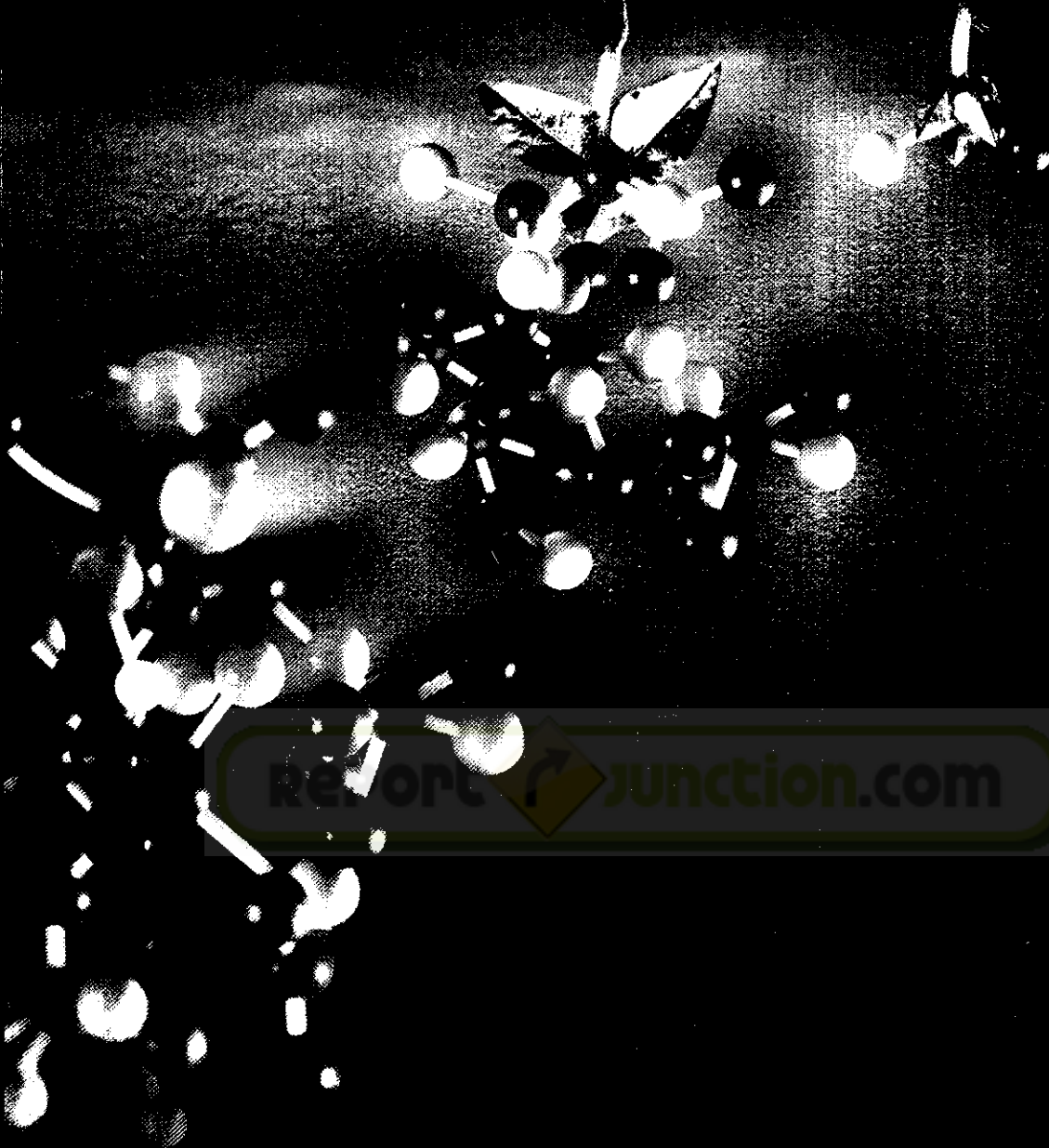


Cipla



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CARING FOR LIFE

Sixty-Fourth Annual Report 1999-2000



Independent India was still a decade away
and the Indian pharmaceutical industry almost non-existent,
when Cipla took birth in 1935 with an ambitious mission to care for life.
Sixty-five years later, through the skills and dedication of its people,
the Company has become a front-runner in the pharmaceutical industry...
wielding the latest technology in pursuit of its commitment to
'Caring for Life'.

Cipla Limited

Founder

Dr. K.A. Hamied (1898 - 1972)

Chairman & Managing Director

Dr. Y.K. Hamied

Whole-time Directors

Mr. M.K. Hamied
Mr. H. Chawla
Mr. Amar Lulla

Directors

Mr. D.R. Narang
Dr. H.R. Manchanda
Mr. S.A.A. Pinto
Mr. Ramesh Shroff
Mr. V.C. Kotwal
Mr. B.K. Khare

Bankers

The Hongkong & Shanghai Banking Corporation Limited
ANZ Grindlays Bank Limited
Canara Bank
Indian Overseas Bank
Bank of Baroda
Corporation Bank
Union Bank of India

Legal Advisors

Ramesh Shroff & Co.

Auditors

R.S. Bharucha & Co.

Registered Office

Mumbai Central, Mumbai 400 008

Website: www.cipla.com

2000

Cipla Limited - Annual Report 2000

Directors' Report

The Directors take pleasure in presenting the Sixty-Fourth Annual Report of the Company and Audited Accounts for the year ended 31st March 2000.

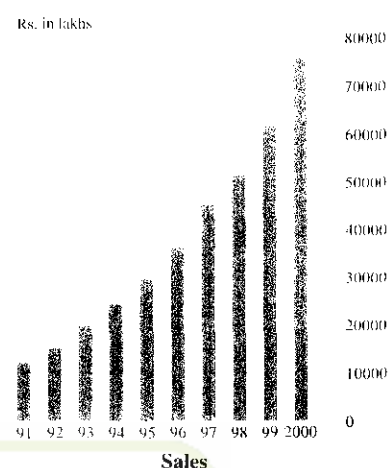
Financial Results

	Rupees in lakhs†	
	For the year ending 31st March 2000	31st March 1999
Sales and other income	79548.08	64515.27
Gross profit before depreciation and tax	18599.86	16794.94
Depreciation	1333.99	1349.93
Tax	3960.00	3950.00
Profit after tax	13305.87	11495.01
Appropriations :		
Dividend	1778.44	1499.31
Tax on dividend	195.83	164.92
General Reserve	11331.60	9830.78

† 10 lakhs = 1 million
1 crore = 10 million

Dividend

An interim dividend of Rs. 5.50 per equity share of Rs. 10 for the year 1999-2000 amounting to Rs. 17.78 crores has already been paid in May 2000. This includes the pro-rata dividend of Rs. 6.79 crores on bonus shares



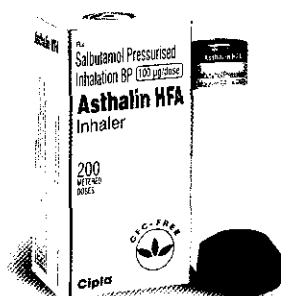
allotted on 10th December 1999. Your Directors do not recommend any additional dividend to be paid.

Operations

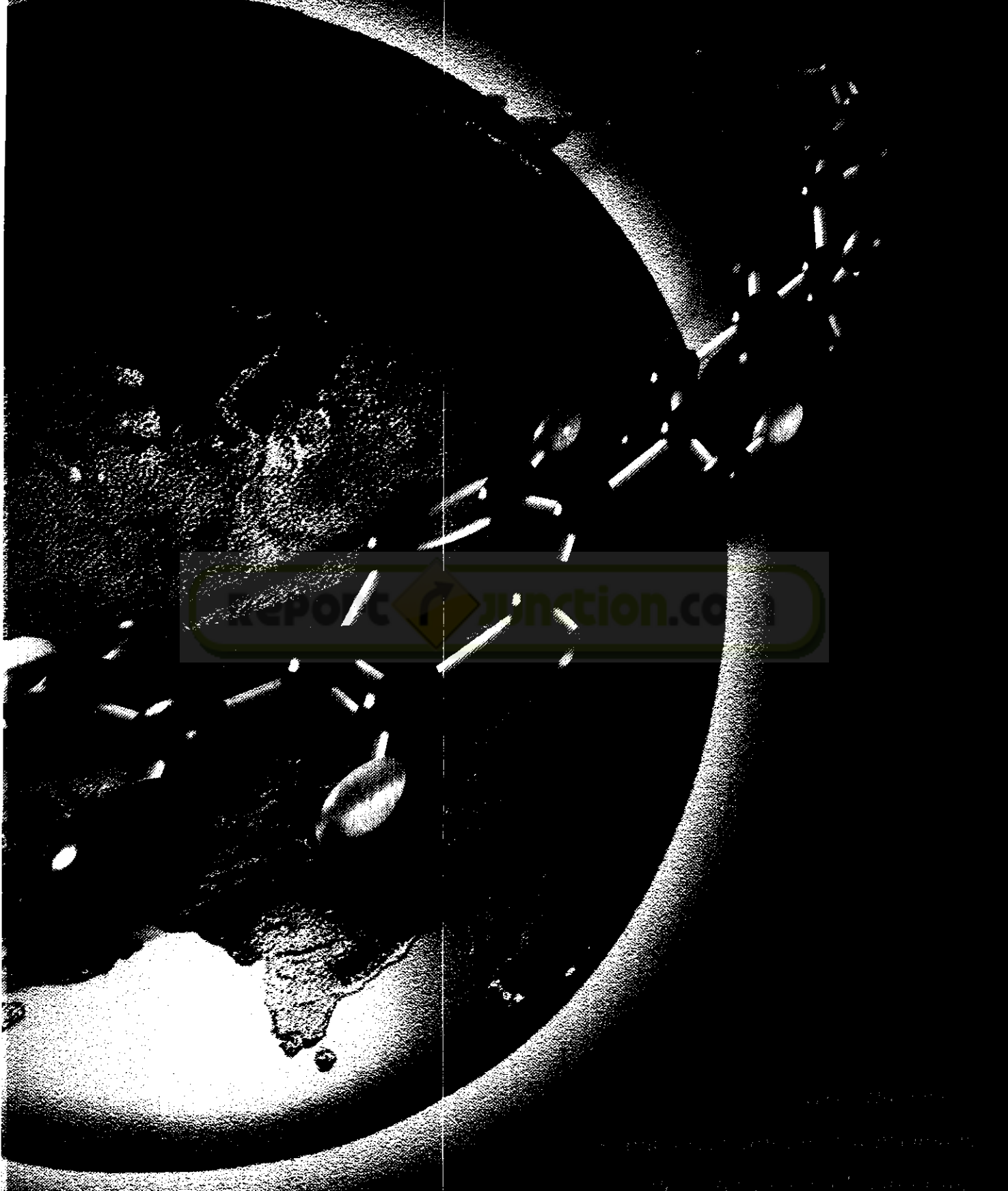
You will be pleased to note that your Company marked its entry into the new millennium with yet another commendable performance. Sales at Rs. 759 crores showed an increase of 23% with the Company sustaining its high level of performance both in the domestic and international markets. Profit after tax at Rs. 133 crores was 17.5% of sales, marginally lower than the 18.6% level of the previous year. This was mainly because of intense competition, which affected price realisation.

In keeping with its tradition of breaking new ground, your Company achieved a significant 'first' during the year. Although the Montreal Protocol makes it obligatory for developing nations to phase out the use of chlorofluorocarbons (CFC) in medicinal products by the year 2010, Cipla became the first outside the USA and Europe to launch CFC-free inhalers – a good ten years before the deadline.

Following the successful introduction of its CFC-free salbutamol inhaler, Cipla also launched the world's first CFC-free budesonide



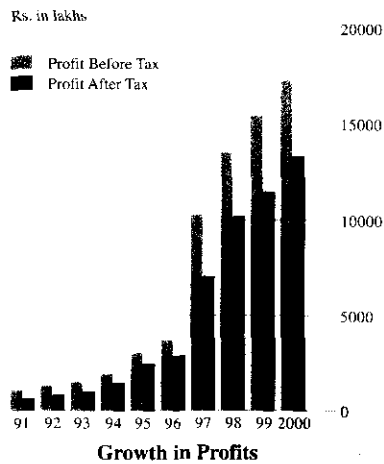
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Directors' Report *contd.*



inhaler. These are important additions to the Company's antiasthmatic range that has the distinction of being the widest in the world.

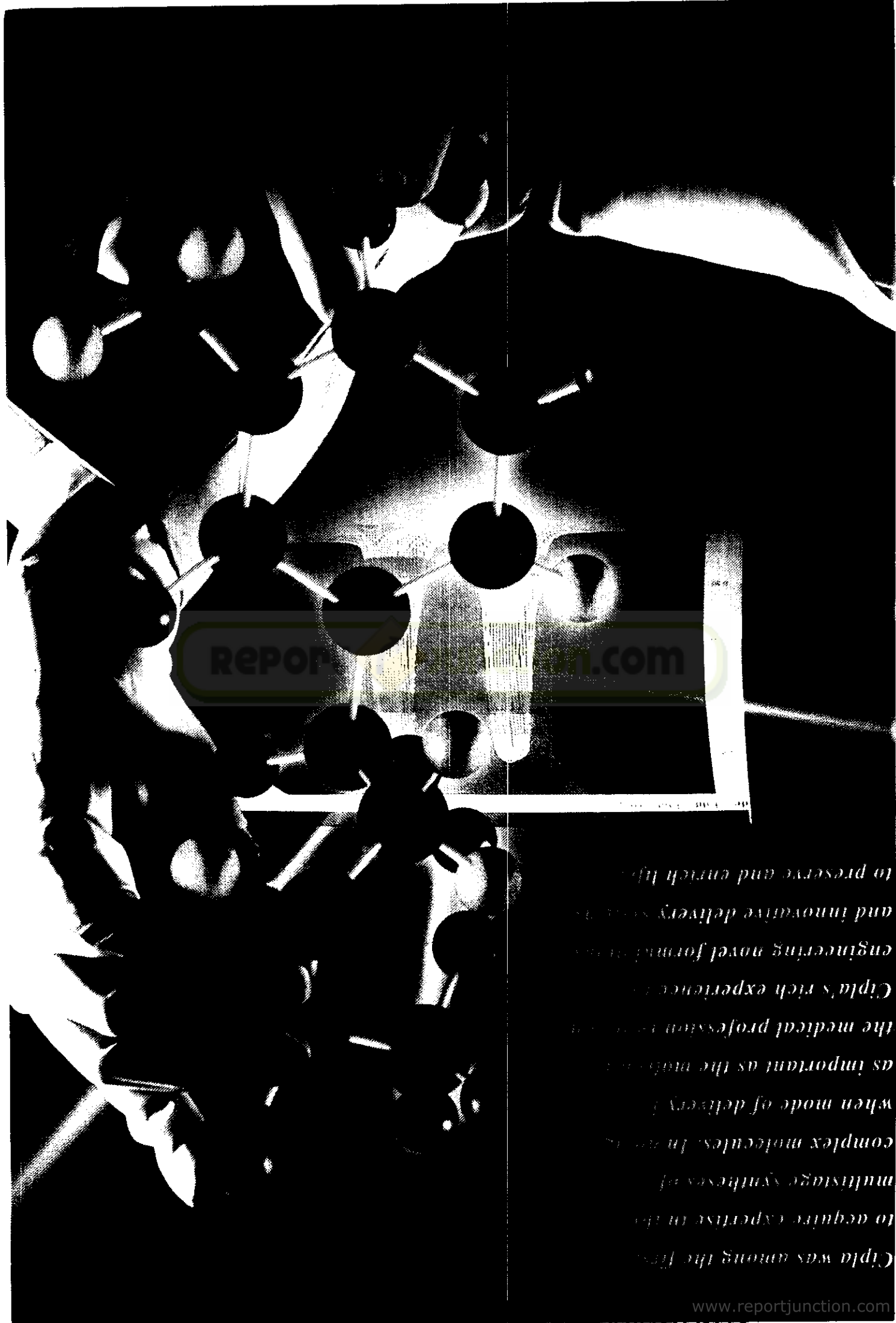
As part of Cipla's continuing commitment to alleviate critical ailments like AIDS, your Company introduced a number of new anti-HIV drugs, developed from the basic stages. Cipla thus reached the new milestone as the first Indian company to offer such a vast and sophisticated armoury to combat this dreaded disease. These anti-HIV drugs are being provided at a fraction of their international prices.

During the year, Cipla once again took the lead in introducing the largest number of formulations in the country. While many of these were spontaneously welcomed by the medical profession, their full potential will emerge in the coming months. Among the major products launched during the year were:

- Asthalin HFA (salbutamol inhaler) – CFC-free bronchodilator aerosol for asthma
- Atorlip (atorvastatin tablets) – advanced lipid lowering agent
- Bambudil (bambuterol tablets) – long-acting bronchodilator for asthma
- Cefadur Rediuse (cefadroxil syrup) – ready-to-use paediatric antibiotic formulation

- Doxacard (doxazosin mesylate tablets) – once-daily alpha blocker for hypertension and symptomatic relief of benign prostatic hyperplasia (BPH)
- Duovir (lamivudine plus zidovudine tablets) – combination antiretroviral for HIV infection
- Entofoam (hydrocortisone acetate foam) – corticosteroid rectal foam for ulcerative colitis
- Lamivir HBV (lamivudine tablets) – new antiviral for chronic hepatitis B
- Melflam (meloxicam tablets) – preferential COX-2 inhibitor NSAID for arthritis
- Nevimune (nevirapine tablets) – novel antiretroviral for HIV infection
- Novaclox-LB (amoxycillin, cloxacillin and lactobacillus capsules) – antibiotic-lactobacillus combination free of gastrointestinal side effects
- Novamox-AX (amoxycillin plus ambroxol tablets) – antibiotic-mucolytic combination for bronchitis
- Seroflo Rotacaps (salmeterol plus fluticasone) – new corticosteroid bronchodilator combination for asthma
- Synclar Dry Syrup (clarithromycin) – macrolide antibiotic for paediatric respiratory infections
- Oflox-TZ (ofloxacin plus tinidazole tablets) – antibacterial combination for mixed aerobic/anaerobic infections





REPORT

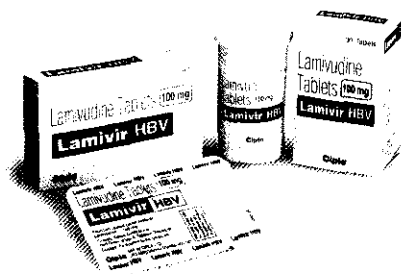
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Cipra was among the first to acquire expertise in the multistage syntheses of complex molecules. In 2002, when mode of delivery became as important as the molecule, the medical profession recognized Cipra's rich experience in engineering novel formulations and innovative delivery systems to preserve and enrich life.

Directors' Report *contd.*

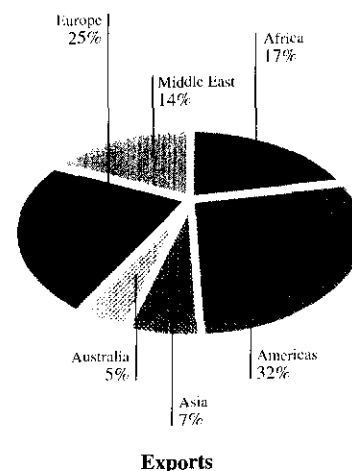
From the active pharmaceutical ingredients (APIs) under development, the following were successfully scaled up for commercial manufacture:

- Budesonide – corticosteroid
- Cyproterone acetate – antiandrogen
- Docetaxel – anticancer
- Ebastine – antihistamine
- Gabapentin – antiepileptic
- Leflunomide – for rheumatoid arthritis
- Mometasone furoate – corticosteroid
- Nevirapine – non-nucleoside reverse transcriptase inhibitor
- Olanzapine – antipsychotic
- Pantoprazole sodium sesquihydrate – antiulcerant
- Rofecoxib – COX-2 inhibitor for rheumatoid arthritis
- Sibutramine – antiobesity



Exports

The Company's exports at Rs. 143 crores grew by more than 20% during the year. Cipla entered into contracts with leading US generic companies, for the supply of select drug formulations to the US market. Similar tie-ups are already in place in Europe and other important markets. The Company earned Rs. 3 crores as technical fees for the supply of know-how to companies in various countries including the USA, Europe and the Middle East.



Even as the Company consolidated its existing export business, significant inroads were made into new markets in Latin America, Canada, Europe, Africa, Asia Pacific and the Middle East.

A large team of scientists is involved in working out the formalities for product registration in a number of countries. Cipla's relentless effort towards regulatory approvals over the years is now showing results and will provide the Company the necessary platform to further expand its overseas operations.

The newly launched CFC-free range of medicinal aerosols is likely to give the Company an edge in the global markets after the registration formalities are complete.

Cipla's overseas performance over the years has reinforced its standing as a renowned source for quality products and technology. Your Company is now poised to extend its reach in the international generic market with a wider range of products.

Research and Development

As in the past, Cipla's R&D division continued its focus on technological innovation. The Company zealously follows a system of knowledge management within and outside the organisation to support its research efforts.

For a company that helps
define quality standards, it has now
become second nature to be up there
with the best and the best.
Be it in know-how, facilities or standards,
the most discerning authorities in the world have
consistently acknowledged Cyril's achievements.



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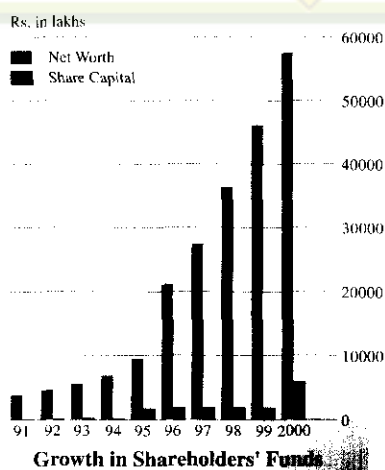


Directors' Report *contd.*

A wide spectrum of products has been successfully taken up for commercial manufacture during the year. Several innovative processes have already taken shape in the laboratory for the manufacture of active pharmaceutical drug ingredients including abacavir, alosetron, apraclonidine, atorvastatin, didanosine, efavirenz, linezolid, loteprednol, paroxetine, pioglitazone, quinapril and topotecan. Their commercial manufacture is on the anvil in the near future.

Significant progress was also achieved in the area of formulations and medical devices. Besides CFC-free metered dose inhalers, the R&D team has also developed other novel dosage forms. A unique dry powder delivery device is currently under development.

With a view to enhance its participation in the global market, Cipla is focusing on



securing international patents for new processes, innovative drug formulations, advanced drug delivery systems and medical devices. The Company is carefully examining its future role in path-breaking areas of research such as genetics. This could open up unexplored avenues of global alliances for the introduction of new therapeutic agents.

The Company's new R&D centres at Kurkumbh and Patalganga obtained recognition from the Department of Scientific and Industrial Research, Government of India. The same was renewed for the existing in-house R&D units at Mumbai and Bangalore.

Cipla's R&D units are closely associated with major CSIR laboratories as well as other research institutions in India. During the year, the Company's expenditure on R&D was Rs. 30 crores, approximately 4% of its turnover.

Quality Assurance

Cipla's world class manufacturing facilities continue to enjoy the approval of major global regulatory authorities. The bulk drug facilities at Bangalore, Kurkumbh and Patalganga are approved by the US FDA. The formulation manufacturing facilities at Bangalore, Kurkumbh, Patalganga and Vikhroli are approved by the MCC, South Africa and the WHO. Kurkumbh and Patalganga already have the approval of the MCA, UK and the approval of the TGA, Australia was renewed during the year. In addition, the manufacturing facilities of Kurkumbh, Patalganga and Vikhroli have been certified by the SICD, Slovakia to conform to the WHO GMP standards and EEC norms.

The favourable observations by audit teams of leading overseas customers underline the high standards of the Company's quality assurance systems.

