

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31st DECEMBER, 2006

(Rupees in crores)

		Quarter Ended		Nine Months Ended		Year Ended
		31.12.2006	31.12.2005	31.12.2006	31.12.2005	31.03.2006 (Audited)
1	Gross Sales & Income from Operations	904.50	811.92	2706.67	2210.10	3114.20
	Less: Excise Duty	23.96	28.66	73.00	105.18	128.32
	Net Sales & Income from Operations	880.54	783.26	2633.67	2104.92	2985.88
2	Other Income	26.13	74.45	67.07	83.83	121.63
3	Total Expenditure					
	a) (Increase)/ decrease in Stock-in-trade	(31.29)	(66.71)	5.36	(69.92)	(94.35)
	b) Consumption of Materials	464.66	453.77	1225.16	1063.03	1505.92
	c) Staff Cost	45.79	35.17	140.95	104.73	150.76
	d) Other Expenditure	182.11	202.10	586.46	520.47	743.74
4	Interest	1.32	5.07	5.67	8.13	11.42
5	Depreciation	27.50	23.00	78.00	58.00	80.18
6	Profit (+) / Loss (-) before Tax (1+2-3-4-5)	216.58	205.31	659.14	504.31	709.84
7	Provision for Taxation					
	a) Current Tax	26.50	28.70	111.50	82.05	89.00
	b) Deferred Tax	5.00	-	10.00	9.75	9.00
	c) Fringe Benefit Tax	0.70	1.30	2.55	3.20	4.20
8	Net Profit (+) / Loss (-) after Tax(6-7)	184.38	175.31	535.09	409.31	607.64
9	Paid-up Equity Share Capital	*155.46	59.97	*155.46	59.97	59.97
10	Reserves excluding Revaluation Reserves					1913.97
11	**Earning per Share (Rs.)	2.37	2.34	6.90	5.46	8.11

Notes:

1. The Company is exclusively in the pharmaceutical business segment.
2. *The paid-up equity share capital stands increased to Rs.155.46 crores (77,72,91,357 equity shares of Rs.2 each) upon allotment of 1,10,46,310 shares underlying Global Depository Receipts (GDRs) and 46,63,74,814 bonus shares during the quarter ended June 2006.
3. **The quarterly Earning Per Share (EPS) figures are not annualized and previous years' EPS figures are adjusted for the bonus issue.
4. No investor grievances were pending at the beginning of the quarter. During the quarter ended 31st December, 2006, twenty one investor grievances were received. As of 31st December, 2006 all grievances have been suitably replied to.
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 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 the 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.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. Subsequently, in separate proceedings 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 judgment 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 advice that the demand notices of the government are not sustainable.
6. The figures of the previous year have been regrouped/recast to render them comparable with the figures of the current year.
7. 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 23rd January, 2007.

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

Mumbai
23rd January, 2007

Dr. Y. K. Hamied
Chairman & Managing Director

Financial Review – Period ended December 2006

Financial performance:

(Rupees in crores)

	Quarter Ended			Nine Months Ended		
	31.12.2006	31.12.2005	% change	31.12.2006	31.12.2005	% change
Domestic	435.30	396.05	9.9%	1352.56	1153.13	17.3%
Exports - Formulations	319.72	236.09	35.4%	918.37	699.45	31.3%
APIs	98.15	150.26	-34.7%	333.04	292.16	14.0%
Total Exports	417.87	386.35	8.2%	1251.41	991.61	26.2%
% of exports to total sales	49.0%	49.4%		48.1%	46.2%	
Total Sales	853.17	782.40	9.0%	2603.97	2144.74	21.4%
Other operating income						
Technology knowhow/fees	25.76	25.49		46.78	35.33	
Others	25.57	4.03		55.92	30.03	
Total	51.33	29.52	73.9%	102.70	65.36	57.1%
Income from Operations	904.50	811.92	11.4%	2706.67	2210.10	22.5%
Operating margin	219.27	158.93	38.0%	675.74	486.61	38.9%
% to income from operations	24.2%	19.6%		25.0%	22.0%	
Profit before tax	216.58	205.31	5.5%	659.14	504.31	30.7%
% to income from operations	23.9%	25.3%		24.4%	22.8%	
Profit after tax	184.38	175.31	5.2%	535.09	409.31	30.7%
% to income from operations	20.4%	21.6%		19.8%	18.5%	

Income from operations for the third quarter 2006-07 increased by more than 11% over the corresponding quarter in the previous year. During the quarter, domestic sales grew at 10%. While formulation exports grew by more than 35% for the same period, APIs sales were down by about 35% mainly on account of higher sales to regulated markets in the corresponding quarter of the previous year. Other operating income has increased due to higher export incentives received during the quarter.

All the major segments including anti-asthmatics, anti-biotics/bacterials, anti-aids and cardiovascular segments have shown satisfactory performance in the domestic market. In the exports markets anti-retrovirals, anti-ulcerants, anti-asthmatics, anti-depressants and cardiovascular segments have performed well.

During the quarter, material cost (as a percent to income from operations) has increased due to change in product mix and lower API sales to regulated markets.

The increase in staff cost is due to overall increase in managerial remuneration as well as overall manpower. Other expenditure is lower on account of foreign exchange gains and lower factory overheads. Interest cost has reduced due to repayment of short term borrowings.

Other income has reduced as compared to the corresponding previous quarter mainly due to insurance claims received during the previous year.