



PRESS RELEASE

All round growth, R&D demerger mark year at Sun Pharma

Sales growth 30%, Profit Increased 35%; R&D spend at Rs. 2924 million

Mumbai, May 18, 2007 : Sun Pharmaceutical Industries Ltd. reported a robust performance for the fourth quarter and financial year ending March 31, 2007.

Highlights of Q4 consolidated financials

- Net sales increased 34% to Rs.5442 million, from Rs 4067 million in Q4 FY06
- International dosage form sales (including Caraco) grew at 29%
- Net profit was at Rs.2121 million, which is an increase of 48% compared to Q4 last year.

Highlights of April- March consolidated financials

- Net sales were Rs.21321 million, a 30% increase from Rs 16368 million in the full financial year of FY06
- International business grew 39%
- EBITDA margin increased to 32.7% from 30.8% for last year, despite 51% increase in R&D revenue expense.
- Net profit was at Rs.7741 million, an increase of 35% over the previous year. Net margin at 37% for FY 07 was higher than last year

These audited 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, *"The demerger of our R&D programs for NCE and NDDS into a new company will help reinforce the focus with which we've always run our core business. This move positions us to strongly participate in the excellent potential that exists for generics, worldwide. We've again shown strong results this quarter across all our business segments, as the first steps of our integration of acquired plants begin to show result. We are on course to creating a competitive global generics business as we pursue expansion opportunities in existing and new geographies."*

Domestic formulations- Consistent growth

Domestic formulations at Rs. 11810 million registered a growth of 23% over the last year, contributing 53% of total sales. For the fourth quarter, domestic formulations sales increased by 47%.

In an increasingly competitive marketplace, Sun Pharma now holds 3.2% market share, as per latest IMS ORG report. 36 key products were launched during the year.

US Generics

With the first of the approvals trickling in from the acquired sites, the momentum in the US generic business continues. Between Sun Pharma and our US subsidiary Caraco Pharma Labs, 34 ANDAs are now approved compared to 22 at the end of 2006. A total of 16 ANDAs have been filed during the fourth quarter, 8 from Sun and 8 from Caraco. With this, 77 ANDAs await USFDA approval including 7 tentative approvals; 6 from Sun and 1 from Caraco. Notable approvals during the year include final approval for generic phenytoin, nimodipine and gabapentin which have since been launched and a tentative approval for Amifostine for injection.

Caraco recently announced Q4 sales of USD 32.7 million, up 32% from USD 24.7 million for Q4 FY06. For FY 07, sales reached USD 117 million growing 41% over last year. Caraco recorded a net income of USD 26.9 million for FY 07, despite a competitive market.

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Research

Consolidated R&D expense for Jan- Mar 07 is Rs 817 million and for the year to March 07 is Rs 2924 million. This translates into 14% of net sales for FY07. The company had earlier shared estimates of R&D spend at 10-12% net sales, after demerging innovative R&D.

A cumulative of 86 DMF / CEP applications made with 43 approved. The total number of patents applications submitted now stands at 380 with 70 patents granted.

Conference call (Change in date and time)

The conference call to discuss the numbers has been now been re-scheduled for 0930 hours on Monday, May 21, 2007. 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. More information about the company can be found at www.sunpharma.com.

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