

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30th SEPTEMBER, 2009

(Rupees in crores)

		Quarter Ended		Half Year Ended		Year Ended
		30.09.2009	30.09.2008	30.09.2009	30.09.2008	31.03.2009 (Audited)
1	a) Gross Sales	1383.91	1317.63	2723.37	2504.61	5021.64
	Less: Excise Duty	12.73	15.17	26.93	31.39	61.04
	Net Sales	1371.18	1302.46	2696.44	2473.22	4960.60
	b) Other Operating Income	71.70	50.39	120.38	83.41	296.42
	Total Operating Income (a+b)	1442.88	1352.85	2816.82	2556.63	5257.02
2	Expenditure					
	a) (Increase)/ decrease in Stock-in-trade and work in progress	1.18	9.59	(58.02)	(38.51)	(113.55)
	b) Consumption of Materials	485.82	481.81	1004.42	932.18	1892.18
	c) Purchase of Traded Goods	152.57	136.15	299.82	297.44	588.04
	d) Employee Cost	86.42	78.64	181.44	163.14	316.95
	e) Depreciation	47.81	40.61	93.62	78.84	170.61
	f) Other Expenditure	336.05	435.65	666.80	795.96	1537.27
	g) Total	1109.85	1182.45	2188.08	2229.05	4391.50
3	Profit (+) / Loss (-) from Operations before Other Income and Interest (1- 2)	333.03	170.40	628.74	327.58	865.52
4	Other Income	12.82	16.87	24.79	33.89	69.75
5	Profit (+)/ Loss (-) before Interest (3 +4)	345.85	187.27	653.53	361.47	935.27
6	Interest	8.36	5.59	18.83	9.25	33.96
7	Profit (+)/ Loss (-) after Interest but before Tax (5-6)	337.49	181.68	634.70	352.22	901.31
8	Tax Expense					

	a) Current Tax	57.75	20.50	108.25	42.00	101.00
	b) Deferred Tax	4.00	7.75	9.00	15.00	15.00
	c) Fringe Benefit Tax	-	2.00	-	3.75	8.50
9	Net Profit (+) / Loss (-) after Tax (7-8)	275.74	151.43	517.45	291.47	776.81
10	Paid-up Equity Share Capital (Face Value Rs.2/- per share)	160.58	155.46	160.58	155.46	155.46
11	Reserves excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year					4186.32
12	Earning per Share (Rs.) * Not Annualised	*3.55	*1.95	*6.66	*3.75	9.99
13	Public Shareholding					
	- Number of Shares	489687091	465708166	489687091	465708166	462918088
	- Percentage of Shareholding	60.99	59.91	60.99	59.91	59.56
14	Promoters and Promoter Group Shareholding					
	a) Pledged/Encumbered					
	- Number of Shares	NIL		NIL		NIL
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	NIL		NIL		NIL
	- Percentage of shares (as a % of the total share capital of the Company)	NIL		NIL		NIL
	b) Non Encumbered					
	- Number of Shares	306108047		306108047		306108047
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00		100.00		100.00
	- Percentage of shares (as a % of the total share capital of the Company)	38.12		38.12		39.38

Notes:

1. The Company is essentially in the pharmaceutical business segment.
2. No investor grievances were pending at the beginning of the quarter. During the quarter ended 30th September, 2009, six investor grievances were received. As of 30th September, 2009 all grievances have been suitably replied to.
3. The paid-up equity share capital stands increased to Rs.160.58 crores (80,29,21,357 equity shares of Rs.2 each) upon allotment of 2,56,30,000 equity shares of Rs.2 each issued at a price of Rs.263.75 (including premium of Rs.261.75) under Qualified Institutions Placement (QIP) during the quarter.
4. The Company and other manufacturers have challenged the inclusion of five drugs i.e Salbutamol, Theophylline, Ciprofloxacin, Cloxacillin and Norfloxacin within the ambit of price control. The Bombay High Court held in favour of the Company that the drugs are outside the ambit of price control. However, on appeal, the Supreme Court has remanded the matter to the Bombay High Court to be reexamined in the light of certain directions and principles laid down by the Supreme Court. The matter is still pending in the Bombay High Court. The Supreme Court also stayed the recovery of amounts demanded from the Company and other petitioners but gave liberty to the government to recover 50% of the alleged overcharged amounts. In a separate writ petition filed before the Allahabad High Court, the Company had challenged the price fixation notifications in respect of formulations of the aforementioned and other drugs like Doxycycline, etc. The Allahabad High Court had ruled that all the said price fixation notifications were ultra vires, illegal and void. The government has filed an appeal against this judgement which is pending in the Supreme Court. The Supreme Court has stayed the judgement of the Allahabad High Court but directed that no prosecution can be launched or coercive action taken against the Company for recovery of any amount in respect of these drugs till the appeal has been finally decided. The Company has been advised that as a result of the order of the Supreme Court, the Company cannot be compelled to make payment of any amounts demanded in respect of these drugs. Despite the aforementioned order of the Supreme Court, the government has issued various demand notices from time to time in respect of these very drugs demanding various amounts including interest for varying periods. The total amount demanded as of date including interest, amounts to Rs.1136.96 crores. The Company has received legal advice that none of the demand notices of the government is tenable, sustainable or payable and the Company has also informed the same to the government.
5. The figures of the previous year have been regrouped/recast to render them comparable with the figures of the current year.
6. The above results after being reviewed by the Audit Committee were approved at the meeting of the Board of Directors held on 28th October, 2009.

By order of the Board
For **CIPLA LIMITED**

Financial Review – Period ended September 2009*(Rupees in crores)*

	Quarter Ended			Half Year Ended		
	30.09.2009	30.09.2008	% change	30.09.2009	30.09.2008	% change
Domestic	631.44	591.27	6.8%	1283.32	1176.77	9.1%
Exports -						
Formulations	581.91	602.34	-3.4%	1129.07	1026.50	10.0%
APIs & others	170.56	124.02	37.5%	310.98	301.34	3.2%
Total Exports	752.47	726.36	3.6%	1440.05	1327.84	8.5%
% of exports to total sales	54.4%	55.1%		52.9%	53.0%	
Total Sales	1383.91	1317.63	5.0%	2723.37	2504.62	8.7%
Other operating income						
Technology knowhow/fees	50.80	42.93		76.48	58.48	
Others	20.90	7.46		43.90	24.93	
Total	71.70	50.39	42.3%	120.38	83.41	44.3%
Income from Operations	1455.61	1368.02	6.4%	2843.75	2588.02	9.9%
Material cost	639.57	627.55		1246.22	1191.11	
% to income from operations	43.9%	45.9%		43.8%	46.0%	
Operating margin	380.84	211.01	80.5%	722.36	406.42	77.7%
% to income from operations	26.2%	15.4%		25.4%	15.7%	
Profit before tax	337.49	181.68	85.8%	634.70	352.22	80.2%

% to income from operations	23.2%	13.3%		22.3%	13.6%	
Profit after tax	275.74	151.43	82.1%	517.45	291.47	77.5%
% to income from operations	18.9%	11.1%		18.2%	11.3%	

During the quarter, domestic sales grew by about 7% and export sales grew by about 4%. Exports of APIs & others grew by more than 37% whereas formulations have declined by about 3.5%. While there has been a reduction in formulation exports on a year-on-year basis, the overall growth is more than 6% on a sequential basis. The lower growth is primarily attributed to high base in the corresponding quarter last year as well as delay in availability of certain key materials. The growth in domestic sales has been lower during the quarter on account of seasonal variations.

Material cost (as a percent to income from operations) has decreased during the quarter mainly due to changes in product mix including lower contribution of anti-retroviral segment thereby resulting in better operating margins.

The increase in staff cost (Rs. 8 cr) is in line with the increase in operations. There has been a decrease of about 23% in other expenditure (Rs. 100 cr) mainly on account of favourable foreign exchange situation (gain of Rs. 7.5 cr as compared to loss of Rs. 104.5 cr in corresponding quarter last year). Interest cost has increased by about Rs. 3 cr due to short-term working capital loans and fixed deposits availed by the company. Depreciation has increased by about Rs. 7 cr due to addition of fixed assets.

The Company has provided for tax under Minimum Alternate Tax (MAT).