UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31ST MARCH, 2006

(Rupees in crores)

		Quarter Ended		Year Ended	
		31.03.2006	31.03.2005	31.03.2006	31.03.2005 (Audited)
1	Gross Sales & Income from Operations	895.63	569.54	3105.22	2400.87
	Less: Excise Duty	25.04	34.56	119.50	146.37
	Net Sales & Income from Operations	870.59	534.98	2985.72	2254.50
2	Other Income	46.76	15.45	131.10	81.98
3	Total Expenditure				
	a) (Increase)/decrease in Stock-in-trade	(14.16)	(51.72)	(84.08)	(66.87)
	b) Consumption of Materials	445.41	273.58	1508.44	1161.56
	c) Staff Cost	42.57	32.09	147.30	116.58
	d) Other Expenditure	216.47	144.14	747.66	547.92
4	Interest	3.29	1.01	11.42	7.63
5	Depreciation	25.00	14.75	83.00	55.05
6	Profit (+)/Loss (-) before Tax (1+2-3-4-5)	198.77	136.58	703.08	514.61
7	Provision for Taxation				
	- Current Tax	7.00	24.25	89.05	82.00
	- Deferred Tax	-	6.75	9.75	23.00
	- Fringe Benefit Tax	1.00	-	4.20	-
8	Net Profit (+) / Loss (-) after Tax (6-7)	190.77	105.58	600.08	409.61
9	Paid-up Equity Share Capital	59.97	59.97	59.97	59.97
10	Reserves excluding Revaluation Reserves				1483.60
11	Earning per Share (Rs.) *Not Annualised	*6.36	*3.52	20.01	13.66

12	Aggregate of Non-Promoter Shareholding - Number of Shares - Percentage of Shareholding	177095533 59.06	177070533 59.05	177095533 59.06	177070533 59.05

Notes :

1. The Company is exclusively in the pharmaceutical business segment.
2. The figures of the previous year have been recast/regrouped to render them comparable with the figures of the current year.
3. No investor grievances were pending at the beginning of the quarter. During the quarter ended 31st March, 2006, seven investor grievances were received and have been suitably replied to.
4. In April 2006, the Company has raised US$ 170 million (Rs. 762.20 crores) through an issue of 1,10,46,310 Global Depository Receipts (GDRs). Each GDR represents one equity share of Rs.2 each and was priced at US$ 15.39 (equivalent to Rs.690). The said GDRs have been listed on the Luxembourg Stock Exchange and the Company has already applied to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for having the underlying shares listed.
5. The Board of Directors recommended the issue of bonus shares in the ratio of three shares for every two shares held and the shareholders have approved the same through a postal ballot on 21st March, 2006.The record date for determining the members who are entitled to the bonus shares is 25th April, 2006.
6. Consequent to the issue of GDRs and bonus shares as stated in (4) and (5) above, the paid-up equity share capital will stand increased to Rs. 155.46 crores.
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. Other income includes Rs.19.70 crores being the amount settled during the quarter against insurance claims relating to losses on account of floods. The total amount of such claims settled during the year aggregated to Rs.92.42 crores. These claims were mainly under Declared Value Policies in respect of damage to finished goods at the Company's Bhiwandi godown caused by the floods in July 2005. The total cost of the said finished goods cannot be precisely determined in view of the impact of common and unallocable expenses. Consequently, the full amount of claims received has been accounted as other income.
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 25th April, 2006.

By order of the Board

For **CIPLA LIMITED**

Mumbai

25th April, 2006

M. K. Hamied

Joint Managing Director

Financial Review - Period ended March 2006

Financial performance:

(Rupees in crores)

	Quarter Ended			Year Ended		
	31-03-06	**31-03-05**	**%change**	**31-03-06**	**31-03-05**	**%change**
Domestic	349.52	223.53	56.4%	1502.65	1274.41	17.9%
Exports						
Formulations	332.04	254.64	30.4%	1031.49	765.09	34.8%
APIs	194.59	67.04	190.3%	486.75	288.11	68.9%
Total Exports	526.63	321.68	63.7%	1518.24	1053.20	44.2%
% of exports to total sales	60.1%	59.0%		50.3%	45.2%	
Total Sales	876.15	545.21	60.7%	3020.89	2327.61	29.8%
Other operating income						
Technology knowhow/fees	7.54	10.09		42.90	41.46	
Others	11.94	14.24		41.43	31.80	
Total	19.48	24.33	-19.9%	84.33	73.26	15.1%
Income from Operations	895.63	569.54	57.3%	3105.22	2400.87	29.3%
Operating margin	180.30	136.89	31.7%	666.40	495.31	34.5%
% to income from operations	20.1%	24.0%		21.5%	20.6%	
Profit before tax	198.77	136.58	45.5%	703.08	514.61	36.6%
% to income from operations	22.2%	24.0%		22.6%	21.4%	

Profit after tax	190.77	105.58	80.7%	600.08	409.61	46.5%
% to income from operations	21.3%	18.5%		19.3%	17.1%	

Cipla continues to grow at a very healthy pace with an overall growth of more than 57% in income from operations for the quarter ended March 2006. Currently, we are one of the largest exporters of pharmaceutical products in India, exporting APIs and formulation products to more than 160 countries including the U.S., and a number of countries in Europe, Africa, Australia, Latin America and the Middle East. During the quarter, the international business as well as the domestic business have recorded a remarkable growth of more than 56% and 63% respectively.

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

During the quarter, material cost (as a percent to income from operations) have increased due to change in product mix and also on account of the fact that during the quarter domestic sales has grown by more than 56% where material costs are comparatively higher.

Excise duty has reduced mainly on account of Baddi operations which is exempt from payment of excise duty. The increase in staff cost is due to overall increase in managerial remuneration and increase in manpower. Other expenditure is higher on account of overall increase in level of operations and in particular the full impact of costs of operations of our new Baddi factory.

Interest costs have increased due to increase in borrowings for working capital purposes. Depreciation has increased by Rs. 10.25 crores on account of substantial additions to assets of about Rs. 400 crores during the year.

The provision for tax has been significantly lower this quarter, substantially on account of increased contributions from Goa & Baddi factory in case of formulations and Kurkumbh & Bangalore EOUs in case of APIs.