

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30th JUNE, 2007

(Rupees in crores)

	Quarter Ended		Year Ended
	30.06.2007	30.06.2006	31.03.2007 (Audited)
1. Gross Sales & Income from Operations	928.83	886.91	3665.64
Less: Excise Duty	27.00	26.81	94.93
Net Sales & Income from Operations	901.83	860.10	3570.71
2. Other Income	18.54	21.95	98.08
3. Total Expenditure			
a) (Increase)/decrease in Stock-in-trade	(20.22)	32.76	30.73
b) Consumption of Materials	469.44	353.77	1694.85
c) Staff Cost	64.57	51.31	184.59
d) Other Expenditure	227.35	193.39	840.32
4. Interest	0.82	2.79	6.95
5. Depreciation	30.25	26.00	103.37
6. Profit (+)/Loss (-) before Tax (1+2-3-4-5)	148.16	222.03	807.98
7. Provision for Taxation			
- Current Tax	21.15	48.00	121.75
- Deferred Tax	6.25	2.50	14.70
- Fringe Benefit Tax	1.00	1.10	3.50
8. Net Profit (+)/Loss (-) after Tax (6-7)	119.76	170.43	668.03
9. Paid-up Equity Share Capital	155.46	155.46	155.46

10. Reserves excluding Revaluation Reserve(as per balance-sheet of previous accounting year)			3071.84
11. Earning per Share (Rs.) * Not Annualised	*1.54	*2.21	8.61

Notes :

1. The Company is exclusively in the pharmaceutical business segment.
2. The Directors at their meeting held today recommended payment of dividend of Rs.2 per equity share (face value Rs.2) for the year 2006-2007 amounting to Rs.155.46 crores.
3. No investor grievances were pending at the beginning of the quarter. During the quarter ended 30th June, 2007, twelve investor grievances were received. As of date all grievances except one have been suitably replied to.
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 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.
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 and taken on record at the meeting of the Board of Directors held on 20th July 2007.

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

Mumbai
20th July, 2007

M. K. Hamied
Joint Managing Director

Financial Review - Period ended June 2007

Financial performance:

(Rupees in crores)

	Q1 FY0708	Q1 FY0607	% change
Domestic	505.35	472.86	6.9%
Exports			
Formulations	320.34	318.65	0.5%
APIs	81.58	75.17	8.5%
Total Exports	401.92	393.82	2.1%
% of exports to total sales	44.3%	45.4%	
Total Sales	907.27	866.68	4.7%
Other operating income			
Technology knowhow/fees	11.34	9.02	
Others	10.22	11.21	
Total	21.56	20.23	6.6%
Income from Operations	928.83	886.91	4.7%
Operating margin	160.69	228.87	-29.8%

% to income from operations	17.3%	25.8%	
Profit before tax	148.16	222.03	-33.3%
% to income from operations	16.0%	25.0%	
Profit after tax	119.76	170.43	-29.7%
% to income from operations	12.9%	19.2%	

During the quarter, domestic sales grew by about 7%. This was lower than estimates mainly on account of lower stocking of certain older brand of products at the primary level. Export sales had a marginal growth of 2%. This was mainly due to a drastic appreciation of the Indian rupee as well as lower growth in formulation exports.

Although material cost (as a percent to income from operations) is lower than the previous quarter, it is significantly higher as compared to the corresponding quarter of the previous year. This is mainly due to the appreciation of the rupee and changes in product mix.

There has been a significant increase of 26% in staff cost on account of annual increments and overall increase in manpower. Other expenditure has also gone up by 16% on account of overall increase in manufacturing expenses, repairs & maintenance and travel expenditure. The increase in manufacturing expenses was partly due to the new Patalganga EOU which is now fully functional and travel expenditure has increased due to expenses for recruitment & training and one-time expenditure for international conferences.

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.