

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30th SEPTEMBER, 2008

(Rupees in crores)

		Quarter Ended		Half Year Ended		Year Ended
		30.09.2008	30.09.2007	30.09.2008	30.09.2007	31.03.2008 (Audited)
1	a) Gross Sales	1317.63	1057.01	2504.61	1964.28	4088.56
	Less: Excise Duty	15.17	19.08	31.39	46.08	90.66
	Net Sales	1302.46	1037.93	2473.22	1918.20	3997.90
	b) Other Operating Income	52.23	60.46	88.59	82.02	220.55
2	Total Operating Income	1354.69	1098.39	2561.81	2000.22	4218.45
3	Expenditure					
	a) (Increase)/ decrease in Stock-in-trade and work in progress	9.59	(12.31)	(38.51)	(32.53)	(41.37)
	b) Consumption of Materials	481.81	430.95	932.18	800.30	1642.39
	c) Purchase of Traded Goods	136.15	129.31	297.44	229.40	458.94
	d) Employee Cost	78.64	52.90	163.14	117.47	255.45
	e) Foreign Exchange (Gain)/Loss	104.50	(19.96)	179.16	(28.53)	(67.08)
	f) Depreciation	40.61	32.75	78.84	63.00	130.68
	g) Other Expenditure	332.99	273.52	621.98	500.87	1042.07
	h) Total	1184.29	887.16	2234.23	1649.98	3421.08
4	Profit (+) / Loss (-) from Operations before Other Income and Interest (2- 3)	170.40	211.23	327.58	350.24	797.37
5	Other Income	16.87	21.86	33.89	31.83	52.68
6	Profit (+)/ Loss (-) before Interest (4 +5)	187.27	233.09	361.47	382.07	850.05
7	Interest	5.59	2.37	9.25	3.19	11.69
8	Profit (+)/ Loss (-) after Interest but before Tax (6-7)	181.68	230.72	352.22	378.88	838.36

9	Tax Expense					
	a) Current Tax	20.50	32.35	42.00	53.50	94.00
	b) Deferred Tax	7.75	6.25	15.00	12.50	36.50
	c) Fringe Benefit Tax	2.00	1.50	3.75	2.50	6.43
10	Net Profit (+) / Loss (-) after Tax (8-9)	151.43	190.62	291.47	310.38	701.43
11	Paid-up Equity Share Capital (Face Value Rs.2/-)	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	*1.95	*2.45	*3.75	*3.99	9.02
14	Public Shareholding					
	- Number of Shares	465708166	465708166	465708166	465708166	465708166
	- Percentage of Shareholding	59.91	59.91	59.91	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 30th September, 2008, six investor grievances were received. As of 30th September, 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 October, 2008.

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

Mumbai
22nd October, 2008

Dr. Y. K. Hamied
Chairman & Managing Director

Financial Review – Period ended September 2008

(Rupees in crores)

	Quarter Ended			Half Year Ended		
	30.09.2008	30.09.2007	% change	30.09.2008	30.09.2007	% change
Domestic	591.27	509.38	16.1%	1176.76	1014.73	16.0%
Exports -						
Formulations	602.35	405.90	48.4%	1026.50	726.24	41.3%
APIs	124.02	141.73	-12.5%	301.35	223.31	34.9%
Total Exports	726.37	547.63	32.6%	1327.85	949.55	39.8%
% of exports to total sales	55.1%	51.8%		53.0%	48.3%	

Total Sales	1317.63	1057.01	24.7%	2504.61	1964.28	27.5%
Other operating income						
Technology knowhow/fees	42.93	41.35		58.48	52.68	
Others	9.30	19.11		30.11	29.34	
Total	52.23	60.46	-13.6%	88.59	82.02	8.0%
Income from Operations	1369.86	1117.47	22.6%	2593.20	2046.30	26.7%
Material cost	627.55	547.95		1191.11	997.17	
% to income from operations	45.8%	49.0%		45.9%	48.7%	
Operating margin*	315.51	224.02	40.8%	585.58	384.71	52.2%
% to income from operations	23.0%	20.0%		22.6%	18.8%	
Profit before tax	181.68	230.72	-21.3%	352.22	378.88	-7.0%
% to income from operations	13.3%	20.6%		13.6%	18.5%	
Profit after tax	151.43	190.62	-20.6%	291.47	310.38	-6.1%
% to income from operations	11.1%	17.1%		11.2%	15.2%	

During the quarter, domestic sales grew by about 16% and export sales grew by about 33%. This was mainly due to a 48% growth in formulations.

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 49% in staff cost (Rs. 26 cr) on account of annual increments and addition of manpower at various units, particularly Sikkim, as well as field staff. Other expenditure has also gone up by 22% (Rs. 59 cr) on account of overall increase in manufacturing expenses (Rs. 12 cr), power & fuel cost (Rs. 16 cr), freight (Rs. 8 cr) and expenditure on travel & conferences (Rs. 9 cr).

The Company has provided Rs. 104 crore on account of net loss for the quarter on revaluation of forward contracts & foreign currency loans consequent to the depreciation of the rupee against the USD. A substantial

portion of these losses (amounting to Rs. 74 crores) is notional.

Tax for the quarter as a percentage of profit before tax is lower because of tax incentives availed for EOUs, Baddi and Sikkim. However, deferred tax liability for the quarter is higher due to increased depreciation claim as per income tax.

*Excluding foreign exchange loss/gain