



PRESS RELEASE

Sun Pharma reports strong performance

Q3 FY07

Sales growth 27%, Profit Increased 36%, R&D spend at Rs. 850 million

Mumbai, January 29: Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported a continuing strong performance for the third quarter and first nine months of 2006-07.

Highlights of Q3 consolidated financials

- Net sales increased 27% to Rs.5263 million, from Rs 4141 million in Q3 FY06
- International sales grew at 36%
- Net profit at Rs.1989 million, an increase of 36% over Q3 last year.

Highlights of Apr – December 06 consolidated financials

- Net sales were Rs.15479 million, a 29% increase from Rs 11966 million in first 9 months of FY06
- International business grew 47%
- Operating EBITDA margin improved to 33.9% from 33.5% for the same period last year, despite 57% increase in R&D revenue expense
- Net profit at Rs.5620 million, an increase of 31% compared to the corresponding period last year. Net margin at 36.3% for the nine months to December, compared to 36% for first 9 months of FY06.

These unaudited results were taken on record by the Board of Directors at a meeting held in Mumbai today.

According to Dilip Shanghvi, Chairman and Managing Director of the Company, "Our results across all business segments are a strong endorsement of our strategy and operating philosophy. Despite challenging environment conditions, we've shown consistent performance in the domestic business, strong and profitable growth in the US and continued rapid increase in expansion of exports. This, we believe, is a result of our focused approach across diverse tasks; from selecting new products to selecting new hires. We are working to build a competitive global generics business as we pursue expansion opportunities in existing and new geographies."

Domestic Formulations - Consistent growth

Domestic formulations sales at Rs. 8687 million registered a growth of 16% over the corresponding nine month period last year, contributing 52% of total sales. For the quarter, domestic formulations sales increased by 18.5%. In an increasingly competitive marketplace, Sun Pharma now holds 3.2% market share, as per latest IMS ORG report.

28 key products were launched during Apr – Dec 06.

US Generics – Caraco sales in first nine months of FY07 exceed full FY06

The momentum in the US generic business continues. Between Sun Pharma and our US subsidiary Caraco Pharma Labs, 31 ANDAs are now approved compared to 28 at the end of September 30, 2006. A total of 8 ANDAs have been filed during the third quarter, 6 from Sun and 2 from Caraco. With this, 61 ANDAs await USFDA approval including 7 tentative approvals; 5 from Sun and 2 from Caraco. Notable approvals during the quarter include final approval for Phenytoin which has since been launched and a tentative approval for Amifostine for injection.

Caraco recently announced Q3 sales of USD 31.3 million, up 51% from USD 20.7 million for Q3 FY06. For the nine months to December, sales reached USD 84.3 million growing 45% over corresponding period last year and

17/B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East), Mumbai 400 093 India
Tel.: (91-22) 6645 5645
Fax.: (91-22) 6645 5685



crossed USD 82.8 million achieved in full year FY06. Caraco recorded a net income of USD 10 million in the third quarter, despite continuing pricing pressure.

R&D, Capacity expansion

Consolidated R&D expense for Q3 is Rs.850 million and for nine months to December is Rs 1871 million. This translates into 16.2% of net sales for the quarter, while 12.1% for the nine months, despite a higher than guidance sales growth. The company has earlier shared estimates of R&D spend at 10-12% net sales, after demerging innovative R&D.

A cumulative of 76 DMF / CEP applications made with 39 approvals till Dec 06. The total number of patents applications submitted now stands at 371 with 59 patents granted.

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. With requisite important approvals having been received since then, the process is estimated to be completed by March 07.

Capacity expansion has been planned across the formulation and API plants to support the rapidly expanding business.

Conference call

A conference call to discuss the numbers has been scheduled for 0930 hours tomorrow, January 30. The dial in numbers for the call are (+91 22) 2781 3047 and (+91 22) 6776 3747. 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

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.

Contact

Uday Baldota
Tel : +91 22 6645 5645, Ext 225
Tel Direct : +91 22 66455525
Mobile : +91 98670 10529
E mail : uday.baldota@sunpharma.com

Mira Desai
Tel : +91 22 6645 5645, Ext 184
Tel Direct : +91 22 66455584
Mobile : +91 98219 23797
E mail : miradesai@sunpharma.com