

Half year : Total income up 29.3% Exports up 21.5%; PAT up 27.8%

Mumbai, October 21: Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported results for the first half and second quarter of 2004-05.

For Q2 standalone, Profit at Rs. 792.9 mill was up 20% (Rs.660.5 mill). Total Income at Rs.3261.3 mill was up 16.2%. Sales at Rs.2666.4 mill (Rs2451.6 mill) were up 8.8%.

These unaudited results of Sun Pharmaceutical Industries Ltd with limited review were taken on board at a meeting held in Mumbai today.

Consolidated Q2: Sun Pharma combined with the 95% partnership Sun Pharmaceutical Industries (SPI), and other subsidiaries including Caraco had

- Total income Rs.2744.9 mill (Rs.2616.4mill), up 4.9%
- Profit at Rs 792.9 mill, up 20%
- Sales at Rs. 2726.1 mill (Rs. 2526.8 mill) up 7.9%.
- Profit before R&D expenditure Rs 976.4 mill (Rs800 mill), up 22%

Interunit sales and profit have been eliminated during the period and therefore corresponding period figures are not strictly comparable.

Breakups:

All numbers pertain to Sun Pharma consolidated with the partnership Sun Pharma Industries.

For the quarter

- Domestic formulation accounted for 63.5% turnover at Rs.1729.7mill (Rs 1570.8 mill).
- Total Exports was 20.1% of turnover at Rs 548.4mill (Rs.526.9 mill) up 4.1%
- Export of speciality bulk active, largely to regulated markets, was Rs.336.0 mill. (Rs 343 mill).
- Formulation exports continued to grow, at Rs.209.5 mill, a growth of 18.9% (last year Rs 176.2 mill).

Caraco's 9-month 2004 numbers:

Caraco had earlier announced

- For December 2003: sales of \$45.5mill,PAT of \$11.2 mill and net cash from operations of \$15.5mill.

- For the first nine months of 2004: sales of \$43.7 mill, a net profit of \$0.3mill and net cash from operations of \$16.8 mill. Non-cash R&D expense related to filings was \$18.2mill.

Sun Pharma in January this year had increased stake in Caraco to 63% through a buyout of equity from large shareholders and Caraco's numbers have been consolidated with that of the company using a line by line basis.

The Detroit, USA based Caraco Pharm Labs currently has 4 ANDAs filed and awaiting FDA approval, and 14 ANDAs received. Caraco has shared estimates of 20-25% topline growth for the year, and expects to make 7 filings for the year ending December 2004.

Other developments:

The company recently reached an agreement for the purchase of three niche brands from the San Diego, US based Women's First Healthcare for \$5.4mill, this is to help the company move into the branded products market in the US.

The company's first joint venture manufacturing unit in Bangladesh, spread over 25,000 sq ft. recently commenced operations.

International approvals

The company's Halol formulation site received approval from the USFDA this quarter. This is in addition to the other regulated market approvals it received earlier- UK MHRA, South African MCC, Brazilian ANVISA and Columbian INVIMA.

The Panoli bulk active plant received USFDA approval. This plant holds ISO9002 certification, and is also approved for Europe and Australia.

The ISO 9002 and ISO 14001 certified Ahmednagar plant is approved for US and Europe. ISO certifications have also been received for the Ankleshwar and Chennai plants.

The company has received 13 regulated market approvals for bulk actives and has 22 filings pending approval.

Rankings:

In an increasingly competitive marketplace, Sun Pharma continues to be ranked 5th with a significantly higher than industry growth rate at 14% which is the highest among the top 10 listed companies (IMS ORG Retail Store Audit August 2004).

Market share is 3.20%, up from 3.04% last year (IMS ORG Retail Store Audit data August 2004, August 2003, MAT). Overall, the company is ranked among the top 4 with 8 classes of specialists (CMARC March – June 2004)

New research sites, patents:

The total number of patents submitted pending approval now stands at 351, with 33 patents granted.

At the Company's R&D Centre SPARC in Baroda, the progress of projects in NCE in three specific therapy areas; as well as that of platform NDDS technologies is fairly

satisfactory.

The first phase of the new 16 acre R&D campus in Baroda with 200,000 sq ft research floor area has commenced operations this year. The Mahakali R&D centre was commissioned this year with space for 150scientists and focus on projects for the US/ Europe both for Caraco and for Sun Pharma, and projects in platform NDDS.

R&D expense for the first half was Rs.486.4 mill (Rs. 515.8 mill) or 9 % of turnover. Revenue R&D expense was Rs 331.3 mill (Rs. 230.3 mill)

New manufacturing site

The manufacturing site at Jammu has started operations during the quarter. Both Jammu and Dadra have been formed as a partnership between Sun Pharma (95% stake) and Sun Pharma Key Employees Benefit Trust (5%).

Recent M&A activity

The amalgamation of Phlox Pharma, a bulk cephalosporins manufacturer with the company is pending with BIFR, and other statutory compliance.

According to Dilip Shanghvi, Managing Director of the company, "Our top priority remains international markets and research, and we continue to pursue interesting opportunities in both these areas."

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