

**UNAUDITED FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 31st DECEMBER, 2007**

(Rupees in crores)

		Quarter Ended		Nine Months Ended		Year Ended
		31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.03.2007 (Audited)
1	Gross Sales & Income from Operations	1128.41	904.50	3174.71	2706.67	3665.64
	Less: Excise Duty	23.92	23.97	70.00	73.00	94.93
	Net Sales & Income from Operations	1104.49	880.53	3104.71	2633.67	3570.71
2	Other Income	24.20	32.80	84.56	73.74	98.08
3	Total Income (1+2)	1128.69	913.33	3189.27	2707.41	3668.79
4	Expenditure					
	a) (Increase)/ decrease in Stock-in-trade and work in progress	(0.49)	(31.29)	(33.02)	5.36	30.73
	b) Consumption of Materials	412.98	387.56	1213.28	954.21	1296.52
	c) Purchase of Traded Goods	101.94	77.10	331.34	270.95	398.33
	d) Employees Cost	63.81	45.79	181.28	140.95	184.59
	e) Depreciation	32.96	27.50	95.96	78.00	103.37
	f) Other Expenditure	264.00	188.77	764.87	593.13	840.32
	g) Total	875.20	695.43	2553.71	2042.60	2853.86
5	Interest	3.84	1.32	7.03	5.67	6.95
6	Profit (+) / Loss (-) before Tax (3)-(4 +5)	249.65	216.58	628.53	659.14	807.98
7	Tax Expense					
	a) Current Tax	31.50	26.50	85.00	111.50	121.75
	b) Deferred Tax	6.25	5.00	18.75	10.00	14.70
	c) Fringe Benefit Tax	1.25	0.70	3.75	2.55	3.50
8	Net Profit (+) / Loss (-) after Tax (6-7)	210.65	184.38	521.03	535.09	668.03

9	Paid-up Equity Share Capital (Face Value Rs.2/- per share)	155.46	155.46	155.46	155.46	155.46
10	Reserves excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year					3071.84
11	Earning per Share (Rs.) * Not Annualised	*2.71	*2.37	*6.70	*6.90	8.61
12	Public Shareholding					
	- Number of Shares	465708166	461723309	465708166	461723309	462223309
	- Percentage of Shareholding	59.91	59.40	59.91	59.40	59.47

**Notes:**

1. The Company is exclusively in the pharmaceutical business segment.
2. No investor grievances were pending at the beginning of the quarter. During the quarter ended 31st December, 2007, thirteen investor grievances were received. As of 31st December, 2007 all grievances have been suitably replied to.
3. The Company had challenged the inclusion of the drugs – Salbutamol, Theophylline, Ciprofloxacin, Cloxacillin and Norfloxacin – within the ambit of price control. The petition filed by the Company had been decided in favour of the Company by the Bombay High Court, which held that the said drugs were outside the ambit of price control. However, on an appeal filed by the government, the Supreme Court remanded the matter to the Bombay High Court for further and more detailed examination in the light of the principles laid down by the Supreme Court. Pending this, the Supreme Court also gave liberty to government to recover 50% of the amount that they had claimed was overcharged. The government had sent notices to the Company demanding an aggregate of Rs.180.37 crores in respect of the said drugs, which, according to them, was 50% of the amount allegedly overcharged by the Company till July 2003. The Company had not deposited the amount demanded, as in another petition challenging the price fixation notifications of these drugs, the Karnataka High Court had granted an interim stay against the government. Subsequently, in separate proceedings on the same basis as before the Karnataka High Court, the Allahabad High Court had ruled that the prices fixed by the government in respect of the said drugs were ultra vires, illegal and void. On an appeal filed by the government against this ruling, the Supreme Court stayed the judgment of the Allahabad High Court but directed that no prosecution should be launched or coercive action taken against the Company for recovery, till the appeal was finally decided. The Company has, subsequently, in April 2007 received demand notices for the entire 100% of the aforesaid amount along with interest, aggregating Rs.748.27 crores - contrary to the orders of the Supreme Court. During May 2007 and November 2007, the Company has received further demand notices for Rs.267.35 crores inclusive of interest which according to them was allegedly overcharged by the Company during the period August 2003 to March 2007 in respect of the same drugs. Further in January 2008, the Company

has received fresh claims for alleged overcharging of Rs.27.30 crores inclusive of interest in respect of Ciprofloxacin for the period December 2003 to June 2007. The Company has received legal advice that the demand notices of the government are not tenable and sustainable.

4. The figures of the previous year have been regrouped/recast to render them comparable with the figures of the current year.
5. The above results after being reviewed by the Audit Committee were approved at the meeting of the Board of Directors held on 24th January, 2008.

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

Mumbai  
24<sup>th</sup> January, 2007

**Dr. Y. K. Hamied**  
Chairman & Managing Director

### Financial Review - Period ended December 2007

#### Financial performance:

(Rupees in crores)

	Quarter Ended			Nine Months Ended		
	31.12.2007	31.12.2006	% change	31.12.2007	31.12.2006	% change
Domestic	519.51	435.30	19.3%	1534.24	1352.56	13.4%
Exports - Formulations	371.08	311.30	19.2%	1097.32	909.95	20.6%
APIs	139.84	106.57	31.2%	363.15	341.46	6.4%
<b>Total Exports</b>	<b>510.92</b>	<b>417.87</b>	<b>22.3%</b>	<b>1460.47</b>	<b>1251.41</b>	<b>16.7%</b>
% of exports to total sales	49.6%	49.0%		48.8%	48.1%	
<b>Total Sales</b>	<b>1030.43</b>	<b>853.17</b>	<b>20.8%</b>	<b>2994.71</b>	<b>2603.97</b>	<b>15.0%</b>
Other operating income						
Technology knowhow/fees	74.80	25.65		127.48	52.25	

Others	23.18	25.68		52.51	50.45	
<b>Total</b>	<b>97.98</b>	<b>51.33</b>	<b>90.9%</b>	<b>180.00</b>	<b>102.70</b>	<b>75.3%</b>
<b>Income from Operations</b>	<b>1128.41</b>	<b>904.50</b>	<b>24.8%</b>	<b>3174.71</b>	<b>2706.67</b>	<b>17.3%</b>
<b>Operating margin</b>	262.25	212.60	23.4%	646.96	669.07	-3.3%
% to income from operations	23.2%	23.5%		20.4%	24.7%	
<b>Profit before tax</b>	249.65	216.58	15.3%	628.53	659.14	-4.6%
% to income from operations	22.1%	23.9%		19.8%	24.4%	
<b>Profit after tax</b>	210.65	184.38	14.2%	521.03	535.09	-2.6%
% to income from operations	18.7%	20.4%		16.4%	19.8%	

Cipla continued to maintain its lead in the domestic market being ranked no. 1 in terms of market share in the domestic pharma retail market for the month of November 2007, first eleven months of 2007 as well as last 12 months as per ORG-IMS data. During the third quarter 2007-08, while domestic sales grew more than 19%, export sales grew more than 22% inspite of the impact of rupee appreciation.

Material cost is in line with the previous quarter. However, operating margins are higher mainly due to receipt of technical fees during the quarter.

Employee cost has increased by Rs. 18 crores due to overall increase in manpower, salary revisions and change in Bonus Act. Other expenditure has increased by Rs. 75 crores mainly due to increased expenditure on advertisement campaign, repairs and maintenance, professional fees and travel expenditure. Of the above increase, an amount of Rs. 17 cr is of a onetime nature.

Tax for the quarter is slightly lower because of tax incentives available for EOUs and at Baddi.