



Half Yearly FY 12 Review

Managing Director's Office

5 th November 11

Dear Shareholders,

I extend warm seasonal greetings to you.

During last AGM, I had committed to write to you periodically to share the progress of operations of your company. I am pleased to inform you that operation in Cuddalore and Pondy plants which were interrupted during First Qtr FY 12 have been fully restored. I would like to share with you the Half 1 FY 12 performance

Business Performance – April to Sep 11

| Financial Performance | Stand alone | | Consolidated | |
|---|--------------|----------------|--------------|---------------|
| | Half I FY 12 | Half I FY 11 | Half I FY 12 | Half I FY 11 |
| | Rs in Crores | Rs in Crores | Rs in Crores | Rs in Crores |
| Sales and Operating revenue | 319.25 | 285.71 | 453.94 | 416.79 |
| EBITDA & Forex Loss | 23.75 | 20.03 | 42.49 | 40.59 |
| Profit /(Loss) before Tax and Forex Loss | 2.93 | (1.40) | 9.40 | 7.94 |
| Forex (loss) | (19.27) | (9.88) | (17.45) | (10.09) |
| Tax (expenses)/ benefits | 20.08 | - | 25.04 | |
| Profit After Tax /(Loss) | 3.74 | (11.28) | 16.99 | (2.14) |

We are attaching the consolidated published results for period ending 30th Sep11

Shasun Pharmaceuticals Limited

(Formerly known as Shasun Chemicals and Drugs Ltd.)

"Batra Centre"

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TIN No. 33191540153, CST No.39072 / 06.09.76

High lights Half I FY 12

- Consolidated gross revenue of Rs 453.94 Crores in YTD Sep'11 compared to Rs.416.79 Crores in YTD Sep'10 registering growth of 9%
- Consolidated EBITDA growth
- Consolidated PAT Rs 16.99 Crores in Half I FY 12 vs Rs 2.14 Crores loss in Half I FY 11

The company has posted improved results in Half 1 FY 12, even though the interruption of operations at Cuddalore facility for 25 days and the interruption operations at Pondy API facility for 15 days.

Forex loss and Deferred tax asset

Sudden depreciation of Rupee against USD in Sep'11 resulted in higher forex loss and the company has provided for mark to market losses as of end Sep 11 in respect of pending forex forward contracts which expire in October 2012.

Tax (expenses) / benefits comprise current tax including Minimum alternate tax, deferred tax charge or benefit including those in respect of carry forward of losses / unabsorbed depreciation arising from earlier periods.

API Business

The API and its intermediate business contributed 80% of the standalone sales and 57% on the consolidated sales during Half 1 FY 12. Your company has posted improved results in Half 1 FY12, due to API sales growth of 24%. Your company has invested in alternative fuel boiler which will reduce the steam cost in the coming period and also company has undertaken lot of process improvements to reduce the product cost.

CRAMS

As regards CRAMS (contract research and manufacturing services) consolidated business registered a growth of 8% as compared to the previous year and it has contributed 43% of the total consolidated revenue.

The company has undertaken capacity enhancement of its key product to support customer requirement

CRAMS - FORMULATION

The Formulation facility capacity expansion completed and this business offers a major opportunity for your Company to increase its contribution in the CRAMS business. First Half of current year, this business registered a growth of 40% compared to the first half

of the previous year. Your Company has received the approval of Ibuprofen 200mg Tablets in April 2011 for the US market.

Formulation Plant was inspected for preapproval for four product ANDAs including one New Drug Application in first week of November 2011 by US FDA which was successful.

Bio Tech

Biotech facility has been shifted from Velacherry to Pondy and product Streptokinase has received the WHO cGMP certification paving way for export.

SPSL UK Subsidiary – Maintains Profitability

Shaun's UK subsidiary posted turnover of Rs 65.51 Crores in Q2 FY12 with PAT of Rs 7.12 Crores compared to turnover of Rs 70.50 Crores and profit of Rs 6.52 Crores in Q2 FY11.

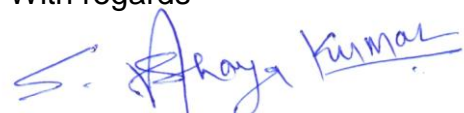
During First Half year FY 12, one API product in Phase 3 manufactured for customer by UK subsidiary has been approved for commercial sale by US FDA and Japanese authorities. The UK facility has been approved by Japanese authorities.

Business Initiatives for 2nd Half FY 12

- Gabapentin : Further capacity enhancement
- Ibu derivatives : Capacity enhancement
- New production block for new API products
- Alternative fuel boiler investment for Cuddalore plant
- Vizag plant : New manufacturing facility to cater growth in the business
- Formulation : 14 Products developed for customers awaiting US FDA approval
- Product Pipeline (UK Subsidiary): Launched products portfolio has grown to 28. The pre-launch pipeline remains strong with 19 live projects spanning clinical phase II and III.

Your company is poised for posting good growth in revenue and return to healthy profits during the year

With regards



S. Abhaya Kumar
Managing Director
Shasun Pharmaceuticals Ltd



SHASUN PHARMACEUTICALS LIMITED

(Formerly known as Shasun Chemicals and Drugs Limited)

Regd. Office: 28, Sardar Patel Road, Guindy Chennai

Consolidated Unaudited Financial results for the quarter and half year ended September 30, 2011

Rs. in lakhs

| Particulars | Quarter ended September 30, 2011 (Unaudited) | Quarter ended September 30, 2010 (Unaudited) | Half year ended September 30, 2011 (Unaudited) | Half year ended September 30, 2010 (Unaudited) | Year ended March 31, 2011 (Audited) |
|---|---|---|---|---|--|
| 1.(a) Gross sales / Income from operations | 25,021 | 21,633 | 44,959 | 41,302 | 82,274 |
| Less: Excise duty | 571 | 363 | 860 | 785 | 1,382 |
| Net Sales / Income from operations | 24,450 | 21,270 | 44,099 | 40,517 | 80,892 |
| (b) Other operating income | 619 | 676 | 1,295 | 1,162 | 4,031 |
| Total income | 25,069 | 21,946 | 45,394 | 41,679 | 84,923 |
| 2. Expenditure | | | | | |
| a) (Increase) / decrease in stock in trade and work in progress | (67) | (409) | 131 | (738) | (2,601) |
| b) Consumption of raw materials | 13,932 | 11,820 | 24,461 | 21,778 | 45,134 |
| c) Purchase of traded goods | 106 | - | 196 | - | 625 |
| d) Employees cost | 3,796 | 3,570 | 7,224 | 7,267 | 14,267 |
| e) Depreciation and amortisation | 950 | 887 | 1,909 | 1,836 | 3,758 |
| f) Foreign exchange loss, net | 2,026 | 504 | 1,744 | 1,009 | - |
| f) Other expenditure | 5,257 | 4,991 | 9,388 | 9,829 | 18,873 |
| Total expenditure | 26,000 | 21,363 | 45,053 | 40,981 | 80,056 |
| 3. Profit / (Loss) from operations before other income, Interest and exceptional items (1-2) | (931) | 583 | 341 | 698 | 4,867 |
| 4. Other income | 163 | 70 | 255 | 244 | 636 |
| 5. Profit / (Loss) before interest and exceptional items (3+4) | (768) | 653 | 596 | 942 | 5,503 |
| 6. Interest | 751 | 632 | 1,400 | 1,429 | 3,143 |
| 7. Profit / (Loss) after interest but before exceptional items (5-6) | (1,519) | 21 | (804) | (487) | 2,360 |
| 8. Exceptional items | - | - | - | 273 | - |
| 9. Profit / (Loss) from ordinary activities before tax (7+8) | (1,519) | 21 | (804) | (214) | 2,360 |
| 10. Tax (expenses) / benefits | 2,535 | - | 2,503 | - | 302 |
| 11. Net profit / (loss) from ordinary activities after tax (9-10) | 1,016 | 21 | 1,699 | (214) | 2,662 |
| 12. Extraordinary items | - | - | - | - | - |
| 13. Net profit / (loss) for the period (11-12) | 1,016 | 21 | 1,699 | (214) | 2,662 |
| 13a. Mark-to-Market loss on outstanding option contracts etc. relating to prior periods | - | - | - | - | 4,076 |
| 14. Paid up equity share capital (Face value Rs. 2 per share) | 971 | 970 | 971 | 970 | 971 |
| 15. Reserves excluding revaluation reserve as per balance sheet of previous accounting year | NA | NA | NA | NA | 7,421 |
| 16. Earnings per share | | | | | |
| Basic and Diluted | 2.09 | 0.04 | 3.50 | (0.44) | 5.48 |
| 17. Public shareholding | | | | | |
| a) Number of Shares | 25,885,609 | 25,981,567 | 25,885,609 | 25,981,567 | 25,902,644 |
| b) Percentage of Shareholding | 53.32% | 53.56% | 53.32% | 53.56% | 53.36% |
| 18. Promoters and promoter group shareholding | | | | | |
| a) Pledged/Encumbered | | | | | |
| - Number of shares | 5,148,600 | 4,695,000 | 5,148,600 | 4,695,000 | 5,358,600 |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 22.72% | 20.84% | 22.72% | 20.84% | 23.67% |
| - Percentage of shares (as a % of the total share capital of the Company) | 10.61% | 9.68% | 10.61% | 9.68% | 11.04% |
| b) Non-Encumbered | | | | | |
| - Numbers of shares | 17,510,696 | 17,829,038 | 17,510,696 | 17,829,038 | 17,283,661 |
| - Percentage of shares (as a % of the total shareholding promoter and promoter group) | 77.28% | 79.16% | 77.28% | 79.16% | 76.33% |
| - Percentage of shares (as a % of the total share capital of the Company) | 36.07% | 36.76% | 36.07% | 36.76% | 35.60% |

Notes:

1) Statement of Assets and Liabilities

Rs in Lakhs

| Particulars | As at September 30, 2011 (Unaudited) | As at September 30, 2010 (Unaudited) |
|---|---|---|
| SHAREHOLDERS' FUNDS | | |
| (a) Capital | 971 | 970 |
| (b) Share Application money pending allotment | - | 18 |
| (b) Reserves and surplus | 9,000 | 11,483 |
| (c) Stock options outstanding account | - | 16 |
| LOAN FUNDS | | |
| (a) Secured loans | 34,191 | 31,411 |
| (b) Unsecured loans | 2,388 | 1,947 |
| DEFERRED TAX LIABILITY | 2 | 1,159 |
| TOTAL | 46,552 | 47,004 |
| FIXED ASSETS | 29,055 | 27,784 |
| INVESTMENTS | 25 | 110 |
| DEFERRED TAX ASSET | 1,622 | - |
| CURRENT ASSETS, LOANS AND ADVANCES | | |
| (a) Inventories | 12,522 | 10,496 |
| (b) Sundry debtors | 18,817 | 20,433 |
| (c) Cash and bank balances | 938 | 1,172 |
| (d) Loans and advances | 9,532 | 7,289 |
| Less: Current liabilities and provisions | | |
| (a) Current liabilities | 25,588 | 19,694 |
| (b) Provisions | 371 | 586 |
| TOTAL | 46,552 | 47,004 |

**SHASUN PHARMACEUTICALS LIMITED**

(Formerly known as Shasun Chemicals and Drugs Limited)

Regd. Office: 28, Sardar Patel Road, Guindy Chennai

Consolidated Unaudited Financial results for the quarter and half year ended September 30, 2011

- 2) The above results of the Company were reviewed by the Audit Committee at its meeting held on November 1, 2011 and approved by the Board of Directors at its meeting held on the same day.
- 3) The Company has identified "Pharmaceuticals" as its single reportable business segment. Pharmaceuticals segment comprises manufacture of Active Pharmaceutical Ingredients (API), Intermediates and Formulations.
- 4) Tax (expenses) / benefits comprise current tax including Minimum alternate tax, deferred tax charge or benefit including those in respect of carry forward of losses / unabsorbed depreciation arising from earlier periods.
- 5) Details of Investor complaints for the quarter ended September 30, 2011 are Beginning - Nil, Received - 7, Disposed - 7 and Pending - Nil
- 6) The Company had adopted the alternative approach for the period ended March 31, 2011 to present the mark to market losses aggregating Rs. 4,053 lakhs in respect of option contracts and other items aggregating to Rs 23 lakhs (net) as prior period item under AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies after the current net profit. Had such alternative approach not been adopted, the loss for the year ended March 31, 2011 would have been Rs. 1,414 lakhs and the corresponding basic and diluted EPS would have been Rs. (2.91).
- 7) Standalone Results for the quarter and half year ended September 30, 2011 are as under :

| Particulars | Rs in Lakhs | | | | |
|----------------------------|---|---|---|---|--|
| | Quarter ended September 30, 2011 (Unaudited) | Quarter ended September 30, 2010 (Unaudited) | Half year ended September 30, 2011 (Unaudited) | Half year ended September 30, 2010 (Unaudited) | Year ended March 31, 2011 (Audited) |
| Gross sales | 18,541 | 14,681 | 31,659 | 28,205 | 55,793 |
| Profit / (Loss) before tax | (1,792) | (552) | (1,634) | (1,128) | 836 |
| Profit / (Loss) after tax | 248 | (552) | 374 | (1,128) | 488 |

- 8) The unaudited standalone results of the Company for the quarter and half year ended September 30, 2011 are available at our website www.shasun.com

By Order of the Board

S Abhaya Kumar
Managing DirectorPlace: Chennai
Date: 01.11.2011