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Sun Pharma reports strong performance in Q1FY11

Sales ` 1400 crores, up 78%, Net Profit ` 564 crores, up 244%

Mumbai, July 28, 2010: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE:SUNPHARMA, BSE: 524715) reported numbers for the quarter ending June 30, 2010.

Highlights of Q1FY11 consolidated financials

- Net income from operations at ` 1400 crores, registering a growth of 78% over corresponding quarter last year
- India branded generic sale at ` 598 crores, with a growth of 91% on account of the low base in Q1FY10; growth over immediate preceding quarter is 17%
- Caraco sales at \$ 130 million, up 171% from Q1FY10; was aided by one-time sale of generic oxaliplatin distributed by Caraco. Sale of this product was stopped on June 30, 2010.
- International formulation sales have grown by 32% (at constant dollar) over Q1FY10
- Operating margin is at 41% compared to 12% in Q1FY10
- Net profit at is ` 564 crores, equivalent to 40% net margin

These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

According to Dilip Shanghvi, Chairman and Managing Director of the Company, "Business has performed reasonably well, with growth coming from all business segments and in line with our expectations and guidance. While the high margin achieved this quarter is resulting from a one-time sale achieved in the US and hence will not repeat, the core strategy of building a consistent and sustainable business remains unchanged. This will enable us in enhancing our presence across markets with rapidly emerging and profitable generic opportunities."

India Branded Generics – Strong on growth

Sale of branded prescription formulations in India was at ` 598 crores for the first quarter, registering a growth of 91% over the same quarter last year. On a like-to-like basis, this is equivalent to a growth of about 17%.

Sun Pharma holds 3.7% market share in the highly competitive pharma market, as per latest IMS ORG report. Overall, the company is ranked no. 1 based on share of prescriptions with 5 classes of specialists: psychiatrists, neurologists, cardiologists, ophthalmologists and orthopedics.

10 key products were launched during the quarter.

US Generics – Work continues

Caraco had recently announced Q1FY11 sales of \$ 130 million, up 171% from the corresponding quarter last year. It recorded a net profit of \$ 1.2 million for Q1FY11.

Caraco has been actively working with cGMP consultants towards the resumption of manufacturing activities at its Michigan facilities. It is in the process of implementing the corrective actions and remedial measures as stipulated in the work plan, earlier approved by the USFDA. On June 24, 2010, the USFDA notified Caraco that its protocol for third party cGMP certification, detailing the activities to be conducted by the cGMP experts, was acceptable. On June 25, 2010 the FDA released certain previously seized raw materials, which had been opened solely for the purpose of sampling.

In the first quarter, ANDAs for 4 products have been filed, 2 by Sun Pharma and 2 by Caraco. Counting these, cumulatively ANDAs for 211 products have been filed by Sun Pharma and Caraco with the FDA. ANDAs for 7 products



received approvals in the first quarter. With these, ANDAs for 120 products now await USFDA approval, including 11 tentative approvals.

Recently, in the patent litigation over generic Protonix®, the US District Court denied Sun Pharma's motion for judgment as a matter of law seeking to reverse the earlier jury verdict, which had determined patent in suit to be not invalid, though it did not prohibit Sun Pharma from further selling the product prior to January 20, 2011. Sun Pharma continues to believe that the patent is invalid and unenforceable and will pursue all available legal remedies including appeals.

In June 2010, Sun Pharma announced a settlement with Orion over patent litigation related to generic Stalevo® and generic Comtan®. This settlement will enable Sun Pharma to launch generic Stalevo® in FY12 and generic Comtan® in FY13.

Sun Pharma stopped selling generic Eloxatin® on June 30, 2010, after a U.S. District Court denied Sun Pharma's motion. Sun Pharma plans to appeal as it believes that the grounds for such an appeal are strong. On receipt of a favorable judgment from the appellate court, Sun Pharma plans to reinstate the sales of the product.

Research – Building for tomorrow

Consolidated R&D expense for Q1 FY11 is ` 57 crores, or 4% of sales.

A cumulative of 157 DMF / CEP applications have been made, with 90 approved so far. The total number of patent applications submitted now stands at 251 with 83 patents granted so far.

Update on Taro transaction

While a judgment in the STO litigation is awaited from the Supreme Court of Israel, in a recent ruling, the United States District Court for the Southern District of New York rejected Taro's alleged claims that Sun Pharma and Alkaloida had failed to make adequate disclosures concerning the ongoing Tender Offer to purchase all outstanding Ordinary Shares of Taro. The Court also rejected Taro's request for discovery, remarking that Taro had not explained any purpose that discovery would serve.

Earnings Call (10 am IST, July 29, 2010)

The Company will host an earnings call at 10 am IST on July 29, 2010 where senior management will discuss the Company's performance and answer questions from participants. This call will be accessible through an audio dial-in and a web-cast.

Audio conference Participants can dial-in on the numbers below
Primary number: +91 22 3065 0088
Secondary number: +91 22 6629 0088

Playback of call: +91 22 3065 1212.ID: #786742

Web-cast More details will be provided through our website, www.sunpharma.com

To participate in the audio call, please dial the numbers provided above five to ten minutes ahead of the scheduled start time. The operator will provide instructions on asking questions before the call.

The transcript of the event will be available at www.sunpharma.com. The playback will be available till for 10 days.

About Sun Pharma

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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, orthopedics and ophthalmology. The company has strong skills in product development, process chemistry, and manufacturing of complex API, as well as dosage forms. More information about the company can be found at www.sunpharma.com.

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