



PRESS RELEASE

Sun Pharma Q4 2005-06 Total income up 49 %, Net Profit up 38 %

**Dividend up to 110%
R&D spend Rs. 692 million , Demerger on track**

Baroda/ Mumbai, June 6: Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported strong performance for the fourth quarter and full year of 2005-06.

Consolidated Q4, Jan- Mar 2006 (figures of corresponding period last year in brackets)

- Total Income at Rs.4751 million (Rs 3178 million) up 49%
- Net Profit is Rs.1429 million (Rs.1034 million), up 38%
- R&D spend at Rs. 692 million

Consolidated full year (Apr 05 – Mar 06)

- Total Income at Rs.17963 million (Rs.12301 million) up 46%
- Net Profit is Rs.5732 million (Rs.3962 million), up 45%
- R&D spend at Rs. 2029 million

These unaudited results were taken on record by the Board of Directors at a meeting held in Baroda on June 6, 2006. The board recommended a 110% dividend.

According to Dilip Shanghvi, Chairman and Managing Director of the Company, "This is another successful year where all our businesses have done well and we see that we are structured to rapidly expand our international business."

Recent Developments

Our site in India received USFDA approval for injectables and nasal sprays, and approvals for several of its filings.

During the course of the year, the company made several 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 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 is one of the few sites worldwide that manufactures controlled substances. With these acquisitions, the Company strengthens its manufacturing capability for the US and other international markets. The focus is on integration, product filing and operational improvements.

Consistent increase in market share

India formulations at Rs. 2132 million registered a growth of 52% over the fourth quarter of the previous year. In an increasingly competitive marketplace, Sun Pharma now holds 3.28% market share. We continue to grow the faster than the industry. (ORG IMS Stockist Secondary Audit March 2006). Across all marketing divisions, over 32 key products were launched, 9 of which were introduced with inhouse API.



Continuing its earlier performance, the company added a first rank in Diabetology. The company is now ranked number 1 with Psychiatrists, Neurologists, Cardiologists, Diabetologists and Ophthalmologists. (CMARC Nov05–Feb06).

US Generics

The Detroit based Caraco Pharma Labs recently announced annual sales of USD 82.8million, up 29% from USD 64.1 million for the comparable period last year, despite increased pressure on pricing. For the fourth quarter, sales were \$24.7mill, up 43 % from sales of \$17.3 mill over the previous comparable period.

During the year, non-cash R&D expenditure related to product transfers was USD 35 million versus USD 27 mill in the comparable previous period.

This performance has been achieved through growth in existing products, as well as the introduction of new products like Ultracet. In late December 2005, Caraco had received a favorable summary judgment as well as FDA approval for the generic version of Ultracet, its first para 4 approval.

Caraco has shared that it expects the sales trend for fiscal 2006, in its entirety, to continue during fiscal 2007.

Caraco filed 10 ANDAs during the year and currently has 14 ANDAs awaiting FDA approval. Sun Pharma filed 14 ANDAs during the year. and had 30 ANDAs awaiting approval (end March). This takes the total number of ANDAs awaiting approval for Sun Pharma and Caraco to 44.

Research and IP

The total number of patents submitted pending approval now stands at 353 in addition to 56 patents received. The company recently announced plans to demerge the innovative part of its R&D. The projects related to new molecule and novel drug delivery system technologies continue to present strong growth opportunity. Our NCE is on track and we expect to take the 2 NDDS projects over the next two quarters.

Consolidated R&D expense for the year was Rs.2029 million (Rs.1440 million) or 11.7% of gross sales. Revenue R&D expense was Rs.1551 million (Rs.1021 million), or 8.9% of gross sales.

At Phlox Pharma, a company acquired in 2004, a dedicated facility for sterile and non-sterile formulations for international markets was built. This unit is under qualification and is expected to begin manufacturing shortly.

Outlook:

The group expects to have sales growth of 18-20% for the year ahead. The generic R&D expense is estimated at 10-12% of sales. Capex across all sites would be about Rs1 bill. Between Sun and Caraco, 30 ANDA filings are targeted. US generics will likely remain competitive with margins under pressure for new and existing products.

Conference call

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A conference call to discuss the numbers has been scheduled for 9 a.m. tomorrow, June 7. The dial in numbers for the call are (+91 22) 2781 2277 and (+91 22) 6791 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.

Contact

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