

Creating Lasting Value

Investor Presentation

July 07

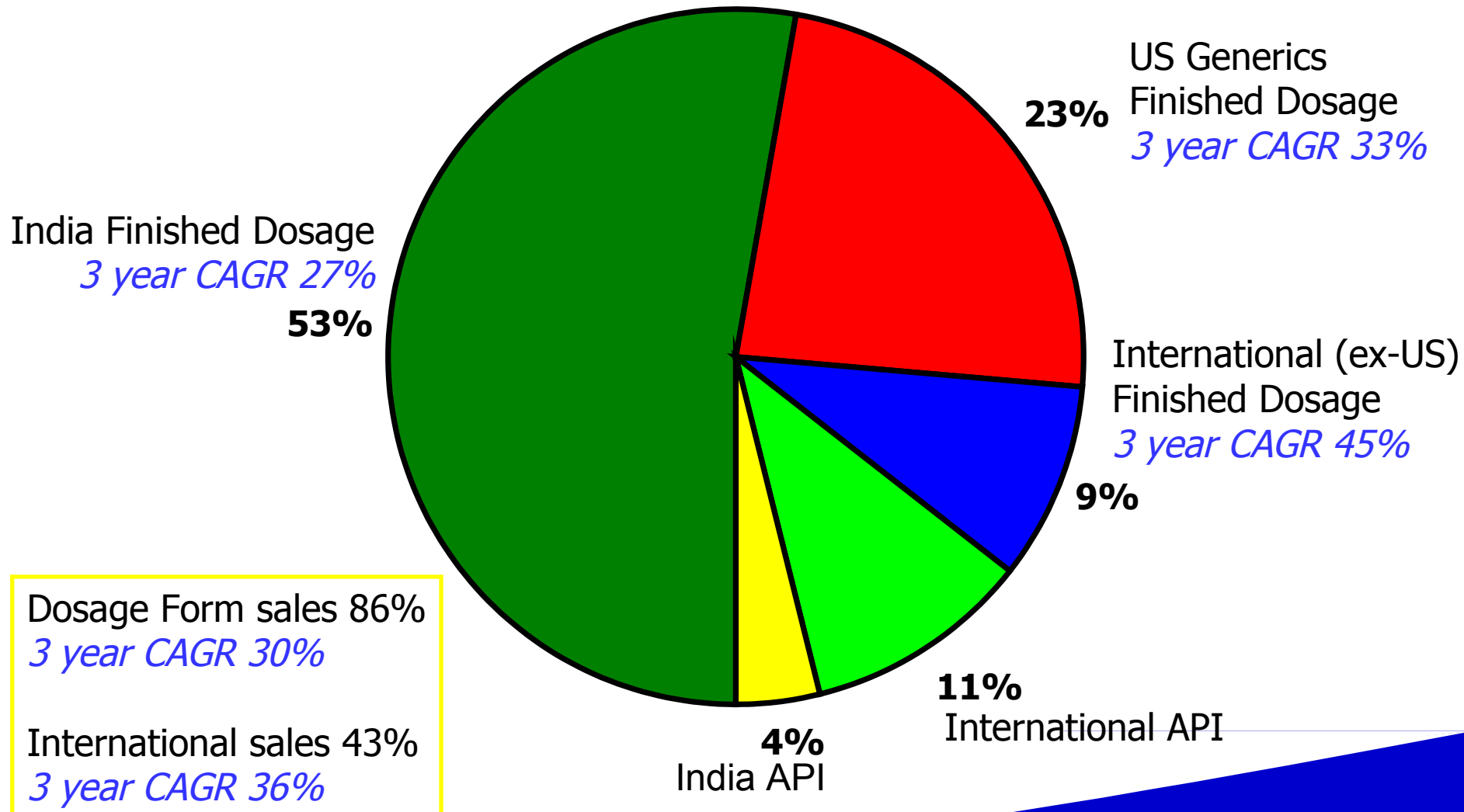


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Revenue Composition

2006-07 Annual sales : Rs 22373 million, *3 year CAGR 30%*

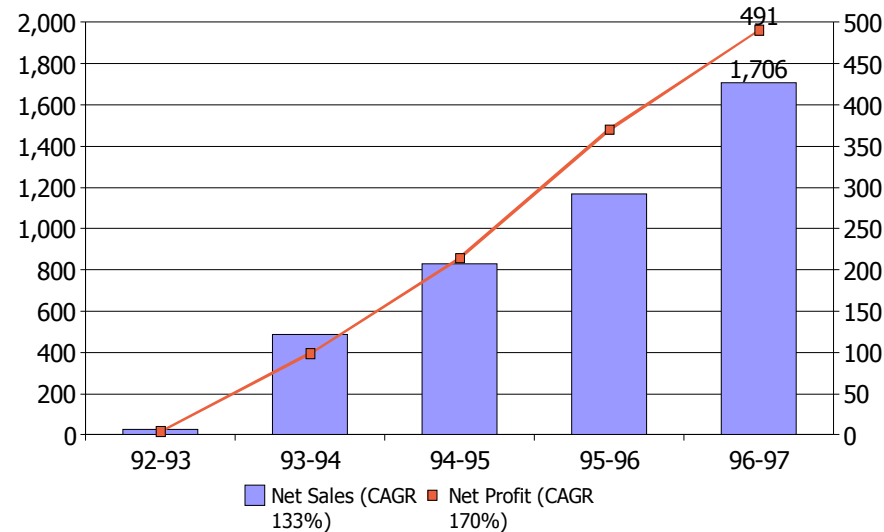
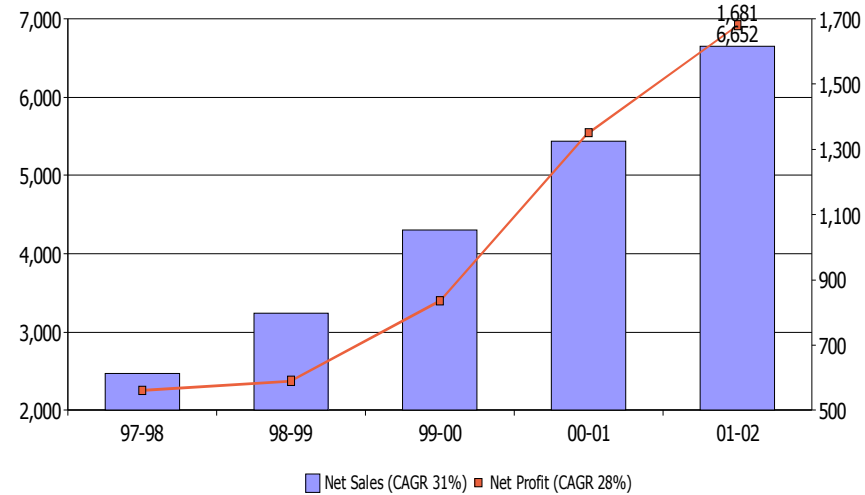
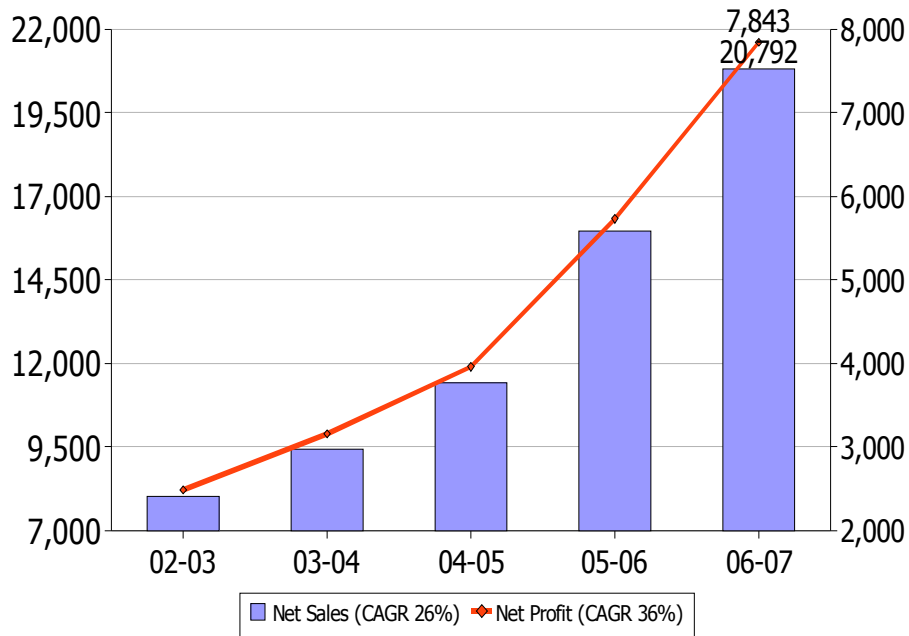


Strategy and Approach

- Create sustainable revenue streams
 - ❖ Focus : Chronic therapies
 - ❖ Differentiation : Technically complex products
 - ❖ Speed to market
- Seek cost leadership
 - ❖ Vertical integration : Development through Manufacturing (API and Dosage form) to Marketing
 - ❖ Optimise operational costs
- Balance profitability and investments for future
 - ❖ Acquisitions yielding high ROI
 - ❖ Development of complex generics

Growing Steadily

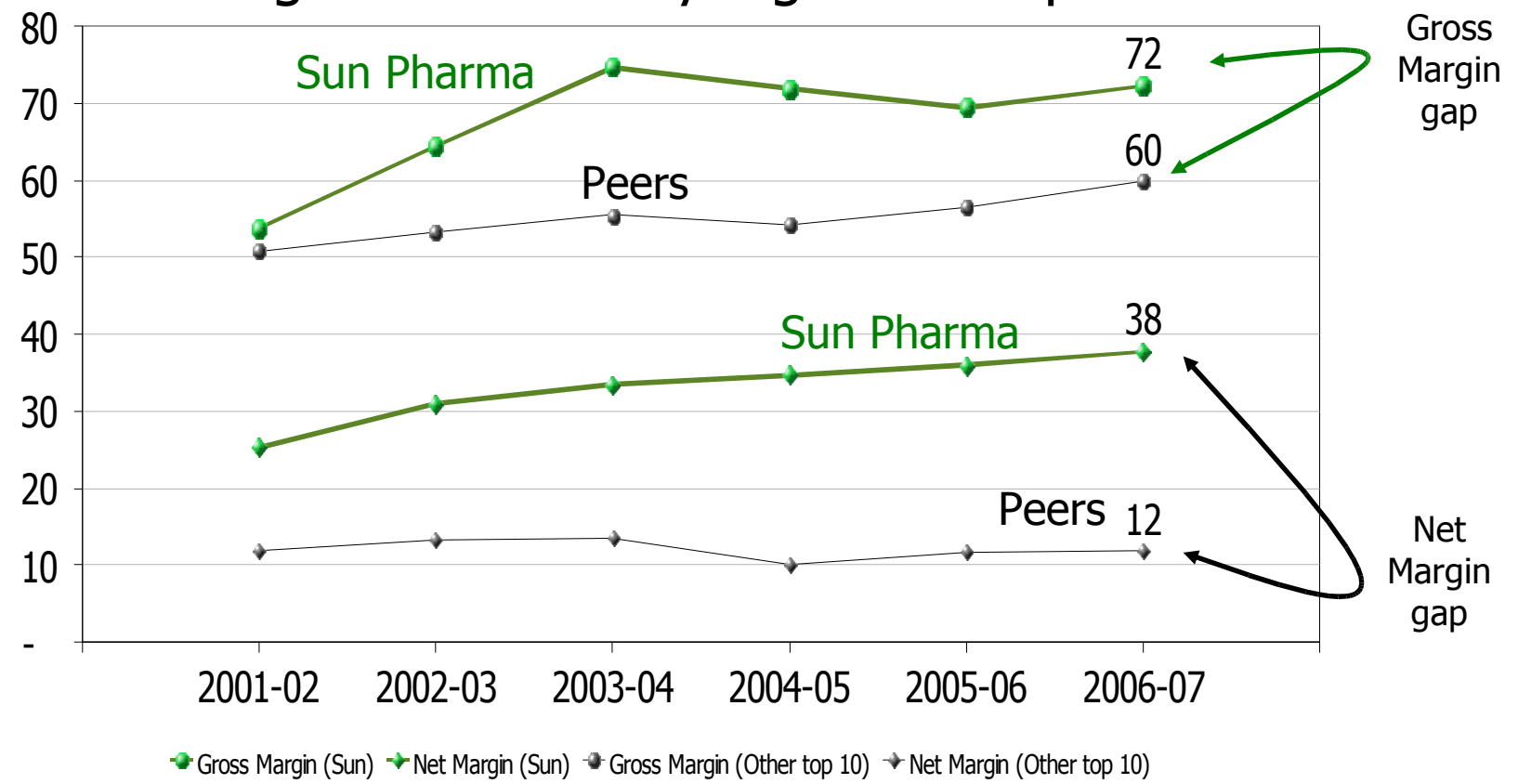
Revenue doubles and Net profit triples in 4 years; continuing the trend despite increasing size



Sustained Profitability

Superior business model

Margins consistently higher than peers *

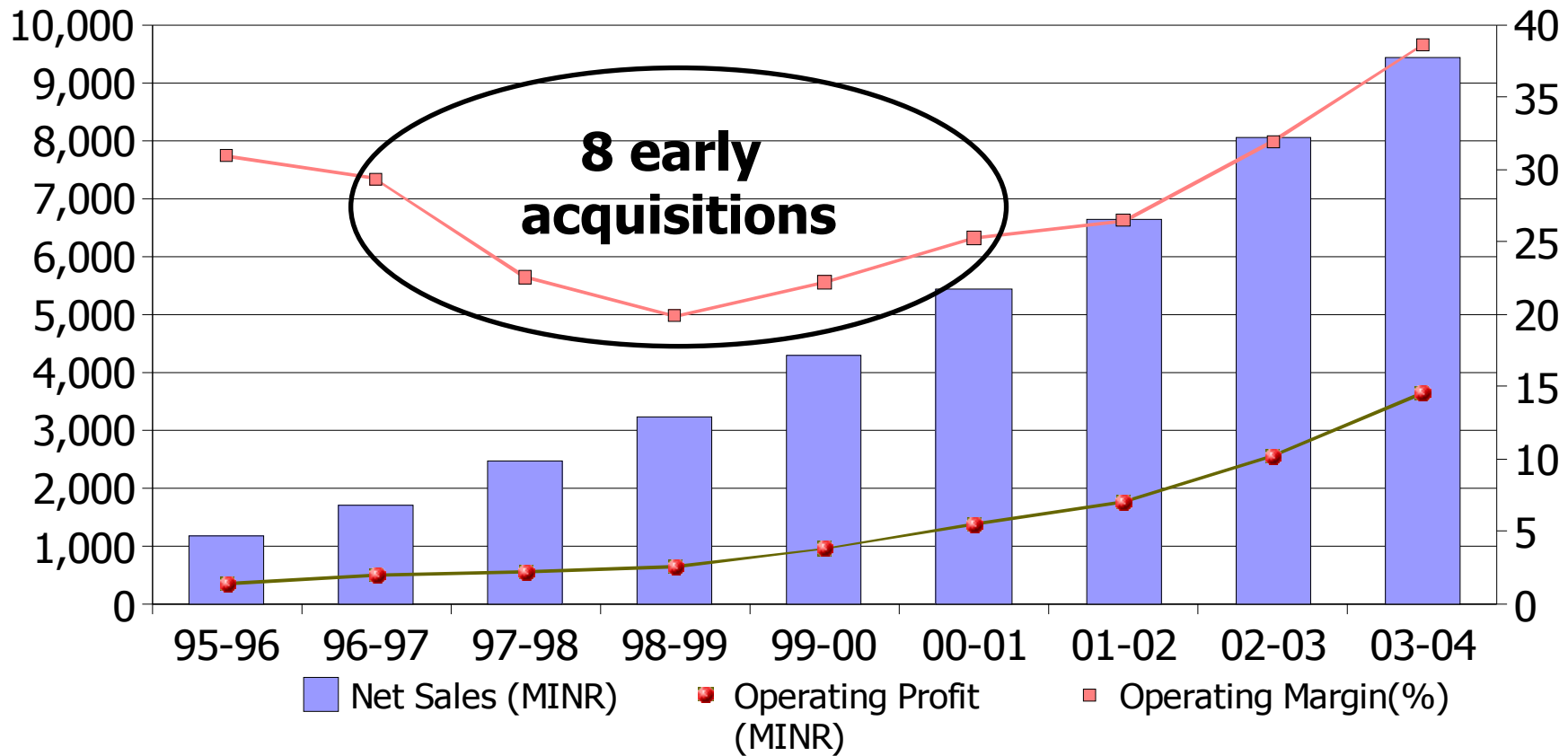


Gross margin = (Net Sales – Material Cost) / Net Sales * 100

* Other top 10 Indian Pharma companies

Successful At Acquisitions

Acquired 13 high potential yet under-performing businesses*; successful turnarounds

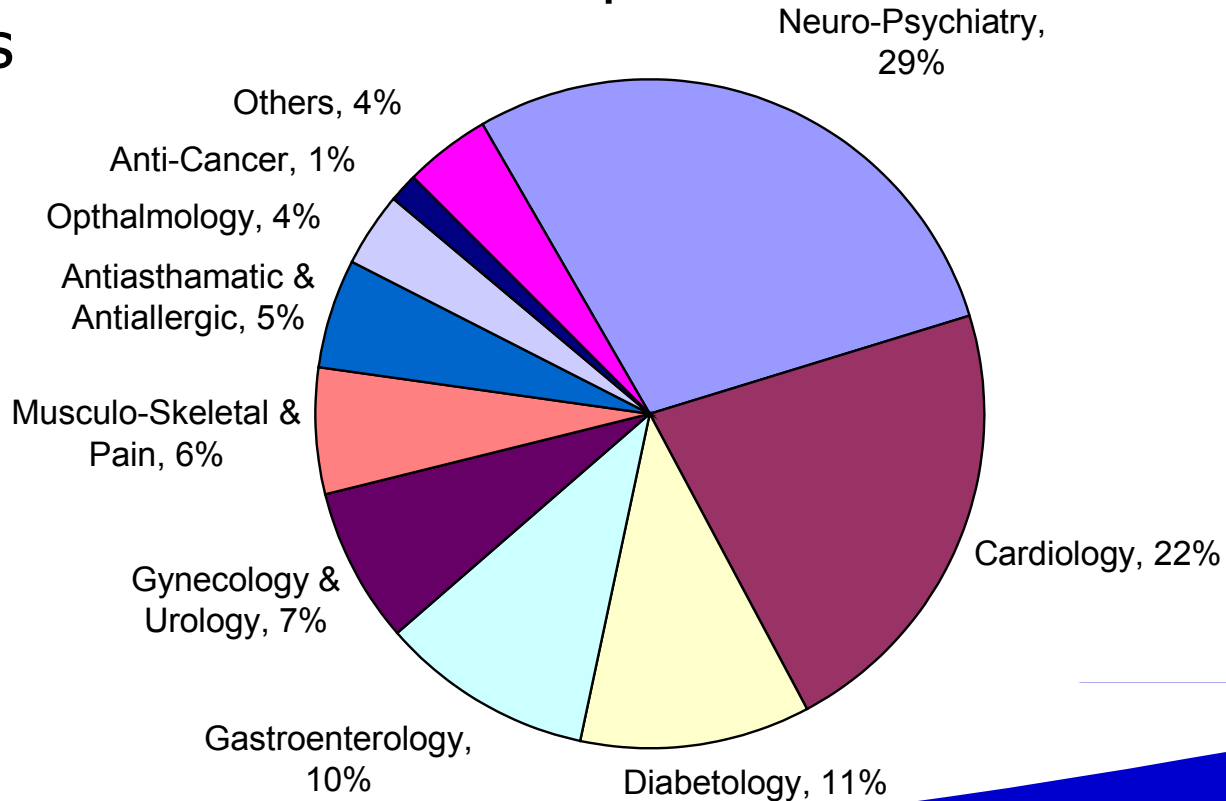


* Includes companies, plants or brands

Business Operations

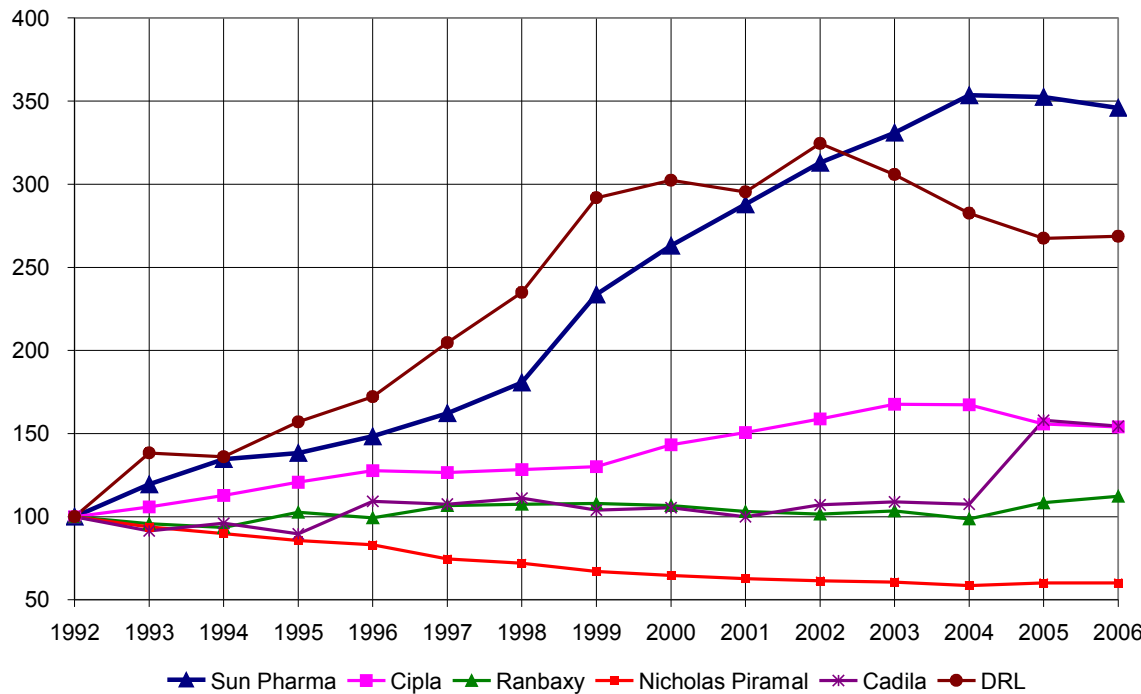
India Dosage Form : Strong Base

- Market share 3.3%, growth 13%
- Leadership in chronic segment; top 3 in over 50% of more than 300 brands
- No “blockbuster” risk : Top 10 brands contribute 24% of sales



Relentless Customer Focus

- Therapy focused marketing by 2200 sales representatives covering 125,000 specialist doctors
- Strong increase in prescription and sales market share



Ranks based on prescription share

SPECIALITY	1998	Current
Psychiatrist	1	1
Neurologist	1	1
Cardiologist	5	1
Ophthalmologist	NA	1
Diabetologist	6	1
Orthopaedicians	31	1
Gastro-enterologist	6	2
Nephrologist	NA	4
Oncologist	20	4
Cons Physician	8	5
Chest Physicians	16	5
Gynaecologist	NA	7

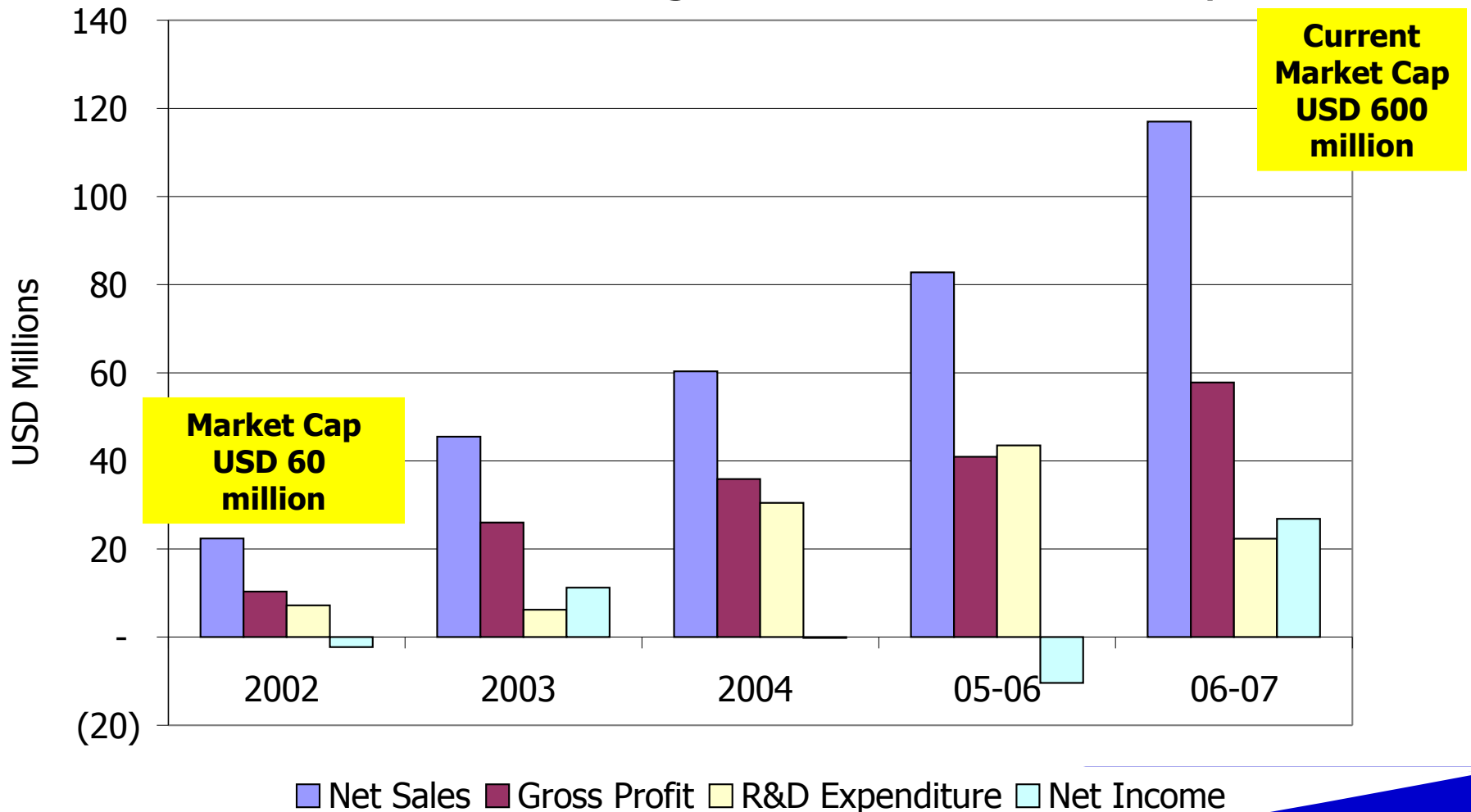
1992 Market Share indexed to 100 for all companies

US Generics : The highest priority market

- Integrated generic manufacturer with flexibility for manufacture onshore / offshore
- Caraco, the 75% owned US generics subsidiary, markets own and Sun Pharma ANDAs
- 115 ANDAs filed between Sun and Caraco
 - ❖ Approved 35
 - ✓ Caraco : 25, Sun : 9
 - ❖ Pending approval 83 (including 8 tentative)
 - ✓ 27 from Caraco (3 tentative)
 - ✓ 48 from Sun (5 tentative)

Caraco : Tough market, profitable growth

Sales and Gross Profit grow over 5 times in 4 years



Europe Generic Markets

- Work with a partner in 3 key markets UK, France and Germany
 - ❖ Filings made from an Indian site
 - ❖ Offer manufacturing and product development support - no direct market presence planned
- Acquired an API and Dosage form manufacturing company in Hungary with controlled substance capacity

International Branded Generic Markets

Less Regulated Markets

- Product basket width and technology based products as growths driver
- Replicating the speciality template
 - ❖ 26 countries, 1005 products registered and 510 awaiting registration
 - ❖ 400 strong local sales force promotes brands to doctors
 - ❖ Focus countries / regions : CIS, China, South-east Asia, South Africa, Brazil, Mexico

Speciality API

High Margin Regulated Markets

- Business largely with end users in regulated markets
 - ❖ Over 150 speciality APIs across 6 plants
- Strong regulatory capability
 - ❖ 91 DMF / CEP approved or awaiting approval



Dosage Form Manufacturing

- 9 manufacturing sites compliant with international regulatory standards
 - ❖ India : 4, US : 3
 - ❖ Over 750,000 sq. ft. area
 - ❖ Capacities available for a variety of dosage forms

Tablets / Capsules	Liquids
Semisolids	Suppository
Injectables / Sterile	
Vials	Dry powder
Ampoules	Eye drops
Pre-filled syringes	MDI
Gels	Aerosols
Lyophilized units	

API Manufacturing

- 6 World class locations with all sites ISO 14001, ISO 9002 approved
 - ❖ India : 5, Hungary : 1
 - ❖ Reactor capacity 1200 KL with over 650,000 sq ft area
- Over 25 API processes scaled up annually
- Panoli and Ahmednagar (both India)
 - ❖ International regulatory approvals: USFDA, European
 - ❖ Stand alone units for peptides, anticancers, steroids sex hormones
- Hungary
 - ❖ Controlled substances manufacture

Research & Development

Research and Development

- Generic R&D spend over 10% of net sales
- Strong research teams in reverse engineering, dosage form development, biological support, chemistry
- Balancing the risk
 - ❖ Immediate term : ANDA, DMF, Products for India
 - ❖ Medium term : Drug delivery systems
- 2 R&D centers with over 500 scientists

Financial Highlights

Financials

(Rs million)

	2003-04	2004-05	2005-06	2006-07
P&L Summary				
Net Sales	9,442	11,433	15,945	20,792
Gross Profit	7,056	8,211	11,073	15,025
EBITDA	3,933	4,167	4,905	6,724
Net Profit	3,157	3,962	5,733	7,843
R&D Spend	1,268	1,428	2,014	2,924
BS Summary				
Shareholders Funds	8,159	11,307	15,902	-
Loan Funds	4,130	18,230	18,745	-
Net Fixed Assets	4,928	6,213	8,977	-
Investments	1,765	6,485	3,541	-
Net Current Assets	4,808	16,360	23,006	-
Cash Flow Summary				
Net Cash from Operating Activities	2,878	3,754	1,852	-
Net Cash used in Asset Creation Activities	2,427	1,666	3,387	-
Net Cash generated in Financing Activities	1,773	13,640	148	-

Market capitalisation Rs 212 billion / USD 5.2 billion

Financial Ratios

Growth (%)				
Net Sales	17.5	21.1	39.5	30.4
Gross Profit	36.1	16.4	34.9	35.7
EBITDA	41.5	5.9	17.7	37.1
Net Profit	26.9	25.5	44.7	36.8
Margins (%)				
Gross Margin	74.7	71.8	69.4	72.3
EBITDA Margin (%)	41.7	36.4	30.8	32.3
Net Margin	33.4	34.7	36.0	37.7
Return (%)				
Return on Average Capital Employed	21.1	11.5	7.8	19.4
Depreciation	286	406	610	-
Return on Average Net Worth	51.3	48.6	45.6	-
Others				
Debt / Equity	0.51	1.61	1.18	
Fully Diluted EPS (Rs)	17.02	20.72	27.68	0
R&D Spend % of Net Sales				
Revenue	7.1	8.8	9.6	12.4
Capital	6.3	3.7	3.0	1.7

Future

- Closing the recently announced deal and integrating Taro Pharma
- 2007-08 Guidance (excluding Taro Pharma)
 - ❖ Consolidated sales increase 15-18%
 - ❖ R&D Spend 8-10% of Net Sales
 - ❖ Capex MINR 1250
 - ❖ 30 ANDAs to be filed

Thank you



For updates and specific queries, please visit

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