

Sixty-Sixth Annual Report 2001-2002



Cipla

Caring for Life

a new **dimension** in care



After six plus bright decades of care a new sunrise in Goa

Our fifth manufacturing centre goes on stream

Widest range of formulations in one location

Over 1000 million rupees technology investment

In 40000 square metres of facilities

Across four state-of-the-art dedicated units

Driven by the same mission

Caring for Life

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. S.A.A. Pinto
Mr. Ramesh Shroff

Additional Directors | Dr. M.K. Gurjar
Mr. M.R. Raghavan

Bankers | Bank of Baroda
Canara Bank
Corporation Bank
Indian Overseas Bank
Standard Chartered 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



Caring for Life

Directors' Report

The Directors take pleasure in presenting the Sixty-Sixth Annual Report of the Company and Audited Accounts for the year ended 31st March 2002.

Financial Results

	Rupees in million	
	For the year ended 31st March 2002	31st March 2001
Sales and other income	14288.69	10856.17
Gross profit before depreciation and tax	3306.42	2532.04
Depreciation	212.78	156.34
Tax	742.50	585.00
Profit after tax	2351.14	1790.70
Prior year's adjustment	274.86	-
Appropriations :		
Dividend	419.81	269.88
Tax on dividend	-	27.52
General reserve	1656.47	1493.30

Dividend

The Directors recommend a dividend of Rs. 7 per share on 5,99,72,349 equity shares of Rs.10 each, subject to tax deduction at source.

Management Review: 2001-02

Industry Structure and Developments

Although the Indian pharmaceutical industry is estimated to have more than 20,000 manufacturing units all over the country, the top 100 manufacturers account for over 90% of its market share. India is also a major player in the global market, both in bulk drugs and formulations.

Among the major developments concerning the pharmaceutical sector was the announcement of the new drug policy in February 2002. The guidelines for its implementation, however, are yet to be notified.

Also, the new patent law formally aligning the country to the provisions of TRIPS was passed by Parliament.

fortifying technological supremacy

The latest in molecules
delivery systems and technology

Six decades of innovation
and experience

Distilled into one dose of care

The same norms par excellence

Approved and applauded by
the world

At five centres of excellence



Goa - Unit I
Respules, Nasal Sprays,
Ophthalmics and Oral Liquids



Caring for Life

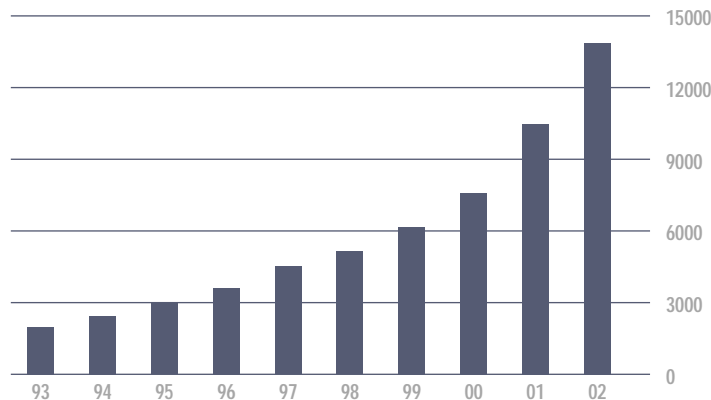
Directors' Report *contd.*

Performance Review

The Company continued to be exclusively in the pharmaceutical business segment. Sales at Rs. 13858 million grew by a remarkable 33% over the previous year. Exports at Rs. 4942 million showed a record increase of 92%. In addition, your Company earned around Rs. 26 million as fees for transfer of technical know-how. The Company's net profit at Rs. 2351 million was higher by 31% over the previous year.

Sales

Rs. in million



Once again, this outstanding performance can be primarily attributed to the wide range of the Company's products and a high level of productivity and efficiency in overall operations. The leap in exports was a result of the Company's constant efforts to tap new markets and introduce new products. Cipla is now a reputed name in many global markets including the USA, Western and Eastern Europe, Asia, Africa, South America, Australia, Canada and the Middle East.

In order to cope with the increasing demand for Cipla products in India and other countries, four state-of-the-art manufacturing facilities for various dosage forms were set up in Goa in a record time of less than twelve months. Amongst these, the aerosol manufacturing facility has already been inspected and approved by the MCA, UK.

In a significant development, in November 2001, the World Health Organisation (WHO) inspected, approved and qualified three of your Company's manufacturing units for supplying quality drugs to fight HIV/AIDS. Cipla was the first Indian company to obtain this approval. This is part of WHO's initiative to ensure that HIV/AIDS patients all over the world can access quality drugs at reasonable prices. This is a high point in your Company's continuing crusade against HIV/AIDS, and enhances Cipla's global standing in pioneering the manufacturing and marketing of sophisticated antiretroviral drugs at affordable prices.

Recently, *Forbes* placed Cipla among the leading 200 companies with an annual turnover below \$500 million, after studying 20,000 international companies. The *Far Eastern Business Review* also listed Cipla among the leading 200 companies in Asia.

stepping up the pace of growth

Ten times the sales in as many years
Exports tripled in just two
Sharper minds thriving on tougher demands
Now a multi-unit modern facility
From ground-breaking to first inhaler
Up in mere months
Just in keeping with tradition
Of ever raising the bar and soaring higher



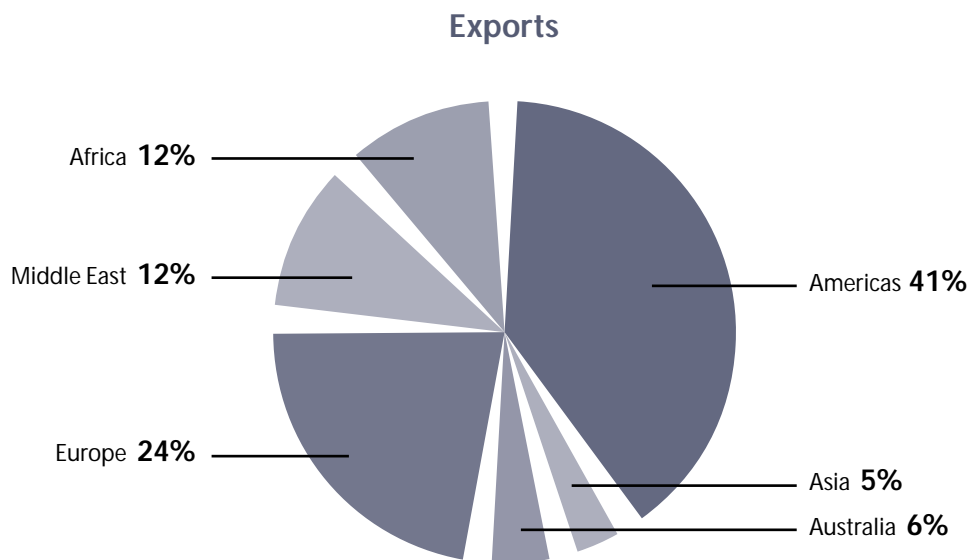


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Directors' Report *contd.*

Cipla successfully launched several new drug formulations during the year. A number of these were based on Active Pharmaceutical Ingredients (APIs) made in-house.

The Company also successfully scaled up a number of APIs particularly for the export market. The new introductions have contributed significantly to the overall sales growth.



Outlook on Concerns

The major challenge before the Indian pharmaceutical industry is the new product patent regime, which is expected to come into force after 2005. While the new legislation would obviously impact the launch of new products in the country, it is to be seen whether the Government would incorporate adequate safeguards such as compulsory licensing system, to protect the interests of the Indian consumer.

The industry is also awaiting the guidelines for the implementation of the new drug policy. As of now, it is not clear as to which of the Company's products would fall under the purview of price control.

Outlook on Opportunities

Research and development activities will continue to play a pivotal role in sustaining the Company's premier position in the industry. Besides process improvements and productivity enhancements, the R&D team focused on development of novel processes and new drug delivery systems and continued research on new chemical entities.

expanding the reach

Spelling quality health
Reaching medicines and
sharing expertise
To 140 of the world's countries
Tapping technology and
compassionate pricing
To tame disease
To breathe a little more ease
Into difficult lives
Here and everywhere





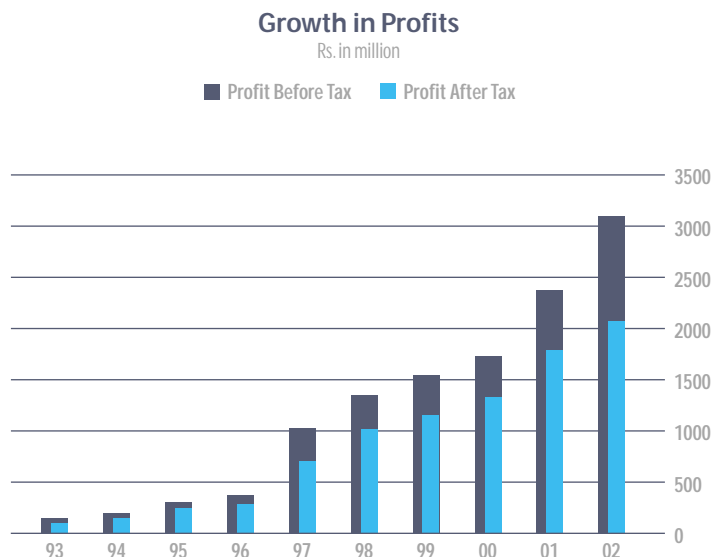
Caring for Life

Directors' Report *contd.*

Cipla is one of the leading exporters of bulk drugs and formulations and its products are registered in over 140 countries. Your Company's exports have more than tripled in the last two years. Given the excellent reputation your Company enjoys worldwide and considering the wide range of Cipla products, the Company is confident of maintaining a robust growth in the coming years.

Internal Control Systems

The Company has a well-established internal control system in all functional areas, and this is reviewed periodically. This system is further reinforced by independent audits.



Human Resources

The leadership position that the Company has attained over the years is largely due to the dedication and commitment of its people. The Company's focus has been not only to impart adequate training but also to provide the right environment to maximise productivity and growth potential.

The Directors record their appreciation of the support and contribution of all employees towards the growth and progress of the Company.

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report. However, as per the provisions of the said Act, the Annual Report and accounts are being sent to all the members of the Company excluding the aforesaid information. Any member interested in obtaining the annexure may write to the Company Secretary at the Registered Office of the Company.

focused on **care**

The warmth of good health
Melting boundaries and divisions
Bestows purpose on glass and steel
Adds value to skill and sweat
All driven by one old mission
67 years and young as ever
Caring for Life





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Directors' Report *contd.*

Social Responsibility

Cipla fulfilled its commitment to the world and has started making available an effective and economical triple drug combination of lamivudine, stavudine and nevirapine for HIV/AIDS at a low cost to countries in Africa, Asia and Latin America. Your Company has also donated significant quantities of the antiretroviral drug nevirapine to the National AIDS Control Organisation (NACO).

The Cipla Foundation's Palliative Care Centre in Pune continues to provide care to terminally ill cancer patients. As of date, this institution has provided comfort and solace to over 2000 patients.

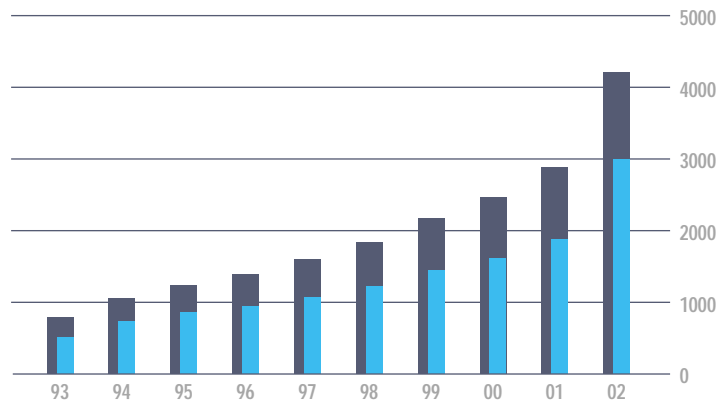
Fixed Deposits

The Company neither accepted nor renewed any fixed deposits from the public during the year. In all, 44 deposits amounting to Rs. 0.35 million due for repayment as on 31st March, 2002 remain unclaimed by the depositors.

Growth in Fixed Assets

Rs. in million

■ Gross Block ■ Net Block



Disclosure of Particulars

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information and data are annexed to this report.

Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- that the applicable Accounting Standards have been followed in the preparation of the annual accounts;



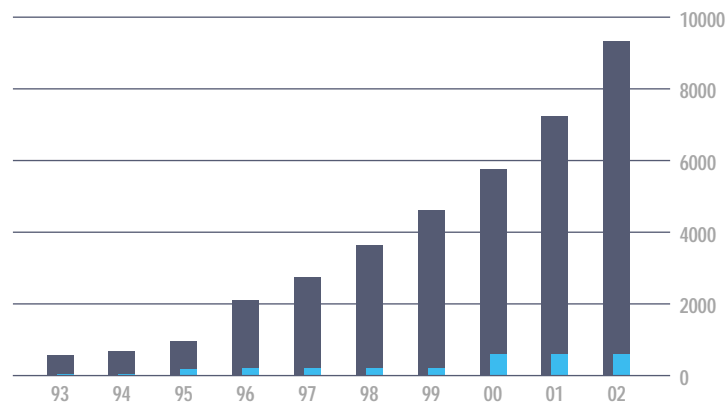
Directors' Report *contd.*

- ii. that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March 2002 and of the profit or loss of the Company for that period;
- iii. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the Directors have prepared the annual accounts on a 'going concern' basis.

Growth in Shareholders' Funds

Rs. in million

■ Net Worth ■ Share Capital



Corporate Governance

Your Company is committed to good Corporate Governance practices. The report on Corporate Governance stipulated by Clause 49 of the Listing Agreement is annexed hereto and forms part of this Annual Report.

Directors

Dr. H. R. Manchanda and Mr. S. A. A. Pinto retire by rotation and being eligible, offer themselves for reappointment.

Dr. M.K. Gurjar, a renowned Research Scientist and Mr. M.R. Raghavan, a leading Chartered Accountant were appointed as Additional Directors with effect from 19th January 2002 and 24th July 2002 respectively. They hold office till the ensuing Annual General Meeting. Notices have been received from some members, proposing their appointment as Directors.

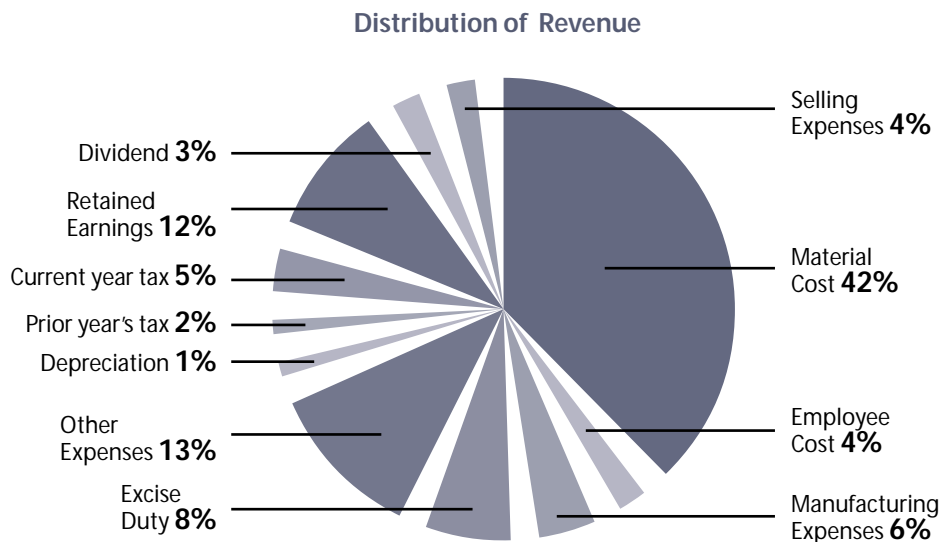
A short resume of these Directors is provided in the Notice.



Caring for Life

Directors' Report *contd.*

Mr. D.R. Narang resigned from the Board of Directors with effect from 4th September 2001 due to personal reasons. The Board of Directors would like to record their appreciation of his association with the Company.



Cost Audit

Messrs R. Nanabhoy & Co. have been reappointed to carry out the cost audit for the year.

Auditors

Messrs R.S. Bharucha & Co., the auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

On Behalf of the Board,

Mumbai, 24th July 2002

Y.K. Hamied
Chairman & Managing Director



Auditor's Report

To the Members of Cipla Limited

We have audited the attached Balance Sheet of Cipla Limited as at 31st March, 2002 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report as follows:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
 - iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - iv. On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors was disqualified as at 31st March, 2002 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002 and
 - ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date.
4. In our opinion and to the best of our information, the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

For R.S. Bharucha & Co.,
Chartered Accountants

D.R. Bharucha
Partner

Mumbai, 24th July 2002



Caring for Life

Annexure To The Auditor's Report

(Referred to in paragraph 1 of our report of even date)

1. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets, other than the situation of furniture and fixtures and office equipment where the situation recorded is the location of the Company's different establishments. A physical verification of major fixed assets has been conducted by the management during the year and on the basis of the explanations given to us, no serious discrepancies have been noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The stocks of finished goods and raw materials have been physically verified by the management at reasonable intervals during the year. The verification was made on the basis of the perpetual inventory system operated by the Company. In case of materials lying with third parties, certificates confirming stocks have been obtained by the Company.
4. In our opinion and on the basis of the information and explanations given to us, the procedures for physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to the book records were not material.
6. In our opinion, on the basis of our examination of the stock records, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding years.
7. No loans have been taken from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. There are no companies under the same management as defined under sub-section (1B) of Section 370 of the said Act.
8. No loans have been granted to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
9. The parties to whom loans and advances in the nature of loans have been given by the Company are generally repaying the principal amount as stipulated and are also regular in payment of interest where applicable.
10. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of stores, raw materials, components, plant and machinery, equipment and other assets and with regard to sale of goods.
11. According to the information and explanations given to us, no transactions of purchase of goods and materials and sale of goods and materials were made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50000 or more in respect of each party.
12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.



Caring for Life

Annexure To The Auditor's Report *contd.*

13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted by it.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap. We have been informed by the management that there were no by-products.
15. In our opinion, the Company has an adequate internal audit system commensurate with its size and the nature of its business.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the accounts and records with a view to determine whether they are accurate or complete.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited with the appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding in the books as at 31st March, 2002 for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of the trading activity of the Company, damaged goods have been determined and adequate provision has been made in the accounts for the loss arising on the items so determined.

For R.S. Bharucha & Co.,
Chartered Accountants

D.R. Bharucha
Partner

Mumbai, 24th July 2002



Caring for Life

Balance sheet

As at 31st March 2002	Schedule	Rupees in million	
		2002	2001
Sources of Funds			
Shareholders' Funds			
Share Capital	A	599.72	599.72
Reserves & Surplus	B	<u>8301.69</u>	<u>6646.89</u>
		8901.41	7246.61
Loan Funds			
Secured Loans	C	286.83	189.83
Unsecured Loans	D	<u>52.01</u>	<u>50.62</u>
		<u>338.84</u>	<u>240.45</u>
		<u>9240.25</u>	<u>7487.06</u>
Application of Funds			
Fixed Assets			
Gross Block	E	4186.57	2847.35
Less: Depreciation		<u>1211.40</u>	<u>1006.83</u>
Net Block		<u>2975.17</u>	<u>1840.52</u>
Capital Work-in-Progress		<u>19.16</u>	<u>31.28</u>
		2994.33	1871.80
Investments	F	1437.03	2229.26
Current Assets, Loans & Advances			
Inventories	G	3962.82	2753.59
Sundry Debtors	H	2547.05	1495.18
Cash & Bank Balances	I	155.74	58.15
Other Current Assets	J	34.92	42.72
Loans & Advances	K	<u>2981.77</u>	<u>1990.15</u>
		<u>9682.30</u>	<u>6339.79</u>
Less: Current Liabilities & Provisions	L	<u>4477.70</u>	<u>2956.10</u>
Net Current Assets		5204.60	3383.69
Deferred Tax Asset/(Liability)	M	(397.36)	—
Miscellaneous Expenditure	N	<u>1.65</u>	<u>2.31</u>
		<u>9240.25</u>	<u>7487.06</u>
Notes to the Accounts	S		

In terms of our report of even date

For R.S. Bharucha & Co.,
Chartered Accountants

D.R. Bharucha
Partner

Mumbai, 24th July 2002

Y.K. Hamied
Chairman & Managing Director

M.K. Hamied
Amar Lulla
Joint Managing Directors

B.K. Khare
H.R. Manchanda
S.A.A. Pinto
Ramesh Shroff
Directors

M.R. Raghavan
Additional Director

Ghanshyam Kurmi
Dy. Company Secretary

Mumbai, 24th July 2002



Caring for Life

Profit And Loss Account

		Rupees in million	
For the year ended 31st March 2002	Schedule	2002	2001
Income			
Sales, net of returns		13858.42	10475.09
Other Income	O	430.27	381.08
		<u>14288.69</u>	<u>10856.17</u>
Expenditure			
Material Cost	P	6056.66	4838.62
Employee Cost	Q	632.54	499.00
Manufacturing Expenses		786.81	531.35
Excise Duty		1113.28	808.28
Other Expenses	R	2371.98	1638.54
Interest		21.00	8.34
Depreciation	214.45		158.20
Less: Transferred from Revaluation Reserve	<u>1.67</u>		<u>1.86</u>
		<u>212.78</u>	<u>156.34</u>
		<u>11195.05</u>	<u>8480.47</u>
Profit before Taxation		3093.64	2375.70
Provision for Tax - Current		620.00	585.00
Deferred		122.50	-
Profit after Taxation		<u>2351.14</u>	<u>1790.70</u>
Deferred Tax – Prior Years		274.86	-
Profit available for Appropriation		<u>2076.28</u>	<u>1790.70</u>
Appropriations			
Proposed Dividend (subject to tax)		419.81	269.88
Tax on Dividend		-	27.52
Transferred to General Reserve		1656.47	1493.30
		<u>2076.28</u>	<u>1790.70</u>
Basic and diluted earning per share (Rs.) (Schedule S - Note 22)		34.62	29.86
Notes to the Accounts	S		

In terms of our report of even date

For R.S. Bharucha & Co.,
Chartered Accountants

D.R. Bharucha
Partner

Mumbai, 24th July 2002

Y.K. Hamied
Chairman & Managing Director

M.K. Hamied
Amar Lulla
Joint Managing Directors

B.K. Khare
H.R. Manchanda
S.A.A. Pinto
Ramesh Shroff
Directors

M.R. Raghavan
Additional Director

Ghanshyam Kurmi
Dy. Company Secretary

Mumbai, 24th July 2002



Caring for Life

Schedules To The Accounts

		Rupees in million	
		2002	2001
A Share Capital			
Authorised			
6,50,00,000 Equity Shares of Rs.10 each		650.00	650.00
(Previous year 6,50,00,000 Equity Shares of Rs.10 each)		650.00	<u>650.00</u>
Issued			
6,01,73,028 Equity Shares of Rs.10 each		601.73	601.73
(Previous year 6,01,73,028 Equity Shares of Rs.10 each)		601.73	<u>601.73</u>
Subscribed & Paid-up			
5,99,72,349 Equity Shares of Rs.10 each		599.72	599.72
(Previous year 5,99,72,349 Equity Shares of Rs.10 each)		599.72	<u>599.72</u>
<i>Note: Of the above Equity Shares, 5,83,89,126 shares of Rs.10 each (Previous year 5,83,89,126 shares of Rs.10 each) were allotted as fully paid-up Bonus Shares by capitalisation of General Reserve & Share Premium Account.</i>			

		Rupees in million	
		2002	2001
B Reserves & Surplus			
Capital Reserve		0.78	0.78
Revaluation Reserve			
As per last Balance Sheet		106.36	108.22
Less: Transferred to Profit and Loss Account		<u>1.67</u>	<u>1.86</u>
		104.69	106.36
Share Premium Account			
		486.82	486.82
General Reserve			
As per last Balance Sheet		6052.93	4559.63
Add: Transferred from Profit and Loss Account		<u>1656.47</u>	<u>1493.30</u>
		7709.40	6052.93
		<u>8301.69</u>	<u>6646.89</u>



Caring for Life

Schedules To The Accounts *contd.*

	Rupees in million	
	2002	2001
C Secured Loans		
Amounts drawn against Cash and Export Credit Accounts with Banks		
Secured by hypothecation of tangible movable properties and receivables	286.83	189.83
	<u>286.83</u>	<u>189.83</u>

	Rupees in million	
	2002	2001
D Unsecured Loans		
Fixed Deposits	2.80	2.82
Interest accrued & due on Fixed Deposits	0.25	0.26
Other Loans & Advances		
Govt. of Maharashtra Sales Tax Loan	1.16	2.23
MIDC Development Loan	0.04	0.11
HDFC – Line of Credit	1.66	1.89
Govt. of Maharashtra Sales Tax Deferral – Kurkumbh	46.10	43.31
	<u>48.96</u>	<u>47.54</u>
	<u>52.01</u>	<u>50.62</u>
<i>Note: A sum of Rs. 1.43 million (Previous year Rs. 2.82 million) is repayable out of Unsecured Loans within the next 12 months.</i>		



Caring for Life

Schedules To The Accounts *contd.*

Rupees in million

E Fixed Assets

ASSETS	GROSS BLOCK AT COST/REVALUATION			DEPRECIATION		NET BLOCK	
	As at 31.03.01	Additions	Deletions	As at 31.03.02	As at 31.03.02	As at 31.03.02	As at 31.03.01
Freehold Land	90.71	–	–	90.71	–	90.71	90.71
Leasehold Land	16.28	–	–	16.28	1.93	14.35	14.52
Buildings & Flats	462.39	39.14	–	501.53	178.71	322.82	297.01
Plant & Machinery	2131.09	1309.40	28.26	3412.23	954.71	2457.52	1360.38
Furniture & Fixtures	65.73	21.12	–	86.85	42.17	44.68	28.28
Vehicles	30.52	16.82	5.99	41.35	8.33	33.02	24.21
Leased out Assets	50.63	–	13.01	37.62	25.55*	12.07	25.41
Total	2847.35	1386.48	47.26	4186.57	1211.40	2975.17	1840.52
Previous Year	2423.78	434.08	10.51	2847.35	1006.83		
Capital Work-in-Progress (At Cost)						19.16	31.28
Total						2994.33	1871.80

- Notes: i. Leasehold Land is being written off over the period of lease.
ii. The value of Buildings & Flats includes the cost of shares in Co-operative Housing Societies.
iii. *Net of lease equalisation reserve Rs.10.45 million (Previous year Rs. 9.36 million).

Rupees in million

	2002	2001
F Investments		
Government Securities		
<i>Quoted</i>		
6% Government of India Loan, 2002 Face Value Rs. 30 million (Market Value Rs. 36.97 million)	30.00	30.00
<i>Unquoted</i>		
National Savings Certificates (Purchased NSC of Rs. 0.02 million and redeemed NSC of Rs. 0.16 million during the year)	0.23	0.37
Indira Vikas Patra	0.60	0.60



Schedules To The Accounts *contd.*

	Rupees in million	
	2002	2001
F Investments – contd.		
Trade		
<i>Unquoted</i>		
The Saraswat Co-operative Bank Limited 1,000 Equity Shares of Rs. 10 each, fully paid	0.01	0.01
Other than Trade		
Bonds		
<i>(Listed but not quoted)</i>		
<i>Indian Railway Finance Corporation Limited</i> Nil (Previous year 1,87,000) 9% (Tax free) Secured Redeemable Non-Convertible Bonds of Face Value Rs. 1000 each, fully paid (1,87,000 Bonds redeemed during the year)	–	174.99
<i>Indian Railway Finance Corporation Limited</i> Nil (Previous year 10,000) 10% (Tax free) Secured Redeemable Non-Convertible Bonds of Face Value Rs. 1000 each, fully paid (10,000 Bonds redeemed during the year)	–	10.21
<i>Indian Railway Finance Corporation Limited</i> 1,00,000 (Previous year Nil) 10.5% (Tax free) Secured Redeemable Non-Convertible Bonds of Face Value Rs. 1000 each fully paid (1,00,000 Bonds purchased during the year)	101.91	–
<i>Rural Electrification Corporation Limited</i> Nil (Previous year 10) 9.35% (Tax free) Secured Redeemable Bonds of Face Value Rs. 5 million each, fully paid (10 Bonds redeemed during the year)	–	50.60
<i>Housing & Urban Development Corporation Limited</i> Nil (Previous year 76,000) 9% (Tax free) Secured Redeemable Non-Convertible Bonds of Face Value Rs. 1000 each, fully paid (76,000 Bonds redeemed during the year)	–	76.32
Mutual Funds		
<i>Alliance Capital Mutual Fund “Alliance Monthly Income” – Dividend Scheme</i> Nil (Previous Year 44,97,431) Units (1,69,622 Units purchased and 46,67,053 Units redeemed during the year)	–	45.98
<i>Alliance Capital Mutual Fund “Alliance Income” – Growth Scheme</i> 98,14,787 (Previous year 31,26,706) Units (66,88,081 Units purchased during the year)	159.85	50.00



Caring for Life

Schedules To The Accounts *contd.*

	Rupees in million	
	2002	2001
F Investments – contd.		
<i>Alliance Capital Mutual Fund “Alliance Income Fund” – Dividend Scheme</i>		
Nil (Previous year Nil) Units (90,95,060 Units purchased and redeemed during the year)	–	–
<i>Birla Mutual Fund “Birla Income Plus” – Growth Scheme</i>		
2,07,23,727 (Previous year 2,07,23,727) Units	321.75	321.75
<i>Birla Mutual Fund “Birla Income Plus” – Dividend Scheme</i>		
Nil (Previous year 20,55,499) Units (20,55,499 Units redeemed during the year)	–	20.00
<i>Birla Mutual Fund “Birla MIP” – Dividend Scheme</i>		
Nil (Previous year 20,00,000) Units (20,00,000 Units redeemed during the year)	–	20.00
<i>Birla Mutual Fund “Birla FMP” – Dividend Scheme</i>		
Nil (Previous year Nil) Units (30,50,995 Units purchased and redeemed during the year)	–	–
<i>Birla Mutual Fund “Birla Bond Plus” – Dividend Scheme</i>		
30,08,479 (Previous year Nil) Units (30,08,479 Units purchased during the year)	30.59	–
<i>DSP Merrill Lynch Mutual Fund “DSP Bond Fund” – Growth Scheme</i>		
1,59,77,546 (Previous year 1,57,26,613) Units (18,38,235 Units purchased and 15,87,302 Units redeemed during the year)	234.94	224.94
<i>HDFC Mutual Fund “HDFC Income Plan” – Growth Scheme</i>		
88,40,961 (Previous year Nil) Units (88,40,961 Units purchased during the year)	100.00	–
<i>Prudential ICICI Mutual Fund “Prudential ICICI Income Plan” – Growth Scheme</i>		
2,96,35,178 (Previous year 3,16,35,178) Units (20,00,000 Units redeemed during the year)	368.13	388.13
<i>IDBI Mutual Fund “IDBI Principal Deposit Fund Plan C” – Growth Scheme</i>		
Nil (Previous Year 50,00,000) Units (50,00,000 Units redeemed during the year)	–	50.00
<i>Kotak Mahindra Mutual Fund “K Gilt Unit Scheme 98” – Growth Scheme</i>		
29,69,462 (Previous year 29,69,462) Units	30.00	30.00



Caring for Life

Schedules To The Accounts *contd.*

	Rupees in million	
	2002	2001
F Investments – contd.		
Debentures		
<i>Vascon Engineers Ltd.</i>		
18,50,000 Zero Coupon Secured Redeemable Non-Convertible Debentures of the Face Value of Rs. 100 each issued at Rs. 65 each for 36 months and redeemable at a premium of 10% on Face Value with call and put option at anytime after 18 months (redeemed during the year)	–	120.25
Short Term Investments		
<i>Birla Mutual Fund “Birla Cash Plus” – Growth Scheme</i>		
Nil (Previous year 1,41,43,758) Units (3,52,96,221 Units purchased and 4,94,39,979 Units redeemed during the year)	–	195.22
<i>Birla Mutual Fund “Birla Cash Plus” – Dividend Scheme</i>		
48,69,742 (Previous year Nil) Units (48,69,742 Units purchased during the year)	59.02	–
<i>Standard Chartered Grindlays Mutual Fund “Grindlays Cash Fund” – Growth Scheme</i>		
Nil (Previous year Nil) Units (80,24,889 Units purchased and redeemed during the year)	–	–
<i>HDFC Mutual Fund “HDFC Short Term Plan” – Dividend Scheme</i>		
Nil (Previous year Nil) Units (50,26,197 Units purchased and redeemed during the year)	–	–
<i>HDFC Mutual Fund “HDFC Liquid Plan” – Growth Scheme</i>		
Nil (Previous year Nil) Units (27,57,885 Units purchased and redeemed during the year)	–	–
<i>Alliance Capital Mutual Fund “Alliance Cash Manager” – Growth Scheme</i>		
Nil (Previous year 1,94,520) Units (30,317 Units purchased and 2,24,837 Units redeemed during the year)	–	243.91
<i>Prudential ICICI Mutual Fund “Prudential ICICI Liquid Plan” – Growth Scheme</i>		
Nil (Previous year 1,37,89,692) Units (2,96,89,235 Units purchased and 4,34,78,927 Units redeemed during the year)	–	175.98
<i>Prudential ICICI Mutual Fund “Prudential ICICI Short Term Plan” – Dividend Scheme</i>		
Nil (Previous year Nil) Units (230,46,514 Units purchased and redeemed during the year)	–	–
	1437.03	2229.26
Aggregate of Unquoted Investments at - Book Value	Rs. 1407.03 million	(Previous year Rs. 2199.26 million)
Aggregate of Quoted Investments at - Book Value	Rs. 30.00 million	(Previous year Rs. 30.00 million)
- Market Value	Rs. 36.97 million	(Previous year Rs. 35.34 million)



Caring for Life

Schedules To The Accounts *contd.*

	Rupees in million	
	2002	2001
G Inventories		
[As valued by the Management & certified by Cost Auditors. Schedule S - Note 1 (v)]		
Materials	1372.57	1014.26
Work-in-Process	697.02	415.83
Finished Goods	1893.23	1323.50
	<u>3962.82</u>	<u>2753.59</u>

	Rupees in million	
	2002	2001
H Sundry Debtors (Unsecured)		
Over Six Months		
Considered Good	193.84	118.67
Considered Doubtful	2.68	2.68
	<u>196.52</u>	<u>121.35</u>
Less: Provision for Doubtful Debts	2.68	2.68
	<u>193.84</u>	<u>118.67</u>
Others		
Considered Good	2353.21	1376.51
	<u>2547.05</u>	<u>1495.18</u>

	Rupees in million	
	2002	2001
I Cash & Bank Balances		
Cash in hand	3.30	3.12
Balances with Scheduled Banks in Current Accounts	67.24	50.38
Fixed Deposit with Banks	85.20	4.65
	<u>155.74</u>	<u>58.15</u>



Caring for Life

Schedules To The Accounts *contd.*

	Rupees in million	
	2002	2001
J Other Current Assets		
Unsecured (Considered good, unless otherwise stated)		
Interest accrued on Inter-corporate Loans, Bonds, Government Securities & Deposits	16.92	18.09
Export Incentives Receivable	18.00	24.63
	<u>34.92</u>	<u>42.72</u>

	Rupees in million	
	2002	2001
K Loans & Advances		
Unsecured (Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	739.63	494.42
Considered Doubtful	0.79	0.79
	740.42	495.21
<i>Less:</i> Provision for Doubtful Advances	0.79	0.79
	<u>739.63</u>	<u>494.42</u>
Balance with Central Excise Department	197.35	97.17
Dues from Staff	23.09	17.70
Sundry Deposits	50.53	32.35
Advance Taxes & TDS	1857.34	1309.13
Inter-corporate Loans	105.24	29.64
Sales Tax Receivable	8.59	9.74
	<u>2981.77</u>	<u>1990.15</u>



Caring for Life

Schedules To The Accounts *contd.*

		Rupees in million	
		2002	2001
L Current Liabilities & Provisions			
Current Liabilities			
Sundry Creditors*	1489.74		1090.06
Trade Deposits from Customers	39.68		37.91
Unclaimed Dividend	19.56		14.45
Advances Received	113.35		65.02
Unclaimed Preference Share Capital	0.10		0.10
Other Liabilities	<u>784.40</u>		<u>460.29</u>
		2446.83	1667.83
Provisions			
Leave Encashment	10.06		9.87
Provision for Taxation	1601.00		981.00
Provision for Dividend	419.81		269.88
Tax on Dividend	<u>—</u>		<u>27.52</u>
		2030.87	1288.27
		4477.70	2956.10

* Include Rs. 879.34 million (Previous year Rs. 644.49 million) due to SSI units (as disclosed by the parties). Listed below are SSI units having outstandings for more than 30 days. Okasa Ltd., ZXR Industries, Okasa Pharma Pvt Ltd., Jay Precision Products Pvt Ltd., Xeno Enterprises, Mediorals Laboratories Pvt Ltd., Meditab Specialities Pvt Ltd., Medispray Laboratories Pvt Ltd., Jupiter Remedies Pvt Ltd., Okasa Analytical Pvt Ltd., Goldencross Pharma Pvt Ltd., Healingcross Pharma Pvt Ltd., Advanced Remedies Pvt Ltd., Drug Delivery Systems (India) Pvt Ltd., Intermed Pharma Pvt Ltd., Xal Engineering (India) Pvt Ltd., L'amar Natural Products Pvt Ltd., Medlar Laboratories Pvt Ltd., Pharmasolve Specialities Pvt Ltd.

		Rupees in million	
		2002	2001
M Deferred Tax Liability			
Deferred Tax Liability arising on account of:			
Depreciation		368.11	—
Export Incentives		<u>29.25</u>	<u>—</u>
		397.36	—



Caring for Life

Schedules To The Accounts *contd.*

	Rupees in million	
	2002	2001
N Miscellaneous Expenditure		
(To the extent not written off or adjusted)		
Share Issue Expenses	1.65	2.31
	<u>1.65</u>	<u>2.31</u>

	Rupees in million	
	2002	2001
O Other Income		
Profit on sale of Investments (Net)	82.02	40.45
Profit on sale of Fixed Assets (Net)	–	20.98
Export Incentives	120.86	82.25
Dividend	32.23	15.90
Interest (includes tax deducted at source Rs. 17.13 million; Previous year Rs. 4.20 million)	113.08	97.45
Lease Rentals	3.04	6.35
Rent (includes tax deducted at source Rs. 0.36 million; Previous year Rs. 0.05 million)	2.12	0.54
Miscellaneous Income	51.09	37.88
Technical know-how Fees	25.83	79.28
	<u>430.27</u>	<u>381.08</u>



Caring for Life

Schedules To The Accounts *contd.*

	Rupees in million	
	2002	2001
P Material Cost		
Consumption of Materials		
Opening Stock	1014.26	758.51
Add: Purchases	4504.77	3259.23
	5519.03	4017.74
Less: Closing Stock	1372.57	1014.26
	4146.46	3003.48
Finished Goods Purchased	2761.12	2211.03
(Increase)/Decrease in Stocks of Work-in-Process & Finished Goods		
Opening Stock		
Work-in-Process	415.83	284.85
Finished Goods	1323.50	1078.59
	1739.33	1363.44
Less: Closing Stock		
Work-in-Process	697.02	415.83
Finished Goods	1893.23	1323.50
	2590.25	1739.33
	(850.92)	(375.89)
	6056.66	4838.62

	Rupees in million	
	2002	2001
Q Employee Cost		
Salaries, Wages, Bonus etc.	544.13	414.49
Provident & other Funds	29.50	25.83
Staff Gratuity	11.98	13.72
Staff Welfare	46.73	42.11
Leave Encashment	0.20	2.85
	632.54	499.00



Caring for Life

Schedules To The Accounts *contd.*

	Rupees in million	
	2002	2001
R Other Expenses		
Stores & Spares	168.09	102.91
Power & Fuel	163.52	129.34
Rent	46.22	16.48
Rates & Taxes	45.15	24.45
Insurance	32.95	26.23
Repairs & Maintenance		
Machinery	65.43	48.78
Buildings	161.98	85.82
Others	69.53	39.63
Printing & Stationery	42.12	34.95
Conveyance & Vehicle Expenses	20.63	17.12
Remuneration to Auditors		
Audit Fees	0.80	0.40
Tax Audit Fees	0.03	0.03
Cost Audit Fees	0.16	0.13
Professional Fees	72.97	47.54
Telephone, Postage & Telegram	65.82	60.94
Selling Expenses	558.35	408.06
Freight & Forwarding	111.40	86.51
Travelling Expenses	72.75	58.40
Donations	6.73	1.34
Commission on Sales	492.50	333.75
Bank & Other Financial Charges	18.52	18.18
Directors' Sitting Fees	0.30	0.28
Miscellaneous Expenses	120.74	74.07
Share Issue Expenses written off	0.66	0.66
Bad Debts written off	32.81	22.54
Loss on Sale of Fixed Assets (Net)	1.82	–
	<u>2371.98</u>	<u>1638.54</u>



Caring for Life

Schedules To The Accounts *contd.*

S Notes to the Accounts

1. Significant Accounting Policies

i. Basis of Accounting

The financial statements are prepared under the historical cost convention.

ii. Fixed Assets

Fixed Assets are stated at cost of acquisition or construction or other amounts substituted for historical cost on revaluation. Cost is inclusive of rates, duties, taxes and other incidental expenses.

iii. Lease Accounting

Lease Income is recognised based on the internal rate of return method over the period of lease and accounted for in accordance with the guidelines issued by the Institute of Chartered Accountants of India.

iv. Depreciation

- a. Plant and Machinery (other than office machinery) purchased from 1.11.1986 to 31.3.1993 on the Straight Line Method at rates prescribed under Schedule XIV of the Companies Act, 1956.
- b. All other assets added up to 31.3.1993 and on amounts added on revaluation of buildings, on the Written Down Value method at rates prescribed under Schedule XIV of the Companies Act, 1956.
- c. On all assets added from the year 1993-94, on the Straight Line Method at rates prescribed under Schedule XIV of the Companies Act, 1956.
- d. All individual items of fixed assets where the actual cost does not exceed Rs. 5000 each have been written off entirely in the year of acquisition.
- e. Cost of leasehold land is written off over the period of lease.
- f. Leased out assets are depreciated over the primary period of lease. Accordingly, while the statutory depreciation on such assets is provided for on Straight Line Method as per Schedule XIV of the Companies Act, 1956, the difference is adjusted through Lease Equalisation Charge/Reserve and Lease Terminal Adjustment Account.

v. Inventories

Inventories are stated at lower of weighted average cost (excluding recoverable taxes) and net realisable value.

vi. Conversion or translation of Foreign Currency items

Foreign currency assets and liabilities covered by forward contracts are stated at the forward contract rates while those not covered by forward contracts are restated at rates ruling at the year end. Exchange differences relating to fixed assets are adjusted in the cost of the asset. Any other exchange differences are dealt with in the Profit and Loss Account.

vii. Retirement benefits

- a. The Company contributes to a Gratuity Fund which has taken up a Group Policy with Life Insurance Corporation of India for future payments of gratuities to employees.
- b. The Company provides for Leave Encashment Benefit on the basis of actuarial valuation.



Caring for Life

Schedules To The Accounts *contd.*

viii. Research and Development

Revenue expenditure on Research and Development is charged against profit of the year in which it is incurred. Capital expenditure on Research and Development is shown as addition to Fixed Assets. Details of expenditure incurred during the year are disclosed in the Annexure to the Directors' Report.

ix. Investments

Long-term investments are stated at cost, less any provision for permanent diminution in value.

x. Revenue Recognition

Sales are inclusive of excise duty, but net of sales tax, returns and trade discounts. The Company recognises sale at the point of despatch of goods to the customers.

xi. Income Tax

Provision for tax for the year comprises current income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing difference representing the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period(s).

In cases where the tax assessments have been completed but the appeals are pending at various appeal fora, the tax payments have been set-off against the provisions in the Balance Sheet. Appropriate disclosures have been made towards contingent liabilities.

xii. Borrowing Cost

Interest and other costs in connection with the borrowing of the funds to the extent related/attributed to the acquisition/construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

2. The previous year's figures have been recast/regrouped wherever necessary in order to conform to this year's presentation.
3. Estimated amount of contracts to be executed on Capital Account and not provided for (net of advances) Rs. 262.55 million (Previous year Rs. 80.99 million).
4. **Contingent Liabilities**
 - i. Guarantees given by banks on behalf of the Company Rs. 27.17 million (Previous year Rs. 44.45 million).
 - ii. Letters of Credit Rs. 14.36 million (Previous year Rs. 85.71 million).
 - iii. Claims against the Company not acknowledged as debts:
 - a. Income Tax, Sales Tax and Excise Duty Rs. 189.77 million (Previous year Rs. 200.67 million)
 - b. Others Rs. 2.03 million (Previous year Rs. 4.89 million).
5. The Government of India has served demand notices in March 1995 and May 1995 on the Company in respect of six bulk drugs, claiming that an amount of Rs. 5,45,55,799.94 along with interest due thereon is payable into the DPEA under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has filed its replies to the notices and has contended that no amount is payable into the DPEA under the Drugs (Prices Control) Order, 1979.



Caring for Life

Schedules To The Accounts *contd.*

6. The Government of India (NPPA) has served show cause notices on the Company, claiming that an amount of Rs. 207,23,87,259 along with interest due thereon is payable on account of overcharging in respect of Salbutamol, Theophylline, Ciprofloxacin, Cloxacillin, Norfloxacin, Cefadroxil, Trimethoprim and Sulphamethoxazole formulations under the Drugs (Prices Control) Order, 1995.

In response to a writ petition filed by the Company against the aforesaid show cause notices, the Hon'ble High Court of Mumbai has upheld the Company's contentions and held that the drugs Norfloxacin, Ciprofloxacin, Theophylline, Salbutamol and Cloxacillin cannot be included under price control and consequently has quashed the above show cause notices. The Government of India have filed an appeal which is pending in the Supreme Court of India. In addition, the Company's writ petition has also challenged the wrongful withholding by the Government of the exemption to Salbutamol manufactured by the Company on the grounds of Research and Development. The said challenge is pending in the Hon'ble High Court of Mumbai, which has granted interlocutory orders regarding the same.

The Company has also filed in the Hon'ble High Court of Karnataka, a writ petition challenging the notifications fixing the prices in respect of formulations of Salbutamol, Theophylline, Ciprofloxacin and Norfloxacin. The Hon'ble High Court of Karnataka has also granted interlocutory injunction against the Government in respect of the said drugs.

With regard to the other drugs in the show cause notices the Company has also pointed out to the Government that it does not manufacture formulations of Cloxacillin and Cefadroxil and has also pointed out that the Company is following the notified price in respect of formulations of Trimethoprim and Sulphamethoxazole.

7. Interest on loans taken for fixed periods Rs. 0.90 million (Previous year Rs. 0.58 million).
8. The net difference in foreign exchange (i.e. the difference between the spot rates on the dates of the transactions, and the actual rates at which the transactions were settled/ appropriate rates applicable at the year end) credited to the Profit & Loss Account is Rs. 36.96 million (Previous year Rs. 37.70 million).

9. Capacities and Actual Production

Class of Goods	Unit	Installed Capacity		Actual Production	
		2002	2001	2002	2001
Bulk Drugs (including Malts)	Tonne	2101.0	2101.0	701.2	691.1
Tablets & Capsules	Million	5100.0	2600.0	4466.0	3769.6
Liquids	Kilolitre	3280.0	2200.0	4293.6	3076.6
Creams	Tonne	100.0	100.0	356.9	280.4
Aerosols/Inhalation Devices	Thousand	32880.0	9600.0	19147.2	15057.6
Injections/Sterile Solutions	Kilolitre	652.0	500.0	551.8	391.1
Agrochemicals	Tonne	50.0	50.0	–	–

- Notes:
- The installed capacity is as certified by the Management and not verified by the auditors, this being a technical matter. The increase in installed capacity from the previous year is on account of new facilities set up this year at Verna, Goa
 - Actual production includes production at loan licensee locations.
 - Actual production includes production of goods captively consumed.



Schedules To The Accounts *contd.*

10. Purchases of each class of Finished Goods

Rupees in million

Class of Goods	Unit	2001-2002		2000-2001	
		Qty.	Value	Qty.	Value
Bulk Drugs (including Malts)	Tonne	194.3	331.93	210.0	268.93
Tablets & Capsules	Million	1962.3	1975.23	1742.0	1545.33
Liquids	Kilolitre	1302.3	218.57	1334.4	219.66
Creams	Tonne	31.5	23.45	60.9	16.73
Aerosols/Inhalation Devices	Thousand	1212.5	42.42	1154.3	39.92
Injections/Sterile Solutions	Kilolitre	143.2	136.64	55.5	74.73
Others			32.88		45.73
			2761.12		2211.03

11. Sales of each class of Finished Goods

Rupees in million

Class of Goods	Unit	2001-2002		2000-2001	
		Qty.	Value	Qty.	Value
Bulk Drugs (including Malts)	Tonne	644.5	3366.11	598.9	1847.93
Tablets & Capsules	Million	6159.1	7404.03	5309.3	6119.59
Liquids	Kilolitre	4831.7	713.62	4416.4	601.37
Creams	Tonne	364.6	255.95	319.6	240.71
Aerosols/Inhalation Devices	Thousand	19599.2	1330.74	15793.1	1015.57
Injections/Sterile Solutions	Kilolitre	647.7	745.12	411.3	578.17
Others			42.85		71.75
			13858.42		10475.09

12. Closing Stock of each class of Finished Goods

Rupees in million

Class of Goods	Unit	2001-2002		2000-2001	
		Qty.	Value	Qty.	Value
Bulk Drugs (including Malts)	Tonne	144.3	572.00	125.3	420.60
Tablets & Capsules	Million	976.8	908.62	733.8	632.32
Liquids	Kilolitre	1205.5	135.90	466.6	90.36
Creams	Tonne	67.8	37.40	49.6	22.58
Aerosols/Inhalation Devices	Thousand	1861.0	95.87	1605.5	81.37
Injections/Sterile Solutions	Kilolitre	144.9	110.69	102.1	67.93
Others			32.75		8.34
			1893.23		1323.50

Note: The Closing Stock stated above is after adjustments for in-transit breakage, obsolete/date expired stocks and free issues and also for captive consumption in case of bulk drugs.



Caring for Life

Schedules To The Accounts *contd.*

13. Consumption of Raw and Packing Materials

Rupees in million

Class of Goods	2001-2002		2000-2001	
	Value	%	Value	%
Purchased indigenously	3067.87	65	2259.09	67
Imported by the Company	1655.31	35	1103.85	33
	<u>4723.18</u>	<u>100</u>	<u>3362.94</u>	<u>100</u>
Less: Recoverable duties (included in the above cost)	576.72		359.46	
Total consumption	<u>4146.46</u>		<u>3003.48</u>	

Note: Figures as certified by the Management

14. Break up of Materials Consumed

Rupees in million

Class of Goods	Unit	2001-2002		2000-2001	
		Qty.	Value	Qty.	Value
Purchased Bulk Drugs	Tonne	1038.2	1591.42	1087.3	1419.26
Solvents	Tonne	7066.1	299.79	5793.5	241.56
Capsules	Million	638.6	60.69	604.3	50.04
Packing Materials			1184.85		876.48
Others			1586.43		775.60
(None of which individually accounts for more than 10% of the total consumption)					
			<u>4723.18</u>		<u>3362.94</u>
Less: Recoverable duties (included in the above cost)			576.72		359.46
Total consumption			<u>4146.46</u>		<u>3003.48</u>

Note: Figures as certified by the Management

15. Value of Imports on C.I.F. basis

Rupees in million

	2001-2002	2000-2001
Raw Materials/Packing Materials	1374.03	955.31
Components & Spare Parts	71.09	12.80
Capital Goods	184.62	93.78

16. Expenditure in Foreign Currency

Rupees in million

	2001-2002	2000-2001
Other matters – Commission, Consultancy, Travelling, etc.	428.75	272.61



Schedules To The Accounts *contd.*

17. Earnings in Foreign Exchange

	Rupees in million	
	2001-2002	2000-2001
F.O.B. Value of Exports	4941.73	2583.01
Technical know-how fees	25.83	79.28

18. Managerial Remuneration

Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or provided for during the year

	Rupees in million	
	2001-2002	2000-2001
i. Salary and Allowances	5.70	6.58
ii. Commission	75.00	55.32
iii. Company's contribution to Provident Fund	0.68	0.52
iv. Approximate monetary value of other perquisites or benefits	2.54	0.62
	83.92	63.04

Note: Exclusive of provision for leave encashment and contribution to the approved group gratuity fund which are actuarially determined on an overall basis.

19. Computation of Net Profits under Section 349 of the Companies Act, 1956

	Rupees in million	
		2001-2002
Profit before taxation as per Profit & Loss Account		3093.64
Add: Managerial Remuneration	83.92	
Directors' Fees	0.30	
Loss on Sale of Fixed Assets as per Profit & Loss Account	1.82	
		86.04
		3179.68
Less: Profit on Sale of Investments as per Profit & Loss Account		82.02
Net Profit for the year ended 31st March, 2002 under Section 349 of the Companies Act, 1956		3097.66
Managerial remuneration permissible – maximum		309.77



Caring for Life

Schedules To The Accounts *contd.*

20. Related Party Disclosures

Related party disclosures, as required by AS-18, "Related Party Disclosures", of the Institute of Chartered Accountants of India are given below:

i. Relationships:

There are no related parties excepting the key management personnel namely – Dr.Y.K.Hamied, Mr.M.K.Hamied and Mr.Amar Lulla.

ii. There are no transactions carried out with the above key management personnel.

21. Segment Information for the year ended 31st March 2002

i. Information about primary business segments

The Company is exclusively in the pharmaceutical business segment

ii. Information about secondary business segments

	Rupees in million		
	India	Outside India	Total
Revenue by geographical market	9093.80	4967.56	14061.36
Carrying amount of segment assets	8895.11	1751.49	10646.60
Additions to fixed assets	1368.72	–	1368.72

Notes:

a. The Segment Revenue in the geographical segments considered for disclosure are as follows:

- Revenue within India includes sales to customers located within India and earnings in India
- Revenue outside India includes sales to customers located outside India and earnings outside India

b. Segment Revenue comprises:

	Rupees in million
• Sales	13858.42
• Other income excluding interest, dividend income and profit on sale of investments	202.94
	14061.36

c. Segment Revenue and Assets include the respective amounts identifiable to each of the segments

22. Basic and diluted earning per share has been calculated by dividing net profit available for appropriation for the year by 5,99,72,349 equity shares of nominal value of Rs. 10 each, outstanding as on 31st March 2002.

In terms of our report of even date

For R.S. Bharucha & Co.,
Chartered Accountants

D.R. Bharucha
Partner

Mumbai, 24th July 2002

Y.K. Hamied
Chairman & Managing Director

M.K. Hamied
Amar Lulla
Joint Managing Directors

B.K. Khare
H.R. Manchanda
S.A.A. Pinto
Ramesh Shroff
Directors

M.R. Raghavan
Additional Director

Ghanshyam Kurmi
Dy. Company Secretary

Mumbai, 24th July 2002



Balance Sheet Abstract And Company's General Business Profile

I. Registration Details

Registration No. - State Code

Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	Rights Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>
Bonus Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	Private Placements <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds	Total Assets
Total Liabilities <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/>	<input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/>
Paid-up Capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="4"/>	Reserves and Surplus <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="0"/>
Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="9"/>	Unsecured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="0"/>
Application of Funds	Investments
Net Fixed Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="9"/>
Net Current Assets* <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="5"/>	Misc. Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="2"/>
Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/> <input type="text" value=""/>	

* Net of Deferred Tax Liability

IV. Performance of the Company (Amount in Rs. Thousands)

Turnover <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="6"/>	Total Expenditure <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="5"/>
Profit/(Loss) Before Tax <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="6"/>	Profit/(Loss) After Tax <input checked="" type="checkbox"/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/>
Earning Per Share (in Rs.) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="4"/> . <input type="text" value="6"/> <input type="text" value="2"/>	Dividend Rate (%) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/>

V. Generic Names of Three Principal Products/Services of the Company

(as per monetary terms)

Item Code No. (ITC Code)	<input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="0"/> . <input type="text" value="1"/> <input type="text" value="4"/>
Product Description	<input type="text" value="N"/> <input type="text" value="O"/> <input type="text" value="R"/> <input type="text" value="F"/> <input type="text" value="L"/> <input type="text" value="O"/> <input type="text" value="X"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="I"/> <input type="text" value="N"/>
Item Code No. (ITC Code)	<input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="0"/> . <input type="text" value="1"/> <input type="text" value="1"/>
Product Description	<input type="text" value="C"/> <input type="text" value="I"/> <input type="text" value="P"/> <input type="text" value="R"/> <input type="text" value="O"/> <input type="text" value="F"/> <input type="text" value="L"/> <input type="text" value="O"/> <input type="text" value="X"/> <input type="text" value="A"/> <input type="text" value="C"/> <input type="text" value="I"/> <input type="text" value="N"/>
Item Code No. (ITC Code)	<input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="0"/> . <input type="text" value="0"/> <input type="text" value="4"/>
Product Description	<input type="text" value="A"/> <input type="text" value="M"/> <input type="text" value="O"/> <input type="text" value="X"/> <input type="text" value="Y"/> <input type="text" value="C"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="N"/>



Caring for Life

Cash Flow Statement

	Rupees in million	
For the year ended 31st March 2002	2001-2002	2000-2001
A Cash Flow From Operating Activities		
Net Profit Before Tax and Extraordinary Items	3093.64	2375.70
Adjustment for:		
Depreciation	212.78	156.34
Miscellaneous Expenditure written off	0.66	0.66
Interest paid	21.00	8.34
Unrealised Foreign Exchange Gains	(10.56)	(5.97)
Interest Received	(113.08)	(97.45)
Dividend Income	(32.23)	(15.90)
Profit on Sale of Investments	(82.02)	(40.45)
Profit/Loss on Sale of Fixed Assets	1.82	(20.98)
Brokerage Received	(7.84)	(3.85)
Lease Rent Received (net of lease equalisation charge)	(3.04)	(6.35)
	<u>(12.51)</u>	<u>(25.61)</u>
Operating Profit Before Working Capital Changes	3081.13	2350.09
Adjustments for:		
Trade Payables and Other Liabilities	776.74	604.86
Inventories	(1209.23)	(631.64)
Trade and Other Receivables	(1398.87)	(975.71)
	<u>(1831.36)</u>	<u>(1002.49)</u>
Cash Generated From Operations	1249.77	1347.60
Interest Paid	(21.00)	(8.34)
Direct Taxes Paid	(548.21)	(660.12)
	<u>(569.21)</u>	<u>(668.46)</u>
Net Cash From Operating Activities	(A) 680.56	679.14
B Cash Flow From Investing Activities		
Purchase of Fixed Assets/Capital Work-in-Progress	(1374.36)	(428.37)
Sale of Fixed Assets	34.47	27.51
Purchase of Investments	(1915.84)	(2421.97)
Sale of Investments	2790.09	2183.11
Interest Received	113.08	97.45
Dividend Received	32.23	15.90
Brokerage Received	7.84	3.85
Lease Rent Received (Gross)	14.11	15.71
Short-term Deposits made with other Corporates	(75.60)	(4.20)
Cash flow before extraordinary items	<u>(373.98)</u>	<u>(511.01)</u>
EXTRAORDINARY ITEM		
Adjustment for Lease Equalisation Reserve	(9.98)	-
Net Cash Used In Investing Activities	(B) (383.96)	(511.01)



Caring for Life

Cash Flow Statement *contd.*

		Rupees in million	
		2001-2002	2000-2001
C Cash Flow From Financing Activities			
Proceeds from Long Term & Other Borrowings		98.39	44.73
Dividend Paid		(269.88)	(177.85)
Tax on Dividend		(27.52)	(19.58)
Net Cash Used In Financing Activities	(C)	(199.01)	(152.70)
Net Increase/(Decrease) in Cash and Cash Equivalents	(A)+(B)+(C)	97.59	15.43
Cash and Cash Equivalents as at 31.03.2001 [Opening Balance]		58.15	42.72
Cash and Cash Equivalents as at 31.03.2002 [Closing Balance]		155.74	58.15

Note: Cash and Cash Equivalents represent Cash and Bank Balances and Fixed Deposits with Banks.

By Order of the Board,

Y.K. Hamied

Chairman & Managing Director

Mumbai, 24th July 2002

Auditor's Certificate

We have verified the above Cash Flow Statement of Cipla Limited for the year ended 31st March, 2002 prepared by the Company and certify that the statement has been derived from the accounts of the Company audited by us and has been prepared in accordance with the Stock Exchange listing requirements.

For R. S. Bharucha & Co.,
Chartered Accountants

D. R. Bharucha
Partner

Mumbai, 24th July 2002



Caring for Life

Ten Years' Highlights

Rupees in million

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Sales & other Income	14288.69	10856.17	7913.85	6451.53	5410.22	4779.42	3661.55	3029.92	2518.31	2056.21
Profit before Tax	3093.64	2375.70	1726.59	1544.50	1349.71	1027.46	374.58	305.71	194.17	151.11
Profit after Tax	2351.14	1790.70	1330.59	1149.50	1019.71	707.46	289.58	248.21	146.17	103.61
Dividend	419.81	269.88	177.85	149.93	109.95	69.97	24.39	18.65	9.94	9.36
Tax on Dividend	-	27.52	19.58	16.49	10.99	6.99	-	-	-	-
Retained Earnings	1656.47*	1493.30	1133.16	983.08	898.77	630.50	265.19	266.71*	136.23	94.25
Gross Block	4205.73	2878.63	2460.77	2164.87	1837.59	1596.14	1393.56	1240.96	1046.82	782.69
Net Block	2994.33	1871.80	1617.52	1448.93	1224.94	1066.67	944.08	864.61	734.83	506.26
Investments	1437.03	2229.26	1949.95	1404.05	728.19	305.42	32.34	32.28	31.12	28.01
Net Current Assets	4807.24	3383.69	2380.45	2103.63	1871.77	1587.04	2145.08	1078.97	788.64	629.30
Miscellaneous Expenditure	1.65	2.31	2.97	3.63	4.29	4.95	5.72	1.29	-	-
Total Assets	9240.25	7487.06	5950.89	4960.24	3829.19	2964.08	3127.22	1977.15	1554.59	1163.57
Share Capital	599.72	599.72	599.72	199.91	199.91	199.91	199.91	186.47	31.08	31.08
Reserves	8301.69	6646.89	5155.45	4424.17	3443.39	2547.17	1919.51	770.83	663.01	530.66
Net Worth	8901.41	7246.61	5755.17	4624.08	3643.30	2747.08	2119.42	957.30	694.09	561.74
Borrowings	338.84	240.45	195.72	336.16	185.89	217.00	1007.80	1019.85	860.50	601.83
Total Liabilities	9240.25	7487.06	5950.89	4960.24	3829.19	2964.08	3127.22	1977.15	1554.59	1163.57

* Includes adjustments of earlier years



Caring for Life