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Sun Pharma Reports Q3 FY2010-11 Financials

Sales Rs 1601 crores, Net Profit Rs 350 crores

Mumbai, January 31, 2011: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) reported financials for the third quarter and first nine months ending December 31, 2010.

Highlights of Q3 FY11 consolidated financials

- Net sales / income from operations at Rs. 1601 crores, growing 57% over Q3 FY10. This is on account of Taro financials being included this quarter but not in the same quarter last year.
- India branded generic sale at Rs 640 crores, registering a growth of 20% over same quarter last year
- Caraco sales at \$ 40 million, down 22% from Q3 FY10
- Taro sales at \$ 102 million, a growth of 23% over same quarter last year
- EBITDA at Rs 440 crores, resulting into a margin of 28%
- Net profit at Rs. 350 crores, resulting into a net margin of 22%.

Highlights of 9m FY11 consolidated financials

- Net sales / income from operations at Rs. 4371 crores, growing 46% over 9m FY10, partly on account of lower sales base for the first half of last year
- India branded generic sale at Rs 1880 crores, registering a growth of 43% over same period last year
- Caraco sales at \$ 268 million, up 50% from 9m FY10
- EBITDA at Rs 1523 crores, resulting into operating margin of 35%
- Net profit at Rs. 1418 crores, resulting into a net margin of 32%

These 9 month financials include significant components of non-recurring sales and profits contributed by a few products sold in the first half of the current year.

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, "Overall performance across most markets continues to be in line with our expectations. Medium to long term priorities remain focused on building a stronger presence in our key as well as emerging markets. Towards this we continue to invest in enriching our product pipelines for each of the business segments, work towards gaining market share in key products and therapy areas as well as enhancing our capability to meet the exacting regulatory standards across the world. Improving Taro's long term sustainability and growth potential is work in progress, even as we continue to evaluate other strategic opportunities."

India Branded Prescription products – Growth continues

Sales of branded prescription formulations in India were at Rs. 640 crores for the third quarter, a growth of 20% over the same quarter last year, and accounting for 40% of total sales. For the first 9 months, India formulation sales were at Rs. 1880 crores, a growth of 43% over the first 9 months of last year. This high growth is partly attributable to the lower base in the first half of FY10.

In 2010, as per IMS ORG report, the Indian Pharma market has grown by 17% while Sun Pharma has grown by 18% and now holds 3.7% market share. Based on data compiled by AWACS, Sun Pharma has grown by 23% in 2010 and has a market share of 4.4%. AWACS too estimates Indian Pharma market growth at 17% in 2010.



9 key products were launched during the quarter, taking the total for the first nine months to 30. Overall, the company is ranked no. 1 based on share of prescriptions with 6 classes of specialists: psychiatrists, neurologists, cardiologists, ophthalmologists, orthopedics and gastroenterologists.

US Generics – Challenges remain

This is the first quarter in which Taro financials for the entire quarter are consolidated into Sun Pharma financials. Taro recently announced its unaudited financials for the Oct-Dec quarter. Net sales for Oct-Dec quarter is at \$ 102 million, a growth of 23% over same period last year, while the net profit for the quarter is at \$ 4.4 million, lower by 95% when compared to the same quarter last year. This fall is primarily on account of a large tax expense in this quarter.

In Dec 2010, Taro completed the audit for CY2008 and filed its audited financials for that year. The difference between the audited net profit and the unaudited net profit disclosed earlier is significant. Audited net profit at \$ 30.6 million is lower by 31% when compared to the unaudited net profit announced earlier of \$ 44.4 million. This is largely attributable to lower net sales of \$ 7.7 million and higher expenses of \$ 6.2 million.

Caraco, the other listed subsidiary in US, recently announced its Q3 FY11 sales of \$ 40.4 million, down 22% from the same quarter last year. Caraco recorded a net loss of \$ 3.0 million for Q3 FY11. For the first 9 months of FY11, Caraco reported sales of \$ 268.2 million and net loss of \$ 3.3 million.

Research – Strengthening the future

In the Oct-Dec quarter, ANDAs for 5 products have been filed by Sun Pharma. With this, in the first 9 months, ANDAs for a total of 13 products have been filed by Sun Pharma and Caraco. During this quarter, ANDAs for 2 products from Sun Pharma have been approved taking the total approvals to 12 in the first nine months. In addition, Taro has filed ANDAs for 2 products and received approval for 1 in Oct – Dec quarter. Counting all of these and 3 filed ANDAs withdrawn during the year, ANDAs for 369 products have been filed across Sun Pharma, Caraco and Taro, of which 220 have been approved by the USFDA as on December 31, 2010. Of the balance 149 awaiting approval, 20 have tentative approvals.

Consolidated R&D expense for Q3 FY11 is Rs. 99 crores, or 6.2% of income from operations. For the first 9 months, the consolidated R&D expense is Rs. 233 crores, or 5.3% of income from operations.

Strengthening our API pipeline, a cumulative of 201 DMF / CEP applications have been made, with 127 approved so far. This includes a total of 35 applications from Taro, of which 25 are approved. The total number of patent applications submitted for Sun Pharma now stands at 257 with 85 patents granted so far.

Earnings call (10 am IST, February 01, 2011)

The Company will host an earnings call at 10 am IST on February 01, 2011 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.

17/B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East), Mumbai 400 093 India
Tel.: (91-22) 6645 5645
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The transcript of the event will be available at www.sunpharma.com. The playback will be available for 10 days.

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, 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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