

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31st MARCH, 2008

(Rupees in crores)

		Quarter Ended		Year Ended	
		31.03.2008	31.03.2007	31.03.2008	31.03.2007 (Audited)
1	Gross Sales & Income from Operations	1142.76	960.38	4317.47	3665.64
	Less: Excise Duty	20.66	21.91	90.66	94.93
	Net Sales & Income from Operations	1122.10	938.47	4226.81	3570.71
2	Other Income	40.67	22.06	125.23	98.08
3	Total Income (1+2)	1162.77	960.53	4352.04	3668.79
4	Expenditure				
	a) (Increase)/decrease in Stock-in-trade and work in progress	(0.28)	28.46	(33.30)	30.73
	b) Consumption of Materials	455.32	341.63	1668.60	1296.52
	c) Purchase of Traded Goods	114.98	127.38	446.32	398.33
	d) Employees Cost	73.03	43.34	254.31	184.59
	e) Depreciation	36.67	26.08	132.63	103.37
	f) Other Expenditure	276.36	250.67	1041.23	840.32
	g) Total	956.08	817.56	3509.79	2853.86
5	Interest	4.56	1.29	11.59	6.95
6	Profit (+) / Loss (-) before Tax (3)-(4 +5)	202.13	141.68	830.66	807.98
7	Tax Expense				
	- Current Tax	18.75	12.50	103.75	121.75
	- Deferred Tax	1.25	2.50	20.00	14.70
	- Fringe Benefit Tax	2.68	0.95	6.43	3.50
8	Net Profit (+) / Loss (-) after Tax (6-7)	179.45	125.73	700.48	668.03
9	Paid-up Equity Share Capital (Face Value Rs.2/- per share)	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	*2.30	*1.62	9.01	8.61
12	Public Shareholding				
	- Number of Shares	465708166	462223309	465708166	462223309
	- Percentage of Shareholding	59.91	59.47	59.91	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 March, 2008, seven investor grievances were received. As of 31st March, 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 2007-08, the Company has received from the government further demand notices inclusive of interest for Rs.362.12 crores which according to them 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 guidance on implementing AS15, Employee Benefits (Revised 2005) issued by the Accounting Standards Board (ASB) which requires interest shortfall to be met by the employer, states that provident funds set up by employers, needs to be treated as defined benefit plan. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the provident fund liability. Accordingly, the Company is unable to exhibit the related disclosures.
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 25th April, 2008.

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

Mumbai
25th April, 2008

Y. K. Hamied
Chairman & Managing Director

Financial Review - Period ended March 2008

Financial performance:

(Rupees in crores)

	Quarter Ended			Year Ended		
	31-03-08	31-03-07	%change	31-03-08	31-03-07	%change
Domestic	452.48	399.73	13.2%	1986.72	1752.72	13.4%
Exports						
Formulations	472.95	387.87	21.9%	1570.27	1296.82	21.1%
APIs	<u>176.86</u>	<u>141.46</u>	25.0%	<u>540.01</u>	<u>483.62</u>	11.7%
Total Exports	649.81	529.33	22.8%	2110.28	1780.44	18.5%
% of exports to total sales	59.0%	57.0%		51.5%	50.4%	
Total Sales	1102.29	929.06	18.6%	4097.00	3533.16	16.0%
Other operating income						
Technology knowhow/fees	25.91	24.18		153.38	76.47	
Others	<u>14.56</u>	<u>7.14</u>		<u>67.09</u>	<u>56.01</u>	
Total	40.47	31.32	29.2%	220.47	132.48	66.4%
Income from Operations	1142.76	960.38	19.0%	4317.47	3665.64	17.8%
Operating margin	202.69	146.99	37.9%	849.65	820.22	3.6%
% to income from operations	17.7%	15.3%		19.7%	22.4%	

Profit before tax	202.13	141.68	42.7%	830.66	807.98	2.8%
% to income from operations	17.7%	14.8%		19.2%	22.0%	
Profit after tax	179.45	125.73	42.7%	700.48	668.03	4.9%
% to income from operations	15.7%	13.1%		16.2%	18.2%	

Cipla has crossed the USD 1 billion mark in terms of turnover for the year 2007-08. While domestic sales grew by more than 13%, export sales posted a growth of about 23% for the quarter. Total sales for the year 2007-08 has increased by 16% which has been in line with the estimates.

Inspite of the appreciation of the rupee against the US Dollar, material cost (as a percent to income from operations) is lower as compared to the corresponding quarter of previous year mainly due to change in product mix.

Employee cost has increased by about Rs. 30 crores as compared to the previous quarter mainly on account of annual increments, increase in manpower, Director's commission & impact of change in accounting guidelines for employee benefits (AS-15) relating to earned leave, gratuity, leave travel assistance, etc. Other expenditure has increased mainly due to increased expenditure on sales promotion/advertisement campaign (including travel expenditure) and processing charges. Although, depreciation has increased as compared to the previous year's quarter, it is in line with the previous quarter.

Tax for the quarter is lower on account of tax incentives available at Baddi and EOUs. Other income for the quarter has increased to Rs. 41 crores mainly due to foreign exchange gains amounting to Rs. 25 crores (YTD – Rs. 65 crores).