

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30TH JUNE, 2006

(Rupees in crores)

	Quarter Ended		Year Ended
	30.06.2006	30.06.2005	31.03.2006 (Audited)
1. Gross Sales & Income from Operations	886.91	700.91	3114.20
Less: Excise Duty	23.33	38.10	122.27
Net Sales & Income from Operations	863.58	662.81	2991.93
2. Other Income	21.95	8.36	121.63
3. Total Expenditure			
a) (Increase)/decrease in Stock-in-trade	32.76	(11.74)	(94.35)
b) Consumption of Materials	353.77	326.70	1505.92
c) Staff Cost	51.31	39.22	150.76
d) Other Expenditure	196.87	158.72	749.79
4. Interest	2.79	1.37	11.42
5. Depreciation	26.00	13.50	80.18
6. Profit (+)/Loss (-) before Tax (1+2-3-4-5)	222.03	143.40	709.84
7. Provision for Taxation			
- Current Tax	48.00	26.75	89.00
- Deferred Tax	2.50	4.75	9.00
- Fringe Benefit Tax	1.10	0.50	4.20
8. Net Profit (+)/Loss (-) after Tax (6-7)	170.43	111.40	607.64
9. Paid-up Equity Share Capital	*155.46	59.97	59.97

10. Reserves excluding Revaluation Reserve(as per balance-sheet of previous accounting year)			1913.97
11. **Earning per Share (Rs.)	2.21	1.49	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.
3. The Directors at their meeting held today recommended payment of dividend of Rs.2 per equity share (face value Rs.2) on 77,72,91,357 equity shares (including shares underlying GDRs and bonus shares) for the year 2005-2006 amounting to Rs.155.46 crores.
4. **The quarterly Earning Per Share (EPS) figures are not annualized and previous years' EPS figures are adjusted for bonus issue.
5. No investor grievances were pending at the beginning of the quarter. During the quarter ended 30th June, 2006, fourteen investor grievances were received. As of that date all grievances except three have been suitably replied to.
6. 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.
7. The figures of the previous year have been regrouped/recast to render them comparable with the figures of the current year.
8. 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 21st July, 2006.

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

Mumbai
21st July, 2006

M. K. Hamied
Joint Managing Director

Financial Review - Period ended June 2006

Financial performance:

(Rupees in crores)

	Q1 FY0607	Q1 FY0506	% change
Domestic	472.86	394.02	20.0%
Exports			
Formulations	318.65	215.35	48.0%
APIs	75.17	69.36	8.4%
Total Exports	393.82	284.71	38.3%
% of exports to total sales	45.4%	41.9%	
Total Sales	866.68	678.73	27.7%
Other operating income			
Technology knowhow/fees	9.02	5.85	
Others	11.21	16.33	
Total	20.23	22.18	-8.8%
Income from Operations	886.91	700.91	26.5%
Operating margin	228.87	149.91	52.7%

% to income from operations	25.8%	21.4%	
Profit before tax	222.03	143.40	54.8%
% to income from operations	25.0%	20.5%	
Profit after tax	170.43	111.40	53.0%
% to income from operations	19.2%	15.9%	

Income from operations for the first quarter 2006-07 recorded an impressive growth of about 27% over the corresponding period in the previous year. International business continued to grow at a remarkable rate of more than 38% as also the domestic segment, which performed well with a growth of 20%.

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

Operating margins have increased mainly due to product mix and excise duty.

Excise duty has reduced 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 scaling of operations at Baddi factory.

Depreciation has increased by Rs. 12.5 crores on account of substantial additions to assets of about Rs. 400 crores during the year 2005-06.

Tax for the quarter has increased because of reduction in backward area benefits available under Income Tax due to completion of five year term of phase 1 at Goa.

Other income has increased primarily on account of foreign exchange gains and interest income.