

Cipla

Seventy-Fourth Annual Report 2009-2010

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.41 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

V. Sankar Aiyar & 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-FOURTH 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, 25th August 2010 at 3.00 p.m. to transact the following business:

1. To consider and adopt the Balance Sheet as at 31st March 2010, 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 2010.
3. To appoint a Director in place of Dr.H.R. Manchanda who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr.Ramesh Shroff 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 (Firm Reg. No. 002785S), together with M/s. V. Sankar Aiyar & Co., Chartered Accountants (Firm Reg. No. 109208W), be and are hereby re-appointed as Joint Statutory Auditors of the Company to hold the 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 of the Company be and is 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 ending on 31st March 2011 upon 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 314 and other applicable provisions, if any of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof for the time being in force), the Company in general meeting hereby accords its consent to the holding of office or place of profit as a member of management team by Mr. Kamil Hamied, a relative of Mr. M.K. Hamied, Joint Managing Director of the Company, with effect from 14th July 2010 on a monthly salary not exceeding Rs.50,000/- (inclusive of all allowances and perquisites).

RESOLVED FURTHER THAT pursuant to the provisions of section 314 read with Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions, if any of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof for the time being in force) and as approved by the Selection

NOTICE *contd.*

Committee and Board of Directors of the Company ("Board") and subject to the approval of Central Government, the Company in general meeting hereby accords its prior consent to the holding of office or place of profit under the Company through the appointment of Mr. Kamil Hamied, a relative of Mr. M.K. Hamied, Joint Managing Director of the Company as a member of management team for a period of five years with effect from 26th August 2010 subject to the payment of monthly salary (inclusive of all allowances and perquisites), during the period of appointment, being not less than Rs.2,00,000/- and not more than Rs.8,00,000/- as may be and in the manner finalised by the Board in consultation with the appointee.

RESOLVED FURTHER THAT the Board be and is hereby authorised to represent the Company before the Central Government and to agree to or accept any variations in the terms of the appointment as may be suggested by the Central Government.

AND RESOLVED FURTHER THAT the Board be and is hereby further authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or any Director or Officer to give effect to the resolution hereof."

By Order of the Board of Directors

Mumbai, 13th July 2010

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 Tuesday, 27th July 2010 to Friday, 30th July 2010, both days inclusive.
4. The dividend for the year ended 31st March 2010 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 July 2010. 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 Depository 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 may please note that as per Securities and Exchange Board of India (SEBI) directive, remittance of dividend through Electronic Clearing Service (ECS) is replaced with National Electronic Clearing Service (NECS) with effect from 1st October 2009. To avail NECS facility, members holding shares in demat mode are requested to update their new bank details post implementation of Core Banking Solutions (CBS) in which they wish to receive dividend with their respective Depositories. The Company or the Share Transfer Agents will not act on any direct request from members holding shares in demat mode for change/updation/deletion in such bank details. Members holding shares in physical mode must give instructions regarding their new bank details in which they wish to receive dividend to the Company or the Share Transfer Agent. In the absence of NECS facility, the bank account details, if available, will be printed on the dividend warrants.
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 has also mandated that for securities market transactions

NOTICE *contd.*

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.

Members may please note that, SEBI has also made it mandatory for submission of PAN in the following cases viz., (i) Deletion of name of the deceased shareholder(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.

8. All unclaimed dividends up to 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 2002 have been transferred by the Company to IEPF.

Members may note that unclaimed dividend for the financial year ended 31st March 2003 shall become due for transfer to IEPF on 6th October 2010. 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 2003, 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 per Equity Share 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 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 13TH JULY 2010

Item No. 6

Mr. Kamil Hamied is the son of Mr. M. K. Hamied, Joint Managing Director and the nephew of Dr. Y. K. Hamied, Chairman and Managing Director of the Company.

Mr. Kamil Hamied has completed IB (International Baccalaureate) course from United World College, Singapore and holds the degree of Bachelor of Arts from New York University. Also, in the last five years, he has been involved in several assignments in the area of marketing of pharmaceutical products.

Subject to approval of the shareholders at the ensuing Annual General Meeting, he has been appointed by the Board of Directors of the Company to hold an office or place of profit as a member of management team with effect from 14th July 2010 on a monthly salary not exceeding Rs.50,000/- (inclusive of all allowances and perquisites).

Mr. Kamil Hamied's salary of Rs.50,000/- per month (inclusive of all allowances and perquisites) is not considered commensurate with the role and responsibilities meant to be handled by him. Hence, on recommendation of the Selection Committee, the Board of Directors of the Company has further proposed his appointment as a member of management team for a period of five years with effect from 26th August 2010 on a monthly salary (inclusive of all allowances and perquisites) being not less than Rs.2,00,000/- and not more than Rs.8,00,000/- to the extent and in the manner as may be decided within the aforesaid limits from time to time by the Board of Directors of the Company.

As per provisions of section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, Mr. Kamil Hamied's appointment and payment of remuneration as such requires prior consent of the shareholders by way of special resolution and also the approval of the Central Government as envisaged in section 314 of the Companies Act, 1956 and Rules thereunder and hence this Special Resolution.

Except for Mr. M. K. Hamied and Dr. Y. K. Hamied, none of the other Directors of the Company are concerned or interested in the resolution.

By Order of the Board of Directors

Mumbai, 13th July 2010

Mital Sanghvi
Company Secretary

NOTICE *contd.*

ANNEXURE 1

RELEVANT INFORMATION IN RESPECT OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IS AS UNDER:

A. Dr. H.R. Manchanda

Dr. H.R. Manchanda has done his M.B.B.S. from Mumbai University in the year 1951. He has also completed his F.R.C.S. from England and did his second F.R.C.S. from Edinburg. He is a consultant surgeon at Breach Candy Hospital since 1960. He is also on a panel of physicians for USA Visa work at Breach Candy Hospital.

He was the Professor of Surgery and Head of Surgery at J.J. Hospital and Grant Medical College during the period 1960-85. He has been a postgraduate examiner for Mumbai University and was a Board Member of The Haffkine Institute. He has worked with leading hospitals both in India and abroad.

Nature of expertise in specific functional areas

General Surgery with special interest in Colorectal, Gastroenterological, Neck and Breast Surgery. He is the author of several articles on recent advances in treatment of Haemorrhoidal Surgery and Prolapse of Rectum.

Dr. H.R. Manchanda joined the Board of Directors of the Company in 1983.

He is a member of Shareholders'/Investors' Grievance Committee and Share Committee of the Company.

He does not hold directorship of any other company. As on the date of this Notice, he holds 3,77,500 equity shares of Rs.2 each in the Company.

B. Mr. Ramesh Shroff

Mr. Ramesh Shroff holds an LL.B Degree from Mumbai University and is a well known solicitor by profession.

Nature of expertise in specific functional areas

Corporate Laws, Taxation and Civil Suits.

Mr. Ramesh Shroff joined the Board of Directors of the Company in 1987. He is a member of the Audit Committee of the Company.

He also holds Directorship of Sadhana Nitrochem Limited. As on the date of this Notice, he holds 250 equity shares of Rs.2 each in the Company.

By Order of the Board of Directors

Mumbai, 13th July 2010

Mital Sanghvi
Company Secretary

DIRECTORS' REPORT

Congratulations to all Cipla shareholders on the occasion of the Diamond Jubilee of your Company. Thanks to your continuing support, the strong backing of the medical community and the untiring efforts of the entire team of employees and associates, Cipla has completed a remarkable 75 years.

When the first Cipla products were ready for the market in September 1937, *The Sunday Standard* predicted that "with intelligent direction and skillful production, (Cipla) bids fair to establish a great reputation in the East". Indeed, the Company's reputation has gone beyond the East. From a quiet beginning, today Cipla is well known internationally by doctors and patients alike, in most countries across the globe.

The Directors take pleasure in presenting the Seventy-Fourth Annual Report of the Company and Audited Accounts for the year ended 31st March 2010.

Financial Summary

Year ended 31 st March 2009		Year ended 31 st March 2010	Increase over previous year (%)
5,377	Sales and other income	5,765	7
901	Profit before tax	1,325	47
777	Profit after tax	1,081	39
510	Surplus brought forward from last balance sheet	955	
1,287	Profit available for appropriation	2,036	
156	Appropriations: Dividend	160	
26	Tax on dividend	27	
150	Transfer to general reserve	150	
955	Surplus carried forward	1,699	

Rupees in crore

SHARE CAPITAL

Following the approval accorded by the members at the Annual General Meeting held on 26th August 2009, the Company has, in September 2009, raised Rs.675.99 crore through an issue of 2,56,30,000 equity shares of Rs.2 each issued at a price of Rs.263.75 (including premium of Rs.261.75) under Qualified Institutions Placement (QIP). These shares have been listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Consequently, the paid-up equity share capital of the Company stands increased to Rs.160.58 crore.

DIVIDEND

The Directors recommend a dividend of Rs.2 per share on 80,29,21,357 equity shares of Rs.2 each for the year 2009-10 amounting to Rs.160.58 crore.

MANAGEMENT REVIEW: 2009-10

Industry Structure and Development

During the year, positive signs had begun to emerge in many countries, signifying recovery from the general recession and economic crisis. However, there is high uncertainty, with one crisis or the other, particularly in