

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 30TH JUNE, 2005

(Rupees in million)

	Quarter Ended		Year Ended
	30.06.2005	30.06.2004	31.03.2005 (Audited)
1. Gross Sales & Income from Operations	7009.1	5682.4	24008.7
Less: Excise Duty	381.0	347.8	1463.7
Net Sales & Income from Operations	6628.1	5334.6	22545.0
2. Other Income	83.6	118.9	819.8
3. Total Expenditure			
a) (Increase)/decrease in Stock-in-trade	(117.4)	(153.0)	(668.7)
b) Consumption of Materials	3267.0	2859.2	11615.6
c) Staff Cost	392.2	301.7	1165.8
d) Other Expenditure	1587.2	1259.3	5479.2
4. Interest	13.7	13.7	76.3
5. Depreciation	135.0	130.0	550.5
6. Profit (+)/Loss (-) before Tax (1+2-3-4-5)	1434.0	1042.6	5146.1
7. Provision for Taxation			
- Current Tax	267.5	225.0	820.0
- Deferred Tax	47.5	25.0	230.0
- Fringe Benefit Tax	5.0	-	-
8. Net Profit (+)/Loss (-) after Tax (6-7)	1114.0	792.6	4096.1
9. Paid-up Equity Share Capital	599.7	599.7	599.7

10. Reserves excluding Revaluation Reserve(as per balance-sheet of previous accounting year)			14836.0
11. Earning per Share (Rs.)* Not Annualised	*3.72	*2.64	13.66

Notes :

1. The Company is exclusively in the pharmaceutical business segment.
2. The Directors at their meeting held today recommended payment of dividend of Rs.3.50 per equity share (face value Rs.2) for the year 2004-2005 amounting to Rs.1049.5 million.
3. No investor grievances were pending at the beginning of the quarter. During the quarter ended 30th June, 2005, 6 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.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. 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 been advised that the demand notices of the government are not valid.
5. The figures of the previous year have been regrouped/recast to render them comparable with the figures of the current year.
6. The above results were taken on record at the meeting of the Board of Directors held on 25th July, 2005.

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

Mumbai
25th July, 2005

M. K. Hamied
Joint Managing Director

Financial Review - Quarter ended June 2005

Financial performance:

(Rupees in million)

	Q1 FY0506	Q1 FY0405	% change

Domestic	3940.2	3530.7	11.6%
Exports			
Formulations	2153.5	1417.6	51.9%
APIs	693.6	613.7	13.0%
Total Exports	2847.1	2031.3	40.2%
% of exports to total sales	41.9%	36.5%	
Total Sales	6787.3	5562.0	22.0%
Other operating income			
Technology knowhow/fees	58.5	73.1	
Others	163.3	47.3	
Total	221.8	120.4	84.2%
Income from Operations	7009.1	5682.4	23.3%
Operating margin	1499.1	1067.4	40.4%
% to income from operations	21.4%	18.8%	
Profit before tax	1434.0	1042.6	37.5%
% to income from operations	20.5%	18.3%	

Profit after tax	1114.0	792.6	40.6%
% to income from operations	15.9%	13.9%	

Cipla continues to grow at a very healthy pace with an overall growth of more than 23% in income from operations for the quarter ended June 2005. While API exports have shown a growth of 13%, formulations exports have recorded a remarkable growth of about 52%. Operating margins (as a percent to income from operations) have improved by 2.6% and profit after tax has grown by over 40% as compared to the corresponding quarter of the previous year mainly due to cost efficiency in product mix.

Among the major segments, the anti-AIDS, anti-asthmatics, cardiovascular, anti-hypertensives & anti-biotics/anti-bacterials segments have performed well in the domestic market. In the exports markets, apart from other segments, the anti-cancer, anti-AIDS & anti-asthmatics segments have shown good performance.

Material cost (as a percent to sales) is lower mainly on account of product mix as compared to the previous quarters of the current year.

Staff cost has increased due to an overall increase in head count and increase in managerial remuneration.

During the quarter, the increase in other expenses is mainly due to increased manufacturing overheads including power & fuel, stores & spares, etc.