

## Press Release

### **Third quarter: Total income up 30.4% Exports up 16.4%; PAT up 14.6%, R&D expense at 10.8% of turnover**

Mumbai, January 21: Sun Pharmaceutical Industries Ltd., the speciality pharmaceutical company reported results for the first nine months and third quarter of 2004-05.

For Q3 standalone, Profit at Rs. 807.2mill(Rs.704.6 mill) was up 14.6%, after a one time management fee of Rs157 mill charged related to the issue of FCCB and higher R&D expense. Total Income at Rs.3526.9 mill was up 30.4%. Sales at Rs.2925.8 mill (Rs 2382.7 mill) were up 22.8%.

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

Consolidated Q3: Sun Pharma combined with the 95% partnership Sun Pharmaceutical Industries (SPI), and other subsidiaries including the 64% US subsidiary Caraco had

- ❑ Total income Rs.3526.6 mill (Rs.2773.7 mill), up 27%
- ❑ Sales at Rs. 3364.5 mill (Rs. 2687.1 mill) up 25.2%.
- ❑ Net Profit at Rs 1099.5 mill, up 25.1%

Amongst significant developments, this quarter was the inauguration of the R&D center, SPARC, at the hands of the President of India, increasing research floor space across two centers to 250,000 sq ft. During the quarter, the company has issued zero coupon FCCB with a ytm of 4.61% totaling \$350mill(approx. Rs15753 mill).

An extraordinary general meeting is convened on February 8 for consideration of appointment of Deloitte Haskins & Sells as statutory auditors of the company to fill the casual vacancy created on the resignation of the existing auditor.

The joint venture manufacturing plant in Bangladesh and the subsidiary in Mexico have begun operations this quarter.

#### **Caraco's 2004 numbers:**

Caraco recently announced, For December 2004: sales of \$60.3mill , net loss of \$0.1 mill and net cash from operations of \$22 mill.

Sun Pharma in January this year had increased stake in Caraco to 64% (excluding the preferred shares against tech transfer and unexercised options) after the company completed a buyout of equity from large shareholders. Sun Pharma's stake would increase to 69% should one consider the conversion of preferred to common stock. Caraco's numbers have been consolidated with that of the company using a line-by-line basis, with the minority profit deducted at the profit level.

The Detroit, USA based Caraco Pharm Labs currently has 6 ANDAs filed and awaiting FDA approval, and 15 ANDAs received. Caraco has shared estimates of 15-20% topline growth for the year, and has 18 more products in the developmental pipeline, of which 8 products have cleared bioequivalence. Caraco has also stated that increased competition may

cause pricing pressures and result in lower prices, and this may adversely affect growth rates and gross margins going ahead.

**Other developments:**

The company had earlier reached an agreement for the purchase of niche brands from the San Diego, US based Women's First Healthcare, this is expected to help the company move into the branded products market in the US.

Expansion at Panoli, adding 68,000 sq ft built area, and 130 KL additional reactive capacity is on track. This plant is USFDA approved, approved for Europe and Australia and holds ISO9002 certification

A large parenteral facility is also being added at Halol, and is close to completion. This formulation site now holds approvals from the USFDA, UK MHRA, South African MCC, Brazilian ANVISA and Columbian INVIMA.

The company has received 15 regulated market approvals for bulk actives and has 23 more filings pending approval.

The manufacturing sites at Jammu and Dadra have now both reached close to capacity levels,. Both Jammu and Dadra have been formed as a partnership between Sun Pharma (95% stake) and Sun Pharma Key Employees Benefit Trust (5%).

**Consistently increasing market share:**

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 November 2004).

Market share is 3.27%, up from 3.08% last year (IMS ORG Retail Store Audit November 2004, November2003 MAT). Overall, the company is ranked among the top 4 with 8 classes of specialists (CMARC July–October 2004). Strong rank increases were seen this quarter in diabetology, nephrology, and ophthalmology.

**New research sites, patents:**

The total number of patents submitted pending approval now stands at 372, in addition to 33 patents granted. At the R&D Centre SPARC in Baroda, progress in drug discovery in three specific therapy areas; as well as that of platform NDDS technologies is fairly active.

His Excellency, Dr APJK Abdul Kalam, the Hon President of India recently inaugurated the company's R&D campus in Baroda with 200,000 sq ft research floor area. The company's 50,000 sq ft. Mahakali R&D centre was also commissioned this year with space for 150 scientists, to enable greater focus on projects for the US/ Europe both for Caraco and for Sun Pharma.

Consolidated R&D expense for the 9 month period was Rs.1011.7 mill (Rs. 835.7 mill) or 9.8 % of turnover. Revenue R&D expense was Rs 745 mill (Rs. 431.2 mill), or 7.7% of turnover.

### **Ongoing M&A activity**

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

According to Dilip Shanghvi, Managing Director of the company, "With stable and growing revenue streams from India, rapidly increasing international business and enhanced research capability for managing innovation, we stand well placed to participate in any emerging opportunity."

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