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Sun Pharma reports strong performance Q3 FY08

Sales growth 49%, Profit Increased 60%, R&D spend at Rs 842 million

Mumbai, January 30, 2008: Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported continuing strong performance for the third quarter and first nine months of 2007-08.

Highlights of Q3 consolidated financials

- Net sales increased 49% to Rs.8,040 million, from Rs 5,400 million in Q3 FY07
- EBITDA margin improved to 44.1% from 32.1% over the third quarter last year,
- Net profit at Rs.3,184 million, an increase of 60% over Q3 last year.

Highlights of Apr – December 07 consolidated financials

- Net sales at Rs.20,994 million, a 32% increase from Rs 15,879 million in first 9 months of FY07
- International business grew 38%
- EBITDA margin improved to 38.6% from 33.1% over the same period last year
- Net profit at Rs.7,641 million, an increase of 36% compared to the corresponding period last year
- Net margin at 36.4% for the nine months to December, compared to 35.4% for first 9 months of FY07

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, "We've shown good results across business segments this quarter. This quarter is also marked by a validation of our strong regulatory and scientific skills, with news flow on patent challenges, announcements on three filings, and a settlement on one ANDA. This, in conjunction with a larger product pipeline across all markets as well as a relatively resilient cost structure should enable us to strengthen our presence as a globally competitive generics company."

Domestic Formulations - Consistent growth

Domestic formulations sales at Rs. 11,147 million registered a growth of 28% over the corresponding nine months last year, contributing 51% of total sales. For the quarter, domestic formulations sales also increased by 28%.

In an increasingly competitive marketplace, Sun Pharma now holds 3.3% market share, as per latest IMS ORG report. 24 key products were launched during Apr – Dec 07.



US Generics – Caraco reports USD 159 million sales in first nine months of FY07

Our US generic business continues to report strong numbers. Caraco recently announced Q3 sales of USD 82 million, up 162% from USD 31 million for Q3 FY07. For the nine months to December, sales reached USD 159 million growing 88% over corresponding period last year. These sales include a significant component of non-recurring sales related to oxcarbazapine generic, which we launched on receipt of final approval and a shared 180 day marketing exclusivity. Caraco recorded a net income of USD 11 million in the third quarter, despite continuing pricing pressure.

Earlier today we announced the launch generic Protonix®, a product on which we were one of the first-to-file an ANDA with a para IV certification, and share a 180-day marketing exclusivity. We had received USFDA approval for this product in September 2007. In December, we executed a settlement regarding our ANDA for a generic version of Exelon®, rivastigmine tartrate capsules. Sun Pharma will not market generic Exelon® in the U.S. until sometime prior to the expiration of the patents covering Exelon®.

Between Sun Pharma and our US subsidiary Caraco, ANDAs are now approved for 46 products compared to 29 at the end of FY07.

ANDAs relating a total of 20 products have been filed during the third quarter, 16 from Sun Pharma and 4 from Caraco. ANDA filings in FY08 for 38 products are now significantly ahead of our guidance for such filings. With this, ANDAs for 87 products await USFDA approval including 8 tentative approvals, 3 from Sun Pharma and 5 from Caraco.

R&D

Consolidated R&D expense for Q3 is Rs.842 million and for nine months to December is Rs 2163 million. This translates into 10.5% of net sales for the quarter, while 10.3% for the nine months. The company has earlier shared estimates of R&D spend at 8-10% net sales.

A cumulative of 96 DMF / CEP applications made with 48 approvals till Dec 07. The total number of patents applications submitted now stands at 206 with 55 patents granted.

Update on Taro

The Board of Directors of Taro is expected to schedule a meeting of the shareholders during Q1 2008 to consider the merger proposal.

Earnings call

The company will conduct an hour long earnings call at 10:00 am IST on January 31, 2008 where senior management will discuss the company's performance and answer questions from participants. To participate in this call, please dial +91 22 6629 0101 or +91 22 3065 1010 or +91 22 4039 2525 five to ten minutes ahead of the scheduled start time. The operator will provide instructions on asking questions before the call. You can also hear the call via a live audio webcast, details of which will be available on the Company website, www.sunpharma.com. A replay of this call will be available till February 5, 2008. The transcript of the conference call will also be available on the website.

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About Sun Pharma

Established in 1983, listed since 1994 and headquartered in India, Sun Pharmaceutical Industries Ltd. (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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