Sun Pharmaceutical Industries Ltd.
SUN HOUSE, CTS No. 201 B/1,
Western Express Highway, Goregaon (E),
Mumbai 400063, India
Tel.: (91-22) 4324 4324 Fax.: (91-22) 4324 4343
CIN: L24230GJ1993PLC019050
www.sunpharma.com

FOR IMMEDIATE RELEASE

Sun Pharma reports Q1FY16 results

Net Sales Rs. 6,522 crores, Net Profit Rs. 479 crores

Mumbai, August 11**,** 2015: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) reported financials for first quarter ending June 30th, 2015. The financials for Q1FY16 include several one-time and exceptional charges related to the integration of Sun and Ranbaxy businesses, and hence are not strictly comparable with Q1FY15. Both these quarters include the financials of erstwhile Ranbaxy Laboratories Ltd.

Highlights of Q1FY16 consolidated financials

- Net sales / Income from operations at Rs. 6,522 crores up 3% over same quarter last year.
- Branded generic sales in India at Rs. 1,784 crores up 11% over Q1 last year.
- US finished dosage sales at US$ 488 million down 4% over Q1 last year.
- Emerging Markets sales at US$ 133 million down 15% over Q1 last year.
- Rest of World sales at US$ 91 million down 7% over same quarter last year.
- R&D investments at Rs. 511 crores, an increase of 37% over Q1 last year.
- EBITDA at Rs. 1,614 crores, resulting EBITDA margin of 24.7%. EBITDA for Q1FY16 includes certain one-time charges related to restructuring and other write-offs. Excluding these one-time items, adjusted EBITDA margin was at 28% compared to 30.2% for Q1 last year.
- Other operating income for the quarter includes the proceeds from brand divestments as mandated by various competition authorities pertaining to the Ranbaxy acquisition.
- Net profit for the quarter was adversely impacted by the above mentioned one-time items as well as exceptional charges of Rs. 685 crores. These exceptional charges relate to impairment of fixed assets and goodwill and other related costs and have arisen on account of integration and optimization measures. As a result, the net profit for the quarter was at Rs. 479 crores.

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

The Board has recommended payment of a dividend of Rs. 3.0 per equity share of face value Re 1/- each (300% of face value) for the year ended March 31, 2015, subject to approval of members.

Dilip Shanghvi, Managing Director of the Company said, "Our performance for the quarter has been impacted by certain one-time and exceptional charges which will drive synergies and overall profitability improvement in the long-term. Nonetheless, we continue to invest significantly in R&D and in building critical talent for enhancing our specialty and complex generics pipeline. As a part of this initiative, we have strengthened our ophthalmology and OTC teams in the US as well as formed a dedicated team for MK-3222, our IL-23 anti-body which is currently undergoing Phase-III clinical trials."

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India Branded Generics – Strengthening Market Leadership

Sale of branded prescription formulations in India for Q1FY16 was Rs. 1,784 crores, up 11% from the corresponding quarter last year and accounting for 27% of total sales. Sun Pharma is ranked No. 1 and holds approximately 8.9% market share in the Rs. 90,000 crore pharmaceutical markets as per June-2015 AIOCD-AWACS report. As per latest SMSRC report, Sun Pharma is ranked no. 1 based on share of prescriptions with 13 classes of doctors: psychiatrists, neurologists, cardiologists, ophthalmologists, orthopedicians, nephrologists, gastroenterologists, diabetologists, urologists, dermatologists, oncologists, chest physicians and consultant physicians. Seven products were launched in the Indian market during the quarter.

US Formulations

Sales in the US were US$ 488 million for the quarter, down 4% over Q1 last year and accounted for 47% of total sales. Sales for the quarter were impacted primarily due to competitive pressure on some products and temporary supply constraints arising from remediation efforts at the Halol facility.

Taro recently posted Q1 FY16 sales of US$ 215 million, up 65% from the corresponding quarter last year. Taro's net profit for Q1 was US$ 104 million, up by 125% over Q1 last year.

Emerging Markets

Our sales in emerging markets were at US$ 133 million for Q1, down 15% from the corresponding quarter last year and accounted for 13% of total sales. The decline is the result of volatile currency movements in certain emerging markets and a strategic decision of not participating in low margin businesses.

Rest of World Markets

Formulation sales in Rest of World (ROW) markets excluding US and Emerging Markets were US$ 91 million in Q1FY16, down 7% from the corresponding quarter last year. A conscious effort at reducing the participation in non-remunerative businesses has contributed to de-growth in the business. ROW markets accounted for approximately 9% of revenues for Q1 FY16.

Active Pharmaceutical Ingredients (API): Strategic strength

The API business is of strategic importance to us due to benefits from vertical integration. We increased the API supply for captive consumption significantly for key products. External sales of API were at Rs. 271 crores, up 32% from the corresponding quarter last year.

Research – Investing for future

Consolidated R&D expense for Q1 FY16 was Rs. 511 crores, or 7.8% of sales. This includes significant investments on account of funding the clinical development of MK-3222, the IL-23 monoclonal anti-body in-licensed from MSD (US).

We now have a comprehensive product offering in the US market with approved ANDAs for 442 products while filings for 159 products await US FDA approval, including 12 tentative approvals. For the first quarter, ANDAs for 6 products were filed and 4 approvals were received.

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Earnings Call (07.00 pm IST, August 11, 2015)

The Company will host an earnings call at 07.00 pm IST on August 11, 2015, 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 3960 0899 Secondary number: +91 22 6746 8324 *Playback of call: +91 22 3065 2322 Conference ID: 61080*
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 for a few days.

About Sun Pharmaceutical Industries Ltd. (CIN - L24230GJ1993PLC019050):

Sun Pharma is the world's fifth largest specialty generic pharmaceutical company and India's top pharmaceutical company. A vertically integrated business, economies of scale and an extremely skilled team enable us to deliver quality products in a timely manner at affordable prices. It provides high-quality, affordable medicines trusted by customers and patients in over 150 countries across the world. Sun Pharma's global presence is supported by 45 manufacturing facilities spread across 5 continents, R&D centres across the globe and a multi-cultural workforce comprising over 50 nationalities. The consolidated revenues for 12 months ending March 2015 are approximately US$ 4.5 billion, of which US contributes US$ 2.2 billion. In India, the company enjoys leadership across 13 different classes of doctors with 30 brands featuring amongst top 300 pharmaceutical brands in India. Its footprint across emerging markets covers over 100 markets and 6 markets in Western Europe. Its Global Consumer Healthcare business is ranked amongst Top 10 across 4 global markets. Its API business footprint is strengthened through 11 world class API manufacturing facilities across the globe. Sun Pharma fosters excellence through innovation supported by strong R&D capabilities comprising about 2,000 scientists and R&D investments of over 7% of annual revenues. For further information please visit www.sunpharma.com

Contacts

Nimish Desai
Tel +91 22 4324 4324, Xtn 2778
Tel Direct +91 22 4324 2778
Mobile +91-98203 30182
E mail nimish.desai@sunpharma.com

Frederick Castro
Tel +91 22 4324 4324, Xtn 2777
Tel Direct +91 22 4324 2777
Mobile +91 99206 65176
E mail frederick.castro@sunpharma.com