

Sixty-Sixth Annual Report 2001-2002



Cipla
Caring for Life

a new dimension in care



After six plus bright decades of care a new sunrise in Goa
Our fifth manufacturing centre goes on stream
Widest range of formulations in one location
Over 1000 million rupees technology investment
In 40000 square metres of facilities
Across four state-of-the-art dedicated units
Driven by the same mission
Caring for Life

Cipla Limited

Founder	Dr. K.A. Hamied (1898 - 1972)
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Chairman & Managing Director	Dr. Y.K. Hamied
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Joint Managing Directors	Mr. M.K. Hamied Mr. Amar Lulla
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Non-Executive Directors	Mr. B.K. Khare Mr. V.C. Kotwal Dr. H.R. Manchanda Mr. S.A.A. Pinto Mr. Ramesh Shroff
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Additional Directors	Dr. M.K. Gurjar Mr. M.R. Raghavan
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Bankers	Bank of Baroda Canara Bank Corporation Bank Indian Overseas Bank Standard Chartered Bank Limited The Hongkong & Shanghai Banking Corporation Limited Union Bank of India
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Auditors	R.S. Bharucha & Co.
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Registered Office	Mumbai Central, Mumbai 400 008
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Website	www.cipla.com
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Directors' Report

The Directors take pleasure in presenting the Sixty-Sixth Annual Report of the Company and Audited Accounts for the year ended 31st March 2002.

Financial Results

Rupees in million		
	For the year ended 31st March 2002	31st March 2001
Sales and other income	14288.69	10856.17
Gross profit before depreciation and tax	3306.42	2532.04
Depreciation	212.78	156.34
Tax	742.50	585.00
Profit after tax	2351.14	1790.70
Prior year's adjustment	274.86	–
Appropriations : Dividend	419.81	269.88
Tax on dividend	–	27.52
General reserve	1656.47	1493.30

Dividend

The Directors recommend a dividend of Rs. 7 per share on 5,99,72,349 equity shares of Rs.10 each, subject to tax deduction at source.

Management Review: 2001-02

Industry Structure and Developments

Although the Indian pharmaceutical industry is estimated to have more than 20,000 manufacturing units all over the country, the top 100 manufacturers account for over 90% of its market share. India is also a major player in the global market, both in bulk drugs and formulations.

Among the major developments concerning the pharmaceutical sector was the announcement of the new drug policy in February 2002. The guidelines for its implementation, however, are yet to be notified.

Also, the new patent law formally aligning the country to the provisions of TRIPS was passed by Parliament.

fortifying technological supremacy

The latest in molecules
delivery systems and technology

Six decades of innovation
and experience

Distilled into one dose of care

The same norms par excellence

Approved and applauded by
the world

At five centres of excellence



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Goa - Unit I
Respules, Nasal Sprays,
Ophthalmics and Oral Liquids

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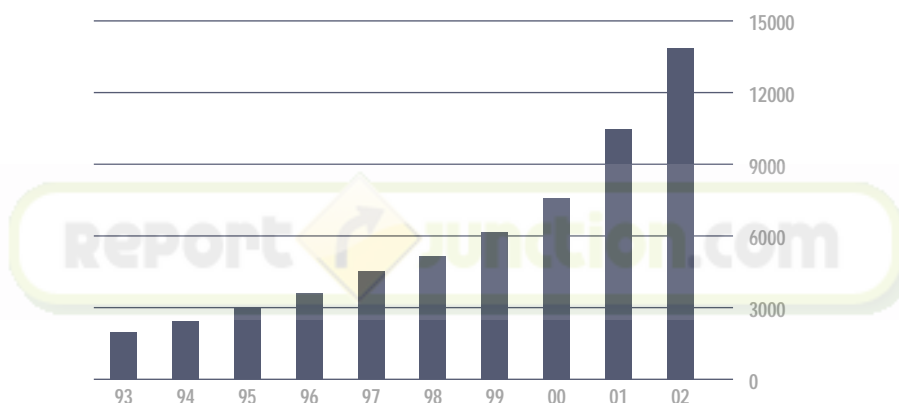
Directors' Report *contd.*

Performance Review

The Company continued to be exclusively in the pharmaceutical business segment. Sales at Rs. 13858 million grew by a remarkable 33% over the previous year. Exports at Rs. 4942 million showed a record increase of 92%. In addition, your Company earned around Rs. 26 million as fees for transfer of technical know-how. The Company's net profit at Rs. 2351 million was higher by 31% over the previous year.

Sales

Rs. in million



Once again, this outstanding performance can be primarily attributed to the wide range of the Company's products and a high level of productivity and efficiency in overall operations. The leap in exports was a result of the Company's constant efforts to tap new markets and introduce new products. Cipla is now a reputed name in many global markets including the USA, Western and Eastern Europe, Asia, Africa, South America, Australia, Canada and the Middle East.

In order to cope with the increasing demand for Cipla products in India and other countries, four state-of-the-art manufacturing facilities for various dosage forms were set up in Goa in a record time of less than twelve months. Amongst these, the aerosol manufacturing facility has already been inspected and approved by the MCA, UK.

In a significant development, in November 2001, the World Health Organisation (WHO) inspected, approved and qualified three of your Company's manufacturing units for supplying quality drugs to fight HIV/AIDS. Cipla was the first Indian company to obtain this approval. This is part of WHO's initiative to ensure that HIV/AIDS patients all over the world can access quality drugs at reasonable prices. This is a high point in your Company's continuing crusade against HIV/AIDS, and enhances Cipla's global standing in pioneering the manufacturing and marketing of sophisticated antiretroviral drugs at affordable prices.

Recently, *Forbes* placed Cipla among the leading 200 companies with an annual turnover below \$500 million, after studying 20,000 international companies. The *Far Eastern Business Review* also listed Cipla among the leading 200 companies in Asia.

stepping up the pace of growth

Ten times the sales in as many years
Exports tripled in just two
Sharper minds thriving on tougher demands
Now a multi-unit modern facility
From ground-breaking to first inhaler
Up in mere months
Just in keeping with tradition
Of ever raising the bar and soaring higher



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Goa - Unit II
CFC and CFC-Free Aerosols

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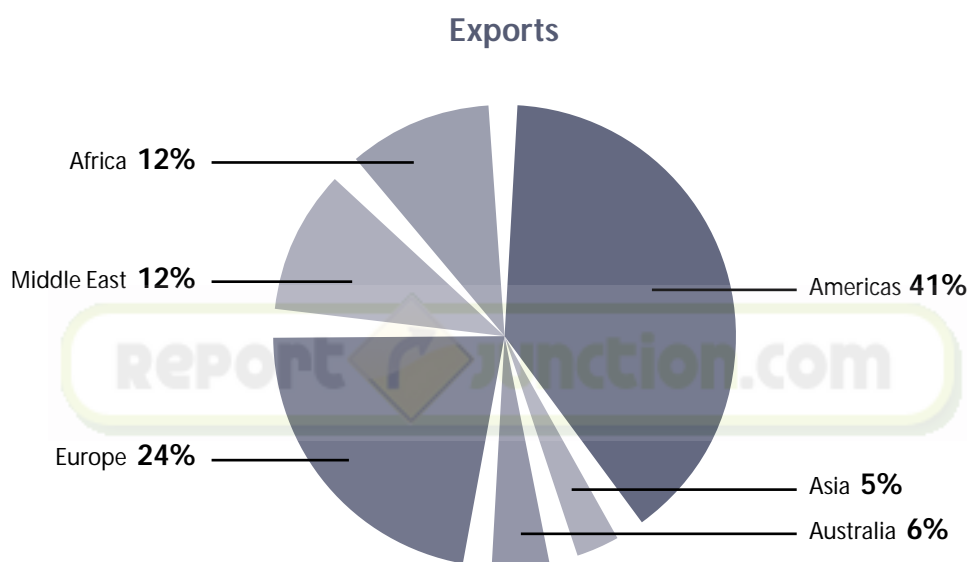


Caring for Life

Directors' Report *contd.*

Cipla successfully launched several new drug formulations during the year. A number of these were based on Active Pharmaceutical Ingredients (APIs) made in-house.

The Company also successfully scaled up a number of APIs particularly for the export market. The new introductions have contributed significantly to the overall sales growth.



Outlook on Concerns

The major challenge before the Indian pharmaceutical industry is the new product patent regime, which is expected to come into force after 2005. While the new legislation would obviously impact the launch of new products in the country, it is to be seen whether the Government would incorporate adequate safeguards such as compulsory licensing system, to protect the interests of the Indian consumer.

The industry is also awaiting the guidelines for the implementation of the new drug policy. As of now, it is not clear as to which of the Company's products would fall under the purview of price control.

Outlook on Opportunities

Research and development activities will continue to play a pivotal role in sustaining the Company's premier position in the industry. Besides process improvements and productivity enhancements, the R&D team focused on development of novel processes and new drug delivery systems and continued research on new chemical entities.

expanding the reach

Spelling quality health
Reaching medicines and
sharing expertise
To 140 of the world's countries
Tapping technology and
compassionate pricing
To tame disease
To breathe a little more ease
Into difficult lives
Here and everywhere





Caring for Life

Directors' Report *contd.*

Cipla is one of the leading exporters of bulk drugs and formulations and its products are registered in over 140 countries. Your Company's exports have more than tripled in the last two years. Given the excellent reputation your Company enjoys worldwide and considering the wide range of Cipla products, the Company is confident of maintaining a robust growth in the coming years.

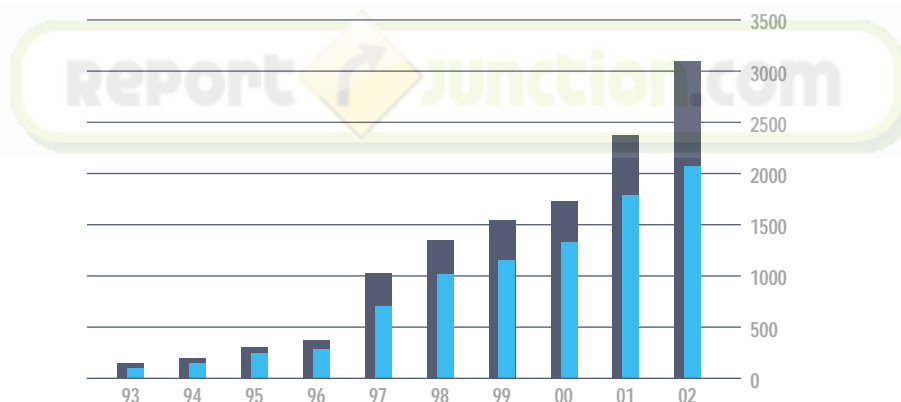
Internal Control Systems

The Company has a well-established internal control system in all functional areas, and this is reviewed periodically. This system is further reinforced by independent audits.

Growth in Profits

Rs. in million

■ Profit Before Tax ■ Profit After Tax



Human Resources

The leadership position that the Company has attained over the years is largely due to the dedication and commitment of its people. The Company's focus has been not only to impart adequate training but also to provide the right environment to maximise productivity and growth potential.

The Directors record their appreciation of the support and contribution of all employees towards the growth and progress of the Company.

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, as per the provisions of the said Act, the Annual Report and accounts are being sent to all the members of the Company excluding the aforesaid information. Any member interested in obtaining the annexure may write to the Company Secretary at the Registered Office of the Company.