

Press Release

Half 1 Turnover up 11.9%, PAT up 14%**Brand growth powers “faster than industry” growth rate**

Mumbai, October 28,2002:

Sun Pharmaceutical Industries Ltd announced half year results for the period ended September 30,2002.

PAT increased 14% to Rs1014mill (H101/02-Rs. 889 mill). Turnover increased 11.9% to Rs. 4067 mill (H101/02-Rs. 3634 mill). R&D expense was significantly higher at Rs. 342 mill (last year: Rs. Rs.132 mill.).The company continues to post a “twice industry” growth rate as per ORG. (September 2002 MAT; company GR 20.9%, industry GR 10.5%)

Caraco Pharm labs, the company’s US affiliate has recently reported a turnaround with net sales of USD 14.83mill (USD 3.3mill previous year) and net loss at USD 0.18mill (USD 5.13mill previous year) for the first 9 months of 2002.This net loss is after charging off a non cash item of USD1.25mill for shares issued to Sun for technology transfer.

Sun Pharma: HY2002-03 (Rs. mill.)

	HY Sept 02	HY Sept 01
Domestic formulations	2720	2379
Domestic Bulk	670	596
Export formulations	168	141
Export Bulk	502	490
PAT	1014	889

The international bulk actives business showed a lower growth than in the previous year, largely due to the exit from the commodity cephalosporin business. Operating profit margins improved 150 basis points, driven by lower raw material costs and a speciality bulk active product mix that offers better margins. Operating profit margin improved inspite of significant increase in R & D revenue expenditure. Other income at Rs.18.8 mill for the 6 month period is lower than Rs.32.3mill for the previous period, largely because of rupee appreciation

These results were taken on record at a board meeting held in Mumbai today.

Rankings:

The company continues to be ranked 5th by domestic prescription product sales. Brand growth across therapy areas powered market share increase to 2.93% up from 2.72% last year. (ORG Retail Chemist Audit, September 2002 and August 2001). 6 brands continue to feature among the country's top selling 300 prescription brands.

New products:

Across Sun Pharma's 11 divisions 18 new products were launched in the first half, important among

which were: the antipsychotics Zypsidon and Qutipin, the once-a-week antidepressant formulation Prodep LA, the once-a-month anticancer/endometriosis product Lupride Depot, Surfact for neonatal respiratory distress, Rilutor for the neurological disorder ALS.

6 of the new products used a non-conventional delivery platform such as controlled/extended release, biodegradable membrane or formulation complexity.

Customer focus:

Sun Pharma continues to add prescription share with specialists. Sun Pharma continues to hold no 1 rank with psychiatrists and neurologists, moved up to no 2 slot with gastroenterologists, ranks no 4 with cardiologists, ophthalmologists and chest physicians, moved up to no 5 with diabetologists, is now 6 with orthopedicians, oncologists and consultant physicians. (C MARC Audit Mar02- Jun02)

Regulatory:

The bulk active facilities at Chennai and Ankleshwar recently received ISO 9002 approval. With this, all our bulk manufacturing facilities confirm to stringent international standards.

R&D:

R&D expense for the quarter was 206 mill and that for the half year was 342 mill (last year : Rs. 81mill for the quarter and that for the half year was Rs.132 mill.), partly because projects of greater technical complexity have now begun to reach market and the ratio of spend on innovative projects is going up. Over the course of next financial year, 2 more sites would be operational; 200,000 sq.ft/ 150 scientists/16 acres in Baroda for a R & D campus and a 75,000 sq. ft. new product development centre in Mumbai.

Caraco:

Sun Pharma's affiliate generics company in US , Caraco Pharmaceutical Labs has posted significantly improved results for its 3rd quarter ended Sep-02. It posted net sales of USD 5.90mill as against USD 1.5mill in the previous corresponding quarter. It posted a first ever net profit of USD 0.4mill as against loss of USD 1.52mill for the previous corresponding quarter. For the 9-months period ended Sep-02, its net sales was USD 14.83mill as against USD 3.3mill for the corresponding period in the previous year. The net loss for 9-months period at USD 0.18mill was significantly lower than loss of previous corresponding period of USD 5.13mill. Caraco Pharmaceutical Labs has announced revised earning guidance for 2002 at USD 21 million as against USD 16 – 18 million announced earlier.

Outlook:

According to Mr. Dilip Shanghvi, Chairman and Managing Director, " We continue to invest in long gestation projects both in research and in the international markets. Some of the longer-term projects have reached market and have begun to find good acceptance, such as the biodegradable membrane product Lupride Depot and neonatal emergency product Surfact. The controlled release products Prodep LA and Tropan XL also reached market. Several more delivery system based products are close to launch. These technology based products would, in the future, value add the quality of earning for Sun Pharma."

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