

Sun Pharmaceutical Industries Limited

Sun House, Plot No. 201 B/1,
Western Express Highway, Goregaon (E),
Mumbai – 400 063, Maharashtra, INDIA.
Tel. : (91-22) 4324 4324
Fax : (91-22) 4324 4343
Website: www.sunpharma.com
Email: secretarial@sunpharma.com
CIN: L24230GJ1993PLC019050



August 28, 2023

National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.
Scrip Symbol: SUNPHARMA

BSE Limited,
Market Operations Dept.
P. J. Towers, Dalal Street,
Mumbai – 400 001.
Scrip Code: 524715

Dear Sirs / Madam,

Sub: Speech delivered at 31st Annual General Meeting

Please find enclosed herewith the speech delivered at the 31st Annual General Meeting held on August 28, 2023.

This is for your information and records.

For Sun Pharmaceutical Industries Limited

(Anoop Deshpande)
Company Secretary & Compliance Officer
ICSI Membership No.: A23983

Speech delivered by Mr. Dilip Shanghvi, Managing Director, at the 31st Annual General Meeting of Sun Pharmaceutical Industries Limited, held on August 28, 2023

Dear Fellow Shareholders,

On behalf of the Board of Directors, I welcome all of you to the 31st AGM of your company. I hope you and your family members are doing well.

I shall begin by sharing key trends of the global pharmaceutical industry. Following a rebound in global medicine use in 2021 after the pandemic, growth slowed in 2022 and spending inched up from US\$ 1.42 Trillion to US\$ 1.48 Trillion. The global pharmaceutical spending is projected to grow by a CAGR of 3-6% between 2023 and 2027, to reach a total market size of approximately US\$ 1.9 Trillion. The growth is expected to be primarily driven by the introduction of novel medicines. This will be offset by the loss of exclusivity and the lower costs of generics and biosimilars. Regional spending and volume growth trends will continue to diverge, with developed markets growing at a slower rate than Pharmerging markets.

I will now share highlights of Sun Pharma's business for the Financial Year 2023.

- I am happy to report that we had a good year with strong performance across multiple parameters.
- All geographies did well, recording double-digit growth, while profitability improved despite rising costs.
- Our global consolidated revenues grew by 12.6% to Rs. 433 Billion.
- EBITDA grew by 12% to Rs. 116 Billion with margin of 26.5%.
- Adjusted net profit was up by about 12.8% to Rs. 86 Billion.
- Excluding exceptional items, Return on Capital Employed was maintained at 16.5% while Return on Equity improved by about 1% to 15.9%.

Sun Pharmaceutical Industries Limited

SUN HOUSE, CTS No. 201 B/1,
Western Express Highway, Goregaon (E),
Mumbai 400063, India
Tel.: (91-22) 4324 4324 Fax.: (91-22) 4324 4343
CIN: L24230GJ1993PLC019050
www.sunpharma.com



- Our global specialty revenues recorded a strong 29% growth to reach US\$ 871 million. Its contribution has more than doubled from 7% of consolidated revenues in FY18 to about 16.2% in FY23.
- Sun Pharma's India business sales were at Rs. 136 Billion, up by 6.6% and accounted for about 32% of overall revenues. Excluding the contribution of COVID-19 products in the previous year, the underlying business performed well, with about 10.2% growth Y-o-Y.
- Our India business growth was in line with the industry growth, driven by leading presence in chronic segments and the strong brand equity with doctors. As per AIOCD AWACS March 2023 data, our market share remained constant at 8.3% on MAT basis vs the previous year.
- Given the distribution and doctor reach of Sun's India business, we continue to be the partner-of-choice for global pharma companies for in-licensing of innovative products that can be potentially launched in India.
- We undertook India field force expansion in FY23, adding 10% to our existing strength. The field force expansion has helped us declutter our portfolio and expand our presence in Tier-2 and Tier-3 towns.
- Sun Pharma is the largest pharmaceutical company in India and is ranked No. 1 by prescriptions with 12 different classes of doctors. Sun Pharma's leading position in India and its brand equity will help to leverage the benefits from the growth in the Indian pharmaceutical market.
- The Indian pharmaceutical market size is estimated to reach about US\$ 35-39 Billion by 2027, recording 7.5-10.5% compounded growth. Demographics and lifestyle changes, rising per capita income, growing incidence of chronic ailments, increasing access to modern medicines and improving health insurance coverage will be the key drivers of this growth.
- Revenues in the US grew by 19% to Rs. 135 Billion and accounted for approximately 31% of our consolidated revenues for FY23. Growth was driven by specialty sales in the US, which continued to gain traction. The generics business in the US continued to face price erosion and there was additional impact of Import Alert at our Halol facility, imposed in

December 2022. However, we were able to partly compensate for these headwinds in the US generics through new launches and market share gains.

- US is the largest pharmaceutical market globally and is expected to grow at about 2.5-5.5% CAGR to US\$ 763 Billion by 2027, with the growth driven mainly by innovative specialty products. Sun Pharma has presence in both the generics and in innovative segments in the US and is well-positioned to exploit the growth opportunity in the US market.
- We grew by 17% vs previous year in Emerging Markets. Growth was recorded across multiple markets in local currency terms. Sun Pharma operates in over 80 emerging markets and is one of the largest Indian companies operating in these markets.
- The overall pharmaceutical spending in emerging markets, including India, is estimated to grow at 5-8% CAGR to US\$ 487-518 Billion by 2027.
- The Rest of the World business grew by about 11% for the year.
- We spent approximately Rs. 24 Billion on R&D, which accounted for about 5.5% of sales. We continue to invest in building an R&D pipeline for both the global generics and the specialty businesses.

Let me now update you on our specialty business

Over the past decade, Sun Pharma has invested towards building global specialty business as a new revenue stream for the company. While specialty is a part of global pharmaceuticals, it has different dynamics as compared to our existing businesses. Sun Pharma has marketed approximately 26 specialty products across different markets and I am happy to report that global specialty accounted for 16.2% of our global consolidated revenues in FY23.

Our therapy areas of focus within global specialty include Skincare, Eyecare and Skin Cancers. Some of our key products are as follows:

Ilumya is used in treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy. As per World Psoriasis Day Consortium, Psoriasis affects 2-3% of world's population, thereby making it a widely prevalent condition. Ilumya belongs to the most advanced category of treatments available for treating Psoriasis, namely IL-23 inhibitors. It is marketed by Sun Pharma directly in several markets including the US, Canada, Australia, Japan. This is the largest product by revenues in our global specialty portfolio.

Winlevi is a first-in-class topical androgen receptor inhibitor, approved by the USFDA for the topical treatment of acne vulgaris in patients above the age of 12. Based on Global Burden of Disease data, Acne affects 9.4% of world's population. Sun treatment for Acne, Winlevi, is the first FDA-approved acne drug in nearly 40 years with a first-in-class mechanism of action.

Cequa is indicated to increase tear production in patients with dry eye, an inflammatory disease that afflicts more than 16 million people in the US alone. We have recently launched Cequa in India to expand our commercial footprint and bring our global specialty portfolio to the home market.

The following are the highlights of our global specialty business for FY23

- During the year, Sun acquired Concert Pharma Inc. The lead asset of Concert, deuruxolitinib, has successfully completed global Phase-3 trials, including in the US, for the indication of treatment of alopecia areata.
- The Company launched SEZABY (phenobarbital sodium injection) in the US market which is indicated for the treatment of neonatal seizures. SEZABY is the first and only product

approved by the U.S. Food and Drug Administration for the treatment of neonatal seizures in term and preterm infants.

- Besides deuruxolitinib which has completed global Phase-3 studies as discussed above, Sun Pharma's specialty R&D pipeline comprises of the following products. Our marketed product, Ilumya, is also undergoing Phase-3 clinical trials for psoriatic arthritis. Another candidate, MM-II has completed global Phase-2B trial as a potential treatment for knee pain in patients with symptomatic knee osteoarthritis. SCD-044 is in Phase-2 clinical trials as a potential oral treatment for atopic dermatitis and moderate to severe plaque psoriasis. Finally, our Glucagon-Like Peptide-1 Receptor agonist, GL0034, has completed Phase-1 clinical trials. Early clinical data demonstrated marked weight loss and good tolerability. We presented this promising Phase-1 data in ADA conference in San Diego, US held in June 2023 and expect to start enrolling patients in Phase-2 trials during 2023.

We continue to focus on improving manufacturing efficiencies and optimizing costs. At year-end, Sun Pharma had a strong net cash position of about US\$ 1.5 Billion.

Let me now share overall outlook of your Company

- All our businesses are well-positioned, and we expect high-single-digit consolidated topline growth for FY24.
- The expansion of our global specialty business is expected to continue.
- Our R&D spending is expected to be about 7-8% of sales in FY24 with an increasing share of spending in specialty R&D.

After providing insight into the Company's business, I would now like to share information on shareholder initiatives taken by us. During this year, company walked extra mile in reaching out to long-term shareholders whose details were not updated with us and who have not been claiming their dividends for a long-time. As an outcome of company's proactive approach, unclaimed dividends for more than 7,000 shareholders were processed by the company

voluntarily in a one-time exercise. We will continue to take various measures in the best interest of the shareholders.

Sun Pharma's dedicated workforce has been instrumental in attaining our organizational goals. We have faced several challenges in the recent years including pandemic-induced disruptions and an Information security incident in March 2023. Our employees have ensured that operations remained on track during these disruptive threats.

We are grateful to our Board of Directors for their continuous 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.

Disclaimer:

Statements in this "Document" describing the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results, performance or achievements could differ materially from those expressed or implied. The Company undertakes no obligation to update or revise forward looking statements to reflect developments or circumstances that arise or to reflect the occurrence of unanticipated developments/circumstances after the date hereof.