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Sun Pharma reports Q1 2009-10 financials

Q1: Net sales Rs 788 crores, Net profit Rs 164 crores, R&D spend Rs 77 crores

Mumbai, July 29, 2009: Sun Pharmaceutical Industries Ltd. reported financials for the first quarter ending June 30, 2009.

Highlights of Q1FY10 consolidated financials

- Net sales at Rs. 788 crores, lower by 24% compared to Rs 1042 crores in Q1 FY09
- India formulation sale at Rs 313 crores is down by 27% compared to the same quarter last year
- Caraco sales lower by 56% compared to same quarter last year
- International formulations (excluding Caraco) have grown by 33%
- API sales are up 43%, most of the growth coming from international markets
- Net profit is at Rs. 164 crores with a resulting net margin of 21%

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, "Performance in the first quarter is overshadowed by the recent developments in our US business. The regulatory setback at Caraco, resulting in seizure of products, does pose a serious hurdle to our business on the path to replicating our past success. While performance of other businesses is in line with our expectations, our focus is get back to delivering a consistent overall performance, overcoming the current challenges our business faces."

India formulations – In line

Sales of branded prescription formulations were at Rs. 313 crores for the first quarter, a fall of 27% over the same quarter last year. This is largely on account of significantly higher one-time sales in Q4 last year.

12 key products were launched during the quarter. The Company continues to rank number one by prescription share with 5 classes of specialist doctors, as per the latest report from CMARC.

US Generics – A roadblock, but temporary.

Sun Pharma subsidiary, Caraco Pharmaceutical Industries Ltd. (NYSE Alternext US: CPD) continues to work closely with the USFDA to address the issue related to the warning letter and the subsequent seizure of drugs.

Caraco recently announced sales of USD 48 million for the first quarter, a fall of 56% over the same quarter last year. Net loss for Q1 FY10 was USD 9.4 million, compared to net profit of USD 9.4 million in the first quarter last year.

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Sun Pharma continues to selectively sell generic Protonix and Ethyol, products that were launched "at-risk". The variability in sales of these products has a significant impact on US generic and overall company sales and profits.

Research – Momentum continued

Consolidated R&D expense for Q1 FY10 is Rs 77 crores or 10 % of net sales. The total number of patent applications submitted for Sun Pharma now stands at 238 with 76 patents granted.

Between Sun Pharma and all its subsidiaries, ANDAs for 73 products are now approved. ANDAs for a total of 8 products have been filed during the first quarter, all from Sun Pharma. ANDAs representing 111 products await USFDA approval, including 10 tentative approvals.

A cumulative of 141 DMF / CEP applications made with 83 approved, ensuring better sourcing for key products going ahead.

Update on Taro

A judgment is awaited from the Supreme Court of Israel on the appeal filed by Taro, its outside directors and Franklin Templeton against the Tel Aviv district court judgment rejecting their claim. The Tender Offer for all ordinary shares of Taro commenced in June 2008 is extended till the injunction issued by the Supreme Court preventing its closure is lifted.

Earnings call

The Company will conduct an hour long call at 10.00 am IST on July 30, 2009 where senior management will discuss the Company's performance and answer questions from participants. To participate in this conference call, please dial the numbers provided below five to ten minutes ahead of the scheduled start time. The dial-in numbers for the call are +91 22 6629 0101, and +91 22 3065 1010. The operator will provide instructions on asking questions before the call. A replay of this call will also be available till August 5, 2009. You can also hear the call via an audio webcast, details of which are available on the Company website, www.sunpharma.com. The transcript of the conference call will be put up on the website.

About Sun Pharmaceutical Industries Ltd.

Established in 1983, listed since 1994 and headquartered in India, Sun Pharmaceutical Industries Ltd. (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. More information about the company can be found at www.sunpharma.com.

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