

**UNAUDITED FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 30th JUNE, 2009**

(Rupees in crores)

	Quarter Ended		Year Ended
	30.06.2009	30.06.2008	31.03.2009 (Audited)
1. a) Gross Sales	1339.46	1186.98	5021.64
Less: Excise Duty	14.20	16.22	61.04
Net Sales	1325.26	1170.76	4960.60
b) Other Operating Income	50.78	36.36	296.42
Total Operating Income (a+b)	1376.04	1207.12	5257.02
2. Expenditure			
a) (Increase)/decrease in Stock-in-trade and work in progress	(59.20)	(48.10)	(113.55)
b) Consumption of Materials	518.60	450.37	1892.18
c) Purchase of Traded Goods	147.25	161.29	588.04
d) Employees Cost	95.02	84.50	316.94
e) Depreciation	45.81	38.23	170.61
f) Other Expenditure	332.85	363.65	1537.27
g) Total	1080.33	1049.94	4391.49
3. Profit (+)/Loss (-) from Operations before Other Income and Interest (1-2)	295.71	157.18	865.53
4. Other Income	11.97	17.02	69.75
5. Profit (+)/Loss (-) before Interest (3+4)	307.68	174.20	935.28

6. Interest	10.47	3.66	33.96
7. Profit (+)/Loss (-) after Interest but before Tax (5-6)	297.21	170.54	901.32
8. Tax Expense	50.50	21.50	101.00
a) Current Tax	5.00	7.25	15.00
b) Deferred Tax	-	1.75	8.50
c) Fringe Benefit Tax			
9. Net Profit (+) / Loss (-) after Tax (7-8)	241.71	140.04	776.82
10. Paid-up Equity Share Capital (Face Value Rs.2/- per share))	155.46	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	*3.11	*1.80	9.99
13. Public Shareholding			
- Number of Shares	464372787	465708166	462918088
- Percentage of Shareholding	59.74	59.91	59.56
14. Promoters and Promoter Group Shareholding			
a) Pledged/Encumbered	NIL	NIL	NIL
- 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)			
b) Non Encumbered			
- Number of Shares	306108047		306108047
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00		100.00
	39.38		39.38

- Percentage of shares (as a % of the total share capital of the Company)

## 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 June, 2009, seven investor grievances were received. As of 30th June, 2009 all grievances have been suitably replied to.

3.

The Company has provided for current tax based on Minimum Alternate Tax (MAT) rate of 15% with applicable surcharge and education cess and discontinued providing for Fringe Benefit Tax (FBT), in view of the proposals contained in the Finance Bill (No.2), 2009.

4.

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 a number of drugs including the above 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. In addition during the financial year 2007- 2008, the Company has received from the government further demand notices inclusive of interest for Rs.362.12 crores which according to the government was allegedly overcharged by the Company for the period upto March 2007 in respect of the aforesaid drugs. Further the Company has in March 2008 received a demand notice from the government for an amount of Rs.0.32 crores inclusive of interest allegedly overcharged in respect of the drug Doxycycline. In July 2009, the Company has received demand notices for an amount of Rs.64.39 crores including interest in respect of the drug Salbutamol upto June 2009 and an amount of Rs.2.19 crores (including interest of Rs.0.74 crores upto June 2009) in respect of the drug Norfloxacin for the period October 2005 to March 2006. The Company has received legal advice that none of these demand notices of the government is tenable or sustainable.

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 29th July 2009.

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

Mumbai  
29th July, 2009

**M. K. Hamied**  
Joint Managing Director

### Financial Review - Period ended June 2009

#### Financial performance:

*(Rupees in crores)*

	Q1 FY0910	Q1 FY0809	% change
Domestic	651.89	585.50	11.3%
Exports			
Formulations	547.16	424.15	29.0%
APIs & others	140.41	177.33	-20.8%
<b>Total Exports</b>	<b>687.57</b>	<b>601.48</b>	<b>14.3%</b>
% of exports to total sales	51.3%	50.7%	
<b>Total Sales</b>	<b>1339.46</b>	<b>1186.98</b>	<b>12.8%</b>
Other operating income			
Technology know-how/fees	25.68	15.55	
Others	25.10	20.81	
<b>Total</b>	<b>50.78</b>	<b>36.36</b>	<b>39.6%</b>

Income from Operations	1390.24	1223.34	13.6%
<b>Material Cost</b>	606.65	563.56	
% to income from operations	43.6%	46.1%	
<b>Operating margin</b>	341.52	195.41	74.8%
% to income from operations	24.6%	16.0%	
<b>Profit before tax</b>	297.21	170.54	74.3%
% to income from operations	21.4%	13.9%	
<b>Profit after tax</b>	241.71	140.04	72.6%
% to income from operations	17.4%	11.4%	

During the quarter, domestic sales grew by more than 11% and export sales grew by more than 14%. While exports of formulations grew by 29%, APIs & others have declined by about 21%.

Material cost (as a percent to income from operations) has decreased during the quarter mainly due to changes in product mix and favourable exchange rate as compared to the corresponding quarter of the previous year. Operating margins also increased due to this impact of exchange rate since exports are booked at prevailing exchange rates.

The increase in staff cost (Rs. 10 cr) is in line with the increase in operations. There has been a decrease of about 9% in other expenditure (Rs. 30 cr) mainly on account of lower foreign exchange loss (Rs. 27 cr as compared to Rs. 75 cr in corresponding quarter of last year). Interest cost has increased by about Rs. 7 cr due to short-term working capital loans and fixed deposits availed by the company. Depreciation has increased by about Rs. 8 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 proposed as per Finance Bill (No. 2), 2009.