



PRESS RELEASE

Sun Pharma reports strong performance

First half 2005-06

Total income up 45%, Profit up 53%; R&D spend at Rs.692 mill

Mumbai, October 28: Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported strong performance for the first half of 2005-06.

Consolidated H1: Sun Pharma and other subsidiaries including the US subsidiary Caraco reported (figures of corresponding first half previous year in brackets)

- Total income Rs. 8602 mill (Rs.5930 mill), up 45%
- Net sales/ Income from operations at Rs.8199mill (Rs.5886 mill) up 39%.
- Net Profit is Rs.2839mill (Rs.1858 mill), up 53%.

These unaudited results were taken on record by the Board of Directors at a meeting held in Mumbai on October 28, 2005.

According to Dilip Shanghvi, Chairman and Managing Director of the Company, "We report our 46th quarter post listing of consistent sales and profit growth. Our speciality focus and intent on customer relationships continues to help us grow the business consistently. We retain the same respect for bottom-line despite the size and ranks we have reached."

Acquisitions during this quarter primarily centered around the US - for less than USD 10 million the acquisition of two manufacturing facilities was completed—one in Hungary and another in Ohio, USA. The Hungary plant spread over 170 acres with dosage form as well as a 500 KL bulk reactor capacity is one of the few sites worldwide manufacturing controlled substances. The Ohio plant manufactures liquids, creams, and ointments. Both these will strengthen the Company to better address US and other international markets. Streamlining and upgrading as part of the process of integration has begun at both the sites.

Recognition

Sun Pharma has been selected by Forbes amongst the best 200 companies (sales less than USD 1 billion) in Asia. This list was based on a 25,000-company screening for growth and consistency using data over a 5-year span. This ranking places Sun Pharma among the best 14 Asian companies in pharmaceuticals. Deloitte Technology Fast 500 selected Caraco among the fastest growing 500 companies in the US -the third year in a row.

Consistently increasing market share

Domestic formulations at Rs. 4989 mill registered a growth of 41% over the corresponding first half last year. In an increasingly competitive marketplace, Sun Pharma now holds 3.27% market share. We continue to grow the fastest in the top ten companies, several of which have low single digit or even negative growth. (ORG IMS Stockist Secondary Audit August 2005).

17/B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East), Mumbai 400 093 India
Tel.: (91-22) 5645 5645
Fax.: (91-22) 5645 5685



As shared in the first quarter, overall, the company is ranked number 1 with Psychiatrists, Neurologists, Cardiologists, and Ophthalmologists. In all, the company ranks among the top 5 with 11 classes of specialists (CMARC March–June 2005).

US Generics

The Detroit, USA based Caraco Pharma Labs recently announced six-month sales of USD 37.4 million, up 24% from USD 30.1million the first half last year, despite increasing pricing pressure. Non-cash R&D expense was USD 13.9 million. For the year to December 2004 the company had announced sales of \$60.3million and net cash from operations of \$ 22 million. Caraco has shared estimates of 15-20% revenue growth for the year. Caraco's financials, as for all subsidiaries, have been consolidated with those of the Company using a line-by-line basis, with the minority profit deducted.

Caraco currently has 13 ANDAs awaiting FDA approval. This takes the total number of ANDAs awaiting approval for Sun Pharma and Caraco to 37, up from 26 in June.

New research sites, patents

The total number of patents submitted pending approval now stands at 411 in addition to 38 patents granted. At the R&D Centre SPARC in Baroda, the projects based on novel drug delivery system technologies continued to present strong growth opportunity. Preparations continue to be made for the US IND filing for the NCE and the NDDS projects.

Consolidated R&D expense for the half year was Rs.692mill (Rs.614 mill) or 8% of sales. Revenue R&D expense was Rs.584 mill (Rs.459 mill), or 7% of sales.

At the Phlox Pharma site, a dedicated facility for sterile and non-sterile formulations is on track for completion by year-end

Conference call

A conference call to discuss the numbers has been scheduled for 5 p.m. today, October 28. The dial in numbers for the call are (+91 22) 2781 2277 and (+91 22) 5591 7977. A replay will be available for three days, and the transcript would be put on the company's website as soon as possible.

About Sun Pharma

Sun Pharma (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) holds a 3.27 % market share (ORG IMS Stockist Secondary Audit, August 2005). In the Indian market, the company is a leader in niche therapy areas of psychiatry, neurology, cardiology, diabetology, gastroenterology, orthopedics, with a rank among the top 3 companies (CMARC March - June 2005). More information about the company can be found at www.sunpharma.com.

Contact

Uday Baldota
Tel : +91 22 5645 5645, Ext 225
E mail: uday.baldota@sunpharma.com

Mira Desai
Tel : +91 22 5645 5645, Ext 184
E mail : miradesai@sunpharma.com,
corpcomm@sunpharma.com