

UNAUDITED FINANCIAL RESULTS
FOR THE QUARTER ENDED 31ST MARCH, 2005

(Rupees in million)

		Quarter Ended		Year Ended	
		31.03.2005	31.03.2004	31.03.2005	31.03.2004 (Audited)
1	Gross Sales & Income from Operations	5695.4	5993.8	24003.3	20554.1
	Less: Excise Duty	345.6	297.4	1584.1	1323.9
	Net Sales & Income from Operations	5349.8	5696.4	22419.2	19230.2
2	Other Income	154.5	109.5	759.4	355.7
3	Total Expenditure				
	a) (Increase)/decrease in Stock-in-trade	(517.2)	51.1	(703.3)	206.1
	b) Consumption of Materials	2735.8	2938.3	11678.8	9663.0
	c) Staff Cost	320.9	258.2	1169.3	952.5
	d) Other Expenditure	1441.4	1156.9	5314.3	4216.8
4	Interest	10.1	34.0	75.7	103.9
5	Depreciation	147.5	100.0	530.0	402.8
6	Profit (+)/Loss (-) before Tax (1+2-3-4-5)	1365.8	1267.4	5113.8	4040.8
7	Provision for Taxation				
	- Current Tax	242.5	216.7	820.0	780.0
	- Deferred Tax	67.5	33.3	230.0	97.5
8	Net Profit (+) / Loss (-) after Tax and before extra-ordinary item (6-7)	1055.8	1017.4	4063.8	3163.3
9	Extra-ordinary Expenditure	-	-	-	96.4
10	Tax - prior years'	-	-	-	111.0
11	Profit available for Appropriation (8-9-10)	1055.8	1017.4	4063.8	2955.9
12	Paid-up Equity Share Capital	599.7	599.7	599.7	599.7

13	Reserves excluding Revaluation Reserves				11938.9
14	Earning per Share *Not Annualised	*3.52	*3.39	13.55	9.86
15	Aggregate of Non-Promoter Shareholding	177070533	35406037	177070533	35406037
	- Number of Shares	59.05	59.04	59.05	59.04
	- Percentage of Shareholding	2/-	10/-	2/-	10/-
	- Face Value per Share (Rs.)				

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. Four investor grievances were pending at the beginning of the quarter. During the quarter under review, 67 investor grievances were received. As of 31st March, 2005, all investor grievances have been suitably replied to.
4. The Company has set-up a state-of-the-art facility for manufacture of formulations at Baddi, Himachal Pradesh and commercial production has commenced during April 2005.
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 against this ruling the Supreme Court has stayed the judgment of the Hon'ble 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 in view of the orders of the courts.
6. The above results were taken on record at the meeting of the Board of Directors held on 26th April, 2005.

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

Mumbai
26th April, 2005

Dr. Y. K. Hamied
Chairman & Managing Director

Financial performance:

(Rupees in million)

	Quarter Ended			Year Ended		
	Q4 FY0405	Q4 FY0304	% change	FY0405	FY0304	% change
Domestic	2235.3	2642.2	-15.4%	12753.2	11623.5	9.7%
Exports						
Formulations	2546.4	1498.3	70.0%	7622.0	4269.0	78.5%
APIs	<u>670.4</u>	<u>1319.6</u>	-49.2%	<u>2895.9</u>	<u>3853.7</u>	-24.9%
Total Exports	3216.8	2817.9	14.2%	10517.9	8122.7	29.5%
% of exports to total sales	59.0%	51.6%		45.2%	41.1%	
Total Sales	5452.1	5460.1	-0.1%	23271.1	19746.2	17.9%
Other operating income						
Technology knowhow/fees	101.0	409.7		414.6	544.5	
Others	<u>142.3</u>	<u>124.0</u>		<u>317.6</u>	<u>263.4</u>	
Total	243.3	533.7	-54.4%	732.2	807.9	-9.4%
Income from Operations	5695.4	5993.8	-5.0%	24003.3	20554.1	16.8%
Operating margin	1368.9	1291.9	6.0%	4960.1	4191.8	18.3%
% to income from operations	24.0%	21.6%		20.7%	20.4%	
Profit before tax	1365.8	1267.4	7.8%	5113.8	4040.8	26.6%
% to income from operations	24.0%	21.1%		21.3%	19.7%	
Profit after tax	1055.8	1017.4	3.8%	4063.8	3163.3	28.5%
% to income from operations	18.5%	17.0%		16.9%	15.4%	

Cipla continues to be the leading player in the domestic retail pharmaceutical market for 2004 as per ORG-IMS's Pharmaceutical Retail Audit top rankings for sales of prescription drugs. Domestic sales during the quarter declined due to curtailment of purchases by the trade on account of various factors including:

1. Change of excise laws on medicines, making them MRP based,
2. Transition issues relating to implementation of VAT and
3. Legal issues relating to psychotropic products.

Although exports of APIs have declined, formulation exports have shown an excellent growth of 70% over the corresponding quarter of the previous year.

Material cost (as a percent to sales) is lower mainly on account of higher contribution of exports (formulations and APIs).

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 overheads including repairs & maintenance, legal & professional fees and sales promotion expenses.

Depreciation has increased due to higher capital expenditure during the year.

Provision for tax is higher due to increased deferred tax on higher capital expenditure.

During the current quarter, other income has increased on account of profits on investments.

The Company has set-up a state-of-the-art facility for manufacture of formulations at Baddi, Himachal Pradesh at an approximate cost of Rs 80 crores and commercial production has commenced during April 2005.