

**Sun Pharma Q2 results  
Release****Press****Export growth drives sales**

**\*\* Q2 : Export formulations up 83% \*\***  
**\*\* PAT up 23.9 %, Sales up 13.2%, \*\***  
**\*\* Caraco 9 month sales: \$32.9 mill, PAT \$11.1 mill. \*\***

Mumbai, October 21

Sun Pharmaceutical Industries Ltd. reported results for the second quarter and first half of 2003-04. For the second quarter PAT was up 23.9% to Rs.660.5 mill, Total Sales up 13.2% to Rs.2451.6 mill.

For the first half, PAT was up 19.1% to Rs.1207.4 mill, Total Sales up 11.3% to Rs.4525.2 mill.

R&D expense for the first half of 2003-04 was Rs. 515.8mill (last year first half Rs341.5mill). Revenue R&D expense was Rs 230.3 mill (Rs 135.9 mill), up 69.5%. The company expects to invest about Rs.750mill in R&D for the year.

Despite this heavy R&D expense, net margins were 26.7% as against 24.9% in the previous year, and in line with the margin guidance of 27% shared for the year.

EPS for the half year was Rs.13, as against Rs.10.80 for the first half last year.

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

"The numbers in the first half sets the pace across all parts of our business: domestic market, international markets, and research." Commented Dilip Shanghvi, Managing Director of the company, "Although domestic market was impacted by a previous year overhang and product discontinuation."

**Breakups**

For the second quarter, Domestic formulations at Rs 1495.6 mill (Rs 1458.6 mill) was up 2.5%. Domestic bulk at Rs 429.1 mill (Rs 365.6 mill) was up 17.4%.

Exports at Rs. 526.9 mill (Rs.339.6 mill), was up 55.2%.  
Formulation exports Rs. 176.2 mill, was up 83 % (Rs.96.3 mill).  
Export of speciality bulk active was Rs.343 mill (Rs. 242.3 mill), up 41.6%.

For the first half, Domestic formulation accounted for 61.5% turnover (last year first half 66.9%), Domestic formulations at Rs2783.6 mill (Rs2720.1 mill) is up 2.3%. Domestic bulk at Rs 776.2 mill (Rs 669.5 mill) is up 15.9%. Exports at Rs. 965.4 mill (Rs.673.3 mill), was up 43.4%. Formulation exports Rs. 287.9 mill, was up 71.7 % (Rs.167.7 mill). Export of specialty bulk active was Rs.661.4mill (Rs. 501.5 mill), up 31.9%.

ACN- ORG reports a growth rate of 14.8% 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 last year are in line with the numbers reported in the ORG.

Bulk active turnover up 22.8% for the first half reflects higher sales to regulated markets. The total

number of regulated market approvals currently stands at 7.

The company's efforts to further refine export strategy, with a totally new business plan, a new team and product basket, continues to show good numbers, with a 83% growth for the second quarter and 71.7% growth for the first half.

### **Caraco's 9 month numbers**

In the 9 months to September 2003, Caraco posted sales of \$32.9 mill up 122% and PAT of \$11.07 mill, up from a loss of \$ 1.72 mill in the previous year. There were no non-cash charges related to R&D expense in this period.

Caraco also upgraded annual sales guidance to \$45 mill from \$43 mill for the year. Caraco had sales of \$22 mill last year. Caraco recently received approval for a generic version of Zanaflex® Tizanidine, taking the total number of products in its basket to 17. 2 more ANDAs await FDA approval.

Caraco now sources part of its requirements for bulks from Sun Pharma, based on the drug master files approved. This has led to significant reduction in raw material cost.

### **International approvals**

The company's ISO9002 certified Panoli plant received Australian TGA approval, in addition to the European approvals received last year, and an ANDA based on material sourced from this site was cleared for Caraco. The USFDA approved, ISO 9002 and ISO 14001 certified bulk active plant at Ahmednagar received 3 approvals in all, for metoprolol, metformin, and tramadol. 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 (ACN-ORG Retail Chemist Audit August 2003). Market share is at 3.04% up from 2.93% last year. (ACN-ORG Retail Chemist Audit August 2003, September 2002 MAT).

As per the C MARC data for March-June 2003, Sun Pharma continues to build prescription share with key specialists, important rankings are in the table below:

<b>Therapy Area</b>	<b>Mar-June 03</b>	<b>Mar-June 02</b>
Psychiatry	1	1
Neurology	1	1
Cardiology	2	4
Diabetology	4	5
Gastroenterology	4	2
Gynecology	12	16
Dermatology	19	15
Oncology	6	6
Ophthalmology	4	4

### **New research sites, patents**

With the patent filings made by the IP team last year, the total number of patents submitted now stands at 162, with 32 patents granted (tally for q1 2003-132, with 23 patents granted)

The first phase of the company's new, state of the art, drug discovery campus in Baroda is nearing completion. This 200,000 sq ft site over 16 acres, with 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 Mumbai, from 6,000 sq ft to a 50,000 sq. ft R&D center to service the North American and European markets, will also commence operations shortly.

**Conference call**

Sun Pharma will hold a conference call to discuss H1 earnings at 11 am IST Wednesday October 22.

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.

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

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