



## **Corporate Participants**

### **Dilip Shanghvi**

Managing Director, Sun Pharmaceutical Industries Ltd.

### **Abhay Gandhi**

CEO (North America Business), Sun Pharmaceutical Industries Ltd.

### **C. S. Muralidharan**

Chief Financial Officer, Sun Pharmaceutical Industries Ltd.

### **Kirti Ganorkar**

CEO (India Business), Sun Pharmaceutical Industries Ltd.



**Moderator:** Ladies and gentlemen, good day, and welcome to Sun Pharma's Q2 FY '24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Dr. Abhishek Sharma, Vice President, Head Investor Relations, and Strategic Projects. Thank you, and over to you, sir.

**Abhishek Sharma:** Thank you, Reo. Good evening, and a warm welcome to our second quarter FY '24 Earnings Call. I'm Abhishek from the Sun Pharma Investor Relations team. We hope you have received the Q2 financials and the press release that was sent out earlier in the day. These are also available on our website.

We have with us Mr. Dilip Shanghvi, Managing Director; Mr. C.S. Muralidharan, CFO; Mr. Abhay Gandhi, CEO, North America; and Mr. Kirti Ganorkar, CEO of India Business. Today, the team will provide an update on the financial performance and business highlights for the quarter and respond to any questions that you may have. We will refer to the consolidated financials for management comments.

The call recording and call transcript will be also put up on our website shortly. The discussion today might include certain forward-looking statements, and these must be viewed in conjunction with the risks that our business faces.

You are requested to ask two questions in the initial round. If you have more questions, you are requested to rejoin the queue. I also request all of you to kindly send in your questions that may remain unanswered today.

I will now hand over the call to our CFO, Mr. C.S. Muralidharan.

**C. S. Muralidharan:** Welcome and thank you for joining us for this earnings call after the announcement of financial results for the second quarter FY '24. Our Q2 financials are already with you. Q2 FY '24 sales were at INR120,031 million, a growth of 11% for the Q2 FY '23 and higher by 1.8% over Q1 FY '24. Material cost stands at 23.2% of sales, lower year-on-year on account of better product mix. Staff cost stands at 19.7% of sales higher than Q2 FY '23 on account of merit increase and consolidation of Concert.

Other expenses were at 31.9% of sales, higher year-on-year on account of increase in selling and distribution expenses and higher R&D spend, including consolidation of Concert business. Further, the other expenses higher than Q1 FY '24 due to higher R&D and S&D expenses.



Forex loss for the quarter was INR341 million compared to a loss of INR2,415 million in Q2 FY '23. EBITDA margins for the quarter were at 26.1% compared to EBITDA margin of 27% in Q2 FY '23. EBITDA, including other operating revenues was at INR31,794 million, up by 7.5% over Q2 last year. EBITDA margin for Q2 stands at 26.1% compared to 27.9% for Q1 FY '24.

Net profit for Q2 FY '24 was INR23,755 million, up 5% over Q2 last year. The tax rate for Q2 FY '24 was 14%. Reported EPS for the quarter was INR9.90 per share. As of 30th September 2023, the net cash was USD1.9 billion at consolidated level and about USD660 million at the ex-Taro level. Gross debt moved from about USD750 million as on 31st March 2023 to about USD170 million as on 30th September 2023, thereby a repayment of about USD580 million during H1 FY '24.

Now we will discuss the half-year performance. For the first half, gross sales were at INR237,883 million, a growth of 10.9% over first half last year. Material costs by H1 was at 23.3% of sales, lower than H1 last year, mainly due to product mix and including higher specialty sales. Staff cost stands at 20% of sales, higher than H1 last year on account of annual merit increase on consolidation of Concert.

Other expenses were at 30.6% of sales higher than H1 last year on account of higher selling and distribution and R&D expenses, including Concert. Forex loss for H1 was INR321 million compared to a loss of INR958 million for the same period last year. EBITDA for the first half was at INR65,112 million, a growth of 11.5% over the first half last year, with resulting EBITDA margins of 27%.

Adjusted net profit by H1 was at INR47,209 million, up 9.2% over net profit of H1 last year. Reported net profit by H1 was at INR43,981 million compared to INR43,231 million in the same period last year.

Now moving on to Taro's performance. Net sales of USD148 million increased in part due to a onetime gross net adjustment excluding the impact of the onetime gross net adjustments in both quarters the sales growth was mid-single digits. Net profit for the quarter was \$8.5 million, for the first half, sales were at \$307 million, up by 6.9% over H1 last year. Net profit for H1 FY '24 was \$18.6 million compared to \$11.3 million in H1 FY '23.

Now I shall hand over the call to Mr. Kirti Ganorkar, who will share the performance of our India business.

**Kirti Ganorkar:** Thank you, Murali. I shall take you through the performance of our India business. For Q2, the sales of formulation in India were INR38,425 million, recording a growth of 11.1% over Q2 FY '23. India formulation sales accounted for 32% of total consolidated sales for the quarter. Sun Pharma is ranked #1 and holds 8.4% market share in the over INR1,895 billion Indian pharmaceutical market as per AIOCD AWACS MAT September 2023 report.



Corresponding market share for the previous period was 8.5%. For the quarter ending September '23, we grew higher than the IPM, and we have done well across all major represented therapy areas.

As per SMSRC MAT June 2023 report, we are ranked #1 company and Sun Pharma is also ranked #1 by prescription with 11 different doctor categories.

For Q2 FY '24, we have launched 8 new products. Among these 8 new products, we have launched product for the treatment of stroke called Tyvalzi, it has a content of Sovateltide. Sovateltide is a selective endothelin-B receptor agonist, a new first-in-class drug recently approved for the treatment of cerebral ischemic stroke and can be administered up to 24 hours post cerebral strokes.

As all of you know, no new drug other than recombinant TPA has been approved for the treatment of stroke for more than 2 decades. The initial response shared by the Indian doctors shows that this drug has a meaningful clinical outcome, and it is helping the patient in the treatment.

I will now hand over the call to Abhay.

**Abhay Gandhi:** Highlights of our U.S. businesses. For Q2, our overall sales in the U.S. grew by about 4.2% over Q2 last year to \$430 million. The growth was driven by the Specialty business, including ILUMYA, CEQUA and Winlevi but offset by impact of Halol and Mohali facility issues.

U.S. accounted for over 30% of consolidated sales for the quarter. The U.S. Specialty business has continued to do well and has grown over Q2 FY '23. The underlying business and the prescription trend for the Specialty business remains strong. In Q2, we launched 3 generic products in the U.S. on an ex-Taro basis. I will now hand over the call to Mr. Shanghvi.

**Dilip Shanghvi:** Thank you, Abhay. I will provide an update on the performance of our other businesses as well as give you an update on our R&D initiatives. Our branded formulation revenues in emerging markets were at \$284 million for Q2, up by 9.4% over Q2 last year. The underlying growth in constant currency terms was about 14% year-on-year for Q2.

Emerging markets accounted for 20% of total consolidated revenue for Q2. Amongst the larger markets, the local currency terms, Romania, Brazil, and South Africa have done well. Formulation revenues in rest of the world, excluding U.S. and emerging markets, was \$206 million, up by 13.7% over last year, the rest of the world markets accounted for approximately 14% of consolidated Q2 revenue.



We continue to invest in building an R&D pipeline for both the Global Generics and Specialty businesses. The consolidated investments towards R&D for Q2 FY '24 stands at INR7,734 million, 6.4% of sales. Moving on to update on Global Specialty with highlights of the quarter. In Q2 FY '24, our Global Specialty sales were up by 19.3% to reach \$240 million. Specialty R&D accounted for 38.2% of our total R&D spend for the quarter.

Among the key events of the quarter, U.S. FDA has accepted our new drug application for deuruxolitinib, an investigational oral selective JAK inhibitor for the treatment of adults with moderate-to-severe alopecia areata. Sun Pharma has submitted 8 mg twice-daily regimen of deuruxolitinib for FDA review.

Our partner also reported positive results for Nidlegly from the Phase III pivotal trial in patients with locally advanced fully resectable melanoma. We have started sharing the status update on Specialty pipeline beginning this quarter.

In summary, we have multiple products, which have strong competitive profile and are expected to address patient needs once they are in market. I'm sharing this with the view that you can share the excitement which all of us have about the positive potential impact these products will have to our business as they come to market.

As Murali mentioned, with healthy cash generation in the business, which has continued to improve over the years. We've repaid close to INR5,000 crores out of our debt. And that's after providing for all the investments and dividend payments. This cash chest and our ability to generate future cash gives us the flexibility to pursue opportunities in future which fit into the company's strategic vision and objectives.

With this, I would like to leave the floor open for questions.

**Moderator:** The first question is from the line of Kunal Dhamesha from Macquarie.

**Kunal Dhamesha:** So the first one on the other expenses, which has gone up meaningfully on a quarter-on-quarter basis, we have cited that it was due to selling distribution as well as R&D. But if I look at ex-R&D also, it has gone up. So is there any one-off component there? Or is there any seasonal component there in other expenses?

**C. S. Muralidharan:** So we already shared that around \$6.1 million of one-off charges has been taken at Taro for the work related to the special committee appointed by the company there.

**Kunal Dhamesha:** Sure. But apart from that, on Sun Pharma's business?

**C. S. Muralidharan:** Nothing specific one-off, no.



**Kunal Dhamesha:** Okay. Okay. Perfect. And coming to the specialty business, for Winlevi, we had suggested that recent changes would lead us into the prescription -- recent formulary changes will lead to prescriptions going up probably in second half of FY '24. So has that trend started in your view?

**Abhay Gandhi:** So the prescriptions of Winlevi both compared to last year as well as Q1 has gone up, but we still believe there is a scope to do even better and with some of the clinical work that we are doing with the doctors and the data that will come over a period of the next 6 to 9 months should help us grow faster than what we have been able to.

**Kunal Dhamesha:** Sure. And just last one on the R&D expenses for Specialty, now that we have filed deuruxolitinib, is there a possibility that our R&D expenses for the next couple of quarters might kind of go a little bit down from what we have seen in quarter 2? Because most of the other trials that we are planning to start are starting in 2024.

**Dilip Shanghvi:** Yes. I think we are expecting a ramp-up of some of the expenses of the residual clinical study with our focus on improving the recruitment. So I'm not expecting the clinical trial cost to come down, if at all, it will only go up.

**Kunal Dhamesha:** And sir, do we continue with our guidance for R&D expenses?

**Dilip Shanghvi:** Yes. I think as on today, you should presume the guidance.

**Moderator:** The next question is from the line of Neha Manpuria from Bank of America.

**Neha Manpuria:** Just on the Specialty business. First, if I look at the global revenue in the quarter, it seems very similar to what we did in the March quarter, even adjusted for the milestone payment. This is despite you indicating that prescriptions are going up. Winlevi data shows that prescription is going up. So is there any part of the business which is much lower than what it was in March? That's my first question.

**Abhay Gandhi:** I can answer on the U.S. piece. If I see the prescription, Neha, both ILUMYA and CEQUA, I have already answered the Winlevi part. And then -- they are at all-time highs. Even the market share, if you see, we are at all-time high for both CEQUA as well as ILUMYA. Growth of Odomzo over previous year, previous quarter has been extremely strong, and there is no product that I can see that where we have not grown or lost any kind of share.



**Dilip Shanghvi:** I think, Abhay, what she is trying to understand is correlation between the prescription and the reported sales.

**Neha Manpuria:** Because if the prescriptions are improving as much, why are we not seeing that momentum in the revenue that we are reporting?

**Abhay Gandhi:** I think in the Specialty business, I mean, you will always have, I think it's better to look at the prescription trend and sometimes the values will catch up. Because, for example, in the last month of the quarter, there was a little lesser buy in because of fewer days of sales available. But when I see the current month, for example, that has been more than made up for.

So rather than look at it literally on a quarter-to-quarter basis, I think the underlying strength of the business, just as we do in the India business, for example, looking at improving share of prescription and market share of the products that you are competing against. I think that should be the focus. And on a longer-term basis, value will catch up.

**Neha Manpuria:** Understood. And was the trend in the International Specialty business also similar? I know it's a small part of that revenue, but are we seeing a steady improvement in the International Specialty piece also?

**Dilip Shanghvi:** I think overall business growth in the Specialty business is 18%. So that's not only the U.S. growth, but that's also global growth.

**Neha Manpuria:** Understood. And my second question is on Concert. Now with the FDA accepting 8 mg, is it fair to assume that 12 MG will not be pursued at all? And does this in any way change our estimate in terms of how we were looking at the market opportunity for this drug or how we'll have to approach the drug, given the advantage that we had on the 12 MG versus peers?

**Dilip Shanghvi:** No. We believe that 8 mg clinical outcome and especially the long-term clinical outcome is -- places it at a significant advantage over currently available products. However, we also believe that over time, there is a -- I mean, we haven't given up the view that the product will ever get approved. But the current long-term safety study indicates a very safe profile for 8 mg till now.

**Moderator:** The next question is from the line of Damayanti Kerai from HSBC.

**Damayanti Kerai:** My question is on the U.S. Generic business. So first part, was generic Revlimid a key contributor during the quarter?



**Dilip Shanghvi:** For this quarter, no madam.

**Damayanti Kerai:** It was okay, it was...

**Abhay Gandhi:** It was not a major contributor, but the sales will always for this product be a little episodic. In this quarter, it was clearly not a major contributor.

**Damayanti Kerai:** Okay. That's helpful. And second part is, can you update us on the supply status from Mohali and how the remediation work is progressing at Halol plant. So approximately, say, like how far we are before we can see any like normal supplies from same Mohali?

**Abhay Gandhi:** So supplies to the U.S. in this quarter have resumed and some quantities were shipped. The return we expect to normalcy will be gradual, although we are not giving any time frame to normalization.

**Damayanti Kerai:** Okay. And anything on Halol, like how things are moving there?

**Dilip Shanghvi:** What is the question?

**Damayanti Kerai:** Sir, I just want to understand the remediation progress at Halol plant, anything to share there?

**Dilip Shanghvi:** I think we continue to update the agency about the progress and our remediation and our what you call response. Now at some point of time the plant will get reinspected and hopefully gets time with the positive of. I mean, that's what we are working for.

**Damayanti Kerai:** Okay. And my second and last question is like you have done fairly well in India despite, I guess, the slowdown which we have seen in the market. So how should we look at India business trending ahead in terms of growth expectations?

**Kirti Ganorkar:** My opinion is don't look at India-based business quarter-to-quarter. What we need to look at is the long-term growth on an annualized basis. And our objective is always to grow higher than the market.

**Moderator:** The next question is from the line of Bino Pathiparampil from Elara Capital.

**Bino Pathiparampil:** Most of my questions answered. Just one on the tax rate. For the first half of this year, you have seen a much higher tax rate than last year. Is this the sort of rate we are looking for full year as well?





**C. S. Muralidharan:** So as we stated earlier that our tax rate will inch up as compared to the earlier years, we have said also that you should look at the tax rates more on an annual basis as this from the tax reduction and the profits arising in those distribution markets there. So it's better to see the tax rate on annual basis.

**Bino Pathiparampil:** So it will be higher than last year this year.

**C. S. Muralidharan:** Last year, full rate about 8.8% full year.

**Moderator:** The next question is from the line of Harith Ahamed from Avendus Spark.

**Harith Ahamed:** My first question is on Taro. Is there an impact on Taro's operations from the conflict that is currently happening in the region, in Israel specifically? And if you could also give some color on how much of Taro's products or sales is manufactured from Taro's facilities in the region?

**C. S. Muralidharan:** So specifically for Taro to comment on the specific question. However, what we understand is that Taro is primarily ensuring safety of its employees. And at this point of time, they are also maintaining the business continuity.

**Harith Ahamed:** Okay. My second question is on Nidlegly', the melanoma product, for which you've announced the Phase III completion. So since you mentioned that you'll be leveraging your experience and relationships with doctors through the sales of Odomzo. Can you give some color on how much commercial infrastructure we have for Odomzo in the regions for which we've licensed Nidlegly'? And if I remember correctly, we have licensed this for Europe, Australia, and New Zealand.

Any reason why we haven't licensed this product for the U.S. market? And is that something that we can expect in the future?

**Dilip Shanghvi:** So unfortunately, both the questions, I won't be able to give you specific response. So we don't give organization details about different structures that we have for business in different countries. So however, I think all business structures are designed in such a way that we are able to cover the market efficiently and cost effectively.

Now we believe that in the region that we are promoting Odomzo where we license Nidlegly', we have adequate coverage. And we will now work with the company to try and see that we have a favourable reimbursement in different geographies. And we will work out the phased product introduction plans.



We are excited about the product's ability to help patients who stopped responding to their current treatment with a significantly better outcome or with a better outcome. I think we continue to evaluate options and attractiveness of the product in different geographies, including the U.S. But we haven't finalized any terms. So I'm not able to give additional information at this point of time.

**Harith Ahamed:** And just a clarification from a previous question on deuruxolitinib, the 12 MG dose, is there a probability of that getting filed in the future? Or is that something that we should keep out of our expectations from now?

**Dilip Shanghvi:** No, I think what you need to remember is the JAK inhibitor or selective JAK inhibitor have potential use in multiple indications. And some of those indications because of the overall disease profile, we may even be able to use higher dose and get approval. And as there is experience with the product, I think we can potentially look at it is coming back. But this is all future and speculative.

**Moderator:** The next question is from the line of Shyam Srinivasan from Goldman Sachs.

**Shyam Srinivasan:** Just on the U.S. formulation revenue, if your kind of back out whatever is the Taro U.S. perhaps, I think you mentioned in the opening remarks as well that there is like a \$470 million going to \$430 million on the overall level. Even if I do it at Taro, it seems to be like a \$30 million down Q-o-Q. So is that largely just attributed to the plant issues? If you could clarify me.

**C. S. Muralidharan:** So, Shyam, are you asking year-on-year or quarter-on-quarter?

**Shyam Srinivasan:** Sir, quarter-on-quarter. \$470 million went to \$430 million right? U.S. formulation. Q1 versus Q2?

**Abhay Gandhi:** We have answered this question by saying that in Q2, there is little sale of lenalidomide, which was there in quarter 1.

**Shyam Srinivasan:** Okay. But there was some mention about even plant, right, Halol or no, that has already come through earlier the year. Sorry...

**Abhay Gandhi:** That was the situation in Q1 as well.

**Shyam Srinivasan:** We are not seeing anything incremental because of plant slowdown, and it's just been maybe a special one-off product, which we have not seen in quarter 2 perhaps, would that be fair?



**Abhay Gandhi:** Yes.

**Shyam Srinivasan:** Got it. Abhay, just the commentary on the generics business, just your part, how are you seeing the rest of the business ex Revlimid, let's assume. How is that shaping up?

**Abhay Gandhi:** So with the products that we have in market, I think we are maintaining or growing our share and holding on to our business or improving the product.

**Shyam Srinivasan:** And how would you characterize the generic pricing environment? At least external indicators seem to suggest some improvement -- so anything -- any color?

**Abhay Gandhi:** Like you, I have also been reading a lot on, let's say, the commentary given by other players in the industry. Now, if you look at the competitive scenario and the buyer scenario, whether we should look at it as a quarter phenomenon or a long-term trend, I do not know. I tend to look at it more like a long-term phenomenon rather than treat it as a quarterly one-off.

And like we have been saying, I think, consistently on every call, I think I still maintain my stance that pricing is a product-specific thing, some price products we are even able to increase prices and some we are not able to and I have to give up on price distribution to retain share if we wish to. So I don't see a huge change in the environment as far as Generics is concerned.

**Shyam Srinivasan:** Got it. That's very helpful. Just a second question on the India business. we did 11% growth, maybe led because of our chronic nature because if we see some of the other companies that have reported with a slightly higher acute bend have struggled.

So if you could also disaggregate that 11% based on whatever secondary data into price volume trends and which are some of the therapy areas that we are doing better versus market, that would be helpful.

**Kirti Ganorkar:** As I said in my readout, all the business areas have performed well. So I'm not saying that acute versus chronic, we see any difference in the growth. So both the businesses has performed well. And what we see half of our growth is also coming from volume. So which is a good sign. And on a quarterly basis, just to illustrate and like we are gaining a market share in AWACS.

**Shyam Srinivasan:** Sir, you said half of the growth is coming from volume. Sorry, I missed that. Is that quantify?

**Kirti Ganorkar:** So if you divide the growth in 3 parts, there is a growth coming from new product and then there is a growth coming from volume and then there is a growth related to price. What I see somewhere between.



So we have good volume growth is what I'm trying to say. And the businesses are growing in the right direction. We see that movement also in the prescription.

**Moderator:** The next question is from the line of Aman Vij from Astute Investment Management.

**Aman Vij:** My first question is on our GLP-1 portfolio. If you can talk about do we have a first to file in both, say, Liraglutide and Semaglutide and when can we start seeing some revenues? And do you think this can be a big opportunity for our company?

**Dilip Shanghvi:** We don't generally share details about first to file or future products.

**Aman Vij:** If you can just talk about the opportunity. Do you think this can be a big opportunity for our company and when can we expect some revenues from this division?

**Dilip Shanghvi:** No, I think the reason why we don't share detailing because we don't want to give future guidance on something that can change at many points of time. So because we try and see that whatever guidance we give for the year, we are able to maintain and deliver.

At a theoretical level, I think both Semaglutide and Liraglutide are good products, not really easy to register. And what you call, we don't expect too many people to get approval because of the complexity. But it will be a good product whoever is able to get it approved.

**Aman Vij:** Sure, sir. My second question is on another of our products there. I could see the FDA filing for teriparatide in U.S. DMF. So if you can talk a little bit about that opportunity given the expiry is coming.

**Dilip Shanghvi:** But same question, we don't give details, if we started to over then we will start sharing specific information. I'm not able to respond to your question.

**Aman Vij:** Okay. Any timelines you can give in terms of when is the expiry expected of this product in U.S.?

**Abhishek Sharma:** Aman, you can connect with me offline on these questions.

**Moderator:** The next question is from the line of Surya Narayan Patra from Phillip Capital.

**Surya Narayan Patra:** Yes. Sir, my first question is on the FDA warning what we have seen against the 26 OTC eyedrop products in the U.S. market.



So it looks like that this could potentially be a kind of a good opportunity for the prescription-based dry eye products like CEQUA. So could you give some sense on this? Because, I mean, our understanding is that a large part of this dry eye in the U.S. market is catered by this OTC products and if there is a kind of a restriction on those, then the market itself can really jump for the prescription products, including the CEQUA.

**Dilip Shanghvi:** I think you're presuming that because of the warning letter issued to products, which were marketed without approval. This product will become dry. I don't expect that to happen. There will be some approved products still continued to be sold in the market. Abhay, if you can respond to the latter part of the question if there is something there.

**Abhay Gandhi:** I mean nothing really to add.

**Surya Narayan Patra:** Okay. Okay. My second question is on the acquisition of this diagnostic device businesses, although those are like small initiatives on this. Could you share or could you share your thought process about moving into this diagnostic device business acquisition front? And how would that be really complementing our business model and business strategy. Could you share something about the acquisition of Ezerx and Agatsa software, sir.

**Kirti Ganorkar:** I think just explain our view. First of all, we remain committed to our core offering in human health. We have made addition to our India team in the recent past and continued to show growth.

Many of our new investments are very early stage, where we are choosing to rely on the existing management to continue to run the business. So I would say that we are exploring new areas but without diluting our focus on our core prescription business which we see a good potential going forward.

**Surya Narayan Patra:** Sure, sir. Is it in any way likely to complement the growth of the domestic formulation business? Or it is completely separate from?

**Kirti Ganorkar:** No, I already answered you, these are all exploring 3 new areas. So we won't be able to comment further on this year.

**Surya Narayan Patra:** Sure, sir. Just on the two updates I wanted to have, sir. Any progress on the ILUMYA in China? That is one. And secondly, any update about the buyback of Taro, we have mentioned last quarter.



**Dilip Shanghvi:** So China, my understanding is that there is a price approval process, which I think our marketing partner in China is speaking. So I think it should take maybe 1 or 2 quarters for them to get this approval and potentially launch the product.

But I think for Taro, we don't have a specific update to share. I think Taro special committee is working on Sun's proposal as you would have seen in their press release. Beyond that we have no specific further information.

**Surya Narayan Patra:** Okay. So sir, in regards China, what you have mentioned once the pricing approval process will be over, it would be a kind of again, tender contracting cycle and all that we have to face, so that there won't be a kind of timeline or decision period before we see some commercial benefit out of it?

**Dilip Shanghvi:** I don't think that these products are in tender cycle right now.

**Surya Narayan Patra:** Okay.

**Moderator:** The next question is from the line of Vishal Manchanda from Systematix.

**Vishal Manchanda:** I have a question on deuruxolitinib. So wanted to understand whether the product would be used by patients chronically or would this be a sub-chronic treatment wherein patients would only use it until they recover the hair loss?

**Dilip Shanghvi:** Our understanding is that it's an autoimmune disease and the drug will help the patient overcome the challenges caused because of the immune response. But once I think you give up the treatment, then it's not very different from psoriasis. But we have to see. Our studies indicate that a large number of patients will need to continue to take treatment to maintain the benefit.

And the same is also reflected in our safety study. Abhay, do you have anything further to add?

**Vishal Manchanda:** Just one more, whether we'll be able to launch deuruxolitinib post approval immediately? Or would there be a patent that would block the launch?

**Dilip Shanghvi:** So I think our assumption and plan is to launch the product on approval

**Moderator:** The next question is from the line of Kunal Dhamesha from Macquarie.

**Kunal Dhamesha:** First one on the Specialty business. So one of our CDMO partner for one product had some issues with U.S. FDA, so do you expect any disruption related to the product?



**Dilip Shanghvi:** I mean my understanding is that we are not expecting any disruption..

**Kunal Dhamesha:** Sure, sir. And secondly, now that we have one big product up and probably only one supplier, would we be looking to derisk that and add one more supplier?

**Dilip Shanghvi:** Yes, I think that is the approach that we have for all major innovative products, we would like to have one additional source.

**Kunal Dhamesha:** Sure. And second on the deuruxolitinib, so that would also be a CDMO manufactured kind of opportunity? Or would that be manufactured in-house?

**Dilip Shanghvi:** Currently, when we licensed the product, the product was manufactured by CDMO. So it will be launched from CDMO.

**Moderator:** That was the last question in queue. I would now like to hand the conference back to Dr. Abhishek Sharma for closing comments.

**Abhishek Sharma:** Thank you, Reo. Thanks, everyone, for dialing in. If you have any unanswered questions, you can reach out to the Investor Relations team. We'll be happy to take your questions offline. Thank you and have a good evening.

**Moderator:** Thank you very much. On behalf of Sun Pharmaceutical Industries Limited, that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.

**Dilip Shanghvi:** Thank you.