

**65** Cipla  
1935-2001  
YEARS

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Sixty-Fifth Annual Report 2000-2001

"I represent the Third World.  
I represent the needs and aspirations  
of the Third World. I represent the capabilities  
of the Third World and above all, I represent  
an opportunity. It is up to you,  
the International Community to grasp  
this opportunity and respond positively.  
We all have a responsibility to alleviate  
the suffering of millions of our fellowmen  
who are afflicted with HIV and AIDS."

Dr. Y. K. Hamied,  
at the Round Table Conference,  
European Commission, Brussels  
28th September 2000



## Cipla Limited

### **Founder**

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

### **Chairman & Managing Director**

Dr. Y.K. Hamied

### **Joint Managing Directors**

Mr. M.K. Hamied

Mr. Amar Lulla

### **Non-Executive Directors**

Mr. B.K. Khare

Mr. V.C. Kotwal

Dr. H.R. Manchanda

Mr. D.R. Narang

Mr. S.A.A. Pinto

Mr. Ramesh Shroff

### **Bankers**

Bank of Baroda

Canara Bank

Corporation Bank

Indian Overseas Bank

Standard Chartered Grindlays Bank Limited

The Hongkong & Shanghai Banking

Corporation Limited

Union Bank of India

### **Auditors**

R.S. Bharucha & Co.

### **Registered Office**

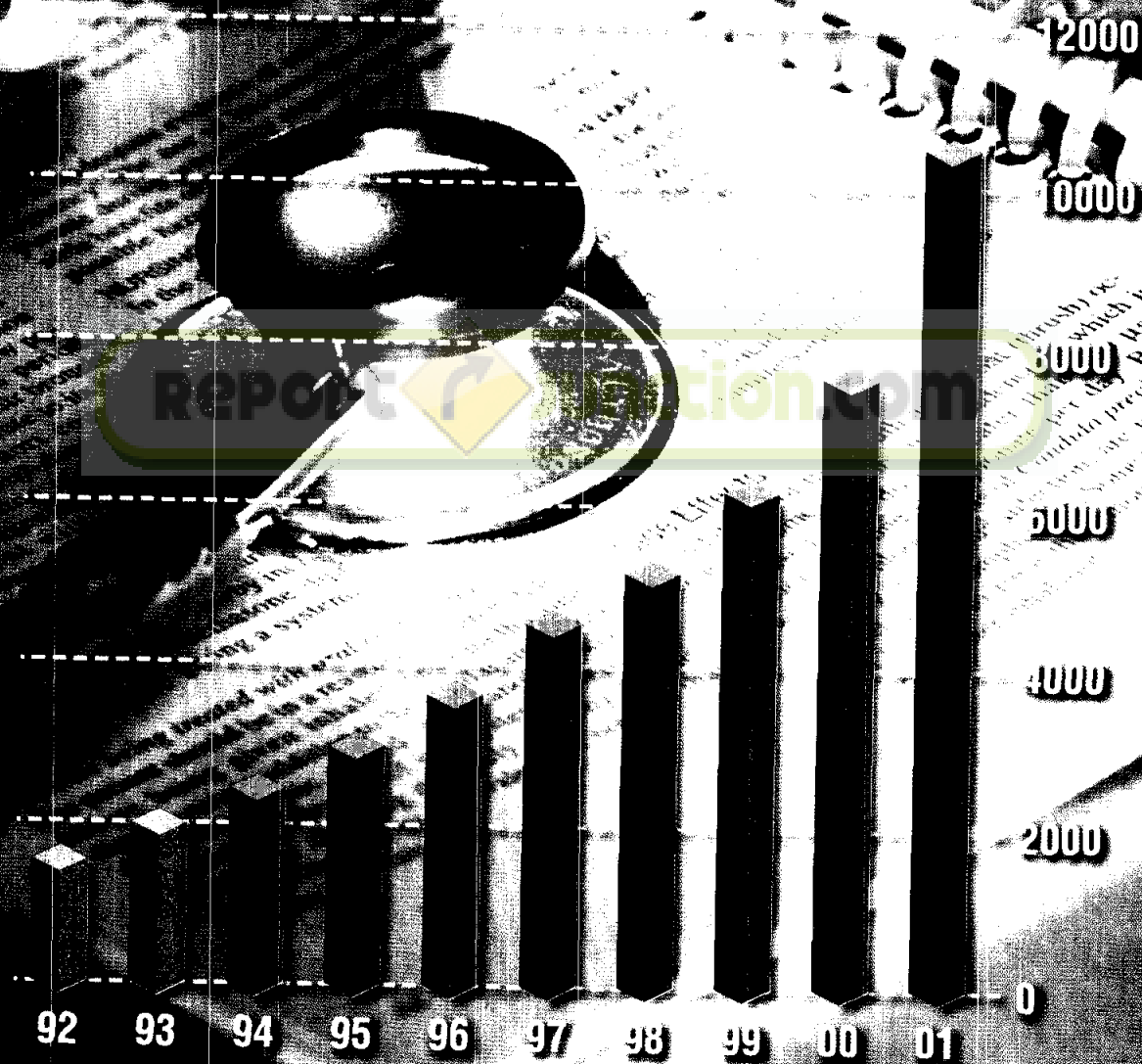
Mumbai Central, Mumbai 400 008

**Website:** [www.cipla.com](http://www.cipla.com)

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# Sales

Rs. in millions



## DIRECTORS' REPORT

The Directors take pleasure in presenting the Sixty-Fifth Annual Report of the Company and Audited Accounts for the year ended 31st March, 2001.

### Financial Results

	Rupees in millions	
	31st March 2001	For the year ending 31st March 2000
Sales and other income	10861.24	7913.85
Gross profit before depreciation and tax	2532.04	1859.99
Depreciation	156.34	133.40
Tax	585.00	396.00
Profit after tax	1790.70	1330.59
Appropriations :		
Dividend	269.88	177.85
Tax on dividend	27.52	19.58
General reserve	1493.30	1133.16

### Dividend

The Directors recommend a dividend of Rs. 4.50 per share on 5,99,72,349 equity shares of Rs. 10 each.

### Management Review: 2000-01

#### Industry Scenario

The general economic slowdown has affected almost every major indigenous industry. Inflationary trends have escalated operating expenses, while increasing domestic and global competition has led to lower price realisation. The Indian pharmaceutical sector was adversely affected, showing an overall growth rate of just 8 percent for the year compared to over 12 percent in previous years.

#### Operations Review

Your Company was able to overcome the negative industry trend and recorded an overall turnover growth of about 40 percent – the highest in the last three decades. Sales crossed the Rs. 10000 million mark for the first time and touched Rs. 10475 million, while profit after tax at Rs. 1790 million registered a 34 percent growth. A strong product portfolio, a substantial rise in exports and sustained efficiency in operations contributed to this outstanding performance.

## Exports

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Americas – 39%

Africa – 16%

Middle East – 15%

Europe – 19%

Australia – 3%

Asia – 8%

## DIRECTORS' REPORT *contd.*

The exports division recorded a commendable sales growth of 84 percent over the previous year. Total exports for the year amounted to Rs. 2583 million. In addition, your Company earned around Rs. 80 million as fees for transfer of technical know-how. Cipla has made successful forays into new markets in Europe, the USA, South America, Africa, Australia and the Middle East.

Various therapeutic segments, especially the antiasthmatic and cardiovascular groups, continued to do well. New formulations launched during the year included:

- **Amlopres Z** (amlodipine and losartan potassium tablets) – combination therapy for hypertension
- **Axalin** (ambroxol, guaiphenesin and salbutamol suspension) – for cough associated with bronchitis
- **Cobix** (celecoxib capsules) – COX-2 inhibitor for arthritis
- **Dinex** (didanosine chewable tablets) – antiretroviral for HIV/AIDS
- **Docetax** (docetaxel injection) – for cancer
- **Duolin** (ipratropium bromide and salbutamol inhaler, rotacaps and respules) – bronchodilator combination therapy for asthma and COPD
- **Flomex** (fluorometholone eye drops) – topical corticosteroid for ocular allergy and inflammation
- **Flomist** (fluticasone nasal spray) – intranasal corticosteroid for allergic rhinitis
- **Foratec** (formoterol inhaler and rotacaps) – long-acting inhaled bronchodilator for asthma
- **Forcan TZ** (fluconazole and tinidazole tablets) – antifungal-antiprotozoal combination for vaginal infections
- **Olexar** (olanzapine tablets) – antipsychotic for schizophrenia
- **Obestat** (sibutramine hydrochloride capsules) – for obesity
- **Pamidria** (pamidronate injection) – for bone metastases
- **Paclitax** (paclitaxel injection) – for cancer
- **Rofixx** (rofecoxib tablets) – COX-2 inhibitor for acute and chronic pain
- **Seroflo** (salmeterol and fluticasone inhaler) – long-acting bronchodilator-corticosteroid combination inhaler therapy for asthma
- **Silagra** (sildenafil tablets) – for erectile dysfunction
- **Topex** (topiramate tablets) – for epilepsy

The following Active Pharmaceutical Ingredients (APIs) were successfully scaled up for commercial manufacture:

- **Anagrelide** – platelet-reducing agent
- **Citalopram** – antidepressant
- **Granisetron** – antiemetic
- **Irinotecan** – anticancer

## Growth in Profits

Rs. in millions

Profit Before Tax

Profit After Tax

92 93 94 95 96 97 98 99 00 01

2500

2000

1500

1000

500

0

## DIRECTORS' REPORT *contd.*

- **Levosulbutamol** – chiral bronchodilator
- **Levofloxacin** – broad spectrum chiral antibacterial
- **Loteprednol** – topical corticosteroid
- **Paroxetine** – anxiolytic antidepressant
- **Tamsulosin** – selective alpha 1A-blocker
- **Tibolone** – hormone replacement therapy

These products are expected to make a significant contribution to the Company's growth in the near future.

### **Research and Development**

Over the years, the Company's Research and Development efforts have played a pivotal role in its success. During the year under review, bulk drug research focused essentially on new processes and productivity improvements.

New processes were developed for several APIs, in many instances, for the first time in the country. These included: alfuzosin, azelastine, butoconazole, beclomethasone, bicalutamide, clopidogrel, esomeprazole, gatifloxacin, lomerizine, nelfinavir, oxcarbazepine, quetiapine, riluzole, rosiglitazone, rubitecan and zaleplon. During the year, the Company obtained international patents for new antihistamines and anti-infectives.

In the area of formulations R&D, the Company successfully developed various new products and line extensions. Once again, the emphasis was on novel drug delivery systems including aerosols and transdermal systems.

As before, all the four Cipla R&D centres have the approval of the Ministry of Science and Technology, Government of India. The Company continues to work in close collaboration with the CSIR laboratories and other research institutions.

The Company's expenditure on R&D during the year was Rs. 409.23 million, about 4 percent of sales.

### **Outlook: Concerns and Opportunities**

The government's drug policy continues to be a matter of major concern to the industry. The main objectives of a healthy drug policy ought to be:

- to ensure abundant availability of all necessary drugs at reasonable and affordable prices;
- to strengthen indigenous GMP and production capability for drug formulations;
- to encourage production of quality APIs within the country, and
- to create an environment conducive to greater investment in R&D.

Rather than pursue its current ad hoc policy, the government should essentially let free competition and market forces decide drug pricing. The government ought to intervene only if there is a monopoly situation as is the case with many imported formulations.

# Growth in Fixed Assets

Rs. in millions

Completed

Not started

500

1000

1500

2000

2500

3000

92

93

94

95

96

97

98

99

00

01

02

03

04