

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31st DECEMBER, 2005

(Rupees in crores)

	Quarter Ended		Nine Months Ended		Year Ended	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004	31.03.2005 (Audited)	
1	Gross Sales & Income from Operations	811.92	641.38	2209.59	1830.79	2400.87
	Less: Excise Duty	31.30	45.24	94.46	123.85	146.37
	Net Sales & Income from Operations	780.62	596.14	2115.13	1706.94	2254.50
2	Other Income	74.45	41.18	84.34	60.49	81.98
3	Total Expenditure					
	a) (Increase)/decrease in Stock-in-trade	(66.71)	3.10	(69.92)	(18.61)	(66.87)
	b) Consumption of Materials	453.77	308.22	1063.03	894.30	1161.56
	c) Staff Cost	35.17	28.46	104.73	84.84	116.58
	d) Other Expenditure	199.46	135.88	531.19	387.29	547.92
4	Interest	5.07	1.24	8.13	6.56	7.63
5	Depreciation	23.00	12.75	58.00	38.25	55.05
6	Profit (+)/Loss (-) before Tax (1+2-3-4-5)	205.31	147.67	504.31	374.80	514.61
7	Provision for Taxation					
	a) Current Tax	28.70	14.75	82.05	57.75	82.00
	b) Deferred Tax	-	7.25	9.75	16.25	23.00
	c) Fringe Benefit Tax	1.30	-	3.20	-	-
8	Net Profit (+)/Loss (-) after Tax (6-7)	175.31	125.67	409.31	300.80	409.61
9	Paid-up Equity Share Capital	59.97	59.97	59.97	59.97	59.97
10	Reserves excluding Revaluation Reserves					1483.60
11	Earning per Share (Rs.) * Not Annualised	*5.85	*4.19	*13.65	*10.03	13.66

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 December, 2005, 9 investor grievances were received and have been suitably replied to.
4. 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 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 a separate proceeding 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.
5. Other income includes an amount of Rs.72.72 crores being on account payment received against insurance claims. 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.
6. 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 24th January, 2006.

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

Mumbai
24th January, 2006

Dr. Y. K. Hamied
Chairman & Managing Director

Financial Review - Period ended December 2005

Financial performance:

(Rupees in crores)

	Quarter Ended			Nine Months Ended		
	31.12.2005	31.12.2004	% change	31.12.2005	31.12.2004	% change
Domestic	395.55	335.42	17.9%	1153.13	1051.79	9.6%
Exports - Formulations	236.09	207.88	13.6%	699.45	507.56	37.8%
APIs	150.26	77.39	94.2%	292.16	222.55	31.3%
Total Exports	386.35	285.27	35.4%	991.61	730.11	35.8%
% of exports to total sales	49.4%	46.0%		46.2%	41.0%	
Total Sales	781.90	620.69	26.0%	2144.74	1781.90	20.4%
Other operating income						
Technology know-how/fees	26.00	14.34		35.38	31.37	
Others	4.02	6.35		29.47	17.52	
Total	30.02	20.69	45.1%	64.85	48.89	32.6%
Income from Operations	811.92	641.38	26.6%	2209.59	1830.79	20.7%
Operating margin	158.93	120.48	31.9%	486.10	359.12	35.4%
% to income from operations	19.6%	18.8%		22.0%	19.6%	
Profit before tax	205.31	147.67	39.0%	504.31	374.80	34.6%
% to income from operations	25.3%	23.0%		22.8%	20.5%	
Profit after tax	175.31	125.67	39.5%	409.31	300.80	36.1%
% to income from operations	21.6%	19.6%		18.5%	16.4%	

The total turnover for the third quarter 2005-06 recorded an impressive growth of 26% over the corresponding period in the previous year. Exports continued to grow at a remarkable rate of more than 35% as also the domestic segment, which performed well with a growth of about 18%.

Among the major segments, anti-retrovirals, anti-inflammatory and anti-ulcerant segments have shown good performance in the domestic market. In the exports markets, anti-retrovirals, anti-malarials, anti-asthmatics, anti-depressant and anti-epileptic segments have performed well.

The increase in staff cost is commensurate with the increase in activities.

The increase in other expenses is mainly due to an overall increase in level of operations and commencement of Baddi factory resulting in increased manufacturing overheads including power & fuel, stores & spares, repairs & maintenance and other overheads such as export commissions, travel and promotional costs, excise duty on damaged goods and write-off of discarded assets.

Interest costs have increased due to increase in borrowings for working capital purposes.

Depreciation has increased by Rs. 10 crores on account of substantial additions to Goa and Baddi during the year.

There is no deferred tax for the quarter as the timing difference on account of depreciation has reduced due to higher depreciation/write-off of discarded assets.

Out of a total insurance claim amounting to about Rs. 95 crores, an on account payment of about Rs. 73 crores has already been made and the total claim is expected to be processed and settled in the next quarter.