

Sun Pharma reports strong sales
First quarter: Total income up 40%, Profit up 54%;
R&D spend at Rs. 264 mill

Mumbai, July 28: Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported results for the first quarter of 2005-06.

Consolidated Q1: Sun Pharma and other subsidiaries including the US subsidiary Caraco reported (figures of corresponding quarter earlier year in brackets)

- Total income Rs.4426mill (Rs.3173 mill), up 40%
- Sales/ Income from operations at Rs.4218mill (Rs.3136 mill) up 35%.
- Net Profit is Rs1363mill (Rs.884 mill), up 54%.

These unaudited results were taken on record by the Board of Directors at a meeting held in Mumbai on July 27,2005.

Domestic formulations at Rs. 2526 mill registered a growth of 45% over the corresponding quarter last year.

According to Dilip Shanghvi, Chairman and Managing Director of the company, "We continue to consistently grow topline and bottomline, this gives us the ability to increase spend in R&D and make investments for new international markets. We recently made a headstart with Brazil and Mexico, and we are excited by the opportunities these markets present, as we apply the speciality template that has worked so well for us."

Amongst significant developments this quarter, was the commencement of dosage form sales in Brazil and the completion of an injectable manufacturing unit at the internationally approved formulation plant at Halol.

Caraco's Q1 Results:

Caraco recently announced quarterly sales of \$17.6 million, up 19% from \$14.8mill the previous year. Net Profit was \$ 1.6 mill. Non cash R&D expense was \$3.2 mill . For the year to December 2004 the company had announced sales of \$60.3mill and net loss of \$0.2 mill. Daniel Movens, a generic industry veteran with extensive US industry experience, recently took charge as CEO and two independent members with considerable expertise joined the board.

Earlier this year, Caraco selected additional 7 products for development, and with these all the 25 products to be transferred under this agreement have been selected. Of these 25 products, 14 products have cleared biostudies and another 11 products are under development. On completion of biostudies for all 25 products, and conversion of the preferred stock, Sun Pharma will hold 76% stake in Caraco. Caraco's numbers have been consolidated with that of the company using a line-by-line basis, with the minority profit deducted at the profit level.

The Detroit, USA based Caraco Pharma Labs currently has 9 ANDAs filed and awaiting FDA approval, and 15 ANDAs received. Caraco has shared estimates of 15-20% topline growth for the year.

Consistently increasing market share:

In an increasingly competitive marketplace, Sun Pharma continues to be ranked 5th with growth rate at 12.1% compared to 1.9% for the sector; the growth rate continues to be the highest for the top 20 companies, several of which have low single digit or negative growth (IMS ORG Retail Store Audit June 2005).

Market share is 3.44%, up from 3.36% in the March quarter (IMS ORG Retail Store Audit June 2005,

March 2005). Overall, the company is ranked no. 1 with psychiatrists, neurologists and cardiologists, and reached this position with yet one more speciality - ophthalmologists. A sharp increase in ranks was seen also with oncologists - 3rd rank and diabetologists - 2nd rank, areas that offer strong growth based on repeat prescriptions and an opportunity to offer a complete product basket. In all, the company ranks among the top 5 with 11 classes of specialists (CMARC March–June 2005).

New research sites, patents:

The total number of patents submitted pending approval now stands at 399 in addition to 35 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 quarter was Rs.313mill (Rs.246 mill) or 7.5% of sales. Revenue R&D expense was Rs.265 mill (Rs.209 mill), or 6.4% of sales.

Ongoing M&A activity

The amalgamation of Phlox Pharma, a bulk cephalosporins manufacturer is pending with regulatory authorities and legal compliance; expansion at this site to add a dedicated area for sterile and non-sterile formulations is close to completion.

The company had last year completed a zero coupon FCCB totaling \$ 350 mill (approx. Rs15750 mill).

Conference call

A conference call to discuss the numbers has now been rescheduled to 12 noon IST on July 29, 2005. 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.

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