

MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

I am happy to write to you on the completion of a good year with strong performance across multiple parameters.

FY22 witnessed robust top-line and EBITDA growth with global revenues crossing the US\$ 5 billion mark and adjusted net profit surpassing the US\$ 1 billion mark for the first time in Sun Pharma's history. All geographies did well, recording double-digit growth, while profitability improved despite rising costs.

Normalcy is returning to economic activities globally. Patient visits to doctor clinics are improving and new product launches are gaining traction.

Our global consolidated revenues grew by 15.6% to ₹ 384 Billion while EBITDA grew by 23.6% to ₹ 101 Billion with EBITDA margins expanding by 170bps to 26.5% over the previous year. Adjusted net profit (excluding exceptional items) was up by about 29% to ₹ 76 Billion.

Excluding exceptional items, ROCE improved by 288bps to 16.4%, ROIC by 306bps to 21% while ROE improved by 256bps to 15%.

The contribution of our global specialty business has nearly doubled from 7% of consolidated revenues in FY18 to about 13% in FY22.

Operational performance

For FY22, India formulation sales were at ₹ 127 Billion, up 23% and accounted for about 33% of overall revenues. Excluding the contribution of COVID products, the underlying business performed well, with about 20% growth over the previous year.

Our India business outperformed the average industry growth, driven by our leading presence in chronic segments coupled with our strong brand equity with doctors. As per AIOCD AWACS March 2022 data, our market share increased to 8.34% on MAT basis from 8.17% in the previous year.

As per SMSRC data for February 2022, Sun Pharma ranks No. 1 by prescriptions with 11 different classes of doctors. We continued our new launches momentum with 77 new product introductions in India.

The India field force expansion undertaken in FY21 met with good success and the new field force achieved its targets ahead of time.

Revenues in the US grew by about 13% to ₹ 114 Billion and accounted for approximately 30% of our consolidated revenues for FY22. Specialty sales in US continued to gain traction. While the generics business continued to face price erosion, we were able to partly compensate it through new launches and an efficient supply chain.

Our subsidiary, Taro, recorded about 2% growth in overall revenues to US\$ 561 Million. During the year, Taro acquired Alchemee (formerly The Proactiv Company) from Galderma, including the Proactiv® brand for acne treatment. The acquisition further strengthened Taro's OTC dermatology portfolio.

Our Emerging markets (EM) sales grew by 16% to ₹ 67 Billion and contributed about 18% of our consolidated revenues. In local currency terms, large markets like Russia, Brazil and Romania recorded strong double-digit growth. Post the end of the financial year, Sun Pharma expanded its OTC presence in Romania by acquiring Ureactiv™ OTC portfolio from Fiterman Pharma. It is the number one brand in its category and the portfolio comprises food supplements including minerals, vitamins and adjuvants; cosmetics and medical devices used for maintaining urinary tract health.

Our sales in the Rest of World (RoW) markets grew by 11% to ₹ 54 Billion and contributed about 14% to consolidated revenues. Growth was driven by higher sales in Western Europe and ramp-up in Ilumya sales in Australia and Japan. Odomzo also gained traction in RoW markets.

Research & Development (R&D)

Our R&D investments were approximately ₹ 22 Billion, at 5.8% of overall sales. During the year, we filed approximately 200 formulation dossiers globally. We continued our R&D efforts to develop differentiated generics and innovative specialty products. Some of the clinical trials for our specialty products got delayed during FY22 due to the pandemic but are expected to gradually normalise in FY23.

We have multiple R&D centres and a strong R&D team which enables development of new products for various markets globally. We remain disciplined in identifying future R&D projects for the US generics market and the focus is on developing complex products. Investments for developing the long-term specialty pipeline are expected to continue and R&D investments are expected to increase as clinical trials for specialty products gain traction.

We continue to focus on improving the efficiency and productivity of our R&D operations, targeted at faster new product launches and ahead of competition.

Specialty business performance

Global specialty revenues recorded a strong 39% growth to reach US\$ 674 million. We witnessed a strong traction in global Ilumya sales, which were up by about 81% to US\$ 315 million. Cequa, Odomzo and Levulan were the other contributors to the ramp-up in the specialty business.

During the year, we in-licensed and commercialised Winlevi, an anti-acne product in the US market. Given its new mechanism of action, the medical community has shown good interest in prescribing the product to their patients.

Progress on specialty R&D pipeline – Sun Pharma's specialty R&D pipeline has four molecules undergoing clinical trials:

- a. **Ilumya** – is undergoing Phase-3 clinical trials for psoriatic arthritis. A successful Phase-3 trial, subject to regulatory approval, is likely to expand the addressable market for Ilumya.
- b. **SCD-044** – is in Phase-2 clinical trials as a potential oral treatment for atopic dermatitis and moderate to severe plaque psoriasis. SCD-044 is a selective S1PR1 modulator with good cardiac safety profile.
- c. **MM-II** – is currently in Phase-2 trials as a potential treatment for knee pain in patients with symptomatic knee osteoarthritis. MM-II is a product with empty multi-lamellar liposomes for treatment of pain in osteoarthritis.
- d. **GL0034** – a GLP-1R (Glucagon-Like Peptide-1 Receptor) agonist – is undergoing Phase-1 clinical trials for treating diabetes. The pre-clinical data had demonstrated significant outcomes on various diabetic parameters, such as glucose reduction, decrease in HbA1c, augmented insulin secretion, lowering of glucagon level, meaningful reduction in triglyceride levels and larger body weight reduction. We are enthused about the pre-clinical data and look forward to validating it in human trials.

cGMP compliance

With economies worldwide returning to normalcy and the resumption of international travel, global regulatory agencies have re-initiated physical visits to manufacturing facilities for cGMP inspections. During the year, many of our manufacturing plants underwent such inspections by multiple regulatory agencies. Adherence to global cGMP standards is a key priority for us, and we have an unwavering focus on 24x7 compliance to ensure continuity of supplies to our customers and patients worldwide.

After close of the year, the USFDA inspected the Halol (Gujarat) facility and issued Form-483 with 10 observations. We will submit a comprehensive response including the corrective actions to be undertaken for addressing the observations within the stipulated timeframe, to the USFDA. We are fully committed to meeting all cGMP standards and will work closely with the USFDA to resolve these observations.

Efficiency improvement

Our focus has always been on sustainable cost reduction via technology interventions and process enhancements. We are also directing our efforts to reduce working capital deployment across our businesses. Sustained efforts are being made to further improve our manufacturing efficiencies, optimise our manufacturing footprint and reduce overall fixed costs.

Debt reduction

Debt repayment during the year was about US\$ 355 million; over the last three years, we repaid debt of about US\$ 1.38 billion. At year-end, Sun Pharma had a strong net cash position of about US\$ 2 billion.

Overall outlook

All our businesses are positioned for growth, and we expect high-single-digit to low-double-digit consolidated topline growth for FY23. Ramp-up in our global specialty business is expected to continue. As business operations normalise globally, overall expenses are expected to increase. Our R&D investments will be about 7-8% of sales in FY23 with increased spending expected on clinical trials for specialty products.

Top priorities for FY23

- Sustainable and profitable business growth
- Supply chain continuity along with focus on inventory optimization
- Continued focus on cost and operational efficiency
- Increased investments in IT to facilitate business and digital transformation
- Focus on improving overall return ratios
- Sustained efforts on reducing carbon footprint, water consumption and environmental impact

Our employees are our key assets. Over the last two years, they have worked hard to ensure business continuity despite the multiple pandemic-induced disruptions, thus enabling us to maintain supplies of our products in various markets while ensuring overall productivity and without compromising on safety protocols.

We are grateful to our Board of Directors for their guidance and support.

Your support to us as a shareholder is of vital importance, and we hope that you will continue to repose your confidence in us in the future as well.

Warm regards,

Dilip Shanghvi
Managing Director
Sun Pharmaceutical Industries Limited

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Head - Emerging Markets
Head - Global Generics R&D
and Business Development



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Jila Breeze
Executive Vice-President,
Global Head - Quality



Anil Rao
Senior Vice-President,
Chief Information Officer
(w.e.f. June 20, 2022)



Kirti Ganorkar
CEO - India Business



Hellen de Kloet
Business Head -
Western Europe,
Australia and New Zealand



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Uday Baldota
CEO - Taro Pharmaceutical
Industries Ltd.



Sreenivas Rao
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Head - Global Supply Chain



Davinder Singh
Executive Vice-President,
Sun Global Operations

MANAGEMENT DISCUSSION AND ANALYSIS



Global Pharmaceutical Industry¹

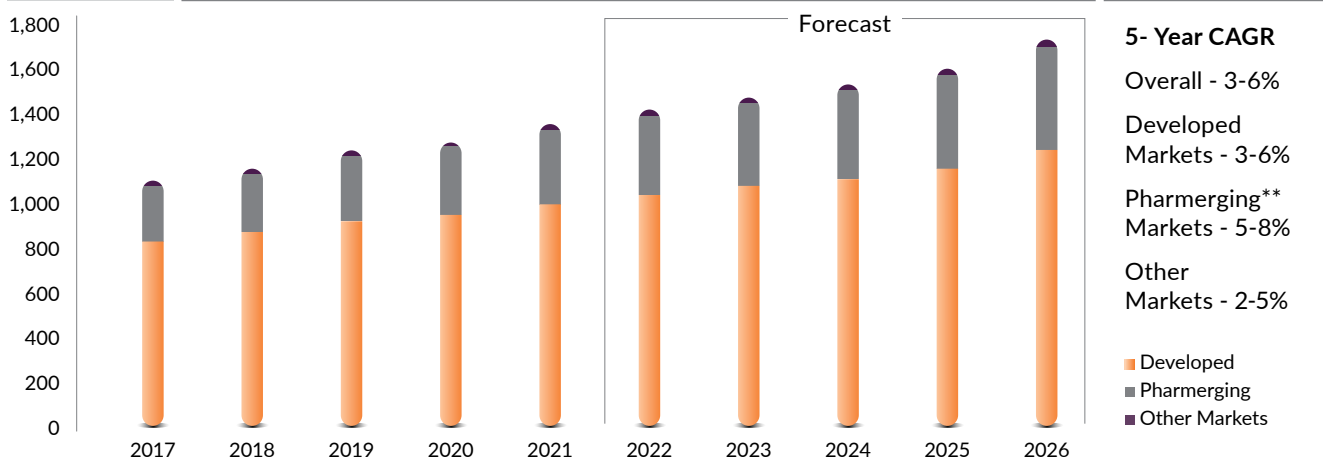
The global pharmaceutical industry has demonstrated remarkable resilience by adapting to the rapidly evolving situation related to the COVID-19 pandemic and mitigating the disruptions caused by it. While COVID vaccination was one of the major focus areas across the world, the pharmaceutical industry also ensured availability of critical medicines used for COVID-19 treatment.

The global pharmaceutical market was valued at US\$1.4 Trillion in 2021 and is expected to reach ~US\$1.8 Trillion by 2026, growing at a CAGR of 3-6%. This includes the spending on COVID-19 vaccines, which is projected to reach a cumulative value of US\$251 Billion during this period. Excluding the spending on COVID-19 vaccines, the industry is expected to record ~5% CAGR between 2021 and 2026.

Growth in developed markets will be driven by the adoption of new treatments and specialty medicines, offset by the loss of exclusivity and competition from generics and biosimilars. The COVID-19 pandemic has been a wake-up call for governments across pharmerging** markets and now there is increased focus on improving healthcare access in most countries. The overall growth in pharmerging markets will be driven by higher volumes, improving insurance coverage, higher incidence of chronic ailments and increased spending on innovative medicines, although patent expiration and low generic medicine pricing may dampen growth.

Chart 1 Global Pharmaceutical Industry Growth: 2017-2026¹

(US\$ Billion)



** Includes Argentina, Bangladesh, Brazil, Chile, China, Colombia, Egypt, Hungary, India, Indonesia, Mexico, Pakistan, Philippines, Poland, Romania, Russia, Saudi Arabia, South Africa, Taiwan, Turkey, Ukraine, and Vietnam.

Table 1 Global Pharmaceutical Market¹

(US\$ Billion)

Regions	2021	2017-2021 CAGR	2026	2022-2026 CAGR
Developed Markets	1,049	4.9%	1,230-1,260	2-5%
Pharmerging Markets	353	7.8%	460-490	5-8%
Other Markets	19	0.1%	21-25	3-6%
Global Pharmaceutical Market	1,421	5.1%	1,730-1,760	3-6%

Table 2 Global Pharmaceutical Market – Share by Product Type¹

(% of Total)

Region	Original Brands (%)		Non-original Brands (%)		Unbranded Generics (%)		OTC, Vaccines & Others (%)		Total (US\$ Billion)	
	2021	2026	2021	2026	2021	2026	2021	2026	2021	2026
Developed Markets	74	75-76	11	11-12	10	7-9	5	4-5	1,049	1,230-1,260
Pharmerging Markets	30	33-35	35	32-34	13	13	22	19-22	353	460-490
Other Markets	35	33-36	48	43-52	6	5-8	11	5-20	19	21-25
Global Markets	63	63-64	17	17-18	11	9-10	9	8-9	1,421	1,730-1,760

COVID-19 vaccines have been developed in record time using newer technologies. These innovative approaches, particularly the use of mRNA technology, is spurring research into their use for the development of vaccines for other viral infections

While COVID-19 had a short-term impact in 2020, most of the markets globally witnessed recovery in 2021. The pharmaceutical industry has been at the forefront of the battle against the pandemic and has played a key role in ensuring access to medicines for patients despite the disruption caused by COVID-19

The pandemic has also resulted in long-term complications from COVID-19 infection in the general population. Research is ongoing to improve understanding of the prevalence of post-COVID complications as well as to develop specific therapies to address these symptoms where existing medicines are ineffective or have suboptimal outcomes

Healthcare budgets across the world were under pressure due to the extra spending to fund COVID-19 treatments as well as for procuring COVID-19 vaccines

Impact of COVID-19 on the Global Pharmaceutical Industry

The global pharmaceutical industry witnessed delays in clinical trials for various innovative molecules in 2020 (due to COVID-19 disruption), which is now gradually normalising

The supply chain disruption witnessed in early 2020 normalised in 2021. However, recent geopolitical issues coupled with the spread of infections caused by new variants of COVID-19 raises some uncertainties

The demand for specific medications used for COVID-19 treatment, which had increased substantially in 2020 and in the early part of 2021, has now tapered off due to reduction in overall COVID-19 infections. Higher vaccination rates have also helped in lowering the severity of COVID-19 which, in turn, has resulted in lower demand for products used in COVID-19 treatment

FY22 witnessed significant emphasis by governments on vaccinating the population against COVID-19. While most of the developed economies and some emerging markets, including India, were able to vaccinate a significant portion of their population, many emerging and low-income countries lagged due to low vaccine availability and the absence of local vaccine manufacturing capabilities

Key Trends

1

Pharmerging markets (including India) will continue to be the main growth drivers globally for the pharmaceutical industry given their emphasis on improving access to healthcare, rise in per capita income and increasing insurance coverage. However, efforts to control overall healthcare budgets, especially in large markets like China (which accounts for ~48% of pharmerging markets) are likely to slow down overall growth for pharmerging markets

2

Changing lifestyles and food habits will continue to result in higher incidence of chronic diseases globally, driving growth for cardiovascular, anti-diabetic and other such segments

3

Over the next five years, an average of 54-63 new innovative products are expected to be launched globally per year, i.e., an approximate 300 new products cumulatively over the next five years, continuing the run-rate of the past five years. Scientific progress in genomics, biomarkers and diagnostics, coupled with the advancement in digital interventions, are likely to play an important role in new product development

4

New product introductions over the next five years will include latest generation products in gene and cell therapy, RNA-based therapies, apart from other segments. The commercial success of these new therapies will not only be contingent on the outcome of their clinical trials, but also on the insurance reimbursement available for such products in the developed world. It is unlikely that these products will see very significant volume uptake in emerging and low-income markets given the inadequate medical insurance coverage and lower purchasing power of the masses

5

Developed markets will remain the largest contributors to the global pharmaceutical market given their higher per capita income, well-penetrated medical insurance coverage and government administered healthcare systems

6

Oncology and Immunology will continue to witness higher volume growth and significant investments in developing new products. However, patent expiry for some of the products, including biologics, will partly offset overall value growth in these two segments

7

Over the last two years, the COVID-19 pandemic has underscored the deficiencies of global healthcare systems to cope with such pandemics. While a large number of COVID-19 cases overwhelmed the medical infrastructure in many countries, giving preference to COVID-19 treatments resulted in delays in elective surgeries and effective management of many other ailments. Following successive waves of COVID-19, healthcare systems across the world now have more experience in dealing with the virus, although it remains to be seen if this will lead to long-lasting structural improvements in healthcare systems globally

8

COVID-19 vaccinations have been portrayed as a panacea against the virus and governments across the world have focused on vaccinating their population. The cumulative spending on COVID-19 vaccines over the next five years is estimated to be over US\$250 Billion, a majority of the expected spending to happen between 2021-2023. As new variants of the COVID-19 emerge, the importance of booster dosing is gaining prominence



Macro-economics

Economic growth, leading to rising per capita income, will remain a key driver of overall growth of the industry, especially in pharmerging markets. Coupled with changing lifestyles and increased health awareness, these key macroeconomic variables will drive the growth of the pharmaceutical industry globally. While these drivers remain intact from a long-term perspective, the current geopolitical situation and COVID-19 infections may lead to some uncertainty in the near term.



Demographics

With people across the globe living longer, every country is witnessing a sizeable increase in the population of the elderly. It is expected that by 2030, 1 in 6 people in the world will be aged 60 years or over, and this segment will increase from 1 Billion in 2020 to 1.4 Billion by 2030 and 2.1 Billion by 2050. The number of people aged 80 years or older is expected to grow 3x between 2020 and 2050 to reach 426 million. Medicine requirement is higher for an aging population and this is expected to be one of growth drivers for the pharmaceutical industry.



Key Drivers



Innovation

Innovation continues to be a key growth driver for the global pharmaceutical market, especially in the developed market. New medicines are being continuously innovated, approved and marketed, aiding industry growth. A combination of scientific and digital initiatives will drive pharmaceutical innovation in the future. A significant amount of research and development (R&D) is being devoted to developing new products and targeted therapies using cutting-edge technologies. Latest generation immunology drugs, biologics, oncology products, orphan drugs and cell and gene therapies will make up an increasing proportion of new product development going forward.



Access

Governments across emerging markets are trying to improve access to modern medicines for its population, and this factor is expected to be a key driver for the pharmaceutical industry globally. Improving access implies expansion of national healthcare budgets, increasing insurance coverage and ensuring availability of medical infrastructure not only in larger cities, but also in the interiors of the country. The COVID-19 pandemic has further underscored the need for improving access.

COVID-19 vaccines

Global spending on COVID vaccines is expected to be US\$250+ Billion between 2022-26, driven by the faster achievement of initial vaccination rates in high-income countries than in low-income countries. Newer variants of the COVID-19 virus are prompting many countries to emphasise booster dosing for COVID vaccines.

Developed Markets

In terms of pharmaceutical spending, most developed markets returned to pre-pandemic levels during 2021. Although the impact of COVID-19 varies across the top ten developed markets, growth across these markets is expected to remain at a low single digit between 2022-

2026. Spending on new specialty medicines for chronic, complex, and rare diseases will be the primary drivers of growth. However, the growth will be offset by loss of patent exclusivity on branded medicines, including a few biologics, and the increasing offtake of cheaper generics and biosimilar products.

Table 3 Developed Markets – Pharmaceutical Spending and Growth¹

(US\$ Billion)

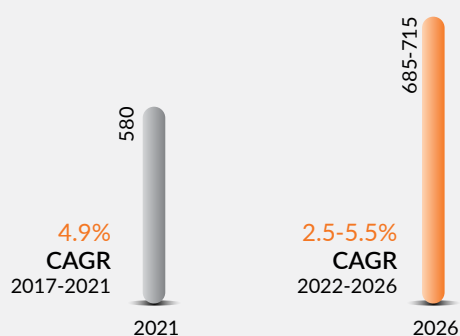
Region/Country	2021	2017-2021 CAGR	2026	2022-2026 CAGR
USA	580.4	4.9%	685-715	2.5-5.5%
Top 5 Western European Markets (WE5)	209.7	4.8%	245-275	3-6%
Germany	64.6	6.2%	76-96	4.5-7.5%
France	42.0	3.0%	48-52	2-5%
United Kingdom	36.6	5.9%	46-50	4-7%
Italy	36.5	3.0%	41-45	2-5%
Spain	29.8	5.4%	32-36	1.5-4.5%
Japan	85.4	(0.5)%	73-93	(2)-1%
Canada	27.4	5.2%	32-36	3-6%
South Korea	17.9	6.0%	21-25	3.5-6.5%
Australia	14.4	0.6%	15-19	1.5-4.5%
Other Developed Markets	115.2	4.7%	132-152	3-6%
Total Developed Markets	1,049.0	4.9%	1,230-1,260	2.5-5.5%

US¹

As the largest pharmaceutical market globally, the US market is expected to grow at a CAGR of 2.5-5.5% between 2022-2026 on account of increased volumes of existing innovative products coupled with contribution from new launches. However, medicine spending growth will slow over the next five years compared to the previous five years due to higher discounts and rebates, impact of patent expiry on some of the existing products, including biologics, and new generic and biosimilar competition.

Chart 2 US Pharmaceutical Spending and Growth

(US\$ Billion)

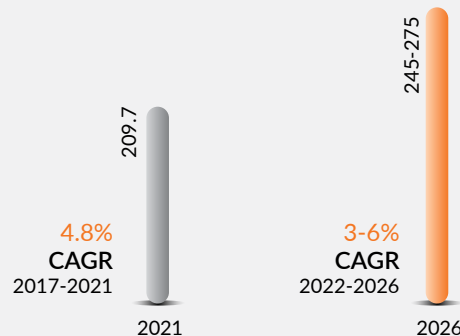


Top 5 Western European Markets (WE5)¹

Pharmaceutical spending in the top five European markets is expected to grow at about 3-6% CAGR over the next five years, driven by the launch of new innovative products and increase in consumption of existing products. But this growth will be counterbalanced by patent expiry for some of the existing products, including high-value biologics.

Chart 3 WE5 Pharmaceutical Spending and Growth

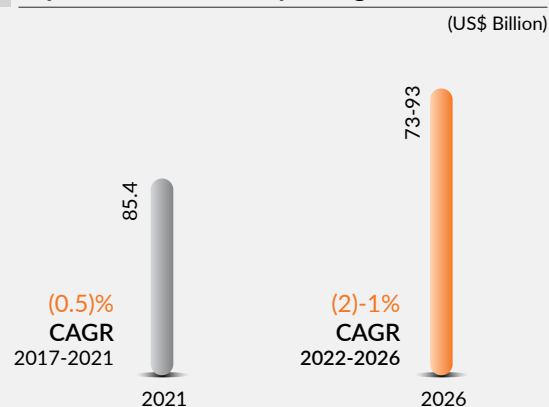
(US\$ Billion)



Japan¹

Overall growth in the Japanese pharmaceutical market is expected to remain flat over the next five years mainly due to periodic price cuts mandated by regulations and increased share of cheaper generics. Japan saw a muted rebound in medicine spending growth in 2021 compared 2020 due to the lingering effects of the pandemic and price cuts.

Chart 4 Japan Pharmaceutical Spending and Growth



Pharmerging Markets¹

Most pharmerging markets were impacted due to the pandemic in 2020 and the recovery was uneven across countries in 2021. However, a steady growth is expected between 2022 to 2026 driven by favourable macro-economic factors, improving access to healthcare systems and growing use of new medicines.

Pharmerging markets are expected to grow at 5-8% CAGR over the next five years. While most of these markets are expected to record high single to low double-digit growth, China's slowing growth is likely to temper overall growth. Pharmerging markets contributed about 33% to overall global pharmaceutical spending in 2021, which is expected to increase to about 38-40% over the next five years.

Table 4 Pharmerging Markets – Pharmaceutical Spending and Growth¹

(US\$ Billion)

Region/Country	2021	2017-2021 CAGR	2026	2022-2026 CAGR
China	169.4	6.1%	190-220	2.5-5.5%
Brazil	31.6	11.7%	47-51	7.5-10.5%
India	25.2	11.1%	37-41	8-11%
Russia	18.8	11.4%	27-31	7.5-10.5%
Other Pharmerging Markets	109.2	8.3%	151-171	6.5-9.5%
Total Pharmerging Markets	354.2	7.8%	470-500	5-8%

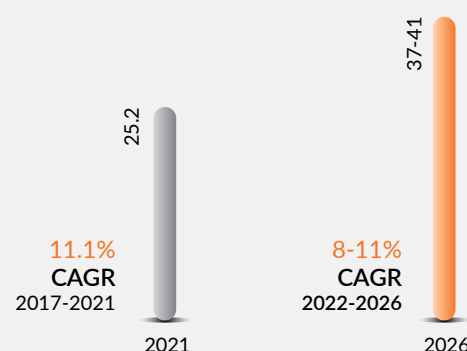
India¹

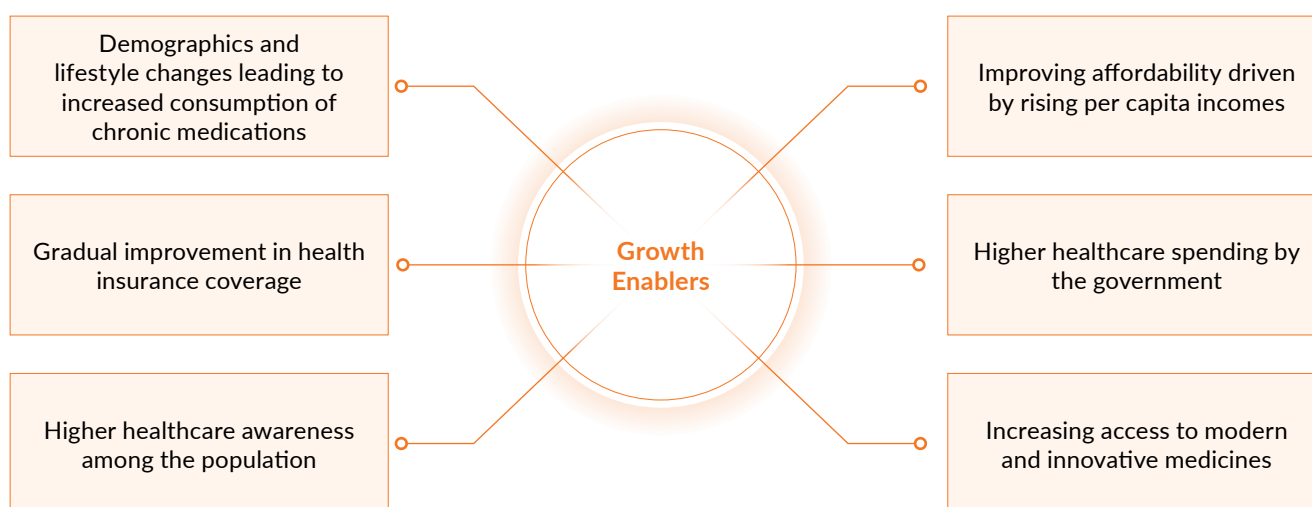
India is the world's largest supplier of generic medicines. The domestic market ranks 3rd in the world by volumes and 11th by value. By 2026, India's global ranking in value terms is expected to improve to #9.

Over the last two years, India has emerged as one of the largest manufacturers and suppliers of some of the COVID-19 vaccines. Going forward, India is likely to maintain its leadership position in the manufacture and supply of high-quality generic medicines as well as a major manufacturer of COVID-19 vaccines. The domestic market in India recorded ~11% CAGR between 2017-21 and is expected to grow at 8-11% CAGR over the next five years.

Chart 5 Indian Pharmaceutical Spending and Growth¹

(US\$ Billion)





Specialty Medicines¹

Specialty medicines are used to treat chronic, complex, and rare diseases. These medicines are typically more expensive than traditional medicines. Apart from that, they differ in terms of the complexity of disease management and their distribution.

The share of specialty medicines in overall pharmaceutical spending has been consistently increasing over the last decade, from 22% in 2011 to 39% in 2021. By 2026, it is expected to further increase to 45%. Higher income countries, including the top 10 developed markets and other high and upper-middle income countries, will be the main drivers of this increase. The spending share of pharmerging countries will be comparatively lower due to the higher prices of specialty medicines.

Year	2011	2016	2021	2026
Top 10 Developed Markets	26	38	48	58
Other Developed Markets	26	35	44	49
Pharmerging Markets	11	11	15	18
Global Markets	22	31	39	45

Active Pharmaceutical Ingredients (APIs)²

The global active pharmaceutical ingredients (APIs) market was valued at ~US\$209 Billion in 2021 and is expected to grow at about 7% CAGR to reach US\$334 Billion by 2028. The growth drivers include:

- Overall increase in demand for pharmaceutical products globally
- Patent expiries of many products globally
- Rising use of biologics

Consumer Healthcare Market⁴

The consumer healthcare market deals with wellness, nutrition and skincare products. The segment also includes

OTC medications used to treat pain, cough, itching, sleeping issues, gastrointestinal issues among others. The segment is driven by the increasing needs of modern health-conscious customers, looking for ways to maintain their health. The outbreak of the COVID-19 pandemic has been a boost for the industry as consumers are increasingly becoming conscious about self-care.

The size of the global consumer healthcare (CHC) market was about US\$ 151 Billion in 2021 recording ~5% growth over 2020. Vitamins Minerals & Supplements (VMS) continues to be the largest category, accounting for more than 30% of the market and growing at about 6%. This growth in VMS is despite the high base of the previous year, which had seen significant sales of immunity-related products due to the pandemic. Other categories which contributed to the overall growth of the CHC market were gastrointestinal, analgesics and lifestyle CHC products.

Sun Pharma at a Glance

Sun Pharmaceutical Industries Limited, along with its subsidiaries and associates ('Sun Pharma'), is among the leading specialty generics pharmaceutical companies in the world and the largest pharmaceutical company in India. Strong research and development (R&D) capabilities, an efficient and vertically integrated business and a skilled team enable Sun Pharma to deliver high-quality products, trusted by customers and patients in over 100 countries, at affordable prices. Its global presence is supported by a large manufacturing infrastructure, with facilities spread across many countries and approved by multiple regulatory agencies, coupled with a multicultural workforce comprising over 50 nationalities.

Sun Pharma has development and manufacturing capabilities for a wide range of dosage forms including injectables, sprays, ointments, creams, liquids, drug delivery systems, tablets, and capsules, as well as for active pharmaceutical ingredients (APIs) and intermediates. The Company's global products portfolio comprises branded generics, pure generics, innovative specialty products and APIs.

Strong Global Positioning ^{5,7,8}

#1	4th	Among the Largest	8th
Pharmaceutical company in India	Largest specialty generics pharmaceutical company globally	Indian pharmaceutical companies in emerging markets	Largest generic pharmaceutical company in the US
100+	43	38,000+	50+
Countries market reach	Global manufacturing sites	Global employee strength	Employee nationalities

Major Milestones

Year	Deals	Rationale
2022	Acquired Uractiv™ Portfolio from Fiterman Pharma	Expand non-prescription product basket in Romania and neighbouring markets
2022	Taro (Sun Pharma's subsidiary company) acquired Alchemee Business from Galderma	Acquired the 'Proactiv', 'Restorative Elements' and 'In Defense of Skin' brands for US, Canada, Japan. Strengthens Taro's OTC portfolio
2021	In-licensed Winlevi® (clascoterone cream 1%)	Topical treatment of acne vulgaris for US and Canada
2020	Exclusive licensing agreement with Hikma for Ilumya	Registration and commercialisation of the product in all Middle East & North Africa (MENA) markets
2020	Licensing agreement with SPARC for SCD-044	Potential treatment for atopic dermatitis, psoriasis and other auto-immune disorders across the globe
2020	In-licensed Triferic brand from Rockwell Medical Inc. (USA)	Expands nephrology portfolio in India - for treating anaemia in hemodialysis patients
2019	Licensing agreement with AstraZeneca UK for ready-to-use infusion oncology products	Access to oncology market in Mainland China
2019	Licensing agreement with CMS for Tildrakizumab, Cequa and 8 generic products	Access to Greater China market
2018	Acquired Pola Pharma in Japan	Access to Japanese dermatology market
2016	Acquired global rights for Cequa and Odomzo	Enhances specialty pipeline across the globe
2016	Acquired Biosintez	Local manufacturing capability to enhance presence in Russian market
2016	Licensing agreement with Almirall for Tildrakizumab for psoriasis	Access to European market for Tildrakizumab
2016	Acquired 14 brands from Novartis	Entry into Japan
2016	Distribution agreement with AstraZeneca	Distribution services agreement in India for brand 'Oxra' and 'Oxramet'® (brands of dapagliflozin, used for diabetes treatment)
2015	Acquired InSite Vision Inc.	Strengthens branded ophthalmic portfolio in the US
2015	Distribution agreement with AstraZeneca	Distribution services agreement in India for brand 'Axcer'® (brand of ticagrelor, used for the treatment of acute coronary syndrome)
2015	Sun Pharma-Ranbaxy merger	Strengthen position in the global generics pharma industry, #1 Pharma company in India and strong positioning in emerging markets
2014	In-licensing agreement with Merck for Tildrakizumab, a biologic for psoriasis	Strengthening the specialty product pipeline across the globe
2014	Acquired Pharamlucence	Access to sterile injectable capacity in the US
2012	Acquired DUSA Pharma, Inc.	Access to specialty drug-device combination in dermatology segment in the US
2010	Acquired Taro Pharmaceutical Industries Ltd.	Access to dermatology generics portfolio Manufacturing facilities at Israel & Canada
1997	Acquired Caraco	Entry into the US market

Business Model

Our strategy is to create sustainable long-term shareholder value inspired by our Vision of 'Reaching People and Touching Lives Globally as a Leading Provider of Valued Medicines'.



Focus Areas

- Enhance share of specialty products in overall business
- Develop and commercialise differentiated and difficult-to-manufacture products
- Maintain market leadership and high brand equity in India – leverage strengths for in-licensing latest generation innovative products for the domestic market
- Gain critical mass across key international markets
- Focus on improving return ratios
- Ensure high level of corporate governance and focus on improving access to healthcare for all, community upliftment and reducing carbon footprint

Growth Strategies

Growth & Sustainability

- Enhance share of specialty business globally
- Achieve differentiation by focusing on technically complex products
- Focus on key markets – achieve critical mass
- Speed to market
- Ensure sustained compliance with global regulatory standards
- Sustainability – Committed to Governance, Community Upliftment, Access to Affordable Healthcare & Environment Conservation

Cost Leadership

- Optimising operational costs
- Leveraging benefits of vertical integration

Business Development

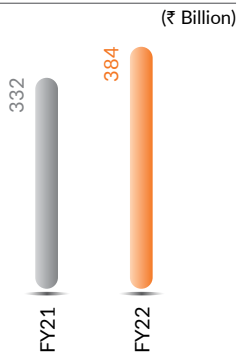
- Use acquisitions to bridge critical product/capability gaps
- Focus on access to products, technology, market presence
- Ensure acquisitions yield targeted return on investment (ROI)
- Focus on payback timelines

Balance Profitability and Investments for the Future

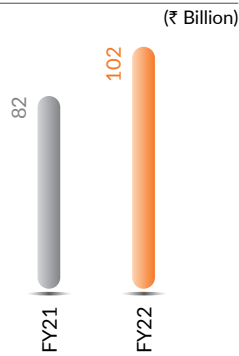
- Increasing contribution of specialty and complex products
- Future investments directed towards differentiated products

Key Performance Indicators

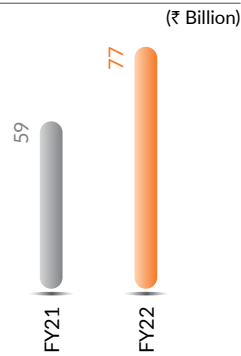
Gross Sales



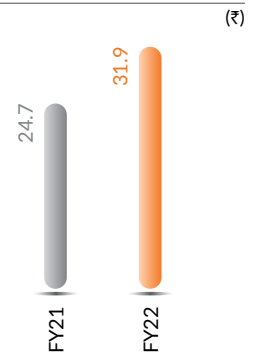
EBITDA



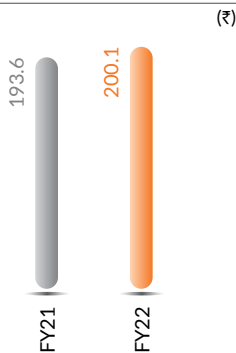
Adjusted net profit after minority interests#



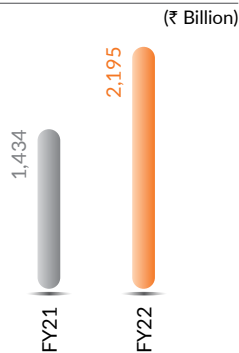
Adjusted earnings per share#



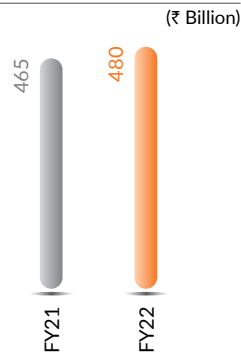
Book value per Share



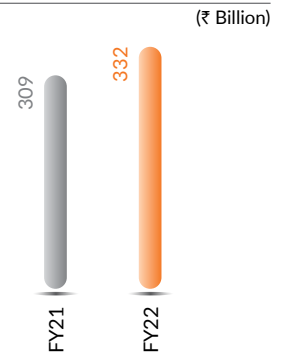
Market Capitalisation*



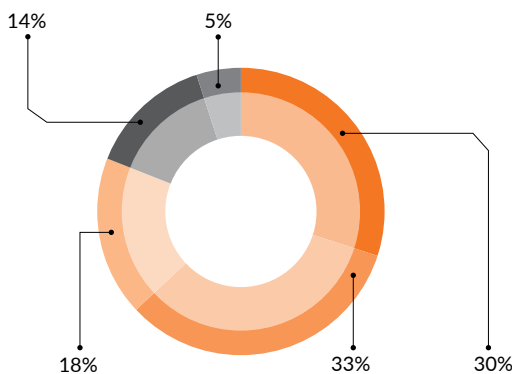
Net Worth



Property, plant and equipment and other intangible assets (at cost)**

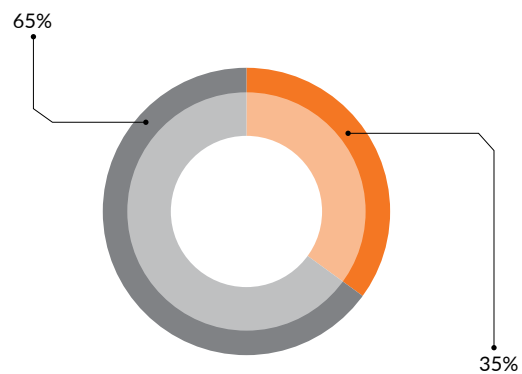


Business-wise Revenue Share (FY22)



- US Business
- Indian Branded Generics
- Emerging Markets
- Rest of World (RoW)##
- Active Pharmaceutical Ingredients (API) and others

Business Mix by Geography (FY22)



- India
- International

EBITDA = (Revenue from contracts with customers) - (cost of material consumed + purchase of stock-in-trade + changes in inventories of finished goods, stock-in-trade and work-in-progress + employee benefits expense + other expenses + Net gain/loss on foreign currency transactions)

* As on March 31 of the respective year

** Property, plant, equipment and other intangible assets (at cost) includes Capital work-in-progress & Intangible assets under development

Adjusted Net Profit after Minority Interests and Adjusted Earnings Per Share exclude the impact of exceptional items

RoW includes Western Europe, Canada, Israel, Japan, Australia, New Zealand and other markets

Financial Ratios

Table 9 Consolidated

Ratios	FY22	FY21	Variance (%)	Reasons if variance is more than 25%
Return on Net Worth (%)	6.8	6.2	9.1	
Debtors Turnover (times)	3.6	3.7	-1.1	
Inventory Turnover (times)	1.2	1.0	19.1	
Interest Coverage	72.0	51.2	40.6	Interest coverage ratio is higher for the FY22 due to higher Profit before exceptional item, interest and tax and also due to reduction in interest cost in comparison to FY21, driven by debt repayment
Current Ratio (times)	2.0	1.9	8.0	
Debt Equity Ratio (times)	0.03	0.08	-67.7%	Debt Equity Ratio for FY22 has improved over FY21 due to reduction in debt and increase in net worth
Operating Profit Margin (%)	26.5	24.8	6.9	
Net Profit Margin (%)	8.5	8.7	-2.5	

Table 10 Standalone

Ratios	FY22	FY21	Variance (%)	Reasons if variance is more than 25%
Return on Net Worth (%)	-0.4	3.1	-113.0	Return on Net Worth is lower for FY22 due to exceptional items in FY22
Debtors Turnover (times)	3.7	2.1	72.1	Debtors turnover is higher due to realisation of debtors during FY22
Inventory Turnover (times)	1.7	1.5	11.3	
Interest Coverage	6.5	4.5	43.0	Interest coverage ratio is higher due to increase in profit before interest and tax
Current Ratio (times)	1.0	1.3	-24.9	
Debt Equity Ratio (times)	0.21	0.27	-24.4	
Operating Profit Margin (%)	18.3	15.2	20.2	
Net Profit Margin (%)	-0.6	6.0	-110.7	Net Profit Margin is lower for FY22 due to exceptional items

FY22 Business Highlights

Sun Pharma's consolidated topline growth for FY22 was 15.6%, recording a strong recovery compared to the low single-digit growth recorded in FY21. Most of the Company's businesses have shown good growth for the year. The profitability of the Company has also improved, with the FY22 EBITDA margins at 26.5% compared to 24.8% recorded in FY21.

EBITDA margins have improved from 19.9% in FY18 to 26.5% in FY22. The improvement in EBITDA margins was driven by a combination of strong top-line growth across markets, ramp-up in global specialty revenues and continued focus on cost optimisation and efficiency improvement measures, but was partly counter balanced by reversal of savings related to branding, promotion and travelling expenses witnessed in FY21.

COVID-19 Response:

Sun Pharma continued its multi-pronged approach to overcoming the challenges of the global COVID-19 pandemic by focusing on:

- Continuity of manufacturing and supply chain to ensure adequate supplies of medicines to customers/patients across the world
- Automation, digitalisation and leveraging of various IT tools for business continuity and enhancement
- Safety of employees across all offices, R&D centres and manufacturing facilities
- Supply of specific medicines used for COVID-19 treatment as and when needed. In certain instances, free COVID-19 medications, masks and sanitizers were provided to local healthcare centres/hospitals and the community
- Providing free foodgrains to the local community in need
- Helped in installing oxygen generation plant at local hospitals

Business-wise Review

US Business

30%	₹113,737 Million	605	67
Revenue share	Revenue in FY22	Cumulative ANDAs filed as on March 31, 2022	Cumulative NDAs filed as on March 31, 2022
512	54	93	13
Cumulative ANDAs approved as on March 31, 2022	Cumulative NDAs approved as on March 31, 2022	ANDAs pending USFDA approval as on March 31, 2022	NDAs pending USFDA approval as on March 31, 2022

Over the last two decades, Sun Pharma has established itself as a leading player in the generics market in the US, the world's largest pharmaceutical market. As per IQVIA database, it is the 8th largest generics pharmaceutical company in the US and is ranked 2nd by prescriptions in the US dermatology market. It is rapidly ramping up its presence in the specialty branded market, with dermatology, ophthalmology and oncology as key target segments. The US business accounted for about 30% of consolidated revenues in FY22.

The Company offers a comprehensive portfolio comprising various dosage forms, including liquids, creams, ointments, gels, sprays, injectables, tablets, capsules, and drug-device combinations. It focuses on Central Nervous System (CNS), dermatology, cardiology, oncology and ophthalmic segments among many others in the US. It is a valued supplier to the largest wholesalers, distributors, and chain drugstores in the US. In addition, the Company has developed long-term relationships with healthcare providers and payors in the country. Sun Pharma has both on-shore and off-shore vertically integrated manufacturing capabilities and a strong distribution system to service its customers in the US.

Table 11 Key Milestones in the US Business

Year	Major Initiatives
FY22	<ul style="list-style-type: none"> Launched Winlevi® (clascoterone cream 1%) for topical treatment of acne vulgaris.
FY21	<ul style="list-style-type: none"> Presented long-term clinical data for Ilumya and other clinical insights for Odomzo and Levulan at the American Academy of Dermatology Conference. Presented pre-clinical data for GL0034 (GLP-1R agonist) at the American Diabetes Association Conference.
FY20	<ul style="list-style-type: none"> Launched Cequa and Absorica LD
FY19	<ul style="list-style-type: none"> Launched Ilumya and Yonsa Received USFDA approval for Cequa Launched Xelpros Launched INFUGEM - a pre-mixed ready-to-use formulation of Gemcitabine in infusion bags
FY18	<ul style="list-style-type: none"> Launched Odomzo Received USFDA approval for Ilumya
FY17	<ul style="list-style-type: none"> Filed Ilumya (tildrakizumab) with USFDA Acquired Ocular Technologies - got access to Cequa - a treatment for dry eyes Launched BromSite Acquired Odomzo - branded oncology product from Novartis
FY16	<ul style="list-style-type: none"> Acquired InSite Vision, strengthening the ophthalmology portfolio
FY13	<ul style="list-style-type: none"> Acquired DUSA to enter the branded specialty market
FY10	<ul style="list-style-type: none"> Acquired Taro Pharma to enter dermatology market
FY98	<ul style="list-style-type: none"> Entered the US market through Caraco acquisition

FY22 Highlights

- Revenues from the US grew by 12.7% YoY to ₹113,737 Million in FY22. The growth was mainly driven by the ramp-up in specialty product sales. Ilumya, Cequa, Levulan and Odomzo were the key contributors while Absorica witnessed decline in sales as expected, due to the entry of generics
- The US generics market continues to witness price erosion, as a result of the fast pace of generic approvals and customer consolidation that has increased competition. The Company continues its efforts to counter generic price erosion with a combination of new generic launches and efficient supply chain management.
- Enhancing the Specialty Portfolio**
 - During the year, the Company entered into License and Supply Agreements for Winlevi® (clascoterone cream 1%) with Cassiopea SpA. Winlevi® was approved by the United States Food and Drug Administration (USFDA) in August-2020 as a novel drug with a unique mechanism of action for the topical treatment of acne in patients 12 years and older. Sun Pharma has the exclusive right to commercialise Winlevi® in the US and Canada, and Cassiopea will be its exclusive supplier.
 - Post the expiry of the applicable waiting period under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act), Sun Pharma commercialised Winlevi® in the US in November 2021.
 - Winlevi® enhances Sun Pharma's specialty product portfolio and reflects its commitment to meeting patients' needs by providing innovative dermatology medicines. With its safety and tolerability profile, combined with its demonstrated efficacy in clinical trials, Winlevi® has the potential to be an important topical treatment option for millions of Americans affected by acne vulgaris.
 - In March 2022, Sun Pharma reiterated the clinical profile of Winlevi® by presenting data from two pivotal Phase 3 clinical trials of Winlevi® for the topical treatment of acne vulgaris (acne). The data, which showed favourable safety and efficacy profile in patients 12 years and older with acne, was shared at the 2022 annual meeting of the American Academy of Dermatology (AAD) 2022 in the US.
- Complex Generics Approvals**
 - During the year, the Company received final USFDA approval for its Abbreviated New Drug Application (ANDA) for generic Amphotericin B Liposome for injection, 50 mg/vial single-dose vial. The generic product approval is based on AmBisome® Liposome for injection, with the 50 mg/vial as a reference product. Sun Pharma has been granted the Competitive Generic Therapy (CGT) designation by USFDA and being the first approved generics

company, is eligible for 180 days of CGT exclusivity for the product.

- Post the close of the financial year, Sun Pharma received final approval from USFDA for its ANDA for generic Mesalamine Extended Release Capsules, 500 mg. The generic product approval is based on Pentasa® Extended Release Capsules, 500 mg as a reference product.
- In June 2021, Sun Pharma entered into an agreement with Celgene Corporation (Celgene), a wholly-owned subsidiary of Bristol Myers Squibb, to resolve the patent litigation regarding submission of an ANDA for a generic version of Revlimid® (lenalidomide capsules) in the US. Pursuant to the terms of the settlement, Celgene has granted Sun Pharma a licence to Celgene's patents required to manufacture and sell (subject to USFDA approval) a certain limited quantity of generic lenalidomide capsules in the US, beginning on a confidential date that is sometime after March 2022. In addition, the licence will also allow Sun Pharma to manufacture and sell an unlimited quantity of generic lenalidomide capsules in the US, beginning January 31, 2026.

Chart 6 US Formulations - Sales Trend

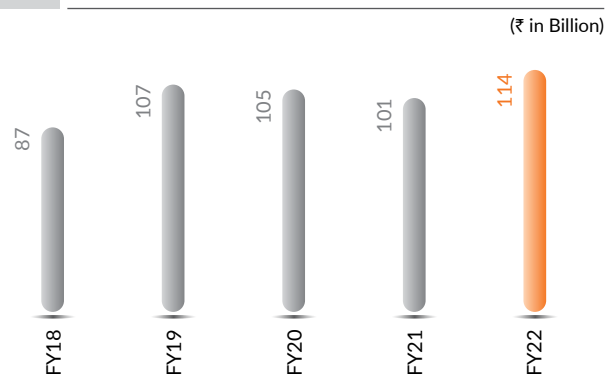


Chart 7 Cumulative ANDAs filed and approved

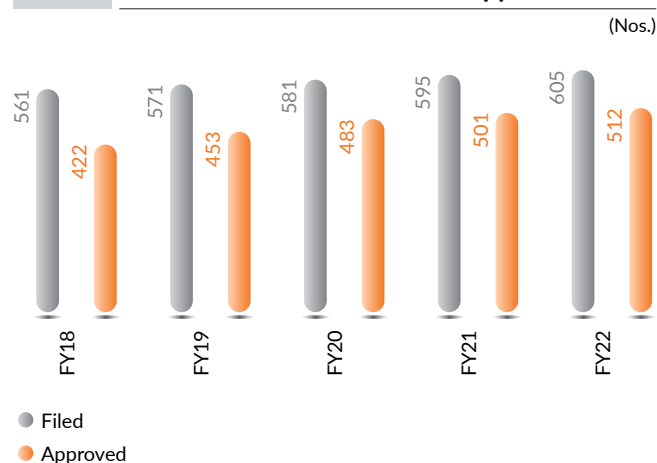
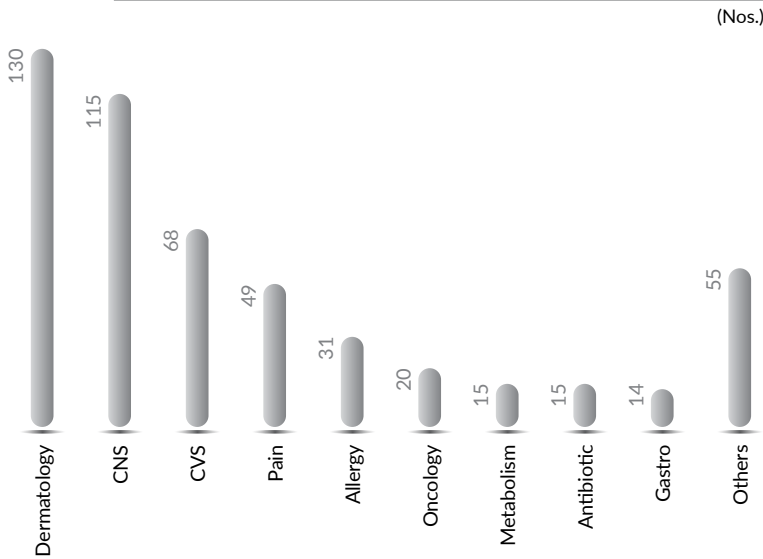


Chart 8 Cumulative ANDA Approvals by Therapeutic Areas as of March 31, 2022



Road Ahead

- Enhance share of specialty/branded business
- Continue to focus on complex generics and high entry barrier segments
- Ensure broad product offering to customers across multiple dosage forms
- Focus on product robustness and supply chain efficiencies

India Branded Generics Business: Largest Pharma Company in India^{5,6}

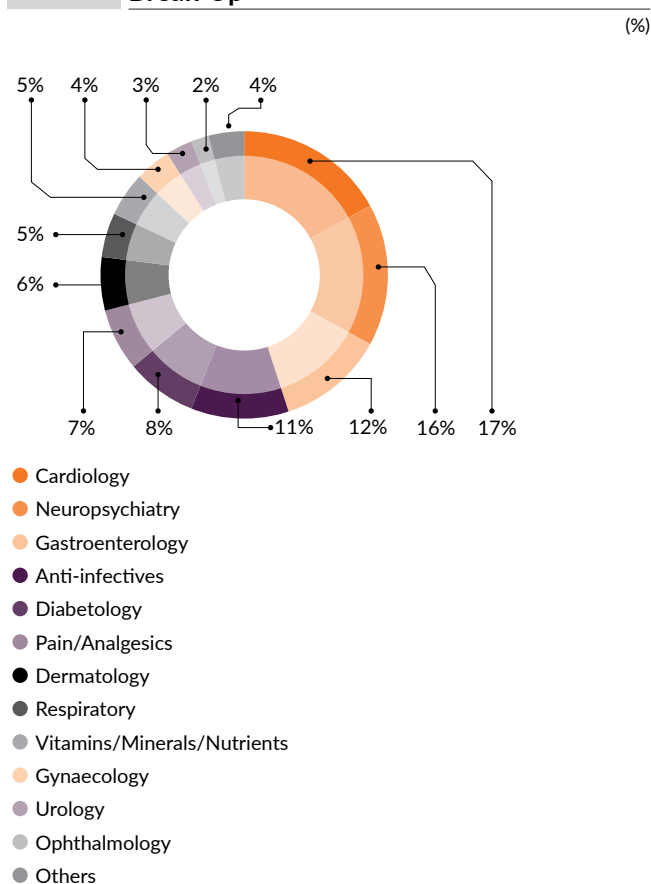
33%	₹127,593 Million	#1
Revenue share	Revenue in FY22	Rank with 8.34% market share
#1	32	11,149
Rank by prescription with 11 different classes of doctors	Brands among India's top 300 brands	Strong field force

With 8.34% market share and a strong position in the chronic, sub-chronic and acute segment in India, Sun Pharma is India's largest pharmaceutical company. The Company offers a comprehensive product portfolio across various therapeutic segments, including neuropsychiatry, cardiology, diabetes, gastrointestinal, pain/analgesics, gynaecology, ophthalmology, urology, dermatology, respiratory, anti-infectives and other segments. Sun Pharma has one of the largest sales force in the country, coupled with a strong distribution and geographical reach. It enjoys strong brand equity among the medical fraternity.

While the Company continues to launch a slew of new products in India, developed through its in-house R&D efforts, it also leveraging its strengths in India to position itself as a partner of choice for in-licensing of latest generation innovative products for patients in India.

Chart 9 India Formulations - Sales Trend

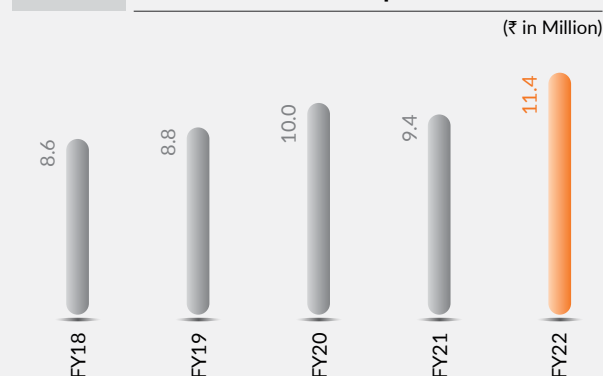


Chart 10 India Business Therapeutic Revenue Break-Up⁵**Table 12 India Prescription Ranking - Leadership in Key Therapeutic Areas⁶**

Specialist	February 2022	February 2021
Psychiatrists	1	1
Neurologists	1	1
Cardiologists	1	1
Diabetologists	1	1
Gastroenterologists	1	1
Consultant Physicians	1	1
Urologists	1	1
Dermatology	1	1
ENT specialists	1	2
Chest physicians	1	1
General surgeons	1	1
Ophthalmologists	2	2
Nephrologists	2	2
Gynaecologists	2	2
Orthopaedic specialists	2	1

Best-in-class Field Force Productivity

Sun Pharma has among the highest sales per medical representative (MR) ratio in India's pharmaceutical sector. The Company's MRs are well trained and scientifically oriented, with a strong performance record.

Chart 11 Sales Per Medical Representative

Drop in productivity in FY21 was due to the impact of sales force expansion

FY22 Highlights

- Revenue from the India Formulations business grew by 23.4% to ₹127,593 Million, driven by growth across most of the Company's therapies. FY22 witnessed recovery across multiple segments after the slower growth recorded in FY21 due to the COVID-19 pandemic
- Growth was driven by a combination of factors such as normalised market conditions and improved patient flow to doctor's clinics, which led to higher growth in the chronic and semi-chronic segments, coupled with incremental contribution from new launches. During the year, Sun Pharma launched 77 new products in the domestic market
- FY22 also witnessed normalisation of field force operations, travel and branding and promotional activities which were impacted in FY21 due to the pandemic restrictions
- Improved productivity of the sales force recruited in FY21
- **New Product Approvals and Launches in India**
 - In June 2021, Sun Pharma and Ferring Pharmaceuticals entered into licensing agreement for co-marketing CARITEC® in India. CARITEC® is an innovative obstetric drug for preventing post-partum haemorrhage (PPH). It is a Room Temperature Stable (RTS) formulation of Carbetocin and addresses limitations in refrigeration and cold-chain transportation.

- During the year, Sun Pharma received Emergency Use Authorization (EUA) from the Drugs Controller General of India (DCGI) to manufacture and market a generic version of MSD and Ridgeback's molnupiravir under the brand name Molxvir® in India. Earlier in the year, the Company had signed a non-exclusive voluntary licensing agreement with MSD to manufacture and supply a generic version of molnupiravir in over 100 low and middle-income countries (LMICs) including India. The DCGI, based on the review of the clinical data of molnupiravir, approved it for treatment of adult COVID-19 patients with SpO2 > 93% and for those who have high risk of progression of the disease including hospitalisation or death.
- In September 2021, Sun Pharma launched a novel formulation in cough management – Chericof® 12 in India. It is the first prescription cough syrup in India which gives relief for up to 12 hours and is manufactured using the Polistirex technology for sustained release of the drug.
- During the year, Sun Pharma entered into an exclusive patent licensing agreement with H. Lundbeck A/S ('Lundbeck') to market and distribute its own version of Vortioxetine in India under the brand name, VORTIDIF™. Vortioxetine is a novel antidepressant with multimodal activity, and is approved to treat Major Depressive Disorder (MDD) in adults. The product is approved in over 80 countries, including the US, EU, Canada and Australia.
- After the close of the financial year, in May 2022, Sun Pharma announced plans to launch a first-in-class oral drug, Bempedoic Acid, in India for reducing low-density lipoprotein (LDL) cholesterol. The Company will launch the drug under the brand name Brillo®, which has a new mechanism of action compared to the currently available lipid-lowering agents. It is indicated for people who have an inherited genetic disorder that causes high cholesterol levels or those with established heart disease, where cholesterol levels remain high despite lifestyle changes and the use of maximum tolerated dose of statins. Bempedoic Acid 180-mg dose is already approved in the US and European Union for the treatment of hypercholesterolemia.

Road Ahead

- Continue to focus on productivity improvement.
- Strive to maintain leadership position in a highly competitive market.
- Continuously innovate to ensure high brand equity with doctors.
- Continue to evaluate in-licensing opportunities for latest generation innovative products.
- Post the success of the field force expansion undertaken in FY21, target to further expand the field force strength in FY23 by approximately 10%.

Emerging Markets: Among the Leading Indian Companies in Emerging Markets

18%	₹67,432 Million	Leading
Revenue share	Revenue in FY22	Indian company in Emerging Markets
~80	7	2,200+
Markets sales reach	Markets with local manufacturing footprint	Sales representatives

Sun Pharma is one of the largest Indian pharmaceutical companies operating in the emerging markets with presence in ~80 countries. The Company has local manufacturing facilities in Bangladesh, South Africa, Malaysia, Romania, Egypt, Nigeria, and Russia, giving it better flexibility to serve these markets. Emerging markets accounted for about 18% of the consolidated revenues for FY22.

FY22 Highlights

- Revenues from emerging markets grew by 16.6% YoY to ₹67,432 Million driven by growth across multiple markets. Many of these markets were adversely impacted by the COVID-19 pandemic in FY21. FY22 was a year of normalisation, with easing of COVID-19 restrictions.
- In terms of local currency, the large markets like Russia, Romania and Brazil have grown well compared to FY21.
- Ilumetri (tildrakizumab) was commercialized in Romania in February 2022.
- Acquired Ureactiv™ OTC portfolio from Fiterman Pharma in Romania. It is the number one brand in its category and the portfolio includes 12 SKUs with annual revenues of approximately US\$ 8.7 million. The portfolio comprises food supplements including minerals, vitamins and adjuvants; cosmetics and medical devices used for maintaining urinary tract health.
- In May-2022, Sun Pharma's partner, China Medical System Holdings (CMS), received regulatory approval for Ilumetri (tildrakizumab) in Hong Kong, for the treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy.

Road Ahead

- Further enhance critical mass in key markets
- Increase product offerings in emerging markets
- Focus on profitable growth
- Commercialise specialty products in key markets

Rest of the World (RoW): Western Europe, Canada, Israel, Japan, Australia & New Zealand (ANZ) and Other markets

14%	₹54,544 Million	Leading	5
Revenue share	Revenue in FY22	Indian company in RoW	Markets with local manufacturing footprint

Sun Pharma is one of the leading Indian pharmaceutical companies in Western Europe, Canada, Israel, Japan, Australia and New Zealand (ANZ). These markets have high penetration of modern medicines, mainly driven by government-administered healthcare or by significant private insurance coverage for pharmaceutical products. Most of these markets have similar characteristics, such as an ageing population, rising rates of chronic illnesses and lifestyle diseases, and government efforts to reduce healthcare spending.

Sun Pharma has an expanding product portfolio in RoW markets, including injectables, hospital products, and retail products. It has local manufacturing footprints in Canada, Israel, Japan, Australia, and Hungary, and has a distribution-led business model that focuses on the development and commercialisation of complex generics to achieve long-term profitability.

Over the past few years, Sun Pharma has initiated the process of commercialising its specialty products in some of these markets.

FY22 Highlights

- Revenue from RoW markets increased by 11.4% to ₹54,544 Million driven by Western Europe and ramp-up in specialty sales
- During the year, Sun Pharma launched two specialty products – Ilumya and Cequa – in Canada. In FY21, the Company had launched Ilumya in Japan.

Road Ahead

- Enhance contribution of specialty products to revenues
- Focus on complex generic launches
- Gain critical mass in key markets

Global Consumer Healthcare Business ^{9,10,11}

Among Top 10	20+	Among Top 10	~500,000
Consumer healthcare companies in India	Countries footprint	Consumer healthcare companies in India, Romania, Nigeria and Myanmar	Pharmacy and Retail outlets in India where Sun Pharma's products are available

Sun Pharma is one of India's top ten consumer healthcare companies, having operations in about 20 emerging markets. It is one of the leading consumer health franchisees in India with bellwether brands such as Revital, Volini and Abzorb in its portfolio. In India, Sun Pharma's consumer healthcare products have strong distribution reach across pharmacies, retail stores and online e-commerce platforms.

FY22 Highlights

- In FY22, Sun Pharma's key brands – Volini and Revital – continued to maintain strong market position in their respective categories on the back of higher consumer preference and brand recall.
- Given the heightened consumer interest in the health supplement space, new campaigns to strengthen the position of the Revital H franchise in the nutraceutical category were undertaken.
- During the year, Sun Pharma forayed into the nutrition bar segment in India with the launch of Revital NXT. The product is a brand extension of Revital H, India's leading and most trusted health supplement for over three decades. The product has been launched in two different variants – Revital Energy NXT and Revital Protein NXT. The market for nutrition bars in India is growing rapidly, given millennials' and Generation Z's increasing focus on fitness for a healthy lifestyle.

Road Ahead

- Sustained focus and investments in anchor brands
- Enhance presence in high growth markets
- Maintain leadership in existing markets through focus on innovative solutions
- Augmenting consumer reach through opening of new markets and distribution channels

Active Pharmaceutical Ingredient (API) Business

5%	₹18,354 Million	~370 APIs
Revenue share	Revenue in FY22	Product portfolio
~20-30 APIs	377	490
Scaled up annually	DMF/CEP approvals to date	DMF/CEP filings to date

14

Manufacturing units

Sun Pharma prioritises the API business as it enables strong backward integration and reduces its dependence on third-party suppliers. Over the years, the Company has developed many APIs that cater to its captive requirements and also helps it supply to large generics manufacturers and innovator companies. The Company has 14 API facilities which support its formulation business.

FY22 Highlights

- Revenue from the API business decreased by 5.9% to ₹18,354 Million mainly due to lower sales recorded in India and Australia.

Road Ahead

- Continue to focus on supporting the formulations business through the development of strategic APIs to ensure speed to market and cost competitiveness
- Ensure consistent supplies and high service standards for customers

Research and Development (R&D): Driving innovation

5.8%	₹215+ Billion	2,700+
R&D spend as percentage of sales in FY22	Cumulative R&D expenditure till date	Strong R&D team

With a strong R&D team, Sun Pharma strives to provide patients with innovative and affordable treatments to alleviate their healthcare problems. The Company continuously invests in developing a robust pipeline of generics, branded generics and specialty products for the global market.

Sun Pharma has wide-ranging R&D capabilities for the development of products across dosage forms, such as injectables, orals, liquids, ointments, gels, sprays, hormones and oral products. A strong intellectual property capability supports the R&D team.

Chart 12 R&D Investments

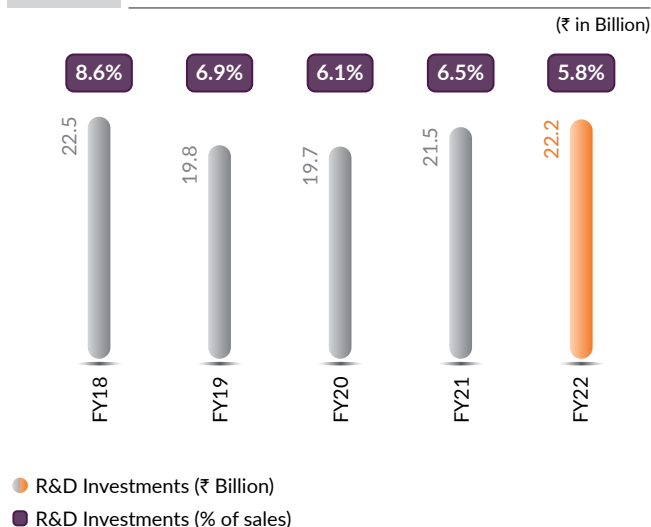
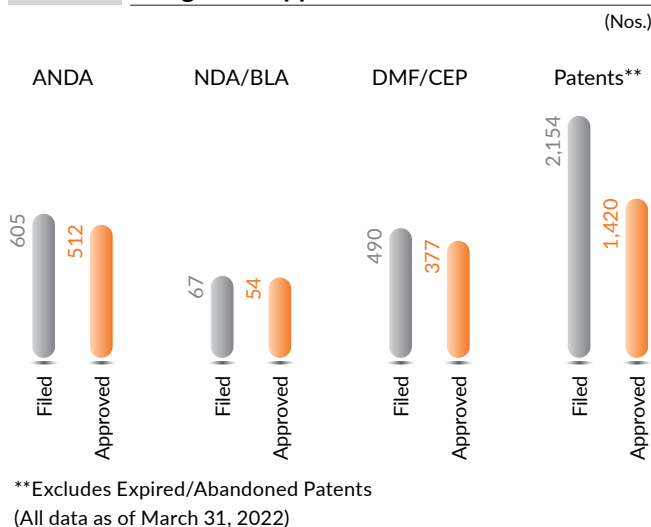


Chart 13 Filings and Approvals



**Excludes Expired/Abandoned Patents

(All data as of March 31, 2022)

FY22 Highlights

- Overall R&D investments for the year was ₹ 22,194 million (5.8% of sales). Ramp-up in certain clinical trials for specialty products was delayed in FY21 and FY22 on account of the global COVID-19 pandemic, leading to lower R&D spend in these years. As global markets return to normalcy, R&D investments are expected to increase in FY23.
- Developed and filed ~200 formulation dossiers globally
- Specialty R&D Pipeline**
 - Ilumya (Tildrakizumab) is undergoing Phase 3 clinical trials for psoriatic arthritis indication
 - Phase 2 trials are ongoing for SCD044, a S1P1 agonist for plaque psoriasis and atopic dermatitis and for MM-II, a potential treatment for knee pain in patients with symptomatic knee osteoarthritis
 - Phase 1 trial is ongoing for GL0034, a GLP-1R (Glucagon-Like Peptide-1 Receptor) agonist for treating diabetes

Road Ahead

- Focus on developing complex products.
- Invest to further build the specialty pipeline.

Global Manufacturing Base: World-Class Manufacturing Infrastructure

Sun Pharma has 43 state-of-the-art manufacturing facilities spread across India, the Americas, Asia, Africa, Australia, and Europe, allowing it to produce high-quality, affordable products. The Company has capabilities to produce diverse dosage forms, including hormones, peptides, controlled substances, orals, creams, ointments, injectables, sprays and liquids.

Sun Pharma's manufacturing facilities are certified by global regulatory agencies such as the USFDA, European Medicines Evaluation Agency (EMA); UK Medicines and Healthcare Products Regulatory Agency (MHRA); Australia's Therapeutic Goods Administration (TGA); South Africa's Medicines Control Council (MCC); Germany's Federal Institute for Drugs and Medical Devices (BfArM); Brazilian Health Regulatory Agency (ANVISA); the World Health Organization (WHO), South Korea's Ministry of Food and Drug Safety, Japan's Pharmaceuticals and Medical Devices Agency and many other international regulatory agencies.

29

Finished dosage manufacturing facilities

14

API facilities

Table 13 Finishing Dosage Manufacturing Units

Country	Number of Finished Dosage Facilities
India	15
US	3
Japan	1
Canada	1
Hungary	1
Israel	1
Bangladesh	1
South Africa	1
Malaysia	1
Romania	1
Egypt	1
Nigeria	1
Russia	1
Total	29

Table 14 API Manufacturing Units

Country	Number of API Facility
India	9
Australia	2
Israel	1
US	1
Hungary	1
Total	14

People: Diverse Cultures. One Purpose.

Sun Pharma’s global workforce includes more than 38,000 people from over 50 nationalities, who work together across cultures and geographies. The Company provides a conducive work environment with equal opportunities for growth, recognising and appreciating its employees’ achievements. Sun Pharma encourages its employees to learn and share their knowledge and invests in learning and development initiatives to make them future-ready.

Quality Management System

Sun Pharma has a strong quality control system in place that allows it to adhere to the highest quality standards in its research centres, manufacturing facilities, testing labs, and distribution centres. The Quality Management

Team oversees the regulatory compliance of every product and manufacturing plant. The company's manufacturing facilities have Current Good Manufacturing Practice (cGMP) certifications from several international regulatory bodies, including the USFDA, EMA, WHO, and TGA. The Company’s Corporate Quality Unit oversees the execution of the latest GMP upgrades and guidelines.

The December 2019 USFDA inspection of Halol facility was classified as Official Action Indicated (OAI). The Company was in continuous communication with the USFDA to resolve the outstanding issues and was awaiting a re-inspection by USFDA to resolve the OAI status. However, due to the COVID-19 pandemic and travel restrictions, the re-inspection was delayed. In April-May 2022, the USFDA inspected the Halol facility and issued Form-483 with 10 observations. The Company will be submitting a comprehensive response, including the corrective actions to be undertaken for addressing the observations, within the stipulated time to the USFDA.

Road Ahead

- Ensure 24x7 compliance to cGMP
- Continuously enhance systems, processes and human capabilities to ensure compliance with global regulatory standards



SWOT Analysis 1,5,6,7,8

Strengths	Opportunities	Threats and Weaknesses
<ul style="list-style-type: none"> Strong global prominence <ul style="list-style-type: none"> 4th largest global specialty generics company 8th largest generics Company in the US 2nd largest by prescriptions in the US dermatology segment Largest pharma company in India by market share No. 1 ranking across 11 different classes of doctors in India Among the largest Indian pharmaceutical companies in the emerging markets Largest Indian pharmaceutical company in Japan 	<ul style="list-style-type: none"> The pandemic has resulted in increased healthcare awareness globally. This augurs well for companies like Sun Pharma, which can supply high-quality pharmaceutical products at affordable prices 	<ul style="list-style-type: none"> The current geopolitical issues give rise to uncertainties related to supply chains, inflation and overall economic growth Potential fresh outbreaks of the pandemic across the world and subsequent disruption in economic activities may impact economic growth across countries and could indirectly impact pharmaceutical consumption
<ul style="list-style-type: none"> Robust R&D infrastructure and capabilities to develop technologically complex products in the generics, branded generics, API and specialty segments 	<ul style="list-style-type: none"> Developed markets have witnessed a consistent increase in contribution of specialty products in their overall pharmaceutical spending and this trend is expected to continue in the future. Sun Pharma has already commercialised many of its specialty products in developed markets, and hence will be able to reap the benefits of this expanding opportunity 	<ul style="list-style-type: none"> Challenging US generics pricing environment, driven by customer consolidation and higher competitive intensity on account of the faster pace of generic drug approvals by the USFDA
<ul style="list-style-type: none"> Focus on driving growth and profitability through a pragmatic mix of organic and inorganic initiatives 	<ul style="list-style-type: none"> Favourable macro-economic parameters for India and emerging markets are likely to ensure reasonable volume growth for pharmaceutical products across these markets in the long term. Sun Pharma is well-positioned to capitalise on these opportunities 	<ul style="list-style-type: none"> Significant volatility in the forex market, especially for emerging market currencies, may adversely impact reported growth of these markets, even though they may be recording growth in local currency terms
<ul style="list-style-type: none"> Strong balance sheet imparts ability to undertake inorganic initiatives without any significant leverage, allowing future growth headroom 	<ul style="list-style-type: none"> Sun Pharma's product portfolio includes a number of products used in the treatment of COVID-19. The pandemic has also shown the need for therapeutic medicines for treating COVID-19 symptoms, extending an opportunity for pharmaceutical companies to service the urgent and vital needs of patients. However, the demand for these products keeps fluctuating, depending on the number of COVID-19 cases 	<ul style="list-style-type: none"> Given the additional spending on battling the pandemic, governments across the world may try to control pricing of certain products, which may lead to government-mandated price controls on pharmaceutical products
<ul style="list-style-type: none"> Ability to supply high-quality products at affordable prices across the world 	<ul style="list-style-type: none"> Growing penetration of generics in Japan and opening of the China market present good long-term opportunities for Indian companies, including Sun Pharma 	<ul style="list-style-type: none"> Developing a specialty pipeline entails high upfront investments for long-term benefits, and may impact short-term profitability

Internal Control

The Company believes that internal controls are the prerequisite of governance and that action emanating out of agreed business plans should be exercised within a framework of checks and balances. The Company has a well-established internal controls framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of internal controls. The management is committed to ensuring an effective internal controls environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations, ensures accuracy of records, promotes operational efficiency, protects resources and assets and overall minimize the risks.

Internal Financial Controls

The Company has a well-established internal financial controls framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of internal financial controls. The management is committed to ensuring an effective internal financial controls environment, commensurate with the size and complexity of the business, which provides an assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Global Internal Audit (GIA)

An independent and empowered Global Internal Audit Function (GIA) at the corporate level with support from a Big 4/equally reputed audit firm, wherever required, carries out risk-based audits. GIA audits all businesses to ensure that business process controls are adequate and are functioning effectively. These reviews include financial, operational and compliance controls and risk mitigation plans. The Company's operating management closely monitors the internal control environment and ensures that the audit recommendations are effectively implemented. The Audit Committee of the Board monitors performance of the Internal Audit Function, periodically reviews key findings and provides strategic guidance.

GIA's functioning is governed by the Audit Charter, duly approved by the Audit Committee of the Board, which stipulates matters contributing to the proper and effective conduct of the audit.

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