UNAUDITED FINANCIAL RESULTS

FOR THE QUARTER ENDED 30TH SEPTEMBER, 2003

(Rupees in million)

		Quarter Ended		Half Year Ended		Year Ended
		30.09.2003	30.09.2002	30.09.2003	30.09.2002	31.03.2003 (Audited)
1	Net Sales & Income from Operations	4838.5	3943.4	9380.8	7972.9	15727.8
2	Other Income	80.3	40.9	147.1	88.7	262.2
3	Total Expenditure					
	a) (Increase) / decrease in Stock-in-trade	210.1	11.6	481.0	(201.2)	(773.0)
	b) Consumption of Materials	2120.6	1793.1	4060.7	3771.9	7928.8
	c) Staff Cost	219.6	158.4	455.6	355.2	734.6
	d) Other Expenditure	1393.1	998.9	2614.8	2242.9	4674.0
4	Interest	18.8	1.7	28.7	4.0	17.2
5	Depreciation	87.5	67.5	175.0	137.5	283.5
6	Profit (+) / Loss (-) before Tax (1+2-3-4-5)	869.1	953.1	1712.1	1751.3	3124.9
7	Provision for Taxation	174.0	216.5	345.0	408.4	647.5
8	Net Profit (+) / Loss (-) after Tax (6-7)	695.1	736.6	1367.1	1342.9	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	*11.59	*12.28	*22.80	*22.39	41.31
12	Aggregate of Non-Promoter Shareholding - Number of Shares - Percentage of Shareholding	35306187 58.87	35326187 58.90	35306187 58.87	35326187 58.90	35304187 58.87

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 30th September, 2003, 32 investor grievance letters 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 amounts that they claimed have been overcharged. The government has sent notices to the Company demanding an aggregate of Rs.103.08 crores in respect of the said drugs which according to them is 50% of the amount allegedly overcharged by the Company. 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 above mentioned 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 31st October, 2003.

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

Mumbai
31st October, 2003

Dr. Y. K. Hamied
Chairman & Managing Director

Financial Review - Quarter ended September 2003

Financial performance:

(Rupees in million)

	Q2 FY0304	Q2 FY0203	% change
Domestic	2908.2	2592.9	12.2%
Exports			
Formulations	895.9	762.2	17.5%
APIs	940.4	544.2	72.8%
Total	1836.3	1306.4	40.6%

Other operating income	94.0	44.1	113.2%
Total	4838.5	3943.4	22.7%
Operating margin	18.5%	24.9%	
Profit before tax	18.0%	24.2%	
Profit after tax	14.4%	18.7%	

While domestic sales for the second quarter 2003 recorded a growth of 12.2%, export sales for the same period grew by 40%. Profit margins are lower as compared to the corresponding period last year on account of change in product mix and increase in expenditure.

In the domestic market, the anti-asthmatics and anti-hypertensives segments have shown good performance. In the exports markets, in addition to the above, the anti-AIDS and anti-ulcerant segments also showed good performance.

Material cost (as a percent to sales) is higher on account of product mix mainly due to API exports where the margins have been lower as compared to the corresponding quarter of last year.

Staff costs have increased due to direct appointment of a section of the field force who were earlier outsourced. The increase is also due to certain one-time ex-gratia payments to employees.

The increase in other expenses is on account of:

- Costs incurred for television campaign undertaken during the current quarter.
- Increase in maintenance costs to meet international regulatory standards.
- Higher recurring costs on overheads such as manufacturing, power & fuel and stores & spares due to significant level of activity at Goa compared to the corresponding period last year.

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

Provision for tax is comparatively lower on account of Section 80IB benefits for Goa facilities.

Other operating income has increased during the quarter due to higher export benefits.

Other income has increased mainly on account of exchange gains on the Company's foreign exchange exposures.