

Cipla

Seventy-Sixth Annual Report

2011-2012

As in the past, Cipla has made a special effort to produce this report at a low cost, without compromising its quality or contents leading to a saving of ₹26 lakhs. This amount has been donated to Cipla Foundation.

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Cipla Limited

Founder

Dr. K.A. Hamied
(1898-1972)

Chairman & Managing Director

Dr. Y.K. Hamied

Joint Managing Director

Mr. M.K. Hamied

Whole-time Director

Mr. S. Radhakrishnan

Non-Executive Directors

Dr. H.R. Manchanda

Mr. Ramesh Shroff

Mr. V.C. Kotwal

Mr. M.R. Raghavan

Mr. Pankaj Patel

Dr. Ranjan Pai

Bankers

Bank of Baroda

Canara Bank

Corporation Bank

Indian Overseas Bank

Standard Chartered Bank

The Hongkong & Shanghai Banking
Corporation Limited

Union Bank of India

Auditors

V. Sankar Aiyar & Co.

R.G.N. Price & Co.

Registered Office

Mumbai Central, Mumbai 400 008

Website

www.cipla.com

NOTICE

NOTICE is hereby given that the SEVENTY-SIXTH ANNUAL GENERAL MEETING of CIPLA LIMITED will be held at Rama Watumull Auditorium, K.C. College, Dinshaw Wacha Road, Churchgate, Mumbai-400 020, on Friday, 17th August 2012 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at 31st March 2012, the Statement of Profit and Loss for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st March 2012.
3. To appoint a Director in place of Dr. H.R. Manchanda who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V.C. Kotwal who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution:

“RESOLVED THAT M/s. V. Sankar Aiyar & Co., Chartered Accountants (Firm Reg. No. 109208W), together with M/s. R.G.N. Price & Co., Chartered Accountants (Firm Reg. No. 002785S), be and are hereby re-appointed as Joint Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting upon such remuneration, taxes and out of pocket expenses, as may be fixed by the Board of Directors of the Company in mutual consultation with the Auditors.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to appoint Auditors for the Company’s branch office(s) (whether now or as may be established) in terms of section 228 of the Companies Act, 1956 in consultation with the Auditors of the Company to examine and audit the accounts for the financial year ending on 31st March 2013 upon such remuneration, terms and conditions as the Board of Directors may deem fit.”

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of sections 257, 260 and other applicable provisions of the Companies Act, 1956 read with those under Article 129 of the Company’s Articles of Association, Dr. Ranjan Pai, an Additional Director holding the office up to the date of this Annual General Meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

By Order of the Board of Directors

Mumbai, 7th June 2012

Mital Sanghvi
Company Secretary

NOTICE *contd.*

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies, to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

2. The Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed hereunder and forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 3rd August 2012 to Friday, 17th August 2012, both days inclusive.
4. The dividend for the year ended 31st March 2012 as recommended by the Board, if sanctioned at the Meeting, will be paid to those members whose names appear in the Company's Register of Members on Thursday, 2nd August 2012. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
5. Members holding shares in physical form are requested to forward all applications for transfers and all other shares-related correspondence (including intimation for change of address) to the Share Transfer Agents of the Company at the following address:

Karvy Computershare Private Limited

(Unit: Cipla Limited)

Plot No.17-24, Vittal Rao Nagar,

Madhapur, Hyderabad-500 081.

Tel: (040) 2342 0818 / (040) 4465 5201

Fax: (040) 2342 0814

6. Members holding shares in dematerialised form may please note that, the bank details as furnished by the respective Depositories to the Company will be used for the purpose of distribution of dividend through National Electronic Clearing Service (NECS) as directed by the Stock Exchanges. In the absence of NECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in dematerialised form must give instructions, regarding bank accounts in which they wish to receive dividend, to their Depository Participants. The Company or the Share Transfer Agents will not act on any direct request from such members for change/deletion in such bank details.
7. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling Form 2B in duplicate with the Share Transfer Agents which, on request will supply blank forms. Members holding shares in the dematerialised form may contact the Depository Participant for recording nomination in respect of their shares.
8. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/Share Transfer Agents for registration of such transfer of shares.

NOTICE *contd.*

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

9. All unclaimed dividends up to the financial year ended 31st March 1995 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed the dividend warrants for the said period(s) are requested to claim the amount from the Registrar of Companies, Maharashtra, CGO Complex, CBD Belapur, Navi Mumbai-400 614, by submitting an application in Form No.II.

Consequent to the amendment of the Companies Act, 1956, dividends that remain unclaimed for a period of seven years shall be transferred to Investor Education and Protection Fund (IEPF). Accordingly, unclaimed dividends from the financial year ended 31st March 1996 till 31st March 2004 have been transferred by the Company to IEPF.

Members may note that unclaimed dividend for the financial year ended 31st March 2005 shall become due for transfer to IEPF on 2nd October 2012. Members should also note that any sum transferred to IEPF shall stand forfeited and no claim shall lie either against IEPF or the Company. Those members, who have not encashed their dividends for the financial year ended 31st March 2005, are requested to claim it from the Share Transfer Agents immediately. Such of those members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Share Transfer Agents.

10. The face value of shares has been sub-divided from ₹10 to ₹2 per equity share in the year 2004. Members who have not yet exchanged share certificates of ₹10 face value are requested to surrender their old certificates to the Share Transfer Agents at the address stated above for exchange with new share certificates of ₹2 face value.
11. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing companies to send documents to their shareholders in electronic mode. To support this green initiative and to receive communications from the Company in electronic mode, members who have not registered their e-mail addresses and are holding shares in physical form are requested to contact the Share Transfer Agents of the Company and register their email-id. Members holding shares in dematerialised form are requested to contact their Depository Participant. Members may please note that notices, annual reports, etc. will be available on the Company's website - www.cipla.com and the same shall also be available for inspection, during office hours, at the Registered Office of the Company. Members will be entitled to receive the said documents in physical form free of cost at any time upon request.
12. As required under Clause 49 of the Listing Agreement, the relevant information in respect of the Directors seeking re-appointment at the Annual General Meeting is enclosed as Annexure 1.

NOTICE *contd.*

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 SETTING OUT ALL MATERIAL FACTS CONCERNING THE SPECIAL BUSINESS IN THE NOTICE DATED 7TH JUNE 2012

Item No.6: Ordinary Resolution

The Board of Directors had appointed Dr. Ranjan Pai as an Additional Director with effect from 14th November 2011 holding office up to the date of ensuing Annual General Meeting. The Company has received, along with the requisite deposit, a notice under section 257 in writing from some of its members proposing his appointment as a Director of the Company.

Dr. Ranjan Pai is the Founder and Chief Executive Officer of the Manipal Education and Medical Group (MEMG), a diversified group focusing on Education, Healthcare and Research. He is a graduate of medicine from the Kasturba Medical College, Manipal after which he obtained a Fellowship in Hospital Administration in the United States. He has vast experience in the area of Healthcare, Research and Education.

He is not related to any other Director of the Company. As on the date of this Notice he holds 1,025 equity shares of ₹2 each in the Company.

As on the date of this Notice, he also holds directorships of the following companies: Manipal Health Systems Private Limited; Manipal Global Education Services Private Limited; MEMG International India Private Limited; MEMG Holdings Private Limited; Sacred Hospitality Company Private Limited; Manipal Healthcare Private Limited; Manipal Acunova Limited; SEZ Developers Bangalore Private Limited; Manipal Cure and Care Private Limited; Manipal Institute of Regenerativ Medicine; Manipal Education and Medical Group India Private Limited; Manipal Health Enterprises Private Limited; MEMG International Limited; MNI Ventures; Manipal Global Health Services; Aarin Capital Partners; Cypress Holdings; Manipal Research & Management Services International; Manipal Academic Services International; Stempeutics Research International; JVMC Corporation Sdn. Bhd and Manipal Education Americas LLC.

As on the date of this Notice, he holds membership of Board Committees of the following companies: Manipal Global Education Services Private Limited (Investment Committee, Compensation Committee and Nomination Committee) and Manipal Health Enterprises Private Limited (Audit Committee and Compensation Committee).

Except for Dr. Ranjan Pai, none of the other Directors of the Company are concerned or interested in the resolution.

By Order of the Board of Directors

Mumbai, 7th June 2012

Mital Sanghvi
Company Secretary

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

A. Dr. H.R. Manchanda

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

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

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

He joined the Board of Directors of the Company in 1983. He is a member of Investors' Grievance Committee and Share Committee of the Company.

He is not related to any other Director of the Company.

He does not hold directorship of any other company. As on the date of this Notice, he holds 2,00,000 equity shares of ₹2 each in the Company.

B. Mr. V.C. Kotwal

Mr. V.C. Kotwal is a senior advocate of Bombay High Court. He is a Science & Law graduate from Mumbai University. He has been in the legal profession since the year 1961 and has been designated as Senior Advocate since the year 1983.

Nature of expertise in specific functional areas: Civil Law, Commercial Law, Admiralty & Shipping Litigation and Arbitration.

He joined the Board of Directors of the Company in 1989.

He is not related to any other Director of the Company.

He does not hold directorship of any other company. As on the date of this Notice, he does not hold any equity share in the Company.

By Order of the Board of Directors

Mumbai, 7th June 2012

Mital Sanghvi
Company Secretary

DIRECTORS' REPORT

The Directors take pleasure in presenting the Seventy-Sixth Annual Report of the Company along with the Audited Accounts for the financial year ended 31st March 2012.

Financial Summary

Year ended 31 st March 2011		Year ended 31 st March 2012
6490	Gross total revenue	7223
1151	Profit before tax	1421
960	Profit after tax	1124
1699	Surplus brought forward from last balance sheet	2298
2659	Profit available for appropriation	3422
	Appropriations:	
64	Interim dividend	-
160	Dividend	160
37	Tax on dividend	26
100	Transfer to general reserve	125
2298	Surplus carried forward	3111

₹ in crore

DIVIDEND

The Directors recommend a dividend of ₹2 per share on 80,29,21,357 equity shares of ₹2 each for the year 2011-12 amounting to ₹160.58 crore.

MANAGEMENT REVIEW: 2011-12

Industry Structure and Development

The global economy has witnessed considerable political and economic turmoil during the last year, from uprisings in the Middle East and North Africa to the tsunami in Japan and the debt crisis in Europe. This has resulted in general uncertainty across the globe impacting all businesses.

India's economy grew by about 6.9 percent in 2011-12, its slowest in the last three years and the Government expects it to grow by 7.6 percent in 2012-13. The country's economic growth has fallen below expectations as it copes with spiralling inflation, high interest rates and a widening current account deficit.

India is expected to play an increasing role in the global economy as demand from a growing population continues to drive consumption. Increasingly, governance is going to be a critical challenge and will have a significant impact on the country's growth rates. This will depend on the way India works towards a resolution. The Government should also take into consideration that at a time of slow economic growth, compounded by problems of inflation and uncertainty, any delay in the implementation of sound policies and reforms in various sectors could result in lasting damage to the economy. The business community is therefore looking up to the Government for direction.

The Indian Rupee has depreciated by more than 14 percent as compared to the US Dollar during the financial year 2011-12. A sustained depreciation of the Rupee would benefit the Company and the overall pharmaceutical industry due to significant contribution from exports. However, this could also result in a deteriorating fiscal position of the country in the long run.

DIRECTORS' REPORT *contd.*

The global pharmaceutical industry, in particular the US, Europe, Japan and Australia is witnessing price erosion in the generic business primarily due to competition. In addition, there are the rising costs of production and compliance. All this is exerting pressure on the margins across the industry.

The Indian pharmaceutical industry maintained its momentum and registered a growth of about 15 percent, according to ORG-IMS statistics. This growth can be attributed to prominent factors, such as a growing middle class population, rapid urbanization, increase in lifestyle-related diseases and growth in the health insurance sector.

Performance Review

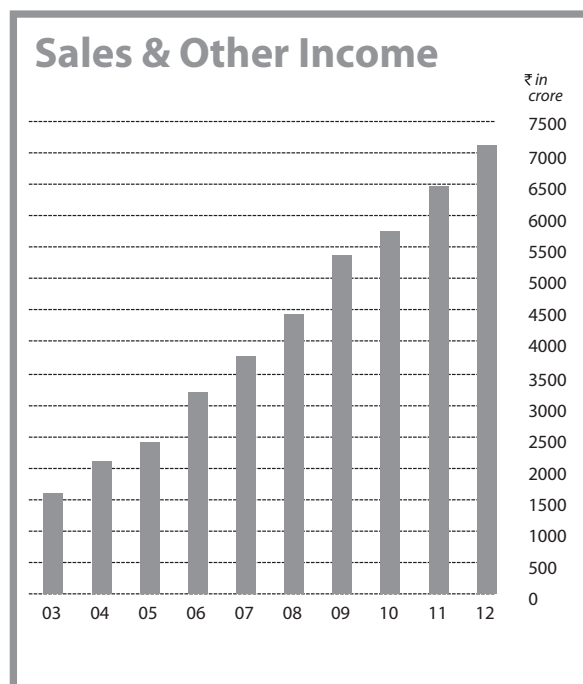
The Company's revenue from operations during the financial year 2011-12 amounted to ₹7075 crore against ₹6399 crore in the previous year recording a growth of more than 10 percent. The domestic turnover increased by 14 percent, from ₹2822 crore in the previous financial year to ₹3213 crore in the financial year under review. Total exports increased by 10 percent during the year. Profit after tax of the Company increased by 17 percent to ₹1124 crore from ₹960 crore in the previous financial year.

During the year under review, operating margin (as a percentage of total revenue) increased by about 2 percent. This was primarily due to reduction in material cost from 47 percent to 42 percent on account of improved realisations, reduction in input costs of certain product categories and changes in the product mix.

Products

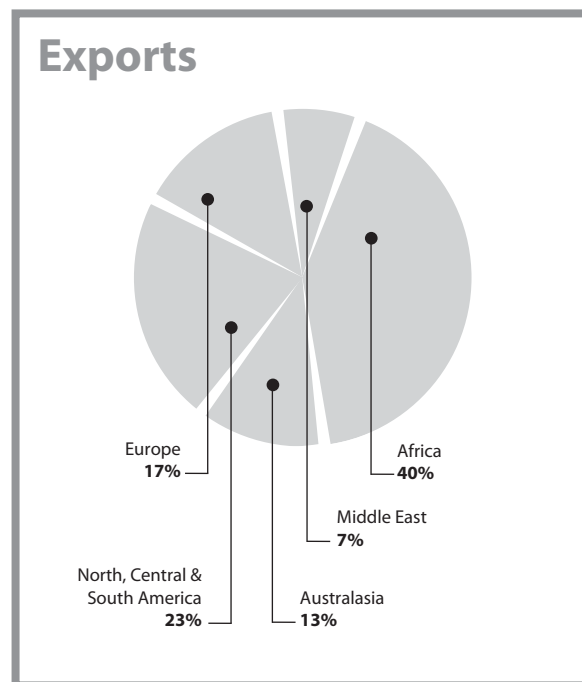
The Company introduced many new drugs and formulations during the year. Some significant formulations are mentioned below:

- Adgain – vital nutritional supplement for hair loss
- Capnea (caffeine citrate injection and oral solution) – for apnoea of prematurity in infants
- Caspogin (caspofungin acetate injection) – new antifungal for life-threatening fungal infections
- Endobloc (ambrisentan tablets) – first once-daily endothelin receptor antagonist for pulmonary arterial hypertension
- Esomac (esomeprazole tablets) – faster-acting PPI for acid-related disorders
- Evocort (formoterol and mometasone rotacaps) – new once-daily asthma controller therapy
- Flavocip (flavoxate hydrochloride tablets) – for relief of spasm of the urinary tract
- Glatira (glatiramer acetate injection) – new disease-modifying drug for multiple sclerosis
- HB Set (ferrous ascorbate and folic acid) – nutritional supplement for anaemia
- Isablac (lactulose and isphaghula husk granules) – combination laxative for chronic constipation
- Ivabeat (ivabradine tablets) – novel drug for coronary artery disease and chronic heart failure



DIRECTORS' REPORT *contd.*

- Lacopsy (lacosamide tablets) – new generation antiepileptic
- Leveysy (levetiracetam tablets) – adjunctive therapy for epilepsy
- Leveysy XR (levetiracetam extended release tablets) – once-daily adjunctive therapy for epilepsy
- Lumet (artemether and lumefantrine tablets) – combination drug for acute malaria
- Montair LC Kid (montelukast and levocetirizine syrup) – for rhinitis in children
- Mucophylin (acebrophylline capsules) – mucolytic bronchodilator for asthma and COPD
- Nadibact (nadifloxacin gel) – quinolone antibacterial for acne
- Nova M (pregabalin and methylcobalamin capsules) – combination therapy for neuropathic pain
- Oflox OZ (ofloxacin and ornidazole suspension) – combination therapy for polymicrobial infections
- Olmecip Trio (olmesartan, amlodipine and hydrochlorothiazide tablets) – novel triple drug combination for hypertension
- Rospium XR (trospium chloride capsules) – new drug for overactive bladder
- Sertacide (sertaconazole nitrate cream) – for fungal skin infections
- Silofast (silodosin capsules) – once-daily drug for BPH
- Sulbacip (sulbactam sodium injection) – for multidrug resistant infections
- Triexer Forte (metformin hydrochloride extended release, pioglitazone and glimepride tablets) – triple combination drug for diabetes
- Xydap (dapoxetine tablets) – first approved drug for premature ejaculation



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

- Abacavir Sulphate – nucleoside analogue for HIV/AIDS
- Bortezomib – proteasome inhibitor for cancer
- Carmoterol – long-acting bronchodilator for COPD
- Dapoxetine Hydrochloride – for treatment of premature ejaculation
- Naftopidil – selective alpha blocker for hypertension
- Ritonavir – protease inhibitor for HIV/AIDS

Manufacturing Facilities

The Company is setting up additional R&D facilities at Vikhroli and Patalganga. It is anticipated that operations will commence during 2012-13.

The Company is also setting up API facilities at Patalganga, Bengaluru and Kurkumbh which are expected to be completed in 2012-13. The total investment for these projects is estimated to be around ₹500 crore.

The capacity utilisation at the Indore SEZ factory has improved significantly compared to the previous year and is expected to reach optimum capacity in the coming years.

Regulatory Approvals

Several dosage forms and APIs manufactured at the Company's facilities continued to enjoy the approval of major international regulatory agencies. These agencies included the US FDA, MHRA (UK), PIC (Germany), MCC (South Africa), TGA (Australia), Department of Health (Canada), ANVISA (Brazil), SIDC (Slovak Republic), Ministry of Health (Kingdom of Saudi Arabia), the Danish Medical Agency and the WHO.

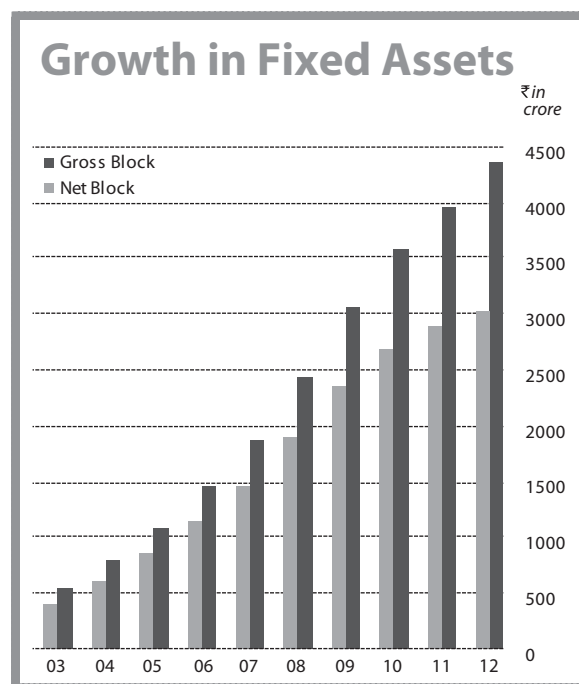
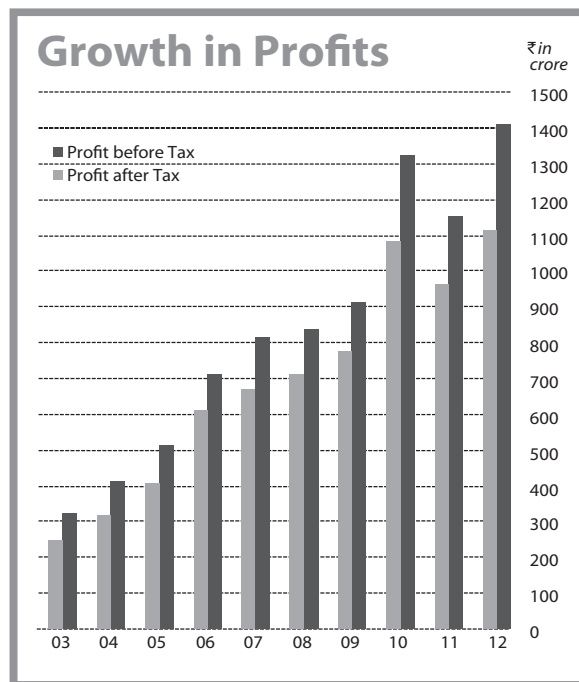
Opportunities

Domestic Markets

In the domestic market, Cipla continues to maintain its leadership position in various therapeutic segments including respiratory, anti-virals, gynaecology and urology. With an R&D team committed to constant innovation and a strong field force of more than 7,500 people, the Company continues to introduce several new products and dosage forms every year which offer significant opportunities.

The Company is actively involved in developing bio-similars/ bio-therapeutic products through its partners in China. It is expected that the clinical trials on these drugs will be completed in 2 to 3 years and subsequently the products will be launched in India. These products may be targeted for international markets in future.

The Company's venture into stem cell-based products is under progress with a major investment in Stempeutics Research Pvt. Ltd., Bengaluru. Currently, clinical trials for regulatory approvals for certain therapeutic areas are underway in India and Malaysia. The launch of the stem cell-based products is expected in 3 years.



International Markets

Cipla's international business continues to be a major revenue driver for the Company. During the year under review, more than 53 percent of the total income originated from international markets.

The Company's international business strategy is focused on an optimised product mix with a greater thrust towards high margin products. Its strategic partnerships with large generic pharmaceutical companies for product development and supply are expected to yield enduring benefits for the Company in the long term.

The Company is expanding its presence in the inhaler segment in Europe, with regulatory approvals for a few products already in place and few more in the pipeline. In the US, the Company is exploring all options, including filing its own Abbreviated New Drug Applications (ANDAs).

Threats, Risks, Concerns

Patents

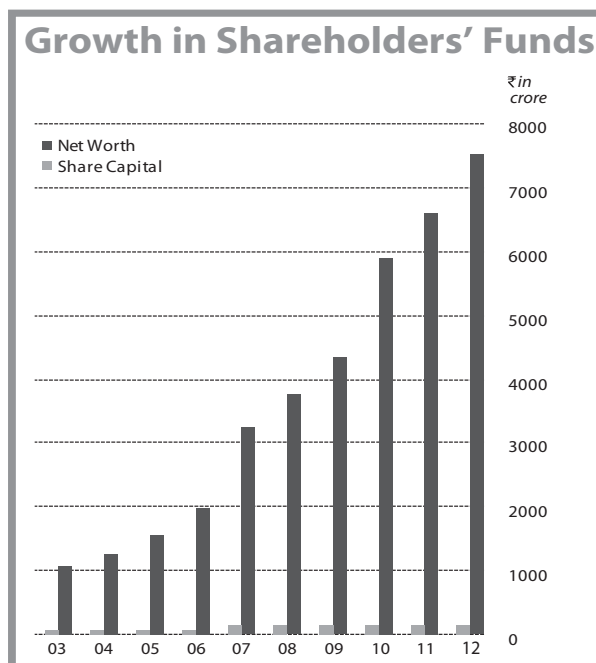
The Company has always maintained its position against MNCs filing pharmaceutical patents which have no novelty. These patents are intended to create extended monopoly and ever-greening. This creates an impediment to providing affordable healthcare to the nation. The Company has been consistently challenging some patent applications and post-grant patents, and is therefore involved in a number of patent litigations. Some recent judicial rulings have affirmed the Company's stand on this vexatious issue. The Government should actively promote a pragmatic compulsory licensing system for life-saving/essential drugs. This will improve access to the latest medicines required by Indian consumers at affordable prices.

Recently, in a landmark judgement by the Indian Patent Office, a pharma company was granted permission to manufacture an anti-cancer drug under a compulsory license which marked an important development in the domestic drug industry. The Indian Government should announce a long term and unambiguous policy or guideline on compulsory license so that this important tool can be effectively used. Many other countries like China, Thailand, Brazil, etc. have amended their patent laws to avail this flexibility allowed under the TRIPS agreement. Any announcement of such a policy or guideline should be clear and time-bound.

The Government of India is in negotiations with the European Union to formulate a Free Trade Agreement (FTA). The Company believes that these negotiations should be open and transparent. The Indian Government should not in any way compromise the interests of domestic indigenous companies by changing its current stance on all issues pertaining to the patent system, monopoly and compulsory licensing.

Drug Pricing

There is lot of uncertainty on the New Drug Policy which is likely to be based on the "NLEM" – National List of Essential Medicines. The policy seeks to impose a drug price control regime on more than 348 drugs on the basis of essentiality. India is known as the pharmacy capital of the world not only for its quality and range but also for its prices. India enjoys the lowest prices of medicines in the world – cheaper than Bangladesh, Pakistan, Indonesia, etc. There are multiple producers of the same drug and intense competition



DIRECTORS' REPORT *contd.*

ensures that the prices remain at reasonable levels. The Government must move away from price control to price management and the earlier it does so, the better for the industry and consumers.

Cipla has some pending legal cases on account of alleged overcharging in respect of certain drugs under the Drug Price Control Order. The aggregate amount of the demand notices received is about ₹1655 crore (inclusive of interest). The Company has been legally advised that based on several High Court decisions and considering the totality of facts and circumstances, these demand notices may not be enforceable. However, any unfavourable outcome in these proceedings could have an adverse impact on the Company.

Safety Measures

Occupational Health, Safety & Environment (HSE) measures is an integral part of our business activities. As always, the Company continues to maintain high standards of occupational HSE practises at all our facilities. Most of our manufacturing facilities including Bengaluru, Baddi, Indore, Kurkumbh and Patalganga are certified for ISO 14001 and OHSAS 18001 standards. Continual efforts are made to upgrade HSE standards, including establishing well-equipped safety laboratories. Safety training programmes including those on behavioural safety are regularly imparted to increase safety awareness at all working levels. Safety Week, Fire Service Day and Electrical Safety Day are celebrated to create awareness and motivate employees. Villagers and school children living around the Company's plants across India also participate in such programmes. World Environment Day and Earth Day are also celebrated by conducting a green drive programme of mass tree-plantation. The Company continues to maintain its modern, well-equipped effluent treatment plant at its manufacturing facilities. Treated water from these zero discharge facilities is used for maintaining green belts around the factory premises.

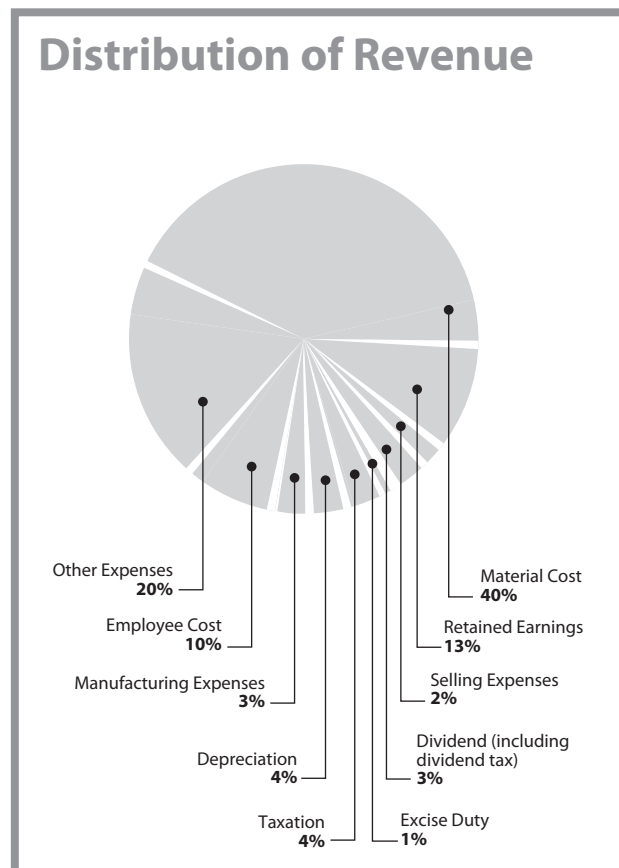
Internal Control Systems

The Company's internal control procedures ensure compliance with various policies, practices and statutes in keeping with the organisation's pace of growth and increasing complexity of operations. A team of internal auditors carries out extensive audits throughout the year, across all functional areas and submits its reports to the Audit Committee of the Board of Directors.

Human Resources

A recent Business Today survey of 'Best Companies to Work for' ranked Cipla as the No. 1 company in the pharmaceutical and healthcare sector.

Particulars of employees required to be furnished under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, form part of this report. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.



CORPORATE SOCIAL RESPONSIBILITY

Cipla launched the first-ever painless, non-invasive and radiation-free breast scanning technology called the 'No Touch Breast Scan' (NTBS) for detecting breast cancer at an early stage. The NTBS would be exclusively marketed by Cipla across various diagnostic centres and hospitals in India and has been already installed at Mumbai, Pune and Indore. This initiative would increase awareness, in particular among younger women, and facilitate regular scanning.

The Company had recently announced a breakthrough price reduction on select cancer drugs towards its commitment to make medicines affordable and accessible, particularly to cancer patients. Drugs constitute a significant proportion of the overall cost of cancer treatment and a reduction in costs can greatly relieve the burden. This initiative of price reduction is a humanitarian approach by Cipla to support cancer patients.

The Cipla Palliative Care and Training Centre in Pune continues to provide care to terminally-ill cancer patients and their families. As of date, the Centre has provided comfort and solace to more than 7,700 patients. The focus is on reaching out to more cancer patients who need palliative care and on integrating palliative medicine with curative therapy.

In addition, the Company continues to support several community welfare, health and educational activities, essentially in communities surrounding the Company's factories both directly and through its charitable trusts, by providing healthcare education, improvement of community infrastructure, scholarships, etc.

CORPORATE MATTERS

Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956 it is confirmed that the Directors have:

- i. followed applicable accounting standards in the preparation of the annual accounts;
- ii. 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 2012 and of the profit of the Company for that period;
- iii. taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. prepared the annual accounts on a going concern basis.

Subsidiary Companies

The Company had 13 subsidiaries/step-down subsidiaries at the beginning of the year. During the financial year ended 31st March 2012, Cipla İlaç Ticaret Anonim Şirketi became a step-down subsidiary of the Company.

In accordance with the general circular issued by the Ministry of Corporate Affairs, the Balance Sheets, including annexures and attachments thereto of the Company's subsidiaries, are not being attached with the Annual Report of the Company. The annual accounts of the subsidiary companies and the related detailed information will be made available to any member of the Company seeking such information. These documents will also be available for inspection by any member at the Registered Office of the Company and that of the respective subsidiary companies. The consolidated financial statements presented in this Annual Report include financial results of the subsidiary companies. A statement containing information on the Company's subsidiaries is included in this Annual Report.

DIRECTORS' REPORT *contd.*

Corporate Governance

Your Company is committed to good corporate governance practices. The report on corporate governance as stipulated under Clause 49 of the Listing Agreement forms part of this report.

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.

Directors

Dr. Ranjan Pai was appointed as an Additional Director with effect from 14th November 2011. He holds office upto the date of the ensuing Annual General Meeting. Notices have been received from some members, proposing his appointment as a Director.

Dr. H. R. Manchanda and Mr. V. C. Kotwal retire by rotation and, being eligible, offer themselves for re-appointment.

A brief resume of the said Directors is provided in the Notice.

Cost Auditors

Pursuant to the provisions of section 233B of the Companies Act, 1956 and with the prior approval of the Central Government, Mr. D.H. Zaveri (Fellow Membership No. 8971), practising Cost Accountant, has been appointed to conduct audit of cost records of bulk drugs and formulations for the financial year ended 31st March 2012. The Cost Audit Reports would be submitted to the Central Government within the prescribed time.

The Cost Audit Reports for bulk drugs and formulations for the year ended 31st March 2011 were filed with the Central Government on 1st October 2011.

Auditors

Messrs. V. Sankar Aiyar & Co. and Messrs. R.G.N. Price & Co., joint statutory auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

On behalf of the Board,

Y.K. Hamied

Chairman & Managing Director

Mumbai, 7th June 2012

ANNEXURE TO THE DIRECTORS' REPORT

Information under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. CONSERVATION OF ENERGY

- a. The Company is striving continuously to conserve energy by adopting innovative measures to reduce wastage and optimise consumption. Some of the specific measures undertaken are:
- i. Reduction in steam generation cost through efficient operation of steam boilers through use of recovered condensate and flash steam for feed water heating in Bengaluru and Indore factories.
 - ii. Efficient and controlled use of Air Handling Unit system to reduce the energy consumption in Kurkumbh, Goa, Sikkim and Indore factories.
 - iii. Reduction in power consumption achieved through re-configuration of the centralised fresh air treatment systems in Goa factory.
 - iv. Use of energy saving lighting system in all the factories has been started to maintain the consumption of energy during the working hours.
 - v. To reduce the energy consumption, ventilation unit at Kurkumbh factory has been closed and natural ventilation is being used.
 - vi. Installation of VFDs (variable frequency drives) for various equipments in Goa, Sikkim, Patalganga, Indore and Kurkumbh factories to reduce the power consumption.
 - vii. Installation of CFL lamps in place of regular mercury lamps/SV lamps in Bengaluru, Kurkumbh and Sikkim factories.
 - viii. Use of energy efficient motors and pumps in Goa, Patalganga and Baddi factories.
 - ix. To reduce the fuel cost, Baddi and Goa factories have switched over from furnace oil to high speed diesel oil.
 - x. Switching off power distribution transformers on holidays and low load periods initiated in Baddi and Sikkim factories.
 - xi. Reduction in operation cost of HVAC system achieved through optimum utilisation of cooling temperature range in all storage areas.
 - xii. To reduce the water consumption use of retreated and rain harvested water initiated in Patalganga, Indore and Sikkim factories.
 - xiii. Installed temperature controllers for HVAC system chiller and centralized cooling fans' motors in Bengaluru factory.
 - xiv. Unity power factor implemented in Patalganga factory for optimum utilisation of electricity.
 - xv. All computers programmed for power saving mode in Indore factory.
 - xvi. Timer based operations initiated in various factories for preventing unwanted energy usage.
 - xvii. Installed motion sensors in Sikkim and Baddi factories to reduce wastage of power.
 - xviii. Steam heating used in place of electrical heating for dehumidifiers in Goa factory.
- b. Impact of the above measures for reduction of energy consumption and consequent impact on the cost of production of goods:
- The adoption of the above energy conservation measures have helped to curtail the proportionate increase in total energy usage consequent to overall increase in production. This has made it possible to maintain cost of production at optimum levels.
- c. Total energy consumption and energy consumption per unit of production as per Form A:
- Considering that the Company has a multi-product, multi-facility production system, it is not possible to determine product-wise energy consumption. Therefore, the consumption is categorised under different classes of goods as shown below. The figures for the year are not exactly comparable with the previous year's figures because of changes in the product mix.

ANNEXURE TO THE DIRECTORS' REPORT *contd.*

A. Power and Fuel Consumption

		2012	2011
1.	Electricity		
a.	Purchased		
	Units	kwh	149813673
	Total amount	₹ in crore	80.63
	Rate/Unit	₹	5.38
b.	Own generation		
	Through diesel generator		
	Units	kwh	67698041
	Units per litre of diesel oil	kwh	3.70
	Cost/Unit	₹	8.69
2.	Others/Internal generation		
	Light diesel oil/diesel oil/furnace oil		
	Quantity	kl	27396
	Total cost	₹ in crore	91.94
	Average rate	₹/kl	33563

B. Consumption per Unit of Production

		2012	2011
1.	Electricity		
	Bulk drugs	(kwh/mt)	69256
2.	Light diesel oil/diesel oil/furnace oil		
	Bulk drugs	(kl/mt)	4.90

It is not feasible to classify energy consumption data of formulations on the basis of product categories, since the Company manufactures a large range of formulations with different energy requirements.

II. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

A. Research & Development

- Specific areas in which R&D work is carried out:

The focus of the Company's R&D efforts was on the following areas:

- Development of new innovative technology for the manufacture of existing APIs and their intermediates.
- Development of products related to the indigenous system of medicines.
- Patenting of newer processes/newer products/newer drug delivery systems/newer medical devices/newer usage of drugs for both local and international markets.
- Development of new products, both in the area of APIs as well as formulations, specifically for export.
- Development of new drug formulations for existing and newer active drug substances.
- Development of agro technology, genetics and biotechnology for cultivation of medicinal plants and isolation of active ingredients from plant materials.
- Development of new drug delivery systems for existing and newer active drug substances as also newer medical devices.

ANNEXURE TO THE DIRECTORS' REPORT *contd.*

- viii. Development of methods to improve safety procedures, effluent control, pollution control, etc.
 - ix. Projects to develop APIs and formulations jointly with overseas companies.
2. Some of the major benefits derived as a result of R&D include:
- i. Successful commercial scale up of several new APIs and formulations.
 - ii. Development of new drug delivery systems and devices.
 - iii. Improved processes and enhanced productivity in both APIs and formulations.
3. Future plan of action:
The Company will continue its R&D efforts in the various areas indicated in (1) above. The major thrust would be on developing new products and drug delivery systems.
4. Expenditure on R&D:

	₹ in crore
a. Capital	17.40
b. Revenue	306.43
Total	323.83

The total R&D expenditure as a percentage of total turnover is around 5 percent.

B. Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:
- i. Development and patenting of new molecular forms and methods of synthesis.
 - ii. Development of new drug delivery systems.
2. Benefits derived as a result of the above efforts:
- i. Improvements in effluent treatment, pollution control and all-round safety standards.
 - ii. Improvement in operational efficiency through reduction in batch hours, increase in batch sizes, better solvent recovery and simplification of processes.
 - iii. Meeting norms of external regulatory agencies to facilitate more exports.
 - iv. Development of products for import substitution.
 - v. Maximum utilisation of indigenous raw materials.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiative taken to increase exports, development of new export markets for products and services and export plans:
Exports sales were ₹3692 crore for the financial year 2011-12. Exports constituted more than 50 percent of total turnover. In addition, the Company earned ₹30 crore towards technical know-how/fees. The Company continues to leverage on its strategic marketing alliances and partnerships in more than 170 countries.
2. Total foreign exchange used and earned:
During the year, the foreign exchange outgo was ₹1329 crore and the earnings in foreign exchange was ₹3728 crore. Details of the same have been given in Notes 21, 30 and 31 in Notes to the Accounts.

On behalf of the Board,

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges)

a. Company's Philosophy on Code of Governance

The Company is committed to good corporate governance. The Company respects the rights of its shareholders to secure information on the performance of the Company. Its endeavour has always been to maximise the long term value to the shareholders of the Company. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of Clause 49 of the Listing Agreement.

b. Board of Directors

- The Board currently consists of 9 Directors out of which 3 are Executive Directors and 6 are Non-Executive/Independent Directors. The composition of Board and category of Directors are as follows:

Category	Name of the Directors
Executive Directors	Dr. Y.K. Hamied Mr. M.K. Hamied Mr. S. Radhakrishnan
Non-Executive/Independent Directors	Dr. H.R. Manchanda Mr. Ramesh Shroff Mr. V.C. Kotwal Mr. M.R. Raghavan Mr. Pankaj Patel Dr. Ranjan Pai*

*Appointed w.e.f. 14th November 2011

- Six Board Meetings were held during the financial year 2011-12. The dates on which the meetings were held are: 5th May 2011; 29th June 2011; 5th August 2011; 25th August 2011; 14th November 2011 and 13th February 2012.
- The information about the attendance of Directors at the Board Meetings and at the last Annual General Meeting and the number of directorships and committee memberships held in other Indian public companies (being a Director as on the date of the Directors' Report) is given below:

Name of the Director	No. of Board Meetings Attended	Attendance at last AGM held on 25 th August 2011	No. of Directorships held in other Indian Public Companies	No. of Committee Memberships held in other Indian Public Companies
Dr. Y.K. Hamied	4	Yes	Nil	Nil
Mr. M.K. Hamied	6	Yes	1	Nil
Mr. S. Radhakrishnan	6	Yes	Nil	Nil
Dr. H.R. Manchanda	5	Yes	Nil	Nil
Mr. Ramesh Shroff	6	Yes	1	Nil
Mr. V.C. Kotwal	2	No	Nil	Nil
Mr. M.R. Raghavan	6	Yes	Nil	Nil
Mr. Pankaj Patel	6	Yes	Nil	Nil
Dr. Ranjan Pai*	2	Not Applicable	1	Nil

*Appointed w.e.f. 14th November 2011

REPORT ON CORPORATE GOVERNANCE *contd.*

- None of the Directors is related to each other except for Dr. Y.K. Hamied and Mr. M.K. Hamied.
- Shareholding of present Non-Executive Directors:

As on 31st March 2012, Dr. H.R. Manchanda, Mr. Ramesh Shroff and Dr. Ranjan Pai – Non-Executive Directors held 200000, 250 and 1025 equity shares respectively in the share capital of the Company. None of the other Non-Executive Directors hold any equity shares of the Company.

c. Audit Committee

- The Audit Committee was constituted on 4th September 2000 in compliance with the requirements of Clause 49 of the Listing Agreement. The Audit Committee currently comprises: Mr. Ramesh Shroff - Chairman, Mr. M.R. Raghavan - Member and Mr. S. Radhakrishnan - Member.

The Chief Financial Officer and other functional managers along with Internal Auditors and Statutory Auditors are invited to attend the meetings of the Audit Committee, as and when necessary. The Company Secretary acts as Secretary to the Committee. The Audit Committee discharges such duties and functions generally indicated in Clause 49 of the Listing Agreement with the Stock Exchanges and also such other functions as may be specifically delegated to it by the Board from time to time.

- Meetings and attendance during the year:

The meetings of the Audit Committee were held on 5th May 2011; 29th June 2011; 5th August 2011; 14th November 2011 and 13th February 2012 during the financial year 2011-12 whereat all the members were present.

d. Remuneration to Directors

- The details of remuneration to Executive Directors during the financial year 2011-12 are given below:

Executive Directors	Salary (₹ in lakhs)	Commission (₹ in lakhs)	Perquisites and Allowances (₹ in lakhs)	Retiral Benefits* (₹ in lakhs)
Dr. Y.K. Hamied	95.00	500.00	69.98	0.02
Mr. M.K. Hamied	95.00	325.00	70.25	11.40
Mr. S. Radhakrishnan	110.00	200.00	80.61	13.20

* Exclusive of provision for leave encashment and contribution to the approved Group Gratuity Fund, which are actuarially determined on an overall basis

Notes: i. The agreement with each Executive Director is for a period of five years. Either party to the agreement is entitled to terminate the agreement by giving not less than three months' prior notice in writing to the other party.

ii. Presently, the Company does not have a scheme for grant of stock options either to its Executive Directors or to its employees.

- Sitting fees to Non-Executive Directors during the financial year 2011-12 are given below:

Non-Executive Directors	Sitting Fees (₹ in lakhs)
Dr. H.R. Manchanda	2.40
Mr. Ramesh Shroff	1.20
Mr. V.C. Kotwal	0.20
Mr. M.R. Raghavan	1.20
Mr. Pankaj Patel	1.10
Dr. Ranjan Pai*	0.20

*Appointed w.e.f. 14th November 2011

Note: The above figures are inclusive of fees paid for attendance of committee meetings.

REPORT ON CORPORATE GOVERNANCE *contd.*

e. Investors' Grievance Committee

- The Company has an Investors' Grievance Committee to attend to and address the grievances of the Shareholders'/Investors' as and when received. The Committee currently comprises: Dr. H.R. Manchanda - Chairman, Mr. M.K. Hamied - Member and Mr. Pankaj Patel - Member.
- During the financial year 2011-12, the Committee met on 5th May 2011; 5th August 2011; 14th November 2011 and 13th February 2012.
- Mr. Mital Sanghvi, Company Secretary acts as the Company's Compliance Officer. The Company attends to the shareholders'/investors' grievances/correspondence expeditiously. During the year under review, 45 investor grievances were received and all of them have been resolved.

f. General Body Meetings

- The last three Annual General Meetings of the Company were held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai-400 034 at 3.00 p.m.
- Special Resolution for further issuance of securities in the domestic and/or international markets was passed at the Annual General Meeting of the Company held on 26th August 2009.
- Special Resolution granting consent to the holding of office or place of profit by Mr. Kamil Hamied, relative of Mr. M.K. Hamied, Joint Managing Director of the Company as member of management team was passed at the Annual General Meeting of the Company held on 25th August 2010.
- Special Resolution granting consent to the holding of office or place of profit by Mrs. Samina Vaziralli, relative of Mr. M.K. Hamied, Joint Managing Director of the Company as member of management team was passed at the Annual General Meeting of the Company held on 25th August 2011.
- No resolution was passed through postal ballot during the financial year ended 31st March 2012.

g. Disclosures

- During the financial year 2011-12, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Further details of related party transactions are presented in Note 40 in Notes to the Accounts.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the last three years. In absence of any non-compliance by the Company, there were neither any penalties imposed nor any strictures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority.

h. Code of Conduct

- The Code of Conduct for the Directors and Senior Management of the Company has been laid down by the Board and the same is posted on the website of the Company. Mr. M.K. Hamied, Joint Managing Director has declared that the Board Members and Senior Management have affirmed compliance with the Code of Conduct of the Company.

i. CEO and CFO Certification

- Mr. M.K. Hamied, Joint Managing Director and Mr. V.S. Mani, Chief Financial Officer of the Company have certified positively to the Board on the matters specified under Clause 49(V) of the Listing Agreement.

REPORT ON CORPORATE GOVERNANCE *contd.*

j. Means of Communication

- The half-yearly/quarterly results are published in the newspapers (Mumbai edition) and are not being sent to each household of shareholders.
- The results are usually published in the following newspapers: The Economic Times; Navbharat Times; The Financial Express; Business Standard; The Hindu Business Line; Sakaal.
- The annual/half-yearly/quarterly results and other official news releases are displayed on the website of the Company – www.cipla.com
- The Management Discussion and Analysis Report forms part of the Directors' Report.

k. General Shareholder Information

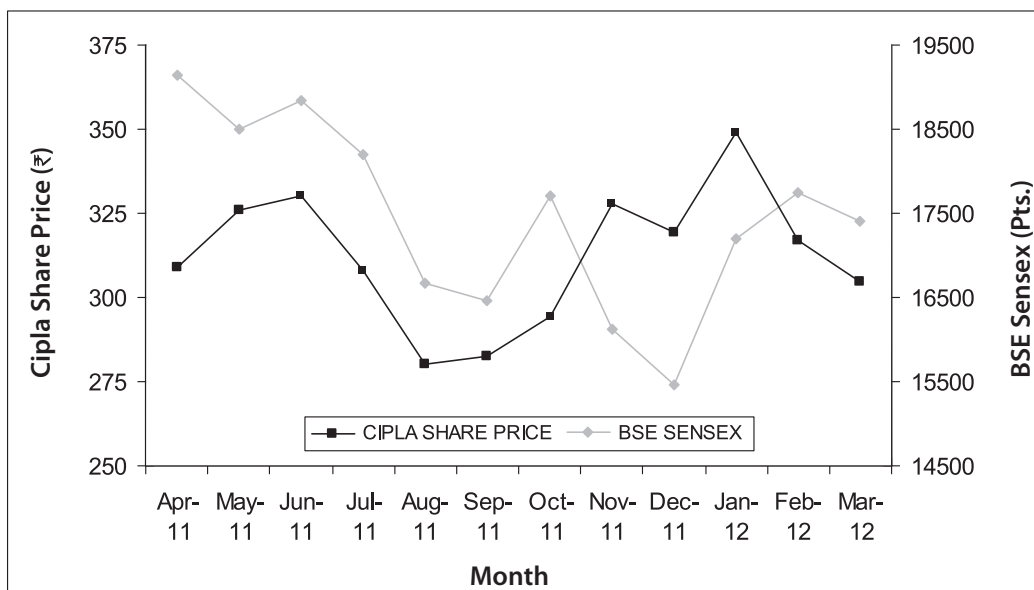
- Date, Time and Venue of the AGM : Friday, 17th August 2012 at 3.00 p.m.
Rama Watumull Auditorium,
K.C. College, Dinshaw Wacha Road,
Churchgate, Mumbai-400 020
- Financial Calendar : 1st day of April to 31st day of March in the next calendar year
- Adoption of Quarterly Results : 1st week of
for the Quarter Ending (tentative)
30th June 2012 August 2012
30th September 2012 November 2012
31st December 2012 February 2013
31st March 2013 May 2013
- Date of Book Closure : 3rd August 2012 to 17th August 2012 (both days inclusive)
- Dividend Payment Date : Will be dispatched/credited on or after 23rd August 2012
- Corporate Identity Number (CIN) : L24239MH1935PLC002380
- Listing on Stock Exchanges : Equity Shares: BSE Limited and National Stock Exchange of India Limited.
Global Depository Receipts (GDRs): Luxembourg Stock Exchange
The Company has paid the requisite annual listing fees to the above stock exchanges for the financial year 2012-13.
- Stock Code : 500087 on BSE Limited
CIPLA EQ on National Stock Exchange of India Limited
- ISIN Number for NSDL & CDSL : INE059A01026

REPORT ON CORPORATE GOVERNANCE *contd.*

- Market Price Data : The high and low prices of every month during the financial year 2011-12 are given below. The Company's market capitalisation is included in the computation of BSE Sensex and S&P CNX NIFTY Index.

Year (2011-12)	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	Number of Shares Traded	High (₹)	Low (₹)	Number of Shares Traded
April	326.00	305.00	2008138	326.45	304.65	17252144
May	334.00	295.15	3131451	334.90	295.50	23821800
June	341.50	310.05	2874171	341.80	310.10	26855794
July	337.95	305.10	1813764	337.95	305.00	21417579
August	315.00	274.10	2266020	315.45	274.20	26444535
September	299.10	273.60	2619325	299.60	272.85	25455291
October	299.95	276.10	1733876	300.00	276.15	23719585
November	329.50	284.00	4043059	329.50	284.00	35335555
December	340.00	315.00	3152893	340.00	315.00	25088838
January	351.90	315.10	3126120	352.80	316.50	22215242
February	359.00	311.00	3141318	359.95	311.30	32789685
March	320.00	286.50	6751110	320.00	286.30	40065312

- Performance in comparison to BSE SENSEX – Year 2011-12



REPORT ON CORPORATE GOVERNANCE *contd.*

- Address for Correspondence

All communications with regard to transfer, transmission, National Electronic Clearing Service (NECS), dividend, dematerialisation, etc. should be addressed to the Share Transfer Agents viz. Karvy Computershare Private Limited.

Share Transfer Agents : Karvy Computershare Private Limited
(Unit: Cipla Limited)
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad-500 081
Tel: (040) 2342 0818/4465 5201
Fax: (040) 2342 0814
E-mail: einward.ris@karvy.com
Website: www.karvy.com

Company : Shares Department
Cipla Limited
Mumbai Central, Mumbai-400 008
Tel: (022) 2302 5272/2309 5521
Fax: (022) 2300 8101
E-mail: cosecretary@cipla.com
Website: www.cipla.com

- Share Transfer System

A Committee of Directors has been constituted to approve the transfer, transmission, issue of duplicate share certificates and allied matters. The Company's Share Transfer Agents, Karvy Computershare Private Limited have adequate infrastructure to process the above matters.

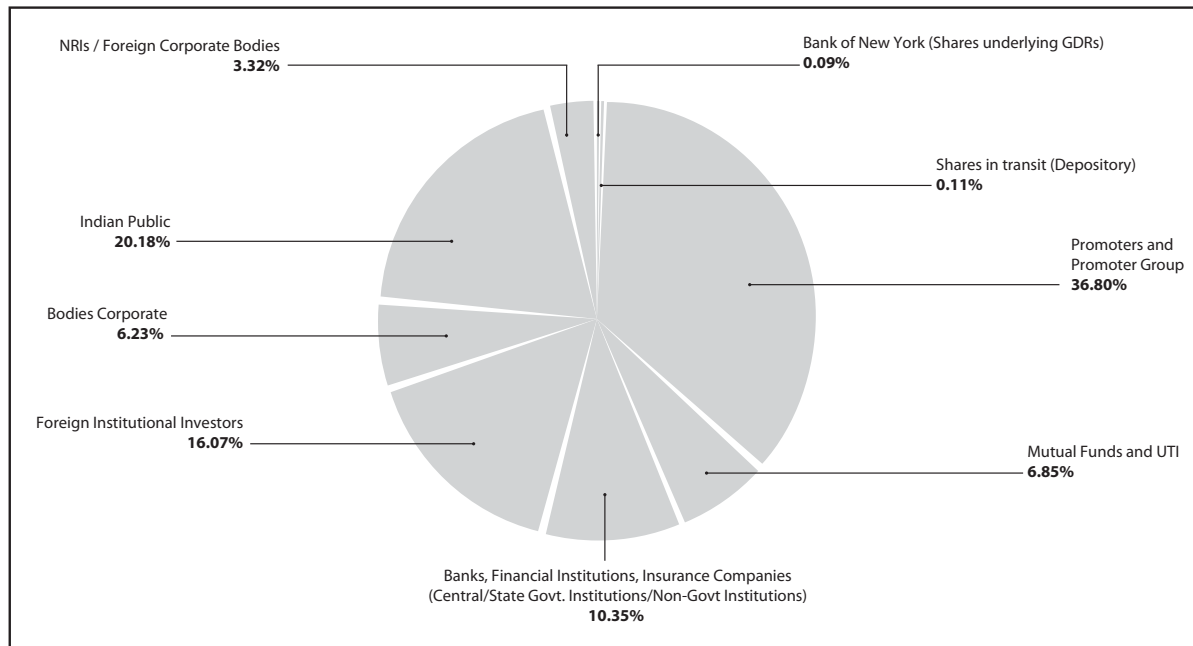
A predetermined process cycle at regular interval ensures transfer of shares (in physical form) within the stipulated time limit. In compliance with the requirement of Listing Agreement, periodic certificates issued by a Practising Company Secretary are filed with the Stock Exchanges.

- Distribution of shareholding as on 31st March 2012 (Class-wise distribution of Equity Shares)

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
1-2500	168376	97.41	24892502	3.10
2501-5000	1425	0.82	5266796	0.66
5001-10000	895	0.52	6631094	0.83
10001-15000	482	0.28	5932411	0.74
15001-20000	225	0.13	3967735	0.49
20001-25000	205	0.12	4658260	0.58
25001-50000	374	0.22	13791882	1.72
Above 50000	863	0.50	737780677	91.88
Total	172845	100.00	802921357	100.00
Physical Mode	1603	0.93	70385145	8.77
Electronic Mode	171242	99.07	732536212	91.23

REPORT ON CORPORATE GOVERNANCE *contd.*

- Shareholding Pattern as on 31st March 2012



- Dematerialisation of Shares and Liquidity

As on 31st March 2012, about 91 percent of the share capital was held in dematerialised form.

As to the Liquidity, equity shares of the Company are traded in the 'A'/Forward group and have been included in the SENSEX at BSE Limited. They are also included in S&P CNX NIFTY of National Stock Exchange of India Limited. They are among the select scrips in which derivatives trading has been permitted in the form of stock futures and stock options.

- Outstanding GDRs/ADRs/Warrants

The GDRs are listed on Luxembourg Stock Exchange and the underlying equity shares are listed on BSE Limited and National Stock Exchange of India Limited. Each GDR represents one underlying equity share of the Company.

As on 31st March 2012, 7,14,657 GDRs were outstanding.

The Company has not issued any American Depository Receipts (ADRs)/Warrants or any convertible instruments.

- Plant Locations

- Virgonagar, Old Madras Road, Bengaluru-560 049, Karnataka
- Bommasandra-Jigani Link Road, Industrial Area, KIADB 4th Phase, Bengaluru-560 099, Karnataka

REPORT ON CORPORATE GOVERNANCE *contd.*

- iii. MIDC, Patalganga-410 220,
District: Raigad, Maharashtra
- iv. MIDC Industrial Area, Kurkumbh-413 802,
Daund, District: Pune, Maharashtra
- v. Verna Industrial Estate,
Verna-403 722, Salcette, Goa
- vi. Village Malpur Upper, P.O. Bhud, Nalagarh, Baddi-173 205,
District: Solan, Himachal Pradesh
- vii. Village Kumrek, Rangpo-737 132,
District: East Sikkim, Sikkim
- viii. Indore SEZ, Phase II, Sector III, Pharma Zone,
P.O. Pithampur-454 774, District: Dhar, Madhya Pradesh

On behalf of the Board,

Y. K. Hamied
Chairman & Managing Director

Mumbai, 7th June 2012

Certificate on Compliance with Clause 49 of the Listing Agreement

To the Members of Cipla Limited,

I have examined the compliance by Cipla Limited (the Company) of the requirements under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31st March 2012.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. My examination was limited to procedures adopted, and implementation thereof, by the Company for ensuring compliance with the conditions of Corporate Governance under Clause 49. The examination is neither an audit nor an expression of opinion on the financial statements of the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Dr. K.R. Chandratre
Practising Company Secretary
FCS No. 1370
Certificate of Practice No. 5144

Pune, 7th June 2012

AUDITORS' REPORT TO THE MEMBERS OF CIPLA LIMITED

1. We have audited the attached Balance Sheet of Cipla Limited (the Company) as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement 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.
2. We conducted our audit in accordance with the 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.
3. As required by the Companies (Auditors' Report) Order, 2003, (hereinafter referred to as "the Order"), as amended, issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956 (the Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the *Annexure*, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying, attention is drawn to Note 36 appearing in the attached financial statements regarding non-provisioning for potential financial liability towards damages payable by the Company since such liability cannot be reliably estimated as on date.
5. Further to our comments in the *Annexure* referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. 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 those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;
 - e. On the basis of the written representations received from the Directors of the Company as on 31st March 2012 and taken on record by the Board of Directors of the Company, we report that none of the Directors is disqualified as on 31st March 2012, from being appointed as a Director in terms of section 274(1) (g) of the Companies Act, 1956;
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, together with the notes thereto, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - ii. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For V. Sankar Aiyar & Co.,
Chartered Accountants
Firm Reg. No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 7th June 2012

For R.G.N. Price & Co.,
Chartered Accountants
Firm Reg. No. 0027855

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 7th June 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date to the Members of Cipla Limited (the Company) for the year ended 31st March 2012)

1. a. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets, other than situation of furniture and fixtures and office equipment where the situation recorded is the location of the Company's different establishments.
- b. The Company has a policy of physically verifying its fixed assets periodically, which in our opinion, is reasonable having regard to the size of the Company and the nature of its business. During the year, some of the fixed assets have been physically verified by the Management and discrepancies noticed during the physical verification have been appropriately dealt with in the books of account.
- c. The fixed assets that have been sold/disposed of during the year do not constitute a substantial part of the total fixed assets of the Company. Hence, the going concern concept has not been affected.
2. a. The inventory has been physically verified by the Management at reasonable intervals during the year. The verification was done on the basis of the perpetual inventory system operated by the Company. In case of materials lying with third parties, certificates confirming such inventory have been obtained by the Company from most of the third parties.
- b. In our opinion and on the basis of the information and explanations given to us, the procedures for physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory have been properly dealt with in the books of account.
3. As informed to us, the Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of clause (iii) of paragraph 4 of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us during the course of audit, no major weakness has been noticed in these internal control systems.
5. a. In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the Register required to be maintained under that section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or agreements referred to in 5.a. above and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA or any other relevant provisions of Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

ANNEXURE TO THE AUDITORS' REPORT *contd.*

7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of its products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records with a view to determine whether these are accurate or complete.
9. a. According to the information and explanations provided to us and the records of the Company examined by us, in our opinion, the Company was regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed arrears that were outstanding as at 31st March 2012 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us and based on the records of the Company examined by us, as on 31st March 2012, there were no dues in respect of Wealth Tax, Service Tax, Customs Duty and Cess that have not been deposited with the appropriate authorities on account of dispute.

The particulars of dues towards Excise Duty, Sales Tax and Income Tax that have not been deposited on account of dispute as at 31st March 2012 and the forum where these disputes are pending are as follows:

Name of the statute	Nature of dues	Financial years to which the matter pertains	Forum where the dispute is pending	Amount ₹ in crore
The Central Excise Act, 1944	Excise Duty	2002-03 to 2009-10	CESTAT/Commissioner (Appeals)	24.22
State Sales Tax Acts	Sales Tax	2001-02 to 2008-09	State Sales Tax Tribunal	3.64
Income Tax Act, 1961	Income Tax	2009-10	Commissioner of Income Tax (Appeals)	17.83

10. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the financial year under report or in the immediately preceding financial year.
11. According to the information and explanations given to us and based on our audit procedures, the Company has not defaulted in repayment of dues to any financial institution or bank.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures or other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.

ANNEXURE TO THE AUDITORS' REPORT *contd.*

15. According to the information and explanations given to us and the representations made by the Management, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company has not obtained any term loans. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable to the Company.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
18. The Company has not made preferential allotment of shares during the year to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money through public issue of securities during the year.
21. During the course of our examination of the books of account and records of the Company, and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported by the Company during the year.

For V. Sankar Aiyar & Co.,
Chartered Accountants
Firm Reg. No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 7th June 2012

For R.G.N. Price & Co.,
Chartered Accountants
Firm Reg. No. 002785S

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 7th June 2012

BALANCE SHEET

		₹ in crore	
As at 31 st March 2012	Notes	2012	2011
Equity and Liabilities			
Shareholders' Funds			
Share Capital	2	160.58	160.58
Reserves and Surplus	3	7389.70	6452.37
Non-Current Liabilities			
Long Term Borrowings	4	2.20	2.92
Deferred Tax Liabilities	5	232.45	212.45
Long Term Provisions	6	29.12	21.00
Current Liabilities			
Short Term Borrowings	7	10.00	437.56
Trade Payables	8	600.39	661.67
Other Current Liabilities	9	357.94	300.40
Short Term Provisions	10	211.41	198.88
		8993.79	8447.83
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	11	3002.66	2867.65
Intangible Assets		-	-
Capital Work-in-Progress		343.45	253.07
Non-Current Investments	12	461.83	347.06
Long Term Loans and Advances	13	385.65	435.50
Other Non-Current Assets	14	0.24	0.15
Current Assets			
Current Investments	15	573.32	223.59
Inventories	16	1824.50	1883.16
Trade Receivables	17	1519.31	1497.04
Cash and Bank Balances	18	55.06	83.98
Short Term Loans and Advances	19	773.79	771.30
Other Current Assets	20	53.98	85.33
		8993.79	8447.83
Notes to the Accounts	1 to 41		
As per our report of even date		Y.K. Hamied <i>Chairman & Managing Director</i>	M.K. Hamied <i>Joint Managing Director</i>
For V. Sankar Aiyar & Co., <i>Chartered Accountants</i> Firm Reg. No. 109208W	For R.G.N. Price & Co., <i>Chartered Accountants</i> Firm Reg. No. 0027855	S. Radhakrishnan <i>Whole-time Director</i>	V.S. Mani <i>Chief Financial Officer</i>
V. Mohan <i>Partner</i> Membership No. 17748	R. Rangarajan <i>Partner</i> Membership No. 41883	H.R. Manchanda Ramesh Shroff V.C. Kotwal M.R. Raghavan Pankaj Patel <i>Directors</i>	Mital Sanghvi <i>Company Secretary</i>
Mumbai, 7 th June 2012			Mumbai, 7 th June 2012

STATEMENT OF PROFIT AND LOSS

		₹ in crore	
For the year ended 31 st March 2012	Notes	2012	2011
Income			
Revenue from Operations (Gross)	21	7074.73	6398.73
Less: Excise Duty		97.23	67.64
Revenue from Operations (Net)		6977.50	6331.09
Other Income	22	148.30	91.64
		7125.80	6422.73
Expenditure			
Cost of Materials Consumed	23a	2300.85	2356.12
Purchase of Traded Goods	23b	555.55	671.13
Changes in Inventories of Finished Goods, Work-in-Process and Traded Goods	23c	11.24	(138.71)
Employee Benefits Expense	24	728.21	540.33
Finance Costs	25	26.63	12.92
Depreciation and Amortisation Expense	26	282.07	248.03
Other Expenses	27	1799.79	1581.52
		5704.34	5271.34
Profit Before Tax		1421.46	1151.39
Tax Expense			
Current Tax		277.50	227.70
MAT Credit (entitlement)/utilisation		-	(70.00)
Deferred Tax		20.00	33.30
Profit for the Year		1123.96	960.39
Earnings per share of face value of ₹2 each			
Basic and Diluted	41	₹14.00	₹11.96
Notes to the Accounts	1 to 41		
As per our report of even date		Y.K. Hamied <i>Chairman & Managing Director</i>	M.K. Hamied <i>Joint Managing Director</i>
For V. Sankar Aiyar & Co., <i>Chartered Accountants</i> Firm Reg. No. 109208W	For R.G.N. Price & Co., <i>Chartered Accountants</i> Firm Reg. No. 0027855	S. Radhakrishnan <i>Whole-time Director</i>	V.S. Mani <i>Chief Financial Officer</i>
V. Mohan <i>Partner</i> Membership No. 17748	R. Rangarajan <i>Partner</i> Membership No. 41883	H.R. Manchanda Ramesh Shroff V.C. Kotwal M.R. Raghavan Pankaj Patel <i>Directors</i>	Mital Sanghvi <i>Company Secretary</i>
Mumbai, 7 th June 2012			Mumbai, 7 th June 2012

NOTES TO THE ACCOUNTS

1 Significant Accounting Policies

A Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting principles in India. The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 issued under section 211(3C) of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in preparation of the financial statements are consistent with those of the previous year. During the financial year ended 31st March 2012 the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The Company has also re-classified the previous year figures in accordance with the requirements applicable in the current year.

B Use of Estimates

The preparation of financial statements requires the Management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

C Fixed Assets

Fixed assets are stated at cost of acquisition (net of recoverable taxes and Government grants and other subsidies, wherever availed) or construction or other amounts substituted for historical costs on revaluation less accumulated depreciation. Where several fixed assets are acquired for consolidated price, the consideration is apportioned to fixed assets on fair value basis.

D Depreciation

Depreciation on fixed assets is provided on the Straight Line Method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

All individual items of fixed assets, where the actual cost does not exceed ₹5000 have been written off entirely in the year of acquisition.

Cost of leasehold land including premium is amortised over the primary period of lease.

E Valuation of Inventories

Raw materials and packing materials are valued at lower of cost or net realisable value after providing for obsolescence, if any. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Work-in-process and finished goods are valued at lower of cost or net realisable value. Finished goods and work-in-process include costs of raw material, labour, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods includes excise duty, wherever applicable.

Cost of inventories is computed on weighted average basis.

F Investments

Long term investments are stated at cost, less provision for diminution (other than temporary) in value.

Current investments are stated at lower of cost or fair value.

G Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency monetary assets & liabilities and forward contracts are restated at year end exchange rates. Exchange differences arising on the settlement of foreign currency monetary items or on reporting Company's foreign currency monetary items at rates different from those at which they were initially recorded

NOTES TO THE ACCOUNTS *contd.*

during the year or reported in the previous financial statements, are recognised as income or expense in the year in which they arise.

Non-monetary foreign currency items are carried at the rates prevailing on the date of the transaction.

In respect of forward contracts, the premium or discount on these contracts is recognised as income or expenditure over the period of the contract. Any profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense of the year.

Foreign branches are identified as integral foreign operations. All transactions are transferred at rates prevailing on the date of transaction. Monetary assets and liabilities of the branch are restated at the year end rates.

H Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

I Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer, which ordinarily coincides with despatch of goods to customers. Revenues are recorded at invoice value, net of sales tax, returns and trade discounts.

Revenue from rendering of services are recognised on completion of services.

Benefits on account of entitlement of export incentives are recognised as and when the right to receive is established.

Technical Know-how/Fees are recognised as and when the right to receive such income is established as per terms and conditions of relevant agreement.

Interest income is recognised on time proportion basis.

Dividend income is recognised when the right to receive is established.

J Employee Benefits

Liability on account of short term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/vesting period of the benefit.

Post retirement contribution plans such as Provident Fund are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds accrue.

Post retirement benefit plans such as gratuity and leave encashment are determined on the basis of actuarial valuation made by an independent actuary as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

K Income Tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income Tax Laws as applicable to the financial year.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

NOTES TO THE ACCOUNTS *contd.*

The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

L Borrowing Costs

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other financing/borrowing costs are charged to the Statement of Profit and Loss.

M Impairment of Assets

At each Balance Sheet date, the Company assesses whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss. If, at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

N Research and Development

Revenue expenditure on Research and Development is recognised as expense in the year in which it is incurred.

Capital expenditure on Research and Development is shown as addition to Fixed Assets.

O Expenditure on Regulatory Approvals

Expenditure incurred for obtaining regulatory approvals and registration of products for overseas markets is charged to revenue.

P Government Grants and Subsidies

Capital subsidy/Government grants are accounted for where it is reasonably certain that the ultimate collection will be made.

Capital subsidy/Government grants related to specific depreciable assets are shown as deduction from the gross value of the asset concerned in arriving at its book value. The grant/subsidy is thus recognised in the Statement of Profit and Loss over the useful life of such depreciable assets by way of a reduced depreciation charge.

Q Leases

Where the Company is a Lessee

Lease rentals on assets taken on operating lease are recognised as expense in the Statement of Profit and Loss on an accrual basis over the lease term in accordance with the lease agreement.

Where the Company is a Lessor

Lease rentals on assets given on operating lease are recognised as income in the Statement of Profit and Loss on an accrual basis in accordance with the lease agreement.

R Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effect of all dilutive potential equity shares from the exercise of options on unissued share capital. The number of equity shares is the aggregate of the weighted average number of Equity Shares and the weighted average number of equity shares which would be issued on the conversion of all the dilutive potential equity shares into equity shares.

NOTES TO THE ACCOUNTS *contd.*

	₹ in crore	
	2012	2011
2 Share Capital		
Authorised		
87,50,00,000 Equity Shares of ₹2 each		
(Previous year 87,50,00,000 Equity Shares of ₹2 each)	175.00	175.00
	175.00	175.00
Issued		
80,39,24,752 Equity Shares of ₹2 each		
(Previous year 80,39,24,752 Equity Shares of ₹2 each)	160.78	160.78
	160.78	160.78
Subscribed & Paid-up		
80,29,21,357 Equity Shares of ₹2 each fully paid		
(Previous year 80,29,21,357 Equity Shares of ₹2 each fully paid)	160.58	160.58
	160.58	160.58

- There is no change in the shares outstanding at the beginning and at the end of the reporting date and immediately preceding reporting date.

- Details of Shareholders holding more than 5 percent shares in the Company**

	2012		2011	
	Number of shares	% Holding	Number of shares	% Holding
Dr. Y.K. Hamied	12,48,27,750	15.55	12,48,27,750	15.55
Mrs. Farida Hamied	4,19,14,937	5.22	4,19,14,937	5.22
Mrs. Sophie Ahmed	4,59,82,000	5.73	4,59,82,000	5.73
Life Insurance Corporation of India	8,01,53,536	9.98	9,68,98,171	12.07

- Shares allotted as fully paid-up by way of Bonus shares (during 5 years preceding 31st March 2012)**

46,63,74,814 equity shares of ₹2 each were allotted as Bonus shares by capitalisation of General Reserve and Securities Premium Account in May 2006.

- Terms and Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholder.

NOTES TO THE ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
3	Reserves and Surplus		
	Capital Reserve	0.08	0.08
	Securities Premium Reserve	1428.96	1428.96
	Revaluation Reserve	8.97	8.97
	General Reserve		
	As per last Balance Sheet	2716.43	2616.43
	Add: Transferred from the Statement of Profit and Loss	<u>125.00</u>	<u>100.00</u>
	Balance at the end of the year	2841.43	2716.43
	Surplus in the Statement of Profit and Loss		
	As per last Balance Sheet	2297.93	1699.07
	Add: Profit for the year	<u>1123.96</u>	<u>960.39</u>
		3421.89	2659.46
	Less: Appropriations		
	Transferred to General Reserve	125.00	100.00
	Interim Dividend	-	64.23
	Proposed Dividend	160.58	160.58
	Tax on Dividend	<u>26.05</u>	<u>36.72</u>
	Balance at the end of the year	3110.26	2297.93
		7389.70	6452.37

		₹ in crore	
		2012	2011
4	Long Term Borrowings		
	Unsecured		
	Deferred Payment Liability - Sales Tax Deferral Loan	2.20	2.92
		2.20	2.92

		₹ in crore	
		2012	2011
5	Deferred Tax Liabilities		
	Deferred Tax Liabilities arising on account of		
	DEPB Incentives	17.52	27.70
	Depreciation	214.93	184.75
		232.45	212.45

NOTES TO THE ACCOUNTS *contd.*

	₹ in crore	
	2012	2011
6 Long Term Provisions		
Provision for Employee Benefits - Leave Encashment (Note 24)	29.12	21.00
	<u>29.12</u>	<u>21.00</u>

	₹ in crore	
	2012	2011
7 Short Term Borrowings		
Loans Repayable on demand		
Secured		
Cash Credit from Banks (Secured against receivables and moveable assets including stocks, both present and future)	10.00	2.95
Unsecured		
Packing Credit from Banks	-	434.61
	<u>10.00</u>	<u>437.56</u>

	₹ in crore	
	2012	2011
8 Trade Payables		
Micro, Small and Medium Enterprises	14.13	15.45
Others	586.26	646.22
	<u>600.39</u>	<u>661.67</u>

The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

	₹ in crore	
	2012	2011
i. The principal amount and the interest due thereon remaining unpaid to suppliers		
a. Principal	-	-
b. Interest due thereon	-	-
ii. a. The delayed payments of principal paid beyond the appointed date during the entire accounting year	-	-
b. Interest actually paid under section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
iii. a. Normal interest accrued during the year, for all the delayed payments, as per the agreed terms	-	-
b. Normal interest payable for the period of delay in making payment, as per the agreed terms	-	-
iv. a. Total interest accrued during the year	-	-
b. Total interest accrued during the year and remaining unpaid	-	-

NOTES TO THE ACCOUNTS *contd.*

	₹ in crore	
	2012	2011
9 Other Current Liabilities		
Current maturities of Long Term Debt - Sales Tax Deferral Loan	0.72	0.91
Unclaimed Dividend*	13.59	12.79
Statutory Dues	14.98	17.73
Outstanding Payables	124.37	117.46
Creditors for Capital Expenditure	41.47	36.30
Unclaimed Preference Share Capital	0.01	0.01
Security Deposits	31.73	22.12
Book Overdraft	24.95	29.25
Advance from Customers	106.12	63.83
	<u>357.94</u>	<u>300.40</u>
* There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.		

	₹ in crore	
	2012	2011
10 Short Term Provisions		
Provision for Employee Benefits - Leave Encashment (Note 24)	7.29	5.26
Employee Retirement Benefit Obligations - Gratuity (Note 24)	17.49	6.99
Proposed Dividend	160.58	160.58
Tax on Proposed Dividend	26.05	26.05
	<u>211.41</u>	<u>198.88</u>

NOTES TO THE ACCOUNTS *contd.*

₹ in crore

11 Fixed Assets - Tangible Assets

ASSETS	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK			
	As at 01.04.11	Additions	Deletions/ Adjustments	As at 31.03.12	Upto 31.03.11	For the year 2011-12	Deletions/ Adjustments	Upto 31.03.12	As at 31.03.12	As at 31.03.11
Freehold Land	29.64	1.99	-	31.63	-	-	-	-	31.63	29.64
Leasehold Land	74.99	0.06	-	75.05	7.68	1.80	-	9.48	65.57	67.31
Plant and Equipments	2750.64	343.71	69.71	3024.64	884.55	239.29	44.86	1078.98	1945.66	1866.09
Office Equipments	49.30	11.77	2.40	58.67	9.05	2.53	1.03	10.55	48.12	40.25
Furniture and Fixtures	94.44	12.37	1.54	105.27	29.29	6.82	1.14	34.97	70.30	65.15
Buildings and Flats	920.62	73.13	-	993.75	126.79	30.86	-	157.65	836.10	793.83
Vehicles	8.84	1.02	0.69	9.17	3.46	0.76	0.33	3.89	5.28	5.38
Total	3928.47	444.05	74.34	4298.18	1060.82	282.06	47.36	1295.52	3002.66	2867.65
Previous year	2894.92	1137.18	103.63	3928.47	884.13	248.00	71.31	1060.82		

Notes: i. The gross value of Buildings and Flats includes the cost of shares in Co-operative Housing Societies.

ii. The gross block is net of Government grants/other subsidies Nil for current year (Previous year Goa ₹9.20 crore and Indore ₹0.02 crore).

iii. The above additions to fixed assets during the year includes ₹17.40 crore (Previous year ₹25.04 crore) used for Research and Development.

iv. Freehold Land at Mumbai Central and Vikhroli, were revalued on 16th March 1985 and was again revalued on 21st March 1990 along with Freehold Land at Bengaluru on the basis of valuation report of approved valuers resulting in an increase in book value by ₹8.97 crore.

NOTES TO THE ACCOUNTS *contd.*

	₹ in crore	
	2012	2011
12 Non-Current Investments		
Trade Investments		
Investments in Equity Instruments (Unquoted)		
Investment in Wholly Owned Subsidiaries		
15 (Previous year 15) Equity Shares of Cipla FZE of AED 10,00,000 each, fully paid	18.69	18.69
45,966 (Previous year 45,966) Equity Shares of Goldencross Pharma Pvt. Ltd. of ₹10 each, fully paid	191.12	191.12
60,00,072 (Previous year 60,00,072) Equity Shares of Meditab Specialities Pvt. Ltd. of ₹1 each, fully paid	133.72	133.72
7,00,001 (Previous year 7,00,000) Ordinary Shares of Cipla (Mauritius) Ltd. of USD 1 each, fully paid	3.16	3.16
Investment in Associates		
87,33,333 (Previous year Nil) Ordinary Shares of Biomab Holding Ltd. of USD 1 each, fully paid	114.78	-
Investment in Joint Ventures		
1 (Previous year Nil) Ordinary Share of Aspen-Cipla Australia Pty Ltd. of AUD 1, fully paid - ₹51.97 (Previous year Nil)	0.00	-
Other Investments		
Investments in Equity Instruments (Unquoted)		
1,000 (Previous year 1,000) Equity Shares of The Saraswat Co-operative Bank Ltd. of ₹10 each, fully paid - ₹10000 (Previous year - ₹10000)	0.00	0.00
Investments in Government and Trust Securities		
National Savings Certificates - ₹39000 (Previous year - ₹39000)	0.00	0.00
Investment property (at cost less accumulated depreciation)		
Cost of Building given on Operating Lease	0.52	0.52
Less: Accumulated Depreciation	0.16	0.15
Net Block	0.36	0.37
	461.83	347.06
Aggregate amount of unquoted investments - ₹461.47 crore (Previous year - ₹346.69 crore)		

NOTES TO THE ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
13	Long Term Loans and Advances		
	Secured, Considered Good		
	Capital Advances [#]	1.77	3.77
	Unsecured, Considered Good		
	Capital Advances*	75.51	173.05
	Security Deposits	23.98	19.39
	MAT Credit Entitlement Receivable	70.00	70.00
	Advance Taxes and TDS (Net of Provision for Tax ₹505.20 crore; Previous year ₹456.20 crore)	188.15	143.39
	VAT Receivable	26.24	25.90
		385.65	435.50
	[#] Secured against Bank Guarantees		
	* Includes ₹55.74 crore (Previous year ₹55.74 crore) paid to wholly owned subsidiary - Meditab Specialities Pvt. Ltd.		

		₹ in crore	
		2012	2011
14	Other Non-Current Assets		
	Fixed Deposits as Margin Money (maturity more than 12 months)	0.24	0.15
		0.24	0.15

		₹ in crore			
		No. of units	2012	No. of units	2011
15	Current Investments				
	Investments in Mutual Funds (Unquoted)				
	Axis Mutual Fund "Axis Liquid Fund" - Institutional Growth	2,52,756	30.00	64,775	7.04
	Axis Mutual Fund - "Axis Fixed Term Plan" Series 23 (3 Months) - Growth	50,00,000	5.00	-	-
	Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund" - Institutional Growth	81,570	10.01	1,18,052	13.25
	Birla Sun Life Mutual Fund "Birla Cash Plus" - Institutional Premium Growth	19,72,187	33.84	70,73,650	11.09
	Birla Sun Life Mutual Fund "Birla Sun Life Floating Rate Fund" - Short Term - IP - Growth	14,58,285	20.75	-	-
	BNP Paribas Mutual Fund "BNP Paribas Overnight" - Institutional Growth	-	-	1,13,17,172	17.03
	Daiwa Mutual Fund "Daiwa Liquid Fund" - Institutional Plan - Growth Option	1,21,859	14.61	-	-
	Deutsche Asset Management "DWS Insta Cash Plus Fund" - Super Institutional Plan Growth	18,95,798	26.39	4,71,567	6.00

NOTES TO THE ACCOUNTS *contd.*

		₹ in crore			
		No. of units	2012	No. of units	2011
15	Current Investments - <i>contd.</i>				
	Edelweiss Mutual Fund "Edelweiss Liquid Fund" - Super Institutional Growth	1,01,92,623	10.80	-	-
	Edelweiss Mutual Fund "Edelweiss Fixed Maturity Plan - Series 5" - Growth Plan	1,00,00,000	10.00	-	-
	Franklin Templeton Mutual Fund "Templeton India Treasury Management Account" - Super Institutional Plan Growth	1,99,584	31.82	-	-
	HDFC Mutual Fund "HDFC Cash Management" - Savings Plan Growth	1,76,63,721	39.50	-	-
	ICICI Prudential Mutual Fund "ICICI Prudential Liquid Plan" - Super Institutional Growth	22,52,438	35.68	12,84,092	18.61
	IDBI Mutual Fund "IDBI Liquid Fund" - Growth	-	-	1,71,225	18.00
	IDFC Mutual Fund "IDFC Cash Fund" - Super Institutional Plan C Growth	-	-	1,67,85,502	20.00
	ING Vysya Mutual Fund "ING Vysya Liquid Fund" - Super Institutional Growth Option	-	-	68,44,979	10.01
	JM Financial Mutual Fund "JM High Liquidity Fund" - Super Institutional Plan - Growth	1,72,33,780	28.93	-	-
	JP Morgan Mutual Fund "JP Morgan India Liquid Fund" - Super Institutional Growth Plan	2,38,07,567	33.05	-	-
	Kotak Mahindra Mutual Fund "Kotak Liquid" - Institutional Premium Growth	37,93,348	8.25	97,66,249	19.41
	Peerless Mutual Fund "Peerless Liquid Fund" - Super Institutional Growth	2,81,19,991	32.91	1,64,91,455	17.62
	Pramerica Mutual Fund "Pramerica Liquid Fund" - Growth Option	3,69,831	42.27	-	-
	Reliance Mutual Fund "Reliance Liquid Fund - Treasury Plan" Institutional - Growth Option	1,34,78,017	35.15	-	-
	Religare Mutual Fund "Religare Liquid Fund" - Super Institutional Growth	-	-	88,595	11.92
	Sundaram BNP Paribas Mutual Fund "Sundaram Money Fund" - Super Institutional Growth	1,42,77,965	32.25	62,96,898	13.00
	Tata Mutual Fund "Tata Liquid Super High Investment Fund" - Appreciation	92,289	18.26	99,500	18.00
	Taurus Mutual Fund "Taurus Liquid Fund" - Super Institutional Growth	86,529	10.00	2,14,473	22.61
	Union KBC Mutual Fund "UKBC Liquid Fund" - Growth	3,79,362	40.70	-	-
	UTI Mutual Fund "UTI Liquid Cash Plan" - Institutional Growth Option	74,765	13.15	-	-
	UTI Mutual Fund "UTI Money Market Fund" - Institutional Growth Plan	84,85,939	10.00	-	-
		573.32		223.59	
	Aggregate amount of unquoted investments - ₹573.32 crore (Previous year - ₹223.59 crore)				

NOTES TO THE ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
16 Inventories (Refer Note - 23c)			
Raw Materials and Packing Materials (including Stock-in-Transit of ₹103.49 crore; Previous year ₹119.03 crore)		830.72	878.14
Work-in-Process (including Stock-in-Transit of ₹8.75 crore; Previous year ₹16.75 crore)		411.13	410.74
Finished Goods (including Stock-in-Transit of ₹90.13 crore; Previous year ₹98.84 crore)		446.81	441.12
Traded Goods		135.84	153.16
		1824.50	1883.16

		₹ in crore	
		2012	2011
17 Trade Receivables			
Unsecured, Considered Good			
Outstanding over Six Months		86.76	138.11
Others		1432.55	1358.93
Unsecured, Considered Doubtful			
Outstanding over Six Months	138.66		84.16
Less: Allowance for Doubtful Debts	<u>138.66</u>		<u>84.16</u>
		-	-
		1519.31	1497.04

		₹ in crore	
		2012	2011
18 Cash and Bank Balances			
Cash and Cash Equivalents			
Balances with Banks		38.61	69.40
Cash on Hand		1.62	1.37
Other Bank Balances			
Balance earmarked for Unclaimed Dividend		13.59	12.79
Fixed Deposits as Margin Money (maturity less than 12 months)		1.24	0.42
		55.06	83.98

NOTES TO THE ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
19 Short Term Loans and Advances			
Unsecured (Considered good, unless otherwise stated)			
Inter Corporate Loans			
Considered Good (includes amounts referred to in Note 39)	258.61		205.27
Considered Doubtful	<u>2.25</u>		<u>2.25</u>
	260.86		207.52
<i>Less:</i> Allowance for Doubtful Loans	<u>2.25</u>		<u>2.25</u>
		258.61	205.27
Interest Accrued on Inter Corporate Loans			
Considered Good	0.10		0.36
Considered Doubtful	<u>0.46</u>		<u>0.46</u>
	0.56		0.82
<i>Less:</i> Allowance for Doubtful Interest	<u>0.46</u>		<u>0.46</u>
		0.10	0.36
Share Application Money - Pending Allotment		41.64	8.10
Capital Subsidy Receivable		61.26	61.26
Balances with Statutory/Revenue Authorities		301.90	330.71
Others*		110.28	165.60
		<u>773.79</u>	<u>771.30</u>
*Includes advances to sundry creditors, employee loans and prepaid expenses			

		₹ in crore	
		2012	2011
20 Other Current Assets			
Export Incentives Receivable		53.98	85.33
		<u>53.98</u>	<u>85.33</u>

		₹ in crore	
		2012	2011
21 Revenue from Operations			
Sale of Products		6904.91	6183.87
Sale of Services		27.01	9.95
Export Incentives		80.95	120.49
Technical Know-how/Fees		31.03	63.70
Scrap Sales		25.54	20.72
Others		5.29	-
		<u>7074.73</u>	<u>6398.73</u>

NOTES TO THE ACCOUNTS *contd.*

21 Revenue from Operations - *contd.*

• Details of Products sold

	₹ in crore	
	2012	2011
Manufactured Goods		
Bulk Drugs	778.21	610.66
Tablets and Capsules	3644.31	3377.16
Liquids	366.33	214.48
Creams	82.46	75.41
Aerosols/Inhalation Devices	584.83	482.56
Injections/Sterile Solutions	580.26	505.69
Others	36.83	37.99
	6073.23	5303.95
Traded Goods		
Bulk Drugs	119.59	214.69
Tablets and Capsules	337.00	303.27
Liquids	146.17	125.23
Creams	51.58	41.83
Aerosols/Inhalation Devices	32.65	36.30
Injections/Sterile Solutions	100.03	105.64
Others	44.66	52.96
	831.68	879.92
	6904.91	6183.87

• Earnings in Foreign Exchange

	₹ in crore	
	2012	2011
F.O.B. Value of Exports	3692.03	3361.49
Technical Know-how/Fees	29.55	54.76
Others	6.59	1.42
	3728.17	3417.67

	₹ in crore	
	2012	2011
22 Other Income		
Interest Income	8.97	7.54
Dividend Income	36.29	8.97
Net Gain on Sale of Current Investment	0.56	0.30
Insurance Claims	1.16	10.70
Rent	2.83	1.65
Sundry Balances Written Back	0.45	-
Miscellaneous Income	31.36	41.83
Net Gain on Foreign Currency Transaction and Translation	66.68	20.65
	148.30	91.64

NOTES TO THE ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
23a	Cost of Materials Consumed		
	Consumption of Raw and Packing Materials		
	Opening Stock	878.14	646.26
	Add: Purchases	2253.43	2588.00
		3131.57	3234.26
	Less: Closing Stock	830.72	878.14
		2300.85	2356.12
		2300.85	2356.12

• Break-up of Materials Consumed

		₹ in crore	
		2012	2011
	Class of Goods		
	Bulk Drugs	884.16	1075.24
	Solvents	109.03	102.08
	Capsules	30.26	29.59
	Packing Material	572.55	558.59
	Others	796.30	684.45
		2392.30	2449.95
	Less: Recoverable Duties (included in the above cost)	91.45	93.83
	Total Consumption (Net of Cenvat)	2300.85	2356.12

• Consumption of Raw and Packing Materials/Spares and Components

		₹ in crore			
		2012		2011	
		Value	%	Value	%
	Class of Goods				
	Purchased Indigenously	1466.77	61	1444.81	59
	Imported	925.53	39	1005.14	41
		2392.30	100	2449.95	100
	Less: Recoverable Duties (included in the above cost)	91.45		93.83	
	Total Consumption (Net of Cenvat)	2300.85		2356.12	

		₹ in crore	
		2012	2011
23b	Purchases of Traded Goods		
	Bulk Drugs	81.45	155.27
	Tablets and Capsules	211.61	237.42
	Liquids	107.63	105.90
	Creams	31.79	24.53
	Aerosols/Inhalation Devices	29.45	26.41
	Injections/Sterile Solutions	64.42	76.00
	Others	29.20	45.60
		555.55	671.13

NOTES TO THE ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
23c	Changes in Inventories of Finished Goods, Work-in-Process and Traded Goods		
	Opening Stock		
	Work-in-Process	410.74	387.11
	Finished Goods	441.12	382.19
	Traded Goods	153.16	97.01
		1005.02	866.31
	Less: Closing Stock		
	Work-in-Process	411.13	410.74
	Finished Goods	446.81	441.12
	Traded Goods	135.84	153.16
		993.78	1005.02
		11.24	(138.71)

• Break-up of Inventory

		₹ in crore	
		2012	2011
	Work-in-Process		
	Formulations	93.78	110.20
	Bulk Drugs	317.35	300.54
		411.13	410.74
	Finished Goods		
	Bulk Drugs	9.33	19.79
	Tablets and Capsules	272.92	284.98
	Liquids	33.53	33.75
	Creams	12.80	4.87
	Aerosols/Inhalation Devices	40.67	38.42
	Injections/Sterile Solutions	73.68	55.58
	Others	3.88	3.73
		446.81	441.12
	Traded Goods		
	Bulk Drugs	9.35	22.21
	Tablets and Capsules	55.06	65.09
	Liquids	27.53	25.80
	Creams	6.76	4.47
	Aerosols/Inhalation Devices	5.85	4.54
	Injections/Sterile Solutions	20.00	25.10
	Others	11.29	5.95
		135.84	153.16

NOTES TO THE ACCOUNTS *contd.*

	₹ in crore	
	2012	2011
24 Employee Benefits Expense		
Salaries and Wages	639.33	471.88
Contribution to Provident and Other Funds	34.38	26.16
Staff Gratuity	15.62	10.11
Staff Welfare Expenses	38.88	32.18
	728.21	540.33

• Employee Benefits

i. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

ii. Long Term Employee Benefits

The disclosures as per the revised AS-15 are as under:

a. Brief description of the plans

The Company's defined contribution plan is Employees' Pension Scheme (under the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions.

The Company has two schemes for long term benefits namely, Provident Fund and Gratuity:

- The Provident Fund plan, a funded scheme is operated by the Company's Provident Fund Trust, which is recognised by the Income Tax authorities and administered through trustees/appropriate authorities. The Guidance Note on implementing the revised AS-15, Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states benefit involving employer established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed an inability, to reliably measure provident fund liabilities. Accordingly, the Company is unable to present the related information.
- The Company provides for gratuity, a defined benefit plan based on actuarial valuation as of the Balance Sheet date, based upon which, the Company contributes all the ascertained liabilities to the Insurer Managed Funds.

The employees of the Company are also entitled to leave encashment and compensated absences as per the Company's policy.

b. Charge to the Statement of Profit and Loss based on contributions

	₹ in crore	
	2012	2011
Employees' Pension Scheme	11.49	9.31
Provident Fund	20.98	14.99
	32.47	24.30

NOTES TO THE ACCOUNTS *contd.*

24 Employee Benefits Expense - *contd.*

c. Disclosures for defined benefit plans based on actuarial reports as on 31st March 2012

	₹ in crore	
	2012 Gratuity (Funded Plan)	2011 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	33.23	26.14
Interest cost	2.74	2.09
Current service cost	5.20	4.69
Actuarial (gain)/loss on obligations	10.06	4.50
Benefits paid	(4.71)	(4.19)
Liability at the end of the year	<u>46.52</u>	<u>33.23</u>
ii. Change in fair value of assets		
Opening fair value of plan assets	26.36	21.84
Expected return on plan assets	2.17	1.75
Actuarial gain/(loss)	0.21	(0.56)
Contributions by employer	5.00	7.52
Transfer of plan assets	-	-
Benefits paid	(4.71)	(4.19)
Closing fair value of plan assets	<u>29.03</u>	<u>26.36</u>
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	46.52	33.23
Fair value of plan assets as at year end	(29.03)	(26.36)
Net asset/(liability) recognised	<u>17.49</u>	<u>6.87</u>
iv. Expenses recognised in the Statement of Profit and Loss		
Current service cost	5.20	4.69
Interest on defined benefit obligation	2.74	2.09
Expected return on plan assets	(2.17)	(1.75)
Net actuarial (gain)/loss recognised in the current year	9.85	5.08
Transfer of plan assets	-	-
Total expense recognised in the Statement of Profit and Loss	<u>15.62</u>	<u>10.11</u>
v. Actual return on plan assets		
Expected return on plan assets	2.17	1.74
Actuarial gain/(loss) on plan assets	0.21	(0.56)
Actual return on plan assets	<u>2.38</u>	<u>1.18</u>

NOTES TO THE ACCOUNTS *contd.*

24 Employee Benefits Expense - *contd.*

	₹ in crore	
	2012 Gratuity (Funded Plan)	2011 Gratuity (Funded Plan)
vi. Asset information		
Insurer managed funds	100%	100%
vii. Principal Actuarial assumptions used		
Discounted rate (per annum)	8.50%	8.25%
Expected rate of return on plan assets (per annum)	8.50%	8.25%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.		
viii. Experience adjustments		
Defined benefit obligation	10.06	33.23
Plan assets	(0.21)	(26.36)
Deficit/(Surplus)	<u>9.85</u>	<u>6.87</u>
Experience adjustment on plan liabilities - (gain)/loss	11.22	9.36
Experience adjustment on plan assets - (gain)/loss	0.21	(0.56)
ix. Expected employer's contribution for the next year	6.92	5.02

- Amounts for the current and previous four periods are as follows:

	₹ in crore				
	2012	2011	2010	2009	2008
Gratuity					
Defined benefit obligation	46.52	33.23	26.14	20.58	17.89
Plan assets	29.03	26.36	21.84	15.91	14.21
Surplus/(Deficit)	<u>(17.49)</u>	<u>(6.87)</u>	<u>(4.30)</u>	<u>(4.67)</u>	<u>(3.68)</u>
Experience adjustment on plan liabilities - (gain)/loss	11.22	9.36	2.61	(2.46)	-
Experience adjustment on plan assets - (gain)/loss	0.21	(0.56)	0.57	(0.17)	-

	₹ in crore	
	2012	2011
25 Finance Costs		
Interest Paid	12.13	5.14
Applicable Loss on Foreign Currency Transaction and Translation	14.50	7.78
	<u>26.63</u>	<u>12.92</u>

NOTES TO THE ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
26	Depreciation and Amortisation Expense		
	Depreciation on Tangible Assets	282.07	248.02
	Amortisation of Goodwill on Acquisition	-	0.01
		<u>282.07</u>	<u>248.03</u>

		₹ in crore	
		2012	2011
27	Other Expenses		
	Manufacturing Expenses	218.08	249.64
	Stores and Spares	91.57	109.04
	Power and Fuel	211.32	183.65
	Repairs and Maintenance		
	Machinery	63.80	53.23
	Buildings	111.19	91.52
	Travelling Expenses	132.56	100.76
	Sales Promotion Expenses	139.18	108.44
	Commission on Sales	275.16	225.50
	Rates and Taxes	13.94	9.37
	Freight and Forwarding	50.53	52.01
	Conveyance and Vehicle Expenses	19.93	15.57
	Rent	20.47	14.78
	Insurance	9.65	7.10
	Remuneration to Auditors		
	Audit Fees	0.58	0.48
	Certification Fees	0.15	0.04
	Professional Fees	93.63	65.56
	Telephone, Postage and Telegram	24.75	23.48
	Directors' Sitting Fees	0.06	0.08
	Contractual Services	50.85	89.91
	Donations	5.67	0.93
	Provision for Doubtful Debts	54.50	0.48
	Loss on Sale of Fixed Assets (Net)	36.85	4.72
	Bad Debts	45.52	59.58
	Printing and Stationery	43.10	44.32
	Research - Clinical Trials, Samples and Grants	36.30	25.72
	Miscellaneous Expenses	50.45	45.61
		<u>1799.79</u>	<u>1581.52</u>

NOTES TO THE ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
28	Research and Development Expenditure		
	The amount of expenditure as shown in the respective heads of account is as under:		
	Capital Expenditure	17.40	25.06
	Revenue Expenditure charged to the Statement of Profit and Loss		
	Materials Consumed	44.02	28.11
	Employee Benefits Expense	83.42	76.11
	Power and Fuel	23.14	19.22
	Repairs and Maintenance	21.30	17.11
	Manufacturing Expenses	22.32	21.64
	Professional Fees	29.60	19.03
	Depreciation	20.99	19.17
	Research - Clinical Trials and Grants	28.07	24.97
	Printing and Stationery	4.67	4.76
	Travelling Expenses	4.28	3.92
	Other Research and Development Expenses	24.62	25.75
		306.43	259.79
		323.83	284.85
	Amount eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961		
	Capital Expenditure	17.22	25.04
	Revenue Expenditure		
	Employee Benefits Expense	51.13	41.64
	Raw Materials and Consumables	20.38	28.83
	Research - Clinical Trials and Grants	27.80	15.88
	Other Expenditure	56.08	45.09
		155.39	131.44
		172.61	156.48

		₹ in crore	
		2012	2011
29	Net difference in foreign exchange credited to the Statement of Profit and Loss	52.18	12.87
		52.18	12.87

		₹ in crore	
		2012	2011
30	Value of Imports on C.I.F. basis		
	Raw Materials and Packing Materials	954.34	1170.77
	Components and Spare Parts	32.42	41.74
	Capital Goods	146.50	179.39
		1133.26	1391.90

NOTES TO THE ACCOUNTS *contd.*

	₹ in crore	
	2012	2011
31 Expenditure in Foreign Currency		
Legal and Professional Charges	35.24	23.20
Royalties	-	0.73
Interest	-	0.08
Commission	128.52	119.29
Other Matters – Travelling, etc.	32.18	28.29
	195.94	171.59

32 Lease Accounting

Where the Company is a Lessee

The Company has obtained certain premises for its business operations (including furniture and fixtures, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and licence, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms. Lease payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 27.

Where the Company is a Lessor

The Company has given certain premises under operating lease or leave and license agreement. The Company retains substantially all risks and benefits of ownership of the leased asset and hence classified as operating lease. Lease income on such operating lease is recognised in the Statement of Profit and Loss under 'Rent' in Note 22.

33 Foreign Exchange Derivatives and Exposures outstanding at the year end

			₹ in crore	
Nature of Instrument	Currency	Cross Currency	2012	2011
Forward contracts – Sold	USD	INR	1105.21	460.07
Forward contracts – Bought	USD	INR	-	220.86
Foreign currency options	USD	INR	-	214.03
Unhedged foreign exchange exposures				
Receivables			401.69	993.74
Payables			373.11	402.10

Note: The Company uses forward contracts/derivatives for hedging purposes and/or reducing interest costs.

34 Segment Information

In accordance with AS-17 'Segment Reporting', segment information has been given in the Consolidated Financial Statements of Cipla Ltd., and therefore, no separate disclosure on segment information is given in these financial statements.

NOTES TO THE ACCOUNTS *contd.*

₹ in crore

	2012	2011
35	Contingent Liabilities and Commitments (to the extent not provided for)	
	Contingent Liabilities	
Claims against the Company not acknowledged as Debt	1.88	1.64
Guarantees	100.51	59.97
Letters of Credit	20.75	36.54
Refund of Technical Know-how/Fees on account of non-compliance of certain obligations as per respective agreements	27.19	7.45
Income Tax	179.73	204.44
Excise Duty/Service Tax	29.55	49.23
Sales Tax	3.64	4.02
	363.25	363.29
	Commitments	
Estimated Amount of Contracts unexecuted on Capital Account	291.61	218.93
Other Commitments	665.21	528.74
	956.82	747.67
	1320.07	1110.96

36 In a proceeding instituted against the Company for patent infringement of an animal health care product, the US District Court issued an injunction and the Federal Circuit Court at Washington upheld this order. Pursuant to this, the District Court is required to initiate hearings to determine the award for damages, which has not yet commenced. Therefore, it is now not possible to make any reliable estimate of the liability that may come about and accordingly no provision is made in the accounts. The Company is also examining further legal remedies as may be advised.

37 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 ₹5.46 crore 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.

38 In 2003, the Company received notice of demand from the National Pharmaceutical Pricing Authority, Government of India on account of alleged overcharging in respect of certain drugs under the Drug Price Control Order. This was contested before the jurisdictional High Courts wherein it was held in favour of the Company.

The orders were challenged before the Hon'ble Supreme Court by the Government. The Hon'ble Supreme Court by separate orders restored the matter to the jurisdictional High Court for interpreting the Drug Policy on the basis of directions and principles laid down by them and also restrained the Government from taking any coercive action against the Company. The Company has been legally advised that on the basis of these orders there is no probability of demand crystallising. Hence no provision is considered necessary in respect of notice of demand aggregating to ₹1654.92 crore (inclusive of principal amount for the period July 1995 to April 2009 and interest upto January 2012).

NOTES TO THE ACCOUNTS *contd.*

39 Loans and Advances in the nature of Loans given to Subsidiaries and Associates

Sr. No.	Name of the Company	Nature	₹ in crore			
			As at 31 st March 2012	Maximum balance during the year	As at 31 st March 2011	Maximum balance during the year
1.	Goldencross Pharma Pvt. Ltd.	Subsidiary	15.00	30.50	15.00	69.21
2.	Meditab Specialities Pvt. Ltd.	Subsidiary	242.81	248.31	189.47	219.42

- Notes:
- The above loans are repayable on demand.
 - Loan given to Meditab Specialities Pvt. Ltd. is interest-free.
 - Loans given to employees as per the Company's policy are not considered.

		No. of shares
Goldencross Pharma Pvt. Ltd. has made the following investment in its subsidiary		
a.	Four M Propack Pvt. Ltd.	58,000
Meditab Specialities Pvt. Ltd. has made the following investments in its subsidiaries		
a.	Meditab Holdings Ltd.	2,96,20,100
b.	Medispray Laboratories Pvt. Ltd.	51,020
c.	Sitec Labs Pvt. Ltd.	10,000
Meditab Holdings Ltd. has made the following investments in its subsidiaries		
a.	Meditab Pharmaceuticals South Africa (Pty) Ltd.	100
b.	Meditab Specialities New Zealand Ltd.	30,100

40 Related Party Disclosures

- The related parties where control exists or where significant influence exists and with whom transactions have taken place:
 - Subsidiary Companies including step-down subsidiaries and associate companies:

Sr. No.	Name of the Company
Subsidiaries (held directly)	
1.	Cipla FZE
2.	Goldencross Pharma Pvt. Ltd.
3.	Cipla (Mauritius) Ltd.
4.	Meditab Specialities Pvt. Ltd.
Subsidiaries (held indirectly)	
5.	Cipla (UK) Ltd.
6.	Cipla-Oz Pty Ltd.
7.	STD Chemicals Ltd.
8.	Medispray Laboratories Pvt. Ltd.
9.	Sitec Labs Pvt. Ltd.
10.	Four M Propack Pvt. Ltd.

NOTES TO THE ACCOUNTS *contd.*

40 Related Party Disclosures - *contd.*

Sr. No.	Name of the Company
11.	Meditab Holdings Ltd.
12.	Meditab Pharmaceuticals South Africa (Pty) Ltd.
13.	Meditab Specialities New Zealand Ltd.
14.	Cipla İlaç Ticaret Anonim Şirketi (w.e.f. 20 th February 2012)
	Associates
15.	Quality Chemical Industries Ltd.
16.	Stempeutics Research Pvt. Ltd.
17.	Biomab Holding Ltd. (w.e.f. 1 st September 2011)
18.	Jiangsu Cdymax Pharmaceuticals Co. Ltd. (w.e.f. 10 th February 2012)
	Joint Venture
19.	Aspen-Cipla Australia Pty Ltd. (w.e.f. 4 th November 2011)

b. Key Management Personnel:

1. Dr. Y.K. Hamied – Chairman and Managing Director
2. Mr. M.K. Hamied – Joint Managing Director
3. Mr. S. Radhakrishnan – Whole-time Director

c. Relatives of Key Management Personnel:

1. Mr. Kamil Hamied
2. Mrs. Samina Vaziralli (w.e.f. 1st July 2011)

d. Entities over which Key Management Personnel are able to exercise significant influence:

1. Cipla Public Charitable Trust
2. Okasa Pvt. Ltd.
3. Okasa Pharma Pvt. Ltd.
4. Cipla Foundation

NOTES TO THE ACCOUNTS *contd.*

40 Related Party Disclosures - *contd.*

ii. Transactions during the year with related parties:

Particulars	₹ in crore									
	Subsidiaries		Associates/ Joint Venture		Key Management Personnel and relatives		Entities over which Key Management Personnel exercise significant influence		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Receipts										
Interest	1.97	1.73							1.97	1.73
Others					0.00*	0.00*			0.00*	0.00*
Loans repaid	59.50	179.25							59.50	179.25
Investment in Equity	0.00**	328.00	114.78						114.78	328.00
Loans given	112.84	252.67							112.84	252.67
Remuneration					16.13	18.74			16.13	18.74
Purchase of Goods	189.25	225.94		186.17			58.11	41.51	247.36	453.62
Processing charges paid	33.86	22.14					21.04	11.79	54.90	33.93
Testing & Analysis charges paid	46.95	29.46							46.95	29.46
Research Grants paid			10.53						10.53	
Freight charges paid	1.25								1.25	
Sale of Goods	24.07	20.93	158.86	149.33			15.41	8.11	198.34	178.37
Sale of Fixed Assets	0.01								0.01	
Advances paid against Services			1.39	6.10					1.39	6.10
Processing charges received	1.86	0.83					0.49	0.86	2.35	1.69
Service charges paid	6.32	1.50							6.32	1.50
Donations given							5.31	0.41	5.31	0.41
Purchase of Shares								1.02		1.02
Rent paid	0.01	0.00 [#]					0.28	0.03	0.29	0.03
Balances at end of the year										
Outstanding payables	17.76	20.60		27.26			17.07	22.24	34.83	70.10
Outstanding receivables	314.67	64.35	1.39	96.52			22.87	21.34	338.93	182.21

* ₹20040

** ₹50.29

[#] ₹45000

Disclosures in respect of material related party transactions during the year:

	₹ in crore	
	2012	2011
A. Interest received		
Goldencross Pharma Pvt. Ltd.	1.97	1.54
Meditab Specialities Pvt. Ltd.	-	0.19
	<u>1.97</u>	<u>1.73</u>
B. Loans repaid		
Goldencross Pharma Pvt. Ltd.	30.00	76.55
Meditab Specialities Pvt. Ltd.	29.50	102.70
	<u>59.50</u>	<u>179.25</u>

NOTES TO THE ACCOUNTS *contd.*

40 Related Party Disclosures - *contd.*

	₹ in crore	
	2012	2011
C. Investment in Equity		
Goldencross Pharma Pvt. Ltd.	-	191.12
Meditab Specialities Pvt. Ltd.	-	133.72
Cipla (Mauritius) Ltd.	0.00*	3.16
Aspen-Cipla Australia Pty Ltd.	0.00**	-
Biomab Holding Ltd.	114.78	-
	114.78	328.00
D. Loans given		
Goldencross Pharma Pvt. Ltd.	30.00	27.00
Meditab Specialities Pvt. Ltd.	82.84	225.67
	112.84	252.67
E. Remuneration		
Dr. Y.K. Hamied	6.65	6.03
Mr. M.K. Hamied	5.02	6.10
Late Mr. Amar Lulla	-	3.91
Mr. S. Radhakrishnan	4.04	2.56
Mr. Kamil Hamied	0.22	0.14
Mrs. Samina Vaziralli	0.20	-
	16.13	18.74
F. Purchase of Goods		
Goldencross Pharma Pvt. Ltd.	167.68	169.25
Medispray Laboratories Pvt. Ltd.	8.64	11.40
Advanced Remedies Pvt. Ltd.	-	0.32
Mediorals Laboratories Pvt. Ltd.	-	1.16
Meditab Specialities Pvt. Ltd.	3.27	63.52
Four M Propack Pvt. Ltd.	9.66	7.98
Shanghai Desano Pharmaceuticals Co. Ltd.	-	174.21
Shanghai Desano Chemical Pharmaceutical Co. Ltd.	-	11.96
Okasa Pharma Pvt. Ltd.	25.30	3.21
Okasa Pvt. Ltd.	32.81	10.61
	247.36	453.62
G. Processing charges paid		
Goldencross Pharma Pvt. Ltd.	2.94	2.89
Mediorals Laboratories Pvt.Ltd.	-	2.63
Medispray Laboratories Pvt. Ltd.	5.34	9.57
Advanced Remedies Pvt. Ltd.	-	2.61
Meditab Specialities Pvt. Ltd.	25.58	15.09
Okasa Pharma Pvt. Ltd.	8.51	0.84
Okasa Pvt. Ltd.	12.53	0.30
	54.90	33.93

NOTES TO THE ACCOUNTS *contd.*

40 Related Party Disclosures - *contd.*

	₹ in crore	
	2012	2011
H. Testing & Analysis charges paid		
Sitec Labs Pvt. Ltd.	46.95	29.46
	<u>46.95</u>	<u>29.46</u>
I. Research Grants paid		
Stempeutics Research Pvt. Ltd.	10.53	-
	<u>10.53</u>	<u>-</u>
J. Freight charges paid		
Four M Propack Pvt. Ltd.	0.80	-
Meditab Specialities Pvt. Ltd.	0.45	-
	<u>1.25</u>	<u>-</u>
K. Sale of Goods		
Goldencross Pharma Pvt. Ltd.	2.33	8.43
Meditab Specialities Pvt. Ltd.	4.82	2.76
Four M Propack Pvt. Ltd.	0.01	0.05
Medispray Laboratories Pvt. Ltd.	16.91	14.91
Advanced Remedies Pvt. Ltd.	-	0.14
Mediorals Laboratories Pvt. Ltd.	-	0.37
Sitec Labs Pvt. Ltd.	-	0.41
Shanghai Desano Chemical Pharmaceutical Co. Ltd.	-	56.97
Okasa Pharma Pvt. Ltd.	10.04	0.42
Okasa Pvt. Ltd.	5.37	1.55
Quality Chemical Industries Ltd.	158.86	92.36
	<u>198.34</u>	<u>178.37</u>
L. Sale of Fixed Assets		
Meditab Specialities Pvt. Ltd.	0.01	-
	<u>0.01</u>	<u>-</u>
M. Advances paid against services		
Stempeutics Research Pvt. Ltd.	1.39	6.10
	<u>1.39</u>	<u>6.10</u>
N. Processing charges received		
Meditab Specialities Pvt. Ltd.	0.31	0.23
Medispray Laboratories Pvt. Ltd.	1.55	1.34
Advanced Remedies Pvt. Ltd.	-	0.01
Mediorals Laboratories Pvt. Ltd.	-	0.03
Okasa Pharma Pvt. Ltd.	0.30	0.05
Okasa Pvt. Ltd.	0.19	0.03
	<u>2.35</u>	<u>1.69</u>

NOTES TO THE ACCOUNTS *contd.*

40 Related Party Disclosures - *contd.*

	₹ in crore	
	2012	2011
O. Service charges paid		
STD Chemicals Ltd.	4.06	0.79
Cipla (UK) Ltd.	1.66	0.37
Cipla-Oz Pty Ltd.	0.60	0.34
	<u>6.32</u>	<u>1.50</u>
P. Donations given		
Cipla Public Charitable Trust	0.31	0.41
Cipla Foundation	5.00	-
	<u>5.31</u>	<u>0.41</u>
Q. Purchase of Shares		
Good Earth Remedies Ltd.	-	0.51
Globus Healthcare Ltd.	-	0.51
	<u>-</u>	<u>1.02</u>
R. Rent paid		
Okasa Pvt. Ltd.	0.28	0.03
Medispray Laboratories Pvt. Ltd.	0.01	0.00 [#]
	<u>0.29</u>	<u>0.03</u>
S. Outstanding payables		
Goldencross Pharma Pvt. Ltd.	3.61	5.63
Medispray Laboratories Pvt. Ltd.	1.15	4.55
Mediorals Laboratories Pvt. Ltd.	-	0.38
Advanced Remedies Pvt. Ltd.	-	0.02
Four M Propack Pvt. Ltd.	2.42	1.23
Sitec Labs Pvt. Ltd.	8.69	7.69
Okasa Pharma Pvt. Ltd.	10.40	12.12
Okasa Pvt. Ltd.	6.68	9.72
Shanghai Desano Chemical Pharmaceutical Co. Ltd.	-	7.13
Shanghai Desano Pharmaceuticals Co. Ltd.	-	20.13
STD Chemicals Ltd.	1.46	0.79
Cipla (UK) Ltd.	0.42	0.37
Cipla-Oz Pty Ltd.	-	0.34
	<u>34.83</u>	<u>70.10</u>

NOTES TO THE ACCOUNTS *contd.*

40 Related Party Disclosures - *contd.*

	₹ in crore	
	2012	2011
T. Outstanding receivables		
Goldencross Pharma Pvt. Ltd.	15.00	-
Meditab Specialities Pvt. Ltd.	296.81	51.33
Medispray Laboratories Pvt. Ltd.	2.86	12.48
Mediorals Laboratories Pvt. Ltd.	-	0.21
Sitec Labs Pvt. Ltd.	-	0.54
Stempeutics Research Pvt. Ltd.	1.39	-
Okasa Pharma Pvt. Ltd.	6.32	6.03
Okasa Pvt. Ltd.	16.55	15.10
Shanghai Desano Chemical Pharmaceuticals Co. Ltd.	-	56.09
Shanghai Desano Pharmaceutical Investment Co. Ltd.	-	1.14
Quality Chemical Industries Ltd.	-	39.29
	338.93	182.21

*₹50.29

** ₹51.97

₹45000

41 Basic and Diluted Earnings per share has been computed as under

	2012	2011
Profit After Tax (₹ in crore)	1123.96	960.39
Weighted Average No. of Shares Outstanding	80,29,21,357	80,29,21,357
Basic and Diluted Earnings per share	₹14.00	₹11.96
Face value per share	₹2.00	₹2.00

As per our report of even date	Y.K. Hamied <i>Chairman & Managing Director</i>	M.K. Hamied <i>Joint Managing Director</i>
For V. Sankar Aiyar & Co., <i>Chartered Accountants</i> Firm Reg. No. 109208W	For R.G.N. Price & Co., <i>Chartered Accountants</i> Firm Reg. No. 002785S	S. Radhakrishnan <i>Whole-time Director</i>
V. Mohan <i>Partner</i> Membership No. 17748	R. Rangarajan <i>Partner</i> Membership No. 41883	V.S. Mani <i>Chief Financial Officer</i>
Mumbai, 7 th June 2012	H.R. Manchanda Ramesh Shroff V.C. Kotwal M.R. Raghavan Pankaj Patel <i>Directors</i>	Mital Sanghvi <i>Company Secretary</i> Mumbai, 7 th June 2012

CASH FLOW STATEMENT

For the year ended 31 st March 2012		₹ in crore	
		2012	2011
A Cash Flow from Operating Activities			
Net profit before tax		1421.46	1151.39
Adjustments for:			
Depreciation and Amortisation expense	282.07		248.03
Interest expense	12.13		5.14
Unrealised foreign exchange gains (Net)	(27.56)		(5.41)
Provision for doubtful debts and advances (Net)	54.50		0.48
Interest income	(8.97)		(7.54)
Dividend income	(36.29)		(8.97)
Profit on sale of investments (Net)	(0.56)		(0.30)
Loss on sale/discard of fixed assets (Net)	36.85		19.78
Rent income	(2.83)		(1.65)
		309.34	249.56
Operating profit before working capital changes		1730.80	1400.95
Adjustments for :			
(Decrease)/Increase in trade payables and other liabilities	10.08		(55.19)
Decrease/(Increase) in inventories	58.66		(370.58)
Decrease in trade and other receivables	167.82		267.89
		236.56	(157.88)
Cash generated from operations		1967.36	1243.07
Direct taxes paid (Net)		(322.27)	(255.73)
Net cash from operating activities	(A)	1645.09	987.34
B Cash Flow from Investing Activities			
Purchase of fixed assets/Capital work-in-progress		(548.60)	(687.76)
Sale of fixed assets		4.28	12.57
Purchase consideration for acquisition of undertaking		-	(30.64)
Investment in subsidiaries		0.00*	(328.00)
Investment in associates		(114.78)	-
Investment in joint venture		0.00**	-
Share application money		(33.54)	(8.10)
Purchase of other investments		(7468.07)	(5228.18)
Sale of other investments		7118.92	5251.25
Interest received		9.23	11.88
Dividend received		36.29	8.97
Rent received		2.83	1.67
Loans given to subsidiaries (Net)		(53.34)	(204.47)
Short term deposits repaid (Net)		-	64.55
Net cash used in investing activities	(B)	(1046.78)	(1136.26)

CASH FLOW STATEMENT *contd.*

		₹ in crore	
		2012	2011
C	Cash Flow from Financing Activities		
	Proceeds from long term and other borrowings	200.00	867.74
	Repayment of long term and other borrowings	(628.47)	(428.39)
	Interest paid	(12.13)	(5.14)
	Dividend paid	(160.58)	(160.58)
	Tax paid on dividend	(26.05)	(26.67)
	Interim dividend paid	-	(64.23)
	Tax paid on interim dividend	-	(10.67)
	Net cash from/(used in) financing activities (C)	(627.23)	172.06
	Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	(28.92)	23.14
	Cash and Cash Equivalents as at the beginning of the year	83.98	60.84
	Cash and Cash Equivalents as at the end of the year	55.06	83.98

* ₹50.29

** ₹51.97

- Notes: i. Cash and Cash Equivalents represent cash and bank balances and fixed deposits with banks.
 ii. Cash and Cash Equivalents includes ₹13.59 crore (Previous year ₹12.79 crore) on account of unclaimed dividend, which are not available for use by the Company.

As per our report of even date		Y.K. Hamied <i>Chairman & Managing Director</i>	M.K. Hamied <i>Joint Managing Director</i>
For V. Sankar Aiyar & Co., <i>Chartered Accountants</i> Firm Reg. No. 109208W	For R.G.N. Price & Co., <i>Chartered Accountants</i> Firm Reg. No. 002785S	S. Radhakrishnan <i>Whole-time Director</i>	V.S. Mani <i>Chief Financial Officer</i>
V. Mohan <i>Partner</i> Membership No. 17748	R. Rangarajan <i>Partner</i> Membership No. 41883	H.R. Manchanda Ramesh Shroff V.C. Kotwal M.R. Raghavan Pankaj Patel <i>Directors</i>	Mital Sanghvi <i>Company Secretary</i>
Mumbai, 7 th June 2012			Mumbai, 7 th June 2012

INFORMATION ON SUBSIDIARIES

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate on 31.03.2012	Capital Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
1	Cipla (Mauritius) Ltd.	USD	50.8750	3.56 (0.15)	3.42	0.01	-	-	(0.09)	-	(0.09)	-	Mauritius
2	Cipla (UK) Ltd.	GBP	81.4575	1.22 0.16	1.51	0.13	-	1.59	0.14	0.02	0.12	-	U.K.
3	Cipla FZE	AED	13.8525	20.78 (2.93)	17.88	0.03	-	-	0.73	-	0.73	-	U.A.E.
4	Cipla-Oz Pty Ltd.	AUD	52.9100	0.42 0.02	0.67	0.23	-	0.56	0.05	0.01	0.04	-	Australia
5	Cipla İlaç Ticaret Anonim Şirketi	TRY	28.5066	0.14 (0.10)	0.04	-	-	-	(0.10)	-	(0.10)	-	Turkey
6	Four M Propack Pvt Ltd.	INR	1.0000	0.06 14.65	15.26	0.55	-	9.59	(0.25)	(0.01)	(0.24)	-	India
7	Goldencross Pharma Pvt. Ltd.	INR	1.0000	0.05 193.43	233.39	39.91	-	157.24	13.73	2.80	10.93	-	India
8	Medispray Laboratories Pvt. Ltd.	INR	1.0000	0.05 41.13	50.33	9.15	2.61	48.55	16.35	5.27	11.08	-	India
9	Meditab Holdings Ltd.	USD	50.8750	150.69 (48.50)	289.36	187.17	283.29	-	(0.12)	-	(0.12)	-	Mauritius
10	Meditab Pharmaceuticals South Africa (Pty) Ltd.	ZAR	6.6275	0.00*	0.03	0.06	-	-	(0.02)	-	(0.02)	-	South Africa
11	Meditab Specialities New Zealand Ltd.	NZD	41.8075	0.13 (0.10)	0.05	0.02	-	-	(0.04)	-	(0.04)	-	New Zealand
12	Meditab Specialities Pvt. Ltd.	INR	1.0000	0.60 25.74	384.32	357.98	88.36	42.47	(5.36)	0.53	(5.89)	-	India
13	Sitec Labs Pvt. Ltd.	INR	1.0000	0.01 4.93	57.90	52.96	-	47.30	1.00	0.30	0.70	-	India
14	STD Chemicals Ltd.	GBP	81.4575	1.22 0.35	1.89	0.32	-	3.91	0.36	0.08	0.28	-	U.K.

* ₹662.75

Y.K. Hamied
Chairman & Managing Director
 S. Radhakrishnan
Whole-time Director

M.K. Hamied
Joint Managing Director
 V.S. Mani
Chief Financial Officer

H.R. Manchanda
 Ramesh Shroff
 V.C. Kotwal
 M.R. Raghavan
 Pankaj Patel
Directors

Mital Sanghvi
Company Secretary

Mumbai, 7th June 2012

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF CIPLA LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached consolidated Balance Sheet of Cipla Limited (the Company) and its subsidiaries (collectively referred to as the Group), as at 31st March 2012, and also the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's Management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the 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.
3. Financial statements of certain subsidiaries, which reflect total assets of ₹632.97 crore as at 31st March 2012, total revenue of ₹211.00 crore and net cash outflows of ₹0.46 crore for the year then ended have been audited by one of us.
4. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of ₹423.04 crore as at 31st March 2012, total revenue of ₹104.16 crore and net cash inflows of ₹23.75 crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
5. We have relied on the unaudited financial statements of associates wherein the Group's share of profit aggregates to ₹2.94 crore. The unaudited financial statements/consolidated financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in respect of the associates is based solely on such approved unaudited financial statements/consolidated financial statements.
6. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and AS-23, Accounting for Investments in Associates in Consolidated Financial Statements as notified by the Companies (Accounting Standards) Rules, 2006.
7. Without qualifying, attention is drawn to Note 32 appearing in the attached financial statements regarding non-provisioning for potential financial liability towards damages payable by the Company since such liability cannot be reliably estimated as on date.
8. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements/consolidated financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2012;
 - ii. In the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - iii. In the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For V. Sankar Aiyar & Co.,
Chartered Accountants
Firm Reg. No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 7th June 2012

For R.G.N. Price & Co.,
Chartered Accountants
Firm Reg. No. 002785S

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 7th June 2012

CONSOLIDATED BALANCE SHEET

₹ in crore

As at 31 st March 2012	Notes	2012	2011
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	160.58	160.58
Reserves and Surplus	4	7478.35	6505.55
Non-Current Liabilities			
Long Term Borrowings	5	2.20	17.92
Deferred Tax Liabilities (Net)	6	233.24	213.12
Long Term Provisions	7	31.45	0.94
Current Liabilities			
Short Term Borrowings	8	11.26	523.06
Trade Payables	9	601.69	720.88
Other Current Liabilities	10	619.70	235.28
Short Term Provisions	11	211.78	219.32
		9350.25	8596.65
Assets			
Non-Current Assets			
Fixed Assets			
Tangible Assets	12	3215.79	3094.18
Intangible Assets		-	-
Capital Work-in-Progress		371.17	285.34
Non-Current Investments	13	328.29	367.18
Long Term Loans and Advances	14	361.24	401.77
Other Non-Current Assets	15	5.20	5.05
Current Assets			
Current Investments	16	940.52	223.59
Inventories	17	1850.08	1906.16
Trade Receivables	18	1553.58	1490.82
Cash and Bank Balances	19	90.46	95.97
Short Term Loans and Advances	20	579.94	641.26
Other Current Assets	21	53.98	85.33
		9350.25	8596.65
Notes to the Accounts	1 to 39		

As per our report of even date

For V. Sankar Aiyar & Co.,
Chartered Accountants
Firm Reg. No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 7th June 2012

For R.G.N. Price & Co.,
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Firm Reg. No. 002785S

R. Rangarajan
Partner
Membership No. 41883

Y.K. Hamied
Chairman & Managing Director

S. Radhakrishnan
Whole-time Director

H.R. Manchanda
Ramesh Shroff
V.C. Kotwal
M.R. Raghavan
Pankaj Patel
Directors

M.K. Hamied

Joint Managing Director

V.S. Mani
Chief Financial Officer

Mital Sanghvi
Company Secretary

Mumbai, 7th June 2012

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

		₹ in crore	
For the year ended 31 st March 2012	Notes	2012	2011
Income			
Revenue from Operations (Gross)	22	7128.82	6392.28
Less: Excise Duty		108.11	68.44
Revenue from Operations (Net)		7020.71	6323.84
Other income	23	139.52	91.68
		7160.23	6415.52
Expenditure			
Cost of Materials Consumed	24a	2326.35	2384.07
Purchase of Traded Goods		407.30	529.98
Changes in Inventories of Finished Goods, Work-in-Process and Traded Goods	24b	5.65	(138.87)
Employee Benefits Expense	25	772.52	565.59
Finance Costs	26	38.34	25.10
Depreciation and Amortisation Expense	27	312.22	273.33
Other Expenses	28	1850.04	1613.83
		5712.42	5253.03
Profit Before Tax		1447.81	1162.49
Tax Expense			
Current Tax		286.39	232.01
MAT Credit (entitlement)/utilisation		-	(70.00)
Deferred Tax		20.12	33.21
Profit after tax for the year before share of Profit from Associates		1141.30	967.27
Less: Tax of Prior years		-	0.14
Share of Profit/(Loss) from Associates		2.94	22.44
Profit for the Year		1144.24	989.57
Earnings per share of face value of ₹2 each			
Basic and Diluted	39	₹14.25	₹12.32
Notes to the Accounts	1 to 39		

As per our report of even date

For V. Sankar Aiyar & Co.,
Chartered Accountants
Firm Reg. No. 109208W

V. Mohan
Partner
Membership No. 17748

Mumbai, 7th June 2012

For R.G.N. Price & Co.,
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Firm Reg. No. 0027855

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Pankaj Patel
Directors

M.K. Hamied
Joint Managing Director

V.S. Mani
Chief Financial Officer

Mital Sanghvi
Company Secretary

Mumbai, 7th June 2012

NOTES TO THE CONSOLIDATED ACCOUNTS

1 Significant Accounting Policies

A Basis of Preparation

The consolidated financial statements are prepared under the historical cost convention on accrual basis in accordance with the Companies (Accounting Standards) Rules, 2006 issued under section 211(3C) of the Companies Act, 1956. During the financial year ended 31st March 2012 the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The Company has also re-classified the previous year figures in accordance with the requirements applicable in the current year.

B Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balance of assets and liabilities, revenue and expenses and disclosures relating to contingent liabilities. The management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Any revision of accounting estimates is recognised prospectively in the current and future periods.

C Principles of Consolidation

The consolidated financial statements relate to Cipla Ltd. (the 'Company'), its subsidiaries and associates. The consolidated financial statements have been prepared on the following basis:

- a. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profits or losses. Unrealised losses resulting from intra-group transactions are eliminated unless cost cannot be recovered.
- b. The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of the shares in the subsidiaries is recognised in the financial statements as Goodwill/Capital Reserve as the case may be.
- c. Entities in which the Company has significant influence but not a controlling interest are considered as associates and investment therein are reported according to the equity method i.e. the investment is initially recorded at cost identifying any Goodwill/Capital Reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the associate, based on the available information. The consolidated Statement of Profit and Loss includes the investor's share of Profit/Loss of the operations of the associate.
- d. The financial statements of the subsidiaries and associates used in consolidation are drawn up to the same reporting date as of the Company.
- e. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner, as the Company's separate financial statements.
- f. The subsidiaries and associates considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% ownership interest as at 31 st March 2012	With effect from
Subsidiaries (held directly)			
Cipla FZE	United Arab Emirates	100	04/10/2006
Goldencross Pharma Pvt. Ltd.	India	100	14/05/2010

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

Name of the Company	Country of Incorporation	% ownership interest as at 31 st March 2012	With effect from
Cipla (Mauritius) Ltd.	Mauritius	100	27/01/2011
Meditab Specialities Pvt. Ltd.	India	100	01/10/2010
Subsidiaries (held indirectly)			
Four M Propack Pvt. Ltd.	India	100	14/05/2010
Cipla (UK) Ltd.	United Kingdom	100	27/01/2011
Cipla-Oz Pty Ltd.	Australia	100	04/03/2011
STD Chemicals Ltd.	United Kingdom	100	27/01/2011
Medispray Laboratories Pvt. Ltd.	India	100	01/10/2010
Sitec Labs Pvt. Ltd.	India	100	01/10/2010
Meditab Holdings Ltd.	Mauritius	100	01/10/2010
Meditab Pharmaceuticals South Africa (Pty) Ltd.	South Africa	100	14/01/2011
Meditab Specialities New Zealand Ltd.	New Zealand	100	21/01/2011
Associates			
Quality Chemical Industries Ltd.	Uganda	36.55	01/10/2010
Stempeutics Research Pvt. Ltd.	India	49	01/10/2010
Biomab Holding Ltd.	Hong Kong	25	01/09/2011
Jiangsu Cdymax Pharmaceuticals Co. Ltd.	China	48.22	10/02/2012

Notes:

- i. On 20th February 2012, Cipla Ltd. (the Company) through its subsidiary/step down subsidiaries acquired a wholly owned subsidiary Cipla İlaç Ticaret Anonim Şirketi, Turkey. Its first accounting period shall end on 31st December 2012. In view of the Management, as there are no significant transactions from the date of acquisition till 31st March 2012, other than transaction related to investment mentioned herein, its consolidation is not considered necessary. The Company through its subsidiary/step down subsidiaries has invested ₹0.14 crore in Cipla İlaç Ticaret Anonim Şirketi, Turkey towards 50,000 fully paid-up shares of TRY 1 each.
- ii. In September 2011, the Company entered into an agreement with Aspen Pharma Pty Ltd., Australia to form a Joint Venture entity Aspen-Cipla Australia Pty Ltd. Its first accounting period shall end on 30th June 2012. In view of the Management, as there are no significant transactions from the date of acquisition till 31st March 2012, other than transaction related to investment mentioned herein, its consolidation is not considered necessary. The Company has invested ₹51.97 in Aspen-Cipla Australia Pty Ltd. towards 1 fully paid-up ordinary share of AUD 1.
- iii. During the year Meditab Specialities Pvt. Ltd. and Meditab Holdings Ltd. (together referred to as "Meditab Group") entered into an agreement to dispose of its investment in Desano Holdings Ltd. for USD 78 million (equivalent ₹396.82 crore). Towards the said sale of investment, the Meditab Group has received partial consideration during the year ended 31st March 2012 and the balance consideration has been received in April 2012.

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

D Fixed Assets

Fixed Assets are stated at cost of acquisition (net of recoverable taxes and Government grants and other subsidies, wherever availed) or construction or other amounts substituted for historical costs on revaluation less accumulated depreciation. Where several fixed assets are acquired for consolidated price, the consideration is apportioned to fixed assets on fair value basis.

E Depreciation

Depreciation on fixed assets is provided by the Company on the Straight Line Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956 in the parent company.

The depreciation on fixed assets in Indian subsidiaries is provided on Written Down Value method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956.

All individual items of fixed assets, where the actual cost does not exceed ₹5000 have been written off entirely in the year of acquisition.

Cost of leasehold land including premium is amortised over primary period of lease.

F Valuation of Inventories

Raw materials and Packing materials are valued at lower of cost or net realisable value after providing for obsolescence, if any. However, these items are considered to be realisable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

Work-in-process and finished goods are valued at lower of cost or net realisable value. Finished goods and work-in-process include costs of raw material, labour, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Cost of finished goods includes excise duty, wherever applicable.

Cost of inventories is computed on weighted average basis.

G Investments

Long term investments, other than investment in associates, are stated at cost, less provision for diminution (other than temporary) in value.

Current investments are stated at lower of cost and fair value.

H Foreign Exchange Transactions

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

Foreign currency monetary assets & liabilities and forward contracts are restated at year end exchange rates. Exchange differences arising on the settlement of foreign currency monetary items or on reporting Company's foreign currency monetary items at rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognised as income or expense in the year in which they arise.

Non-monetary foreign currency items are carried at the rates prevailing on the date of the transaction.

In respect of forward contracts, the premium or discount on these contracts is recognised as income or expenditure over the period of the contract. Any profit or loss arising on cancellation or renewal of such contracts is recognised as income or expense of the year.

Foreign branches are identified as integral foreign operations. All transactions are transferred at rates prevailing on the date of transaction. Monetary assets and liabilities of the branch are restated at the year end rates.

Overseas subsidiaries are classified as non integral operations as per AS-11 - The Effects of Changes in Foreign Exchange Rates. All the assets and liabilities are translated using exchange rate prevailing at the Balance Sheet date and income/expenditure are translated using average exchange rate prevailing during the reporting period. The resultant translation exchange gain/loss, have been disclosed as "Foreign Currency Translation Reserve" under Reserves and Surplus.

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

I Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed in the financial statements.

J Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer, which ordinarily coincides with despatch of goods to customers. Revenues are recorded at invoice value, net of sales tax, returns and trade discounts.

Revenue from rendering of services are recognised on completion of services.

Benefits on account of entitlement of export incentives are recognised as and when the right to receive is established.

Technical Know-how/Fees are recognised as and when the right to receive such income is established as per terms and conditions of relevant agreement.

Interest income is recognised on time proportion basis.

Dividend income is recognised when the right to receive is established.

K Employee Benefits

Liability on account of short term employee benefits is recognised on an undiscounted and accrual basis during the period when the employee renders service/vesting period of the benefit.

Post retirement contribution plans such as Provident Fund are charged to the Statement of Profit and Loss for the year when the contributions to the respective funds accrue.

Post retirement benefit plans such as gratuity and leave encashment are determined on actuarial valuation made by an independent actuary as at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

L Income Tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of local Income Tax Laws as applicable to the financial year.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

The Company offsets, on a year-on-year basis, the current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

M Borrowing Costs

Borrowing costs attributable to acquisition and/or construction of qualifying assets are capitalised as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other financing/borrowing costs are charged to the Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

N Impairment of Assets

At each Balance Sheet date, the Company assesses whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its estimated recoverable amount and the amount of such impairment loss is charged to the Statement of Profit and Loss. If, at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

O Research and Development

Revenue expenditure on Research and Development is recognised as expense in the year in which it is incurred.

Capital expenditure on Research and Development is shown as addition to Fixed Assets.

P Expenditure on Regulatory Approvals

Expenditure incurred for obtaining regulatory approvals and registration of products for overseas markets is charged to revenue.

Q Government Grants and Subsidies

Capital subsidy/Government grants are accounted for where it is reasonably certain that the ultimate collection will be made.

Capital subsidy/Government grants related to specific depreciable assets are shown as deduction from the gross value of the asset concerned in arriving at its book value. The grant/subsidy is thus recognised in the Statement of Profit and Loss over the useful life of such depreciable assets by way of a reduced depreciation charge.

R Leases

Where the Company is a Lessee

Lease rentals on assets taken on operating lease are recognised as expense in the Statement of Profit and Loss on an accrual basis over the lease term in accordance with the lease agreement.

Where the Company is a Lessor

Lease rentals on assets given on operating lease are recognised as income in the Statement of Profit and Loss on an accrual basis in accordance with the lease agreement.

- 2** The audited/unaudited financial statements of foreign subsidiaries/associates have been prepared in accordance with the Generally Accepted Accounting Principles of its country of incorporation or International Financial Reporting Standards. The differences in accounting policies of the Company and its subsidiaries are not material.

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

	₹ in crore	
	2012	2011
3 Share Capital		
Authorised		
87,50,00,000 Equity Shares of ₹2 each (Previous year 87,50,00,000 Equity Shares of ₹2 each)	175.00	175.00
	175.00	175.00
Issued		
80,39,24,752 Equity Shares of ₹2 each (Previous year 80,39,24,752 Equity Shares of ₹2 each)	160.78	160.78
	160.78	160.78
Subscribed & Paid-up		
80,29,21,357 Equity Shares of ₹2 each fully paid (Previous year 80,29,21,357 Equity Shares of ₹2 each fully paid)	160.58	160.58
	160.58	160.58

- There is no change in the shares outstanding at the beginning and at the end of the reporting date and immediately preceding reporting date.
- **Details of Shareholders holding more than 5 percent shares in the Company**

	2012		2011	
	Number of shares	% Holding	Number of shares	% Holding
Dr. Y.K. Hamied	12,48,27,750	15.55	12,48,27,750	15.55
Mrs. Farida Hamied	4,19,14,937	5.22	4,19,14,937	5.22
Mrs. Sophie Ahmed	4,59,82,000	5.73	4,59,82,000	5.73
Life Insurance Corporation of India	8,01,53,536	9.98	9,68,98,171	12.07

- **Shares allotted as fully paid-up by way of Bonus shares (during 5 years preceding 31st March 2012)**
46,63,74,814 equity shares of ₹2 each were allotted as Bonus shares by capitalisation of General Reserve and Securities Premium Account in May 2006.
- **Terms and Rights attached to Equity Shares**
The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

	₹ in crore	
	2012	2011
4 Reserves and Surplus		
Capital Reserve	0.08	0.08
Securities Premium Reserve	1428.96	1428.96
Revaluation Reserve	8.97	8.97

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
4	Reserves and Surplus - <i>contd.</i>		
	General Reserve		
	As per last Balance Sheet	2716.43	2616.43
	Add: Transferred from the Statement of Profit and Loss	125.00	100.00
	Balance at the end of the year	2841.43	2716.43
	Capital Reserve on Consolidation	28.06	28.06
	Foreign Currency Translation Reserve	16.47	1.28
	Surplus in the Statement of Profit and Loss		
	As per last Balance Sheet	2321.77	1693.73
	Add: Profit for the year	1144.24	989.57
		3466.01	2683.30
	Less: Appropriations		
	Transferred to General Reserve	125.00	100.00
	Interim Dividend	-	64.23
	Proposed Dividend	160.58	160.58
	Tax on Dividend	26.05	36.72
	Balance at the end of the year	3154.38	2321.77
		7478.35	6505.55

		₹ in crore	
		2012	2011
5	Long Term Borrowings		
	Secured		
	Term Loan from Bank	-	15.00
	(Secured by Hypothecation of Tangible moveable Machinery and Building, repayable in 6 half yearly instalments beginning January 2010 and ending in July 2012)		
	Unsecured		
	Deferred Payment Liability - Sales Tax Deferral Loan	2.20	2.92
		2.20	17.92

		₹ in crore	
		2012	2011
6	Deferred Tax Liabilities (Net)		
	Deferred Tax Liabilities arising on account of		
	DEPB Incentives	17.51	27.70
	Depreciation	216.56	185.65
	Others	(0.83)	(0.23)
		233.24	213.12

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
7	Long Term Provisions		
	Provision for Employee Benefits - Leave Encashment (Note 25)	31.45	0.94
		<u>31.45</u>	<u>0.94</u>

		₹ in crore	
		2012	2011
8	Short Terms Borrowings		
	Loans Repayable on demand		
	From Banks		
	Secured		
	Cash Credit (Secured against receivables and moveable assets including stocks, both present and future)	10.00	2.95
	Unsecured		
	Packing Credit	-	434.62
	From Others		
	Unsecured		
	Inter Corporate Borrowings	1.26	80.64
	<i>Add: Interest Accrued and due</i>	-	4.85
		<u>1.26</u>	<u>85.49</u>
		<u>11.26</u>	<u>523.06</u>

		₹ in crore	
		2012	2011
9	Trade Payables		
	Micro, Small and Medium Enterprises	14.13	15.45
	Others	587.56	705.43
		<u>601.69</u>	<u>720.88</u>

The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the Company is as under:

		₹ in crore	
		2012	2011
i.	The principal amount and the interest due thereon remaining unpaid to suppliers		
	a. Principal	-	-
	b. Interest due thereon	-	-
ii.	a. The delayed payments of principal paid beyond the appointed date during the entire accounting year	-	-

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

9 Trade Payables - *contd.*

₹ in crore

	2012	2011
b. Interest actually paid under section 16 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
iii. a. Normal interest accrued during the year, for all the delayed payments, as per the agreed terms	-	-
b. Normal interest payable for the period of delay in making payment, as per the agreed terms	-	-
iv. a. Total interest accrued during the year	-	-
b. Total interest accrued during the year and remaining unpaid	-	-

₹ in crore

10 Other Current Liabilities

	2012	2011
Current maturities of Long Term Debt		
Sales Tax Deferral Loan	0.72	0.91
Term Loan from Bank	15.00	30.00
Interest accrued but not due on Term Loan from Bank	0.01	-
Unclaimed Dividend*	13.59	12.79
Statutory Dues	17.50	17.72
Outstanding Payables	128.48	74.53
Creditors for Capital Expenditure	42.12	36.30
Unclaimed Preference Share Capital	0.01	0.01
Security Deposits	31.82	23.67
Book Overdraft	24.95	31.26
Advance from Customers	106.66	8.09
Advance received against sale of Investment	238.84	-
	619.70	235.28

* There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.

₹ in crore

11 Short Term Provisions

	2012	2011
Provision for Employee Benefits - Leave Encashment (Note 25)	7.76	26.06
Employee Retirement Benefit Obligations - Gratuity (Note 25)	17.39	6.63
Proposed Dividend	160.58	160.58
Tax on Proposed Dividend	26.05	26.05
	211.78	219.32

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

₹ in crore

12 Fixed Assets - Tangible Assets

ASSETS	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK				
	As at 01.04.11	Addition on Acquisition	Deletions/ Adjustments	As at 31.03.12	Upto 31.03.11	Addition on Acquisition 2011-12	For the year 2011-12	Deletions/ Adjustments	Upto 31.03.12	As at 31.03.12	As at 31.03.11
Freehold Land	31.37	-	1.99	33.36	-	-	-	-	-	33.36	31.37
Leasehold Land	80.44	-	0.09	80.53	7.98	-	1.85	-	9.83	70.70	72.46
Plant and Machinery	2953.12	-	356.58	3239.60	944.64	-	260.55	44.98	1160.21	2079.39	2008.48
Office Machinery	50.56	-	12.41	60.57	9.42	-	2.75	1.03	11.14	49.43	41.14
Furniture and Fixtures	107.61	-	13.58	119.65	33.17	-	8.67	1.14	40.70	78.95	74.44
Buildings and Flats	1008.19	-	75.33	1083.52	147.59	-	37.57	-	185.16	898.36	860.60
Vehicles	9.26	-	1.10	9.67	3.57	-	0.83	0.33	4.07	5.60	5.69
Total	4240.55	-	461.08	4626.90	1146.37	-	312.22	47.48	1411.11	3215.79	3094.18
Previous year	2894.92	288.42	1161.98	4240.55	884.13	61.24	273.28	72.28	1146.37		

Notes: i. The gross value of Buildings and Flats includes the cost of shares in Co-operative Housing Societies.

ii. The gross block is net of Government grants/other subsidies Nil for current year (Previous year Goa ₹9.20 crore and Indore ₹0.02 crore).

iii. The above additions to fixed assets during the year includes ₹17.40 crore (Previous year ₹25.04 crore) used for Research and Development.

iv. Freehold Land at Mumbai Central and Vikhroli, were revalued on 16th March 1985 and was again revalued on 21st March 1990 along with Freehold Land at Bengaluru on the basis of valuation report of approved valuers resulting into increase in book value by ₹8.97 crore.

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

	₹ in crore	
	2012	2011
13 Non-Current Investments		
Trade Investments		
Investments in Equity Instruments (Unquoted)		
Investment in Wholly Owned Subsidiary		
50,000 (Previous year Nil) Equity Shares of Cipla İlaç Ticaret Anonim Şirketi of TRY 1 each, fully paid	0.14	-
Investment in Associates		
87,33,333 (Previous year Nil) Ordinary Shares of Biomab Holding Ltd. of USD 1 each, fully paid (including Goodwill of ₹54.31 crore)	114.77	-
7,310 (Previous year 7,310) Ordinary Shares of Quality Chemical Industries Ltd. of Uganda Shillings 5000 each, fully paid	7.67	4.13
48.22% (Previous year Nil) Equity Interest in Jiangsu Cdymax Pharmaceuticals Co. Ltd. (Net of Capital Reserve of ₹5.17 crore)	95.12	-
1,30,07,393 (Previous year 70,67,945) Equity Shares of Stempeutics Research Pvt. Ltd. of ₹10 each, fully paid (including Goodwill of ₹0.28 crore)	13.57	7.53
Nil (Previous year 59,39,448) warrants of Stempeutics Research Pvt. Ltd. having paid up value of 50 paise each, convertible into Equity Shares of ₹10 each	-	0.30
Nil (Previous year 3,30,50,000) Ordinary Shares of Desano Holdings Limited of USD 1 each, fully paid [Note 1 C f(iii)]	-	354.85
Investment in Joint Ventures		
1 (Previous year Nil) Ordinary Share of Aspen-Cipla Australia Pty Ltd. of AUD 1, fully paid - ₹51.97 (Previous year Nil)	0.00	-
Other Investments		
Investments in Equity Instruments (Unquoted)		
16.50% Equity Interest in Shanghai Desano Pharmaceuticals Co. Ltd.	96.66	-
1,000 (Previous year 1,000) Equity Shares of The Saraswat Co-operative Bank Ltd. of ₹10 each, fully paid - ₹10000 (Previous year - ₹10000)	0.00	0.00
Investments in Government and Trust Securities		
National Savings Certificates - ₹40000 (Previous year - ₹40000)	0.00	0.00
Investment property (at cost less accumulated depreciation)		
Cost of Building given on Operating Lease	0.52	0.52
Less: Accumulated Depreciation	0.16	0.15
Net Block	0.36	0.37
	328.29	367.18
Aggregate amount of unquoted investments - ₹327.93 crore (Previous year - ₹366.81 crore)		

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
14	Long Term Loans and Advances		
	Secured, Considered Good		
	Capital Advances [#]	1.76	3.77
	Unsecured, Considered Good		
	Capital Advances	22.48	117.31
	Security Deposits	24.72	21.13
	MAT Credit Entitlement Receivable	70.00	70.00
	Advance Taxes and TDS (Net of Provision for Tax ₹526.61 crore; Previous year ₹465.36 crore)	208.70	163.63
	VAT Receivable	33.58	25.93
		361.24	401.77
	[#] Secured against Bank Guarantees		

		₹ in crore	
		2012	2011
15	Other Non-Current Assets		
	Fixed Deposits as Margin Money (maturity more than 12 months)	4.56	4.62
	Interest Accrued but not due	0.64	0.43
		5.20	5.05

		₹ in crore			
		No. of units	2012	No. of units	2011
16	Current Investments				
	Investments in Mutual Funds (Unquoted)				
	Axis Mutual Fund "Axis Liquid Fund"				
	- Institutional Growth	2,52,756	30.00	64,775	7.04
	Axis Mutual Fund - "Axis Fixed Term Plan"				
	Series 23 (3 Months) - Growth	50,00,000	5.00	-	-
	Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund" - Institutional Growth	81,570	10.01	1,18,052	13.25
	Birla Sun Life Mutual Fund "Birla Cash Plus"				
	- Institutional Premium Growth	19,72,187	33.84	70,73,650	11.09
	Birla Sun Life Mutual Fund "Birla Sun Life Floating Rate Fund" - Short Term - IP - Growth	14,58,285	20.75	-	-
	BNP Paribas Mutual Fund "BNP Paribas Overnight" - Institutional Growth	-	-	1,13,17,172	17.03
	Daiwa Mutual Fund "Daiwa Liquid Fund"				
	- Institutional Plan - Growth Option	1,21,859	14.61	-	-

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

₹ in crore

	No. of units	2012	No. of units	2011
16 Current Investments - contd.				
Deutsche Asset Management "DWS Insta Cash Plus Fund" - Super Institutional Plan Growth	18,95,798	26.39	4,71,567	6.00
Edelweiss Mutual Fund "Edelweiss Liquid Fund" - Super Institutional Growth	1,01,92,623	10.80	-	-
Edelweiss Mutual Fund "Edelweiss Fixed Maturity Plan - Series 5" - Growth Plan	1,00,00,000	10.00	-	-
Franklin Templeton Mutual Fund "Templeton India Treasury Management Account" - Super Institutional Plan Growth	1,99,584	31.82	-	-
HDFC Mutual Fund "HDFC Cash Management" - Savings Plan Growth	1,76,63,721	39.50	-	-
ICICI Prudential Mutual Fund "ICICI Prudential Liquid Plan" - Super Institutional Growth	22,52,438	35.68	12,84,092	18.61
ICICI Prudential Mutual Fund "ICICI Prudential Liquid Plan" - Super Institutional Plan - Daily Dividend Reinvestment	2,56,236	2.61	-	-
IDBI Mutual Fund "IDBI Liquid Fund" - Growth	-	-	1,71,225	18.00
IDFC Mutual Fund "IDFC Cash Fund" - Super Institutional Plan C Growth	-	-	1,67,85,502	20.00
ING Vysya Mutual Fund "ING Vysya Liquid Fund" - Super Institutional Growth Option	-	-	68,44,979	10.01
JM Financial Mutual Fund "JM High Liquidity Fund" - Super Institutional Plan - Growth	1,72,33,780	28.93	-	-
JP Morgan Mutual Fund "JP Morgan India Liquid Fund" - Super Institutional Growth Plan	2,38,07,567	33.05	-	-
Kotak Mahindra Mutual Fund "Kotak Liquid" - Institutional Premium Growth	37,93,348	8.25	97,66,249	19.41
Peerless Mutual Fund "Peerless Liquid Fund" - Super Institutional Growth	2,81,19,991	32.91	1,64,91,455	17.62
Pramerica Mutual Fund "Pramerica Liquid Fund" - Growth Option	3,69,831	42.27	-	-
Reliance Mutual Fund "Reliance Liquid Fund - Treasury Plan" Institutional - Growth Option	1,34,78,017	35.15	-	-
Religare Mutual Fund "Religare Liquid Fund" - Super Institutional Growth	-	-	88,595	11.92
Sundaram BNP Paribas Mutual Fund "Sundaram Money Fund" - Super Institutional Growth	1,42,77,965	32.25	62,96,898	13.00
Tata Mutual Fund "Tata Liquid Super High Investment Fund" - Appreciation	92,289	18.26	99,500	18.00
Taurus Mutual Fund "Taurus Liquid Fund" - Super Institutional Growth	86,529	10.00	2,14,473	22.61
Union KBC Mutual Fund "UKBC Liquid Fund" - Growth	3,79,362	40.70	-	-

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

		₹ in crore			
		No. of units	2012	No. of units	2011
16	Current Investments - contd.				
	UTI Mutual Fund "UTI Liquid Cash Plan" - Institutional Growth Option	74,765	13.15	-	-
	UTI Mutual Fund "UTI Money Market Fund" - Institutional Growth Plan	84,85,939	10.00	-	-
	Investments in Equity Instruments (Unquoted)				
	3,30,50,000 (Previous year 3,30,50,000) Ordinary Shares of Desano Holdings Limited of USD 1 each, fully paid [Note 1 C f(iii)]		364.59		-
			<u>940.52</u>		<u>223.59</u>
	Aggregate amount of unquoted investments - ₹940.52 crore (Previous year - ₹223.59 crore)				

		₹ in crore	
		2012	2011
17	Inventories		
	Raw Materials and Packing Materials (including Stock-in-Transit of ₹103.49 crore; Previous year ₹119.03 crore)	849.64	900.07
	Work-in-Process (including Stock-in-Transit of ₹8.75 crore; Previous year ₹16.75 crore)	416.77	413.57
	Finished Goods (including Stock-in-Transit of ₹90.13 crore; Previous year ₹98.84 crore)	447.83	439.36
	Traded Goods	135.84	153.16
		<u>1850.08</u>	<u>1906.16</u>

		₹ in crore	
		2012	2011
18	Trade Receivables		
	Unsecured, Considered Good		
	Outstanding over Six Months	91.40	138.11
	Others	1462.18	1352.71
	Unsecured, Considered Doubtful		
	Outstanding over Six Months	138.66	84.16
	Less: Allowance for Doubtful Debts	<u>138.66</u>	<u>84.16</u>
		-	-
		<u>1553.58</u>	<u>1490.82</u>

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
19	Cash and Bank Balances		
	Cash and Cash Equivalents		
	Balances with Banks	73.87	79.60
	Cash on Hand	1.76	3.16
	Other Bank Balances		
	Balance earmarked for Unclaimed Dividend	13.59	12.79
	Fixed Deposits as Margin Money (maturity less than 12 months)	1.24	0.42
		<u>90.46</u>	<u>95.97</u>

		₹ in crore	
		2012	2011
20	Short Term Loans and Advances		
	Unsecured (Considered good, unless otherwise stated)		
	Inter Corporate Loans		
	Considered Good	0.80	3.51
	Considered Doubtful	2.25	2.25
		<u>3.05</u>	<u>5.76</u>
	Less: Allowance for Doubtful Loans	2.25	2.25
		0.80	3.51
	Interest Accrued on Inter Corporate Loans		
	Considered Good	1.00	0.06
	Considered Doubtful	0.46	0.46
		<u>1.46</u>	<u>0.52</u>
	Less: Allowance for Doubtful Interest	0.46	0.46
		1.00	0.06
	Share Application Money - Pending Allotment	41.64	8.10
	Capital Subsidy Receivable	107.43	107.43
	Balances with Statutory/Revenue Authorities	311.08	346.29
	Others*	117.99	175.87
		<u>579.94</u>	<u>641.26</u>

*Includes advances to sundry creditors, employee loans and prepaid expenses

		₹ in crore	
		2012	2011
21	Other Current Assets		
	Export Incentives Receivable	53.98	85.33
		<u>53.98</u>	<u>85.33</u>

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

	₹ in crore	
	2012	2011
22 Revenue from Operations		
Sale of Products	6955.81	6179.83
Sale of Services	29.35	7.30
Export Incentives	81.11	120.49
Technical Know-how/Fees	31.03	63.70
Scrap Sales	26.23	20.96
Others	5.29	-
	7128.82	6392.28

	₹ in crore	
	2012	2011
23 Other Income		
Interest Income	8.41	7.13
Dividend Income	36.40	8.96
Net Gain on Sale of Current Investment	0.56	0.32
Insurance Claims	1.16	10.72
Rent	2.84	1.65
Sundry Balances Written Back	0.45	-
Miscellaneous Income	22.34	42.31
Net Gain on Foreign Currency Transaction and Translation	67.36	20.59
	139.52	91.68

	₹ in crore	
	2012	2011
24a Cost of Materials Consumed		
Consumption of Raw and Packing Materials		
Opening Stock	900.07	646.27
Add: Purchases	2275.92	2618.56
Add: Opening Stock of Subsidiaries acquired during the year	-	19.31
	3175.99	3284.14
Less: Closing Stock	849.64	900.07
	2326.35	2384.07
	2326.35	2384.07

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
24b	Changes in Inventories of Finished Goods, Work-in-Process and Traded Goods		
	Opening Stock		
	Work-in-Process	413.57	387.11
	Finished Goods	439.36	382.19
	Traded Goods	153.16	97.01
	Add: Opening Stock of Subsidiaries Acquired during the year	-	0.91
		1006.09	867.22
	Less: Closing Stock		
	Work-in-Process	416.77	413.57
	Finished Goods	447.83	439.36
	Traded Goods	135.84	153.16
		1000.44	1006.09
		5.65	(138.87)

		₹ in crore	
		2012	2011
25	Employee Benefits Expense		
	Salaries and Wages	677.95	494.34
	Contribution to Provident and Other Funds	36.94	27.67
	Staff Gratuity	16.34	10.90
	Staff Welfare Expenses	41.29	32.68
		772.52	565.59

- **Employee Benefits**

- i. **Short Term Employee Benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences, etc., and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

25 Employee Benefits Expense - *contd.*

ii. Long Term Employee Benefits

The disclosures as per the revised AS-15 are as under:

a. Brief description of the plans

The Company's defined contribution plan is Employees' Pension Scheme (under the provisions of Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Company has no further obligation beyond making the contributions.

The Company has two schemes for long term benefits namely, Provident Fund and Gratuity:

- The Provident Fund plan, a funded scheme is operated by the Company's Provident Fund Trust, which is recognised by the Income Tax authorities and administered through trustees/ appropriate authorities. The Guidance Note on implementing the revised AS-15, Employee Benefits (revised 2005) issued by Accounting Standards Board (ASB) states benefit involving employer established provident funds, which require interest shortfalls to be recompensed, are to be considered as defined benefit plans. Pending the issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed an inability, to reliably measure provident fund liabilities. Accordingly, the Company is unable to present the related information.
- The Company provides for gratuity, a defined benefit plan based on actuarial valuation as of the Balance Sheet date, based upon which, the Company contributes all the ascertained liabilities to the Insurer Managed Funds.

The employees of the Company are also entitled to leave encashment and compensated absences as per the Company's policy.

b. Charge to the Statement of Profit and Loss based on contributions

	₹ in crore	
	2012	2011
Employees' Pension Scheme	12.18	9.31
Provident Fund	22.55	16.50
	34.73	25.81

c. Disclosures for defined benefit plans based on actuarial reports as on 31st March 2012

	₹ in crore	
	2012 Gratuity (Funded Plan)	2011 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	35.18	27.16
Interest cost	2.90	2.17
Current service cost	5.86	4.91
Actuarial (gain)/loss on obligations	10.16	5.26
Benefits paid	(4.83)	(4.34)
Liability at the end of the year	49.27	35.16

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

25 Employee Benefits Expense - *contd.*

	2012 Gratuity (Funded Plan)	2011 Gratuity (Funded Plan)
₹ in crore		
ii. Change in fair value of assets		
Opening fair value of plan assets	29.00	23.29
Expected return on plan assets	2.39	1.86
Actuarial gain/(loss)	0.22	(0.43)
Contributions by employer	5.10	8.63
Transfer of plan assets	-	-
Benefits paid	(4.83)	(4.34)
Closing fair value of plan assets	<u>31.88</u>	<u>29.01</u>
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	49.35	35.16
Fair value of plan assets as at year end	(31.80)	(29.01)
Net (asset)/liability recognised	<u>17.56</u>	<u>6.15</u>
iv. Expenses recognised in the Statement of Profit and Loss		
Current service cost	5.86	4.91
Interest on defined benefit obligation	2.90	2.17
Expected return on plan assets	(2.39)	(1.86)
Net actuarial (gain)/loss recognised in the current year	9.97	5.72
Transfer of plan assets	-	-
Total expense recognised in the Statement of Profit and Loss	<u>16.34</u>	<u>10.94</u>
v. Actual return on plan assets		
Expected return on plan assets	2.39	1.86
Actuarial gain/(loss) on plan assets	0.22	(0.43)
Actual return on plan assets	<u>2.61</u>	<u>1.43</u>
vi. Asset information		
Insurer managed funds	100%	100%
vii. Principal Actuarial assumptions used		
Discounted rate (per annum)	8.50%	8.25%
Expected rate of return on plan assets (per annum)	8.50%	8.25%
The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.		

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

25 Employee Benefits Expense - *contd.*

	2012 Gratuity (Funded Plan)	2011 Gratuity (Funded Plan)
₹ in crore		
viii. Experience adjustments		
Defined benefit obligation	49.27	35.16
Plan assets	(31.88)	(29.01)
Deficit/(Surplus)	17.39	6.15
Experience adjustment on plan liabilities - (gain)/loss	11.40	10.19
Experience adjustment on plan assets - (gain)/loss	0.19	(0.43)
ix. Expected employer's contribution for the next year	7.33	5.16

- Amounts for the current and previous four periods are as follows:

	2012	2011	2010	2009	2008
₹ in crore					
Gratuity					
Defined benefit obligation	49.27	35.16	26.60	20.96	18.03
Plan assets	31.88	29.01	22.72	16.74	14.64
Surplus/(Deficit)	(17.39)	(6.15)	(4.45)	(4.71)	(3.98)
Experience adjustment on plan liabilities - (gain)/loss	11.40	10.19	2.61	(2.45)	-
Experience adjustment on plan assets - (gain)/loss	0.19	(0.43)	0.57	(0.18)	-

	2012	2011
₹ in crore		
26 Finance Costs		
Interest Paid	23.84	17.32
Applicable Loss on Foreign Currency Transaction and Translation	14.50	7.78
	38.34	25.10

	2012	2011
₹ in crore		
27 Depreciation and Amortisation Expense		
Depreciation on Tangible Assets	312.22	273.32
Amortisation of Goodwill on Acquisition	-	0.01
	312.22	273.33

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

		₹ in crore	
		2012	2011
28	Other Expenses		
	Manufacturing Expenses	197.72	235.00
	Stores and Spares	97.47	115.45
	Power and Fuel	235.35	198.55
	Repairs and Maintenance		
	Machinery	71.23	58.05
	Buildings	121.75	99.35
	Travelling Expenses	133.09	100.76
	Sales Promotion Expenses	139.19	108.43
	Commission on Sales	275.96	225.50
	Rates and Taxes	16.16	9.78
	Freight and Forwarding	52.46	52.74
	Conveyance and Vehicle Expenses	21.32	16.92
	Rent	23.54	17.03
	Insurance	10.47	7.62
	Remuneration to Auditors		
	Audit Fees	0.80	0.48
	Tax Audit Fees	0.01	0.02
	Certification Fees	0.15	0.15
	Professional Fees	93.88	66.58
	Telephone, Postage and Telegram	25.13	23.86
	Directors Sitting Fees	0.08	0.08
	Contractual Services	58.70	93.62
	Donation	5.69	0.93
	Provision for Doubtful Debts	54.50	0.48
	Loss on Sale of Fixed Assets (Net)	36.86	4.86
	Bad Debts	45.59	62.39
	Printing and Stationery	44.80	45.43
	Research - Clinical Trials, Samples and Grants	36.30	26.47
	Miscellaneous Expenses	51.84	43.30
		1850.04	1613.83

		₹ in crore	
		2012	2011
29	Net difference in foreign exchange credited to the Statement of Profit and Loss		
		52.86	12.81
		52.86	12.81

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

30 Lease Accounting

Where the Company is a Lessee

The Company has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and licence, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms. Lease payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 28.

Where the Company is a Lessor

The Company has given certain premises under operating lease or leave and license agreement. The Company retains substantially all risks and benefits of ownership of the leased asset and hence classified as operating lease. Lease income on such operating lease is recognised in the Statement of Profit and Loss under 'Rent' in Note 23.

		₹ in crore	
		2012	2011
31	Contingent Liabilities and Commitments (to the extent not provided for)		
	Contingent Liabilities		
	Claims against the Company not acknowledged as debt	1.88	1.64
	Guarantees	104.61	62.54
	Letters of Credit	20.75	36.54
	Refund of Technical Know-how/Fees on account of non-compliance of certain obligations as per respective agreements	27.19	7.45
	Income Tax	181.44	206.15
	Excise Duty/Service Tax	29.62	49.30
	Sales Tax	3.64	4.02
		369.13	367.64
	Commitments		
	Estimated Amount of Contracts unexecuted on Capital Account	294.08	281.24
	Other Commitments	683.77	548.53
		977.85	829.77
		1346.98	1197.41

32 In a proceeding instituted against the Company for patent infringement of an animal health care product, the US District Court issued an injunction and the Federal Circuit Court at Washington upheld this order. Pursuant to this, the District Court is required to initiate hearings to determine the award for damages, which has not yet commenced. Therefore, it is now not possible to make any reliable estimate of the liability that may come about and accordingly no provision is made in the accounts. The Company is also examining further legal remedies as may be advised.

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

33 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 ₹5.46 crore 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.

34 In 2003, the Company received notice of demand from the National Pharmaceutical Pricing Authority, Government of India on account of alleged overcharging in respect of certain drugs under the Drug Price Control Order. This was contested before the jurisdictional High Courts wherein it was held in favour of the Company.

The orders were challenged before the Hon'ble Supreme Court by the Government. The Hon'ble Supreme Court by separate orders restored the matter to the jurisdictional High Court for interpreting the Drug Policy on the basis of directions and principles laid down by them and also restrained the Government from taking any coercive action against the Company. The Company has been legally advised that on the basis of these orders there is no probability of demand crystallising. Hence no provision is considered necessary in respect of notice of demand aggregating to ₹1654.92 crore (inclusive of principal amount for the period July 1995 to April 2009 and interest upto January 2012).

35 In March 2006, Meditab Specialities Pvt. Ltd. (the Subsidiary Company) acquired on lease, land admeasuring 123.20 hectares in Kerim Industrial Estate at Bhut Khamb, Taluka Ponda, Goa from Goa Industrial Development Corporation (GIDC) for setting up and development of Special Economic Zone (SEZ) for pharmaceutical products. Thereafter, the Subsidiary Company entered into sub-lease of this land with a SEZ occupier with an undertaking to provide infrastructural facilities. Following public agitation, the State Government of Goa brought about changes in policy regarding SEZ in the State of Goa which had the effect of the Subsidiary Company not pursuing its development activity and GIDC on instructions of the State Government of Goa issued show cause for revoking allotment of land. The Subsidiary Company's writ petition on the challenge to the show cause was disposed by the Hon'ble Bombay High Court stating that the State Government of Goa was competent to alter the SEZ policy. It was also held that the Subsidiary Company may apply for re-allotment of the same land to be utilised for purpose other than SEZ. The Subsidiary Company filed a Special Leave Petition before the Hon'ble Supreme Court and in which parties were directed to maintain status quo.

The Subsidiary Company has been legally advised that it has good case both on facts and on law succeeding in its appeal. The Subsidiary Company is therefore of the view that no provision is required to be made on the amount incurred towards cost of land and on the development of SEZ amounting to ₹26.68 crore (Previous year ₹26.50 crore) as at 31st March 2012.

36 Related Party Disclosures

- i. The related parties where control exists or where significant influence exists and with whom transactions have taken place:
 - a. Associates:
 1. Quality Chemical Industries Ltd.
 2. Stempeutics Research Pvt. Ltd.
 3. Biomab Holding Ltd. (w.e.f. 1st September 2011)
 4. Jiangsu Cdymax Pharmaceuticals Co. Ltd. (w.e.f. 10th February 2012)

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

36 Related Party Disclosures - *contd.*

- b. Joint Venture:
- Aspen-Cipla Australia Pty Ltd. (w.e.f. 4th November 2011)
- c. Key Management Personnel:
- Dr. Y.K. Hamied – Chairman and Managing Director
 - Mr. M.K. Hamied – Joint Managing Director
 - Mr. S. Radhakrishnan – Whole-time Director
- d. Relatives of Key Management Personnel:
- Mr. Kamil Hamied
 - Mrs. Samina Vaziralli (w.e.f. 1st July 2011)
- e. Entities over which Key Management Personnel are able to exercise significant influence:
- Cipla Public Charitable Trust
 - Okasa Pvt. Ltd.
 - Okasa Pharma Pvt. Ltd.
 - Cipla Foundation
 - Hamied Foundation

ii. Transactions during the year with related parties:

Particulars	₹ in crore							
	Associates/Joint Venture		Key Management Personnel and relatives		Entities over which Key Management Personnel exercise significant influence		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Loan repaid						0.50		0.50
Investment in Equity	114.78	7.36					114.78	7.36
Remuneration			16.13	18.74			16.13	18.74
Interest Paid						1.17		1.17
Purchase of Goods		186.17			58.67	41.91	58.67	228.08
Processing charges paid					21.76	11.92	21.76	11.92
Research Grants paid	10.53						10.53	
Sale of Goods	158.86	149.33			15.53	15.09	174.39	164.42
Advances paid against Services	1.39	6.10					1.39	6.10
Processing charges received					0.94	1.28	0.94	1.28
Donations given					5.31	0.41	5.31	0.41
Purchase of Shares						1.02		1.02
Rent paid					0.28	0.03	0.28	0.03

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

36 Related Party Disclosures - *contd.*

Particulars	₹ in crore							
	Associates/Joint Venture		Key Management Personnel and relatives		Entities over which Key Management Personnel exercise significant influence		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Rent received					0.00 [#]	0.00 [#]	0.00 [#]	0.00 [#]
Other receipts			0.00*	0.00*			0.00*	0.00*
Balances at end of the year								
Outstanding payables		27.26			18.42	27.22	18.42	54.48
Outstanding receivables	1.39	96.52			25.59	26.94	26.98	123.46

[#] ₹36000

* ₹20040

Disclosures in respect of material related party transactions during the year:

	₹ in crore	
	2012	2011
A. Loan repaid		
Mediorals Laboratories Pvt. Ltd.	-	0.50
	-	0.50
B. Investment in Equity		
Stempeutics Research Pvt. Ltd.	-	7.36
Aspen-Cipla Australia Pty Ltd.	0.00*	-
Biomab Holding Ltd.	114.78	-
	114.78	7.36
C. Remuneration		
Dr. Y. K. Hamied	6.65	6.03
Mr. M. K. Hamied	5.02	6.10
Late Mr. Amar Lulla	-	3.91
Mr. S. Radhakrishnan	4.04	2.56
Mr. Kamil Hamied	0.22	0.14
Mrs. Samina Vaziralli	0.20	-
	16.13	18.74
D. Interest paid		
Mediorals Laboratories Pvt. Ltd.	-	0.79
Advanced Remedies Pvt. Ltd.	-	0.38
	-	1.17

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

36 Related Party Disclosures - *contd.*

	₹ in crore	
	2012	2011
E. Purchase of Goods		
Advanced Remedies Pvt. Ltd.	-	0.32
Mediorals Laboratories Pvt. Ltd.	-	1.16
Goldencross Pharma Pvt. Ltd.	-	18.62
Medispray Laboratories Pvt. Ltd.	-	7.63
Shanghai Desano Pharmaceuticals Co. Ltd.	-	174.21
Shanghai Desano Chemical Pharmaceutical Co. Ltd.	-	11.96
Okasa Pharma Pvt. Ltd.	25.77	3.38
Okasa Pvt. Ltd.	32.90	10.80
	58.67	228.08
F. Processing charges paid		
Goldencross Pharma Pvt. Ltd.	-	0.33
Mediorals Laboratories Pvt. Ltd.	-	2.63
Medispray Laboratories Pvt. Ltd.	-	5.08
Advanced Remedies Pvt. Ltd.	-	2.61
Okasa Pharma Pvt. Ltd.	8.72	0.95
Okasa Pvt. Ltd.	13.04	0.32
	21.76	11.92
G. Research Grants paid		
Stempeutics Research Pvt. Ltd.	10.53	-
	10.53	-
H. Sale of Goods		
Goldencross Pharma Pvt. Ltd.	-	0.37
Medispray Laboratories Pvt. Ltd.	-	5.27
Advanced Remedies Pvt. Ltd.	-	0.14
Mediorals Laboratories Pvt. Ltd.	-	0.37
Shanghai Desano Chemical Pharmaceutical Co. Ltd.	-	56.97
Okasa Pharma Pvt. Ltd.	10.10	8.01
Okasa Pvt. Ltd.	5.43	0.93
Quality Chemical Industries Ltd.	158.86	92.36
	174.39	164.42
I. Advances paid against Services		
Stempeutics Research Pvt. Ltd.	1.39	6.10
	1.39	6.10

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

36 Related Party Disclosures - *contd.*

	₹ in crore	
	2012	2011
J. Processing charges received		
Medispray Laboratories Pvt. Ltd.	-	0.78
Advanced Remedies Pvt. Ltd.	-	0.02
Mediorals Laboratories Pvt. Ltd.	-	0.06
Okasa Pharma Pvt. Ltd.	0.45	0.14
Okasa Pvt. Ltd.	0.49	0.28
	0.94	1.28
K. Donations given		
Cipla Public Charitable Trust	0.31	0.41
Cipla Foundation	5.00	-
Hamied Foundation	0.00**	-
	5.31	0.41
L. Purchase of Shares		
Good Earth Remedies Ltd.	-	0.51
Globus Healthcare Ltd.	-	0.51
	-	1.02
M. Rent paid		
Okasa Pvt. Ltd.	0.28	0.03
	0.28	0.03
N. Rent received		
Okasa Pvt. Ltd.	0.00#	0.00#
	0.00	0.00
O. Outstanding Payables		
Mediorals Laboratories Pvt. Ltd.	-	0.38
Advanced Remedies Pvt. Ltd.	-	0.02
Okasa Pharma Pvt. Ltd.	11.63	13.72
Okasa Pvt. Ltd.	6.79	13.10
Shanghai Desano Chemical Pharmaceutical Co. Ltd.	-	7.13
Shanghai Desano Pharmaceuticals Co. Ltd.	-	20.13
	18.42	54.48
P. Outstanding Receivables		
Mediorals Laboratories Pvt. Ltd.	-	0.23
Stempeutics Research Pvt. Ltd.	1.39	-
Advanced Remedies Pvt. Ltd.	-	0.01
Okasa Pharma Pvt. Ltd.	6.98	7.08

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

36 Related Party Disclosures - *contd.*

	₹ in crore	
	2012	2011
Okasa Pvt. Ltd.	18.61	19.62
Shanghai Desano Chemical Pharmaceutical Co. Ltd.	-	56.09
Shanghai Desano Pharmaceuticals Co. Ltd.	-	1.14
Quality Chemical Industries Ltd.	-	39.29
	26.98	123.46

* ₹51.97

** ₹15000

₹36000

37 Foreign Exchange Derivatives and Exposures outstanding at the year end

			₹ in crore	
Nature of Instrument	Currency	Cross Currency	2012	2011
Forward contracts – Sold	USD	INR	1105.21	460.07
Forward contracts – Bought	USD	INR	-	220.86
Foreign currency options	USD	INR	-	214.03
Unhedged foreign exchange exposures				
Receivables			417.06	995.32
Payables			379.45	404.58

Note: The Company uses forward contracts/derivatives for hedging purposes and/or reducing interest costs.

38 Segment Information

- i. Information about primary business segments:
The Company is exclusively in the pharmaceutical business segment.
- ii. Information about secondary business segments:

						₹ in crore
	India		Outside India		Total	
	2012	2011	2012	2011	2012	2011
Segment Revenue	3160.87	2766.14	3747.21	3416.25	6908.08	6182.38
Carrying Amount of Segment Assets	6166.20	6237.12	1517.27	1394.12	7683.47	7631.24
Carrying Amount of other unallocated Assets					343.99	289.29
Capital Expenditure	546.91	763.07	-	0.02	546.91	763.09

NOTES TO THE CONSOLIDATED ACCOUNTS *contd.*

38 Segment Information - *contd.*

- 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 and Assets include the respective amounts identifiable to each of the segment.

39 Basic and Diluted Earnings per share has been computed as under

	2012	2011
Profit After Tax (₹ in crore)	1144.24	989.57
Weighted Average No. of Shares Outstanding	80,29,21,357	80,29,21,357
Basic and Diluted Earnings per share	₹14.25	₹12.32
Face value per share	₹2.00	₹2.00

As per our report of even date	Y.K. Hamied <i>Chairman & Managing Director</i>	M.K. Hamied <i>Joint Managing Director</i>
For V. Sankar Aiyar & Co., <i>Chartered Accountants</i> Firm Reg. No. 109208W	For R.G.N. Price & Co., <i>Chartered Accountants</i> Firm Reg. No. 002785S	S. Radhakrishnan <i>Whole-time Director</i>
V. Mohan <i>Partner</i> Membership No. 17748	R. Rangarajan <i>Partner</i> Membership No. 41883	V.S. Mani <i>Chief Financial Officer</i>
Mumbai, 7 th June 2012	H.R. Manchanda Ramesh Shroff V.C. Kotwal M.R. Raghavan Pankaj Patel <i>Directors</i>	Mital Sanghvi <i>Company Secretary</i>
		Mumbai, 7 th June 2012

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 st March 2012		₹ in crore	
		2012	2011
A	Cash Flow from Operating Activities		
	Net profit before tax	1447.81	1162.49
	Adjustments for:		
	Depreciation and amortisation expense	312.22	273.33
	Interest expense	23.84	17.32
	Unrealised foreign exchange gains (Net)	(28.14)	(4.14)
	Provision for doubtful debts and advances (Net)	54.50	0.48
	Interest income	(8.41)	(7.13)
	Dividend income	(36.40)	(8.96)
	Profit on sale of investments (Net)	(0.56)	(0.32)
	Loss on sale/discard of fixed assets (Net)	36.86	19.91
	Rent income	(2.84)	(1.65)
		351.07	288.84
	Operating profit before working capital changes	1798.88	1451.33
	Adjustments for:		
	(Decrease)/Increase in trade payables and other liabilities	57.45	(97.33)
	Decrease/(Increase) in inventories	56.08	(373.37)
	Decrease in trade and other receivables	131.82	308.67
		245.35	(162.03)
	Cash generated from operations	2044.23	1289.30
	Direct taxes paid (Net)	(331.47)	(264.20)
	Net cash from operating activities	(A) 1712.76	1025.10
B	Cash Flow from Investing Activities		
	Purchase of fixed assets/Capital work-in-progress	(561.06)	(710.46)
	Sale of fixed assets	4.55	12.57
	Purchase consideration for acquisition of undertaking	-	(30.64)
	Cash paid for acquisition, net of cash acquired	(0.14)	(208.22)
	Investment in associates	(311.20)	(1.97)
	Investment in joint venture	0.00*	-
	Share application money	(33.54)	(8.10)
	Purchase of other investments	(7470.68)	(5228.18)
	Sale of other investments	7118.92	5251.28
	Advance received towards sale of investments	238.84	-
	Interest received	7.26	7.41
	Dividend received	36.40	8.96
	Rent received	2.84	1.67
	Short term deposits repaid/(given) (Net)	2.71	(2.71)
	Net cash used in investing activities	(B) (965.10)	(908.39)

CONSOLIDATED CASH FLOW STATEMENT *contd.*

₹ in crore

	2012	2011
C Cash Flow from Financing Activities		
Proceeds from long term and other borrowings	200.00	867.74
Repayment of long term and other borrowings	(742.71)	(671.07)
Interest paid	(23.83)	(17.32)
Dividend paid	(160.58)	(160.58)
Tax paid on dividend	(26.05)	(26.67)
Interim dividend paid	-	(64.23)
Tax paid on interim dividend	-	(10.67)
Net cash from/(used in) financing activities	(C)	(82.80)
Net (decrease)/increase in cash and cash equivalents	(A)+(B)+(C)	33.91
Cash and Cash Equivalents as at the beginning of the year	95.97	62.06
Cash and Cash Equivalents as at the end of the year	90.46	95.97

* ₹51.97

- Notes: i. Cash and Cash Equivalents represent cash and bank balances and fixed deposits with banks.
ii. Cash and Cash Equivalents includes ₹13.59 crore (Previous year ₹12.79 crore) on account of unclaimed dividend, which are not available for use by the Company.

As per our report of even date	Y.K. Hamied <i>Chairman & Managing Director</i>	M.K. Hamied <i>Joint Managing Director</i>
For V. Sankar Aiyar & Co., <i>Chartered Accountants</i> Firm Reg. No. 109208W	S. Radhakrishnan <i>Whole-time Director</i>	V.S. Mani <i>Chief Financial Officer</i>
V. Mohan <i>Partner</i> Membership No. 17748	H.R. Manchanda Ramesh Shroff V.C. Kotwal M.R. Raghavan Pankaj Patel <i>Directors</i>	Mital Sanghvi <i>Company Secretary</i>
Mumbai, 7 th June 2012		Mumbai, 7 th June 2012

CIPLA LTD.

Regd. Office : Mumbai Central, Mumbai-400 008

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Folio No.: _____ DP ID No.: _____ Client ID No.: _____

Name/s: _____

(1st name)

(Joint Holder)

I/We record my/our presence at the Seventy-Sixth Annual General Meeting of the Company at Rama Watumull Auditorium, K. C. College, Dinshaw Wacha Road, Churchgate, Mumbai-400 020 on Friday, 17th August 2012.

Signature(s) of the Shareholder(s)/Proxy: _____

Note: Only Shareholders of the Company or their Proxies whose names are registered with the Company will be allowed to attend the meeting.



CIPLA LTD.

Regd. Office : Mumbai Central, Mumbai-400 008

FORM OF PROXY

Folio No.: _____ DP ID No.: _____ Client ID No.: _____ No. of Shares held _____

I/We, _____

of _____

being a member/members of CIPLA LIMITED, hereby appoint _____

of _____ or failing him

of _____ or failing him

of _____ as

my/our proxy to vote for me/us and on my/our behalf at the Seventy-Sixth Annual General Meeting of the Company to be held on Friday, 17th August 2012 at 3.00 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER.
2. This form, duly completed and signed across the stamp, should reach the Registered Office of the Company not less than 48 hours before the meeting.

Affix
15 p.
Revenue
Stamp

Signature(s) of the
Shareholder(s)



TEN-YEAR HIGHLIGHTS

Standalone

₹ in crore

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Statement of Profit and Loss										
Total Revenue	7125.80	6422.73	5713.24	5315.82	4338.21	3763.72	3207.95	2482.87	2090.99	1599.00
Profit before Tax	1421.46	1151.39	1324.99	901.31	838.36	807.98	709.85	514.61	404.09	312.49
Profit after Tax	1123.96	960.39	1081.49	776.81	701.43	668.03	607.64	409.61	306.69	247.74
Dividend	160.58	224.81	160.58	155.46	155.46	155.46	155.46	104.96	89.96	59.97
Tax on Dividend	26.05	36.72	26.67	26.42	26.42	26.42	21.80	14.95	11.53	7.68
Retained Earnings	937.32	698.86	894.24	594.93	519.55	486.15	430.38	289.70	194.11*	180.09
Balance Sheet										
Fixed Assets	3346.11	3120.72	2695.41	2358.81	1894.48	1461.26	1143.62	844.87	603.57	399.88
Investments [#]	1035.15	570.65	265.10	81.32	94.75	117.80	22.43	18.30	180.37	126.59
Other Net Assets [#]	3413.67	3574.51	3137.80	3015.01	2456.19	1893.42	1384.08	970.60	756.64	694.48
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-	0.10
Total	7794.93	7265.88	6098.31	5455.14	4445.42	3472.48	2550.13	1833.77	1540.58	1221.05
Share Capital	160.58	160.58	160.58	155.46	155.46	155.46	59.97	59.97	59.97	59.97
Reserves and Surplus	7389.70	6452.37	5753.51	4195.29	3600.36	3080.81	1923.30	1493.66	1204.08	1010.10
Net Worth	7550.28	6612.95	5914.09	4350.75	3755.82	3236.27	1983.27	1553.63	1264.05	1070.07
Loan Funds [#]	12.20	440.48	5.07	940.24	540.45	123.56	468.91	191.20	210.58	94.78
Net Deferred Tax	232.45	212.45	179.15	164.15	149.15	112.65	97.95	88.94	65.95	56.20
Total	7794.93	7265.88	6098.31	5455.14	4445.42	3472.48	2550.13	1833.77	1540.58	1221.05

* After adjustments of earlier years

[#] Includes Current and Non-Current

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