

Report Junction

Cipla

Sixty-First Annual Report 1996-97



Depository System

Introduction

We take pleasure in informing you that your Company has joined hands with **National Securities Depository Limited** to facilitate investors to hold securities in electronic form and trade in these securities. We feel we should share with you certain information regarding the Depository System which would assist you in deciding to opt for holding your securities in electronic (also known as 'book entry') form. The need for a Depository in India was felt for quite some time, especially due to inefficiencies associated with handling large volumes of paper and other problems such as bad deliveries, fake certificates, loss of certificates in transit, mutilation of certificates, delays in transfer, long settlement cycles, etc. To provide a reliable and efficient solution to the above mentioned problems, **National Securities Depository Limited (NSDL)** has set up the first depository in India. NSDL has a capital base of Rs. 100 crores and is promoted by IDBI, UTI and NSE.

What is a Depository?

A Depository is an organisation which holds your securities in the form of electronic book entries in the same way a bank holds your money. Further, a depository transfers securities without actually handling securities, the way a bank transfers funds without actually handling money.

Benefits to an investor

- ♦ No stamp duty for transfer of securities in the depository. In case of physical shares, stamp duty of 0.5% is payable on transfer of shares.
- ♦ Elimination of bad deliveries and all risks associated with physical certificates such as loss, theft, mutilation, etc.
- ♦ After the settlement, pay in and pay out are on the same day for scripless trading, which means you get your securities as well as cash immediately.
- ♦ Securities stand transferred in your name on the very next day of pay out. In case of physical shares, transfer of ownership takes 30-60 days or sometimes even more.
- ♦ No courier/postal charges.
- ♦ Facility for freezing/locking of investor accounts, which enables you to make your account non-operational, for instance if you are abroad.
- ♦ Facility to pledge and hypothecate your securities.

Services offered by NSDL

NSDL offers the following services to the investors, through its agents viz. Depository Participants :

- ♦ Maintenance of investors' beneficial holdings in electronic form.
- ♦ Dematerialisation and rematerialisation of securities.
- ♦ Facilitation of settlement of trades in electronic shares.
- ♦ Electronic credit in case of public offerings and non-cash corporate actions such as rights, bonus, etc.

Securities available on the Depository

At present 56 securities are available for Dematerialisation. Of these 38 are available for trading as well. Another 19 Companies have signed agreements with NSDL for joining the Depository.

How do you open a depository account?

You can open an account with one of the *participants* of NSDL. A *participant* is a market intermediary through whom NSDL interacts with the investors. Annexure gives list of *participants* who are presently offering depository services. Choose a *participant* and

- ◆ fill up an **Account Opening Form** available with the participant. (You can open multiple accounts with the same *participant* as also with different *participants*)
- ◆ Sign "**Participant-Client Agreement**"
- ◆ receive your account number which should be quoted in all your correspondence with your *participant*
- ◆ your *participant* will provide you a **Statement of Holdings** and **Statement of Transaction** (like a bank pass book) every fortnight giving details of your holdings and transactions in your account.

Dematerialisation

You can deposit (i.e. dematerialise) shares of any eligible company which are registered in your name and convert your physical certificates into electronic book entry.

You have to just

- ◆ fill a **Dematerialisation Request Form** available with your *participant*.
- ◆ submit your share certificates alongwith the above form
(Please write "**SURRENDERED FOR DEMATERIALISATION**" on the face of each certificate before you submit it for dematerialisation).
- ◆ Your account will be credited within 15 days.
- ◆ If you wish to convert your electronic shares back to physical shares at a later stage, you may do so by applying for **rematerialisation**.

How do you trade in electronic shares?

Buying and selling electronic shares is just like buying and selling physical shares, the only difference is trading in electronic shares is simpler and safer!

- ◆ if you wish to sell your electronic shares, you place an order with your broker (presently an NSE member broker) under the BE segment and instruct your *participant* by way of a **Delivery Instruction** (which is a cheque-like instrument) to debit your account with the number of shares sold by you.
- ◆ when you buy electronic shares, you must inform your broker about your depository account number so that the electronic shares bought by you are credited into your account and instruct your *participant* by way of **Receipt Instruction** to receive credit in your account.
- ◆ Payment for the electronic shares either bought or sold is made in the same way as in case of physical securities.
- ◆ The shares you have bought are transferred in your name the very next day of pay out with no fear that the shares may turn out to be bad deliveries or fakes! No formalities of filling transfer deeds, affixing share transfer stamps and applying to the company for registering the shares in your name!

For further details, you can contact

Mr. T Koshy - Vice President
National Securities Depository Limited
5th Floor, Trade World, Kamala Mills Compound
Lower Parel, Mumbai - 400013.
Phone : 91-22-4972964-70 Fax : 91-22-4972993.

LIST OF DEPOSITORY PARTICIPANTS

AS ON 20TH JUNE 1997

ANNEXURE

PARTICIPANT	ADDRESS	PHONE
1. Abhipra Capital Ltd.	BM-1, Dikshu Industrial Complex G.T. Karnal Road, Azadpur, New Delhi 110033.	011-7127362 / 7244166
2. Alankit Assignment Ltd.	103/104, Anarkali Market, Jhandewalan Extn., New Delhi 100 055	011-7535516-21
3. Canara Bank	NSDL Unit, 1st Floor, Verma Chambers, 11, Hornji Street, Fort, Mumbai 400 001.	2693157 / 2651086 / 2658291
4. Citibank N.A.	Custody Services, Rannord House, 77, Dr. A.B. Road, Mumbai 400 018.	4949275 Ext. 344
5. Coimbatore Capital Market Services Pvt. Ltd.	K.G. House, 86, Government Arts College Road, Coimbatore - 641018	0422 312163 0422218446 Fax : 0422211617
6. Dalmia Securities Ltd.	2nd Floor, 7, Lyons Range, Calcutta - 700 001	033 - 221 1672 - 5 033 - 220 0080
7. Deutsche Bank A.G.	D.B. House, Hazarimal Somani Marg, Fort, Mumbai 400 001.	207 5778 / 5976 / 3262 / 3292. Fax : 207 5975
8. Geojit Securities Ltd.	40/7997, Veekshanam Road, Cochin 682035	0484 - 371 675, 0484 - 373 686
9. Global Trust Bank Ltd.	67, Mumbai Samachar Marg, Opp. The Stock Exchange, Mumbai, Mumbai 400023.	2884383 2654794 / 95 / 97
10. HDFC Bank Ltd.	Custody Services Sandoz House, Dr. A.B. Road, Worli, Mumbai 400 018.	4951616
11. IDBI Capital Market Services Ltd.	IDBI towers, 13th Floor, Cuffe Parade, Mumbai 400 005.	2160180 / 81 / 82
12. IIT Corporate Services Ltd.	IIT House, Off. M. Vasanthi Road, Opp. Vazir Glass, Near J.B. Nagar, Andheri (E), Mumbai 400 059.	8225599 / 8221410
13. Indsec Securities and Finance Ltd.	4th Floor, Express Building, 14 'E' Road, Churchgate, Mumbai 400 020.	2872277 / 2826056 / 2046753
14. Action Financial Services Ltd.	Sonawala Building, Ground Floor, Green Street Corner, Opp. Old Custom House, Fort, Mumbai 400 001.	2678506 / 07
15. Reliance Capital Ltd.	3rd Floor, Vrindavan Building, Shree Ram Mills Premises, Ganapatrao Kadam Marg, Worli, Mumbai 400018.	4962780 Fax : 4962425
16. S.S. Kantilal Ishwarlal Pvt. Ltd.	3-A, Khatau Building, A.D. Modi Marg, Fort, Mumbai 400 001.	2650120 / 2651350 Fax : 2651358

PARTICIPANT	ADDRESS	PHONE
17. IndusInd Bank Ltd.	IndusInd House, 425, Dadasaheb Bhadkamkar Marg, Mumbai 400 004.	3857474 / 9494
18. Industrial Development Bank of India	3rd Floor, Investment Division, IDBI Towers, Cuffe Parade, Mumbai 400 005.	2181055 / 2189117 2189111
19. Infrastructure Leasing & Financial Services Ltd.	4th Floor, Mahindra Towers, RBC, Worli, Mumbai 400 018.	4935127
20. Industrial Credit & Investment Corp. of India	Shanti Building, 2nd Floor, 13, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.	2672530 (D) 2618251 Ext. 4015
21. James Capel Bativala & Karani Pvt. Ltd.	Construction House, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 038.	2659944-59 Fax : 2659991
22. Kotak Securities	1st Floor, Baktawar, Nariman Point, Mumbai 400 021.	2027040 Ext. 272
23. Morgan Stanley Trust Company	Forbes Building, 5th Floor, Charanjit Rai Marg, Fort, Mumbai 400 001.	2096600
24. National Securities Clearing Corporation Ltd.	Trade World, 2nd Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.	4972950 Ext. 242
25. Reliance Share and Stock Brokers Ltd.	1203-6 Arcadia, 12th Floor, 195, NCPA, Nariman Point, Mumbai 400 021.	2845656
26. Standard Chartered Bank	Poonam Chambers-B, Shivsagar Estate, Dr. A.B. Road, Worli, Mumbai 400 018.	4951451 / 91 Fax : 4950612
27. Stock Holding Corporation of India	44/1 Mehra Estate, L.B.S. Marg, Vikroli (W) Mumbai 400 079.	2045483 / 84 / 85 5772836
28. The Hongkong and Shanghai Banking	52/60, M.G. Road, Fort, Mumbai 400 001.	2658964 (B) 2674921
29. Dayco Securities Private Ltd.	Stock Exchange Building, 3rd Floor, 7, Lyons Range, Calcutta 1.	033-2202066 / 5066 / 5680 / 6775 / 3072 / 6372
30. Janata Sahakari Bank Ltd.	Stock Exchange Branch, 754B, Sadashiv Peth, Dr. Kumbhkar Road, Pune 411030	0212-473429 Fax : 0212-471510
31. Munoth Financial Services Ltd.	1st Floor, Sanghvi Plaza, No. 56, Jermiah Road, Chennai 600007.	044-5324833 / 6420608-11 Fax : 044-6425382



MD	✓		BKC	✓
CS	✓		DPY	N/A
RO	✓		DIV	✓
TRA	N/A		AC	✓
ACM	✓	✓	SHI	✓
YE	✓	✓		✓

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

Bankers

The Hongkong & Shanghai
Banking Corporation Limited

ANZ Grindlays Banks p.l.c.

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

Directors' Report

The Directors take pleasure in presenting the Sixty-First Annual Report of the Company and Audited Accounts for the year ended 31st March 1997.

Financial Results		Rupees in lakhs
		For the year ending
	31st March 1997	31st March 1996
Sales and other income	46731.79	36615.47
Gross profit before depreciation and tax	11074.36	4457.09
Depreciation	799.76	711.27
Tax	3200.00	850.00
Profit after tax	7074.60	2895.82
Appropriations :		
Dividend	699.68	243.92
Tax on dividend	69.97	-
General Reserve	6304.95	2651.90

† 10 lakhs = 1 million
1 crore = 10 million

Dividend

The Directors recommend a dividend of Rs. 3.50 per share on 1,99,90,783 equity shares of Rs. 10 each.

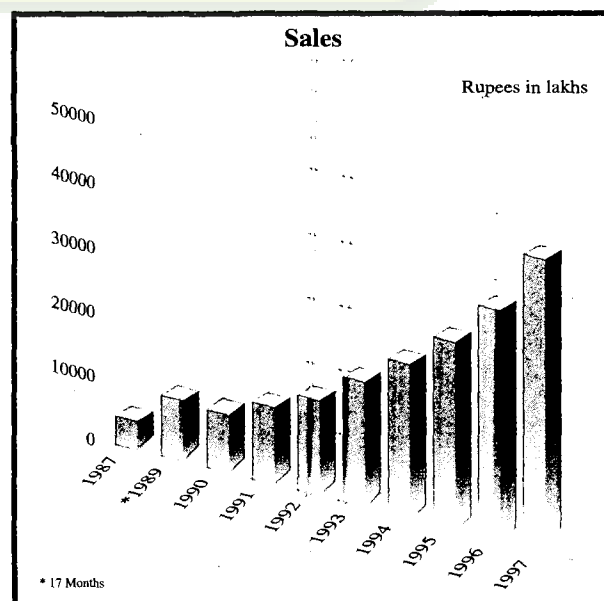
Operations

The Directors are pleased to note that the Company's performance has indeed been commendable during the year under review. Sales at Rs. 451.89 crores recorded a growth of 25% and profits before tax of Rs. 102.75 crores increased by 175%. An amount of Rs. 18.44 crores, being the accumulated interest on the rights issue proceeds invested in various banks, has been considered as income for the year under review.

The Company has not only been successful in enhancing its share both in the domestic and export markets, but also in ensuring increased productivity and cost effectiveness at all levels. This outstanding performance reflects the Cipla team's relentless pursuit of excellence in every sphere of activity.

The Company maintained its lead in introducing new drug formulations which were well received by the medical profession. The products launched during the year were :

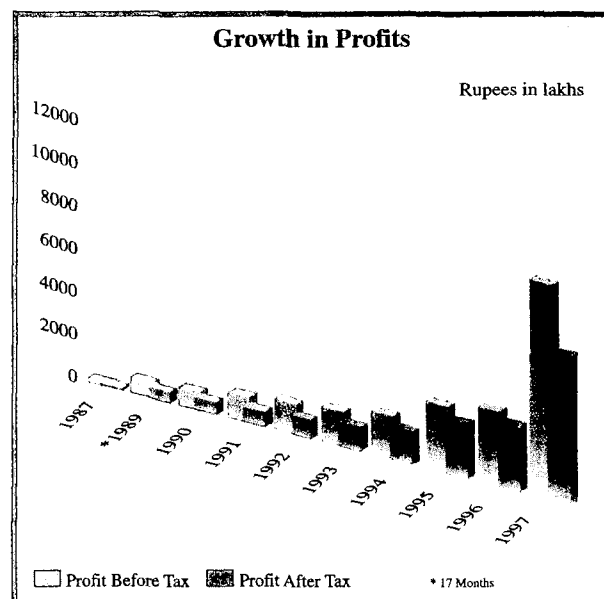
- Azee (azithromycin capsules) – a new macrolide antibiotic
- Budecort (budesonide rotacaps) – dry powder inhaled corticosteroid therapy for asthma
- Cipril H (lisinopril + hydrochlorothiazide tablets) – a combination antihypertensive
- Ciplox TZ (ciprofloxacin + tinidazole tablets) – the combination bactericide for aerobic/anaerobic infections.
- Entosec (secnidazole tablets) – single dose therapy for amoebiasis/trichomoniasis.
- Fincar (finasteride tablets) – for benign prostatic hyperplasia.
- Metolar (metoprolol injection) – beta-blocker protection for post myocardial infarction.
- Zoflut (fluticasone propionate cream) – a new topical corticosteroid.



Yet another notable achievement was the design and launch of a novel dry powder inhalation device, the Cipla Rotahaler, for use with rotacap formulations in the treatment of asthma. The patent for this device has been sought in India and certain other countries.

Directors' Report

The Company continues to lay emphasis on the manufacture of sophisticated bulk drugs from the basic stage in order to cater to the increasing demand – both



domestic as well as overseas. New drugs that were taken up for manufacture during the year included :

- acetazolamide – for glaucoma
- alendronate – for osteoporosis
- azithromycin – macrolide antibiotic
- doxazosin – selective alpha-blocker
- lamotrigine – anticonvulsant
- nabumetone – non-steroidal antiinflammatory drug
- praziquantel – for neurocysticercosis
- risperidone – antipsychotic
- stavudine – antiretroviral
- venlafaxine – antidepressant

Exports

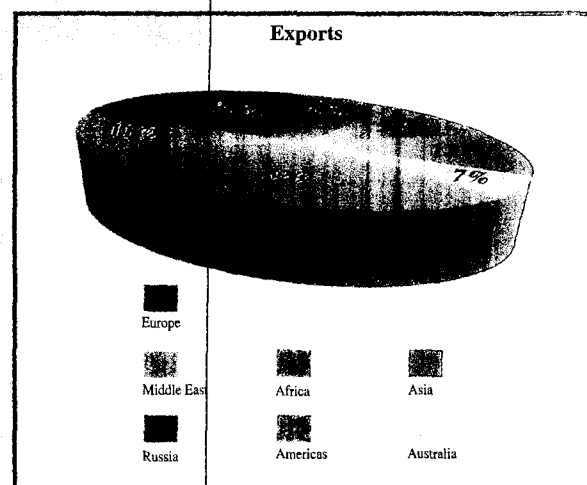
Exports for the year under review amounted to Rs. 61.70 crores - a growth of 56% over the previous year. The Company also earned technical fees from overseas customers for the supply of technology, know-how and documentation for the manufacture of bulk drugs and formulations. The Company has a world-wide reputation for innovative technology and for manufacturing a wide range of sophisticated products.

The Company continues to consolidate its presence in key overseas markets through strategic alliances. With the systematic completion of registration formalities in several countries and alliances in Australia, Canada, China, Egypt, Germany, Israel, South Africa, UK, Yemen and other countries, the Company is on the threshold of further expansion of its international operations.

Research & Development

During the year under review, the Company developed innovative processes involving complex syntheses for the manufacture of several drugs such as budesonide, butenafine, carvedilol, clarithromycin, ebastine, formoterol, losartan, meloxicam, moclobemide, taxol and terbinafine. A number of other important bulk drugs are at various stages of development. These include lamivudine, nelfinavir, donepezil, zolmitriptan, clopidogrel, troglitazone, sildenafil, raloxifene, atorvastatin, cerivastatin and rifloxacin.

The Pharma R&D division made significant contributions to the development of new drug delivery systems and products employing innovative technology



such as topical applications with micro emulsion technology. Development work was carried out on the use of pro drugs and alternate salts to improve the tolerance and enhance the bio-availability of formulations. Significant progress has been made in the developmental work of CFC-free anti-asthmatic



Quality a way of life