

**UNAUDITED FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 31ST DECEMBER, 2003**

(Rupees in million)

		Quarter Ended		Nine Months Ended		Year Ended
		31.12.2003	31.12.2002	31.12.2003	31.12.2002	31.03.2003 (Audited)
1	Net Sales & Income from Operations	5225.5	3870.0	14606.3	11842.9	15727.8
2	Other Income	88.5	58.7	235.6	147.4	262.2
3	Total Expenditure					
	a) (Increase) / decrease in Stock-in-trade	(244.7)	(337.4)	236.3	(538.6)	(773.0)
	b) Consumption of Materials	2566.2	1961.8	6626.9	5733.7	7928.8
	c) Staff Cost	225.6	182.3	681.2	537.5	734.6
	d) Excise Duty	419.7	270.3	1026.5	865.6	1125.1
	e) Other Expenditure	1159.3	903.9	3167.3	2551.5	3548.9
4	Interest	39.7	3.5	68.4	7.5	17.2
5	Depreciation	90.0	79.0	265.0	216.5	283.5
6	Profit (+) / Loss (-) before Tax (1+2-3-4-5)	1058.2	865.3	2770.3	2616.6	3124.9
7	Provision for Taxation	305.0	200.7	650.0	609.1	647.5
8	Net Profit (+) / Loss (-) after Tax (6-7)	753.2	664.6	2120.3	2007.5	2477.4
9	Paid-up Equity Share Capital	599.7	599.7	599.7	599.7	599.7
10	Reserves excluding Revaluation Reserves (as per balance-sheet of previous accounting year)					9997.9
11	Earning per Share * Not Annualised	*12.56	*11.08	*35.36	*33.47	41.31

**Notes:**

1. Provision for tax includes deferred taxation.
2. The Company is exclusively in the pharmaceutical business segment.
3. The figures of the previous year have been regrouped to render them comparable with the figures of the current year.
4. No investor grievances were pending at the beginning of the quarter. During the quarter ended 31st December, 2003, 68 investor grievances were received and have been suitably replied.
5. The Company had challenged the inclusion of the drugs - Salbutamol, Theophylline, Ciprofloxacin 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 appeal filed, the Supreme Court has remanded the matter to the Bombay High Court for further and more detailed examination in light of the principles laid down by the Supreme Court. The Supreme Court has also permitted the government to recover 50% of the amount that they claimed have been overcharged. The government has sent notices to the Company demanding an aggregate of Rs.179.83 crores in respect of the said drugs, which according to them is 50% of the amount allegedly overcharged by the Company till July, 2003. The Company has however not paid the same in view of the interim orders obtained by the Company in different proceedings from the Karnataka High Court and the Allahabad High Court in respect of the abovementioned drugs. The Company has also obtained legal opinion that it is not liable to make any payment of the said amounts at this stage in view of the aforementioned orders. Accordingly, the Company continues to consider the impugned demand as a contingent liability.
6. The above results were taken on record at the meeting of the Board of Directors held on 30th January, 2004.

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

Goa  
30th January, 2004

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

### Financial Review - Quarter ended December 2003

#### Financial performance:

(Rupees in million)

	Q3 FY0304	Q3 FY0203	% change
Domestic	2995.5	2641.7	13.4%
Exports			
Formulations	997.6	713.6	39.8%
APIs	1068.9	433.9	146.3%
<b>Total</b>	<b>5062.0</b>	<b>3789.2</b>	<b>33.6%</b>

Other operating income	163.5	80.8	102.4%
<b>Total</b>	<b>5225.5</b>	<b>3870.0</b>	<b>35.0%</b>
Operating margin	21.0%	23.0%	
Profit before tax	20.3%	22.4%	
Profit after tax	14.4%	17.2%	

Cipla topped the monthly rankings for sales of prescription drugs during December 2003 (as per ORG report). Domestic sales for the third quarter 2003 recorded a growth of more than 13% and export sales for the same period recorded an impressive growth of 80%.

The anti-asthmatics and cardiovascular segments have shown good performance in the domestic market. In the exports markets, the anti-AIDS, anti-depressants, anti-asthmatics and CNS segments have shown good performance.

Material cost (as a percent to sales) is lower on account of product mix mainly due to exports (both formulations and APIs) where the margins have been higher as compared to the previous quarters of the current year.

Other expenses have increased mainly due to increase in maintenance costs of our units to meet international regulatory standards and higher recurring costs on overheads such as manufacturing, stores & spares, etc.

Excise duty has increased due to change in proportion of dutiable products to duty-exempted products.

The increase in interest cost is due to short-term borrowings during the quarter.

The net tax liability for the quarter has gone up as a percentage to profit before tax due to lower deduction available to the Company on account of export profits u/s 80 HHC of the Income Tax Act from Rs 37 cr in FY 0203 to Rs 22.5 cr in FY 0304.

Other operating income has increased during the quarter due to payments received for product development under various agreements with foreign partners & higher export benefits.

Other income has increased mainly on account of accrued interest & foreign exchange gains.