

FOR IMMEDIATE RELEASE

Sun Pharma reports Q4 & FY16 results

Q4FY16: Net Sales up 21%, Net Profit up 93%

Mumbai, May 30, 2016: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715, Sun Pharma) reported financials for fourth quarter and full year ending March 31st, 2016.

Highlights of Q4FY16 consolidated financials

- Net sales / Income from operations at Rs. 7,414 crores, a growth of 21% over same quarter last year.
- India sales at Rs. 1,807 crores, up by 17% over Q4 last year.
- US finished dosage sales at US\$ 580 million up by 19% over Q4 last year. US sales include the benefit of the 180-day exclusivity for Imatinib which commenced from 01-Feb-2016.
- Emerging Markets sales at US\$ 124 million.
- Rest of World sales at US\$ 79 million.
- R&D investments at Rs. 711 crores, 9.6% of net sales.
- EBITDA at Rs. 2,300 crores, resulting EBITDA margin of 31%.
- Net profit for the quarter was at Rs. 1,714 crores

Highlights of FY16 consolidated financials

- Net sales / Income from operations at Rs. 27,744 crores, a growth of 2% over same period last year
- India sales at Rs. 7,254 crores, a growth of 9% over the last year.
- US finished dosage sales at US\$ 2,066 million.
- Emerging Markets sales at US\$ 548 million
- Rest of World sales at US\$ 330 million
- R&D investments at Rs. 2,302 crores, 8.3% of net sales compared to 7.2% of net sales for FY15.
- EBITDA at Rs. 7,956 crores, resulting EBITDA margin of 28.7%. EBITDA for FY16 includes certain one-time charges related to restructuring and other write-offs.
- Other operating income for the FY16 includes the proceeds from brand divestments as mandated by various competition authorities pertaining to the Ranbaxy acquisition.
- Net profit for the FY16 was adversely impacted by the above mentioned one-time items as well as exceptional charges of Rs. 685 crores reported in Q1FY16. 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 FY16 was at Rs. 4,716 crores.

These results were taken on record by the Board of Directors at a meeting held in Mumbai today. The Board of Directors also recommended a dividend of Re. 1 per share, subject to the approval of the members at the ensuing Annual General Meeting of the Company.

Dilip Shanghvi, Managing Director of the Company said, "This has been a year of consolidation for us. While we have accrued targeted synergies from the Ranbaxy acquisition, we have also made commensurate investments in building the specialty business in the US. These strategic investments will help us drive the sustainable growth of our business."

India Business – Market Leadership

Sale of branded formulations in India for Q4FY16 was Rs. 1,807 crores, up 17% from the corresponding quarter last year and accounting for 24% of total sales. Withdrawal of bonus offers continues to adversely impact sales in the acute segment. For the FY16, sales were at Rs. 7,254 crores, higher by 9% over same period last year. Sun Pharma is ranked No. 1 and holds approximately 8.8% market share in the Rs. 98,000 crore pharmaceutical market as per March-2016 AIOCD-AWACS report.

As per latest SMSRC report, Sun Pharma is ranked no. 1 based on share of prescriptions with 13 classes of doctors. For Q4FY16, 7 new products were commercialized while for the FY16, 29 new products were launched in the Indian market.

US Formulations

Sales in the US were US\$ 580 million for the quarter, a growth of 19% over same period last year and accounted for 52% of total sales. For FY16, sales were US\$ 2,066 million recording a decline of 8%. Sales for the quarter were boosted primarily due to the benefit of the 180-day exclusivity for Imatinib which commenced from 01-Feb-2016.

At the same time, Taro posted Q4 FY16 sales of US\$ 265 million, up 9% over Q4 last year. For the FY16, sales were US\$ 951 million, up by 10% over full year last year. Taro's net profit for Q4 was US\$ 115 million, a decline of 25% YoY. Net profit for FY16 was at US\$ 541 million, up by 12% over same period last year.

Emerging Markets

Our sales in emerging markets were at US\$ 124 million for Q4, flat compared to the same period last year and accounted for 11% of total sales. For the FY16, sales were US\$ 548 million, a drop of 10% over same period last year. The decline is largely a result of volatile currency movements in certain emerging markets and a strategic decision of not participating in some low margin businesses.

Rest of World Markets

Formulation sales in Rest of World (ROW) markets excluding US and Emerging Markets were US\$ 79 million in Q4FY16, a de-growth of 6% from the corresponding quarter last year. For the FY16, sales were US\$ 330 million, a reduction of 13% over same period 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 7% of revenues for Q4 FY16.

Active Pharmaceutical Ingredients (API): Strategic strength

The API business is of strategic importance due to benefits from vertical integration. We continue to increase the API supply for captive consumption significantly for key products. Concurrently, for Q4FY16, external sales of API were at Rs. 376 crores, up by 46% over Q4 last year. For the FY16, API sales were up by 41% to Rs. 1,402 crores.

Research – Investing for future

Consolidated R&D expense for Q4FY16 was Rs. 711 crores, or 9.6% of sales compared to Rs. 632 crores or 10.4% of sales for Q4 last year. For FY16, R&D spend was Rs. 2,302 crores at 8.3% of sales compared to Rs. 1,955 crores at 7.2% of sales for same period last year. This increased R&D expenditure includes significant investments

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on account of funding the clinical development of Tildrakizumab, the IL-23 monoclonal anti-body in-licensed from MSD (US).

Our comprehensive product offering in the US market consist of with approved ANDAs for 413 products while filings for 159 products await US FDA approval, including 13 tentative approvals. For 4Q, 11 ANDAs were filed and 5 approvals were received. For FY16, ANDAs for 22 products were filed and 14 approvals were received.

Proposal for Buyback

The Board of Directors of the Company has decided to hold a meeting on Thursday, 23rd June 2016 to evaluate a proposal for buyback of equity shares of the Company.

Earnings Call (08.00 am IST, May 31, 2016)

The Company will host an earnings call at 08.00 am IST on May 31, 2016, 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 49 manufacturing facilities spread across 6 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 14 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 & follow us on Twitter @SunPharma_Live

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