



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



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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.



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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