



PRESS RELEASE

Sun Pharma Q3 2005-06 Net Sales up 33 %, Net Profit up 37 %

R&D spend Rs. 645 million

Mumbai, January 30: Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported strong performance for the Oct-Dec quarter and first nine months of 2005-06.

Consolidated Q3, Oct – Dec 2005 (figures of corresponding period last year in brackets)

- Net sales / Income from Operations at Rs.4343 million (Rs.3260 million) up 33%
- Net Profit is Rs.1464 million (Rs.1070 million), up 37%
- R&D spend at Rs. 645 million

Consolidated 9 months (Apr – Dec 05)

- Net sales / Income from Operations at Rs.12542 million (Rs.9147 million) up 37%
- Net Profit is Rs.4303 million (Rs.2928 million), up 47%
- R&D spend at Rs. 1337 million

These unaudited results were taken on record by the Board of Directors at a meeting held in Mumbai on January 30, 2006.

According to Dilip Shanghvi, Chairman and Managing Director of the Company, "We have begun to identify and make the first round of US acquisitions, where we expect to create value by investing in turnaround opportunities. Continuing growth and profitability of our current business provides strong support for our international expansions."

Recent Developments

The company continued to make US-centric acquisitions. The assets of the New Jersey based Able Labs, which includes large formulation facilities with a replacement value of about USD 45 million were acquired under bankruptcy proceedings for just over USD 23 million in December 2005. Earlier in the year, two manufacturing facilities were acquired – one in Hungary and another in Ohio, USA, for less than USD 10 million. The Hungary plant with dosage form and bulk capacity is one of the few sites worldwide manufacturing controlled substances. With these acquisitions, the Company strengthens its manufacturing capability for the US and other international markets. Additionally, a site in India recently received USFDA approval for injectables and nasal sprays,

Consistent increase in market share

India formulations at Rs. 2476 million registered a growth of 34% over the corresponding quarter of the previous year. In an increasingly competitive marketplace, Sun Pharma now holds 3.27% market share. We continue to grow the fastest amongst the listed top ten companies, several of which have low single digit growth (ORG IMS Stockist Secondary Audit November 2005). Across all marketing divisions, 28 key products were launched, 10 of which were based on own bulk active.

Continuing its earlier performance, the company is ranked number 1 with Psychiatrists, Neurologists, Cardiologists, and Ophthalmologists (CMARC July–October 2005).

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US Generics

The Detroit based Caraco Pharma Labs recently announced three month sales of USD 20.7 million, up 24% from USD 16.7 million in the same period last year, despite increased pressure on pricing. During these 3 months, non-cash R&D expenditure was USD 7 million. For calendar 2005, the company has announced sales of USD 75 million up from USD 60 million for calendar 2004 thus exceeding its guidance of 15-20% growth. This robust performance has been achieved through growth in existing products. Guidance for fiscal ending Mar 06 has now been raised to 25-30% growth over calendar 2004. Caraco's financials, as for all subsidiaries, have been consolidated with those of the Company using a line-by-line basis, deducting the profit relating to minority shareholders.

Caraco recently received a favorable summary judgment as well as FDA approval for the generic version of Ultracet, which it launched in late December. Caraco currently has 13 ANDAs awaiting FDA approval. This takes the total number of ANDAs awaiting approval for Sun Pharma and Caraco to 38.

Research and IP

The total number of patents submitted pending approval now stands at 422 in addition to 42 patents granted. At SPARC, the R&D Center at Baroda, the projects related to novel drug delivery system technologies continue to present strong growth opportunity. Preparations are on for the US IND filing for 1 NCE this quarter and 2 NDDS projects over the next two quarters.

Consolidated R&D expense for the nine-month period was Rs.1337 million (Rs.1000 million) or 10.2% of net sales. Revenue R&D expense was Rs.1042 million (Rs.733 million), or 8% of net sales.

At Phlox Pharma, a company acquired in 2004, construction of a dedicated facility for sterile and non-sterile formulations for international markets is on track for completion by year-end

Conference call

A conference call to discuss the numbers has been scheduled for 9 a.m. tomorrow, January 31. 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.

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. The company is pursuing NCE and NDDS programs with the aim to bring products based on proprietary technology to market. More information about the company can be found at www.sunpharma.com.

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