

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30th SEPTEMBER, 2005

(Rupees in million)

		Quarter Ended		Half Year Ended		Year Ended
		30.09.2005	30.09.2004	30.09.2005	30.09.2004	31.03.2005 (Audited)
1	Gross Sales & Income from Operations	6967.6	6211.7	13976.7	11894.1	24008.7
	Less: Excise Duty	250.6	398.0	631.6	786.1	1463.7
	Net Sales & Income from Operations	6717.0	5813.7	13345.1	11108.0	22545.0
2	Other Income	15.3	74.2	98.9	193.1	819.8
3	Total Expenditure					
	a) (Increase)/decrease in Stock-in-trade	85.3	(64.1)	(32.1)	(217.1)	(668.7)
	b) Consumption of Materials	2825.6	3001.6	6092.6	5860.8	11615.6
	c) Staff Cost	303.4	262.1	695.6	563.8	1165.8
	d) Other Expenditure	1730.1	1295.1	3317.3	2514.1	5479.2
4	Interest	16.9	39.5	30.6	53.2	76.3
5	Depreciation	215.0	125.0	350.0	255.0	550.5
6	Profit (+)/Loss (-) before Tax (1+2-3-4-5)	1556.0	1228.7	2990.0	2271.3	5146.1
7	Provision for Taxation					
	a) Current Tax	266.0	205.0	533.5	430.0	820.0
	b) Deferred Tax	50.0	65.0	97.5	90.0	230.0
	c) Fringe Benefit Tax	14.0	-	19.0	-	-
8	Net Profit (+)/Loss (-) after Tax (6-7)	1226.0	958.7	2340.0	1751.3	4096.1
9	Paid-up Equity Share Capital	599.7	599.7	599.7	599.7	599.7
10	Reserves excluding Revaluation Reserves					14836.0
11	Earning per Share (Rs.) * Not Annualised	*4.09	*3.20	*7.80	*5.84	13.66
12	Aggregate of Non-Promoter Shareholding					

- Number of Shares	177090533	177030533	177090533	177030533	177070533
- Percentage of Shareholding	59.06	59.04	59.06	59.04	59.05

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 30th September, 2005, 13 investor grievances were received and have been suitably replied to.
3. 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 an appeal filed by the government, 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 had also permitted the 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.1803.7 million in respect of the said drugs, which according to them was 50% of the amount allegedly overcharged by the Company till July 2003. Subsequently, in a separate proceeding the Allahabad High Court had ruled that the prices fixed by the government in respect of the said drugs were illegal and void. On an appeal filed by the government against this ruling, the Supreme Court has stayed the judgement of the Allahabad High Court. Further, the Supreme Court has directed that no coercive action shall be taken against the Company till the appeal is finally decided. The Company has received legal advise that the demand notices of the government are not sustainable.
4. Due to unprecedented rains on 26th July, 2005, the Company's godowns at Bhiwandi were flooded causing substantial damage to its stocks of finished goods. The insurance claims are under process. It is expected that the amount of settlement of insurance claims will not be less than the cost of damaged stocks.
5. The above results were taken on record at the meeting of the Board of Directors held on 27th October, 2005.

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

Mumbai
27th October, 2005

M. K. Hamied
Joint Managing Director

Financial Review - Period ended September 2005

Financial performance:

(Rupees in million)

	Quarter Ended			Half Year Ended		
	Q2 FY0506	Q2 FY0405	% change	H2 FY0506	H2 FY0405	% change
Domestic	3635.6	3633.0	0.07%	7575.8	7163.7	5.75%
Exports - Formulations	2480.1	1579.2	57.05%	4633.6	2996.8	54.62%
APIs	725.4	837.9	-13.4%	1419.0	1451.6	-2.24%
Total Exports	3205.5	2417.1	32.62%	6052.6	4448.4	36.06%
% of exports to total sales	46.9%	39.9%		44.41%	38.31%	
Total Sales	6841.1	6050.1	13.07%	13628.4	11612.1	17.36%
Other operating income						
Technology knowhow/fees	75.3	97.3		93.8	170.3	
Others	51.2	64.3		254.5	111.7	
Total	126.5	161.6	-21.72%	348.3	282.0	23.51%
Income from Operations	6967.6	6211.7	12.17%	13976.7	11894.1	17.51%
Operating margin	1772.6	1319.0	34.4%	3271.7	2386.4	37.1%
% to income from operations	25.4%	21.2%		23.4%	20%	
Profit before tax	1556.0	1228.7	26.6%	2990.0	2271.3	31.6%
% to income from operations	22.3%	19.8%		21.4%	19.1%	
Profit after tax	1226.0	958.7	27.9%	2340.0	1751.3	33.6%
% to income from operations	17.6%	15.4%		16.7%	14.7% ^s	

Sales in the second quarter was affected by the substantial damage to stocks of finished goods at Bhiwandi, which was in excess of Rs.100 crores, due to floods. Despite this setback, our formulations exports grew by 57% and thereby the overall increase from operations for the quarter was around 12%. However API exports were down by nearly 13%.

The company's profitability showed a marked improvement and the operating margins showed a steep increase of 4.2%. This was mainly on account of a higher contribution of exports business to overall sales and higher contribution in the case of APIs and formulations exports on account of product mix.

Staff cost showed an increase of 15% and overall expenditure increased by 33% mainly on account of the new plant at Baddi becoming operational this year. Depreciation showed a steep increase of 72% to the tune of Rs. 9 crores mainly on account of substantial additions of about Rs. 200 crores to fixed assets at Goa and Baddi.

Material cost (as a percent to sales) is lower mainly on account of a better product mix as compared to the corresponding period of the previous year.

During the quarter, the increase in other expenses is mainly due to increased manufacturing overheads including power & fuel, stores & spares, repairs & maintenance, export commissions, travel and promotional costs etc. This incremental expenditure was on account of an increase in the level of operations and also due to the Baddi factory becoming operational this year.

The insurance claims on account of the goods damaged in the floods is under process. It is expected that the amount of settlement of insurance claims will not be less than the cost of damaged inventory.