

Cipla

Seventy-Fifth Annual Report

2010-2011

As in the past, Cipla has made a special effort to produce this report at a low cost, without compromising its quality or contents leading to a saving of ₹30 lakhs. This amount has been donated to Cipla Public Charitable Trust.

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Cipla Limited

Founder

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

Chairman & Managing Director

Dr. Y.K. Hamied

Joint Managing Director

Mr. M.K. Hamied

Whole-time Director

Mr. S. Radhakrishnan

Non-Executive Directors

Mr. V.C. Kotwal

Dr. H.R. Manchanda

Mr. M.R. Raghavan

Mr. Ramesh Shroff

Mr. Pankaj Patel

Bankers

Bank of Baroda

Canara Bank

Corporation Bank

Indian Overseas Bank

Standard Chartered Bank

The Hongkong & Shanghai Banking
Corporation Limited

Union Bank of India

Auditors

V. Sankar Aiyar & Co.

R.G.N. Price & Co.

Registered Office

Mumbai Central, Mumbai 400 008

Website

www.cipla.com

NOTICE

NOTICE is hereby given that the SEVENTY-FIFTH ANNUAL GENERAL MEETING of CIPLA LIMITED will be held at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai-400 034, on Thursday, 25th August 2011 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March 2011, the Profit and Loss Account for the year ended on that date together with the schedules annexed thereto as well as the reports of the Board of Directors and Auditors attached thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend for the year ended 31st March 2011.
3. To appoint a Director in place of Mr. M.R. Raghavan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pankaj Patel who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as an Ordinary Resolution:

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to appoint Auditors for the Company’s branch office(s) (whether now or as may be established) in terms of section 228 of the Companies Act, 1956 in consultation with the Auditors of the Company to examine and audit the accounts for the financial year ending on 31st March 2012 upon such remuneration, terms and conditions as the Board of Directors may deem fit.”

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:
 - (a) “RESOLVED THAT pursuant to the provisions of sections 257, 260 and other applicable provisions of the Companies Act, 1956 (the Act) read with those under Article 129 of the Company’s Articles of Association, Mr. S. Radhakrishnan, an Additional Director holding the office as such up to the date of this Meeting be and is hereby appointed as a Director of the Company with effect from the commencement of the date of this Annual General Meeting.”
 - (b) “RESOLVED THAT pursuant to the provisions of sections 198, 309 read with Schedule XIII and other applicable provisions of the Act, the Company hereby approves, confirms and ratifies the appointment of Mr. S. Radhakrishnan as the Whole-time Director of the Company, with the benefit of continuity of service of Mr. S. Radhakrishnan as agreed to by the Board and the appointee, for a period of five years commencing from 12th November 2010 and concluding on 11th November 2015 and on the terms and conditions as stipulated hereunder and set out in the letter of appointment dated 12th November 2010 issued by the Company as per the copy now placed before and approved by the Meeting.
 - A. Salary: ₹8,00,000 p.m. with liberty to the Board of Directors to sanction such increase as it may in its absolute discretion determine from time to time provided that the salary does not exceed ₹16,00,000 p.m. during the tenure.

NOTICE *contd.*

- B. Accommodation: Rent-free furnished accommodation or 60% of the salary as house rent allowance in lieu of accommodation. The appointee shall also be eligible for maintenance of accommodation including furniture, fixtures and furnishings and reimbursement of expenses incurred on gas, electricity and water.
- C. Perquisites: The appointee shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called "perquisites") such as medical reimbursement, leave travel assistance/allowance, membership fees of clubs, hospitalisation and accident insurance and any other perquisites as per the policy/rules of the Company in force or as may be approved by the Board from time to time.

In addition to the above, the appointee shall also be entitled to the following benefits as per policy/rules of the Company in force or as may be approved by the Board from time to time:

(i) Company maintained car(s) with driver(s) or cash equivalent thereof; (ii) Telecommunication facilities at residence; (iii) Company's contribution to Provident Fund and Superannuation Fund; (iv) Payment of gratuity and other retirement benefits and (v) Encashment of leave.

- D. Commission: The appointee shall also be entitled to, in addition to the aforesaid salary and perquisites, commission as may be fixed by the Board after profits of the Company are ascertained each year subject to minimum of ₹30,00,000 each year, so however, the overall remuneration for all the managerial personnel does not exceed the limits prescribed under sections 198 and 309 of the Companies Act, 1956 and Schedule XIII as may be applicable from time to time with liberty to pay such commission in one or more installments entirely at the discretion of the Board.
- E. The Board is authorised to fix actual remuneration and revise it from time to time within the aforesaid ceilings.
- F. If in any financial year during the currency of tenure of the appointee, the Company has no profits or its profits are inadequate, the appointee shall be entitled to minimum remuneration by way of basic salary, perquisites and allowances not exceeding the ceiling limit specified under paragraph 1 of section II, Part II of Schedule XIII to the Companies Act, 1956 and in addition thereto, appointee shall also be eligible to the perquisites and allowances not exceeding the limits specified under paragraph 2 of section II, Part II of Schedule XIII to the Companies Act, 1956 or such other limits as may be specified by the Central Government from time to time as minimum remuneration.
- G. This appointment as Whole-time Director is liable for termination by either party giving three months' notice in writing to the other.

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

- 7. To consider and, if thought fit, to pass, with or without modifications, the following resolution, as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 314 and other applicable provisions, if any of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof for the time being in force), the Company in general meeting hereby accords its consent to the holding of office or place of profit as a member of management team by Mrs. Samina Vaziralli, a relative of Mr. M. K. Hamied, Joint Managing Director of the Company, with effect from 1st July 2011 on a monthly salary of ₹2,50,000 (inclusive of all allowances and perquisites).

RESOLVED FURTHER THAT pursuant to the provisions of section 314 read with Director's Relative (Office or Place of Profit) Rules, 2011 as amended and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof for the time being in force) as well as the approval by the Company's Selection Committee and Board of Directors ("Board") and subject to the approval of Central Government, the Company in general meeting hereby accords its prior consent to the holding of office or place of profit under the Company through the appointment of Mrs. Samina Vaziralli, a relative of Mr. M. K. Hamied, Joint Managing

NOTICE *contd.*

Director of the Company, as a member of management team and also to the revision of her remuneration any time in future during the then relevant period of her appointment subject to the payment of monthly salary (inclusive of all allowances and perquisites), being not more than ₹10,00,000 as may be, to the extent and in the manner finalised by the Board in consultation with the appointee.

RESOLVED FURTHER THAT the Board be and is hereby authorised to represent the Company before the Central Government and to agree to or accept any variations in the terms of the appointment as may be suggested by the Central Government.

AND RESOLVED FURTHER THAT the Board be and is hereby further authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be and in the manner required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any Director or to any Officer to give effect to the resolution hereof."

By Order of the Board of Directors

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

NOTES:

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

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

2. The Explanatory Statement pursuant to section 173 of the Companies Act, 1956 is annexed hereunder and forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 11th August 2011 to Thursday, 25th August 2011, both days inclusive.
4. The final dividend for the year ended 31st March 2011 as recommended by the Board, if sanctioned at the Meeting, will be paid to those members whose names appear in the Company's Register of Members on Wednesday, 10th August 2011. In respect of shares held in electronic form, the final dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
5. Members holding shares in physical form are requested to forward all applications for transfers and all other shares-related correspondence (including intimation for change of address) to the Share Transfer Agents of the Company at the following address:

Karvy Computershare Private Limited
(Unit: Cipla Limited)
Plot No.17 to 24,
Vittal Rao Nagar,
Madhapur,
Hyderabad-500 081.
Tel: (040) 2342 0818 / (040) 4465 5201
Fax: (040) 2342 0814

NOTICE *contd.*

6. Members may please note that as per Securities and Exchange Board of India (SEBI) directive, remittance of dividend through Electronic Clearing Service (ECS) is replaced with National Electronic Clearing Service (NECS) with effect from 1st October 2009. To avail NECS facility, members holding shares in demat mode are requested to update their new bank details post implementation of Core Banking Solutions (CBS) in which they wish to receive dividend with their respective Depositories. The Company or the Share Transfer Agents will not act on any direct request from members holding shares in demat mode for change/updation/deletion in such bank details. Members holding shares in physical mode must give instructions regarding their new bank details in which they wish to receive dividend to the Company or the Share Transfer Agent. In the absence of NECS facility, the bank account details, if available, will be printed on the dividend warrants.
7. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest, to avail of the nomination facility by filling Form 2B in duplicate with the Share Transfer Agents which, on request will supply blank forms. Members holding shares in the dematerialised form may contact the Depository Participant for recording nomination in respect of their shares.
8. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/Share Transfer Agents for registration of such transfer of shares.

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

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

Consequent to the amendment of the Companies Act, 1956, dividends that remain unclaimed for a period of seven years shall be transferred to Investor Education and Protection Fund (IEPF). Accordingly, unclaimed dividends from the financial year ended 31st March 1996 till 31st March 2003 have been transferred by the Company to IEPF.

Members may note that unclaimed dividend for the financial year ended 31st March 2004 shall become due for transfer to IEPF on 3rd October 2011. Members should also note that any sum transferred to IEPF shall stand forfeited and no claim shall lie either against the IEPF or the Company. Those members, who have not encashed their dividends for the financial year ended 31st March 2004, are requested to claim it from the Share Transfer Agents immediately. Such of those members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Share Transfer Agents.

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

NOTICE *contd.*

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

12. As required under Clause 49 of the Listing Agreement, the relevant information in respect of the Directors seeking re-appointment at the Annual General Meeting is enclosed as Annexure 1.

NOTICE *contd.*

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

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

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

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

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

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

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

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

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

Item No.7: Special Resolution

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

Subject to approval of the shareholders by way of special resolution at the ensuing Annual General Meeting, she has been appointed by the Board of Directors of the Company to hold an office or place of profit as a member of management team with effect from 1st July 2011 on a monthly salary of ₹2,50,000 (inclusive of all allowances and perquisites).

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

As per the provisions of section 314 of the Companies Act, 1956 read with those under Director's Relative (Office or Place of Profit) Rules, 2011, holding of office or place of profit subject to the payment of increased remuneration as aforesaid requires prior consent of the shareholders by way of special resolution and also the approval of the Central Government as envisaged in section 314 of the Companies Act, 1956 and the Rules thereunder.

Except for Mr. M.K. Hamied and Dr. Y. K. Hamied, none of the other Directors of the Company are concerned or interested in the resolution.

By Order of the Board of Directors

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

ANNEXURE 1

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

A. Mr. M.R. Raghavan

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

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

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

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

He also holds directorship of Coverdale Consultants Private Limited.

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

B. Mr. Pankaj Patel

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

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

He does not hold directorship of any other Company.

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

By Order of the Board of Directors

Mumbai, 29th June 2011

Mital Sanghvi
Company Secretary

DIRECTORS' REPORT

The Directors take pleasure in presenting the Seventy-Fifth Annual Report of the Company along with the Audited Accounts for the financial year ended 31st March 2011.

Financial Summary

Year ended 31 st March 2010		Year ended 31 st March 2011
5,765	Sales and other income	6,483
1,230	Profit before exceptional item and tax	1,151
95	Add: Exceptional item	-
1,325	Profit before tax	1,151
1,081	Profit after tax	960
955	Surplus brought forward from last balance sheet	1,699
2,036	Profit available for appropriation	2,659
	Appropriations:	
-	Interim dividend	64
160	Final dividend	160
27	Tax on dividend	37
150	Transfer to general reserve	100
1,699	Surplus carried forward	2,298

Rupees in crore

DIVIDEND

On the occasion of its 75th anniversary, Cipla declared a special interim dividend of 80 paise per equity share (face value of ₹2 each) in August 2010 amounting to ₹74.90 crore (inclusive of dividend tax).

The Directors recommend a final dividend of ₹2 per share on 80,29,21,357 equity shares of ₹2 each for the year 2010-11 amounting to ₹160.58 crore.

The total dividend payout for the year 2010-11 inclusive of dividend tax would aggregate to ₹261.53 crore.

MANAGEMENT REVIEW: 2010-11

Industry Structure and Development

The financial year 2010-11 marked a resurgence in growth post the financial crisis. Higher investment spending, specially in the emerging markets, is pushing growth in the global economy. As a result, several countries are gradually returning to normal macroeconomic policies. However, the economic health in parts of Europe and the fiscal trends in some other countries is cause for concern and continues to impact the world economy.

The forecast for the Indian economy is positive with growth expected to touch 8.5 per cent in the current fiscal year. Yet, constant inflation in the country is taking its toll and rising global commodity prices is only compounding the problem.

The pharmaceutical industry in India retains its position of strength as the pharmacy capital of the world. It supplies an estimated one-third of all global pharmaceutical produce in terms of volume. In the financial year 2010-11, the Indian pharmaceutical industry grew more than 14 per cent, according to ORG IMS, though this growth was mainly driven by the top 50 companies.

DIRECTORS' REPORT *contd.*

A growing trend was that more Indian pharmaceutical companies focussed on semi-urban and rural markets for incremental growth opportunities. During the year, the industry also witnessed Indian pharma companies selling out to the multinationals.

Performance Review

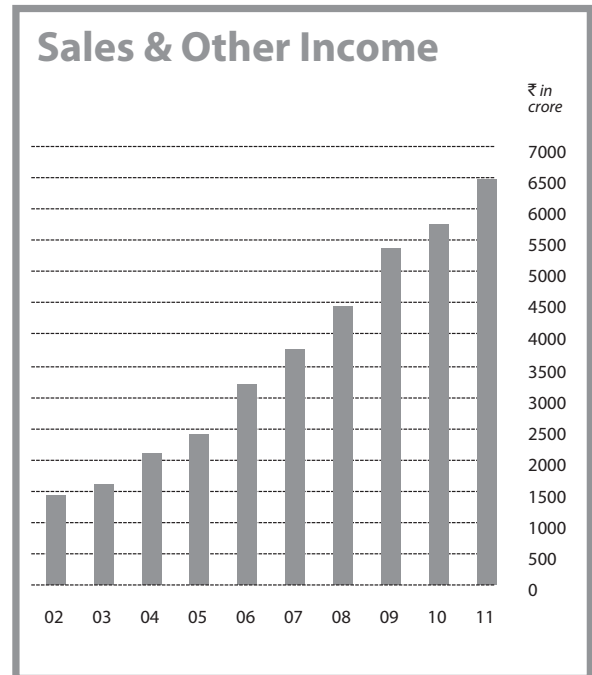
During the year under review, the Company's total income from operations increased by 12 per cent. Domestic turnover rose by 12 per cent while export income went up by 16 per cent. Profit after tax for the year was ₹960 crore compared to ₹1081 crore last year, excluding the one-time sale of the I-pill brand last year.

This year, there was a dip in operating margins of about 3 per cent, as a percentage of total revenue. This was mainly due to lower technical fees (₹60 crore compared to ₹150 crore last year), as the development stage of several projects reached completion and the products have either been commercially launched or will be launched by the Company's partners. Another major reason for the decline is that the Indore SEZ factory is in its first year of operations and is still to reach its optimum capacity levels. Besides, the Rupee has appreciated compared to the US dollar which has in turn reduced earnings by about 4 per cent.

Products

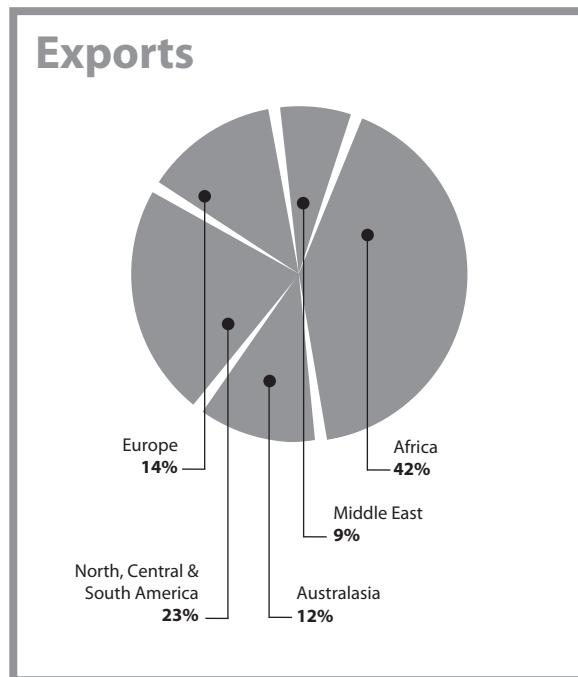
The Company introduced many new drugs and formulations during the year. Some significant products are mentioned below:

- Entavir (entecavir tablets) - antiviral for hepatitis B
- Febucip (febuxostat tablets) - drug for gout
- Flosoft (fluorometholone acetate ophthalmic suspension) - topical steroid for eye inflammation
- Foracort (formoterol and budesonide autohaler) - asthma controller therapy in a new easy-to-use breath actuated inhaler
- Furamist AZ (fluticasone furoate and azelastine hydrochloride nasal spray) - new combination nasal spray for allergic rhinitis
- Imudrops (cyclosporine eye drops) - immunomodulatory drug for severe dry eye
- Lacsyp (lactitol monohydrate liquid syrup) - lactulose analogue for constipation and hepatic encephalopathy
- Levolin (levosalbutamol tartarate autohaler) - asthma reliever in an easy-to-use breath actuated inhaler
- Montair FX (montelukast and fexofenadine tablets) - antiallergic combination for rhinitis
- Moxicip KT (moxifloxacin and ketorolac eye drops) - topical combination for eye inflammation
- Panstal (pancreatin capsules) - digestive enzyme for pancreatic insufficiency
- Paracip (paracetamol infusion) - for pain and fever management in intensive care units and hospitals
- Phosome (liposomal amphotericin injection) - high potency antifungal in a new targeted drug delivery system
- Pirfenex (pirfenidone tablets) - the first and only approved drug for idiopathic pulmonary fibrosis (IPF)
- Prandial M (voglibose and metformin tablets) - combination antidiabetic
- Prasugas (prasugrel tablets) - antiplatelet drug



DIRECTORS' REPORT *contd.*

- Pulmopres (tadalafil tablets) - the first once-daily therapy for pulmonary arterial hypertension
- Rixmin (rifaximin tablets) - locally acting antibacterial for infectious diarrhoea
- Rokfos (zoledronic infusion) - once-yearly treatment for osteoporosis
- Rosulip-F (rosuvastatin and fenofibrate tablets) - combination drug for mixed dyslipidemia
- Soranib (sorafenib tablets) - breakthrough drug for liver cancer
- Sornip (boswellic acid cream) - topical non-steroidal formulation for psoriasis
- Synthivan (atazanavir sulphate and ritonavir tablets) - two-drug combination antiretroviral for HIV/AIDS
- Triohale (formoterol fumarate, ciclesonide and tiotropium bromide rotacaps) - world's first triple-drug dry powder inhalation for COPD
- VC-15 (vitamin C serum) - antioxidant for dermatological conditions
- Vertipress (betahistine hydrochloride tablets) - therapy for vertigo
- Xovatra (travoprost eye drops) - prostaglandin analogue for glaucoma
- Zolmist (zolmitriptan nasal spray) - rapid-acting drug for migraine



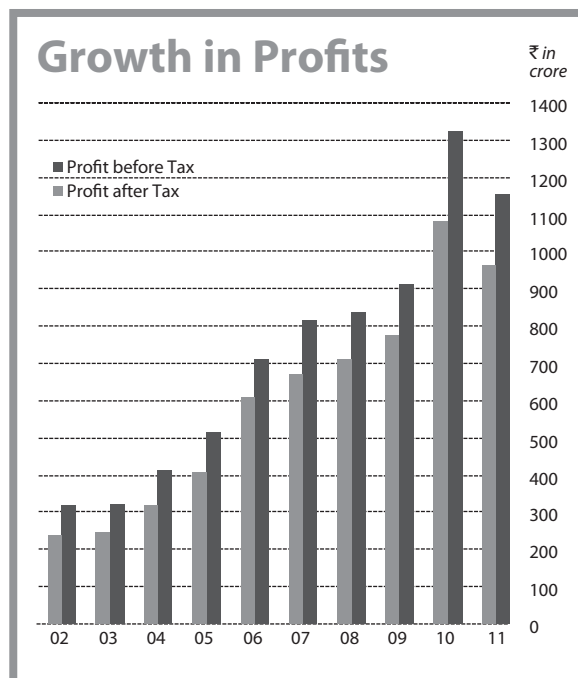
Manufacturing Facilities

In April 2010, the Company commenced commercial production of pharmaceutical formulations at the Special Economic Zone (SEZ) project, at Indore, Madhya Pradesh. This project includes facilities for the manufacture of aerosols, respules, liquid orals, pre-filled syringes (PFS), nasal sprays, large volume parenterals (LVP), eye drops, tablets and capsules. The total investment for this project is about ₹900 crore.

The Company is setting up API facilities at Bengaluru and Kurkumbh. It is also upgrading the API facilities at Patalganga. The total investment for these projects is about ₹400 crore.

Regulatory Approvals

Several dosage forms and APIs manufactured at the Company's plants 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

According to ORG IMS, Cipla is one of the largest pharmaceutical companies in India. New technology and new products, including dosage forms, which are being introduced every year, offer significant growth opportunities for the Company.

Cipla is increasing its focus in various segments to meet the growing market needs in the future. The Company is giving a renewed focus to two therapeutic segments namely, oncology and neuropsychiatry.

The Company's venture on biotechnology products is making significant progress and the regulatory process is underway.

International Markets

Cipla's international business continues to be a major revenue driver for the Company. During the year under review, almost 55 per cent of the total income originated from international markets. As a result, Cipla contributed significant net foreign exchange earnings to the tune of USD 420 million.

The Company is in the process of consolidating and rationalising its international business and strategies are being reviewed to optimize value for its technology and product range.

The Company continues to forge partnerships and alliances with large generic pharmaceutical companies for product development and supply in developed markets.

Cipla continues its humanitarian mission of making affordable medicines available to the entire world. It is today the largest single supplier of HIV and anti-malarial drugs in the world in terms of volume.

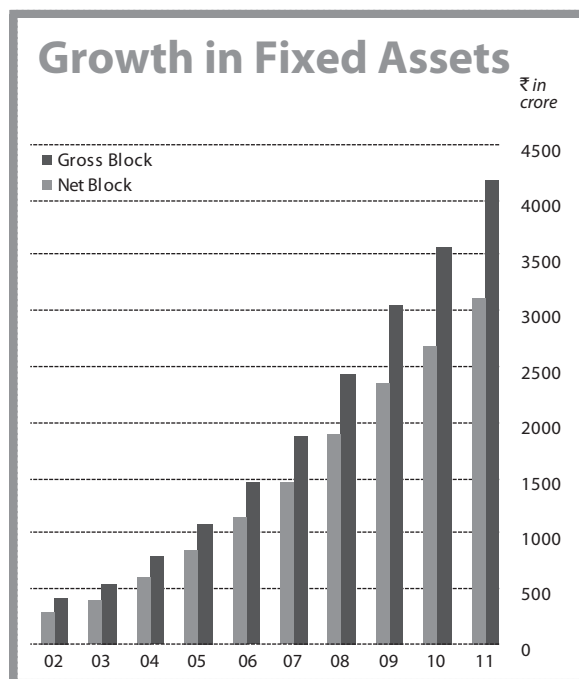
Threats, Risks, Concerns

Patents

The Company is currently involved in a number of patent litigations at the pre grant, post grant, appellate board and at the level of the judicial courts. As anticipated, the number of patent litigations has gone up dramatically post Patents Amendment Act, 2005 and more so because companies are filing frivolous patent applications and multiple applications with almost identical claims. The Appellate Board is saddled with a huge backlog of pending cases. Cipla, so far, has been successful in challenging a number of patent applications at different stages in the grant process.

The government is yet to decide conclusively on the issues of Data Exclusivity and Data Protection which are both "Trips Plus" measures. The European Union government is pushing for Trips Plus provisions and dilution of the Patents Act through bilateral agreements. There is a lot of uncertainty with regard to the government's position on these two vital issues.

Taking advantage of the new patents regime, the Company is witnessing an increase in the number of patented products being launched in India by multinational companies. A number of these products have been launched at exorbitant prices. Cipla has sought a voluntary license on anti-HIV drugs, Raltegravir and Rilpivirine and will continue to pursue the in-licensing route to bring the latest products to the Indian consumers at affordable prices. The Government of India must also clearly spell out its policy on how it plans to control the prices of patented products which enjoys a monopoly.



DIRECTORS' REPORT *contd.*

India is considered the pharmaceutical hub of the world and the Government of India must try to preserve and promote the Indian industry in every which way.

In the light of these threats, Cipla is continuously fighting these issues on various fronts, not only to protect the interest of the Company but also of the Indian patients.

Drug Pricing

It is well over 15 years since the last drug policy was implemented which resulted in the Drugs Price Control Order 1995. The Government should re-haul the drug policy and bring it in line with the current market conditions. It must be fair, transparent and non-ambiguous. The drug policy should only seek to bring under price control, drugs which are not manufactured in India and those which enjoy 100 per cent monopoly.

The Indian market is highly dynamic and competitive and it is believed that market competition will ensure that drug prices are within the reach of the common man. Drug prices today in India are the lowest in the world even when compared to neighbouring countries like Bangladesh, Pakistan, etc.

As per newspaper reports, it appears that the Government of India is planning to bring under price control all the drugs which are listed in the National List of Essential Medicines. More than 350 drugs are expected to be covered. This will have an adverse impact on the Indian Pharmaceutical Industry which is already reeling under high inflationary pressures. The proposed move will destroy the country's self-sufficiency in medicines.

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 ₹1230 crore (inclusive of interest). The Company has been legally advised that based on the directions given by the Supreme Court, there is no probability of the demand becoming payable by the Company. Any unfavourable outcome in these proceedings could have an adverse impact on the Company.

Regulatory Approvals

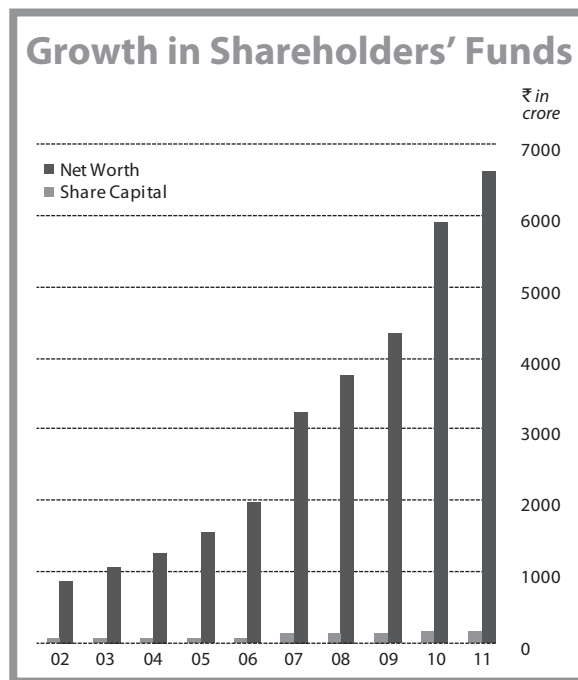
Our manufacturing facilities are regularly monitored and approved by various regulatory authorities across the globe. These authorities have become more vigilant and strict with respect to compliance. Periodically, the US FDA conducts routine audits of all approved facilities and accordingly several of our plants including Goa, Patalganga, Kurkumbh and Bengaluru were inspected by the US FDA. Currently, all facilities continue to be approved by the US FDA.

Exchange Rate Movements

During the year, the Indian Rupee appreciated by more than 3-4 per cent compared to the US Dollar. Such severe fluctuations in foreign currency exchange rates can have a significant impact on the Company's operations and financial results.

Safety Measures

The Company believes in Safety first – whether for its patients, plants and employees. Periodical safety audits are conducted at all units and regular reviews are done by safety committees with an objective of enhancing safety measures.



DIRECTORS' REPORT *contd.*

As always, the Company kept up high standards of occupational health, safety and environment preservation practices at all its manufacturing units. Various health, safety and environment awareness programmes were organised for employees, villagers and school children living around the Company's units at Sikkim, Baddi (Himachal Pradesh), Patalganga (Maharashtra), Kurkumbh (Maharashtra), Verna (Goa) and Bengaluru (Karnataka) with the objective of achieving and maintaining safety, health and environment standards. Training was imparted to school children, teachers and nearby villagers on road safety, home safety, hygiene and environment.

On World Environment Day and Earth Day, employees and government authorities went on a 'Green Drive' at the factory premises to plant trees and reduce pollution. The Company continued to maintain modern, well-designed effluent treatment plants at its factories. Treated water from these "zero discharge" facilities is used for maintaining a green belt at all the locations.

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. Cipla's internal audit team 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

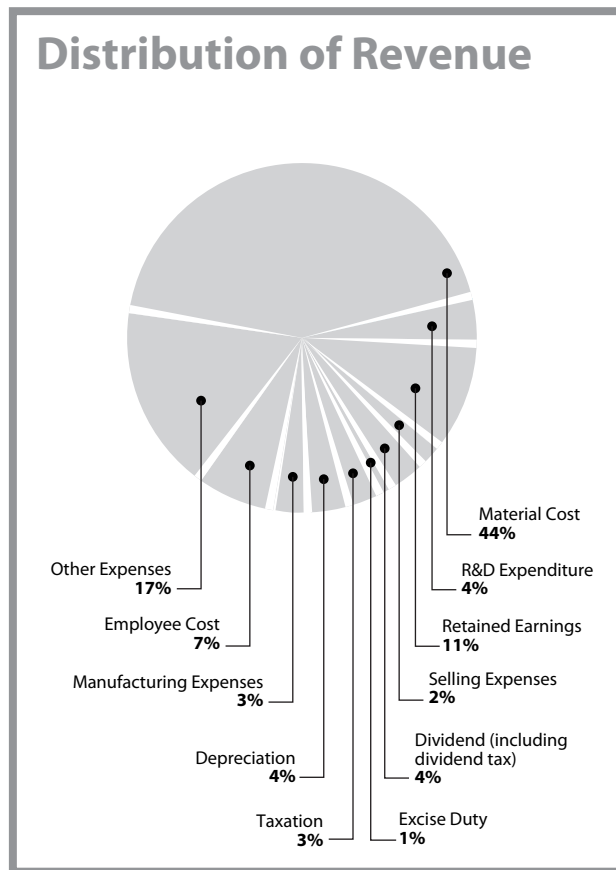
Particulars of employees required to be furnished under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, form part of this report. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered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

CORPORATE SOCIAL RESPONSIBILITY

On the occasion of Cipla's Platinum Jubilee, the Company announced setting up of the Cipla Foundation by contributing a sum of ₹5 crore. The Foundation will aim to provide care and financial support to people in need of healthcare in India.

The Cipla Palliative Care and Training Centre in Pune continues to provide care to terminally ill cancer patients. As of date, the Centre has provided comfort and solace to more than 7000 patients. The focus is on reaching out to more cancer patients who need palliative care and on integrating palliative medicine with curative therapy.

The Cipla Palliative Care and Training Centre is recognised as a training resource by the Indian Association of Palliative Care (IAPC). Besides an IAPC certified training course for doctors and nurses, learning modules in palliative care are available for caregivers, volunteers and other interested groups. The Centre also runs a school for training nursing assistants which is offered free-of-charge to young boys and girls from economically weaker sections with the objective of providing an opportunity for skill development, leading to gainful employment.



DIRECTORS' REPORT *contd.*

Being in the forefront of the crusade against HIV/AIDS, the Company has supported Manavya, a Pune based organization which runs a home for children with HIV infection. Manavya operates a mobile dispensary in villages on the outskirts of Pune and this project is fully funded by the Company.

In addition, the Company continued to support several community welfare, health and educational activities essentially in communities surrounding the Company's factory locations, 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 2011 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

In accordance with circular no. 2/2011 dated 8th February 2011 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 information of the subsidiary companies. A statement containing information on the Company's subsidiaries is included in this Annual Report.

During the financial year ended 31st March 2011, the following companies were acquired as subsidiaries/step-down subsidiaries: Cipla (Mauritius) Limited, Cipla (UK) Limited, Cipla-Oz Pty Limited, Four M Propack Private Limited, Goldencross Pharma Private Limited, Medispray Laboratories Private Limited, Meditab Holdings Limited, Meditab Pharmaceuticals South Africa (Pty) Limited, Meditab Specialities New Zealand Limited, Meditab Specialities Private Limited, Sitec Labs Private Limited and STD Chemicals Limited.

Corporate Governance

The 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.

By and large, the Company is already complying with the recommendations of Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs.

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' REPORT *contd.*

Directors

The Company deeply regrets the sad demise of Mr. Amar Lulla on 22nd April 2011. The Board of Directors would like to place on record its sincere gratitude to Mr. Amar Lulla and appreciate his pioneering efforts during his association with the Company for over three decades. He has been one of the key persons who played a significant role in enabling the Company to attain its current position.

Mr. S. Radhakrishnan was appointed as an Additional Director with effect from 12th November 2010 and holds office until the ensuing Annual General Meeting. He was appointed as Whole-time Director for a period of five years with effect from 12th November 2010, subject to the approval of shareholders at the ensuing Annual General Meeting. Mr. S. Radhakrishnan is a qualified Chartered Accountant, who has been with the Company for over 26 years and has vast experience in financial, commercial, legal and allied areas.

Mr. S.A.A. Pinto resigned from the Board of Directors effective 11th November 2010 due to health reasons. The Directors place on record their appreciation of his contribution as a member of the Board.

Mr. M.R. Raghavan and Mr. Pankaj Patel 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 year ended 31st March 2011. The Cost Audit Reports would be submitted to the Central Government within the prescribed time.

Pursuant to Rule 5 of the Cost Audit Report Rules, Cost Audit Reports for bulk drugs and formulations for the year ended 31st March 2010 were filed with the Central Government on 29th September 2010 and 30th September 2010 respectively.

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,

Mumbai, 29th June 2011

Y. K. Hamied
Chairman & Managing Director

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 the 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 optimize consumption. Some of the specific measures undertaken are:
- i. Installed water meter and new water level sensors in Indian duo rapid plant tank to avoid overflow of water at Baddi factory.
 - ii. Energy efficient motors are installed at various factories.
 - iii. Installed new water chiller with capacity of 300 TR to avoid running of 500 TR capacity chillers resulting in energy saving during night and non-working days at Patalganga factory.
 - iv. Diesel generator sets have been replaced with government power supply at Baddi factory during peak period resulting in fuel cost reduction.
 - v. Motion sensors have been installed at Sikkim & Goa factories to reduce wastage of power.
 - vi. Installed & commissioned variable-frequency drive (VFD) for various equipments like cooling tower fans, brine secondary pump, etc. to reduce power wastage in Goa & Kurkumbh factories.
 - vii. Reduction in power costs by maintaining power factor at acceptable levels at Indore factory.
 - viii. Installation of auto timer which resulted in energy saving at various factories.
 - ix. Energy saving through use of compact fluorescent lamps and light-emitting diode instead of high voltage lamps at Bengaluru & Patalganga factories.
 - x. Installed condensers for energy saving and to keep equipment in good operating condition at Kurkumbh factory.
 - xi. Installation of economizer for boiler at Indore factory has led to fuel cost reduction.
 - xii. Gas kit has been installed on DG Sets to reduce fuel consumption at Indore 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

1. Electricity		2011	2010
a. Purchased			
Units	kwh	149813673	91567258
Total amount	₹ in crore	80.63	47.74
Rate/Unit	₹	5.38	5.21
b. Own generation			
i. Through diesel generator			
Units	kwh	67698041	57331785
Units per litre of diesel oil	kwh	3.70	4.16
Cost/Unit	₹	8.69	9.65
ii. Through steam turbine/generator		-	-
2. Others/Internal generation			
Light diesel oil/diesel oil/furnace oil			
Quantity	kl	27396	21467
Total cost	₹ in crore	91.94	76.12
Average rate	₹/kl	33563	35459

B. Consumption per Unit of Production

1. Electricity			
Bulk drugs	(kwh/mt)	69256	60374
2. Light diesel oil/diesel oil/furnace oil			
Bulk drugs	(kl/mt)	4.90	4.76

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

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

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

- i. Development of new innovative technology for the manufacture of existing APIs and their intermediates.
- ii. Development of products related to the indigenous system of medicines.
- iii. Patenting of newer processes/newer products/newer drug delivery systems/newer medical devices/newer usage of drugs for both local and international markets.
- iv. Development of new products, both in the area of APIs as well as formulations, specifically for export.
- v. Development of new drug formulations for existing and newer active drug substances.
- vi. Development of agro technology, genetics and biotechnology for cultivation of medicinal plants and isolation of active ingredients from plant materials.
- vii. Development of new drug delivery systems for existing and newer active drug substances as also newer medical devices.
- viii. Development of methods to improve safety procedures, effluent control, pollution control, etc.
- ix. Projects to develop APIs and formulations jointly with overseas companies.

ANNEXURE TO THE DIRECTORS' REPORT *contd.*

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	25.06
b. Recurring	<u>259.79</u>
Total	<u>284.85</u>

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

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 utilization 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 ₹3361 crore for the financial year 2010-11. Exports constituted more than 50 per cent of total turnover. In addition, the Company earned ₹55 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 ₹1562 crore and the earnings in foreign exchange was ₹3418 crore. Details of the same have been given in Notes 12 to 14 in Schedule S to the Accounts.

On behalf of the Board,

Mumbai, 29th June 2011

Y. K. Hamied
Chairman & Managing Director

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 8 Directors out of which 3 are Executive Directors and 5 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. Amar Lulla ⁽¹⁾ Mr. S. Radhakrishnan ⁽²⁾
Non-Executive/Non-Independent Director	Mr. Amar Lulla ⁽³⁾
Non-Executive/Independent Directors	Dr. H.R. Manchanda Mr. Ramesh Shroff Mr. V.C. Kotwal Mr. M.R. Raghavan Mr. Pankaj Patel Mr. S.A.A. Pinto ⁽⁴⁾

⁽¹⁾ Joint Managing Director up to 13th December 2010

⁽²⁾ Appointed w.e.f. 12th November 2010

⁽³⁾ From 14th December 2010 till his demise on 22nd April 2011

⁽⁴⁾ Resigned w.e.f. 11th November 2010

- Eight Board Meetings were held during the financial year 2010-11. The dates on which the meetings were held are: 7th May 2010; 15th June 2010; 13th July 2010; 13th August 2010; 25th August 2010; 11th November 2010; 9th December 2010 and 4th February 2011.
- The information about the attendance of Directors at the Board Meetings and at the last Annual General Meeting and the number of other directorships and committee memberships held in 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 2010	No. of other Directorships held in Indian Public Companies	No. of other Committee Memberships
Dr. Y.K. Hamied	6	Yes	Nil	Nil
Mr. M.K. Hamied	8	Yes	1	Nil
Mr. Amar Lulla ^{(1) (4)}	1	No	Not Applicable	Not Applicable
Mr. S. Radhakrishnan ⁽²⁾	2	Not Applicable	Nil	Nil
Dr. H.R. Manchanda	7	Yes	Nil	Nil
Mr. Ramesh Shroff	8	Yes	1	Nil
Mr. V.C. Kotwal	7	Yes	Nil	Nil
Mr. M.R. Raghavan	8	Yes	Nil	Nil
Mr. Pankaj Patel	8	Yes	Nil	Nil
Mr. S.A.A. Pinto ⁽¹⁾⁽³⁾	Nil	No	Not Applicable	Not Applicable

REPORT ON CORPORATE GOVERNANCE *contd.*

(1) Leave of absence was granted due to their ill health

(2) Appointed w.e.f. 12th November 2010

(3) Resigned w.e.f. 11th November 2010

(4) Demise on 22nd April 2011

- 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 2011, Dr. H.R. Manchanda and Mr. Ramesh Shroff – Non-Executive Directors held 3,00,000 and 250 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 constituted on 4th September 2000 in compliance with the requirements of Clause 49 of the Listing Agreement, comprised of Mr. S.A.A. Pinto as the Chairman and Mr. Ramesh Shroff and Mr. M.R. Raghavan as the members of the Committee. During the financial year under review, since Mr. S.A.A. Pinto was unwell, Mr. Ramesh Shroff was appointed as the Vice Chairman of the Audit Committee Meeting and was authorised to function as the Chairman in the absence of Mr. S.A.A. Pinto. Subsequent to the resignation of Mr. S.A.A. Pinto with effect from 11th November 2010, the Committee has been reconstituted and comprises of Mr. Ramesh Shroff – Chairman, Mr. M.R. Raghavan – member and Mr. S. Radhakrishnan – member.

The Joint Managing Director 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 7th May 2010; 15th June 2010; 13th August 2010; 11th November 2010 and 4th February 2011 during the financial year 2010-11. The information about attendance of members at the Audit Committee meetings is as follows: Mr. S.A.A. Pinto was granted leave of absence due to his ill health. Mr. Ramesh Shroff and Mr. M.R. Raghavan attended all five meetings. Mr. S. Radhakrishnan, after joining the Board on 12th November 2010, attended the only meeting held thereafter on 4th February 2011.

d. Remuneration to Directors

- The details of remuneration paid to Executive Directors during the financial year 2010-11 are given below:

Executive Directors	Salary (₹ in lakhs)	Commission (₹ in lakhs)	Perquisites and Allowances (₹ in lakhs)	Retiral Benefits ⁽¹⁾ (₹ in lakhs)
Dr. Y.K. Hamied	60.00	500.00	42.81	0.02
Mr. M.K. Hamied	60.00	500.00	42.99	7.20
Mr. Amar Lulla ⁽²⁾	12.63	352.05 ⁽⁴⁾	24.53	1.52
Mr. S. Radhakrishnan ⁽³⁾	37.07	191.78 ⁽⁴⁾	22.86	4.45

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

(2) Remuneration up to 13th December 2010

(3) Remuneration from 12th November 2010 to 31st March 2011

(4) Commission of ₹5 crore p.a. adjusted on a pro rata basis for part of the year service

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

REPORT ON CORPORATE GOVERNANCE *contd.*

- Sitting fees to Non-Executive Directors during the financial year 2010-11 are given below:

Non-Executive Directors	Sitting Fees (₹ in lakhs)
Mr. Amar Lulla ⁽¹⁾⁽²⁾	Nil
Dr. H.R. Manchanda	2.50
Mr. Ramesh Shroff	1.60
Mr. S.A.A. Pinto ⁽¹⁾⁽³⁾	Nil
Mr. V.C. Kotwal	1.00
Mr. M.R. Raghavan	1.60
Mr. Pankaj Patel	0.90

⁽¹⁾ Leave of absence was granted due to their ill health

⁽²⁾ Appointed w.e.f 14th December 2010

⁽³⁾ Resigned w.e.f 11th November 2010

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

e. Shareholders'/Investors' Grievance Committee

- The Shareholders'/Investors' Grievance Committee comprised of Mr. S.A.A. Pinto as the Chairman and Mr. M.K. Hamied and Dr. H.R. Manchanda as the members of the Committee. During the financial year under review, consequent upon the resignation of Mr. S.A.A. Pinto as Director with effect from 11th November 2010 the Committee has been reconstituted and comprises of: Dr. H. R. Manchanda (Non-Executive/Independent Director) – Chairman, Mr. M.K. Hamied (Executive Director) – member and Mr. Pankaj Patel (Non-Executive/Independent Director) – member.
- During the financial year 2010-11, the Committee met on 29th April 2010; 13th August 2010; 11th November 2010 and 4th February 2011.
- 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, 31 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 appointment of Dr. Y.K. Hamied as the Managing Director of the Company was passed at the Annual General Meeting of the Company held on 28th August 2008.
- 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.
- No resolution was passed through postal ballot during the financial year ended 31st March 2011.

g. Disclosures

- During the financial year 2010-11, 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 18 in Schedule S 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.

REPORT ON CORPORATE GOVERNANCE *contd.*

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. S. Radhakrishnan, Whole-time Director of the Company have certified positively to the Board on the matters specified under Clause 49(V) of the Listing Agreement.

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:
 - i. The Economic Times
 - ii. Navbharat Times
 - iii. The Financial Express
 - iv. Business Standard
 - v. The Hindu Business Line
 - vi. Sakaal
 - vii. Mint
- 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

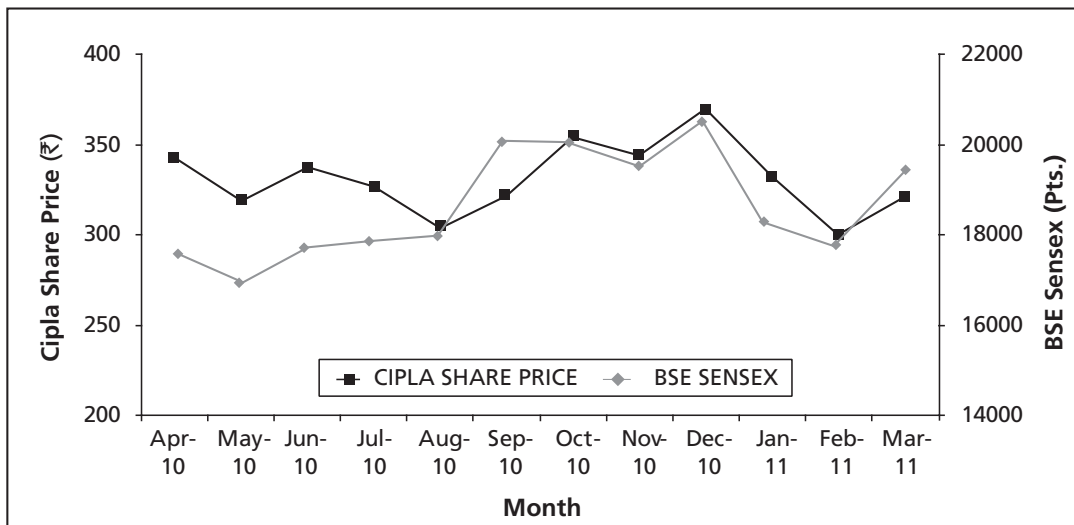
- Date, Time and Venue of the AGM : Thursday, 25th August 2011 at 3.00 p.m.
Amar Gian Grover Auditorium,
Lala Lajpat Rai Marg, Haji Ali,
Mumbai-400 034
- Financial Calendar : 1st day of April to 31st day of March in the next calendar year
- Adoption of Quarterly Results for the Quarter Ending (tentative) : 1st week of
30th June 2011 August 2011
30th September 2011 November 2011
31st December 2011 February 2012
31st March 2012 May 2012
- Date of Book Closure : 11th August 2011 to 25th August 2011 (both days inclusive)
- Dividend Payment Date : Will be dispatched / credited on or after 31st August 2011
- Listing on Stock Exchanges : Equity Shares: Bombay Stock Exchange 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 2011-12.
- Stock Code : 500087 on Bombay Stock Exchange Limited
CIPLA EQ on National Stock Exchange of India Limited

REPORT ON CORPORATE GOVERNANCE *contd.*

- ISIN Number for NSDL & CDSL : INE059A01026
- Market Price Data : The high and low prices of every month during the financial year 2010-11 are given below. The Company's market capitalisation is included in the computation of BSE Sensex and S&P CNX NIFTY Index.

Year (2010-11)	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (₹)	Low (₹)	Number of Shares Traded	High (₹)	Low (₹)	Number of Shares Traded
April	352.00	322.50	4352674	351.90	322.10	24233484
May	353.00	307.00	6847090	353.85	306.10	32848509
June	352.00	317.25	4536422	352.00	317.25	24070666
July	342.95	324.00	2506796	342.90	323.35	15085456
August	329.00	300.10	6551619	328.45	300.00	31360739
September	324.85	303.00	5294915	324.95	303.25	31803056
October	359.65	323.05	5987275	359.80	322.35	36194169
November	363.50	325.50	6404176	362.80	325.50	39006858
December	380.00	337.20	7413310	379.80	337.00	36115226
January	380.80	325.00	3456288	381.00	324.75	25474071
February	334.00	296.45	4827907	334.60	295.65	26259762
March	332.00	286.10	5431128	332.75	286.05	31870778

- Performance in comparison to BSE SENSEX – Year 2010-11



REPORT ON CORPORATE GOVERNANCE *contd.*

- Address for Correspondence

All communications with regard to transfer, transmission, Electronic Clearing Service (ECS), 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 to 24,
Vittal Rao Nagar,
Madhapur,
Hyderabad-500 081
Tel: (040) 2342 0818/4465 5201
Fax: (040) 2342 0814
E-mail: mailmanager@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.

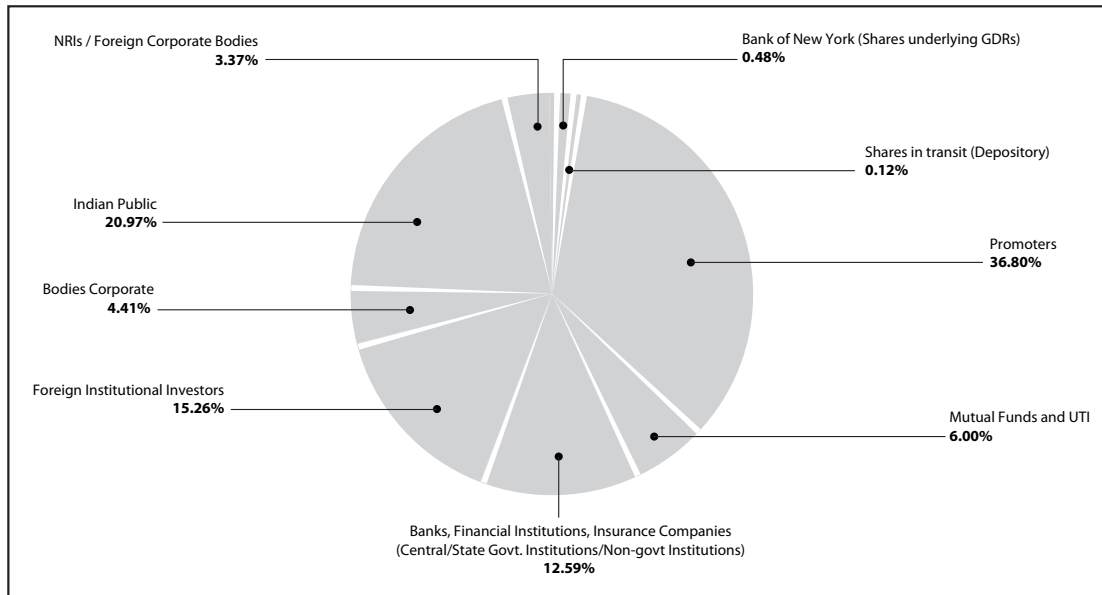
A predetermined process cycle at regular interval ensures transfer of shares (in physical form) within the stipulated time limit. In compliance with the requirement of Listing Agreement, periodic certificates issued by a Practising Company Secretary are filed with the Stock Exchanges.

- Distribution of shareholding as on 31st March 2011 (Class-wise distribution of Equity Shares)

Shareholding	No. of Folios	% of Total	No. of Shares	% of Total
1-2500	158693	97.28	24263861	3.02
2501-5000	1419	0.87	5240101	0.65
5001-10000	927	0.57	6908085	0.86
10001-15000	499	0.31	6177034	0.77
15001-20000	204	0.12	3600239	0.45
20001-25000	188	0.12	4280166	0.54
25001-50000	374	0.23	13732932	1.71
Above 50000	822	0.50	738718939	92.00
Total	163126	100.00	802921357	100.00
Physical Mode	1707	1.05	110985057	13.82
Electronic Mode	161419	98.95	691936300	86.18

REPORT ON CORPORATE GOVERNANCE *contd.*

- Shareholding Pattern as on 31st March 2011



- Dematerialisation of Shares and Liquidity

As on 31st March 2011, about 86 per cent of the share capital was held in demat mode.

As to the Liquidity, Equity Shares of the Company are traded in the 'A'/Forward group and have been included in the SENSEX at Bombay Stock Exchange 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 Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Each GDR represents one underlying Equity Share of the Company.

As on 31st March 2011, 38,29,330 GDRs were outstanding.

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

REPORT ON CORPORATE GOVERNANCE *contd.*

- Plant Locations
 - i. Virgonagar, Old Madras Road,
Bengaluru – 560 049, Karnataka
 - ii. Bommasandra-Jigani Link Road,
Industrial Area, KIADB 4th Phase,
Bengaluru – 560 099, Karnataka
 - 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, P. O. Rangpoo – 737 132,
East District, Sikkim
 - viii. I S E Z, Phase II, Sector III, Pharma Zone,
P.O. Pithampur – 454 774, District: Dhar, Madhya Pradesh

On behalf of the Board,

Mumbai, 29th June 2011

Y. K. Hamied
Chairman & Managing Director

To the Members of Cipla Limited,

Re: Certificate on Corporate Governance

I have examined all relevant records of Cipla Limited for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited and National Stock Exchange of India Limited for the financial year ended on 31st March 2011. I have to the best of my knowledge and belief obtained all the information and explanations, which were necessary for the purpose of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination has been limited to the procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of my examination of records produced, explanations and information furnished, I certify that the Company has complied with all the mandatory conditions of the said Clause 49 of the Listing Agreement.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Bipin S. Acharya
Practising Company Secretary
FCS: 424 CP: 8

Mumbai, 29th June 2011

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 2011, the Profit and Loss Account 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. 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 Profit and Loss Account 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 Profit and Loss Account 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 2011 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 2011, 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 2011;
 - ii. In the case of the Profit and Loss Account, 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

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

V. Mohan
Partner
Membership No.17748

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 29th June 2011

Mumbai, 29th June 2011

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 2011)

1.
 - a. The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets, other than the situation of furniture and fixtures and office equipment where the situation recorded is the location of the Company's different establishments.
 - 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 and the assets scrapped during the year has been properly 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, except goods in transit, 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 as compared to the book records were not material and have been properly dealt with in the books of account.
3.
 - a. As informed to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. The loans outstanding that were repayable on demand have been recovered along with interest; as applicable.
 - b. The Company has not taken any loans from parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of clause (iii-f) and (iii-g) 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 deposit from the public within the meaning of sections 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 2011 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 2011, 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 2011 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)	49.23
State Sales Tax Acts	Sales Tax	2001 - 02 to 2008 - 09	State Sales Tax Tribunal	4.02
Income Tax Act, 1961	Income Tax	2008 - 09	Commissioner of Income Tax (Appeals)	73.99

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 institutions or banks.
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.
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.

ANNEXURE TO THE AUDITORS' REPORT *contd.*

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 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

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

V. Mohan
Partner
Membership No. 17748

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 29th June 2011

Mumbai, 29th June 2011

BALANCE SHEET

Rupees in crore

As at 31 st March 2011	Schedule	2011	2010
Sources of Funds			
Shareholders' Funds			
Share Capital	A	160.58	160.58
Reserves & Surplus	B	<u>6452.37</u>	<u>5753.51</u>
		6612.95	5914.09
Loan Funds			
Secured Loans	C	2.95	0.41
Unsecured Loans	D	<u>438.44</u>	<u>4.66</u>
		441.39	5.07
Deferred Tax Liabilities			
	M	<u>212.45</u>	<u>179.15</u>
		7266.79	<u>6098.31</u>
Application of Funds			
Fixed Assets			
Gross Block	E	3929.00	2895.44
Less: Depreciation		<u>1060.98</u>	<u>884.27</u>
Net Block		<u>2868.02</u>	<u>2011.17</u>
Capital Work-in-Progress		<u>253.07</u>	<u>684.24</u>
		3121.09	2695.41
Investments			
	F	570.28	265.10
Current Assets, Loans & Advances			
Inventories	G	1883.16	1512.58
Sundry Debtors	H	1497.04	1552.71
Cash & Bank Balances	I	84.13	60.84
Other Current Assets	J	0.36	4.70
Loans & Advances	K	<u>1268.88</u>	<u>1221.59</u>
		<u>4733.57</u>	<u>4352.42</u>
Less: Current Liabilities & Provisions			
Current Liabilities	L	938.27	998.25
Provisions		<u>219.88</u>	<u>216.37</u>
		1158.15	<u>1214.62</u>
Net Current Assets			
		3575.42	<u>3137.80</u>
		7266.79	<u>6098.31</u>
Significant Accounting Policies & Notes to the Accounts			
	S		

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, 29th June 2011

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

R. Rangarajan
Partner
Membership No. 41883

Y.K. Hamied
Chairman & Managing Director

M.K. Hamied
Joint Managing Director

H.R. Manchanda
M.R. Raghavan
Ramesh Shroff
Pankaj Patel
Directors

S. Radhakrishnan
Whole-time Director

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

PROFIT AND LOSS ACCOUNT

Rupees in crore

For the year ended 31 st March 2011	Schedule	2011	2010
Income			
Gross Sales		6183.87	5411.68
Less: Excise Duty		48.71	52.16
Net Sales		6135.16	5359.52
Other Income	N	298.72	353.72
		6433.88	5713.24
Expenditure			
Material Cost	O	2860.43	2452.98
Employee Cost	P	464.20	318.87
Operating and Other Expenses	Q	1464.07	1272.51
Research & Development Expenses	R	259.79	250.69
Interest - Fixed period		2.98	22.09
- Others		2.16	0.86
(includes interest paid to Managing Director ₹Nil; Previous year ₹3.13 crore)			
Depreciation and Amortization of Goodwill		228.86	165.25
		5282.49	4483.25
Profit before Exceptional Item & Tax			
Exceptional Item being sale of brand and other related rights		-	95.00
Profit before Tax		1151.39	1324.99
Provision for Tax - Current Tax		227.70	228.50
- MAT credit (entitlement)/utilisation		(70.00)	-
- Deferred Tax		33.30	15.00
Profit after Tax		960.39	1081.49
Surplus brought forward from last Balance Sheet		1699.07	954.83
Profit available for Appropriation		2659.46	2036.32
Appropriations			
Interim Dividend		64.23	-
Proposed Final Dividend		160.58	160.58
Tax on Dividend		36.72	26.67
Transferred to General Reserve		100.00	150.00
Surplus carried forward		2297.93	1699.07
		2659.46	2036.32
Basic and Diluted Earning per Share (₹) - Before Exceptional Item		11.96	12.49
Basic and Diluted Earning per Share (₹) - After Exceptional Item (Schedule S - Note 24)		11.96	13.69
Face value per share (₹)		2.00	2.00
Significant Accounting Policies & Notes to the Accounts	S		

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, 29th June 2011

For R.G.N. Price & Co.,
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M.R. Raghavan
Ramesh Shroff
Pankaj Patel
Directors

S. Radhakrishnan
Whole-time Director

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

SCHEDULES TO THE ACCOUNTS

Rupees in crore

	2011	2010
A Share Capital		
Authorised		
87,50,00,000 Equity Shares of ₹2 each (Previous year 87,50,00,000 Equity Shares of ₹2 each)	<u>175.00</u>	<u>175.00</u>
	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)	<u>160.78</u>	<u>160.78</u>
	160.78	160.78
Subscribed & Paid-up		
80,29,21,357 Equity Shares of ₹2 each (Previous year 80,29,21,357 Equity Shares of ₹2 each)	<u>160.58</u>	<u>160.58</u>
	160.58	160.58
Notes : Of the above Equity Shares:		
i. 75,83,20,444 shares of ₹2 each were allotted as fully paid-up Bonus Shares by capitalisation of General Reserve and Securities Premium Account.		
ii. 8,488 shares of ₹2 each were issued for consideration other than cash pursuant to the Scheme of Arrangement in September 2004.		

Rupees in crore

	2011	2010
B Reserves & Surplus		
Capital Reserve	0.08	0.08
Revaluation Reserve	8.97	8.97
Securities Premium Account		
As per last Balance Sheet	1428.96	764.98
Add: Premium on QIP issue	<u>-</u>	<u>670.87</u>
	1428.96	1435.85
Less: Expenses on QIP issue	<u>-</u>	<u>6.89</u>
	1428.96	1428.96
General Reserve		
As per last Balance Sheet	2616.43	2466.43
Add: Transferred from Profit and Loss Account	<u>100.00</u>	<u>150.00</u>
	2716.43	2616.43
Surplus in Profit & Loss Account	2297.93	1699.07
	<u>6452.37</u>	<u>5753.51</u>

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
C Secured Loans		
Amounts drawn against Cash and Export Credit Accounts with Banks (Secured against receivable and movable assets including stock, both present and future)	2.95	0.41
	2.95	0.41

Rupees in crore

	2011	2010
D Unsecured Loans		
Short Term Loans from Banks	434.61	-
Other Loans - Maharashtra Govt. Sales Tax Deferral	3.83	4.66
	438.44	4.66
<i>Note: A sum of ₹435.53 crore (Previous year ₹0.83 crore) is repayable out of Unsecured Loans within the next 12 months.</i>		

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

ASSETS	GROSS BLOCK AT COST/REVALUATION				DEPRECIATION			NET BLOCK		
	As at 01.04.10	Additions	Deletions	As at 31.03.11	Upto 31.03.10	For the Year 2010-11	Deletions	Upto 31.03.11	As at 31.03.11	As at 31.03.10
Goodwill on Acquisition of Undertaking	-	0.01	-	0.01	-	0.01	-	0.01	-	-
Freehold Land	30.01	0.18	0.55	29.64	-	-	-	-	29.64	30.01
Leasehold Land	71.60	3.39	-	74.99	5.90	1.78	-	7.68	67.31	65.70
Buildings & Flats	569.68	353.62	2.16	921.14	99.33	27.68	0.07	126.94	794.20	470.35
Plant & Machinery	2132.63	761.97	94.66	2799.94	748.99	211.23	66.62	893.60	1906.34	1383.64
Furniture & Fixtures	83.92	16.29	5.77	94.44	27.10	6.61	4.42	29.29	65.15	56.82
Vehicles	7.60	1.73	0.49	8.84	2.95	0.71	0.20	3.46	5.38	4.65
Total	2895.44	1137.19	103.63	3929.00	884.27	248.02	71.31	1060.98	2868.02	2011.17
Previous year	2693.29	211.39	9.24	2895.44	700.80	187.84	4.37	884.27	253.07	684.24
Capital Work-in-Progress (At Cost)									3121.09	2695.41
Total									253.07	684.24

Notes: i. The gross value of Buildings & Flats includes the cost of shares in Co-operative Housing Societies.
ii. The gross block is net of Government grants/other subsidies ₹9.22 crore for current year (for Goa ₹9.20 crore & for Indore ₹0.02 crore) (Previous year ₹Nil).
iii. The above additions to fixed assets during the year includes ₹25.04 crore (Previous year ₹11.99 crore) used for Research and Development.

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
F Investments		
Long Term Investments		
Trade Investments		
Subsidiary Companies (Unquoted)		
15 (Previous year 15) Equity Shares of AED 10,00,000 each of Cipla FZE fully paid	18.69	18.69
45,966 (Previous year Nil) Equity Shares of ₹10 each of Goldencross Pharma Pvt. Ltd. fully paid (45,966 shares purchased during the year)	191.12	-
60,00,072 (Previous year Nil) Equity Shares of ₹1 each of Meditab Specialities Pvt. Ltd. fully paid (60,00,072 shares purchased during the year)	133.72	-
7,00,000 (Previous year Nil) Equity Shares of USD 1 each of Cipla (Mauritius) Ltd. fully paid (7,00,000 shares purchased during the year)	3.16	-
Other Investments		
Government Securities (Unquoted)		
National Savings Certificates ₹39,000 (Previous year ₹39,000)	0.00	0.00
Bonds (Unquoted)		
<i>Rural Electrification Corporation Limited</i>		
Nil (Previous year 1,000) Non-convertible Redeemable Taxable Bonds - Series V of Face Value ₹10,000 each, fully paid (1,000 bonds redeemed during the year)	-	1.00
Others (Unquoted)		
<i>The Saraswat Co-operative Bank Limited</i>		
1,000 Equity Shares of ₹10 each, fully paid ₹10,000 (Previous year ₹10,000)	0.00	0.00
Current Investments (at cost or fair value whichever is lower)		
Mutual Funds		
<i>Axis Mutual Fund "Axis Liquid Fund" - Institutional Growth</i>		
64,775 (Previous year Nil) units (1,66,057 units purchased and 1,01,282 units redeemed during the year)	7.04	-
<i>Birla Sun Life Mutual Fund "Birla Cash Plus" - Institutional Premium Growth</i>		
70,73,650 (Previous year Nil) units (1,28,10,811 units purchased and 57,37,161 units redeemed during the year)	11.09	-
<i>Birla Sun Life Mutual Fund "Birla Savings Fund" - Institutional Premium Growth</i>		
Nil (Previous year 1,23,33,999) units (1,23,33,999 units redeemed during the year)	-	21.56
<i>Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund" - Institutional Growth</i>		
1,18,052 (Previous year Nil) units (1,18,052 units purchased during the year)	13.25	-

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
F Investments - contd.		
<i>Baroda Pioneer Mutual Fund "Baroda Pioneer Treasury Advantage Fund" - Growth</i> Nil (Previous year 2,92,02,494) units (2,92,02,494 units redeemed during the year)	-	30.28
<i>BNP Paribas Mutual Fund "BNP Paribas Overnight" - Institutional Growth</i> 1,13,17,172 (Previous year Nil) units (1,13,17,172 units purchased during the year)	17.03	-
<i>Deutsche Asset Management "DWS Ultra Short Term Fund" - Institutional Plan Growth</i> Nil (Previous year 92,38,329) units (92,38,329 units redeemed during the year)	-	10.00
<i>Deutsche Asset Management "DWS Insta Cash Plus Fund" - Super Institutional Plan Growth</i> 4,71,567 (Previous year Nil) units (4,71,567 units purchased during the year)	6.00	-
<i>Fidelity Mutual Fund "Fidelity Ultra Short Term Debt Fund" - Institutional Growth Scheme</i> Nil (Previous year 34,78,557) units (34,78,557 units redeemed during the year)	-	4.00
<i>Franklin Templeton Mutual Fund "Templeton India Ultra Short Bond Fund" - Super Institutional Plan Growth</i> Nil (Previous year 1,68,98,423) units (1,68,98,423 units redeemed during the year)	-	20.01
<i>ICICI Prudential Mutual Fund "ICICI Prudential Liquid Plan" - Super Institutional Growth</i> 12,84,092 (Previous year Nil) units (16,28,966 units purchased and 3,44,874 units redeemed during the year)	18.61	-
<i>ICICI Prudential Mutual Fund "ICICI Prudential Ultra Short Term Plan Super Premium" - Growth</i> Nil (Previous year 1,93,82,409) units (1,93,82,409 units redeemed during the year)	-	20.02
<i>IDBI Mutual Fund "IDBI Liquid Fund" - Growth</i> 1,71,225 (Previous year Nil) units (1,71,225 units purchased during the year)	18.00	-
<i>IDFC Mutual Fund "IDFC Cash Fund" - Super Institutional Plan C Growth</i> 1,67,85,502 (Previous year Nil) units (1,67,85,502 units purchased during the year)	20.00	-
<i>IDFC Mutual Fund "IDFC Money Manager Fund" - TP - Super Institutional Plan C Growth</i> Nil (Previous year 1,74,44,407) units (1,74,44,407 units redeemed during the year)	-	19.04
<i>ING Vysya Mutual Fund "ING Vysya Liquid Fund" - Super Institutional Growth Option</i> 68,44,979 (Previous year Nil) units (68,44,979 units purchased during the year)	10.01	-
<i>JP Morgan Mutual Fund "JP Morgan India Treasury Fund" - Super Institutional Growth Plan</i> Nil (Previous year 41,67,888) units (41,67,888 units redeemed during the year)	-	5.00
<i>Kotak Mahindra Mutual Fund "Kotak Liquid" - Institutional Premium Growth</i> 97,66,249 (Previous year Nil) units (1,42,94,027 units purchased and 45,27,778 units redeemed during the year)	19.41	-

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
F Investments - contd.		
<i>L&T Mutual Fund "L&T Freedom Income Short Term Fund" - Institutional Cumulative</i>		
Nil (Previous year 53,95,585) units (53,95,585 units redeemed during the year)	-	8.00
<i>Peerless Mutual Fund "Peerless Liquid Fund" - Super Institutional Growth</i>		
1,64,91,455 (Previous year Nil) units (2,11,68,986 units purchased and 46,77,531 units redeemed during the year)	17.62	-
<i>Principal Mutual Fund "Principal Cash Management Fund" - Institutional Premium Plan Growth</i>		
Nil (Previous year 90,83,798) units (90,83,798 units redeemed during the year)	-	13.02
<i>Reliance Mutual Fund "Reliance Money Manager Fund" - Institutional Option Growth Plan</i>		
Nil (Previous year 1,59,582) units (1,59,582 units redeemed during the year)	-	20.02
<i>Religare Mutual Fund "Religare Liquid Fund" - Super Institutional Growth</i>		
88,595 (Previous year Nil) units (1,55,447 units purchased and 66,852 units redeemed during the year)	11.92	-
<i>Religare Mutual Fund "Religare Ultra Short Term Fund" - Institutional Growth</i>		
Nil (Previous year 1,02,83,518) units (1,02,83,518 units redeemed during the year)	-	13.02
<i>SBI Mutual Fund "SBI Premier Liquid Fund" - Institutional Growth</i>		
Nil (Previous year 13,67,961) units (13,67,961 units redeemed during the year)	-	2.00
<i>Sundaram BNP Paribas Mutual Fund "Sundaram Money Fund" - Super Institutional Growth</i>		
62,96,898 (Previous year Nil) units (87,17,045 units purchased and 24,20,147 units redeemed during the year)	13.00	-
<i>Tata Mutual Fund "Tata Liquid Super High Investment Fund" - Appreciation</i>		
99,500 (Previous year Nil) units (99,500 units purchased during the year)	18.00	-
<i>Tata Mutual Fund "Tata Treasury Manager SHIP" - Growth</i>		
Nil (Previous year 1,80,252) units (1,80,252 units redeemed during the year)	-	18.87
<i>Taurus Mutual Fund "Taurus Liquid Fund" - Super Institutional Growth</i>		
2,14,473 (Previous year Nil) units (2,14,473 units purchased during the year)	22.61	-
<i>Taurus Mutual Fund "Taurus Ultra Short Bond Fund" - Super Institutional Growth</i>		
Nil (Previous year 2,08,827) units (2,08,827 units redeemed during the year)	-	22.51
<i>UTI Mutual Fund "UTI Money Market Fund" - Institutional Growth Plan</i>		
Nil (Previous year 1,75,149) units (1,75,149 units redeemed during the year)	-	18.06
	570.28	265.10
Aggregate of Unquoted Investments at Book Value ₹570.28 crore; (Previous year ₹265.10 crore)		

SCHEDULES TO THE ACCOUNTS *contd.*

Investments purchased and sold during the year 2010-11	Nos. in lakhs	Cost Rupees in crore
F Investments - contd.		
Mutual Funds		
Axis Mutual Fund "Axis Liquid Fund" - Institutional Daily Dividend	26.12	261.18
Axis Mutual Fund "Axis Treasury Advantage Fund" - Institutional Daily Dividend	0.40	4.00
Birla Sun Life Mutual Fund "Birla Cash Plus" - Institutional Premium Daily Dividend Scheme	2375.80	238.04
Birla Sun Life Mutual Fund "Birla Savings Fund" - Institutional Premium Daily Dividend Scheme	551.49	55.21
Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund" - Institutional Daily Dividend Plan	1233.54	123.43
Baroda Pioneer Mutual Fund "Baroda Pioneer Treasury Advantage Fund" - Institutional Daily Dividend Plan	550.01	55.05
Bharti AXA Mutual Fund "Bharti AXA Treasury Advantage Fund" - Institutional Plan Daily Dividend	1.01	10.07
Bharti AXA Mutual Fund "Bharti AXA Liquid Fund" - Super Institutional Plan Daily Dividend	1.00	10.00
BNP Paribas Mutual Fund "BNP Paribas Overnight" - Institutional Plus Daily Dividend	1940.57	194.11
BNP Paribas Mutual Fund "BNP Paribas Overnight" - Institutional Daily Dividend	437.75	43.79
BNP Paribas Mutual Fund "BNP Paribas Money Plus" - Institutional Plan Daily Dividend	444.06	44.42
Canara Robeco Mutual Fund "Canara Robeco Liquid" - Super Institutional Daily Dividend	1875.58	188.89
Canara Robeco Mutual Fund "Canara Robeco Treasury Advantage" - Super Institutional Daily Dividend	325.05	40.33
Daiwa Mutual Fund "Daiwa Liquid Fund" - Institutional Daily Dividend Option	1.90	19.04
Deutsche Asset Management "DWS Ultra Short Term Fund" - Institutional Plan Daily Dividend Scheme	301.56	30.21
Deutsche Asset Management "DWS Insta Cash Plus Fund" - Super Institutional Plan Daily Dividend Scheme	1773.97	186.73
DSP Blackrock Mutual Fund "DSP Blackrock Liquidity Fund" - Institutional Plan Daily Dividend	18.73	187.36
Fidelity Mutual Fund "Fidelity Cash Fund" - Institutional Daily Dividend	353.34	35.34
Franklin Templeton Mutual Fund "Templeton India Treasury Management Account" - Super Institutional Plan Daily Dividend	11.97	119.75

SCHEDULES TO THE ACCOUNTS *contd.*

	Nos. in lakhs	Cost Rupees in crore
F Investments - contd.		
Franklin Templeton Mutual Fund "Templeton India Ultra Short Bond Fund" - Super Institutional Plan Daily Dividend	475.73	47.63
HDFC Mutual Fund "HDFC Cash Management" - Savings Plan Daily Dividend	512.70	54.53
HDFC Mutual Fund "HDFC Cash Management" - Treasury Advantage Plan Wholesale Daily Dividend	199.99	20.06
ICICI Prudential Mutual Fund "ICICI Prudential Liquid Plan" - Super Institutional Daily Dividend Scheme	98.12	98.15
ICICI Prudential Mutual Fund "ICICI Prudential Ultra Short Term Plan Super Premium" - Daily Dividend	401.95	40.28
IDBI Mutual Fund "IDBI Liquid Fund" - Daily Dividend Reinvestment	994.16	99.42
IDFC Mutual Fund "IDFC Cash Fund" - Super Institutional Plan C Daily Dividend	1000.94	100.12
IDFC Mutual Fund "IDFC Money Manager Fund" - TP - Super Institutional Plan C Daily Dividend	313.32	31.34
ING Vysya Mutual Fund "ING Vysya Liquid Fund" - Super Institutional Daily Dividend Scheme	311.24	31.14
JM Financial Mutual Fund "JM High Liquidity Fund" - Super Institutional Daily Dividend Scheme	2887.89	289.27
JM Financial Mutual Fund "JM Money Manager Fund" - Super Plus Plan Daily Dividend	150.37	15.04
JP Morgan Mutual Fund "JP Morgan India Liquid Fund" - Super Institutional Daily Dividend Plan	2728.21	273.04
JP Morgan Mutual Fund "JP Morgan India Treasury Fund" - Super Institutional Daily Dividend Plan	301.97	30.22
Kotak Mahindra Mutual Fund "Kotak Liquid" - Institutional Premium Daily Dividend Scheme	1888.96	230.98
Kotak Mahindra Mutual Fund "Kotak Floater Long Term" - Daily Dividend	284.27	28.65
L&T Mutual Fund "L&T Liquid" - Super Institutional Plan Daily Dividend	1577.03	159.54
L&T Mutual Fund "L&T Freedom Income Short Term Fund" - Institutional Daily Dividend	197.53	20.06
Peerless Mutual Fund "Peerless Liquid Fund" - Super Institutional Daily Dividend	2326.71	232.70
Principal Mutual Fund "Principal Cash Management Fund" - Institutional Premium Plan Daily Dividend Scheme	70.11	7.01
Reliance Mutual Fund "Reliance Money Manager Fund" - Institutional Option Daily Dividend Plan	2.02	20.21
Reliance Mutual Fund "Reliance Liquidity Fund" - Daily Dividend Reinvestment	1416.93	141.76

SCHEDULES TO THE ACCOUNTS *contd.*

	Nos. in lakhs	Cost Rupees in crore
F Investments - contd.		
Religare Mutual Fund "Religare Liquid Fund" - Super Institutional Daily Dividend	1244.50	153.67
Religare Mutual Fund "Religare Ultra Short Term Fund" - Institutional Daily Dividend	414.13	41.48
SBI Mutual Fund "SBI Premier Liquid Fund" - Institutional Daily Dividend	424.08	42.55
Shinsei Mutual Fund "Shinsei Liquid Fund" - Institutional Plan Daily Dividend Option	0.50	5.00
Sundaram BNP Paribas Mutual Fund "Sundaram Money Fund" - Super Institutional Daily Dividend Scheme	2185.04	220.59
Sundaram BNP Paribas Mutual Fund "Sundaram Ultra Short Term Fund" - Super Institutional Dividend Reinvestment Daily	249.41	25.03
Tata Mutual Fund "Tata Liquid Super High Investment Fund" - Daily Dividend Scheme	13.99	155.92
Tata Mutual Fund "Tata Treasury Manager SHIP" - Daily Dividend	1.58	15.92
Taurus Mutual Fund "Taurus Liquid Fund" - Super Institutional Daily Dividend	19.07	190.68
Taurus Mutual Fund "Taurus Ultra Short Bond Fund" - Super Institutional Daily Dividend Plan	4.44	44.47
UTI Mutual Fund "UTI Money Market Fund" - Institutional Daily Dividend Option	16.30	163.52
UTI Mutual Fund "UTI Liquid Cash Plan" - Institutional Daily Income Scheme	2.60	26.53
UTI Mutual Fund "UTI Treasury Advantage Fund" - Institutional Plan Daily Dividend Option	4.81	48.09

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
G Inventories		
Raw Materials	713.16	488.60
Packing Materials	177.95	157.67
Work-in-Process	397.77	387.11
Finished Goods	594.28	479.20
	<u>1883.16</u>	<u>1512.58</u>

Rupees in crore

	2011	2010
H Sundry Debtors*		
Unsecured		
Over Six Months		
- Considered Good	202.33	408.05
- Considered Doubtful	<u>84.16</u>	<u>83.61</u>
	286.49	491.66
Less: Provision for Doubtful Debts	<u>84.16</u>	<u>83.61</u>
	202.33	408.05
Others		
- Considered Good	<u>1294.71</u>	1144.66
	<u>1497.04</u>	<u>1552.71</u>

* Includes Subsidiary Companies ₹4.51 crore (Previous year ₹Nil)

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in crore	
	2011	2010
I Cash & Bank Balances		
Cash in hand	1.37	1.26
Balances with Scheduled Banks in Current Accounts	80.00	54.36
Balances with Other Banks in Current Accounts		
- HSBC Bank Middle East Limited, Dubai, U.A.E. (maximum amount outstanding at any time during the year ₹7.34 crore; Previous year ₹16.70 crore)	1.72	4.67
- Bank Melli Iran, Dubai, U.A.E. (maximum amount outstanding at any time during the year ₹0.03 crore; Previous year ₹0.03 crore)	0.03	0.03
- The Hongkong and Shanghai Banking Corporation Ltd., Singapore (maximum amount outstanding at any time during the year ₹8.78 crore; Previous year ₹Nil)	0.44	-
Fixed Deposits with Scheduled Banks	0.57	0.52
Fixed Deposits with Others*		
*Goa Urban Co-operative Bank ₹Nil (Previous year ₹17,204) (maximum amount outstanding at any time during the year ₹17,204; Previous year ₹17,204)	-	0.00
	84.13	60.84

	Rupees in crore	
	2011	2010
J Other Current Assets		
Unsecured (Considered good, unless otherwise stated)		
Interest accrued on Inter-corporate Loans* & Deposits		
- Considered Good	0.36	4.70
- Considered Doubtful	0.46	0.46
	0.82	5.16
Less: Provision for Doubtful Interest	0.46	0.46
	0.36	4.70
	0.36	4.70

* Includes Subsidiary Companies ₹0.30 crore (Previous year ₹Nil)

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
K Loans & Advances		
Unsecured (Considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
- Considered Good	279.41	559.91
- Considered Doubtful	-	0.07
	279.41	559.98
<i>Less: Provision for Doubtful Advances</i>	-	0.07
	279.41	559.91
Capital Subsidy Receivable	61.26	61.24
Share Application Money - Pending Allotment	8.10	-
Export Incentives Receivable	85.33	53.10
Excise Advance Receivable	32.50	40.68
Balance with Central Excise Department	326.50	272.76
Dues from Staff	8.59	8.20
Sundry Deposits	19.39	14.74
Advance Tax & TDS (Net of Provision for Tax ₹1288.99 crore; Previous year ₹1311.29 crore)	143.39	115.35
MAT Credit Entitlement Receivable	70.00	-
Sales Tax Receivable	29.14	30.26
Loan to Subsidiaries*	204.47	-
Inter-corporate Loans		
- Considered Good	0.80	65.35
- Considered Doubtful	2.25	2.25
	3.05	67.60
<i>Less: Provision for Doubtful Loans</i>	2.25	2.25
	0.80	65.35
	1268.88	1221.59

*Refer Schedule S-Note 21.

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
L Current Liabilities & Provisions		
Liabilities		
Sundry Creditors		
- Micro, Small and Medium Enterprises #	-	0.19
- Others	775.09	805.21
Trade Deposits from Customers	22.12	21.69
Unclaimed Dividend*	12.79	8.76
Advances Received	63.83	77.58
Unclaimed Preference Share Capital	0.01	0.01
Employee Dues	13.60	27.24
Book Overdraft	29.25	37.05
Other Liabilities	<u>21.58</u>	<u>20.52</u>
	938.27	998.25
Provisions		
Provision for Final Dividend	160.58	160.58
Tax on Final Dividend	26.05	26.67
Employee Benefits	<u>33.25</u>	<u>29.12</u>
	219.88	216.37
	<u>1158.15</u>	<u>1214.62</u>
Notes : i	# Refer Schedule S-Note 20.	
ii	* There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.	

Rupees in crore

	2011	2010
M Deferred Tax Liabilities		
Deferred Tax Liabilities arising on account of:		
Depreciation	184.75	172.61
Export Incentives	27.70	6.54
	<u>212.45</u>	<u>179.15</u>

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
N Other Income		
Profit on sale of Current Investments (Net)	0.30	0.10
Technical Know-how/ Fees	63.70	153.76
Export Incentives	120.49	92.41
Income from Processing Fees	9.95	19.22
Dividend from other investments	8.97	9.35
Interest (Tax deducted at source ₹0.29 crore; Previous year ₹2.15 crore) - does not include any interest on Trade Investments - includes interest from subsidiaries ₹1.73 crore; (Previous year ₹0.19 crore)	7.54	18.60
Rent (Tax deducted at source ₹0.16 crore; Previous year ₹0.28 crore)	1.65	1.55
Insurance Claims	10.70	1.34
Miscellaneous Income	62.56	45.49
Sundry Balances written back	-	11.90
Exchange Gains (Net)	12.86	-
	298.72	353.72

Rupees in crore

	2011	2010
O Material Cost		
Consumption of Raw & Packing Materials		
Opening Stock	646.27	797.20
Add: Purchases	2559.88	1945.58
	3206.15	2742.78
Less: Closing Stock	891.11	646.27
	2315.04	2096.51
Finished Goods Purchased	671.13	621.66
(Increase)/Decrease in Stock of Work-in-Process & Finished Goods		
Opening Stock		
- Work-in-Process	387.11	156.43
- Finished Goods	479.20	444.69
	866.31	601.12
Less: Closing Stock		
- Work-in-Process	397.77	387.11
- Finished Goods	594.28	479.20
	992.05	866.31
	(125.74)	(265.19)
	2860.43	2452.98

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
P Employee Cost		
Salaries, Wages, Bonus, etc.	394.44	276.55
Provident & other Funds	26.16	13.62
Staff Gratuity	10.11	2.06
Staff Welfare	32.16	16.63
Leave Encashment	1.33	10.01
	464.20	318.87

Rupees in crore

	2011	2010
Q Operating and Other Expenses		
Processing Charges	109.77	155.67
Other Manufacturing Expenses	114.31	75.38
Stores & Spares	99.73	50.47
Power & Fuel	164.42	92.15
Rent	13.75	9.99
Rates & Taxes	8.35	4.74
Insurance	6.19	4.53
Repairs & Maintenance		
- Machinery	46.00	28.62
- Buildings	64.87	33.06
- Others	16.77	9.51
Printing & Stationery	39.56	19.63
Conveyance & Vehicle Expenses	14.64	10.43
Remuneration to Auditors (including service tax, where applicable)		
- Audit Fees	0.48	0.43
- Tax Audit Fees	0.02	0.02
- Cost Audit Fees	0.05	0.03
- Other Certification	0.04	0.04
Professional Fees	46.46	47.80
Telephone, Postage & Telegram	22.66	20.22
Sales Promotion Expenses	108.02	113.08
Freight & Forwarding	52.01	44.31
Travelling Expenses	96.84	83.55
Donations	0.93	0.82
Commission on Sales	225.50	169.09
Bank & Other Financial Charges	5.73	5.35
Directors' Sitting Fees	0.07	0.08
Miscellaneous Expenses	54.73	46.92
Bad Debts written off	60.05	76.66
Exchange Loss (Net)	-	63.89
Loss on sale/discard of Fixed Assets (Net)	4.73	1.05
Contractual Services	87.39	104.99
	1464.07	1272.51

SCHEDULES TO THE ACCOUNTS *contd.*

Rupees in crore

	2011	2010
R Research & Development Expenses		
Material Consumed	28.11	29.03
Employee Cost	76.11	52.21
Laboratory Expenses	21.64	24.05
Power & Fuel	19.22	30.24
Repairs & Maintenance	17.11	19.51
Professional Fees	19.03	17.48
Research Clinical Trials & Research Grants	24.97	25.09
Depreciation	19.17	22.59
Printing & Stationery	4.76	2.17
Travelling Expenses	3.92	2.50
Other Research & Development Expenses - includes audit fees ₹Nil (Previous year ₹0.01 crore)	25.75	25.82
	259.79	250.69

Note: In addition to an amount of ₹131.44 crore (Previous year ₹126.90 crore) of revenue expenditure being eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961, the above schedule includes expenditure allocated from other cost centres to the extent the same are incurred for Research & Development activity. (Refer Schedule S-Note 8)

SCHEDULES TO THE ACCOUNTS *contd.*

S Significant Accounting Policies & Notes to the Accounts

1. Significant Accounting Policies

i. Basis of Accounting

The financial statements are prepared under the historical cost convention on accrual basis in accordance with the Companies (Accounting Standards) Rules, 2006 issued under sub section (3C) of section 211 of the Companies Act, 1956.

ii. 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 the contingent liabilities. The management believes that the estimates used in 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.

iii. Fixed Assets

Fixed Assets are stated at cost of acquisition (net of recoverable taxes & 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.

iv. 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 Profit & Loss Account.

v. Depreciation

Depreciation on fixed assets is provided on the Straight Line 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 ₹5,000 each have been written off entirely in the year of acquisition.

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

vi. Inventories

Raw materials & Packing materials are valued at lower of cost and 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 and 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.

Cost of inventories is computed on weighted average basis.

vii. 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.

SCHEDULES TO THE ACCOUNTS *contd.*

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.

viii. 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 Profit and Loss Account of 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 Profit and Loss Account.

ix. 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.

x. Expenditure on Regulatory Approvals

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

xi. Investments

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

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

xii. 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 is 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.

xiii. 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.

xiv. 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 Profit and Loss Account. 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.

SCHEDULES TO THE ACCOUNTS *contd.*

xv. Government Grants

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 Profit and Loss Statement over the useful life of such depreciable assets by way of a reduced depreciation charge.

xvi. Provisions and Contingent Liabilities

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 for a 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.

xvii. Earning Per Share

Basic earning 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

2. The previous year's figures have been recast/regrouped wherever necessary in order to conform to current year's presentation.
3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹218.93 crore (Previous year ₹255.75 crore).
4. **Contingent Liabilities**
 - i. Financial and performance guarantees given by banks on behalf of the Company ₹59.97 crore (Previous year ₹63.72 crore).
 - ii. Letters of credit issued by banks on behalf of the Company ₹36.54 crore (Previous year ₹42.60 crore).
 - iii. Refund of Technical Know-how/fees on account of non compliance of certain obligations as per respective agreements ₹7.45 crore (Previous year ₹15.38 crore)
 - iv. Income Tax ₹204.44 crore (Previous year ₹115.35 crore)
The above ₹204.44 crore represents claims where the Company has filed appeals and expects a favourable outcome, based on decisions in earlier assessment years.
 - v. Excise Duty/Service Tax ₹49.23 crore (Previous year ₹47.80 crore).
The above claims were based on decisions in earlier years where the Company is of the opinion that the demand is not sustainable.
 - vi. Sales Tax ₹4.02 crore (Previous year ₹0.86 crore).
 - vii. Other claims against the Company not acknowledged as debts ₹1.64 crore (Previous year ₹4.11 crore).
5. The Government of India has served demand notices in March 1995 and May 1995 on the Company in respect of six bulk drugs, claiming that an amount of ₹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.
6. 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.

SCHEDULES TO THE ACCOUNTS *contd.*

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 ₹1230.28 crore (inclusive of interest) for the period July 1995 to April 2009.

7. The net difference in foreign exchange credited to the Profit and Loss Account is ₹12.86 crore (Previous year debit ₹63.89 crore).

8. Expenditure on Research & Development

	Rupees in crore	
	2011	2010
Capital Expenditure	25.06	11.99
Revenue Expenditure charged to the Profit and Loss Account	259.79	250.69
	284.85	262.68

Of the above, capital expenditure of ₹25.04 crore (Previous year ₹11.99 crore) and revenue expenditure of ₹131.44 crore (Previous year ₹126.90 crore) are eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961. The eligible revenue expenditure includes employee cost ₹41.64 crore (Previous year ₹33.86 crore), raw materials & consumables ₹28.83 crore (Previous year ₹25.23 crore), clinical trials & research grants ₹15.88 crore (Previous year ₹24.75 crore) and other expenditure ₹45.09 crore (Previous year ₹43.06 crore).

9. Capacities and Actual Production

Class of Goods	Unit	Installed Capacity		Actual Production	
		2011	2010	2011	2010
Bulk Drugs (including Malts)	Tonne	1492.9	1866.1	1601.2	1316.9
Tablets & Capsules	Million	17496.1	16662.4	17935.3	16632.9
Liquids	Kilolitre	3191.5	1346.4	9009.8	8600.9
Creams	Tonne	689.0	861.3	898.9	1021.7
Aerosols/Inhalation Devices	Thousand	143452.5	96030.0	55256.9	53387.5
Injections/Sterile Solutions	Kilolitre	1739.0	1168.0	2525.9	2204.0
Others		–	–	2061.7	440.4

- Notes: i. In terms of press note No. 4 (1994 series) dated 25th October 1994 issued by the Department of Industrial Development, Ministry of Industry, Government of India and Notification No. S.O. 137 (E) dated 1st March 1999 issued by the Department of Industrial Policy and Promotion, Ministry of Industry, Government of India, Industrial licensing has been abolished in respect of bulk drugs and formulations. Hence there are no registered/licensed capacities for these bulk drugs and formulations.
- ii. Installed capacity being effective operational capacity has been reviewed and calculated on shift basis for formulations and on a continuous basis for active pharmaceutical ingredients and drug intermediates. The installed capacity may, therefore, vary according to the production mix. In addition, installed capacity does not include the installed capacity of contract manufacturing sites.
- iii. Actual production for all dosage forms includes production carried out by Cipla at contract manufacturing sites.
- iv. The installed capacity is as certified by the management and not verified by the auditors, this being a technical matter.
- v. Actual production includes production of goods captively consumed.

SCHEDULES TO THE ACCOUNTS *contd.*

10. The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O. 301(E) dated 8th February 2011 issued under section 211(3) of the Companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their Profit and Loss Account. The Company being an 'Export Oriented Company' is entitled to the exemption. Accordingly, disclosures mandated by paragraphs 3(i)(a), 3(ii)(a), 3(ii)(b) and 3(ii)(d) of Part II, Schedule VI to the Companies Act, 1956 have not been provided.

11. Consumption of Raw and Packing Materials

Class of Goods	Rupees in crore			
	2011		2010	
	Value	%	Value	%
Purchased indigenously	1430.02	59	1268.41	58
Imported	978.84	41	927.26	42
	2408.86	100	2195.67	100
Less: Recoverable duties (included in the above cost)	93.82		99.16	
Total Consumption (Net of Cenvat)	2315.04		2096.51	

Note: Figures as certified by the management

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

	Rupees in crore	
	2011	2010
Raw Materials/Packing Materials	1170.77	846.14
Components & Spare Parts	41.74	27.46
Capital Goods	179.39	167.23

13. Expenditure in Foreign Currency

	Rupees in crore	
	2011	2010
Legal and Professional Charges	23.20	27.09
Royalties	0.73	-
Other matters – Commission, Travelling, etc.	146.16	134.23

14. Earnings in Foreign Exchange

	Rupees in crore	
	2011	2010
F.O.B. Value of Exports	3361.49	2900.58
Technical Know-how/Fees	54.76	153.76
Others	1.42	3.34

SCHEDULES TO THE ACCOUNTS *contd.*

15. Foreign exchange derivatives and exposures outstanding at the year end

Nature of Instrument	Currency	Cross Currency	Amount (equivalent Rupees in crore)	
			2011	2010
Forward contracts - Sold	USD	INR	460.07	898.19
Forward contracts - Bought	USD	INR	220.86	–
Foreign currency options	USD	INR	214.03	–
Unhedged foreign exchange exposures				
- Receivables			993.74	620.58
- Payables			402.10	264.85

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

16. Managerial Remuneration

Managerial Remuneration under section 198 of the Companies Act, 1956 paid or provided for during the year to the Chairman & Managing Director, the Joint Managing Directors and the Whole-time Director:

	Rupees in crore	
	2011	2010
i. Salary and Allowances	2.72	2.21
ii. Commission	15.44	27.00
iii. Company's contribution to Provident Fund	0.13	0.09
iv. Approximate monetary value of other perquisites or benefits	0.31	0.21
	18.60	29.51

Note: The above figures exclude provision for leave encashment and contribution to the approved Group Gratuity Fund which are actuarially determined on an overall basis.

17. Computation of Net Profits under section 349 of the Companies Act, 1956 and Commission payable to Directors

	Rupees in crore	
		2011
Profit before Tax as per Profit & Loss Account		1151.39
Add: Managerial Remuneration	18.60	
Directors' Sitting Fees	0.07	
Provisions for Doubtful Debts	0.48	
		19.15
		1170.54
Less: Profit on sale of Investments		0.30
Net Profit under section 349 of the Companies Act, 1956		1170.24
Commission to Executive Directors (as determined by the Board of Directors)		15.44

SCHEDULES TO THE ACCOUNTS *contd.*

18. Related Party Disclosures

i. The related parties are as under:

a. Subsidiary Companies including step-down subsidiary and associate companies:

Sr. No.	Name of the Company	With effect from
Subsidiaries (held directly)		
1	Cipla FZE	04/10/2006
2	Goldencross Pharma Pvt. Ltd.	14/05/2010
3	Cipla (Mauritius) Ltd.	27/01/2011
4	Meditab Specialities Pvt. Ltd.	01/10/2010
Subsidiaries (held indirectly)		
5	Cipla (UK) Ltd.	27/01/2011
6	Cipla-Oz Pty Ltd.	04/03/2011
7	STD Chemicals Ltd.	27/01/2011
8	Medispray Laboratories Pvt. Ltd.	01/10/2010
9	Four M Propack Pvt. Ltd.	14/05/2010
10	Sitec Labs Pvt. Ltd.	01/10/2010
11	Meditab Holdings Ltd.	01/10/2010
12	Meditab Pharmaceuticals South Africa (Pty) Ltd.	14/01/2011
13	Meditab Specialities New Zealand Ltd.	21/01/2011
Associates		
14	Quality Chemicals Industries Ltd.	01/10/2010
15	Stempeutics Research Pvt. Ltd.	01/10/2010
16	Desano Holdings Ltd.	01/10/2010
17	Shanghai Desano Chemical Pharmaceutical Co. Ltd.	01/10/2010
18	Shanghai Desano Pharmaceutical Investment Co. Ltd.	01/10/2010

b. Key Management Personnel:

1. Dr. Y. K. Hamied – Chairman and Managing Director
2. Mr. M. K. Hamied – Joint Managing Director
3. Late Mr. Amar Lulla – Joint Managing Director (up to 13th December 2010)
4. Mr. S. Radhakrishnan – Whole-time Director (w.e.f. 12th November 2010)

c. Entities over which Key Management Personnel exercise significant influence – Cipla Public Charitable Trust, Cipla Cancer and AIDS Foundation, Mediorals Laboratories Pvt. Ltd., Good Earth Remedies Ltd., Globus Healthcare Ltd., Advanced Remedies Pvt. Ltd., Medispray Laboratories Pvt. Ltd. (up to 19th August 2010), Goldencross Pharma Pvt. Ltd. (up to 13th May 2010), Okasa Pvt. Ltd. & Okasa Pharma Pvt. Ltd. (w.e.f. 1st March 2011)

SCHEDULES TO THE ACCOUNTS *contd.*

ii. Transactions during the year with related parties:

Rupees in crore

Particulars	Subsidiaries		Associates		Key Management Personnel		Entities over which Key Management Personnel exercise significant influence		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Receipts										
- Interest	1.73	0.19						0.55	1.73	0.74
- Others					0.00*	0.00*			0.00*	0.00*
Loans Given	252.67							5.82	252.67	5.82
Investment - Equity	328.00	17.42							328.00	17.42
Loan Repayment	179.25	17.76							179.25	17.76
Remuneration Paid					18.60	29.51			18.60	29.51
Deposits Repaid						38.00				38.00
Interest Paid						3.13				3.13
Purchase of Goods	225.94		186.17				41.51	23.65	453.62	23.65
Processing charges paid	53.10						11.79	3.85	64.89	3.85
Sale of Goods	20.93		149.33				8.11		178.37	
Advances paid against Services			6.10						6.10	
Processing charges received	0.83						0.86		1.69	
Donations Given							0.41	0.40	0.41	0.40
Purchase of Shares							1.02		1.02	
Rent paid	0.00 [†]						0.03		0.03	
Balances at end of the year:										
- Outstanding Payables	20.60		27.26				22.24	28.55	70.10	28.55
- Outstanding Receivables	64.35		96.52				21.34	69.21	182.21	69.21

*₹20,040

†₹45,000

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

- Receipts include interest received from Cipla FZE ₹Nil (Previous year ₹0.19 crore), Goldencross Pharma Pvt. Ltd. ₹1.54 crore (Previous year ₹0.55 crore) and Meditab Specialities Pvt. Ltd. ₹0.19 crore (Previous year ₹Nil)
- Loan repayment from Cipla FZE ₹Nil (Previous year ₹17.76 crore), Goldencross Pharma Pvt. Ltd. ₹76.55 crore (Previous year ₹Nil) and Meditab Specialities Pvt. Ltd. ₹102.70 crore (Previous year ₹Nil)
- Investment-Equity into Cipla FZE ₹Nil (Previous year ₹17.42 crore), Goldencross Pharma Pvt. Ltd. ₹191.12 crore (Previous year ₹Nil), Meditab Specialities Pvt. Ltd. ₹133.72 crore (Previous year ₹Nil) and Cipla (Mauritius) Ltd. ₹3.16 crore (Previous year ₹Nil)
- Loans given to Goldencross Pharma Pvt. Ltd. ₹27.00 crore (Previous year ₹5.82 crore) and Meditab Specialities Pvt. Ltd. ₹225.67 crore (Previous year ₹Nil)

SCHEDULES TO THE ACCOUNTS *contd.*

- e. Remuneration paid to Dr. Y.K. Hamied ₹6.03 crore (Previous year ₹8.53 crore), Mr. M.K. Hamied ₹6.10 crore (Previous year ₹8.11 crore), Mr. Amar Lulla ₹3.91 crore (Previous year ₹12.87 crore) and Mr. S. Radhakrishnan ₹2.56 crore (Previous year ₹Nil)
- f. Deposit repaid to Dr. Y.K. Hamied ₹Nil (Previous year ₹38.00 crore).
- g. Interest paid to Dr. Y.K. Hamied ₹Nil (Previous year ₹3.13 crore).
- h. Purchase of goods from Goldencross Pharma Pvt. Ltd. ₹169.25 crore (Previous year ₹18.45 crore), Medispray Laboratories Pvt. Ltd. ₹11.40 crore (Previous year ₹4.88 crore), Advanced Remedies Pvt. Ltd. ₹0.32 crore (Previous year ₹Nil), Mediorals Laboratories Pvt. Ltd. ₹1.16 crore (Previous year ₹Nil), Meditab Specialities Pvt. Ltd. ₹63.52 crore (Previous year ₹Nil), Four M Propack Pvt. Ltd. ₹7.99 crore (Previous year ₹Nil), Shanghai Desano Chemical Pharmaceutical Co. Ltd. ₹11.96 crore (Previous year ₹Nil), Shanghai Desano Pharmaceutical Investment Co. Ltd. ₹174.21 crore (Previous year ₹Nil), Okasa Pharma Pvt. Ltd. ₹3.21 crore (Previous year ₹Nil) and Okasa Pvt. Ltd. ₹10.61 crore (Previous year ₹Nil).
- i. Processing charges paid to Goldencross Pharma Pvt. Ltd. ₹2.89 crore (Previous year ₹1.04 crore), Mediorals Laboratories Pvt. Ltd. ₹2.63 crore (Previous year ₹0.94 crore), Medispray Laboratories Pvt. Ltd. ₹9.57 crore (Previous year ₹0.84 crore), Advanced Remedies Pvt. Ltd. ₹2.61 crore (Previous year ₹1.03 crore), Meditab Specialities Pvt. Ltd. ₹15.09 crore (Previous year ₹Nil), Sitec Labs Pvt. Ltd. ₹29.46 crore (Previous year ₹Nil), Okasa Pharma Pvt. Ltd. ₹0.84 crore (Previous year ₹Nil), STD Chemicals Ltd. ₹0.79 crore (Previous year ₹Nil), Cipla(UK) Ltd. ₹0.37 crore (Previous year ₹Nil) and Cipla-Oz Pty Ltd. ₹0.34 crore (Previous year ₹Nil) and Okasa Pvt. Ltd. ₹0.30 crore (Previous year ₹Nil).
- j. Sale of goods to Goldencross Pharma Pvt. Ltd. ₹8.43 crore (Previous year ₹Nil), Meditab Specialities Pvt. Ltd. ₹2.76 crore (Previous year ₹Nil), Four M Propack Pvt. Ltd. ₹0.05 crore (Previous year ₹Nil), Medispray Laboratories Pvt. Ltd. ₹14.91 crore (Previous year ₹Nil), Advanced Remedies Pvt. Ltd. ₹0.14 crore (Previous year ₹Nil), Mediorals Laboratories Pvt. Ltd. ₹0.37 crore (Previous year ₹Nil), Sitec Labs Pvt. Ltd. ₹0.41 crore (Previous year ₹Nil), Okasa Pharma Pvt. Ltd. ₹0.42 crore (Previous year ₹Nil), Okasa Pvt. Ltd. ₹1.55 crore (Previous year ₹Nil), Shanghai Desano Chemical Pharmaceutical Co.Ltd. ₹56.97 crore (Previous year ₹Nil) and Quality Chemicals Industries Ltd. ₹92.36 crore (Previous year ₹Nil).
- k. Advance paid against services to Stempeutics Research Pvt. Ltd. ₹6.10 crore (Previous year ₹Nil).
- l. Processing charges received from Meditab Specialities Pvt. Ltd. ₹0.23 crore (Previous year ₹Nil), Medispray Laboratories Pvt. Ltd. ₹1.34 crore (Previous year ₹Nil), Advanced Remedies Pvt. Ltd. ₹0.01 crore (Previous year ₹Nil), Mediorals Laboratories Pvt. Ltd. ₹0.03 crore (Previous year ₹Nil), Okasa Pharma Pvt. Ltd. ₹0.05 crore (Previous year ₹Nil) and Okasa Pvt. Ltd. ₹0.03 crore (Previous year ₹Nil).
- m. Donations made to Cipla Public Charitable Trust ₹0.41 crore (Previous year ₹0.40 crore).
- n. Purchase of Shares from Good Earth Remedies Ltd. ₹0.51 crore (Previous year ₹Nil) and from Globus Healthcare Ltd. ₹0.51 crore (Previous year ₹Nil).
- o. Rent paid to Okasa Pvt. Ltd. ₹0.03 crore (Previous year ₹Nil) and Medispray Laboratories Pvt. Ltd. ₹45,000 (Previous year ₹Nil).
- p. Outstanding payables as on 31st March 2011 include Goldencross Pharma Pvt. Ltd. ₹5.63 crore (Previous year ₹3.90 crore), Medispray Laboratories Pvt. Ltd. ₹4.55 crore (Previous year ₹13.60 crore), Mediorals Laboratories Pvt. Ltd. ₹0.38 crore (Previous year ₹Nil), Advanced Remedies Pvt. Ltd. ₹0.02 crore (Previous year ₹8.89 crore), Four M Propack Pvt. Ltd. ₹1.23 crore (Previous year ₹Nil), Sitec Labs Pvt. Ltd. ₹7.69 crore (Previous year ₹Nil), Okasa Pharma Pvt. Ltd. ₹12.12 crore (Previous year ₹Nil), Okasa Pvt. Ltd. ₹9.72 crore (Previous year ₹Nil), Shanghai Desano Chemical Pharmaceutical Co.Ltd. ₹7.13 crore (Previous year ₹Nil), Shanghai Desano Pharmaceutical Investment Co.Ltd. ₹20.13 crore (Previous year ₹Nil), STD Chemicals Ltd. ₹0.79 crore (Previous year ₹Nil), Cipla(UK) Ltd. ₹0.37 crore (Previous year ₹Nil) and Cipla-Oz Pty Ltd. ₹0.34 crore (Previous year ₹Nil).
- q. Outstanding Receivables as on 31st March 2011 include Goldencross Pharma Pvt. Ltd. ₹Nil (Previous year ₹69.21 crore), Meditab Specialities Pvt. Ltd. ₹51.33 crore (Previous year ₹Nil), Medispray Laboratories Pvt. Ltd. ₹12.48 crore (Previous year ₹Nil), Mediorals Laboratories Pvt. Ltd. ₹0.21 crore (Previous year ₹Nil) and Sitec Labs Pvt. Ltd. ₹0.54 crore (Previous year ₹Nil), Okasa Pharma Pvt. Ltd. ₹6.03 crore (Previous year ₹Nil), Okasa Pvt. Ltd. ₹15.10 crore (Previous year ₹Nil) Shanghai Desano Chemicals Pharmaceutical Co. Ltd. ₹56.09 crore (Previous year ₹Nil), Shanghai Desano Pharmaceutical Investment Co.Ltd. ₹1.14 crore (Previous year ₹Nil) and Quality Chemicals Industries Ltd. ₹39.29 crore (Previous year ₹Nil).

SCHEDULES TO THE ACCOUNTS *contd.*

19. 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.

20. The Company has identified Micro, Small and Medium Enterprises on the basis of information made available during the year by the respective suppliers or vendors of the Company.

Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 are as under:

Rupees in crore

	2011	2010
i. The principal amount and the interest due thereon remaining unpaid to Suppliers		
a. Principal	-	0.19
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	-	-

21. Loans and Advances in the nature of Loans given to Subsidiaries and Associates

Rupees in crore

Sr. No.	Name of the Company	Nature	As at 31 st March 2011	Maximum balance during the year
1.	Goldencross Pharma Pvt. Ltd.	Subsidiary	15.00	69.21
2.	Meditab Specialites Pvt. Ltd.	Subsidiary	189.47	219.42

Notes: i. The above loans are repayable on demand.

ii. Loan given to Meditab Specialities Pvt. Ltd. is interest free.

No. of Shares

Investment by Goldencross Pharma Pvt. Ltd in subsidiary in equity shares

i. Four M Propack Pvt. Ltd. 58,000

Investment by Meditab Specialities Pvt. Ltd. in subsidiaries in equity shares

i. Meditab Holdings Ltd. 2,96,20,100

ii. Medispray Laboratories Pvt. Ltd. 51,020

iii. Sitec Labs Pvt. Ltd. 10,000

Investment by Meditab Holdings Ltd. in subsidiaries in equity shares

i. Meditab Pharmaceuticals South Africa (Pty) Ltd. 100

ii. Meditab Specialities New Zealand Ltd. 100

SCHEDULES TO THE ACCOUNTS *contd.*

22. 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 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 Profit and Loss Account based on contributions

	Rupees in crore	
	2011	2010
Employees' Pension Scheme	9.31	6.62
Provident Fund	14.99	9.37
	24.30	15.99

c. Disclosures for defined benefit plans based on actuarial reports as on 31st March 2011

	Rupees in crore	
	2011	2010
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	26.14	20.58
Interest cost	2.09	1.75
Current service cost	4.69	4.09
Actuarial (gain)/loss on obligations	4.50	2.27
Benefits paid	(4.19)	(2.55)
Liability at the end of the year	33.23	26.14

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in crore	
	2011	2010
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
ii. Change in fair value of assets		
Opening fair value of plan assets	21.84	15.91
Expected return on plan assets	1.75	1.67
Actuarial gain/(loss)	(0.56)	0.57
Contributions by employer	7.52	2.49
Transfer of plan assets	-	3.75
Benefits paid	(4.19)	(2.55)
Closing fair value of plan assets	26.36	21.84
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	33.23	26.14
Fair value of plan assets as at year end	(26.36)	(21.84)
Net (asset)/liability recognised	6.87	4.30
iv. Expenses recognised in Profit and Loss Account		
Current service cost	4.69	4.09
Interest on defined benefit obligation	2.09	1.75
Expected return on plan assets	(1.75)	(1.67)
Net actuarial (gain)/loss recognised in the current year	5.08	1.70
Transfer of plan assets	-	(3.75)
Total expense recognised in Profit and Loss Account	10.11	2.12
v. Actual return on plan assets		
Expected return on plan assets	1.74	1.67
Actuarial gain/(loss) on plan assets	(0.56)	0.57
Actual return on plan assets	1.18	2.24
vi. Asset information		
Insurer managed funds	100%	100%
vii. Principal actuarial assumptions used		
Discounted rate (per annum)	8.25%	8.00%
Expected rate of return on plan assets (per annum)	8.25%	8.00%
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		

SCHEDULES TO THE ACCOUNTS *contd.*

	Rupees in crore	
	2011 Gratuity (Funded Plan)	2010 Gratuity (Funded Plan)
viii. Experience adjustments		
Defined benefit obligation	33.23	26.14
Plan assets	(26.36)	(21.84)
Deficit/(Surplus)	6.87	4.30
Experience adjustment on plan liabilities - (gain)/loss	9.36	2.61
Experience adjustment on plan assets - gain/(loss)	(0.56)	0.57
ix. Expected employer's contribution for the next year	5.02	7.03

23. During the year, the Company acquired an industrial undertaking at Kurkumbh on slump sale basis for a consideration of ₹30.64 crore. Consequently, the Goodwill of ₹60,461 arising on this transaction has been amortized in entirety during the year.

24. **Basic and Diluted Earning per Share (EPS) has been computed as under:**

	2011	2010
Profit After Tax - Before Exceptional Item (₹ in crore)	960.39	986.49
Weighted Average No. of Shares Outstanding	80,29,21,357	79,01,41,467
Basic/Diluted EPS - Before Exceptional Item	₹11.96	₹12.49
Profit After Tax - After Exceptional Item (₹ in crore)	960.39	1081.49
Weighted Average No. of Shares Outstanding	80,29,21,357	79,01,41,467
Basic/Diluted EPS - After Exceptional Item	₹11.96	₹13.69
Face value per share	₹2.00	₹2.00

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, 29th June 2011

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

R. Rangarajan
Partner
Membership No. 41883

Y.K. Hamied
Chairman & Managing Director

M.K. Hamied
Joint Managing Director

H.R. Manchanda
M.R. Raghavan
Ramesh Shroff
Pankaj Patel
Directors

S. Radhakrishnan
Whole-time Director

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

CASH FLOW STATEMENT

		Rupees in crore	
For the year ended 31 st March 2011		2011	2010
A Cash Flow from Operating Activities			
Net profit before tax		1151.39	1324.99
Adjustments for:			
Depreciation and Amortization of Goodwill	248.03		187.84
Interest expense	5.14		22.95
Interest expense allocated to Research & Development expenses	-		0.71
Sale of brand and other related rights	-		(95.00)
Unrealised foreign exchange (gains)/losses (Net)	(5.41)		20.38
Provision for doubtful debts and advances (Net)	0.48		39.68
Interest income	(7.54)		(18.60)
Dividend income	(8.97)		(9.35)
Profit on sale of investments (Net)	(0.30)		(0.10)
Loss on sale/discard of fixed assets (Net)	19.78		1.05
Rent income	(1.65)		(1.55)
		249.56	148.01
Operating profit before working capital changes		1400.95	1473.00
Adjustments for :			
(Decrease)/Increase in trade payables and other liabilities	(55.19)		30.79
Increase in inventories	(370.58)		(114.26)
Decrease/(Increase) in trade and other receivables	268.04		(92.08)
		(157.73)	(175.55)
Cash generated from operations		1243.22	1297.45
Direct taxes paid (Net)		(255.73)	(255.77)
Net cash from operating activities	(A)	987.49	1041.68
B Cash Flow from Investing Activities			
Purchase of fixed assets/Capital work-in-progress		(687.76)	(529.31)
Sale of fixed assets		12.57	3.81
Purchase consideration for acquisition of undertaking		(30.64)	-
Investment in subsidiaries		(328.00)	(17.42)
Share application money		(8.10)	-
Purchase of other investments		(5228.18)	(8886.57)
Sale of other investments		5251.25	8720.31
Sale of brand and other related rights		-	95.00
Interest received		11.88	18.08
Dividend received		8.97	9.35
Rent received		1.67	1.55
Loans (given to)/repaid by subsidiaries (Net)		(204.47)	17.76
Short term deposits repaid (Net)		64.55	5.21
Net cash used in investing activities	(B)	(1136.26)	(562.23)

CASH FLOW STATEMENT *contd.*

		Rupees in crore	
		2011	2010
C	Cash Flow from Financing Activities		
	Proceeds from QIP issue	-	675.99
	Expenses incurred on QIP issue	-	(6.89)
	Proceeds from long term & other borrowings	867.74	462.27
	Repayment of long term & other borrowings	(428.39)	(1397.44)
	Interest paid	(5.14)	(23.66)
	Dividend paid	(160.58)	(155.46)
	Tax on dividend	(26.67)	(26.42)
	Interim dividend paid	(64.23)	-
	Tax on interim dividend	(10.67)	-
	Net cash from/(used in) financing activities	(C) 172.06	(471.61)
	Net increase in cash and cash equivalents	(A)+(B)+(C) 23.29	7.84
	Cash and Cash Equivalents as at the beginning of the year	60.84	53.00
	Cash and Cash Equivalents as at the end of the year	84.13	60.84

- Notes:
- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in AS-3, issued by the Institute of Chartered Accountants of India.
 - Cash and Cash Equivalents represent cash & bank balances and fixed deposits with banks.
 - Cash and Cash Equivalents includes ₹12.79 crore (Previous year ₹8.76 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>	
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	M.K. Hamied <i>Joint Managing Director</i>	S. Radhakrishnan <i>Whole-time Director</i>
V. Mohan <i>Partner</i> Membership No. 17748	R. Rangarajan <i>Partner</i> Membership No. 41883	H.R. Manchanda M.R. Raghavan Ramesh Shroff Pankaj Patel <i>Directors</i>	Mital Sanghvi <i>Company Secretary</i>
Mumbai, 29 th June 2011		Mumbai, 29 th June 2011	

INFORMATION ON SUBSIDIARIES

Rupees in crore

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Exchange Rate on 31.03.2011	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	44.5900	3.12	(0.05)	3.12	0.05	-	-	(0.01)	-	(0.01)	-	Mauritius
2	Cipla (UK) Ltd.	GBP	71.3700	1.07	0.02	1.42	0.33	-	0.37	0.03	0.01	0.02	-	U.K.
3	Cipla FZE	AED	12.1200	18.18	(3.25)	14.94	0.01	-	-	(0.15)	-	(0.15)	-	U.A.E.
4	Cipla-Oz Pty Ltd.	AUD	45.9760	0.37	(0.02)	0.92	0.57	-	0.23	(0.05)	-	(0.05)	-	Australia
5	Four M Propack Pvt. Ltd.	INR	1.0000	0.06	14.89	16.05	1.10	-	7.72	1.23	(0.02)	1.25	-	India
6	Goldencross Pharma Pvt. Ltd.	INR	1.0000	0.05	182.50	260.55	78.00	-	132.99	(2.32)	(0.12)	(2.21)	-	India
7	Medispray Laboratories Pvt. Ltd.	INR	1.0000	0.05	30.04	45.10	15.00	-	18.91	9.14	2.93	6.21	-	India
8	Meditab Holdings Ltd.	USD	44.5900	132.08	(42.39)	92.89	3.20	81.08	-	(0.43)	-	(0.43)	-	Mauritius
9	Meditab Pharmaceuticals South Africa (Pty) Ltd.	ZAR	6.5579	0.00*	(0.01)	0.00*	0.01	-	-	-	-	-	-	South Africa
10	Meditab Specialities New Zealand Ltd.	NZD	33.8800	0.00*	(0.05)	-	0.05	-	-	(0.02)	-	(0.02)	-	New Zealand
11	Meditab Specialities Pvt. Ltd.	INR	1.0000	0.60	31.63	340.12	307.89	82.72	30.72	2.29	(0.59)	2.88	-	India
12	Sitec Labs Pvt. Ltd.	INR	1.0000	0.01	4.23	59.30	55.06	-	27.93	3.97	2.13	1.84	-	India
13	STD Chemicals Ltd.	GBP	71.3700	1.07	0.05	1.51	0.39	-	0.79	0.07	0.02	0.05	-	U.K.

* ₹655.79

₹3,388.00

Y.K. Hamied
Chairman & Managing Director

M.K. Hamied
Joint Managing Director

H.R. Manchanda
M.R. Raghavan
Ramesh Shroff
Pankaj Patel
Directors

S. Radhakrishnan
Whole-time Director

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No.

State Code

Balance Sheet Date
Date Month Year

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

Public Issue

Rights Issue

Bonus Issue

Private Placements

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

Total Liabilities

Total Assets

Sources of Funds

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liabilities

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

IV. Performance of Company (Amount in ₹Thousands)

Gross Turnover

Total Expenditure

+ -

Profit/(Loss) Before Tax

+ -

Profit/(Loss) After Tax

Earning Per Share (in ₹)

Dividend Rate (%)*

*includes interim dividend of 80 paise per share paid during the year.

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

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

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 2011, and also the consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of Cipla Limited's Management and have been prepared by the Management 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 the total assets of ₹616.72 crore as at 31st March 2011, total revenue of ₹175.15 crore and net cash flows of ₹8.73 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 ₹126.30 crore as at 31st March 2011, total revenue of ₹53.70 crore and net cash flows of ₹2.21 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 certain subsidiaries whose consolidated financial statements reflect total assets of ₹92.89 crore as at 31st March 2011, total revenue of ₹ Nil and net cash flows of ₹2.29 crore for the year then ended and on the unaudited standalone/consolidated financial statements of certain associates wherein the Group's share of profit aggregates ₹22.44 crore. These 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 subsidiaries and 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. 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:
 - (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2011;
 - (b) In the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) 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

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

V. Mohan
Partner
Membership No. 17748

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 29th June 2011

Mumbai, 29th June 2011

CONSOLIDATED BALANCE SHEET

Rupees in crore

As at 31 st March 2011	Schedule	2011	2010
Sources of Funds			
Shareholders' Funds			
Share Capital	A	160.58	160.58
Reserves & Surplus	B	<u>6505.55</u>	<u>5749.99</u>
		6666.13	<u>5910.57</u>
Loan Funds			
Secured Loans	C	47.95	0.41
Unsecured Loans	D	<u>523.94</u>	<u>4.66</u>
		571.89	<u>5.07</u>
Deferred Tax Liabilities			
	M	<u>213.12</u>	<u>179.15</u>
		7451.14	<u>6094.79</u>
Application of Funds			
Fixed Assets			
	E		
Gross Block		4241.10	2897.26
Less: Depreciation		1146.54	886.09
Net Block		<u>3094.56</u>	<u>2011.17</u>
Capital Work-in-Progress		<u>285.34</u>	<u>684.24</u>
		3379.90	<u>2695.41</u>
Investments			
	F	590.40	246.41
Current Assets, Loans & Advances			
Inventories	G	1906.16	1512.58
Sundry Debtors	H	1490.82	1566.63
Cash & Bank Balances	I	101.02	62.06
Other Current Assets	J	0.06	4.70
Loans & Advances	K	<u>1161.87</u>	<u>1221.34</u>
		<u>4659.93</u>	<u>4367.31</u>
Less: Current Liabilities & Provisions			
Current Liabilities	L	958.08	997.97
Provisions		<u>221.01</u>	<u>216.37</u>
		<u>1179.09</u>	<u>1214.34</u>
Net Current Assets			
		3480.84	<u>3152.97</u>
		7451.14	<u>6094.79</u>
Significant Accounting Policies & Notes to the Accounts			
	S		

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, 29th June 2011

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

R. Rangarajan
Partner
Membership No. 41883

Y.K. Hamied
Chairman & Managing Director

M.K. Hamied
Joint Managing Director

H.R. Manchanda
M.R. Raghavan
Ramesh Shroff
Pankaj Patel
Directors

S. Radhakrishnan
Whole-time Director

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Rupees in crore

For the year ended 31 st March 2011	Schedule	2011	2010
Income			
Gross Sales		6179.83	5411.68
Less: Excise Duty		49.52	52.16
Net Sales		6130.31	5359.52
Other Income	N	296.34	353.50
		6426.65	5713.02
Expenditure			
Material Cost	O	2747.06	2452.98
Employee Cost	P	489.45	319.10
Operating and Other Expenses	Q	1496.39	1269.14
Research & Development Expenses	R	259.79	250.69
Interest - Fixed period		10.24	22.09
- Others		7.08	0.86
(includes interest paid to Managing Director ₹Nil; (Previous year ₹3.13 crore)			
Depreciation and Amortization of Goodwill		254.15	167.07
		5264.16	4481.93
Profit before Exceptional Item & Tax		1162.49	1231.09
Exceptional Item being sale of brand and other related rights		-	95.00
Profit before Tax		1162.49	1326.09
Provision for Tax - Current Tax		232.01	228.50
- MAT credit (entitlement)/utilisation		(70.00)	-
- Deferred Tax		33.21	15.00
Profit after Tax		967.27	1082.59
Less: Tax of Prior years		0.14	-
Share of Profit from Associates		22.44	-
Surplus brought forward from last Balance Sheet		1693.73	948.39
Profit available for Appropriation		2683.30	2030.98
Appropriations			
Interim Dividend		64.23	-
Proposed Final Dividend		160.58	160.58
Tax on Dividend		36.72	26.67
Transferred to General Reserve		100.00	150.00
Surplus carried forward		2321.77	1693.73
		2683.30	2030.98
Basic and Diluted Earning per Share (₹) - Before Exceptional Item		12.32	12.50
Basic and Diluted Earning per Share (₹) - After Exceptional Item (Schedule S - Note 15)		12.32	13.70
Face value per share (₹)		2.00	2.00
Significant Accounting Policies & Notes to the Accounts	S		

As per our report of even date

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

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

V. Mohan
Partner
Membership No. 17748

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Partner
Membership No. 41883

Mumbai, 29th June 2011

Y.K. Hamied
Chairman & Managing Director

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Ramesh Shroff
Pankaj Patel
Directors

S. Radhakrishnan
Whole-time Director

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	Rupees in crore	
	2011	2010
A Share Capital		
Authorised		
87,50,00,000 Equity Shares of ₹2 each (Previous year 87,50,00,000 Equity Shares of ₹2 each)	<u>175.00</u>	<u>175.00</u>
	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)	<u>160.78</u>	<u>160.78</u>
	160.78	160.78
Subscribed & Paid-up		
80,29,21,357 Equity Shares of ₹2 each (Previous year 80,29,21,357 Equity Shares of ₹2 each)	<u>160.58</u>	<u>160.58</u>
	160.58	160.58
<i>Notes:</i> Of the above Equity Shares:		
i. 75,83,20,444 shares of ₹2 each were allotted as fully paid-up Bonus Shares by capitalisation of General Reserve and Securities Premium Account.		
ii. 8,488 shares of ₹2 each were issued for consideration other than cash pursuant to the Scheme of Arrangement in September 2004.		

	Rupees in crore	
	2011	2010
B Reserves & Surplus		
Capital Reserve	0.08	0.08
Revaluation Reserve	8.97	8.97
Securities Premium Account		
As per last Balance Sheet	1428.96	764.98
Add: Premium on QIP issue	<u>-</u>	<u>670.87</u>
	1428.96	1435.85
Less: Expenses on QIP issue	<u>-</u>	<u>6.89</u>
	1428.96	1428.96
General Reserve		
As per last Balance Sheet	2616.43	2466.43
Add: Transferred from Profit and Loss Account	<u>100.00</u>	<u>150.00</u>
	2716.43	2616.43
Surplus in Profit & Loss Account	2321.77	1693.73
Add: Transfer to Goodwill on Consolidation	<u>-</u>	<u>1.82</u>
	2321.77	1695.55
Foreign Currency Translation Reserve	1.28	0.00 [#]
Capital Reserve on Consolidation	34.88	
Less: Goodwill on Consolidation	<u>6.82</u>	
Capital Reserve on Consolidation of Subsidiaries (Net)	28.06	-
	6505.55	5749.99
[#] ₹18,665.84		

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

		Rupees in crore	
		2011	2010
C Secured Loans			
Amounts drawn against Cash and Export Credit Accounts with Banks			
(Secured against receivable and movable assets including stock, both present and future)		2.95	0.41
Term Loan from Bank			
(Secured by Hypothecation of Tangible Fixed Assets, Stock and Book Debts)		45.00	-
		<u>47.95</u>	<u>0.41</u>

		Rupees in crore	
		2011	2010
D Unsecured Loans			
Short Term Loans from Banks		434.62	-
Other Loans - Maharashtra Govt. Sales Tax Deferral		3.83	4.66
Inter Corporate Borrowings		80.64	
<i>Add:</i> Interest Accrued and due		<u>4.85</u>	
		<u>85.49</u>	-
		<u>523.94</u>	<u>4.66</u>

Note: A sum of ₹518.85 crore (Previous year ₹0.83 crore) is repayable out of Unsecured Loans within the next 12 months.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

Rupees in crore

E Fixed Assets		GROSS BLOCK AT COST/REVALUATION				DEPRECIATION			NET BLOCK			
ASSETS	As at 01.04.10	As at Additions on Acquisition	Additions on Acquisition	Deletions	As at 31.03.11	Upto 31.03.10	Additions on Acquisition	For the Year 10-11	Deletions	Upto 31.03.11	As at 31.03.11	As at 31.03.10
Goodwill on Acquisition of Undertaking	-	0.02	0.01	-	0.03	-	-	0.02	-	0.02	0.01	-
Freehold Land	30.01	1.55	0.36	0.55	31.37	-	-	-	-	-	31.37	30.01
Leasehold Land	71.60	5.42	3.42	-	80.44	5.90	0.25	1.83	-	7.98	72.46	65.70
Buildings & Flats	569.68	85.11	356.08	2.16	1008.71	99.33	14.66	33.81	0.06	147.74	860.97	470.35
Plant & Machinery	2132.63	190.02	776.83	95.80	3003.68	748.99	43.44	229.24	67.61	954.06	2049.62	1383.64
Furniture & Fixtures	83.92	6.11	23.35	5.77	107.61	27.10	2.83	7.65	4.41	33.17	74.44	56.82
Vehicles	7.60	0.21	1.94	0.49	9.26	2.95	0.06	0.76	0.20	3.57	5.69	4.65
Total	2895.44	288.44	1161.99	104.77	4241.10	884.27	61.24	273.31	72.28	1146.54	3094.56	2011.17
Previous year	2693.29	-	211.39	9.24	2895.44	700.80	-	187.84	4.37	884.27	285.34	684.24
Capital Work-in-Progress (At Cost)											3379.90	2695.41
Total											3379.90	2695.41

Notes: i. The gross value of Buildings & Flats includes the cost of shares in Co-operative Housing Societies.
ii. The gross block is net of Government grants/other subsidies ₹9.22 crore for current year (Goa ₹9.20 crore & Indore ₹0.02 crore) (Previous year ₹Nil).
iii. The above additions to fixed assets during the year includes ₹25.04 crore (Previous year ₹11.99 crore) used for Research and Development.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

	Rupees in crore	
	2011	2010
F Investments		
Long Term Investment		
Associate Companies		
<i>Desano Holdings Limited</i>		
3,30,50,000 Ordinary Shares of USD 1 each fully paid (Previous year Nil)	354.85	-
<i>Quality Chemicals Industries Limited</i>		
33,36,642 Equity Shares of Uganda Shillings 5000 each fully paid (Previous year Nil)	4.13	-
<i>Stempeutics Research Pvt. Ltd.</i>		
70,67,945 Equity Shares of ₹10 each fully paid (Previous year Nil)	7.53	-
<i>Stempeutics Research Pvt. Ltd.</i>		
59,39,448 Warrants having paid up value of 50 paise each, convertible into Equity Shares of ₹10 each (Previous year Nil)	0.30	-
Other Investments (at cost)		
Government Securities (Unquoted)		
<i>National Savings Certificates ₹40,000 (Previous year ₹39,000)</i>	0.00	0.00
Bonds (Unquoted)		
<i>Rural Electrification Corporation Limited</i>		
Nil (Previous year 1,000) Non-convertible Redeemable Taxable Bonds - Series V of Face Value ₹10,000 each, fully paid (1,000 bonds redeemed during the year)	-	1.00
Others (Unquoted)		
<i>The Saraswat Co-operative Bank Limited</i>		
1,000 Equity Shares of ₹10 each, fully paid ₹10,000 (Previous year ₹10,000)	0.00	0.00
<i>Pharmacare Holdings Limited</i>		
490 Equity Shares of AED 1 each, fully paid ₹5,819 (Previous year Nil)	0.00	-
Current Investments (at cost or fair value whichever is lower)		
Mutual Funds (Unquoted)		
<i>Axis Mutual Fund "Axis Liquid Fund" - Institutional Growth</i>		
64,775 (Previous year Nil) units (1,66,057 units purchased and 1,01,282 units redeemed during the year)	7.04	-
<i>Birla Sun Life Mutual Fund "Birla Cash Plus" - Institutional Premium Growth</i>		
70,73,650 (Previous year Nil) units (1,28,10,811 units purchased and 57,37,161 units redeemed during the year)	11.09	-
<i>Birla Sun Life Mutual Fund "Birla Savings Fund" - Institutional Premium Growth</i>		
Nil (Previous year 1,23,33,999) units (1,23,33,999 units redeemed during the year)	-	21.56

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

	Rupees in crore	
	2011	2010
F Investments - contd.		
<i>Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund" - Institutional Growth</i> 1,18,052 (Previous year Nil) units (1,18,052 units purchased during the year)	13.25	-
<i>Baroda Pioneer Mutual Fund "Baroda Pioneer Treasury Advantage Fund" - Growth</i> Nil (Previous year 2,92,02,494) units (2,92,02,494 units redeemed during the year)	-	30.28
<i>BNP Paribas Mutual Fund "BNP Paribas Overnight" - Institutional Growth</i> 1,13,17,172 (Previous year Nil) units (1,13,17,172 units purchased during the year)	17.03	-
<i>Deutsche Asset Management "DWS Ultra Short Term Fund" - Institutional Plan Growth</i> Nil (Previous year 92,38,329) units (92,38,329 units redeemed during the year)	-	10.00
<i>Deutsche Asset Management "DWS Insta Cash Plus Fund" - Super Institutional Plan Growth</i> 4,71,567 (Previous year Nil) units (4,71,567 units purchased during the year)	6.00	-
<i>Fidelity Mutual Fund "Fidelity Ultra Short Term Debt Fund" - Institutional Growth Scheme</i> Nil (Previous year 34,78,557) units (34,78,557 units redeemed during the year)	-	4.00
<i>Franklin Templeton Mutual Fund "Templeton India Ultra Short Bond Fund" - Super Institutional Plan Growth</i> Nil (Previous year 1,68,98,423) units (1,68,98,423 units redeemed during the year)	-	20.01
<i>ICICI Prudential Mutual Fund "ICICI Prudential Liquid Plan" - Super Institutional Growth</i> 12,84,092 (Previous year Nil) units (16,28,966 units purchased and 3,44,874 units redeemed during the year)	18.61	-
<i>ICICI Prudential Mutual Fund "ICICI Prudential Ultra Short Term Plan Super Premium" - Growth</i> Nil (Previous year 1,93,82,409) units (1,93,82,409 units redeemed during the year)	-	20.02
<i>IDBI Mutual Fund "IDBI Liquid Fund" - Growth</i> 1,71,225 (Previous year Nil) units (1,71,225 units purchased during the year)	18.00	-
<i>IDFC Mutual Fund "IDFC Cash Fund" - Super Institutional Plan C Growth</i> 1,67,85,502 (Previous year Nil) units (1,67,85,502 units purchased during the year)	20.00	-
<i>IDFC Mutual Fund "IDFC Money Manager Fund" - TP - Super Institutional Plan C Growth</i> Nil (Previous year 1,74,44,407) units (1,74,44,407 units redeemed during the year)	-	19.04
<i>ING Vysya Mutual Fund "ING Vysya Liquid Fund" - Super Institutional Growth Option</i> 68,44,979 (Previous year Nil) units (68,44,979 units purchased during the year)	10.01	-
<i>JP Morgan Mutual Fund "JP Morgan India Treasury Fund" - Super Institutional Growth Plan</i> Nil (Previous year 41,67,888) units (41,67,888 units redeemed during the year)	-	5.00
<i>Kotak Mahindra Mutual Fund "Kotak Liquid" - Institutional Premium Growth</i> 97,66,249 (Previous year Nil) units (1,42,94,027 units purchased and 45,27,778 units redeemed during the year)	19.41	-

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

	Rupees in crore	
	2011	2010
F Investments - contd.		
<i>L&T Mutual Fund "L&T Freedom Income Short Term Fund" - Institutional Cumulative</i> Nil (Previous year 53,95,585) units (53,95,585 units redeemed during the year)	-	8.00
<i>Peerless Mutual Fund "Peerless Liquid Fund" - Super Institutional Growth</i> 1,64,91,455 (Previous year Nil) units (2,11,68,986 units purchased and 46,77,531 units redeemed during the year)	17.62	-
<i>Principal Mutual Fund "Principal Cash Management Fund" - Institutional Premium Plan Growth</i> Nil (Previous year 90,83,798) units (90,83,798 units redeemed during the year)	-	13.02
<i>Reliance Mutual Fund "Reliance Money Manager Fund" - Institutional Option Growth Plan</i> Nil (Previous year 1,59,582) units (1,59,582 units redeemed during the year)	-	20.02
<i>Religare Mutual Fund "Religare Liquid Fund" - Super Institutional Growth</i> 88,595 (Previous year Nil) units (1,55,447 units purchased and 66,852 units redeemed during the year)	11.92	-
<i>Religare Mutual Fund "Religare Ultra Short Term Fund" - Institutional Growth</i> Nil (Previous year 1,02,83,518) units (1,02,83,518 units redeemed during the year)	-	13.02
<i>SBI Mutual Fund "SBI Premier Liquid Fund" - Institutional Growth</i> Nil (Previous year 13,67,961) units (13,67,961 units redeemed during the year)	-	2.00
<i>Sundaram BNP Paribas Mutual Fund "Sundaram Money Fund" - Super Institutional Growth</i> 62,96,898 (Previous year Nil) units (87,17,045 units purchased and 24,20,147 units redeemed during the year)	13.00	-
<i>Tata Mutual Fund "Tata Liquid Super High Investment Fund" - Appreciation</i> 99,500 (Previous year Nil) units (99,500 units purchased during the year)	18.00	-
<i>Tata Mutual Fund "Tata Treasury Manager SHIP" - Growth</i> Nil (Previous year 1,80,252) units (1,80,252 units redeemed during the year)	-	18.87
<i>Taurus Mutual Fund "Taurus Liquid Fund" - Super Institutional Growth</i> 2,14,473 (Previous year Nil) units (2,14,473 units purchased during the year)	22.61	-
<i>Taurus Mutual Fund "Taurus Ultra Short Bond Fund" - Super Institutional Growth</i> Nil (Previous year 2,08,827) units (2,08,827 units redeemed during the year)	-	22.51
<i>UTI Mutual Fund "UTI Money Market Fund" - Institutional Growth Plan</i> Nil (Previous year 1,75,149) units (1,75,149 units redeemed during the year)	-	18.06
	590.40	246.41
Aggregate of Unquoted Investments at Book Value ₹590.40 crore; (Previous year ₹246.41 crore)		

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

Investments purchased and sold during the year 2010-11	Nos. in lakhs	Cost Rupees in crore
F Investments - contd.		
Mutual Funds		
Axis Mutual Fund "Axis Liquid Fund" - Institutional Daily Dividend	26.12	261.18
Axis Mutual Fund "Axis Treasury Advantage Fund" - Institutional Daily Dividend	0.40	4.00
Birla Sun Life Mutual Fund "Birla Cash Plus" - Institutional Premium Daily Dividend Scheme	2375.80	238.04
Birla Sun Life Mutual Fund "Birla Savings Fund" - Institutional Premium Daily Dividend Scheme	551.49	55.21
Baroda Pioneer Mutual Fund "Baroda Pioneer Liquid Fund" - Institutional Daily Dividend Plan	1233.54	123.43
Baroda Pioneer Mutual Fund "Baroda Pioneer Treasury Advantage Fund" - Institutional Daily Dividend Plan	550.01	55.05
Bharti AXA Mutual Fund "Bharti AXA Treasury Advantage Fund" - Institutional Plan Daily Dividend	1.01	10.07
Bharti AXA Mutual Fund "Bharti AXA Liquid Fund" - Super Institutional Plan Daily Dividend	1.00	10.00
BNP Paribas Mutual Fund "BNP Paribas Overnight" - Institutional Plus Daily Dividend	1940.57	194.11
BNP Paribas Mutual Fund "BNP Paribas Overnight" - Institutional Daily Dividend	437.75	43.79
BNP Paribas Mutual Fund "BNP Paribas Money Plus" - Institutional Plan Daily Dividend	444.06	44.42
Canara Robeco Mutual Fund "Canara Robeco Liquid" - Super Institutional Daily Dividend	1875.58	188.89
Canara Robeco Mutual Fund "Canara Robeco Treasury Advantage" - Super Institutional Daily Dividend	325.05	40.33
Daiwa Mutual Fund "Daiwa Liquid Fund" - Institutional Daily Dividend Option	1.90	19.04
Deutsche Asset Management "DWS Ultra Short Term Fund" - Institutional Plan Daily Dividend Scheme	301.56	30.21
Deutsche Asset Management "DWS Insta Cash Plus Fund" - Super Institutional Plan Daily Dividend Scheme	1773.97	186.73
DSP Blackrock Mutual Fund "DSP Blackrock Liquidity Fund" - Institutional Plan Daily Dividend	18.73	187.36
Fidelity Mutual Fund "Fidelity Cash Fund" - Institutional Daily Dividend	353.34	35.34
Franklin Templeton Mutual Fund "Templeton India Treasury Management Account" - Super Institutional Plan Daily Dividend	11.97	119.75
Franklin Templeton Mutual Fund "Templeton India Ultra Short Bond Fund" - Super Institutional Plan Daily Dividend	475.73	47.63
HDFC Mutual Fund "HDFC Cash Management" - Savings Plan Daily Dividend	512.70	54.53
HDFC Mutual Fund "HDFC Cash Management" - Treasury Advantage Plan Wholesale Daily Dividend	199.99	20.06
ICICI Prudential Mutual Fund "ICICI Prudential Liquid Plan" - Super Institutional Daily Dividend Scheme	98.12	98.15
ICICI Prudential Mutual Fund "ICICI Prudential Ultra Short Term Plan Super Premium" - Daily Dividend	401.95	40.28
IDBI Mutual Fund "IDBI Liquid Fund" - Daily Dividend Reinvestment	994.16	99.42

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

Investments purchased and sold during the year 2010-11	Nos. in lakhs	Cost Rupees in crore
F Investments - contd.		
IDFC Mutual Fund "IDFC Cash Fund" - Super Institutional Plan C Daily Dividend	1000.94	100.12
IDFC Mutual Fund "IDFC Money Manager Fund" - TP - Super Institutional Plan C Daily Dividend	313.32	31.34
ING Vysya Mutual Fund "ING Vysya Liquid Fund" - Super Institutional Daily Dividend Scheme	311.24	31.14
JM Financial Mutual Fund "JM High Liquidity Fund" - Super Institutional Daily Dividend Scheme	2887.89	289.27
JM Financial Mutual Fund "JM Money Manager Fund" - Super Plus Plan Daily Dividend	150.37	15.04
JP Morgan Mutual Fund "JP Morgan India Liquid Fund" - Super Institutional Daily Dividend Plan	2728.21	273.04
JP Morgan Mutual Fund "JP Morgan India Treasury Fund" - Super Institutional Daily Dividend Plan	301.97	30.22
Kotak Mahindra Mutual Fund "Kotak Liquid" - Institutional Premium Daily Dividend Scheme	1888.96	230.98
Kotak Mahindra Mutual Fund "Kotak Floater Long Term" - Daily Dividend	284.27	28.65
L&T Mutual Fund "L&T Liquid" - Super Institutional Plan Daily Dividend	1577.03	159.54
L&T Mutual Fund "L&T Freedom Income Short Term Fund" - Institutional Daily Dividend	197.53	20.06
Peerless Mutual Fund "Peerless Liquid Fund" - Super Institutional Daily Dividend	2326.71	232.70
Principal Mutual Fund "Principal Cash Management Fund" - Institutional Premium Plan Daily Dividend Scheme	70.11	7.01
Reliance Mutual Fund "Reliance Money Manager Fund" - Institutional Option Daily Dividend Plan	2.02	20.21
Reliance Mutual Fund "Reliance Liquidity Fund" - Daily Dividend Reinvestment	1416.93	141.76
Religare Mutual Fund "Religare Liquid Fund" - Super Institutional Daily Dividend	1244.50	153.67
Religare Mutual Fund "Religare Ultra Short Term Fund" - Institutional Daily Dividend	414.13	41.48
SBI Mutual Fund "SBI Premier Liquid Fund" - Institutional Daily Dividend	424.08	42.55
Shinsei Mutual Fund "Shinsei Liquid Fund" - Institutional Plan Daily Dividend Option	0.50	5.00
Sundaram BNP Paribas Mutual Fund "Sundaram Money Fund" - Super Institutional Daily Dividend Scheme	2185.04	220.59
Sundaram BNP Paribas Mutual Fund "Sundaram Ultra Short Term Fund" - Super Institutional Dividend Reinvestment Daily	249.41	25.03
Tata Mutual Fund "Tata Liquid Super High Investment Fund" - Daily Dividend Scheme	13.99	155.92
Tata Mutual Fund "Tata Treasury Manager SHIP" - Daily Dividend	1.58	15.92
Taurus Mutual Fund "Taurus Liquid Fund" - Super Institutional Daily Dividend	19.07	190.68
Taurus Mutual Fund "Taurus Ultra Short Bond Fund" - Super Institutional Daily Dividend Plan	4.44	44.47
UTI Mutual Fund "UTI Money Market Fund" - Institutional Daily Dividend Option	16.30	163.52
UTI Mutual Fund "UTI Liquid Cash Plan" - Institutional Daily Income Scheme	2.60	26.53
UTI Mutual Fund "UTI Treasury Advantage Fund" - Institutional Plan Daily Dividend Option	4.81	48.09

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

	Rupees in crore	
	2011	2010
G Inventories		
Raw Materials	728.95	488.60
Packing Materials	184.10	157.67
Work-in-Process	400.60	387.11
Finished Goods	592.51	479.20
	<u>1906.16</u>	<u>1512.58</u>

	Rupees in crore	
	2011	2010
H Sundry Debtors		
Unsecured		
Over Six Months		
- Considered Good	187.16	421.97
- Considered Doubtful	84.16	83.61
	<u>271.32</u>	<u>505.58</u>
Less: Provision for Doubtful Debts	<u>84.16</u>	<u>83.61</u>
	187.16	421.97
Others		
- Considered Good	1303.66	1144.66
	<u>1490.82</u>	<u>1566.63</u>

	Rupees in crore	
	2011	2010
I Cash & Bank Balances		
Cash in hand	1.51	1.26
Bank Balance in Current Accounts		
With Scheduled Banks	86.13	55.55
With Other Banks	7.92	4.73
Fixed Deposits with Scheduled Banks	5.46	0.52
Fixed Deposits with Others*	-	0.00
*Goa Urban Co-operative Bank ₹Nil (Previous year ₹17,204)		
	<u>101.02</u>	<u>62.06</u>

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

		Rupees in crore	
		2011	2010
J Other Current Assets			
Unsecured (Considered good, unless otherwise stated)			
Interest accrued on Inter-corporate Loans			
- Considered Good	0.06		4.70
- Considered Doubtful	0.46		0.46
	0.52		5.16
Less: Provision for Doubtful Interest	0.46		0.46
		0.06	4.70
		0.06	4.70

		Rupees in crore	
		2011	2010
K Loans & Advances			
Unsecured (Considered good, unless otherwise stated)			
Advances recoverable in cash or in kind or for value to be received			
- Considered Good	280.26		559.66
- Considered Doubtful	-		0.07
	280.26		559.73
Less: Provision for Doubtful Advances	-		0.07
		280.26	559.66
Capital Subsidy Receivable		107.43	61.24
Share Application Money - Pending Allotment		8.10	-
Export Incentives Receivable		85.33	53.10
Excise Advance Receivable		25.02	40.68
Balance with Central Excise Department		342.08	272.76
Dues from Staff		28.54	8.20
Sundry Deposits		21.13	14.74
Advance Tax & TDS (Net of Provision for Tax ₹1298.15 crore; Previous year ₹1311.29 crore)		161.30	115.35
MAT Credit Entitlement Receivable		70.00	-
Sales Tax Receivable		29.17	30.26
Inter-corporate Loans			
- Considered Good	3.51		65.35
- Considered Doubtful	2.25		2.25
	5.76		67.60
Less: Provision for Doubtful Loans	2.25		2.25
		3.51	65.35
		1161.87	1221.34

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

	Rupees in crore	
	2011	2010
L Current Liabilities & Provisions		
Liabilities		
Sundry Creditors		
- Micro, Small and Medium Enterprises #	-	0.19
- Others	791.31	805.22
Trade Deposits from customers	23.67	21.69
Unclaimed Dividend*	12.79	8.76
Advances Received	63.83	77.58
Unclaimed Preference Share Capital	0.01	0.01
Employee Dues	13.66	26.95
Book Overdraft	29.25	37.05
Other Liabilities	<u>23.56</u>	<u>20.52</u>
	958.08	997.97
Provisions		
Provision for Final Dividend	160.58	160.58
Tax on Final Dividend	26.05	26.67
Employee Benefits	<u>34.38</u>	<u>29.12</u>
	221.01	216.37
	<u>1179.09</u>	<u>1214.34</u>
<i>Notes:</i> i. # Refer Schedule S-Note 12		
ii. * There are no amounts due and outstanding to be credited to Investor Education & Protection Fund.		

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

	Rupees in crore	
	2011	2010
(M) Deferred Tax Liabilities		
Deferred Tax Liabilities arising on account of:		
Depreciation	185.65	172.61
Export Incentives	27.70	6.54
Others	(0.23)	-
	<u>213.12</u>	<u>179.15</u>

	Rupees in crore	
	2011	2010
(N) Other Income		
Profit on sale of Current Investments (Net)	0.32	0.10
Technical Know-how/Fees	63.70	153.76
Export Incentives	120.49	92.41
Income from Processing Fees	7.30	19.22
Dividend from other investments	8.96	9.35
Interest (Tax deducted at source ₹0.29 crore; Previous year ₹2.15 crore) - does not include any interest on Trade Investments	7.13	18.41
Rent (Tax deducted at source ₹0.16 crore; Previous year ₹0.28 crore)	1.65	1.55
Insurance Claims	10.72	1.34
Miscellaneous Income	63.27	45.49
Sundry Balances written back	-	11.87
Exchange Gains (Net)	12.80	-
	<u>296.34</u>	<u>353.50</u>

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

Rupees in crore

	2011	2010
O Material Cost		
Consumption of Raw & Packing Materials		
Opening Stock	646.27	797.20
Add: Purchases	2590.44	1945.58
Opening Stock of Subsidiaries acquired during the year	<u>19.31</u>	<u>-</u>
	3256.02	2742.78
Less: Closing Stock	<u>913.05</u>	<u>646.27</u>
	2342.97	2096.51
Finished Goods Purchased	529.98	621.66
(Increase)/Decrease in Stock of Work-in-Process & Finished Goods		
Opening Stock		
- Work-in-Process	387.11	156.43
Add: Opening Stock of Subsidiaries acquired during the year	0.91	-
- Finished Goods	<u>479.20</u>	<u>444.69</u>
	867.22	601.12
Less: Closing Stock		
- Work-in-Process	400.60	387.11
- Finished Goods	<u>592.51</u>	<u>479.20</u>
	993.11	866.31
	(125.89)	(265.19)
	2747.06	2452.98

Rupees in crore

	2011	2010
P Employee Cost		
Salaries, Wages, Bonus, etc.	416.70	276.78
Provident & other Funds	27.67	13.62
Staff Gratuity	10.90	2.06
Staff Welfare	32.65	16.63
Leave Encashment	1.53	10.01
	489.45	319.10

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

Rupees in crore

	2011	2010
Q Operating and Other Expenses		
Processing Charges	87.77	155.67
Other Manufacturing Expenses	121.67	75.38
Stores & Spares	106.14	50.47
Power & Fuel	179.33	92.15
Rent	16.00	10.03
Rates & Taxes	8.76	4.74
Insurance	6.71	4.53
Repairs & Maintenance		
- Machinery	50.83	28.62
- Buildings	70.97	33.06
- Others	18.49	9.51
Printing & Stationery	40.68	19.63
Conveyance & Vehicle Expenses	15.98	10.43
Remuneration to Auditors (including service tax, where applicable)		
- Audit Fees	0.48	0.44
- Tax Audit Fees	0.02	0.02
- Cost Audit Fees	0.05	0.03
- Other Certification	0.15	0.04
Professional Fees	47.50	47.80
Telephone, Postage & Telegram	23.03	20.22
Sales Promotion Expenses	108.02	113.08
Freight & Forwarding	52.74	44.31
Travelling Expenses	96.84	83.55
Donations	0.93	0.82
Commission on Sales	225.50	169.09
Bank & Other Financial Charges	5.78	5.35
Directors' Sitting Fees	0.07	0.08
Miscellaneous Expenses	53.14	47.00
Bad Debts written off	62.86	76.66
Exchange Loss (Net)	-	60.39
Loss on sale/discard of Fixed Assets (Net)	4.86	1.05
Contractual Services	91.09	104.99
	1496.39	1269.14

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

Rupees in crore

	2011	2010
R Research & Development Expenses		
Material Consumed	28.11	29.03
Employee Cost	76.11	52.21
Laboratory Expenses	21.64	24.05
Power & Fuel	19.22	30.24
Repairs & Maintenance	17.11	19.51
Professional Fees	19.03	17.48
Research Clinical Trials & Research Grants	24.97	25.09
Depreciation	19.17	22.59
Printing & Stationery	4.76	2.17
Travelling Expenses	3.92	2.50
Other Research & Development Expenses - includes audit fees ₹Nil (Previous year ₹0.01 crore)	25.75	25.82
	259.79	250.69

Note: In addition to an amount of ₹131.44 crore (Previous year ₹126.90 crore) of revenue expenditure being eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961, the above schedule includes expenditure allocated from other cost centres to the extent the same are incurred for Research & Development activity.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

S Significant Accounting Policies & Notes to the Accounts

1. Significant Accounting Policies

i. Basis of Accounting

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 sub section (3C) of section 211 of the Companies Act, 1956.

ii. 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 the contingent liabilities. The management believes that the estimates used in 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.

iii. Principles of Consolidation

The consolidated financial statements relate to Cipla Limited (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 in unrealized profits or losses. Unrealized 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 Profit and Loss Account 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 31st March 2011	With effect from
Subsidiaries (held directly)			
Cipla FZE	United Arab Emirates	100%	04/10/2006
Goldencross Pharma Pvt. Ltd.	India	100%	14/05/2010
Cipla (Mauritius) Ltd.	Mauritius	100%	27/01/2011
Meditab Specialities Pvt. Ltd.	India	100%	01/10/2010

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

Name of the Company	Country of Incorporation	% ownership interest as at 31 st March 2011	With effect from
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			
Desano Holdings Ltd.	Hong Kong	49%	01/10/2010
Quality Chemicals Industries Ltd.	Uganda	36.55%	01/10/2010
Stempeutics Research Pvt. Ltd.	India	34.30%	01/10/2010

iv. Fixed Assets

Fixed Assets are stated at cost of acquisition (net of recoverable taxes & 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.

v. 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 Profit and Loss Account.

vi. 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 ₹5,000 each have been written off entirely in the year of acquisition.

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

vii. Inventories

Raw materials and Packing materials are valued at lower of cost and 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.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

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

Cost of Finished goods includes excise duty.

Cost of inventories is computed on weighted average basis.

viii. 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.

ix. 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 Profit and Loss Account of 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 Profit and Loss Account.

x. Research and Development

Revenue expenditure on Research and Development is charged against profit of the year in which it is incurred.

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

xi. Expenditure on Regulatory Approvals

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

xii. Investments

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

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

xiii. 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.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

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 is recognised as and when right to receive is established.

Technical Know-how/fees are recognised as and when 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.

xiv. 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.

xv. 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 Profit and Loss Account. 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.

xvi. Government Grants

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 Profit and Loss statement over the useful life of such depreciable assets by way of a reduced depreciation charge.

xvii. Provisions and Contingent Liabilities

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 for a 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 possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes to the Accounts

2. The previous year's figures have been recast/regrouped wherever necessary in order to conform to current year's presentation.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

3. 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.
4. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹281.24 crore (Previous year ₹255.75 crore).

5. Contingent Liabilities

- i. Financial and Performance guarantees given by banks on behalf of the Company ₹62.54 crore (Previous year ₹63.72 crore).
 - ii. Letters of credit issued by banks on behalf of the Company ₹36.54 crore (Previous year ₹42.60 crore).
 - iii. Refund of Technical Know-how/fees on account of non-compliance of certain obligations as per respective agreements ₹7.45 crore (Previous year ₹15.38 crore)
 - iv. Income Tax ₹206.15 crore (Previous year ₹115.35 crore).
The above ₹206.15 crore represents claims where the Company has filed appeals and expects a favourable outcome, based on decisions in earlier assessment years.
 - v. Excise Duty/Service Tax ₹49.30 crore (Previous year ₹47.80 crore).
The above represents claims were, based on decisions in earlier years, the Company is of the opinion that the demand is not sustainable.
 - vi. Sales Tax ₹4.02 crore (Previous year ₹0.86 crore).
 - vii. Other claims against the Company not acknowledged as debts ₹1.64 crore (Previous year ₹4.11 crore).
6. 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.
7. 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 ₹1230.28 crore (inclusive of interest) for the period July 1995 to April 2009.
8. The net difference in foreign exchange credited to the Profit and Loss Account is ₹12.80 crore (Previous year debit ₹60.39 crore).

9. Foreign exchange derivatives and exposures outstanding at the year end

Nature of Instrument	Currency	Cross Currency	Amount (equivalent Rupees in crore)	
			2011	2010
Forward contracts – Sold	USD	INR	460.07	898.19
Forward contracts – Bought	USD	INR	220.86	-
Foreign currency options	USD	INR	214.03	-
Unhedged foreign exchange exposures				
- Receivables			995.32	635.77
- Payables			404.58	264.87

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

10. Related Party Disclosures

i. The related parties are as under:

a. Associates:

Sr. No.	Name of the Company	With effect from
1	Quality Chemicals Industries Ltd.	01/10/2010
2	Stempeutics Research Pvt. Ltd.	01/10/2010
3	Desano Holdings Ltd.	01/10/2010
4	Shanghai Desano Chemical Pharmaceutical Co. Ltd.	01/10/2010
5	Shanghai Desano Pharmaceutical Investment Co. Ltd.	01/10/2010

b. Key Management Personnel:

- Dr. Y.K. Hamied – Chairman and Managing Director
- Mr. M.K. Hamied – Joint Managing Director
- Late Mr. Amar Lulla – Joint Managing Director (up to 13th December 2010)
- Mr. S. Radhakrishnan – Whole-time Director (w.e.f. 12th November 2010)

c. Entities over which Key Management Personnel exercise significant influence – Cipla Public Charitable Trust, Cipla Cancer and AIDS Foundation, Mediorals Laboratories Pvt. Ltd., Good Earth Remedies Ltd., Globus Healthcare Ltd., Advanced Remedies Pvt. Ltd., Medispray Laboratories Pvt. Ltd. (up to 19th August 2010), Goldencross Pharma Pvt. Ltd. (up to 13th May 2010), Okasa Pvt. Ltd. & Okasa Pharma Pvt. Ltd. (w.e.f. 1st March 2011).

ii. Transactions during the year with related parties:

Rupees in crore

Particulars	Associates		Key Management Personnel		Entities over which Key Management Personnel exercise significant influence		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Receipts								
- Interest						0.55		0.55
- Others			0.00*	0.00*			0.00*	0.00*
Loans given						5.82		5.82
Investment - Equity	7.36						7.36	
Loan Repayment					0.50		0.50	
Remuneration Paid			18.60	29.51			18.60	29.51
Deposits Repaid				38.00				38.00
Interest Paid				3.13	1.17		1.17	3.13
Purchase of Goods	186.17				41.91	23.65	228.08	23.65
Processing charges paid					11.92	3.85	11.92	3.85
Sale of Goods	149.33				15.09		164.42	
Advances paid against Services	6.10						6.10	
Processing charges received					1.28		1.28	
Donations Given					0.41	0.40	0.41	0.40
Purchase of Shares					1.02		1.02	
Rent Paid					0.03		0.03	
Balances at end of the year:								
- Outstanding Payables	27.26				27.22	28.55	54.48	28.55
- Outstanding Receivables	96.52				26.94	69.21	123.46	69.21

* ₹20,040

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

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

- a. Receipts include interest received from Goldencross Pharma Pvt. Ltd. ₹Nil (Previous year ₹0.55 crore).
- b. Loans given to Goldencross Pharma Pvt. Ltd. ₹Nil (Previous year ₹5.82 crore).
- c. Investment-Equity made by Meditab Specialities Pvt. Ltd. into Stempeutics Research Pvt. Ltd. ₹7.36 crore (Previous year ₹Nil).
- d. Loan repaid by Sitec Labs Pvt. Ltd. to Mediorals Laboratories Pvt. Ltd. ₹0.50 crore (Previous year ₹Nil).
- e. Remuneration paid to Dr. Y.K. Hamied ₹6.03 crore (Previous year ₹8.53 crore), Mr. M.K. Hamied ₹6.10 crore (Previous year ₹8.11 crore), Mr. Amar Lulla ₹3.91 crore (Previous year ₹12.87 crore) and Mr. S. Radhakrishnan ₹2.56 crore (Previous year ₹Nil).
- f. Deposit repaid to Dr. Y.K. Hamied ₹Nil (Previous year ₹38.00 crore).
- g. Interest paid to Dr. Y.K. Hamied ₹Nil (Previous year ₹3.13 crore), Sitec Labs Pvt. Ltd. to Mediorals Laboratories Pvt. Ltd. ₹0.79 crore (Previous year ₹Nil) and Sitec Labs Pvt. Ltd. to Advanced Remedies Pvt. Ltd. ₹0.38 crore (Previous year ₹Nil).
- h. Purchase of goods from Okasa Pvt. Ltd. ₹10.80 crore (Previous year ₹Nil), Advanced Remedies Pvt. Ltd. ₹0.32 crore (Previous year ₹Nil), Mediorals Laboratories Pvt. Ltd. ₹1.16 crore (Previous year ₹Nil), Goldencross Pharma Pvt. Ltd. ₹18.62 crore (Previous year ₹18.45 crore), Medispray Laboratories Pvt. Ltd. ₹7.63 crore (Previous year ₹4.89 crore), Okasa Pharma Pvt. Ltd. ₹3.38 crore (Previous year ₹Nil), Shanghai Desano Chemical Pharmaceutical Co. Ltd. ₹11.96 crore (Previous year ₹Nil) and from Shanghai Desano Pharmaceutical Investment Co. Ltd. ₹174.21 crore (Previous year ₹Nil).
- i. Processing charges paid to Okasa Pharma Pvt. Ltd. ₹0.95 crore (Previous year ₹Nil), Advanced Remedies Pvt. Ltd. ₹2.61 crore (Previous year ₹1.03 crore), Mediorals Laboratories Pvt. Ltd. ₹2.63 crore (Previous year ₹0.94 crore), Goldencross Pharma Pvt. Ltd. ₹0.33 crore (Previous year ₹1.04 crore), Medispray Laboratories Pvt. Ltd. ₹5.08 crore (Previous year ₹0.84 crore) and Okasa Pvt. Ltd. ₹0.32 crore (Previous year ₹Nil).
- j. Sale of goods to Okasa Pvt. Ltd. ₹0.93 crore (Previous year ₹Nil), Okasa Pharma Pvt. Ltd. ₹8.01 crore (Previous year ₹Nil), Advanced Remedies Pvt. Ltd. ₹0.14 crore (Previous year ₹Nil), Mediorals Laboratories Pvt. Ltd. ₹0.37 crore (Previous year ₹Nil), Goldencross Pharma Pvt. Ltd. ₹0.37 crore (Previous year ₹Nil), Medispray Laboratories Pvt. Ltd. ₹5.27 crore (Previous year ₹Nil), Quality Chemicals Industries Ltd. ₹92.36 crore (Previous year ₹Nil) and to Shanghai Desano Chemical Pharmaceutical Co. Ltd. ₹56.97 crore (Previous year ₹Nil).
- k. Advance paid against services to Stempeutics Research Pvt. Ltd. ₹6.10 crore (Previous year ₹Nil).
- l. Processing charges received from Okasa Pvt. Ltd. ₹0.28 crore (Previous year ₹Nil), Advanced Remedies Pvt. Ltd. ₹0.02 crore (Previous year ₹Nil), Mediorals Laboratories Pvt. Ltd. ₹0.06 crore (Previous year ₹Nil), Medispray Laboratories Pvt. Ltd. ₹0.78 crore (Previous year ₹Nil) and Okasa Pharma Pvt. Ltd. ₹0.14 crore (Previous year ₹Nil).
- m. Donations made to Cipla Public Charitable Trust ₹0.41 crore (Previous year ₹0.40 crore).
- n. Purchase of Shares from Good Earth Remedies Ltd. ₹0.51 crore (Previous year ₹Nil) and from Globus Healthcare Ltd. ₹0.51 crore (Previous year ₹Nil).
- o. Rent paid to Okasa Pvt. Ltd. ₹0.03 crore (Previous year ₹Nil).
- p. Outstanding payables as on 31st March 2011 include Okasa Pvt. Ltd. ₹13.10 crore (Previous year ₹Nil), Goldencross Pharma Pvt. Ltd. ₹Nil (Previous year ₹3.90 crore), Medispray Laboratories Pvt. Ltd. ₹Nil (Previous year ₹13.60 crore), Advanced Remedies Pvt. Ltd. ₹0.02 crore (Previous year ₹8.89 crore), Mediorals Laboratories Pvt. Ltd. ₹0.38 crore (Previous year ₹Nil), Okasa Pharma Pvt. Ltd. ₹13.72 crore (Previous year ₹Nil), Shanghai Desano Chemical Pharmaceutical Co. Ltd. ₹7.13 crore (Previous year ₹Nil) and Shanghai Desano Pharmaceutical Investment Co. Ltd. ₹20.13 crore (Previous year ₹Nil).

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

- q. Outstanding Receivables as on 31st March 2011 include Okasa Pvt. Ltd. ₹19.62 crore (Previous year ₹Nil), Okasa Pharma Pvt. Ltd. ₹7.08 crore (Previous year ₹Nil), Advanced Remedies Pvt. Ltd. ₹0.01 crore (Previous year ₹Nil), Goldencross Pharma Pvt. Ltd. ₹Nil (Previous year ₹69.21 crore), Mediorals Laboratories Pvt. Ltd. ₹0.23 crore (Previous year ₹Nil), Quality Chemicals Industries Ltd. ₹39.29 crore (Previous year ₹Nil), Shanghai Desano Chemical Pharmaceutical Co. Ltd. ₹56.09 crore (Previous year ₹Nil) and Shanghai Desano Pharmaceutical Investment Co. Ltd. ₹1.14 crore (Previous year ₹Nil).

11. Segment Information

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

Rupees in crore

	India		Outside India		Total	
	2011	2010	2011	2010	2011	2010
Gross Revenue by geographical market	2818.34	2511.10	3361.49	2900.58	6179.83	5411.68
Less: Excise duty	49.52	52.16	-	-	49.52	52.16
Net Revenue by geographical market	2768.82	2458.94	3361.49	2900.58	6130.31	5359.52
Export Incentives & Technical Know-how/Fees	8.94	-	175.25	246.17	184.19	246.17
Other Revenue	82.94	79.47	-	-	82.94	79.47
Segment Revenue	2860.70	2538.41	3536.74	3146.75	6397.44	5685.16
Carrying amount of segment assets	6332.06	5293.21	1394.12	1535.62	7726.18	6828.83
Carrying amount of other unallocated assets					313.64	563.40
Capital expenditure	763.07	529.29	0.02	0.02	763.09	529.31

- Notes: a. The Segment Revenue in the geographical segments considered for disclosure are as follows:
- Revenue within India includes sales to customers located within India and earnings in India.
 - Revenue outside India includes sales to customers located outside India and earnings outside India.
- b. Segment Revenue comprises:

Rupees in crore

	2011	2010
Sales (Net of Excise Duty)	6130.31	5359.52
Other income excluding interest, dividend, profit on sale of investments & fixed assets and exchange gains	267.13	325.64
	6397.44	5685.16

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

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

12. The Company has identified Micro, Small and Medium Enterprises on the basis of information made available during the year by the respective suppliers or vendors of the Company.

Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 are as under:

		Rupees in crore	
		2011	2010
i.	The principal amount and the interest due thereon remaining unpaid to Suppliers		
a.	Principal	-	0.19
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	-	-

13. 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 recognized 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.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

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

b. Charge to Profit and Loss Account based on contributions

	Rupees in crore	
	2011	2010
Employees' Pension Scheme	9.31	6.62
Provident Fund	16.50	9.37
	25.81	15.99

c. Disclosures for defined benefit plans based on actuarial reports

	Rupees in crore	
	2011 Gratuity (Funded Plan)	2010 Gratuity (Funded Plan)
i. Change in defined benefit obligation		
Opening defined benefit obligation	27.16	20.58
Interest cost	2.17	1.75
Current service cost	4.91	4.09
Actuarial (gain)/loss on obligations	5.26	2.27
Benefits paid	(4.34)	(2.55)
Liability at the end of the year	35.16	26.14
ii. Change in fair value of assets		
Opening fair value of plan assets	23.29	15.91
Expected return on plan assets	1.86	1.67
Actuarial gain/(loss)	(0.43)	0.57
Contributions by employer	8.63	2.49
Transfer of plan assets	-	3.75
Benefits paid	(4.34)	(2.55)
Closing fair value of plan assets	29.01	21.84
iii. Amount recognised in Balance Sheet		
Present value of obligations as at year end	35.16	26.14
Fair value of plan assets as at year end	(29.01)	(21.84)
Net (asset)/liability recognised	6.15	4.30
iv. Expenses recognised in Profit and Loss Account		
Current service cost	4.91	4.09
Interest on defined benefit obligation	2.17	1.75
Expected return on plan assets	(1.86)	(1.67)
Net actuarial (gain)/loss recognised in the current year	5.72	1.70
Transfer of plan assets	-	(3.75)
Total expense recognised in Profit and Loss Account	10.94	2.12

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

Rupees in crore		
	2011	2010
	Gratuity (Funded Plan)	Gratuity (Funded Plan)
v. Actual return on plan assets		
Expected return on plan assets	1.86	1.67
Actuarial gain/(loss) on plan assets	(0.43)	0.57
Actual return on plan assets	1.43	2.24
vi. Asset information		
Insurer managed funds	100%	100%
vii. Principal Actuarial assumptions used		
Discounted rate (per annum)	8.25%	8.00%
Expected rate of return on plan assets (per annum)	8.25%	8.00%
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	35.16	26.14
Plan assets	(29.01)	(21.84)
Deficit/(Surplus)	6.15	4.30
Experience adjustment on plan liabilities-(gain)/loss	10.19	2.61
Experience adjustment on plan assets-gain/(loss)	(0.43)	0.57
ix. Expected employer's contribution for the next year	5.16	7.03

- 14.** During the year, the Company acquired an industrial undertaking at Kurkumbh on slump sale for a consideration of ₹30.64 crore. Consequently, the Goodwill arising on this transaction of ₹60,641 has been amortized in entirety in the accounts.

SCHEDULES TO THE CONSOLIDATED ACCOUNTS *contd.*

15. Basic and Diluted Earning per Share (EPS) has been computed as under:

	2011	2010
Profit After Tax - Before Exceptional Item (₹ in crore)	989.57	987.59
Weighted Average No. of shares outstanding	80,29,21,357	79,01,41,467
Basic/Diluted EPS - Before Exceptional Item	₹12.32	₹12.50
Profit After Tax – After Exceptional Item (₹ in crore)	989.57	1082.59
Weighted Average No. of shares outstanding	80,29,21,357	79,01,41,467
Basic/Diluted EPS per share - After Exceptional Item	₹12.32	₹13.70
Face Value per share	₹2.00	₹2.00

As per our report of even date

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

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

V. Mohan
Partner
Membership No. 17748

R. Rangarajan
Partner
Membership No. 41883

Mumbai, 29th June 2011

Y.K. Hamied
Chairman & Managing Director

M.K. Hamied
Joint Managing Director

H.R. Manchanda
M.R. Raghavan
Ramesh Shroff
Pankaj Patel
Directors

S. Radhakrishnan
Whole-time Director

Mital Sanghvi
Company Secretary

Mumbai, 29th June 2011

CONSOLIDATED CASH FLOW STATEMENT

		Rupees in crore	
For the year ended 31 st March 2011		2011	2010
(A) Cash Flow from Operating Activities			
Net profit before tax		1162.49	1326.09
Adjustments for:			
Depreciation and amortization of Goodwill	273.32		189.66
Interest expense	17.32		22.95
Interest expense allocated to Research & Development expenses	-		0.71
Sale of brand and other related rights	-		(95.00)
Unrealised foreign exchange (gains)/losses (Net)	(4.13)		16.89
Provision for doubtful debts and advances (Net)	0.48		39.68
Interest income	(7.13)		(18.41)
Dividend income	(8.96)		(9.35)
Profit on sale of investments (Net)	(0.32)		(0.10)
Loss on sale/discard of fixed assets (Net)	19.91		1.05
Rent income	(1.65)		(1.55)
		288.84	146.53
Operating profit before working capital changes		1451.33	1472.62
Adjustments for :			
(Decrease)/Increase in trade payables and other liabilities	(97.33)		30.77
Increase in inventories	(373.37)		(114.26)
Decrease/(Increase) in trade and other receivables	313.72		(90.33)
		(156.98)	(173.82)
Cash generated from operations		1294.35	1298.80
Direct taxes paid (Net)		(264.20)	(255.77)
Net cash from operating activities		(A) 1030.15	1043.03
(B) Cash Flow from Investing Activities			
Purchase of fixed assets/Capital work-in-progress		(710.46)	(529.31)
Sale of fixed assets		12.57	3.81
Purchase consideration for acquisition of undertaking		(30.64)	-
Investment in associates		(1.97)	-
Cash paid for acquisition, net of cash acquired		(208.22)	-
Share application money		(8.10)	-
Purchase of other investments		(5228.18)	(8886.57)
Sale of other investments		5251.28	8720.31
Sale of brand and other related rights		-	95.00
Interest received		7.41	17.90
Dividend received		8.96	9.35
Rent received		1.67	1.55
Short term deposits taken/(repaid) (Net)		(2.71)	5.21
Net cash used in investing activities		(B) (908.39)	(562.75)

CONSOLIDATED CASH FLOW STATEMENT *contd.*

	Rupees in crore	
	2011	2010
C Cash Flow from Financing Activities		
Proceeds from QIP issue	-	675.99
Expenses incurred on QIP issue	-	(6.89)
Proceeds from long term & other borrowings	867.74	462.27
Repayment of long term & other borrowings	(671.07)	(1397.44)
Interest paid	(17.32)	(23.66)
Dividend paid	(160.58)	(155.46)
Tax on dividend	(26.67)	(26.42)
Interim dividend paid	(64.23)	-
Tax on interim dividend	(10.67)	-
Net cash used in financing activities	(C) (82.80)	(471.61)
Net increase in cash and cash equivalents	(A)+(B)+(C) 38.96	8.67
Cash and Cash Equivalents as at the beginning of the year	62.06	53.39
Cash and Cash Equivalents as at the end of the year	101.02	62.06

- Notes: i. The above Cash Flow Statement has been prepared under the "Indirect Method" set out in AS-3, issued by the Institute of Chartered Accountants of India.
- ii. Cash and Cash Equivalents represent cash & bank balances and fixed deposits with banks.
- iii. Cash and Cash Equivalents includes ₹12.79 crore (Previous year ₹8.76 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>	
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	M.K. Hamied <i>Joint Managing Director</i>	S. Radhakrishnan <i>Whole-time Director</i>
V. Mohan <i>Partner</i> Membership No. 17748	R. Rangarajan <i>Partner</i> Membership No. 41883	H.R. Manchanda M.R. Raghavan Ramesh Shroff Pankaj Patel <i>Directors</i>	Mital Sanghvi <i>Company Secretary</i>
Mumbai, 29 th June 2011			Mumbai, 29 th June 2011

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-Fifth Annual General Meeting of the Company at Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai-400 034 on Thursday, 25th August 2011.

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-Fifth Annual General Meeting of the Company to be held on Thursday, 25th August 2011 at 3.00 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND 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

Rupees in crore

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Sales & Other Income	6433.88	5713.24	5315.82	4338.21	3763.72	3207.95	2482.87	2090.99	1599.00	1428.87
Profit before Tax	1151.39	1324.99	901.31	838.36	807.98	709.85	514.61	404.09	312.49	309.36
Profit after Tax	960.39	1081.49	776.81	701.43	668.03	607.64	409.61	306.69	247.74	235.11
Dividend	224.81	160.58	155.46	155.46	155.46	155.46	104.96	89.96	59.97	41.98
Tax on Dividend	36.72	26.67	26.42	26.42	26.42	21.80	14.95	11.53	7.68	-
Retained Earnings	698.86	894.24	594.93	519.55	486.15	430.38	289.70	194.11*	180.09	165.65*
Application of Funds										
Gross Block	4182.07	3579.68	3059.61	2434.91	1872.90	1453.68	1092.63	796.80	545.82	420.57
Net Block	3121.09	2695.41	2358.81	1894.48	1461.26	1143.62	844.87	603.57	399.88	299.43
Investments	570.28	265.10	81.32	94.75	117.80	22.43	18.30	180.37	126.59	143.70
Net Current Assets	3575.42	3137.80	3015.01	2456.19	1893.42	1384.08	970.60	756.64	694.48	520.46
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	0.10	0.17
Total	7266.79	6098.31	5455.14	4445.42	3472.48	2550.13	1833.77	1540.58	1221.05	963.76
Sources of Funds										
Share Capital	160.58	160.58	155.46	155.46	155.46	59.97	59.97	59.97	59.97	59.97
Reserves	6452.37	5753.51	4195.29	3600.36	3080.81	1923.30	1493.66	1204.08	1010.10	830.17
Net Worth	6612.95	5914.09	4350.75	3755.82	3236.27	1983.27	1553.63	1264.05	1070.07	890.14
Borrowings	441.39	5.07	940.24	540.45	123.56	468.91	191.20	210.58	94.78	33.88
Deferred Tax Liabilities	212.45	179.15	164.15	149.15	112.65	97.95	88.94	65.95	56.20	39.74
Total	7266.79	6098.31	5455.14	4445.42	3472.48	2550.13	1833.77	1540.58	1221.05	963.76

* After adjustments of earlier years

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