



PRESS RELEASE

First half sales crosses Rs 10 billion

Q2 FY07

Sales growth 29%, Net Profit increased 26%, R&D spend at Rs.599 million

Mumbai, October 19: Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported continuing strong performance for the second quarter and first half of 2006-07.

Highlights of Q2 consolidated financials

- Net sales increased 29% to Rs.5362 million, from Rs 4152 million in Q2 FY06
- International sales grow at 47%
- Net profit at Rs.1864 million, an increase of 26% compared to Q2 last year.

Highlights of H1 consolidated financials

- Net sales increased 30% to Rs.10478 million, from Rs 8053 million in H1 FY06
- International business grew 52%
- Operating EBITDA margin increased to 33.6% from 32.6% for H1 last year, despite 48% increase in R&D spend
- Net profit at Rs.3632 million, an increase of 28% compared to H1 FY06
- Net margin at 35% for the first half, same as last year

These unaudited results were taken on record by the Board of Directors at a meeting held in Mumbai on October 19, 2006.

According to Mr Dilip Shanghvi, Chairman and Managing Director of the Company, "Our results are in line with a company-wide focus for consistent sales and profit growth. Our focus on customer relationships has translated into rank no. 1 with 6 specialists, and this helps us build a high growth yet stable business."

Consistent growth

Domestic formulations at Rs. 2834 million registered a growth of 15% over Q2 FY06, contributing 50% of total sales. In an increasingly competitive marketplace, Sun Pharma now holds 3.3% market share, as per latest IMS ORG report.

Based on the latest prescription market share data, the company is now ranked number 1 with Orthopedicians too, in addition to Psychiatrists, Neurologists, Cardiologists, Diabetologists, and Ophthalmologists. 22 key products were launched during the first half.

US Generics

The momentum in the US generic business continues. Between Sun Pharma and our US subsidiary Caraco Pharma Labs, 28 products are approved compared to 23 at the end of June 30, 2006. A total of 8 ANDAs have been filed during the second quarter, 5 from Sun and 3 from Caraco. With these 56 products await USFDA approval including 8 tentative approvals; 39 from Sun and 17 from Caraco. Notable approvals include final approval received for Gabapentin which has been since launched and a tentative approval received after the close of the quarter for Amifostine for injection. Both of these are para IV filings.

Caraco recently announced Q2 sales of USD 28.3 million, up 43% from USD 19.8 million for Q2 FY06. For the first half, the sales reached USD 53 million growing 42% over first half last year despite increasing pricing pressure.

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Research & Development : Spending over Rs 1 billion in first half

Consolidated R&D expense for Q2 is Rs.599 million and for H1 is Rs 1020 million. This translates into 11.2% of net sales for the quarter, while 9.7% for the first half. The company has earlier shared estimates of R&D spend at 10-12% net sales, after demerging innovative R&D.

The total number of patents submitted pending approval now stands at 314 in addition to 57 patents granted.

Work is on for filings for the US markets from the new US sites of Ohio and New Jersey and for some international markets from Karkhadi (erstwhile Phlox Pharma site) in India. Business integration and operational streamlining at ICN Hungary are progressing well.

Earlier in the year, the Company had announced plans to demerge into a separate company the innovative R&D programs comprising NCE and NDDS pipeline and projects in clinical trials. This is now at an advanced stage and is estimated to be completed by the fiscal end.

Earnings conference call

A conference call to discuss the financials has been scheduled for 9 30 am. tomorrow, October 20. The dial in numbers for the call are (+91 22) 2781 2277 and (+91 22) 5591 7977. A replay will be available till 27 October, and the transcript would be put on the company's website as soon as possible.

About Sun Pharma

Established in 1983, listed since 1994 and headquartered in India, Sun Pharma (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) is an international, integrated, speciality pharmaceutical company. It manufactures and markets a large basket of pharmaceutical formulations as branded generics as well as generics in India, US and several other markets across the world. In India, the company is a leader in niche therapy areas of psychiatry, neurology, cardiology, diabetology, gastroenterology, and orthopedics. The company has strong skills in product development, process chemistry, and manufacturing of complex API, as well as dosage forms. The company is pursuing NCE and NDDS programs with the aim to bring products based on proprietary technology to market. More information about the company can be found at www.sunpharma.com.

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