

Report



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Cipla

Seventy-Third Annual Report 2008-2009

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.40 lakhs. This amount has been donated to 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-THIRD ANNUAL GENERAL MEETING of CIPLA LIMITED will be held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai-400 034, on Wednesday, 26th August 2009 at 3.00 p.m. to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March 2009, 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 2009.
3. To appoint a Director in place of Mr. S.A.A. Pinto who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V.C. Kotwal who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution:

"RESOLVED THAT M/s. R.G.N. Price & Co., Chartered Accountants, Mumbai (the retiring Auditors) together with M/s. V. Sankar Aiyar & Co., Chartered Accountants, Mumbai, be and are hereby appointed as Joint Statutory Auditors of the Company 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 fixed by the Board of Directors of the Company in mutual consultation with the Auditors.

RESOLVED FURTHER THAT the Board of Directors 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 of the Company to examine and audit the accounts for the financial year ended 2009-10 on such remuneration, terms and conditions as the Board of Directors may deem fit."

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof) (the "Companies Act"), the relevant provisions of SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended from time to time, (the "SEBI DIP Guidelines"), the provisions of the Foreign Exchange Management Act, 2000 ("FEMA"), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time, the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 and Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 (the "1993 Scheme") as amended from time to time and such other statutes, notifications, clarifications, circulars, rules and regulations as may be applicable and relevant, as amended from time to time and issued by the Government of India (the "GOI"), the Reserve Bank of India (the "RBI"), the Foreign Investment Promotion Board (the "FIPB"), the Securities and Exchange Board of India (the "SEBI"), Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be applicable and the enabling provisions of the Listing Agreements entered into by the Company with the stock exchanges on which the Securities of the Company are listed (the "Listing Agreements") and Memorandum and Articles of Association of the Company, and subject to such approvals, consents, permissions and sanctions, if any, of the GOI, RBI, FIPB, SEBI, Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed/stipulated by any of them while granting such approvals, consents, permissions and sanctions which may be agreed/accepted to by the Board of Directors of the Company (hereinafter referred to as the "Board" which shall be deemed to include any committee thereof, constituted or to be constituted to exercise its powers), the Board may, in its absolute discretion, create, offer, issue and allot, in one or more tranches, in domestic and/or international markets, equity shares or warrants simultaneously with non-convertible debentures or foreign currency convertible bonds ("FCCBs") convertible into equity shares of the Company or American Depository Receipts or Global Depository Receipts represented by underlying equity shares of the Company or other securities exchangeable or convertible into equity shares of the Company (hereinafter referred to as "Securities"), for an amount upto Rs.1500 crore (Rupees One Thousand Five Hundred Crore only), inclusive of such premium, as may be finalised by the Board, at such price

NOTICE *contd.*

being not less than the price determined in accordance with the applicable Guidelines/Regulations issued by SEBI or the Ministry of Finance or the RBI and such issue and allotment to be made on such terms and conditions as may be decided by the Board at the time of issue or allotment of the Securities.

RESOLVED FURTHER THAT if any issue of Securities is made by way of a qualified institutions placement in terms of Chapter XIII-A of the SEBI DIP Guidelines (hereinafter referred to as "Specified Securities" within the meaning of SEBI DIP Guidelines), the Specified Securities, or any combination of Specified Securities as may be decided by the Board, issued for such purpose, shall be completed within twelve months from the date of this resolution or such other time as may be allowed under the SEBI DIP Guidelines from time to time at such price being not less than the price determined in accordance with the pricing formula provided under Chapter XIII-A of the SEBI DIP Guidelines and the Specified Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on a recognised stock exchange, or except as may be permitted from time to time under the SEBI DIP Guidelines.

RESOLVED FURTHER THAT the relevant date for the purpose of pricing of the Securities proposed to be issued in accordance with SEBI DIP Guidelines or the 1993 Scheme, shall be determined by the Board in compliance with applicable law, pursuant to the receipt of shareholders' approval in terms of section 81(1A) and other applicable provisions, if any, of the Companies Act and other applicable laws, regulations and guidelines in relation to the proposed issue of the Specified Securities, through a qualified institutions placement in accordance with Chapter XIII-A of the SEBI DIP Guidelines as amended from time to time or the proposed issue of other Securities in accordance with the 1993 Scheme as amended from time to time, as mentioned in the resolution above.

RESOLVED FURTHER THAT in the event that where Securities which are convertible into equity shares of the Company are issued under Chapter XIII-A of the SEBI DIP Guidelines or the 1993 Scheme, the relevant date for the purpose of pricing of the Securities, shall be the meeting in which the Board decides to open the issue of the Specified Securities subsequent to the receipt of shareholders' approval in terms of section 81(1A) and other applicable provisions, if any, of the Companies Act and other applicable laws, regulations and guidelines in relation to the proposed issue of Specified Securities by way of a qualified institutions placement in accordance with the SEBI DIP Guidelines or in accordance with the 1993 Scheme, and which shall be subject to any amendments to the SEBI DIP Guidelines or the 1993 Scheme as mentioned above OR the date on which the holder of such Specified Securities, which are convertible into or exchangeable with the equity shares, becomes entitled to apply for the equity shares against such Specified Securities.

RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of section 293(1)(a) and other applicable provisions, if any, of the Companies Act and subject to all necessary approvals to the Board to secure, if necessary, all or any of the Securities or Specified Securities to be issued, by the creation of a mortgage and/or charge on all or any of the Company's immovable, movable and/or intangible assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

RESOLVED FURTHER THAT the issue to the holders of the Securities or Specified Securities shall be, *inter alia*, subject to the following terms and conditions:

- i. the Securities or Specified Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- ii. the equity shares proposed to be issued through the qualified institutions placement in accordance with the SEBI DIP Guidelines or in the form of American Depositary Receipts or Global Depositary Receipts reflecting underlying equity shares of the Company or FCCBs convertible into equity shares of the Company, and allotment of equity shares upon conversion of any Securities referred to above, shall rank *pari-passu* with the then existing equity shares of the Company in all respects including dividend.

RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws, approvals, consents, permissions, if any, of any governmental body, authority or regulatory institution including any conditions as may be prescribed/stipulated in granting such approvals or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional Securities and the Board subject to applicable laws, regulations and guidelines, be and is hereby

NOTICE *contd.*

authorised in its absolute discretion in such manner as it may deem fit, to dispose of such Securities that are not subscribed.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorised to do all such acts, deeds, matters and things including but not limited to finalisation and approval of the preliminary as well as final offer document(s), determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, issue price, face value, execution of various transaction documents, creation of mortgage/charge in accordance with section 293(1)(a) of the Companies Act, in respect of any Securities as may be required either on *pari-passu* basis or otherwise as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of Securities or Specified Securities and utilisation of the issue proceeds as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to appoint such consultants, lead managers, underwriters, guarantors, depositories, custodians, registrars, share transfer agents, escrow banks, stabilizing agents, trustees, bankers, lawyers and any other advisors, professionals and intermediaries and all such agencies as may be involved or concerned in such offerings of Securities or Specified Securities and to remunerate them by way of commission, brokerage, fees or the like and to enter into and execute all contracts, agreements, arrangements/MoUs/documents with such agencies as may be required or desirable in connection with the issue of Securities including the listing of the Securities, if any, on any stock exchanges in India and outside India.

RESOLVED FURTHER THAT the Board be and is hereby authorised to form a committee or delegate all or any of its powers to any committee of directors of the Company to give effect to the aforesaid resolutions and is authorised to take such steps and to do all such acts, deeds, matters and things and accept any alteration(s) or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of Securities or Specified Securities including but not limited to:

- a. Approving the offer document and filing the same with any authority or persons as may be required;
- b. Approving the issue price, the number of Securities to be allotted, the basis of allocation and allotment of Securities;
- c. Affixing the Common Seal of the Company on any agreement(s)/document(s) as may be required to be executed in connection with the above, in the presence of any Director of the Company and persons authorised who shall sign the same in token thereof;
- d. Arranging the delivery and execution of all contracts, agreements and all other documents, deeds and instruments as may be required or desirable in connection with the issue of Securities by the Company;
- e. Seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in or outside India, and any other consents that may be required in connection with the issue and allotment of the Securities;
- f. Taking decision to open the issue, decide bid opening and closing date;
- g. Opening such bank accounts and demat accounts as may be required for the transaction(s);
- h. Do all such acts, deeds, matters and things and execute all such other documents and pay all such fees, as it may, in its absolute discretion, deem necessary or desirable for the purpose of the transaction(s);
- i. Making all such necessary applications with the appropriate authorities and make the necessary regulatory filings in this regard;
- j. Making applications for listing of the Securities of the Company on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s); and
- k. Authorising or delegating all or any of the powers herein above conferred to any or more persons, if need be".

By Order of the Board of Directors

Mumbai, 29th July 2009

Mital Sanghvi
Company Secretary

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 Wednesday, 12th August 2009 to Wednesday, 26th August 2009, both days inclusive.
4. The dividend for the year ended 31st March 2009 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 26th August 2009. 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. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI have also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/Share Transfer Agents for registration of such transfer of shares.

NOTICE *contd.*

8. All unclaimed dividends 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, unclaimed dividends from the financial year ended 31st March 1996 till 31st March 2001 have been transferred by the Company to IEPF.

Members may note that unclaimed dividend for the financial year ended 31st March 2002 shall become due for transfer to IEPF on 6th October 2009. Members should also 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 ended 31st March 2002, 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.

9. The face value of shares have been sub-divided from Rs.10 to Rs.2 in the year 2004. Members 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 share certificates of Rs.2 face value.
10. 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 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.
11. As required under Clause 49 of the Listing Agreement, the relevant information in respect of the Directors 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 29th JULY 2009

Item No. 6

The resolution contained in the business of the Notice relates to a proposal by the Company to create, offer, issue and allot equity shares and warrants simultaneously with non-convertible debentures (the "Specified Securities") to Qualified Institutional Buyers as defined under the SEBI DIP Guidelines (the "QIBs"). The resolution also includes a proposal to issue other Securities including foreign currency convertible bonds which are convertible into equity shares, American Depositary Receipts and Global Depositary Receipts reflected by underlying equity shares of the Company or other securities convertible into equity shares of the Company in compliance with the applicable law.

The proposed Special Resolution seeks to empower the Board of Directors of the Company (hereinafter referred to as the "Board") to undertake a qualified institutions placement in terms of Chapter XIII-A of the SEBI DIP Guidelines to QIBs or issue foreign currency convertible bonds which are convertible into equity shares, American Depositary Receipts and Global Depositary Receipts reflecting underlying equity shares or any other convertible instrument under Chapter XIII-A or otherwise convertible into equity shares of the Company upto an amount of Rs.1500 crore.

Objects of the Issue

The Company has decided to improve its long term capital position in order to allow it to pursue organic growth opportunities, strengthen its working capital position and potentially to retire some of its existing debt. To achieve this, the Company will need to issue Securities or Specified Securities in the domestic or international markets, as contemplated in the resolution and as has been decided by the Board.

Pricing

The pricing of the Specified Securities to be issued to QIBs pursuant to Chapter XIII-A of the SEBI DIP Guidelines shall be freely determined subject to such prices not being less than the price as calculated in accordance with the said guidelines.

The pricing of foreign currency convertible bonds which are convertible into equity shares, American Depositary Receipts and Global Depositary Receipts to be issued by the Company will comply with the applicable pricing provisions issued by the Ministry of Finance and the Reserve Bank of India.

The pricing of any other instrument convertible into equity shares of the Company shall be in compliance with the applicable law.

Instrument and Terms and Conditions

The detailed terms and conditions of the Issue as and when made will be determined by the Board in consultation with the Merchant Bankers, Lead Managers, Advisors and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The proposed resolution seeks to give the Board or a Committee thereof, powers to issue Specified Securities or foreign currency convertible bonds which are convertible into equity shares or American Depositary Receipts and Global Depositary Receipts in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. The detailed terms and conditions for the offer will be determined by the Board in consultation

NOTICE *contd.*

with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The issue/allotment would be subject to the availability of regulatory approvals, if any.

Since the resolution proposed in the business of the Notice results in the issue of shares of the Company otherwise than to the members of the Company, the consent of the shareholders is being sought pursuant to the provisions of section 81(1A) and other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the stock exchanges where the equity shares of the Company are listed.

Section 81(1A) of the Companies Act, 1956 and the relevant clause of the Listing Agreement with the stock exchanges where the equity shares of the Company are listed provides, *inter alia*, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in section 81, unless the shareholders in a general meeting decide otherwise. The Listing Agreements entered into by the Company with the various stock exchanges also provide that the Company shall issue or offer in the first instance all Specified Securities to the existing equity shareholders, unless the members decide otherwise. This resolution seeks the consent and authorisation of the members, to the Board, to make the proposed issue of Specified Securities in accordance with the terms of the issue.

For reasons aforesaid, an enabling resolution is proposed for consideration of the shareholders to give adequate flexibility and discretion to the Board to finalise the terms of the issue of Specified Securities.

The Special Resolution as set out under item no. 6, if passed, will have effect of allowing the Board to issue and allot Specified Securities to QIBs, who may or may not be the existing shareholders of the Company in the manner as set out in the resolution.

The Board believes that the issue of Specified Securities to investors who are not the shareholders of the Company is in the interest of the Company and therefore recommends the resolution for your approval.

The said resolution also enables the Board to create mortgage/charge on the property/assets of the Company in respect of any debt securities offered by the Company to the QIBs.

None of the directors of the Company is concerned or interested in the aforesaid resolution except to the extent their shareholding is affected.

By Order of the Board of Directors

Mumbai, 29th July 2009

Mital Sanghvi
Company Secretary