

Press Release**Sun Pharma reports strong export growth**

**Q 1 : PAT up 14%, Sales up 13% ▪ Export formulations up 56%
Caraco posts sharp turnaround: H1 sales \$20.61 mill ,PAT \$6.5 mill.**

Mumbai, July 28

Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported results for the first quarter of 2003-04 with PAT up 14% to Rs.547 mill, Total Sales up 12.7% to Rs2164mill

Net margins were 25% as against the same number in the corresponding quarter of the previous year, and in line with the margin guidance of 27% shared for the year.

EPS for the quarter was Rs. 5.9 as against Rs. 5.1 for the corresponding quarter last year.

These results were subjected to a limited view by the company's statutory auditors. These numbers were taken on board at a meeting held in Mumbai today.

Sun Pharma was recently rated amongst the best-managed companies for 2003 across all sectors. (Business Today- AT Kearney study of best-managed companies)

"At the start of a new year, we are on a firm platform for growth across all parts of our business: domestic market leadership, international markets, and research."commented Dilip Shanghvi, Managing Director of the company,

Breakups:

Domestic formulation accounted for 62% turnover (last year first quarter 66%), Domestic formulations at Rs1288 mill (Rs1261 mill) is up 2.1%.

Exports at Rs. 438 mill (Rs.334mill), was up 31%.

Formulation exports Rs. 112 mill, was up 56 % (Rs.71 mill).

Export of speciality bulk active was Rs.318mill (Rs. 259 mill), up 22%.

The ORG reports a growth rate of 14% for the company, which is more than twice the rate of growth for the industry. The underlying domestic formulation sales growth, after factoring in sales made in the previous quarter are in line with the numbers reported in the ORG. On a like to like basis, after accounting for this extra supply, domestic formulation sales is showing a healthy growth.

The bulk active turnover up 18% for the quarter reflects significant margin improvement after several regulatory approvals were received which enabled sales to US/Europe markets.

The company's efforts to reframe its export strategy, implementing a

totally new business plan with a new team and a select product basket in each of its markets has begun to show good results.

Caraco's q2 numbers :

In quarter 2 of 2003, Caraco posted sales of \$11 mill up 111% and PAT of \$4.32 mill, up from a loss of \$ 1.9 mill in the same quarter of the previous year.

For the half year, Caraco posted sales of \$20.61 mill and PAT of \$6.5 mill. Caraco has earlier shared estimates of \$35 mill for December 2003, up from \$22 mill sales posted last year, and is in process of revising its guidance for year.

Caraco now sources part of its requirements for 3 bulks from Sun Pharma, based on the drug master files approved. This has led to significant reduction in raw material cost and better schedules. Sun Pharma, at a consolidated level, currently owns a 49.39% stake in Caraco.

The Detroit, USA based Caraco Pharm Labs currently has 3 ANDAs filed and awaiting FDA approval. In the 2002 calendar year, the USFDA approved 6 ANDAs , taking to 10, the total number of ANDAs approved based on product development technology transferred from Sun Pharma.

International approvals :

The company's ISO9002 certified Panoli plant received Australian TGA approval, in addition to the European approvals received last year. The USFDA approved, ISO 9002 and ISO 14001 certified bulk active plant at Ahmednagar received 2 more approvals, for metoprolol and metformin, and our associate company Caraco has begun to file for some of these. ISO certifications were received for the Ankleshwar and Chennai plants.

Rankings :

Sun Pharma continues to be ranked 5th with a significantly higher than industry growth rate (ORG Retail Chemist Audit June 2003). Market share is at 3.04% up from 2.99 % last quarter and 2.8 % in the first quarter last year. (ORG Retail Chemist Audit Data March 2003, June 2003, June 2002, all MAT).

As per the C MARC data for Nov 2002- Feb 2003, Sun Pharma continues to build on its lead across therapy areas and is ranked 1st with psychiatrists and 1st with neurologists. Among significant rank changes -the company ranked 6th with oncologists, up from 10th ; and 11th with gynecologists, up from 18th. The company continues to maintain its 3rd rank with cardiologists, and gastroenterologists. The company is rated 6th with orthopedics, and 4th with ophthalmologist as well as, chest physicians. The company is ranked 7th overall among all companies according to C MARC, and is one of only 2 companies to have increased market share in this

period.

New research sites, patents :

With the patent filings made by the IP team last year, the total number of patents submitted now stands at 132, with 23 patents granted. (immediate preceding quarter : 61 filed, 16 granted)

The first phase of the company's new, state of the art, drug discovery campus in Baroda is on schedule. This 16-acre site, housing 150 additional scientists will be commissioned this year. This will significantly expand the current 45,000 sq ft site, which has 240 scientists.

Another new site for expansion of the product development labs in Bombay, a 75,000 sq. ft R&D center to service the North American and European markets, will also commence operations this year.

R&D expense for the first quarter of 2003-04 was Rs262mill (last year first quarter Rs136mill), of which the revenue R&D expense was Rs91 mill (Rs61 mill). The company expects to invest about Rs.750mill in R&D for the year.

Topline growth guidance :

The company confirmed its previously shared March 04 guidance of domestic formulation growth of 10-15%, export formulation growth of 40% and expectation that exports would account for 40% of turnover in the next 3 years.

Conference call :

Sun Pharma will hold a conference call to discuss Q1 earnings today at 4.00pm IST. The dial in number to access the call for Mumbai are: (+91 22) 2781 2277 and standby (+91 22)2788 0404 / 2788 0405 / 2781 2300.

A replay of the call will be available on: (+91 22) 27880506. Standby

Playback Number : (+91 22) 27812300 till 1st August.

A transcript of the conference call would also be put on the company website a day after the call.

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