

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. D.R. Narang

Mr. S.A.A. Pinto

Mr. Ramesh Shroff

Bankers

Bank of Baroda

Canara Bank

Corporation Bank

Indian Overseas Bank

Standard Chartered Grindlays 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

DIRECTORS' REPORT

The Directors take pleasure in presenting the Sixty-Fifth Annual Report of the Company and Audited Accounts for the year ended 31st March, 2001.

Financial Results

	Rupees in millions	
	31st March 2001	For the year ending 31st March 2000
Sales and other income	10861.24	7913.85
Gross profit before depreciation and tax	2532.04	1859.99
Depreciation	156.34	133.40
Tax	585.00	396.00
Profit after tax	1790.70	1330.59
Appropriations :		
Dividend	269.88	177.85
Tax on dividend	27.52	19.58
General reserve	1493.30	1133.16

Dividend

The Directors recommend a dividend of Rs. 4.50 per share on 5,99,72,349 equity shares of Rs. 10 each.

Management Review: 2000-01

Industry Scenario

The general economic slowdown has affected almost every major indigenous industry. Inflationary trends have escalated operating expenses, while increasing domestic and global competition has led to lower price realisation. The Indian pharmaceutical sector was adversely affected, showing an overall growth rate of just 8 percent for the year compared to over 12 percent in previous years.

Operations Review

Your Company was able to overcome the negative industry trend and recorded an overall turnover growth of about 40 percent – the highest in the last three decades. Sales crossed the Rs. 10000 million mark for the first time and touched Rs. 10475 million, while profit after tax at Rs. 1790 million registered a 34 percent growth. A strong product portfolio, a substantial rise in exports and sustained efficiency in operations contributed to this outstanding performance.

DIRECTORS' REPORT *contd.*

The exports division recorded a commendable sales growth of 84 percent over the previous year. Total exports for the year amounted to Rs. 2583 million. In addition, your Company earned around Rs. 80 million as fees for transfer of technical know-how. Cipla has made successful forays into new markets in Europe, the USA, South America, Africa, Australia and the Middle East.

Various therapeutic segments, especially the antiasthmatic and cardiovascular groups, continued to do well. New formulations launched during the year included:

- **Amlopres Z** (amlodipine and losartan potassium tablets) - combination therapy for hypertension
- **Axalin** (ambroxol, guaiphenesin and salbutamol suspension) - for cough associated with bronchitis
- **Cobix** (celecoxib capsules) - COX-2 inhibitor for arthritis
- **Dinex** (didanosine chewable tablets) - antiretroviral for HIV/AIDS
- **Docetax** (docetaxel injection) - for cancer
- **Duolin** (ipratropium bromide and salbutamol inhaler, rotacaps and respules) - bronchodilator combination therapy for asthma and COPD
- **Flomex** (fluorometholone eye drops) - topical corticosteroid for ocular allergy and inflammation
- **Flomist** (fluticasone nasal spray) - intranasal corticosteroid for allergic rhinitis
- **Foratec** (formoterol inhaler and rotacaps) - long-acting inhaled bronchodilator for asthma
- **Forcan TZ** (fluconazole and tinidazole tablets) - antifungal-antiprotozoal combination for vaginal infections
- **Olexar** (olanzapine tablets) - antipsychotic for schizophrenia
- **Obestat** (sibutramine hydrochloride capsules) - for obesity
- **Pamidria** (pamidronate injection) - for bone metastases
- **Paclitax** (paclitaxel injection) - for cancer
- **Rofixx** (rofecoxib tablets) - COX-2 inhibitor for acute and chronic pain
- **Seroflo** (salmeterol and fluticasone inhaler) - long-acting bronchodilator-corticosteroid combination inhaler therapy for asthma
- **Silagra** (sildenafil tablets) - for erectile dysfunction
- **Topex** (topiramate tablets) - for epilepsy

The following Active Pharmaceutical Ingredients (APIs) were successfully scaled up for commercial manufacture:

- **Anagrelide** - platelet-reducing agent
- **Citalopram** - antidepressant
- **Granisetron** - antiemetic
- **Irinotecan** - anticancer

DIRECTORS' REPORT *contd.*

- Levosalbutamol – chiral bronchodilator
- Levofloxacin – broad spectrum chiral antibacterial
- Loteprednol – topical corticosteroid
- Paroxetine – anxiolytic antidepressant
- Tamsulosin – selective alpha 1A-blocker
- Tibolone – hormone replacement therapy

These products are expected to make a significant contribution to the Company's growth in the near future.

Research and Development

Over the years, the Company's Research and Development efforts have played a pivotal role in its success. During the year under review, bulk drug research focused essentially on new processes and productivity improvements.

New processes were developed for several APIs, in many instances, for the first time in the country. These included: alfuzosin, azelastine, butoconazole, beclomethasone, bicalutamide, clopidogrel, esomeprazole, gatifloxacin, lomerizine, nelfinavir, oxcarbazepine, quetiapine, riluzole, rosiglitazone, rubitecan and zaleplon. During the year, the Company obtained international patents for new antihistamines and anti-infectives.

In the area of formulations R&D, the Company successfully developed various new products and line extensions. Once again, the emphasis was on novel drug delivery systems including aerosols and transdermal systems.

As before, all the four Cipla R&D centres have the approval of the Ministry of Science and Technology, Government of India. The Company continues to work in close collaboration with the CSIR laboratories and other research institutions.

The Company's expenditure on R&D during the year was Rs. 409.23 million, about 4 percent of sales.

Outlook: Concerns and Opportunities

The government's drug policy continues to be a matter of major concern to the industry. The main objectives of a healthy drug policy ought to be:

- to ensure abundant availability of all necessary drugs at reasonable and affordable prices;
- to strengthen indigenous GMP and production capability for drug formulations;
- to encourage production of quality APIs within the country, and
- to create an environment conducive to greater investment in R&D.

Rather than pursue its current ad hoc policy, the government should essentially let free competition and market forces decide drug pricing. The government ought to intervene only if there is a monopoly situation as is the case with many imported formulations.

DIRECTORS' REPORT *contd.*

As of today, over 70 percent of the major drugs available in India have at least five bulk drug manufacturers and over ten formulators. This in itself is sufficient to keep a check on the price of these drugs. In the case of several essential drugs that are currently not under price control, market forces have brought about a steady decline in prices over a period of time.

In the Union Budget, the Finance Minister had announced the government's intention to liberalise the pricing norms for drugs. There is now talk of reducing both the scope and span of price control by revising the parameters. It is fervently hoped that the government would implement a liberalised drug pricing policy in the near future, which will give the necessary impetus to the pharmaceutical industry, particularly the national sector. As a matter of fact, the government can play a more positive role by concentrating its efforts on reviving its own dormant and loss-making public sector drug units to make essential medicines available for the masses.

New patent laws to formally align India with the provisions of TRIPS are on the anvil. The Indian pharmaceutical industry has been campaigning for various safeguards some of which are in place in countries like Kenya, Argentina, Brazil, Ghana and Israel. These include:

- permanent compulsory licensing for a fixed royalty payment
- permission for parallel imports
- restricting the life of patents on essential drugs to 10 years
- not allowing imports to be construed as working of patents
- not imposing any restriction on non-commercial activities such as research and process development during patent protection
- not granting patent protection to formulations based on drugs whose patents have expired.

These measures will go a long way in ensuring that monopolistic conditions of the kind prevalent in the West and certain African countries do not endanger the Indian consumer. It is for our government to provide these safeguards even if the provisions of TRIPS have to be reviewed in the interests of developing countries.

The challenge for Cipla is to maintain its momentum amidst all these uncertainties. The Company is confident that it will continue to capitalize on emerging business opportunities, given its technological strengths and strong presence across a wide range of therapeutic segments. With its highly committed and skilled workforce backed by sound infrastructure and state-of-the-art systems, Cipla is poised to scale greater heights in the years to come.

Internal Control Systems

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

DIRECTORS' REPORT *contd.*

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 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.



Social Responsibility

Cipla took the lead in announcing a combination triple drug therapy for HIV/AIDS at a price of USD 350 per patient per year as compared to prices in excess of USD 10000 to USD 15000 charged by western drug manufacturers. This single humanitarian act has come as a boon to HIV/AIDS patients in developing

DIRECTORS' REPORT *contd.*

countries. It has not only forced multinational companies into a drastic reduction of prices for their antiretrovirals but, in addition, it has triggered an international debate on broader public health issues such as drug pricing, patents for life-saving drugs and certain provisions of TRIPS.

The Company has offered to provide antiretroviral drugs, free of charge for a two-year period to the National Aids Control Organisation in India to help prevent mother-to-child transmission of HIV.

Cipla provided substantial quantities of essential drugs free of cost to the earthquake-hit state of Gujarat. The Cipla Foundation's Palliative Care Centre continues to provide care to terminally ill cancer patients. As of date, this institution has provided solace to nearly 1600 patients. The Hamied Institute has been continuing its training activities in palliative care science. Orientation courses and workshops are being conducted regularly for the benefit of medical and paramedical personnel.

Fixed Deposits

Fifty-six deposits, amounting to Rs. 0.47 million, due for repayment as on 31st March, 2001 were not claimed by the depositors. As of date, fifty-seven deposits amounting to Rs. 0.48 million remain unclaimed.

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

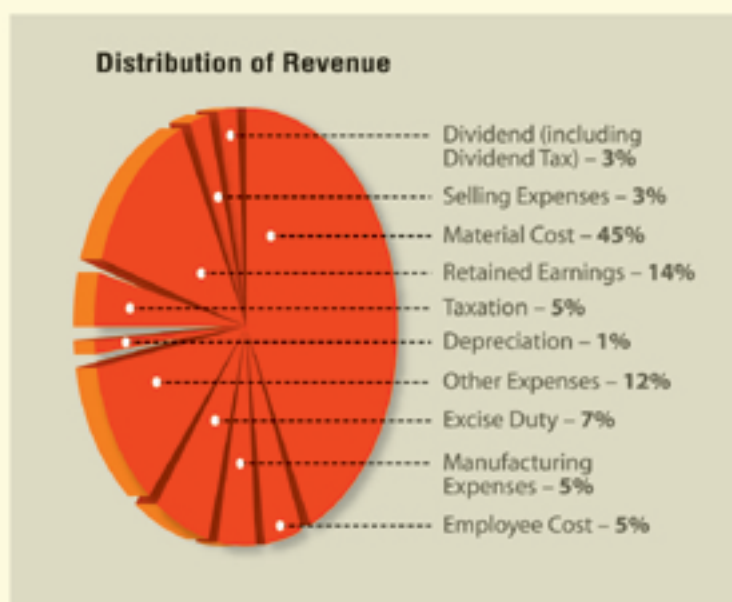
Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- i. that the applicable accounting standards have been followed in the preparation of the annual accounts;
- ii. that the Directors have selected such accounting policies and applied them consistently and made judgments 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 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.

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' REPORT *contd.*



Directors

Subject to the approval of shareholders, Mr. Amar Lulla was reappointed by the Board of Directors for a period of five years with effect from December 22, 2000.

Mr. M. K. Hamied and Mr. Amar Lulla have been redesignated as Joint Managing Directors.

Mr. Ramesh Shroff and Mr. B. K. Khare, retire by rotation and being eligible, offer themselves for reappointment.

A short résumé of these Directors is provided in the Notice pertaining to their appointment as Directors.

The tenure of Mr. Harish Chawla as Whole-time Director came to an end on December 13, 2000. 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,

Y. K. Hamied

Chairman & Managing Director

Mumbai, 26th July 2001

AUDITORS' REPORT

To the Members of Cipla Limited

We have audited the attached Balance Sheet of Cipla Limited as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto and report as under:

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 written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at 31st March, 2001 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, 2001 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, 26th July 2001

ANNEXURE TO THE AUDITORS' 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 & 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 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 and 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.
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 including components, plant & machinery, equipments 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 to Rs. 50000 or more during the year in respect of each party.

ANNEXURE TO THE AUDITORS' REPORT *contd.*

12. As explained to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
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 and 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, 2001 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 has 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

Mumbai, 26th July 2001

D.R. Bharucha
Partner

BALANCE SHEET

		Rupees in millions	
As at 31st March 2001	Schedule	2001	2000
Sources of Funds			
Shareholders' Funds			
Capital	A	599.72	599.72
Reserves & Surplus	B	6646.89	5155.45
		7246.61	5755.17
Loan Funds			
Secured Loans	C	189.65	140.48
Unsecured Loans	D	50.62	55.24
		240.27	195.72
		7486.88	5950.89
Application of Funds			
Fixed Assets			
	E		
Gross Block		2837.99	2423.78
Less: Depreciation		997.47	843.25
Net Block		1840.52	1580.53
Capital Work-in-Progress		31.28	36.99
		1871.80	1617.52
Investments	F	2229.26	1949.95
Current Assets, Loans & Advances			
Inventories	G	2753.59	2121.95
Sundry Debtors	H	1495.18	808.48
Cash & Bank Balances	I	57.97	42.72
Other Current Assets	J	42.72	47.48
Loans & Advances	K	1990.15	1715.47
		6339.61	4736.10
Less: Current Liabilities & Provisions	L	2956.10	2355.65
Net Current Assets		3383.51	2380.45
Miscellaneous Expenditure	M	2.31	2.97
(To the extent not written-off or adjusted)		7486.88	5950.89
Notes to the Accounts	R		

In terms of our report of even date

For R.S. Bharucha & Co.,
Chartered AccountantsD.R. Bharucha
Partner

Mumbai, 26th July 2001

Y.K. Hamied
M.K. Hamied
Amar Lulla
B.K. Khare
H.R. Manchanda
S.A.A. Pinto
R.A. Shroff
Directors

Mumbai, 26th July 2001

Ghanshyam Kurmi
Dy. Company Secretary

PROFIT AND LOSS ACCOUNT

		Rupees in millions	
For the year ended 31st March 2001	Schedule	2001	2000
Income			
Sales, net of returns		10475.09	7597.45
Other Income	N	386.15	316.40
		10861.24	<u>7913.85</u>
Expenditure			
Material Cost	O	4860.81	3468.61
Employee Cost	P	499.00	349.23
Manufacturing Expenses		531.35	315.83
Excise Duty		808.28	672.36
Other Expenses	Q	1621.42	1236.43
Interest		8.34	11.40
Depreciation		158.20	135.47
Less: Transferred from Revaluation Reserve		<u>1.86</u>	<u>2.07</u>
		156.34	<u>133.40</u>
		8485.54	<u>6187.26</u>
Profit before Taxation		2375.70	1726.59
Provision for Taxation		585.00	396.00
Profit after Taxation, available for Appropriation		1790.70	<u>1330.59</u>
Appropriations			
Proposed Dividend		269.88	—
Interim Dividend		—	177.85
Tax on Dividend		27.52	19.58
Transferred to General Reserve		1493.30	1133.16
		1790.70	<u>1330.59</u>
Notes to the Accounts	R		

In terms of our report of even date

For R.S. Bharucha & Co.,
Chartered AccountantsD.R. Bharucha
Partner

Mumbai, 26th July 2001

Y.K. Hamied
M.K. Hamied
Amar Lulla
B.K. Khare
H.R. Manchanda
S.A.A. Pinto
R.A. Shroff
Directors

Mumbai, 26th July 2001

Ghanshyam Kurmi
Dy. Company Secretary

SCHEDULES TO THE ACCOUNTS

		Rupees in millions	
		2001	2000
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	650.00
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	601.73
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	599.72
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.			

		Rupees in millions	
		2001	2000
B Reserves & Surplus			
Capital Reserve			
As per last Balance Sheet		0.78	0.78
Revaluation Reserve			
As per last Balance Sheet	108.22		110.29
Less: Transferred to Profit and Loss Account	<u>1.86</u>	106.36	<u>2.07</u>
			108.22
Share Premium Account			
As per last Balance Sheet	486.82		886.63
Less: Amount capitalised by issue of Bonus Shares	<u>-</u>	486.82	<u>399.81</u>
			486.82
General Reserve			
As per last Balance Sheet	4559.63		3426.47
Add: Transferred from Profit and Loss Account	<u>1493.30</u>	6052.93	<u>1133.16</u>
		6646.89	<u>4559.63</u>
			5155.45

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in millions	
	2001	2000
C Secured Loans		
Amounts drawn against Cash and Export Credit Accounts with Banks	189.65	140.48
Secured by hypothecation of tangible movable properties and receivables of the Company		
	189.65	<u>140.48</u>

	Rupees in millions	
	2001	2000
D Unsecured Loans		
Fixed Deposits	2.82	10.17
Interest accrued and due on Fixed Deposits	0.26	1.06
Other Loans and Advances		
Govt. of Maharashtra Sales Tax Loan	2.23	3.48
MIDC Development Loan	0.11	0.19
HDFC - Line of Credit	1.89	2.11
Govt. of Maharashtra Sales Tax Deferral - Kurkumbh	<u>43.31</u>	<u>38.23</u>
	47.54	<u>44.01</u>
	50.62	<u>55.24</u>

Note: A sum of Rs. 2.82 million (Previous year Rs. 8.14 million) is repayable out of Unsecured Loans within the next 12 months.

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in millions

E Fixed Assets

ASSETS	GROSS BLOCK AT COST/REVALUATION			DEPRECIATION		NET BLOCK	
	As at 31.03.00	Additions	Deletions	As at 31.03.01	As at 31.03.01	As at 31.03.01	As at 31.03.00
Freehold Land	90.71	-	-	90.71	-	90.71	90.71
Leasehold Land	16.28	-	-	16.28	1.76	14.52	14.70
Buildings & Flats	439.70	22.75	0.06	462.39	165.38	297.01	294.94
Plant & Machinery	1734.53	399.31	2.75	2131.09	770.71	1360.38	1092.68
Furniture & Fixtures	59.95	5.78	-	65.73	37.45	28.28	25.29
Vehicles	31.98	6.24	7.70	30.52	6.31	24.21	25.03
Leased out Assets	50.63	-	-	50.63	15.86	34.77	37.18
Less: Lease Terminal Adjustment	-	-	-	9.36	-	9.36	-
Total	2423.78	434.08	10.51	2837.99	997.47	1840.52	1580.53
Previous Year	2138.56	323.67	38.45	2423.78	843.25		
Capital Work-in-Progress (At Cost)						31.28	36.99
Total						1871.80	1617.52

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.

Rupees in millions

	2001	2000
F Investments		
Government Securities		
<i>Quoted</i>		
6% Government of India Loan, 2002 Face Value Rs. 30 million (Market Value Rs. 35.34 million)	30.00	30.00
<i>Unquoted</i>		
National Savings Certificates (Purchased NSC of Rs. 0.20 million during the year)	0.37	0.17
Indira Vikas Patra	0.60	0.60

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in millions	
	2001	2000
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		
(Listed but not quoted)		
<i>Indian Railway Finance Corporation Limited</i> 1,87,000 (Previous year 5,31,932) 9% (Tax free) Secured Redeemable Non-Convertible Bonds of Face Value Rs. 1000 each, fully paid (10,000 Bonds purchased and 3,54,932 Bonds redeemed during the year)	174.99	518.42
<i>Power Finance Corporation Limited</i> Nil (Previous year 13) 9% (Tax free) Secured Redeemable Non-Convertible Bonds of Face Value Rs. 10 million each, fully paid (13 Bonds redeemed during the year)	-	129.38
<i>Indian Railway Finance Corporation Limited</i> 10,000 (Previous year Nil) 10% (Tax free) Secured Redeemable Non-Convertible Bonds of Face Value Rs. 1000 each, fully paid	10.21	-
<i>Rural Electrification Corporation Limited</i> 10 (Previous year 10) 9.35% (Tax free) Secured Redeemable Bonds of Face Value Rs. 5 million each, fully paid	50.60	50.60
<i>Housing & Urban Development Corporation Limited</i> Nil (Previous year 50,000) 10.5% (Tax free) Secured Redeemable Non-Convertible Bonds of Face Value Rs. 1000 each, fully paid (50,000 bonds redeemed during the year)	-	45.95
<i>Housing & Urban Development Corporation Limited</i> 76,000 (Previous year 3,97,000) 9% (Tax free) Secured Redeemable Non-Convertible Bonds of Face Value Rs. 1000 each, fully paid (54,000 Bonds purchased and 3,75,000 Bonds redeemed during the year)	76.32	397.83
<i>Bank of Baroda</i> Nil (Previous year 540) 16% (Taxable) Bonds of Face Value Rs. 5000 each, fully paid (540 Bonds redeemed during the year)	-	2.85

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in millions	
	2001	2000
F Investments - contd.		
Mutual Funds		
<i>Alliance Capital Mutual Fund "Alliance Monthly Income" - Dividend Scheme</i>		
44,97,431 (Previous year 40,71,285) Units (4,26,146 Units purchased during the year)	45.98	41.54
<i>Alliance Capital Mutual Fund "Alliance Liquid Income" - Growth Scheme</i>		
31,26,706 (Previous year Nil) Units (31,26,706 Units purchased during the year)	50.00	-
<i>Birla Mutual Fund "Birla Income Plus Plan" - Growth Scheme</i>		
2,07,23,727 (Previous year 1,55,11,148) Units (52,12,579 Units purchased during the year)	321.75	220.00
<i>Birla Mutual Fund "Birla Income Plus Plan" - Dividend Scheme</i>		
20,55,499 (Previous year 20,55,499) Units	20.00	20.00
<i>Birla Mutual Fund "Birla Monthly Income" - Dividend Scheme</i>		
20,00,000 (Previous year Nil) Units (20,00,000 Units purchased during the year)	20.00	-
<i>DSP Merrill Lynch Mutual Fund "Bond Fund" - Growth Scheme</i>		
1,57,26,613 (Previous year 1,05,98,737) Units (51,27,876 Units purchased during the year)	224.94	144.94
<i>Prudential ICICI Mutual Fund "Prudential ICICI Income Plan" - Growth Scheme</i>		
3,16,35,178 (Previous year 1,72,86,490) Units (1,43,48,688 Units purchased during the year)	388.13	197.41
<i>IDBI Mutual Fund "IDBI Principal Deposit Fund Plan C" - Growth Scheme</i>		
50,00,000 (Previous year Nil) Units (50,00,000 Units purchased 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

SCHEDULES TO THE ACCOUNTS *contd.*

		Rupees in millions	
		2001	2000
F Investments - <i>contd.</i>			
Debentures			
<i>Vascon Engineers Ltd.</i>			
18,50,000 Zero Coupon Secured Redeemable Non-Convertible Debentures of Face Value 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		120.25	120.25
Short Term Investments			
<i>Birla Mutual Fund "Birla Cash Plus" - Growth Scheme</i>			
1,41,43,758 (Previous year Nil) Units (3,62,62,390 Units purchased and 2,21,18,632 Units redeemed during the year)		195.22	-
<i>Birla Mutual Fund "Birla Cash Plus" - Dividend Scheme</i>			
Nil (Previous year Nil) Units (74,39,863 Units purchased and sold during the year)		-	-
<i>Alliance Capital Mutual Fund "Alliance Cash Manager" - Growth Scheme</i>			
1,94,520 (Previous year Nil) Units (3,64,371 Units purchased and 1,69,851 Units redeemed during the year)		243.91	-
<i>Prudential ICICI Mutual Fund "Prudential ICICI Liquid Scheme" - Growth Scheme</i>			
1,37,89,692 (Previous year Nil) Units (5,64,14,266 Units purchased and 4,26,24,574 Units redeemed during the year)		175.98	-
<i>Prudential ICICI Mutual Fund "Prudential ICICI Liquid Plan" - Dividend Scheme</i>			
Nil (Previous year Nil) Units (87,45,188 Units purchased and sold during the year)		-	-
		2229.26	1949.95
Aggregate of Unquoted Investments at - Book Value	Rs. 2199.26 million	(Previous year	Rs. 1919.94 million)
Aggregate of Quoted Investments at - Book Value	Rs. 30.00 million	(Previous year	Rs. 30.00 million)
- Market Value	Rs. 35.34 million	(Previous year	Rs. 33.77 million)

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in millions	
	2001	2000
G Inventories		
[As valued by the Management & certified by the Cost Auditors. Schedule R - Note 1 (v)]		
Materials	1014.26	758.51
Work-in-Process	415.83	284.85
Finished Goods	1323.50	1078.59
	<u>2753.59</u>	<u>2121.95</u>

	Rupees in millions	
	2001	2000
H Sundry Debtors (Unsecured)		
Over Six Months		
Considered Good	118.67	112.94
Considered Doubtful	2.68	2.68
	<u>121.35</u>	<u>115.62</u>
Less: Provision for Doubtful Debts	2.68	2.68
	<u>118.67</u>	<u>112.94</u>
Others		
Considered Good	1376.51	695.54
	<u>1495.18</u>	<u>808.48</u>

	Rupees in millions	
	2001	2000
I Cash & Bank Balances		
Cash in hand	4.57	3.63
Balances with Scheduled Banks in Current Accounts	48.75	35.04
Fixed Deposits with Banks	4.65	4.05
	<u>57.97</u>	<u>42.72</u>

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in millions	
	2001	2000
J Other Current Assets		
Interest accrued on Inter-corporate Loans, Bonds, Government Securities & Deposits	18.09	25.49
Export Incentives Receivable	24.63	21.99
	42.72	<u>47.48</u>

	Rupees in millions	
	2001	2000
K Loans & Advances		
Unsecured (Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered Good	505.27	268.39
Considered Doubtful	<u>0.79</u>	<u>0.79</u>
	506.06	269.18
Less: Provision for Doubtful Advances	<u>0.79</u>	<u>0.79</u>
	505.27	268.39
Balance with Central Excise Department	86.32	41.07
Lease Terminal Adjustment	-	0.20
Dues from Staff	17.70	15.73
Sundry Deposits	32.35	25.63
Advance Taxes & TDS	1309.13	1339.01
Inter-corporate Loans	29.64	25.44
Sales Tax Receivable	9.74	-
	1990.15	<u>1715.47</u>

SCHEDULES TO THE ACCOUNTS *contd.*

		Rupees in millions	
		2001	2000
L Current Liabilities & Provisions			
Current Liabilities			
Sundry Creditors @	1090.06		797.07
Trade Deposits from Customers	37.91		37.73
Unclaimed Dividend	14.55		8.33
Interest accrued but not due on loans	0.28		0.28
Advances Received	65.02		18.64
Other Liabilities	460.01		203.15
Provision for Dividend (Interim)	-		177.85
Provision for Dividend	269.88		-
Tax on Dividend	27.52		19.58
		1965.23	1262.63
Provisions			
Leave Encashment	9.87		7.02
Provision for Taxation	981.00		1086.00
		990.87	1093.02
		2956.10	2355.65

@ Includes Rs. 644.49 million (Previous year Rs. 421.15 million) due to SSI units (as disclosed by the parties). Listed below are SSI units having outstandings for more than 30 days and exceeding Rs. 1 lakh each. Okasa Ltd., Okasa Pharma Ltd., ZXR Industries Pvt Ltd., Jay Precision Products Pvt Ltd., Xeno Enterprises, Mediorals Laboratories Pvt Ltd., Meditab Specialities Pvt Ltd., Medispray Laboratories Pvt Ltd., Okasa Analytical Services Pvt Ltd., Golden Cross Pharma Pvt Ltd., Healing Cross Pharma Pvt Ltd.

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in millions	
	2001	2000
M Miscellaneous Expenditure		
(To the extent not written-off or adjusted)		
Share Issue Expenses	2.31	2.97
	<u>2.31</u>	<u>2.97</u>

	Rupees in millions	
	2001	2000
N Other Income		
Profit on sale of Fixed Assets (Net)	20.98	2.62
Profit on sale of Investments (Net)	40.45	13.71
Export Incentives	82.25	89.62
Dividend	15.90	13.83
Interest (includes tax deducted at source Rs. 4.20 million; Previous year Rs. 5.70 million)	97.45	125.71
Lease Rentals	6.35	6.34
Miscellaneous Income	42.95	35.18
Rent (includes tax deducted at source Rs. 0.05 million; Previous year Rs. 0.03 million)	0.54	1.37
Technical know-how Fees	79.28	28.02
	<u>386.15</u>	<u>316.40</u>

SCHEDULES TO THE ACCOUNTS *contd.*

		Rupees in millions	
		2001	2000
O Material Cost			
Consumption of Materials			
Opening Stock	758.51		563.99
Add: Purchases	3281.42		2436.19
	4039.93		3000.18
Less: Closing Stock	1014.26		758.51
		3025.67	2241.67
Finished Goods Purchased		2211.03	1570.14
(Increase)/Decrease in Stocks of			
Work-in-Process & Finished Goods			
Opening Stock			
Work-in-Process	284.85		231.85
Finished Goods	1078.59		788.39
	1363.44		1020.24
Less: Closing Stock			
Work-in-Process	415.83		284.85
Finished Goods	1323.50		1078.59
	1739.33		1363.44
		(375.89)	(343.20)
		4860.81	3468.61

		Rupees in millions	
		2001	2000
P Employee Cost			
Salaries, Wages, Bonus, etc.		414.49	276.56
Provident & other Funds		25.83	21.42
Staff Gratuity		13.72	11.51
Staff Welfare		42.11	37.78
Leave Encashment		2.85	1.96
		499.00	349.23

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in millions	
	2001	2000
Q Other Expenses		
Stores & Spares	102.91	92.50
Power & Fuel	129.34	106.82
Rent	16.48	13.27
Rates & Taxes	2.27	1.84
Insurance	26.23	21.28
Repairs & Maintenance		
Machinery	49.80	53.85
Buildings	85.82	72.58
Others	39.63	21.50
Printing & Stationery	34.95	43.24
Conveyance & Vehicle Expenses	17.12	15.82
Remuneration to Auditors		
Audit Fees	0.40	0.40
Tax Audit Fees	0.03	0.03
Out-of-Pocket Expenses	-	0.01
Cost Audit Fees	0.13	0.13
Professional Fees	47.54	48.54
Telephone, Postage & Telegram	53.72	59.72
Selling Expenses	356.89	277.38
Freight & Forwarding	91.57	67.70
Travelling Expenses	58.40	47.02
Donations	1.34	6.40
Commission on Sales	333.75	170.33
Bank & Other Financial Charges	18.18	16.03
Directors' Sitting Fees	0.28	0.21
Miscellaneous Expenses	131.44	98.68
Share Issue Expenses Written-off	0.66	0.66
Bad Debts Written-off	22.54	0.49
	<u>1621.42</u>	<u>1236.43</u>

SCHEDULES TO THE ACCOUNTS *contd.*

R 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 costs 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 the 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.

SCHEDULES TO THE ACCOUNTS *contd.*

viii. Research and Development

Revenue expenditure on Research & Development is charged against profit of the year in which it is incurred. Capital expenditure on Research & 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 sales at the point of despatch of goods to the customers.

xi. Income Tax

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. 80.99 million (Previous year Rs. 28.26 million).
4. **Contingent Liabilities**
 - i. Guarantees given by banks on behalf of the Company Rs. 44.45 million (Previous year Rs. 16.87 million).
 - ii. Letters of credit Rs. 85.71 million (Previous year Rs. 30.60 million).
 - iii. Claims against the Company not acknowledged as debts:
 - a. Income Tax, Sales Tax and Excise Duty Rs. 200.67 million (Previous year Rs. 106.17 million).
 - b. Others Rs. 4.89 million (Previous year Rs. 5.21 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 Drugs (Prices Control) Order, 1979.
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.

SCHEDULES TO THE ACCOUNTS *contd.*

The Company has filed its replies with respect to the show cause notices contending that no amount is payable in respect of the said formulations. The Company has contended that in respect of Salbutamol, the same is manufactured by a process which entitles them for exemption on the grounds of Research and Development and the same is being wrongly withheld by the government. As far as the other drugs are concerned, the Company has contended that the same are not liable to be included within the ambit of price control by virtue of the parameters laid down in the Drug Policy of 1994.

The Company has filed writ petitions in this behalf and the same are pending in the Hon'ble High Court of Mumbai. 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.

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. 0.58 million (Previous year Rs. 5.84 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 and Loss Account is Rs. 37.70 million (Previous year Rs.16.49 million).

9. Capacities and Actual Production

Class of Goods	Unit	Installed Capacity		Actual Production	
		2001	2000	2001	2000
Bulk Drugs (including Malts)	Tonne	2101.0	2101.0	691.1	401.3
Tablets & Capsules	Million	2600.0	2600.0	3769.6	2868.4
Liquids	Kilolitre	2200.0	2200.0	3076.6	2472.7
Creams	Tonne	100.0	100.0	280.4	218.8
Aerosols/Inhalation Devices	Thousand	9600.0	7100.0	15057.6	11625.7
Injections/Sterile Solutions	Kilolitre	500.0	500.0	391.1	450.7
Agrochemicals	Tonne	50.0	50.0	-	-

- Notes:
- i. The installed capacity is as certified by the Management and not verified by the auditors, this being a technical matter.
 - ii. Actual production includes production at loan licensee locations.
 - iii. Actual production includes production of goods captively consumed.

SCHEDULES TO THE ACCOUNTS *contd.*

10. Purchases of each class of Finished Goods

		Rupees in millions			
Class of Goods	Unit	2000 - 2001		1999 - 2000	
		Qty.	Value	Qty.	Value
Bulk Drugs (including Malts)	Tonne	210.0	268.93	186.4	151.96
Tablets & Capsules	Million	1742.0	1545.33	1088.8	1240.06
Liquids	Kilolitre	1334.4	219.66	755.8	134.20
Creams	Tonne	60.9	16.73	29.1	0.76
Aerosols/Inhalation Devices	Thousand	1154.3	39.92	746.8	26.38
Injections/Sterile Solutions	Kilolitre	55.5	74.73	7.5	16.78
Others			45.73		-
			2211.03		1570.14

11. Sales of each class of Finished Goods produced/purchased by the Company

		Rupees in millions			
Class of Goods	Unit	2000 - 2001		1999 - 2000	
		Qty.	Value	Qty.	Value
Bulk Drugs (including Malts)	Tonne	598.9	1847.93	540.4	1208.21
Tablets & Capsules	Million	5309.3	6119.59	3490.9	4632.93
Liquids	Kilolitre	4416.4	601.37	2523.5	365.94
Creams	Tonne	319.6	240.71	205.3	166.65
Aerosols/Inhalation Devices	Thousand	15793.1	1015.57	11093.0	770.19
Injections/Sterile Solutions	Kilolitre	411.3	578.17	416.0	449.20
Others			71.75		4.33
			10475.09		7597.45

12. Closing Stock of each class of Finished Goods produced/purchased by the Company

		Rupees in millions					
Class of Goods	Unit	2000 - 2001		1999 - 2000		1998 - 1999	
		Qty.	Value	Qty.	Value	Qty.	Value
Bulk Drugs (including Malts)	Tonne	125.3	420.60	85.3	269.32	59.6	236.82
Tablets & Capsules	Million	733.8	632.32	603.6	562.79	426.2	363.25
Liquids	Kilolitre	466.6	90.36	473.2	62.09	360.7	44.06
Creams	Tonne	49.6	22.58	30.1	15.96	26.4	16.72
Aerosols/Inhalation Devices	Thousand	1605.5	81.37	1823.5	109.77	1160.2	64.36
Injections/ Sterile Solutions	Kilolitre	102.1	67.93	84.2	58.66	87.4	63.18
Others			8.34		-		-
			1323.50		1078.59		788.39

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.

SCHEDULES TO THE ACCOUNTS *contd.*

13. Consumption of Raw and Packing Materials

Rupees in millions				
Class of Goods	2000 - 2001		1999 - 2000	
	Value	%	Value	%
Purchased indigenously	2281.28	67	1691.76	67
Imported by the Company (including duty & charges)	1103.85	33	836.83	33
	<u>3385.13</u>	<u>100</u>	<u>2528.59</u>	<u>100</u>
Less: Recoverable duties (included in the above cost)	359.46		286.92	
Total consumption	3025.67		2241.67	

14. Break-up of Materials Consumed

Rupees in millions					
Class of Goods	Unit	2000 - 2001		1999 - 2000	
		Qty.	Value	Qty.	Value
Purchased Bulk Drugs	Tonne	1087.3	1419.26	663.8	943.51
Solvents	Tonne	5793.5	241.56	3192.3	90.51
Capsules	Million	604.3	50.04	438.4	55.91
Packing Materials			876.48		712.02
Others (None of which individually accounts for more than 10% of the total consumption)			797.79		726.64
			<u>3385.13</u>		<u>2528.59</u>
Less: Recoverable duties (included in the above cost)			359.46		286.92
Total consumption			3025.67		2241.67

Note: Figures as certified by the Management

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

Rupees in millions		
	2000 - 2001	1999 - 2000
Raw Materials/Packing Materials	955.31	619.66
Components & Spare Parts	12.80	9.53
Capital Goods	9.38	52.78

SCHEDULES TO THE ACCOUNTS *contd.*

16. Expenditure in Foreign Currency

	Rupees in millions	
	2000 - 2001	1999 - 2000
Other matters - Commission, Consultancy, Travelling, etc.	272.61	150.30

17. Earnings in Foreign Exchange

	Rupees in millions	
	2000 - 2001	1999 - 2000
F.O.B. Value of Exports	2583.01	1406.39
Technical know-how fees	79.28	28.02

18. Managerial Remuneration

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

	Rupees in millions	
	2000 - 2001	1999 - 2000
i. Salary and Allowances	6.58	6.24
ii. Commission	55.32	11.15
iii. Company's contribution to Provident Fund	0.52	0.47
iv. Approximate monetary value of other perquisites or benefits	0.62	0.73
	63.04	18.59

SCHEDULES TO THE ACCOUNTS *contd.*

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

		Rupees in millions
		2000 - 2001
Profit before taxation as per Profit & Loss Account		2375.70
Add: Managerial Remuneration	63.04	
Directors' Fees	<u>0.28</u>	63.32
		2439.02
Less: Profit on Sale of Fixed Assets as per Profit & Loss Account	20.98	
Profit on Sale of Investments as per Profit & Loss Account	<u>40.45</u>	61.43
Net Profit for the year under Section 349 of the Companies Act, 1956		2377.59
Managerial remuneration permissible - maximum		237.76

Y.K. Hamied
M.K. Hamied
Amar Lulla
B.K. Khare
H.R. Manchanda
S.A.A. Pinto
R.A. Shroff
Directors

Ghanshyam Kurmi
Dy. Company Secretary

Mumbai, 26th July 2001

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

		1	1	-	2	3	8	0
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State Code

1	1
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Balance Sheet Date

3	1	0	3	2	0	0	1
Date		Month		Year			

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

Public Issue

		N	I	L			
--	--	---	---	---	--	--	--

Rights Issue

		N	I	L			
--	--	---	---	---	--	--	--

Bonus Issue

		N	I	L			
--	--	---	---	---	--	--	--

Private Placements

		N	I	L			
--	--	---	---	---	--	--	--

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

Total Liabilities

1	0	4	4	2	9	7	5
---	---	---	---	---	---	---	---

Total Assets

1	0	4	4	2	9	7	5
---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

		5	9	9	7	2	4
--	--	---	---	---	---	---	---

Reserves and Surplus

		6	6	4	6	8	8
--	--	---	---	---	---	---	---

Secured Loans

		1	8	9	6	4	9
--	--	---	---	---	---	---	---

Unsecured Loans

		5	0	6	1	6	
--	--	---	---	---	---	---	--

Application of Funds

Net Fixed Assets

		1	8	7	1	8	0
--	--	---	---	---	---	---	---

Investments

		2	2	2	9	2	5
--	--	---	---	---	---	---	---

Net Current Assets

		3	3	8	3	4	9
--	--	---	---	---	---	---	---

Misc. Expenditure

					2	3	1
--	--	--	--	--	---	---	---

Accumulated Losses

		N	I	L			
--	--	---	---	---	--	--	--

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

Turnover

1	0	4	7	5	0	8	8
---	---	---	---	---	---	---	---

Total Expenditure

		8	4	8	5	5	3
--	--	---	---	---	---	---	---

+ -

Profit/(Loss) Before Tax

✓	
---	--

		2	3	7	5	6	9
--	--	---	---	---	---	---	---

+ -

Profit/(Loss) After Tax

✓	
---	--

		1	7	9	0	6	9
--	--	---	---	---	---	---	---

Earnings Per Share (in Rs.)

				2	9	.	8
--	--	--	--	---	---	---	---

Dividend rate (%)

						4	5
--	--	--	--	--	--	---	---

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

3	0	0	4	9	0	.	1
---	---	---	---	---	---	---	---

Product Description

N	O	R	F	L	O	X	A
---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

3	0	0	4	2	0	.	1
---	---	---	---	---	---	---	---

Product Description

C	I	P	R	O	F	L	O
---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

3	0	0	4	1	0	.	0
---	---	---	---	---	---	---	---

Product Description

A	M	O	X	Y	C	I	L
---	---	---	---	---	---	---	---

CASH FLOW STATEMENT

		Rupees in millions	
For the year ended 31st March 2001		2000 - 2001	1999 - 2000
A Cash Flow From Operating Activities			
Net Profit Before Tax and Extraordinary Items		2375.70	1726.59
Adjustments for:			
Depreciation	156.34		133.40
Miscellaneous Expenditure written-off	0.66		0.66
Interest Paid	8.34		11.40
Unrealised Foreign Exchange Gains	(5.97)		(8.10)
Interest Received	(97.45)		(125.71)
Dividend Income	(15.90)		(13.83)
Profit on Sale of Investments	(40.45)		(13.71)
Profit on Sale of Fixed Assets	(20.98)		(2.62)
Brokerage Received	(3.85)		(2.41)
Lease Rent Received (net of lease equalisation charge)	(6.35)		(6.34)
		(25.61)	(27.26)
Operating Profit Before Working Capital Changes		2350.09	1699.33
Adjustments for:			
Trade Payables and Other Liabilities	604.86		454.59
Inventories	(631.64)		(537.73)
Trade and Other Receivables	(975.71)		(216.07)
		(1002.49)	(299.21)
Cash Generated From Operations		1347.60	1400.12
Interest Paid	(8.34)		(11.40)
Direct Taxes Paid	(660.12)		(567.24)
		(668.46)	(578.64)
Net Cash From Operating Activities (A)		679.14	821.48
B Cash Flow From Investing Activities			
Purchase of Fixed Assets/Capital Work-in-Progress		(428.37)	(334.35)
Sale of Fixed Assets		27.51	32.92
Lease Terminal Adjustment		9.36	-
Purchase of Investments		(2421.97)	(1932.54)
Sale of Investments		2183.11	1400.35
Interest Received		97.45	125.71
Dividend Received		15.90	13.83
Brokerage Received		3.85	2.41
Lease Rent Received (net of lease equalisation charge)		6.35	6.34
Short-term Deposits made with other Corporates		(4.20)	178.00
Net Cash Used In Investing Activities (B)		(511.01)	(507.33)

CASH FLOW STATEMENT *contd.*

	Rupees in millions	
	2000 - 2001	1999 - 2000
C Cash Flow From Financing Activities		
Proceeds from Long Term & Other Borrowings	44.55	(140.44)
Dividend Paid	(177.85)	(149.93)
Tax on Dividend	(19.58)	(16.49)
Net Cash Inflow/(Outflow) From Financing Activities (C)	(152.88)	(306.86)
Net Increase/(Decrease) in Cash and Cash Equivalents (A)+(B)+(C)	15.25	7.29
Cash and Cash Equivalents as at 31.03.2000 [Opening Balance]	42.72	35.43
Cash and Cash Equivalents as at 31.03.2001 [Closing Balance]	57.97	42.72

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

By Order of the Board,

Mumbai, 26th July 2001

Y.K. Hamied
Chairman & Managing Director

Auditors' Certificate

We have verified the above Cash Flow Statement of Cipla Limited for the year ended 31st March, 2001 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

Mumbai, 26th July 2001

D. R. Bharucha
Partner

TEN YEAR'S HIGHLIGHTS

		Rupees in millions								
	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Sales & other Income	10861.24	7913.85	6451.53	5410.22	4779.42	3661.55	3029.92	2518.31	2056.21	1558.88
Profit before Tax	2375.70	1726.59	1544.50	1349.71	1027.46	374.58	305.71	194.17	151.11	131.65
Profit after Tax	1790.70	1330.59	1149.50	1019.71	707.46	289.58	248.21	146.17	103.61	83.15
Dividend	269.88	177.85	149.93	109.95	69.97	24.39	18.65	9.94	9.36	4.71
Tax on Dividend	27.52	19.58	16.49	10.99	6.99	-	-	-	-	-
Retained Earnings	1493.30	1133.16	983.08	898.77	630.50	265.19	266.71*	136.23	94.25	77.84*
Gross Block	2869.27	2460.77	2164.87	1837.59	1596.14	1393.56	1240.96	1046.82	782.69	632.58
Net Block	1871.80	1617.52	1448.93	1224.94	1066.67	944.08	864.61	734.83	506.26	403.94
Investments	2229.26	1949.95	1404.05	728.19	305.42	32.34	32.28	31.12	28.01	61.34
Net Current Assets	3383.51	2380.45	2103.63	1871.77	1587.04	2145.08	1078.97	788.64	629.30	487.04
Miscellaneous Expenditure	2.31	2.97	3.63	4.29	4.95	5.72	1.29	-	-	-
Total Assets	7486.88	5950.89	4960.24	3829.19	2964.08	3127.22	1977.15	1554.59	1163.57	952.32
Share Capital	599.72	599.72	199.91	199.91	199.91	199.91	186.47	31.08	31.08	16.14
Reserves	6646.89	5155.45	4424.17	3443.39	2547.17	1919.51	770.83	663.01	530.66	451.95
Net Worth	7246.61	5755.17	4624.08	3643.30	2747.08	2119.42	957.30	694.09	561.74	468.09
Borrowings	240.27	195.72	336.16	185.89	217.00	1007.80	1019.85	860.50	601.83	484.23
Total Liabilities	7486.88	5950.89	4960.24	3829.19	2964.08	3127.22	1977.15	1554.59	1163.57	952.32

* Includes adjustments of earlier years