

**UNAUDITED FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 30th SEPTEMBER, 2007**

(Rupees in crores)

		Quarter Ended		Half Year Ended		Year Ended
		30.09.2007	30.09.2006	30.09.2007	30.09.2006	31.03.2007 (Audited)
1	Gross Sales & Income from Operations	1117.47	915.26	2046.30	1802.17	3665.64
	Less: Excise Duty	19.08	22.22	46.08	49.03	94.93
	Net Sales & Income from Operations	1098.39	893.04	2000.22	1753.14	3570.71
2	Other Income	41.82	18.99	60.36	40.94	98.08
3	Total Income (1+2)	1140.21	912.03	2060.58	1794.08	3668.79
4	Expenditure					
	a) (Increase)/ decrease in Stock-in-trade and work in progress	(12.31)	3.89	(32.53)	36.65	30.73
	b) Consumption of Materials	430.95	316.59	800.30	566.65	1296.52
	c) Purchase of Traded Goods	129.31	90.14	229.40	193.85	398.33
	d) Employee Cost	52.90	43.85	117.47	95.16	184.59
	e) Depreciation	32.75	24.50	63.00	50.50	103.37
	f) Other Expenditure	273.52	210.97	500.87	404.36	840.32
	g) Total	907.12	689.94	1678.51	1347.17	2853.86
5	Interest	2.37	1.56	3.19	4.35	6.95
6	Profit (+) / Loss (-) before Tax (3)-(4 +5)	230.72	220.53	378.88	442.56	807.98
7	Tax Expense					
	a) Current Tax	32.35	37.00	53.50	85.00	121.75
	b) Deferred Tax	6.25	2.50	12.50	5.00	14.70
	c) Fringe Benefit Tax	1.50	0.75	2.50	1.85	3.50

8	Net Profit (+) / Loss (-) after Tax (6-7)	190.62	180.28	310.38	350.71	668.03
9	Paid-up Equity Share Capital (Face Value Rs.2/-)	155.46	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	*2.45	*2.32	*3.99	*4.53	8.61
12	Public Shareholding					
	- Number of Shares	465708166	461723309	465708166	461723309	462223309
	- Percentage of Shareholding	59.91	59.40	59.91	59.40	59.47

**Notes:**

1. The Company is exclusively in the pharmaceutical business segment.
2. One investor grievance was pending at the beginning of the quarter. During the quarter ended 30th September, 2007, ten investor grievances were received. As of 30th September, 2007 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 the said 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 May 2007, the Company has received further demand notices for Rs.193.65 crores

inclusive of interest which according to them was allegedly overcharged by the Company during the period August 2003 to March 2006 in respect of the same five drugs. The Company has received legal advice that the demand notices of the government are not tenable and 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 24th October 2007.

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

Mumbai  
24th October, 2007

**Dr. Y. K. Hamied**  
Chairman & Managing Director

### Financial Review – Period ended September 2007

#### Financial performance:

(Rupees in crores)

	Quarter Ended			Half Year Ended		
	30.09.2007	30.09.2006	% change	30.09.2007	30.09.2006	% change
Domestic	509.38	444.40	14.6%	1014.73	917.26	10.6%
Exports - Formulations	405.90	280.00	45.0%	726.24	598.65	21.3%
APIs	141.73	159.72	-11.3%	223.31	234.89	-4.9%
<b>Total Exports</b>	<b>547.63</b>	<b>439.72</b>	<b>24.5%</b>	<b>949.55</b>	<b>833.54</b>	<b>13.9%</b>
% of exports to total sales	51.8%	49.7%		48.3%	47.6%	
<b>Total Sales</b>	<b>1057.01</b>	<b>884.12</b>	<b>19.6%</b>	<b>1964.28</b>	<b>1750.80</b>	<b>12.2%</b>
Other operating income						
Technology knowhow/fees	41.34	17.58		52.68	26.60	

Others	19.11	13.56		29.33	24.77	
<b>Total</b>	<b>60.46</b>	<b>31.14</b>	<b>94.2%</b>	<b>82.02</b>	<b>51.37</b>	<b>59.7%</b>
<b>Income from Operations</b>	<b>1117.47</b>	<b>915.26</b>	<b>22.1%</b>	<b>2046.30</b>	<b>1802.17</b>	<b>13.5%</b>
<b>Material Cost</b>	547.95	410.62		997.17	797.15	
% to income from operations	49.0%	44.9%		48.7%	44.2%	
<b>Operating margin</b>	224.02	227.60	-1.6%	384.71	456.47	-15.7%
% to income from operations	20.0%	24.9%		18.8%	25.3%	
<b>Profit before tax</b>	230.72	220.53	4.6%	378.88	442.56	-14.4%
% to income from operations	20.6%	24.1%		18.5%	24.6%	
<b>Profit after tax</b>	190.62	180.28	5.7%	310.38	350.71	-11.5%
% to income from operations	17.1%	19.7%		15.2%	19.5%	

According to ORG-IMS figures, Cipla has been ranked no. 1 in terms of market share in the domestic pharma retail market for the month of September 2007, first nine months of this year as well as last 12 months. During the second quarter 2007-08, domestic sales grew by about 15% and the export segment grew by about 25%. All the major segments including anti-asthmatics, cardiovascular, anti-biotics/bacterials and anti-retrovirals segments have shown satisfactory performance in the domestic market. In the exports markets anti-retrovirals, anti-asthmatics and anti-malarials segments have performed well.

Although material cost & other expenditure are in line with the previous quarter, operating margins are higher due to technical fees received during the quarter.

Other expenditure has gone up by more than Rs. 60 crores mainly on account of increased expenditure on advertisement campaign, travel expenditure and sales expenditure.

Tax for the quarter is lower because of tax incentives available for EOUs and at Baddi. However, deferred tax liability for the quarter is higher due to increased depreciation claim as per income tax.

Other income has increased mainly due to foreign exchange gains on account of revaluation of forward contracts, outstanding debtors & foreign currency loans resulting in a net gain of about Rs. 20 crores.

