



PRESS RELEASE

Strong quarter 1, R&D company, SPARC, lists

Sales growth 23%, Profit up 29%; R&D spend at Rs. 608 million

Mumbai, July 23 : Sun Pharmaceutical Industries Ltd. reported strong performance for the first quarter ending June 30, 2007.

Highlights of Q1 consolidated financials

- Net sales increased 23% to Rs.6275 million, from Rs 5112 million in Q1 FY07
- US generic sales grew at 43% in USD terms and 30% in INR terms
- EBITDA margin at 34%
- Net profit is at Rs.2272 million, which is an increase of 29% over Q1 last year. Net margin is 36% as against 35% for the first quarter last year.

These 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, *"With the listing of the innovative research company SPARC Ltd. and the demerger now complete, we continue as a strong generic company with a clear speciality and technology focus across current and new markets. Despite significant appreciation of INR against the USD, we've shown strong performance this quarter delivering robust growth and operating profitability. This resilience and our strong generic pipeline across markets, is the reason we view the increasingly competitive pharma markets as an opportunity, and not a threat. In addition to our rapid organic growth, the proposed capital raising is to build up a war chest to tap into consolidation opportunities."*

Domestic formulations - Consistent growth

Domestic formulations at Rs. 3669 million registered a growth of 26% over the first quarter last year, contributing 56% of total sales. In an increasingly competitive marketplace, Sun Pharma now holds 3.3% market share, as per latest IMS ORG report.

9 key products were launched during this quarter.

US Generics

Caraco recently announced Q1 sales of USD 35 million, up 43% from USD 25 million for Q1 FY07. In INR terms, this growth in net sales is 30%. Caraco recorded a net income of USD 8.5 million for Q1 this year, up 70% from the same quarter last year in a competitive market.

At the end of the first quarter, 83 ANDAs await USFDA approval including 8 tentative approvals; 5 from Sun and 3 from Caraco. These 83 ANDAs correspond to 72 products.

Research

Consolidated R&D expense for the quarter is Rs 608 million. This translates into 9.9% of net sales, the costs of innovative R&D have been booked in the new company.

A cumulative of 91 DMF / CEP applications made with 43 approvals so far. The total number of patents applications submitted now stands at 414 with 72 patents granted.

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



Proposed capital raising and others

The company proposes to raise Rs.35,000 million for future acquisitions in the international generics market. Performance of businesses acquired, including Alkaloida and the manufacturing facility in New Jersey, US, has been progressing satisfactorily and according to plan.

Update on Taro acquisition

Taro Pharmaceutical Industries Ltd. (Taro, Pink Sheets: TAROF) today announced that it will reschedule its shareholder meetings, originally scheduled for July 23, 2007 in Tel Aviv, Israel to September 25, 2007, in order to allow shareholders additional time to fully consider the proposed transaction with Sun Pharma.

Taro said it is taking this step primarily out of concern that public statements made by some large institutional Taro shareholders and their representatives, and the numerous court motions filed by them – all of which were rejected on July 20, 2007 by the Tel Aviv District Court – may have caused confusion among shareholders. In addition to the Tel Aviv District Court's rejection of all of their motions, including the motion to temporarily enjoin the shareholders meeting to approve the merger with Sun, Israel's Supreme Court today also rejected their request on appeal for an injunction to prevent the shareholders meeting.

In addition, Sun has informed Taro that it will exercise 3,000,000 previously issued warrants it holds, to purchase 3,000,000 shares of Taro at an exercise price of USD 6.00 per share, for an aggregate of USD 18 million in cash. This will provide additional liquidity for Taro and will be used for general corporate purposes. Sun has also agreed to release Taro from its non-solicitation obligations included in the Merger Agreement.

Conference call

A conference call to discuss the numbers has been scheduled for 10.00 hours tomorrow, July 24. 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.

Contacts

Uday Baldota

Tel +91 22 6645 5645, Ext 605
Tel Direct +91 22 66455605
Mobile +91 98670 10529
E mail uday.baldota@sunpharma.com

Mira Desai

Tel +91 22 6645 5645, Ext 606
Tel Direct +91 22 66455606
Mobile +91 98219 23797
E mail miradesai@sunpharma.com