

Cipla

Seventy-Fifth Annual Report

2010-2011

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 ₹30 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 Director

Mr. M.K. Hamied

Whole-time Director

Mr. S. Radhakrishnan

Non-Executive Directors

Mr. V.C. Kotwal
Dr. H.R. Manchanda
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-FIFTH 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, 25th August 2011 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March 2011, 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 attached thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend for the year ended 31st March 2011.
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 appoint a Director in place of Mr. Pankaj Patel 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. V. Sankar Aiyar & Co., Chartered Accountants (Firm Reg. No. 109208W), together with M/s. R.G.N. Price & Co., Chartered Accountants (Firm Reg. No. 002785S), 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 2012 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 resolutions as Ordinary Resolutions:
 - (a) “RESOLVED THAT pursuant to the provisions of sections 257, 260 and other applicable provisions of the Companies Act, 1956 (the Act) read with those under Article 129 of the Company's Articles of Association, Mr. S. Radhakrishnan, an Additional Director holding the office as such up to the date of this Meeting be and is hereby appointed as a Director of the Company with effect from the commencement of the date of this Annual General Meeting.”
 - (b) “RESOLVED THAT pursuant to the provisions of sections 198, 309 read with Schedule XIII and other applicable provisions of the Act, the Company hereby approves, confirms and ratifies the appointment of Mr. S. Radhakrishnan as the Whole-time Director of the Company, with the benefit of continuity of service of Mr. S. Radhakrishnan as agreed to by the Board and the appointee, for a period of five years commencing from 12th November 2010 and concluding on 11th November 2015 and on the terms and conditions as stipulated hereunder and set out in the letter of appointment dated 12th November 2010 issued by the Company as per the copy now placed before and approved by the Meeting.
 - A. Salary: ₹8,00,000 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 ₹16,00,000 p.m. during the tenure.

NOTICE *contd.*

- 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.
- 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 retirement 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 ₹30,00,000 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 Companies Act, 1956 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 paragraph 1 of section II, Part II of Schedule XIII to the Companies Act, 1956 and in addition thereto, appointee shall also be eligible to the perquisites and allowances not exceeding the limits specified under paragraph 2 of section II, Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be specified by the Central Government from time to time as minimum remuneration.
- G. This appointment as Whole-time Director is liable for termination by either party giving three months' notice in writing to the other.

AND RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

- 7. 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 Mrs. Samina Vaziralli, a relative of Mr. M. K. Hamied, Joint Managing Director of the Company, with effect from 1st July 2011 on a monthly salary of ₹2,50,000 (inclusive of all allowances and perquisites).

RESOLVED FURTHER THAT pursuant to the provisions of section 314 read with Director's Relative (Office or Place of Profit) Rules, 2011 as amended 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) as well as the approval by the Company's Selection Committee and Board of Directors ("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 Mrs. Samina Vaziralli, a relative of Mr. M. K. Hamied, Joint Managing

NOTICE *contd.*

Director of the Company, as a member of management team and also to the revision of her remuneration any time in future during the then relevant period of her appointment subject to the payment of monthly salary (inclusive of all allowances and perquisites), being not more than ₹10,00,000 as may be, to the extent 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 and in the manner required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any Director or to any Officer to give effect to the resolution hereof."

By Order of the Board of Directors

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

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, 11th August 2011 to Thursday, 25th August 2011, both days inclusive.
4. The final dividend for the year ended 31st March 2011 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 Wednesday, 10th August 2011. In respect of shares held in electronic form, the final 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 / (040) 4465 5201
Fax: (040) 2342 0814

NOTICE *contd.*

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 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.
8. 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 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.

9. 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 2003 have been transferred by the Company to IEPF.

Members may note that unclaimed dividend for the financial year ended 31st March 2004 shall become due for transfer to IEPF on 3rd October 2011. 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 2004, 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.

10. The face value of shares has been sub-divided from ₹10 to ₹2 per Equity Share in the year 2004. Members who have not yet exchanged share certificates of ₹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 ₹2 face value.
11. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies through electronic mode. Companies are now permitted to send various notices/documents to its shareholders through electronic mode to the registered email addresses of shareholders. It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow public at large to contribute towards a greener environment.

NOTICE *contd.*

To support this green initiative and to receive communications from the Company through electronic mode, members who have not registered their email addresses and are holding shares in physical form are requested to contact the Share Transfer Agents of the Company and register their email id. Members holding shares in dematerialised mode are requested to contact their Depository Participant. Members may please note that notices, annual reports, etc. will also be available on the Company's website - www.cipla.com and the same shall also be available for inspection, during office hours, at the Registered Office of the Company. Members will be entitled to receive the said documents in physical form free of cost at any time upon request.

12. 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 UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 SETTING OUT ALL MATERIAL FACTS CONCERNING THE SPECIAL BUSINESS IN THE NOTICE DATED 29TH JUNE 2011

Item No.6 (a) and (b): Ordinary Resolution

The Board of Directors had appointed Mr. S. Radhakrishnan as an Additional Director with effect from 12th November 2010 holding the office up to the date of ensuing Annual General Meeting. The Company has received, along with the requisite deposit, a notice under section 257 in writing from some of its members proposing his appointment as a Director of the Company.

The Board of Directors had also appointed Mr. S. Radhakrishnan as Whole-time Director of the Company, under section 269 and Schedule XIII, for a period of five years commencing from 12th November 2010 subject to the approval of the members in the Annual General Meeting.

Mr. S. Radhakrishnan, a qualified Chartered Accountant, possesses rich experience in financial, commercial, legal and allied areas.

He has been with the Company for over 26 years. He does not hold directorship in any other Company. He is not related to any Director of the Company. He is a member of the Audit Committee and Share Committee of the Company.

Except for Mr. S. Radhakrishnan, none of the other Directors of the Company are concerned or interested in the resolution.

The abstract of the terms of appointment of Mr. S. Radhakrishnan has been circulated to all the shareholders vide circular dated 15th November 2010.

Copy of the letter of appointment dated 12th November 2010 issued to Mr. S. Radhakrishnan as Whole-time Director is available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.30 p.m. on all working days up to the date of ensuing Annual General Meeting.

Item No.7: Special Resolution

Mrs. Samina Vaziralli is the daughter of Mr. M.K. Hamied, Joint Managing Director and niece of Dr. Y.K. Hamied, Chairman and Managing Director of the Company. She holds a B.Com. degree from Mumbai University and has completed MSc in International Accounting and Finance from The London School of Economics and Political Science. She has earlier worked with the Investment Management Division of Goldman Sachs International, London and Goldman Sachs & Company, New York.

Subject to approval of the shareholders by way of special resolution at the ensuing Annual General Meeting, she 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 1st July 2011 on a monthly salary of ₹2,50,000 (inclusive of all allowances and perquisites).

On recommendation of the Selection Committee, the Board of Directors of the Company has further proposed the revision in her remuneration any time in future during the then relevant period of her appointment subject to the payment of monthly salary (inclusive of all allowances and perquisites) being not more than ₹10,00,000 as may be decided within the aforesaid limits from time to time by the Board of Directors of the Company.

As per the provisions of section 314 of the Companies Act, 1956 read with those under Director's Relative (Office or Place of Profit) Rules, 2011, holding of office or place of profit subject to the payment of increased remuneration as aforesaid 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 the Rules thereunder.

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

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

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. Mr. M.R. Raghavan

Mr. M.R. Raghavan is a practising Chartered Accountant since qualification. He has done his Bachelor of Science (Mathematics and Statistics) and is a Fellow member of the Institute of Chartered Accountants of India.

His areas of specialisation include computer-aided management systems and compliance reporting. He is an expert in the field of Computer Aided Management Systems (CAMS) and has designed computer systems for various large and medium business houses in India and abroad in a wide variety of operational areas.

On the social front, he has significantly contributed on child education since 1980 and is currently involved in pioneering projects in rural areas.

He joined the Board of Directors of the Company in the year 2002. He is a member of Audit Committee of the Company.

He also holds directorship of Coverdale Consultants Private Limited.

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

B. Mr. Pankaj Patel

Mr. Pankaj Patel is a Science and Law graduate from Mumbai University. He is an eminent lawyer practising in the field of industrial relations for nearly 23 years.

He joined the Board of Directors of the Company in the year 2008. He is a member of Investors' Grievance Committee of the Company.

He does not hold directorship of any other Company.

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

By Order of the Board of Directors

Mumbai, 29th June 2011

Mital Sanghvi
Company Secretary