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Sun Pharma reports Q4 and FY09 financials

Q4: Net sales down by 10%, Net profit lower by 45%

2008-09: Net sales up 27%, Net profit up 22%

Mumbai, May 30, 2009 : Sun Pharmaceutical Industries Ltd. reported financials for the fourth quarter and year ending March 31, 2009.

Highlights of Q4 consolidated financials

- Net sales lower by 10% at Rs. 11,344 million, compared to Rs 12,572 million in Q4 FY08
- India formulation up by 81% to Rs 6526 million
- Caraco sales lower by 67% (in rupee terms) compared to last year, largely on account of a very high base in the corresponding quarter last year, contributed by launch of pantoprazole generic.
- International formulations, excluding Caraco, have grown by 89%
- API sales are up 64%, most of the growth coming from international markets
- Operating margin for the quarter is at 30%, compared to 57% for the same quarter last year.
- Net profit is at Rs. 3,949 million with a resulting net margin of 35%

Highlights of April 08- March 09 consolidated financials

- Net sales increased 27% to Rs.42,723 million, from Rs 33,565 million in FY08.
- Operating margin is 41%, lower than 43% achieved last year.
- Net profit at Rs.18,177 million, is up by 22% compared to the previous year.

These audited 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 fourth quarter in US has been below expectations, partly on account of product recalls initiated by Caraco, though the recurring business growth remains encouraging. While we continue to receive product approvals for US from all our other facilities, we remain focused on resolution of all regulatory issues at Detroit facility, though it is clearly taking longer than originally anticipated. Rest of the business continues to perform in line with our expectation as visible through these set of numbers. Our commitment to a healthy bottom-line and to building a solid business with consistent revenues derived across geographies remains unchanged."

India formulations - Growth continues

Sales of branded prescription formulations were at Rs. 6,526 million for the fourth quarter, a growth of 81% over the same quarter last year. For the year, sales were at Rs.19,597 million, an increase of 33% over last year. Broadly, the underlying growth in the business this quarter is similar to that achieved in the first nine months of FY09.

Sun Pharma now holds 3.5% market share in the highly competitive pharma market, as per latest IMS ORG report. 42 key products were launched during the year. The Company continues to rank number one by prescription share with 6 classes of specialist doctors, as per the latest report from CMARC.



US Generics – Filing momentum maintained

Sun Pharma subsidiary, Caraco Pharmaceutical Industries Ltd. (NYSE Alternext US: CPD) recently announced FY09 sales of USD 337.2 million, a fall of 4% over FY08. Net income for FY09 was 20.5 million, registering a fall of 42% over the previous year.

Sun Pharma continues to selectively sell generic Protonix and Ethylol, 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. Caraco continues to work closely with the USFDA, with full support of Sun Pharma, to address the issues raised in the warning letter and recent 483 observations.

Between Sun Pharma and all subsidiaries, ANDAs for 71 products are now approved compared to 53 at the end of 2008. A total of 9 ANDAs have been filed during the fourth quarter, 5 from Sun Pharma and 4 from Caraco. During the year, a total of 37 ANDAs have been filed, as against a guidance of 30. With this, ANDAs representing 108 products await USFDA approval, including 7 tentative approvals; this is one of the strongest pipelines.

Research – Building a future

Consolidated R&D expense for Q4FY09 is Rs 748 million or 6.6 % of net sales. For FY09, and for the year, R&D expense is Rs 3,320 million, or 8% of net sales. The total number of patents applications submitted for Sun Pharma now stands at 233 with 76 patents granted.

A cumulative of 129 DMF / CEP applications made with 71 approved, ensuring cost efficiencies for our business going ahead.

Update on Taro

Mediation initiated on the recommendation of the Supreme Court of Israel between Sun Pharma, Taro, Templeton and Levitt/Moros families ended without any agreement being reached. Accordingly, an update has been sent to the Supreme Court and a judgement is awaited from the court. 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.

Publication of audited financial statements for 2006 and 2007 has been delayed for some two years by Taro, which is in complete breach of the Israeli Companies Law. On May 14, 2009, Sun Pharma commenced litigation in the Tel Aviv District Court requesting the court to order Taro and its Directors to publish Taro's audited financial statements.

Earnings call

The Company will conduct an hour long call at 08.00 am IST on June 1, 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 June 8, 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

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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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