

**UNAUDITED FINANCIAL RESULTS**  
**FOR THE QUARTER ENDED 30TH SEPTEMBER, 2004**

(Rupees in millions)

		Quarter Ended		Half Year Ended		Year Ended
		30.09.2004	30.09.2003	30.09.2004	30.09.2003	31.03.2004 (Audited)
1	Gross Sales & Income from Operations	6211.7	4838.5	11894.1	9380.8	20554.1
	Less :Excise Duty	398.0	326.4	786.1	606.8	1323.9
	Net Sales & Income from Operations	5813.7	4512.1	11108.0	8774.0	19230.2
2	Other Income	74.2	80.3	193.1	147.1	355.7
3	Total Expenditure					
	a) (Increase) / decrease in Stock-in-trade	(64.1)	210.1	(217.1)	481.0	206.1
	b) Consumption of Materials	3001.6	2120.6	5860.8	4060.7	9663.0
	c) Staff Cost	262.1	219.6	563.8	455.6	952.5
	d) Other Expenditure	1295.1	1066.7	2514.1	2008.0	4216.8
4	Interest	39.5	18.8	53.2	28.7	103.9
5	Depreciation	125.0	87.5	255.0	175.0	402.8
6	Profit (+) / Loss (-) before Tax (1+2-3-4-5)	1228.7	869.1	2271.3	1712.1	4040.8
7	Provision for Taxation					
	a) Current Tax	205.0	148.0	430.0	295.0	780.0
	b) Deferred Tax	65.0	26.0	90.0	50.0	97.5
8	Net Profit (+) / Loss (-) after Tax and before extra-ordinary item (6-7)	958.7	695.1	1751.3	1367.1	3163.3
9	Extra-ordinary expenditure	-	-	-	-	96.4
10	Tax - prior years'	-	-	-	-	111.0
11	Profit available for appropriation (8-9-10)	958.7	695.1	1751.3	1367.1	2955.9
12	Paid-up Equity Share Capital	599.7	599.7	599.7	599.7	599.7
13	Reserves excluding Revaluation Reserves	-	-	-	-	11938.9
14	Earning per Share * Not Annualised	*3.20	*2.32	*5.84	*4.56	9.86

15	Aggregate of Non-Promoter Shareholding					
	- Number of Shares	177030533	35306187	177030533	35306187	35406037
	- Percentage of Shareholding	59.04	58.87	59.04	58.87	59.04
	- Face Value per Share (Rs.)	2/-	10/-	2/-	10/-	10/-

**Notes:**

1. The Company is exclusively in the pharmaceutical business segment.
2. The figures of the previous year have been regrouped to render them comparable with the figures of the current year.
3. Pursuant to the Scheme of Arrangement sanctioned by the Bombay High Court, the Company has allotted 8488 equity shares of Rs 2/- each on 10th September, 2004.
4. No investor grievances were pending at the beginning of the quarter. During the quarter ended 30th September, 2004 103 investor grievances were received. As of that date all grievances except one 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 the 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. The Company had replied that the same were not payable in view of the interim orders obtained by the Company in different proceedings in the Karnataka High Court and the Allahabad High Court. Subsequently, 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, the Supreme Court has suspended the Allahabad High Court judgement vide an interim order till the next date of hearing. However, in view of the Karnataka High Court Order the Company has been advised that the demand notices of the government are not valid and hence not payable.
6. The above results were taken on record at the meeting of the Board of Directors held on 26th October, 2004.

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

**Mumbai**

26st October, 2004

**Dr. Y. K. Hamied**  
Chairman & Managing Director

**Financial performance:***(Rupees in millions)*

	<b>Q2 FY0405</b>	<b>Q2 FY0304</b>	<b>% change</b>
Domestic	3633.0	2908.2	24.9%
Exports			
Formulations	1579.2	895.9	76.3%
APIs	837.9	940.4	-10.9%
Total Exports	2417.1	1836.3	31.6%
% of exports to total sales	40.0%	38.7%	
<b>Total Sales</b>	<b>6050.1</b>	<b>4744.5</b>	<b>27.5%</b>
Other operating income			
Technology knowhow/fees	97.2	25.2	
Others	64.4	68.8	
Total	161.6	94.0	71.9%
<b>Income from Operations</b>	<b>6211.7</b>	<b>4838.5</b>	<b>28.4%</b>
<b>Operating margin</b>	<b>1319.0</b>	<b>895.1</b>	<b>50.9%</b>
% to income from operations	21.2%	18.5%	
<b>Profit before tax</b>	<b>1228.7</b>	<b>956.6</b>	<b>28.4%</b>
% to income from operations	19.8%	19.8%	
<b>Profit after tax</b>	<b>958.7</b>	<b>695.1</b>	<b>37.9%</b>
% to income from operations	15.4%	14.4%	

The total turnover for the second quarter 2004-05 continued to record a remarkable growth of 27.5% over the corresponding period in the previous year. Export of formulations has also shown an excellent growth of more than 76%. In addition, the domestic segment has also performed very well with a growth of about 25% during the current quarter. Exports of APIs were lower mainly due to decrease in API exports to regulated markets.

Among the major segments, the anti-asthmatics, anti-biotics, anti-AIDS, cardiovascular and anti-inflammatory segments have shown good performance in the domestic market. In the exports markets, the anti-biotics, anti-cancer, anti-AIDS and anti-asthmatics segments have performed well.

Material cost has marginally reduced as a percent to sales on account of better product mix.

Other operating income has increased during the quarter due to payments received for product development under various agreements with foreign partners.

The increase in staff cost is due to increased number of employees and annual increments which are commensurate with the increase in activities.

Depreciation has increased due to additional capital expenditure for Goa and other units.

During the current quarter, other expenditure has reduced as a percent to sales mainly due to savings in lease rentals for Goa unit as a result of the scheme of arrangement for demerger.