

Cipla

Seventy-Second Annual Report 2007-2008

As in the past, Cipla has made a special effort to produce this report at a low cost, without compromising its quality or contents leading to a saving of Rs. 44 lakhs. This amount is being donated to the Cipla Cancer and AIDS Foundation/Cipla Public Charitable Trust.

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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. V.C. Kotwal

Dr. H.R. Manchanda

Mr. S.A.A. Pinto

Mr. M.R. Raghavan

Mr. Ramesh Shroff

Mr. Pankaj Patel

Bankers

Bank of Baroda

Canara Bank

Corporation Bank

Indian Overseas Bank

Standard Chartered Bank

The Hongkong & Shanghai Banking
Corporation Limited

Union Bank of India

Auditors

R.S. Bharucha & Co.

R.G.N. Price & Co.

Registered Office

Mumbai Central, Mumbai 400 008

Website

www.cipla.com

NOTICE

NOTICE is hereby given that the SEVENTY-SECOND ANNUAL GENERAL MEETING of CIPLA LIMITED will be held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai-400 034, on Thursday, 28th August 2008 at 3.00 p.m. to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March 2008, the Profit and Loss Account for the year ended on that date together with the schedules annexed thereto as well as the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st March 2008.
3. To appoint a Director in place of Mr. M.R. Raghavan who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution:

“RESOLVED THAT M/s. R. S. Bharucha & Co., Chartered Accountants, Mumbai and M/s. R.G.N. Price & Co., Chartered Accountants, Mumbai be and are hereby re-appointed as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting upon such remuneration, taxes and out of pocket expenses, as may be agreed to between the Board of Directors and/or Audit Committee of the Company and the respective auditors and that the Board of Directors and/or Audit Committee of the Company be and are hereby authorised to fix the remuneration as aforesaid.

RESOLVED FURTHER THAT the Board of Directors/Audit Committee be and are hereby authorised to appoint auditors for the Company's branch office(s) (whether now or as may be established) in terms of section 228 of the Companies Act, 1956 in consultation with the auditors to examine and audit the accounts for the financial year 2008-09 on such remuneration, terms and conditions as the Board of Directors and/or Audit Committee may deem fit.”

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution:

“RESOLVED THAT Mr. Pankaj B. Patel, appointed as a Director of the Company in Casual Vacancy with effect from 5th March 2008 and holding office upto this Annual General Meeting in terms of the provisions of section 262(2) of the Companies Act, 1956 be and is hereby appointed, as a Director of the Company, liable to retire by rotation.”

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as a Special Resolution:

“RESOLVED THAT subject to the approval of the Central Government and in pursuance of sections 269, 309, 198 and other applicable provisions of the Companies Act, 1956 (the Act), the Company in general meeting hereby approves, ratifies and confirms the re-appointment of Dr. Y.K. Hamied as Managing Director of the Company for a further period of five years commencing on 1st August 2008 and ending on 31st July 2013 with the benefit of continuity of service subject to the remuneration not exceeding the limits laid down under sections 198 and 309 of the Act and on mutually agreed terms and conditions stated hereunder and also as set out in the letter of appointment dated 18th July 2008 issued by the Company constituting the contract of re-appointment which contract be and is hereby approved, ratified and confirmed:

- A. Salary: Rs. 5,00,000 p.m. with liberty to the Board of Directors to sanction such increase as it may in its absolute discretion determine from time to time provided that the salary does not exceed Rs. 15,00,000 p.m. during the tenure.
- B. Accommodation: Rent free furnished accommodation or 60% of the salary as house rent allowance in lieu of accommodation. The appointee shall also be eligible for maintenance of accommodation including furniture, fixtures and furnishings and reimbursement of expenses incurred on gas, electricity and water.

NOTICE *contd.*

- C. Perquisites: The appointee shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called "perquisites") such as medical reimbursement, leave travel assistance/allowance, membership fees of clubs, hospitalisation and accident insurance and any other perquisites as per the policy/rules of the Company in force or as may be approved by the Board from time to time.

In addition to the above, the appointee shall also be entitled to the following benefits as per policy/rules of the Company in force or as may be approved by the Board from time to time:

(i) Company maintained car(s) with driver(s) or cash equivalent thereof; (ii) Telecommunication facilities at residence; (iii) Company's contribution to Provident Fund and Superannuation Fund; (iv) Payment of gratuity and other retiral benefits and (v) Encashment of leave.

- D. Commission: The appointee shall also be entitled to, in addition to the aforesaid salary and perquisites, commission as may be fixed by the Board after profits of the Company are ascertained each year subject to minimum of Rs. 1,00,00,000 each year so however the overall remuneration for all the managerial personnel does not exceed the limits prescribed under sections 198 and 309 of the Act and Schedule XIII as may be applicable from time to time with liberty to pay such commission in one or more installments entirely at the discretion of the Board.
- E. The total remuneration including perquisites shall not exceed the limits specified in Schedule XIII to the Act.
- F. The Board is authorised to fix actual remuneration and revise it from time to time within the aforesaid ceilings.
- G. If in any financial year during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the appointee shall be entitled to minimum remuneration by way of basic salary, perquisites and allowances not exceeding the ceiling limit specified under para 1 of section II, Part II of Schedule XIII to the Act and in addition thereto, he shall also be eligible to the perquisites and allowances not exceeding the limits specified under para 2 of section II, Part II of Schedule XIII to the Act or such other limits as may be specified by the Central Government from time to time as minimum remuneration.
- H. This appointment as Managing Director is liable for termination by either party giving three months' notice in writing to the other.

RESOLVED FURTHER THAT in the event of the approval of the Central Government stipulating any changes with respect to the payment of remuneration to the appointee, the Board of Directors of the Company be and is hereby authorised to vary the remuneration in accordance therewith to the extent and in the manner as may be agreed to by the appointee"

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution:

"RESOLVED THAT in pursuance of sections 269, 309, 198, Schedule XIII and other applicable provisions of the Companies Act, 1956 (the Act) the Company in general meeting hereby approves, ratifies and confirms the re-appointment of Mr. M. K. Hamied as Joint Managing Director of the Company for a further period of five years commencing on 1st August 2008 and ending on 31st July 2013 with benefit of continuity of service subject to the remuneration not exceeding the limits laid down under sections 198 and 309 of the Act and on mutually agreed terms and conditions stated hereunder and also as set out in the letter of appointment dated 18th July 2008 issued by the Company constituting the contract of re-appointment which contract be and is hereby approved, ratified and confirmed:

- A. Salary: Rs. 5,00,000 p.m. with liberty to the Board of Directors to sanction such increase as it may in its absolute discretion determine from time to time provided that the salary does not exceed Rs.15,00,000 p.m. during the tenure.
- B. Accommodation: Rent-free furnished accommodation or 60% of the salary as house rent allowance in lieu of accommodation. The appointee shall also be eligible for maintenance of accommodation

NOTICE *contd.*

including furniture, fixtures and furnishings and reimbursement of expenses incurred on gas, electricity and water.

- C. Perquisites: The appointee shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called "perquisites") such as medical reimbursement, leave travel assistance/allowance, membership fees of clubs, hospitalisation and accident insurance and any other perquisites as per the policy/rules of the Company in force or as may be approved by the Board from time to time.
- In addition to the above, the appointee shall also be entitled to the following benefits as per policy/rules of the Company in force or as may be approved by the Board from time to time:
- (i) Company maintained car(s) with driver(s) or cash equivalent thereof; (ii) Telecommunication facilities at residence; (iii) Company's contribution to Provident Fund and Superannuation Fund; (iv) Payment of gratuity and other retiral benefits and (v) Encashment of leave.
- D. Commission: The appointee shall also be entitled to, in addition to the aforesaid salary and perquisites, commission as may be fixed by the Board after profits of the Company are ascertained each year subject to minimum of Rs. 1,00,00,000 each year so however the overall remuneration for all the managerial personnel does not exceed the limits prescribed under sections 198 and 309 of the Act and Schedule XIII as may be applicable from time to time with liberty to pay such commission in one or more installments entirely at the discretion of the Board.
- E. The Board is authorised to fix actual remuneration and revise it from time to time within the aforesaid ceilings.
- F. If in any financial year during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the appointee shall be entitled to minimum remuneration by way of basic salary, perquisites and allowances not exceeding the ceiling limit specified under para 1 of section II, Part II of Schedule XIII to the Act and in addition thereto, he shall also be eligible to the perquisites and allowances not exceeding the limits specified under para 2 of section II, Part II of Schedule XIII to the Act or such other limits as may be specified by the Central Government from time to time as minimum remuneration.
- G. This appointment as Joint Managing Director is liable for termination by either party by giving three months' notice in writing to the other'.

By Order of the Board of Directors

Mital Sanghvi
Company Secretary

Mumbai, 18th July 2008

NOTICE *contd.*

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
Proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed hereunder and forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 14th August 2008 to Thursday, 28th August 2008, both days inclusive.
4. The dividend for the year ended 31st March 2008 as recommended by the Board, if sanctioned at the Meeting, will be paid to those members whose names appear in the Company's Register of Members on 28th August 2008. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depositories Limited and Central Depository Services (India) Limited.
5. Members holding shares in physical form are requested to forward all applications for transfers and all other shares-related correspondence (including intimation for change of address) to the Share Transfer Agents of the Company at the following address:

Karvy Computershare Private Limited

(Unit: Cipla Limited)

Plot No. 17 to 24,

Vittal Rao Nagar, Madhapur,

Hyderabad-500 081

Tel: (040) 2342 0818

Fax: (040) 2342 0814

6. Members holding shares in demat mode may please note that, the bank details as furnished by the respective Depositories to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Service (ECS) as directed by the Stock Exchanges. In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in demat mode must give instructions, regarding bank accounts in which they wish to receive dividend, to their Depository Participants. The Company or the Share Transfer Agents will not act on any direct request from these members for change/deletion in such bank details.
7. All dividends unclaimed upto the financial year ended 31st March 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period(s) are requested to claim the amount from the Registrar of Companies, Maharashtra, CGO Complex, CBD Belapur, Navi Mumbai-400 614, by submitting an application in Form No. II.

Consequent to the amendment of the Companies Act, 1956, dividends that remain unclaimed for a period of seven years shall be transferred to Investor Education and Protection Fund (IEPF). Accordingly, dividends unclaimed from the financial year ended 31st March 1996 till the financial year ended 31st March 2000 have been transferred by the Company to IEPF.

Members may note that unclaimed dividend for the financial year 2000-01 shall become due for transfer to IEPF on 5th October 2008. Members should note that any sum transferred to IEPF shall stand forfeited and no claim shall lie either against the IEPF or the Company. Those members, who have not encashed their dividends for the financial year 2000-01, are requested to claim it from the Share Transfer Agents immediately. Such of those members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Share Transfer Agents.

NOTICE *contd.*

8. The face value of shares have been sub-divided from Rs.10 to Rs. 2 in the year 2004. Shareholders who have not yet exchanged share certificates of Rs.10 face value are requested to surrender their old certificates to Karvy Computershare Private Limited at the address stated above for exchange with new certificates of Rs. 2 face value.
9. Members who hold shares in the physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling Form 2B in duplicate with the Company's Share Transfer Agents which, on request will supply blank forms. Members holding shares in the dematerialised form may contact the Depository Participant for recording nomination in respect of their shares.
10. As required under Clause 49 VI(A) of the Listing Agreement, the relevant information in respect of the Director seeking re-appointment at the Annual General Meeting is enclosed as Annexure 1.



NOTICE *contd.*

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956 SETTING OUT ALL MATERIAL FACTS CONCERNING THE SPECIAL BUSINESS IN THE NOTICE DATED 18th JULY 2008

Item No. 5

Mr. Pankaj B. Patel was appointed as a Director with effect from 5th March 2008 by the Board of Directors of the Company to fill-in the Casual Vacancy caused by the resignation of Dr. M.K. Gurjar. In terms of the provisions of section 262(2) of the Companies Act, 1956, Mr. Pankaj B. Patel holds office of Director upto this Annual General Meeting. The Company has received a notice in writing from some Members of the Company proposing his appointment as a Director under the provisions of section 257 of the Companies Act, 1956 along with requisite deposit.

Mr. Pankaj B. Patel is a science and law graduate from Bombay University. He is an eminent lawyer practising in the field of industrial relations for nearly 20 years.

He is not related to any other Director of the Company. He does not hold directorship of any other Company. He does not hold any share in the Company.

The Board considers that his wide and varied experience would indeed strengthen and benefit the functioning of the Company.

Item No. 6

Dr. Y.K. Hamied, is a highly qualified and eminent chemist. Having obtained a Doctorate in chemistry from Cambridge University, he has done research work under Lord Todd FCS, a Nobel Laureate. He joined the Company at the age of 24 years as an officer-in-charge of research and development in 1960. He was appointed its Managing Director in 1976 and became its Chairman in 1989. He is well-respected for his vast and varied experience of 48 years not only in India but also internationally. Dr. Y.K. Hamied has played the lead role in formulating the Company's strategy and has also been actively involved in research and development.

For his distinguished service and contributions to the pharmaceutical industry, Dr. Y.K. Hamied was awarded the Padma Bhushan, one of the highest civilian awards in India in the year 2005.

The predominant position which the Company occupies in the pharmaceutical industry today is due to his very advanced and specialised knowledge in the field of chemistry coupled with his wide and varied experience in that field. The Directors consider it to be in the interest of the Company to continue to avail the services of Dr. Y.K. Hamied as its Managing Director.

At the Annual General Meeting of the Company held on 10th September 2003, the members had approved the appointment of Dr. Y. K. Hamied as Managing Director of the Company and payment of remuneration for a period of five years commencing from 1st August 2003. The Central Government had given its approval to the re-appointment and remuneration vide its letter no. 1/300/2003-CL.VII dated 18th December 2003 .

The Board of Directors of the Company at their meeting held on 18th July 2008 has re-appointed Dr. Y.K. Hamied as Managing Director on the terms and conditions stipulated in the resolution under item no. 6.

Dr. Y.K. Hamied is a non-resident and his re-appointment requires the approval of the Central Government. However, the remuneration proposed and the terms and conditions of his appointment are well within the limits prescribed under Schedule XIII to the Companies Act, 1956. The contents of text of the special resolution are self-explanatory in so far as terms and conditions of re-appointment are concerned and may be treated, for the purposes of section 302 of the Act, as an abstract of the contract between the Company and the Managing Director.

Item No. 7

Mr. M.K. Hamied has been working as a Whole-time Director of the Company with effect from 15th December 1983. He was redesignated as Joint Managing Director effective from 6th December 2000. He is a science graduate from Bombay University. Mr. M.K. Hamied, along with the other Joint Managing Director of the Company is in charge of day-to-day management of the Company with special focus on domestic pharmaceutical markets. He has vast and varied experience in all functions of the Company including production, technical areas,