

**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS  
FOR THE QUARTER AND NINE MONTHS ENDED 31<sup>ST</sup> DECEMBER 2016**

(₹ in crore)

Particulars	Quarter Ended			Nine Months Ended		Year Ended
	31.12.2016	30.09.2016	31.12.2015	31.12.2016	31.12.2015	31.03.2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>1. Income from operations</b>						
a) Net Sales/Income from Operations (Inclusive of excise duty)	2587.75	2738.61	2637.70	8028.59	9106.10	11828.74
b) Other Operating Income	87.25	75.38	75.84	250.86	228.84	288.98
<b>Total Income from operations</b>	<b>2675.00</b>	<b>2813.99</b>	<b>2713.54</b>	<b>8279.45</b>	<b>9334.94</b>	<b>12117.72</b>
<b>2. Expenses</b>						
a) Cost of materials consumed	726.18	758.38	890.15	2154.88	2878.80	3633.34
b) Purchases of stock-in-trade	267.97	272.55	264.79	812.27	729.49	1037.56
c) Changes in inventories of finished goods, Work-in-progress and stock-in-trade	(35.69)	52.72	32.06	191.71	(34.84)	228.35
d) Employee benefits expense	420.59	452.40	437.87	1334.52	1320.08	1778.56
e) Depreciation, amortisation and impairment expense	134.91	128.94	110.83	374.81	323.63	437.56
f) Other expenses	763.97	826.14	756.35	2381.89	2496.67	3386.48
<b>Total expenses</b>	<b>2277.93</b>	<b>2491.13</b>	<b>2492.05</b>	<b>7250.08</b>	<b>7713.83</b>	<b>10501.85</b>
<b>3. Profit / (Loss) from operations before Other Income, finance costs and exceptional items (1-2)</b>	<b>397.07</b>	<b>322.86</b>	<b>221.49</b>	<b>1029.37</b>	<b>1621.11</b>	<b>1615.87</b>
<b>4. Other Income</b>	<b>44.68</b>	<b>32.77</b>	<b>68.86</b>	<b>108.66</b>	<b>219.93</b>	<b>280.30</b>
<b>5. Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>441.75</b>	<b>355.63</b>	<b>290.35</b>	<b>1138.03</b>	<b>1841.04</b>	<b>1896.17</b>
<b>6. Finance costs</b>	<b>15.31</b>	<b>6.80</b>	<b>21.80</b>	<b>35.18</b>	<b>117.68</b>	<b>147.07</b>
<b>7. Profit / (Loss) from ordinary activities after finance costs but before exceptional items and tax (5-6)</b>	<b>426.44</b>	<b>348.83</b>	<b>268.55</b>	<b>1102.85</b>	<b>1723.36</b>	<b>1749.10</b>
<b>8. Exceptional Items</b>	-	-	-	-	-	-
<b>9. Profit / (Loss) from ordinary activities before tax (7+8)</b>	<b>426.44</b>	<b>348.83</b>	<b>268.55</b>	<b>1102.85</b>	<b>1723.36</b>	<b>1749.10</b>
<b>10. Tax expense</b>	<b>85.21</b>	<b>19.59</b>	<b>42.30</b>	<b>153.73</b>	<b>270.24</b>	<b>284.89</b>
<b>11. Net Profit / (Loss) from ordinary activities after tax (9-10)</b>	<b>341.23</b>	<b>329.24</b>	<b>226.25</b>	<b>949.12</b>	<b>1453.12</b>	<b>1464.21</b>
<b>12. Other Comprehensive Income / (Loss), net of tax</b>	<b>(0.27)</b>	<b>(2.23)</b>	<b>(1.75)</b>	<b>0.70</b>	<b>(5.25)</b>	<b>(7.00)</b>
<b>13. Total Comprehensive Income / (Loss) for the period (11+12)</b>	<b>340.96</b>	<b>327.01</b>	<b>224.50</b>	<b>949.82</b>	<b>1447.87</b>	<b>1457.21</b>
<b>14. Paid-up equity share capital (Face Value ₹2 per equity share)</b>	<b>160.88</b>	<b>160.84</b>	<b>160.65</b>	<b>160.88</b>	<b>160.65</b>	<b>160.68</b>
<b>15. Earnings per share (₹)</b>						
- Basic	*4.25	*4.10	*2.82	*11.81	*18.10	18.23
- Diluted	*4.24	*4.09	*2.80	*11.79	*18.03	18.18
*Not Annualised						

Notes:

1. The Company adopted Indian Accounting Standards ('Ind AS') from 1<sup>st</sup> April 2016 as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. The Company has adopted all standards under Ind AS, and the adoptions were carried out in accordance with Ind AS 101, First-time adoption of Indian Accounting Standards. Financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34, Interim Financial Reporting.
2. Reconciliation between financial results as previously reported under Indian GAAP and Ind AS.

(₹ in crore)

Particulars	Profit reconciliation		
	Quarter Ended	Nine Months ended	Year Ended
	31.12.2015	31.12.2015	31.03.2016
	Unaudited	Unaudited	Unaudited
<b>Net Profit / (Loss) as per Previous GAAP</b>	<b>265.98</b>	<b>1363.41</b>	<b>1398.03</b>
Deferment of revenue recognition on customer contracts	1.78	(11.67)	(9.90)
Impact on account of measuring intercompany loans at amortised cost	4.16	12.48	16.65
Others	(5.07)	(1.10)	2.83
Impact on deferred taxes	(40.60)	90.00	56.60
<b>Net Profit / (Loss) before OCI as per IND AS</b>	<b>226.25</b>	<b>1453.12</b>	<b>1464.21</b>

3. The Company had received notices of demand from the National Pharmaceutical Pricing Authority (NPPA), Government of India, on account of alleged overcharging in respect of certain drugs under the Drugs (Prices Control) Order, 1995 ("DPCO, 1995"). These notices have been subject to challenge by the Company on the question of fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995 and also if some of the specified drugs be subjected to price control, based on the parameters contained in the Drug Policy, 1994. The Company challenged these notices in the Hon'ble Bombay High Court on the ground that bulk drugs contained in the said formulations are not amenable to price control, based on the parameters contained in the Drug Policy, 1994 on which the DPCO, 1995 is based and in the Hon'ble Allahabad High Court on process followed for fixation of pricing norms. These Petitions were decided in favour of the Company and the matters were carried in Appeal by the Government to the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India in August 2003 remanded the question of inclusion of certain drugs under price control to the Hon'ble Bombay High Court, after interpreting some of the criteria laid down in the Drug policy for inclusion/exclusion of drugs under price control.

In February 2013, the Hon'ble Supreme Court of India transferred the Hon'ble Bombay High Court Petitions, also before itself for a final hearing on both the matters. These Petitions were thereafter transferred back to Bombay High Court vide Order dated 20<sup>th</sup> July 2016, along with directions that 50% of the demands raised as mentioned in its earlier Order dated August 2003 be deposited by the Petitioners in the Bombay Petitions, within six (6) weeks. Accordingly, the Company deposited a sum of ₹175.08 Crores on 22<sup>nd</sup> August 2016.

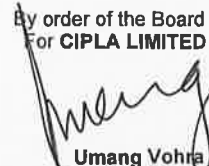
The Hon'ble Supreme Court of India vide its Order and Judgment dated 21<sup>st</sup> October 2016, allowed the Appeals filed by the Government against the Judgment and Order of the Hon'ble Allahabad High Court regarding fixation of retail prices. Further, the said order was specific to fixation of retail prices without adhering to the formula/process laid down in DPCO, 1995. The grounds relating to inclusion of certain drugs within the span of price control continues to be sub-judice with the Hon'ble Bombay High Court. The Company has been legally advised that it has a substantially strong case on the merits of the matter, especially under the guidelines/principles of interpretation of the Drug Policy enunciated by the Hon'ble Supreme Court of India. Although, the recent decision of Hon'ble Supreme Court dated 21<sup>st</sup> October 2016 referred above was in favour of the Government, basis the facts and legal advice on the matter sub-judice with the Hon'ble Bombay High Court, no provision is considered necessary in respect of the notices of demand received till date aggregating to ₹1768.51 crore. It may be noted that NPPA in its public disclosure has stated the total demand amount against the Company to be ₹2567.53 crore, however, the Company has not received any further notices beyond an aggregate amount of ₹1768.51 crore.

4. During the quarter ended 31<sup>st</sup> December 2016, in accordance with Employee Stock Option Scheme dated 31<sup>st</sup> October 2013 ("ESOS 2013-A"), 5,87,970 stock options have been granted to employees of the Company and its subsidiary company at an exercise price equal to face value of the equity share. These options would vest not earlier than 1 year and not later than 2 years from the date of grant of options.
5. The paid-up equity share capital stands increased to ₹160.88 crore (80,43,94,380 equity shares of ₹2 each) upon allotment of 1,83,909 equity shares of ₹2 each pursuant to ESOS 2013-A during the quarter ended 31<sup>st</sup> December 2016.
6. The figures of the previous year/period have been regrouped/recast to render them comparable with the figures of the current period.

7. The above results have been reviewed by the Audit Committee and approved by Board of Directors at its meeting held on 8<sup>th</sup> February 2017. The results for the quarter and nine months ended 31<sup>st</sup> December 2016 has been reviewed by the Statutory Auditors. The results for the quarter and nine months ended 31<sup>st</sup> December 2015, prepared under the erstwhile accounting standards have been reviewed by the previous Joint Statutory Auditors and differences in the accounting principles adopted by the Company on transition to Ind AS have been reviewed by the Statutory Auditors. The results for year ended 31<sup>st</sup> March 2016, prepared under the erstwhile accounting standards have been audited by the previous Joint Statutory Auditors and differences in accounting principles adopted by the Company on transition to Ind AS are reviewed by Statutory Auditors.

Mumbai  
8<sup>th</sup> February 2017

By order of the Board  
For CIPLA LIMITED



**Umang Vohra**  
*Managing Director and Global Chief Executive Officer*