UNAUDITED FINANCIAL RESULTS

FOR THE QUARTER ENDED 30th SEPTEMBER, 2006

(Rupees in crores)

		Quarter Ended		Half Year Ended		Year Ended
		30.09.2006	30.09.2005	30.09.2006	30.09.2005	31.03.2006 (Audited)
1	Gross Sales & Income from Operations	915.26	697.26	1802.17	1398.17	3114.20
	Less:Excise Duty	19.15	25.06	42.48	63.16	122.27
	Net Sales & Income from Operations	896.11	672.20	1759.69	1335.01	2991.93
2	Other Income	18.99	1.03	40.94	9.39	121.63
3	Total Expenditure					
	a) (Increase)/ decrease in Stock-in-trade	3.89	8.53	36.65	(3.21)	(94.35)
	b) Consumption of Materials	406.73	282.56	760.50	609.26	1505.92
	c) Staff Cost	43.85	30.34	95.16	69.56	150.76
	d) Other Expenditure	214.04	173.01	410.91	331.73	749.79
4	Interest	1.56	1.69	4.35	3.06	11.42
5	Depreciation	24.50	21.50	50.50	35.00	80.18
6	Profit (+) / Loss (-) before Tax (1+2-3-4-5)	220.53	155.60	442.56	299.00	709.84
7	Provision for Taxation					
	a) Current Tax	37.00	26.60	85.00	53.35	89.00
	b) Deferred Tax	2.50	5.00	5.00	9.75	9.00
	c) Fringe Benefit Tax	0.75	1.40	1.85	1.90	4.20
8	Net Profit (+) / Loss (-) after Tax(6-7)	180.28	122.60	350.71	234.00	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.)	2.32	1.64	4.53	3.12	8.11
12	Aggregate of Public Shareholding					
	- Number of Shares	461723309	177494293	461723309	177494293	177494293

	- Percentage of Shareholding	59.40	59.19	59.40	59.19	59.19

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. Three investor grievances were pending at the beginning of the quarter. During the quarter ended 30th September, 2006, eleven investor grievances were received. As of 30th September, 2006 and all grievances have been suitably replied to.
5. The Company has setup a new Export Oriented Unit (EOU) at Patalganga and commercial production has commenced during August 2006.
6. The Company has in October 2006, setup a wholly owned subsidiary 'Cipla FZE' at Jebel Ali Free Zone, Dubai, United Arab Emirates. The subsidiary has been formed to aid logistics and to explore new export opportunities.
7. 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.
8. The figures of the previous year have been regrouped/recast to render them comparable with the figures of the current year.
9. 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 20th October, 2006.

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

Mumbai
20th October, 2006

M. K. Hamied
Joint Managing Director

Financial Review – Period ended September 2006

Financial performance:

(Rupees in crores)

	Quarter Ended			Half Year Ended		
	30.09.2006	30.09.2005	% change	30.09.2006	30.09.2005	% change
Domestic	444.40	363.56	22.2%	917.26	757.58	21.1%
Exports - Formulations	280.00	248.01	12.9%	598.65	463.36	29.2%
APIs	159.72	72.54	120.2%	234.89	141.90	65.5%
Total Exports	**439.72**	**320.55**	**37.2%**	**833.54**	**605.26**	**37.7%**
% of exports to total sales	49.7%	46.9%		47.6%	44.4%	
Total Sales	**884.12**	**684.11**	**29.2%**	**1750.80**	**1362.84**	**28.5%**
Other operating income						
Technology knowhow/fees	17.58	7.53		26.60	9.38	
Others	13.56	5.62		24.77	25.95	
Total	**31.14**	**13.15**	**136.8%**	**51.37**	**35.33**	**45.4%**
Income from Operations	**915.26**	**697.26**	**31.3%**	**1802.17**	**1398.17**	**28.9%**
Operating margin	227.60	177.76	28.0%	456.47	327.67	39.3%
% to income from operations	24.9%	25.5%		25.3%	23.4%	
Profit before tax	220.53	155.60	41.7%	442.56	299.00	48.0%
% to income from operations	24.1%	22.3%		24.6%	21.4%	
Profit after tax	180.28	122.60	47.0%	350.71	234.00	49.9%
% to income from operations	19.7%	17.6%		19.5%	16.7%	

Income from operations for the second quarter 2006-07 recorded a growth of more than 29% over the corresponding quarter in the previous year. During the quarter, exports continued to grow at 37% and the domestic segment grew at 22%.

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

During the quarter, material costs (as a percent to income from operations) have increased due to change in product mix.

The increase in staff cost is due to overall increase in managerial remuneration as well as overall manpower. The increase in other expenditure is commensurate with increase in activities.

The company has setup a wholly owned subsidiary at Jebel Ali Free Zone, Dubai to aid logistics and explore new export opportunities. The company has also setup a new Export Oriented Unit at Patalganga and commercial production has commenced during August 2006.