

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31st DECEMBER, 2009

(Rupees in crores)

		Quarter Ended		Nine Months Ended		Year Ended
		31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.03.2009 (Audited)
1	a) Gross Sales	1357.87	1280.41	4081.24	3785.02	5021.64
	Less: Excise Duty	13.71	16.11	40.64	47.50	61.04
	Net Sales	1344.16	1264.30	4040.60	3737.52	4960.60
	b) Other Operating Income	94.34	75.95	214.72	159.36	296.42
	Total Operating Income (a+b)	1438.50	1340.25	4255.32	3896.88	5257.02
2	Expenditure					
	a) (Increase)/ decrease in Stock-in-trade and work in progress	(32.79)	(62.37)	(90.81)	(100.88)	(113.55)
	b) Consumption of Materials	470.25	467.36	1474.67	1399.54	1892.18
	c) Purchase of Traded Goods	187.29	187.11	487.11	484.55	588.04
	d) Employee Cost	88.95	77.04	270.39	240.18	316.95
	e) Depreciation	45.67	41.15	139.29	119.99	170.61
	f) Other Expenditure	344.92	375.24	1011.72	1171.20	1537.27
	g) Total	1104.29	1085.53	3292.37	3314.58	4391.50
3	Profit (+) / Loss (-) from Operations before Other Income and Interest (1- 2)	334.21	254.72	962.95	582.30	865.52
4	Other Income	17.84	18.49	42.63	52.38	69.75
5	Profit (+)/ Loss (-) before Interest (3 +4)	352.05	273.21	1005.58	634.68	935.27
6	Interest	4.37	11.02	23.20	20.27	33.96
7	Profit (+)/ Loss (-) after Interest but before Tax (5-6)	347.68	262.19	982.38	614.41	901.31

8	Tax Expense					
	a) Current Tax	52.65	27.50	160.90	69.50	101.00
	b) Deferred Tax	6.00	7.50	15.00	22.50	15.00
	c) Fringe Benefit Tax	-	3.75	-	7.50	8.50
9	Net Profit (+) / Loss (-) after Tax (7-8)	289.03	223.44	806.48	514.91	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	*3.60	*2.87	*10.26	*6.62	9.99
13	Public Shareholding					
	- Number of Shares	500524317	463331663	500524317	463331663	462918088
	- Percentage of Shareholding	62.34	59.61	62.34	59.61	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	295485978		295485978		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)	36.80	36.80	39.38
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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 31st December, 2009, five investor grievances were received. As of 31st December, 2009 all grievances have been suitably replied to.
3. 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.1157.12 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.
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 28th January, 2010.

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

Mumbai
28th January, 2010

Dr. Y. K. Hamied
Chairman & Managing Director

Financial Review – Period ended December 2009

(Rupees in crores)

	Quarter Ended			Nine Months Ended		
	31.12.2009	31.12.2008	% change	31.12.2009	31.12.2008	% change
Domestic	659.21	578.06	14.0%	1942.53	1754.83	10.7%
Exports - Formulations	575.76	590.72	-2.5%	1704.83	1617.21	5.4%
APIs & others	122.90	111.63	10.1%	433.88	412.98	5.1%
Total Exports	698.66	702.35	-0.5%	2138.71	2030.19	5.3%
% of exports to total sales	51.5%	54.9%		52.4%	53.6%	
Total Sales	1357.87	1280.41	6.0%	4081.24	3785.02	7.8%
Other operating income						
Technology knowhow/fees	70.27	61.30		146.74	119.78	
Others	24.07	14.65		67.98	39.58	
Total	94.34	75.95	24.2%	214.72	159.36	34.7%
Income from Operations	1452.21	1356.36	7.1%	4295.96	3944.38	8.9%
Material cost	624.75	592.10		1870.97	1783.21	
% to income from operations	43.0%	43.7%		43.6%	45.2%	
Operating margin	379.86	295.88	28.4%	1102.24	702.29	56.9%
% to income from operations	26.2%	21.8%		25.7%	17.8%	
Profit before tax	347.68	262.19	32.6%	982.38	614.41	59.9%
% to income from operations	23.9%	19.3%		22.9%	15.6%	

Profit after tax	289.03	223.44	29.4%	806.48	514.91	56.6%
% to income from operations	19.9%	16.5%		18.8%	13.1%	

During the quarter, while domestic sales grew by about 14%, export sales were almost equal on a year-on-year basis. Exports of APIs & others grew by more than 10% whereas formulations have declined by about 2.5%. The lower growth in formulation exports is primarily due to lower sales of ARV products particularly in the case of tender business. The reduction in volume is mainly due to conscious policy of the Company to be more cost effective in such type of business. As a result, while there has been an adverse impact on turnover, the margins have improved.

Material cost (as a percent to income from operations) has marginally decreased during the quarter due to changes in product mix. Operating margins have improved mainly due to a decline in other expenditure such as selling expenses and foreign exchange loss.

The increase in staff cost (Rs. 12 cr) is in line with the increase in operations. There has been a decrease of about 8% in other expenditure (Rs. 30 cr) mainly on account of lower foreign exchange loss (Rs. 24 cr as compared Rs. 43 cr in corresponding quarter last year) and decrease in selling expenses (Rs. 27 cr). Interest cost has decreased by about Rs. 7 cr due to repayment of short-term working capital loans and fixed deposits availed by the company. Depreciation has increased by about Rs. 4 cr due to addition of fixed assets.

The Company has provided for tax under Minimum Alternate Tax (MAT). However, the liability for the current quarter has increased due to the increase in rate of MAT.