UNAUDITED FINANCIAL RESULTS

FOR THE QUARTER ENDED 31st DECEMBER, 2008

(Rupees in crores)

		Quarter Ended		Nine Months Ended		Year Ended
		31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.03.2008 (Audited)
1	a) Gross Sales	1280.41	1030.43	3785.02	2994.71	4088.56
	Less:Excise Duty	16.11	23.92	47.50	70.00	90.66
	Net Sales	1264.30	1006.51	3737.52	2924.71	3997.90
	b) Other Operating Income	77.69	97.98	166.28	180.00	220.55
2	Total Operating Income	1341.99	1104.49	3903.80	3104.71	4218.45
3	Expenditure					
	a) (Increase)/ decrease in Stock-in-trade and work in progress	(62.37)	(0.49)	(100.88)	(33.02)	(41.37)
	b) Consumption of Materials	467.36	412.98	1399.54	1213.28	1642.39
	c) Purchase of Traded Goods	187.11	101.94	484.55	331.34	458.94
	d) Employees Cost	77.04	63.81	240.18	181.28	255.45
	e) Foreign Exchange (Gain)/Loss	42.63	(13.17)	221.79	(41.70)	(67.08)
	f) Depreciation	41.15	32.96	119.99	95.96	130.68
	g) Other Expenditure	334.35	264.00	956.33	764.87	1042.07
	h) Total	1087.27	862.03	3321.50	2512.01	3421.08
4	Profit (+) / Loss (-) from Operations before Other Income and Interest (2-3)	254.72	242.46	582.30	592.70	797.37
5	Other Income	18.49	11.03	52.38	42.86	52.68
6	Profit (+)/ Loss (-) before Interest (4 +5)	273.21	253.49	634.68	635.56	850.05
7	Interest	11.02	3.84	20.27	7.03	11.69
8	Profit (+)/ Loss (-) after Interest but before Tax (6-7)	262.19	249.65	614.41	628.53	838.36
9	Tax Expense					
	a) Current Tax	27.50	31.50	69.50	85.00	94.00

	b) Deferred Tax	7.50	6.25	22.50	18.75	36.50
	c) Fringe Benefit Tax	3.75	1.25	7.50	3.75	6.43
10	Net Profit (+) / Loss (-) after Tax (8-9)	223.44	210.65	514.91	521.03	701.43
11	Paid-up Equity Share Capital (Face Value Rs.2/- per share)	155.46	155.46	155.46	155.46	155.46
12	Reserves excluding Revaluation Reserves as per Balance Sheet of previous Accounting Year					3591.39
13	Earning per Share (Rs.) * Not Annualised	*2.87	*2.71	*6.62	*6.70	9.02
14	Public Shareholding					
	- Number of Shares	463331663	465708166	463331663	465708166	465708166
	- Percentage of Shareholding	59.61	59.91	59.61	59.91	59.91

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, 2008, eleven investor grievances were received. As of 31st December, 2008 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 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. The Company has received legal advice that none of these demand notices of the government is tenable or 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 22nd January, 2009.

By order of the Board

For **CIPLA LIMITED**

Mumbai

22nd January, 2009

Dr. Y. K. Hamied

Chairman & Managing Director

Financial Review - Period ended December 2008

(Rupees in crores)

		Quarter Ended			Nine Months Ended		
		31.12.2008	31.12.2007	% change	31.12.2008	31.12.2007	% change
Domestic		578.06	519.51	11.3%	1754.83	1534.24	14.4%
Exports -	Formulations	590.72	371.08	59.2%	1617.21	1097.32	47.4%
	APIs & others	111.63	139.84	-20.2%	412.98	363.15	13.7%
	Total Exports	**702.35**	**510.92**	**37.5%**	**2030.19**	**1460.47**	**39.0%**
	% of exports to total sales	54.9%	49.6%		53.6%	48.8%	
Total Sales		**1280.41**	**1030.43**	**24.3%**	**3785.02**	**2994.71**	**26.4%**
Other operating income							
	Technology knowhow/fees	61.30	74.80		119.78	127.48	
	Others	16.39	23.19		46.50	52.52	

Total	**77.69**	**97.99**	**-20.7%**	**166.28**	**180.00**	**-7.6%**
Income from Operations	**1358.10**	**1128.42**	**20.4%**	**3951.30**	**3174.71**	**24.5%**
Material Cost	592.10	514.43		1783.21	1511.60	
% to income from operations	43.6%	45.6%		45.1%	47.6%	
Operating margin*	338.50	262.25	29.1%	924.08	646.96	42.8%
% to income from operations	24.9%	23.2%		23.4%	20.4%	
Profit before tax	262.19	249.65	5.0%	614.41	628.53	-2.2%
% to income from operations	19.3%	22.1%		15.5%	19.8%	
Profit after tax	223.44	210.65	6.1%	514.91	521.03	-1.2%
% to income from operations	16.5%	18.7%		13.0%	16.4%	

During the quarter, domestic sales grew by more than 11% and export sales grew by more than 37%. This was mainly due to a 59% growth in formulations. However, the APIs segment has not grown mainly on account of lower sales of certain key bulk drugs.

Material cost (as a percent to income from operations) has decreased during the quarter mainly due to improved exports on account of favourable exchange rate pursuant to the depreciation of the rupee and changes in product mix. This impact of the exchange rate is also reflected in increased operating margins, as compared to the previous year, since exports are booked at prevailing exchange rates.

There has been an increase of about 21% in staff cost (Rs. 13 cr) on account of overall increase in manpower. Other expenditure has also gone up by about 27% (Rs. 70 cr) mainly on account of overall increase in manufacturing expenses (Rs. 17 cr), processing charges (Rs. 9 cr) and sales expenditure (Rs. 32 cr). Interest cost has increased by Rs. 7 cr due to short-term working capital loans availed during the quarter as well as general increase in interest rates in the economy.

The Company has provided Rs. 42 cr on account of net loss for the quarter on revaluation of forward contracts, outstanding debtors & foreign currency loans consequent to the depreciation of the rupee against the USD.

Tax for the quarter as a percentage of profit before tax is lower because of tax incentives availed for EOUs, Baddi and Sikkim.

*Excluding foreign exchange loss/gain