Chairman and Managing Director's Message

Dilip Shanghvi
Chairman and Managing Director

Dear Shareholders,

Your Company, Sun Pharma, turned 40 this year. Our global offices commemorated the milestone in many small but thoughtful ways. It was also a moment to reflect on our learnings, on what will keep us agile amid expansion, how we plan to manage growth and continuity and how we can evolve further while keeping our core values intact.

Age is just a number though, and we feel as if we have just started. The contribution of Global Specialty, our new growth engine, has continued to increase and has grown from 7% of consolidated revenues in FY19 to 18% in FY24. Our focus on building out the Specialty business is the outcome of a conscious effort to diversify the Company's revenue streams. The effort towards expanding Specialty also speaks of the business' need to stay agile in an ever-changing environment.

While increasing size has come with healthy cash flows, it remains paramount that we constantly evaluate structural shifts in our industry for their potential impact. Pharmaceuticals is a highly regulated industry across the value chain and individual regulatory actions can have profound effects on the Company. This is an important lesson we have internalised in the first 40 years of our existence, and therefore, it has been our endeavour to minimise risk in each of our businesses.

We also believe that the lessons of the first 40 years have positioned us well for the next chapter of the Company's growth. Our market share has continued to improve across geographies, including India. We remain resolutely focused on serving patients and prescribers, a principle that has been close to our hearts since inception. Recent examples of this customer-centric mindset include broadening our Global Specialty pipeline with deuruxolitinib and Nidlegy™ while expanding our field force in India and the Emerging Markets.

During FY24, our global consolidated revenues grew by 10.4% to ₹ 478 Billion, while EBITDA grew by 11.8% to ₹ 130 Billion. Adjusted net profit was up by 16.5% to ₹ 101 Billion. Our return ratios also continued their upward momentum. Our cash balance of US$ 2.4 Billion enables us to explore large transactions, should a suitable opportunity present itself.

This year, we made further investments towards enhancing our capabilities in the Global Specialty business. We made critical hires in several functions, some of which are visible as new additions to the senior management team. Specifically, our focus has been to improve our in-house clinical development capabilities for which we are building a clinical organisation, globalising our Specialty assets beyond the US, and deepening our business development capabilities.

Our Specialty R&D spend has continued to increase in our bid to strengthen our innovation pipeline. We spent US$ 148 Million on Specialty R&D in FY24 vs US$ 65 Million in FY20, accounting for 78% of the total R&D increase during the period. Our increased R&D guidance for this year indicates our intent to advance existing projects and further enrich the Specialty pipeline in our core therapy areas.

Operational Performance

For FY24, India formulation sales were at ₹ 149 Billion, up by 9.5%, and accounted for 31% of the overall revenues. Our India business growth was ahead of the industry growth, driven by our strong brand equity with doctors. As per AIOCD AWACS March 2024 data, our market share improved to 8.5% on MAT basis compared to 8.3% share during the previous period.

As per SMSRC data for MAT February 2024, Sun Pharma ranks 1 by prescriptions with 12 different classes of doctors. We strengthened our portfolio leadership with 52 new product launches in India.

We undertook field force expansion in India in FY24, adding 10% to our existing strength. The field force expansion, implemented in successive rounds over the last four years, has helped us declutter our portfolio and expand our presence in Tier II and Tier III towns.

We are deeply committed to improving access to medicine in India. Wider availability of medicines and patient compliance are critical to ensuring health security for India's vast population. As per AIOCD AWACS, our growth in India was primarily driven by volume as well as new product launches. In contrast, in India, the Pharma market growth was driven to a great extent by price increases. This year, we are especially pleased to have introduced four innovative products in India, either from our global portfolio or via licensing. These include Cequa for dry eye disease, Tyvalzi for the treatment of ischemic stroke, Rytstat for the treatment of anaemia associated with chronic kidney disease, and Lyvelsa for slowing down the progression of and reducing the risk of kidney failure associated with Type-2 diabetes.

Revenues in the US grew by 13.4% to ₹ 153 Billion and accounted for 32% of our consolidated revenues for FY24. Specialty sales in the US has continued to gain traction. While the generics business faced the negative impact of ongoing compliance issues at our Halol and Mohali facilities, we were able to partly compensate it through new launches and market share gains.

Our subsidiary, Taro, recorded a 9.8% growth in overall revenues to US$ 629 Million.

The year saw us enter into a definitive merger agreement with Taro for the acquisition of all its outstanding shares. Taro remains a key player in the generic dermatology market, even in a challenging environment. As a combined entity, we will move firmly forward, leveraging our global capabilities to serve the needs of patients and healthcare professionals.

Our Emerging Markets sales grew by 9.1% to ₹ 86 Billion and contributed 18% to our consolidated revenues. In local currency terms, large markets like Brazil and Romania recorded strong double-digit growth. We increased our field force in key Emerging Markets this year by 9% to over 2,500. This showcases our long-term commitment to these geographies.

Sales in the Rest of World (RoW) markets grew by 11.1% to ₹ 67 Billion and contributed 14% to consolidated revenues. Growth here was spurred by higher sales in Western Europe led by Specialty and the ramp-up in Ilumya sales in Australia and Japan. Odomzo also gained traction in RoW markets.

Global Specialty Business Performance

Global Specialty revenues recorded a strong 19.3% growth to reach US$ 1,039 Million. Ilumya sales continued to do well globally and were up by 21.7% to US$ 580 Million.

The following products were key contributors to the Global Specialty business growth in FY24.

Select Products from the Marketed Portfolio

- **Ilumya/Ilumetri** is an IL-23 inhibitor biologic used in the treatment of adults with moderate-to-severe plaque psoriasis and who are candidates for systemic therapy or phototherapy. It is marketed by Sun Pharma directly in several markets, including in the US, Canada, Australia, Japan and in Western Europe and China through our partners. Ilumetri was included in China's National Reimbursement Drug List from January 2024.
- **Winlevi** is a first-in-class topical androgen receptor inhibitor, approved by the US FDA for the topical treatment of acne vulgaris in patients above the age of 12. Winlevi is the first US FDA-approved acne drug in nearly 40 years with a first-in-class mechanism of action. Besides the US, where it is already marketed, Winlevi was launched in Canada during FY24 and is expected to be available in Australia from June 2024.
- **Cequa,** indicated for topical ophthalmic use, is the first and only US FDA-approved cyclosporine treatment delivered with NCELL™ technology. Cequa, which offers the highest concentration of cyclosporine for ophthalmic use approved by the US FDA, is indicated to increase tear production in patients with dry eye, an inflammatory disease that afflicts more than 16 Million people in the US.
- **Odomzo** is indicated for the treatment of adult patients with locally advanced Basal Cell Carcinoma (laBCC) that has recurred following surgery or radiation therapy, or for those who are not candidates for surgery or radiation therapy. Odomzo works by inhibiting a molecular pathway known as the hedgehog signalling pathway, which is implicated in the origination and development of BCC when the pathway malfunctions. Odomzo is available in the US and several other international markets.
- **Levulan Kerastick+BLU-U** combines a powerful 20% aminolevulinic acid HCl (ALA) topical treatment with blue-light precision while minimising exposure to the deeper tissue. It is the only Photo Dynamic Therapy indicated for the treatment of minimally to moderately thick actinic keratoses of the face or scalp, or actinic keratosis of the upper extremities.

Research & Development (R&D)

Our R&D investments stood at ₹ 32 Billion, or 6.7% of overall sales. During the year, we filed approximately 250 formulation dossiers globally. In FY24, the Company took steps to improve study enrollment for our Global Specialty pipeline candidates, including creating a clinical organisation within Sun and hiring key talent to lead the same. Sun Pharma also continues to scout for external R&D assets to strengthen the pipeline. R&D spending is expected to increase as clinical trials for Specialty products gain traction.

Sun Pharma's Specialty R&D pipeline has six candidates undergoing clinical trials:

- **Deuruxolitinib's** New Drug Application (NDA) was filed with USFDA for the treatment of moderate to severe alopecia areata during FY24. The FDA has assigned Prescription Drug User Fee Act (PDUFA) date of July 2024 for our application. Open Label Extension studies for deuruxolitinib are ongoing.
- Our partner product **Nidlegy™** is expected to be filed with the European Medicines Agency (EMA) for locally advanced fully resectable melanoma during H1CY24. The candidate's Phase III PIVOTAL trial met the study's primary objective, demonstrating statistically significant and clinically meaningful improvement in recurrence-free survival for patients with locally advanced fully resectable melanoma. Nidlegy™ is currently being investigated in two Phase III clinical trials for the treatment of locally advanced melanoma and in Phase II clinical trials for the treatment of high-risk BCC and other non-melanoma skin cancers. Sun Pharma is the commercial partner for the candidate in EU, Australia and New Zealand.
- Our currently marketed product, **Ilumya**, is undergoing Phase-3 clinical trials for additional indication of treatment of psoriatic arthritis. Topline data for the studies is expected during the H2CY25.
- **MM-II** has completed Phase-2B trial as a potential treatment for knee pain in patients with symptomatic knee osteoarthritis. Phase-3 for the candidate is expected to begin during the H1CY25.
- **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 a potentially safe cardiac safety profile. Topline data for the indication of atopic dermatitis is expected to be available during the H2CY24. Topline data for the indication of psoriasis is expected to be available during the H1CY25.
- **GLP-1R** (Glucagon-Like Peptide-1 Receptor) agonist has completed Phase-1 clinical trials. Early clinical data demonstrated marked weight loss in single and multiple ascending dose studies. The drug was well tolerated, and we expect to start enrolling patients for Phase-2 trials during the H2CY24.

We strive to remain disciplined in identifying future R&D projects for the US generics market with a focus on developing complex products.

cGMP Compliance

Adherence to global cGMP standards is a key priority for us, and we have a relentless focus on 24x7 compliance to ensure continuity of supplies to our customers and patients worldwide.

We have pending USFDA compliance issues at three of our facilities. These include the import alert at the Halol facility and the receipt of non-compliance letter for the Mohali facility, both during FY23. In December 2023, FDA inspected Sun Pharma's Dadra facility and has subsequently determined the inspection classification status of this facility as Official Action Indicated (OAI). Besides these three, all our facilities remain compliant with global regulatory bodies, including the US FDA.

Sustainability

We continue to integrate principles of sustainability within our business through well-defined goals and initiatives, coupled with a clear roadmap to achieve these objectives. We are committed to addressing the impact of climate change through strategic actions to manage and mitigate carbon emissions associated with our operations. In FY24, we initiated a physical and transition climate risk assessment and also carried out a Biodiversity risk assessment for five of our manufacturing locations. We have also implemented multiple focused initiatives to attract and retain a highly diverse and skilled workforce. Our Corporate Social Responsibility (CSR) initiatives continue to positively impact underprivileged communities and respond to their needs across diverse areas.

Our corporate governance approach rests on our commitment to go beyond compliance, increase transparency and foster reliability, trust and consistency. As a member of the United Nations Global Compact (UNGC), we support the 10 principles covering human rights, labour, environment and anti-corruption, and we incorporate these principles into our business. I am happy to mention that Sun Pharmaceutical Industries Limited has been included in the S&P Global Sustainability Yearbook 2024, a select group of companies with demonstrated strengths in sustainability.

Efficiency Improvement

Our focus has always been on sustainable cost reduction via technological interventions and process enhancements. We are also directing our efforts towards reducing 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.

Net Cash and Deployment Opportunities

At year-end, Sun Pharma had a strong net cash position of approximately US$ 2.4 Billion, which enables us to explore inorganic opportunities, including but not limited to strengthening our Global Specialty portfolio.

Overall Outlook

We expect high single-digit consolidated topline growth for FY25. We expect to see Sun's Global Specialty business continue on its growth path. Our R&D spending has been on an upward trajectory due to increased clinical study spending to advance our Global Specialty pipeline. For FY25, we expect our R&D spend to be in the range of 8-10% of sales, with an increasing share of spending expected on Specialty products.

Top Priorities for FY25

- To improve compliance record of manufacturing operations, and work towards bringing the three facilities facing US FDA action back into fully compliant status
- Advance our pipeline of Global Specialty products with several milestones coming up in FY25, including PDUFA date of deuruxolitinib, Nidlegy™ filing in Europe SCD-044 data
- Ensure supply chain continuity and simultaneously focus on inventory optimisation
- Enhance IT systems to facilitate business operations, ensure security and digital transformation
- Embed sustainability practices in our operations; we have set clear and actionable targets to achieve our sustainability goals
- Continued focus on cost and operational efficiencies
- Maintain the ongoing trend towards improving overall return ratios

Sun Pharma's growth over the last 40 years would not have been possible without the company's dedicated workforce. This year, Sun's employee headcount grew by over 4% to become over 43,000 strong. We continue to work towards ensuring that our Human Resource management systems and policies keep pace with this expansion. Our endeavour is to treat all our employees in a fair and equitable manner.

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

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

Regards,

Dilip Shanghvi
Chairman and Managing Director
Sun Pharmaceutical Industries Limited

Board of Directors

Dilip S. Shanghvi
Chairman and Managing Director

Dr. Pawan Goenka
Lead Independent Director

Aalok D. Shanghvi
*Whole-time Director**

Sudhir V. Valia
Non-Executive and Non-Independent Director

* (appointed with effect from June 01, 2023)

Gautam Doshi
Independent Director

Rama Bijapurkar
Independent Director

Sanjay Asher
Independent Director

Rolf Hoffmann
*Independent Director***

** (appointed with effect from June 15, 2023)

Leadership Team

Aalok D. Shanghvi
Whole-time Director and Executive Vice-President, Emerging Markets, Global generic R&D, Global BD (Generics Segment) & API

Abhay Gandhi
CEO – North America

Kirti Ganorkar
Head – India Business

C. S. Muralidharan
Chief Financial Officer

S. Damodharan
CEO – API Business

Suresh Rai
Chief Human Resource Officer

Dr. Meeta Chatterjee
Chief Strategy Officer

Reem Malki
Chief Quality Officer

Dheeraj Sinha
Chief Information Officer

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

Dr. Azadar H. Khan
Head – India Regulatory, Corporate Relations & CSR

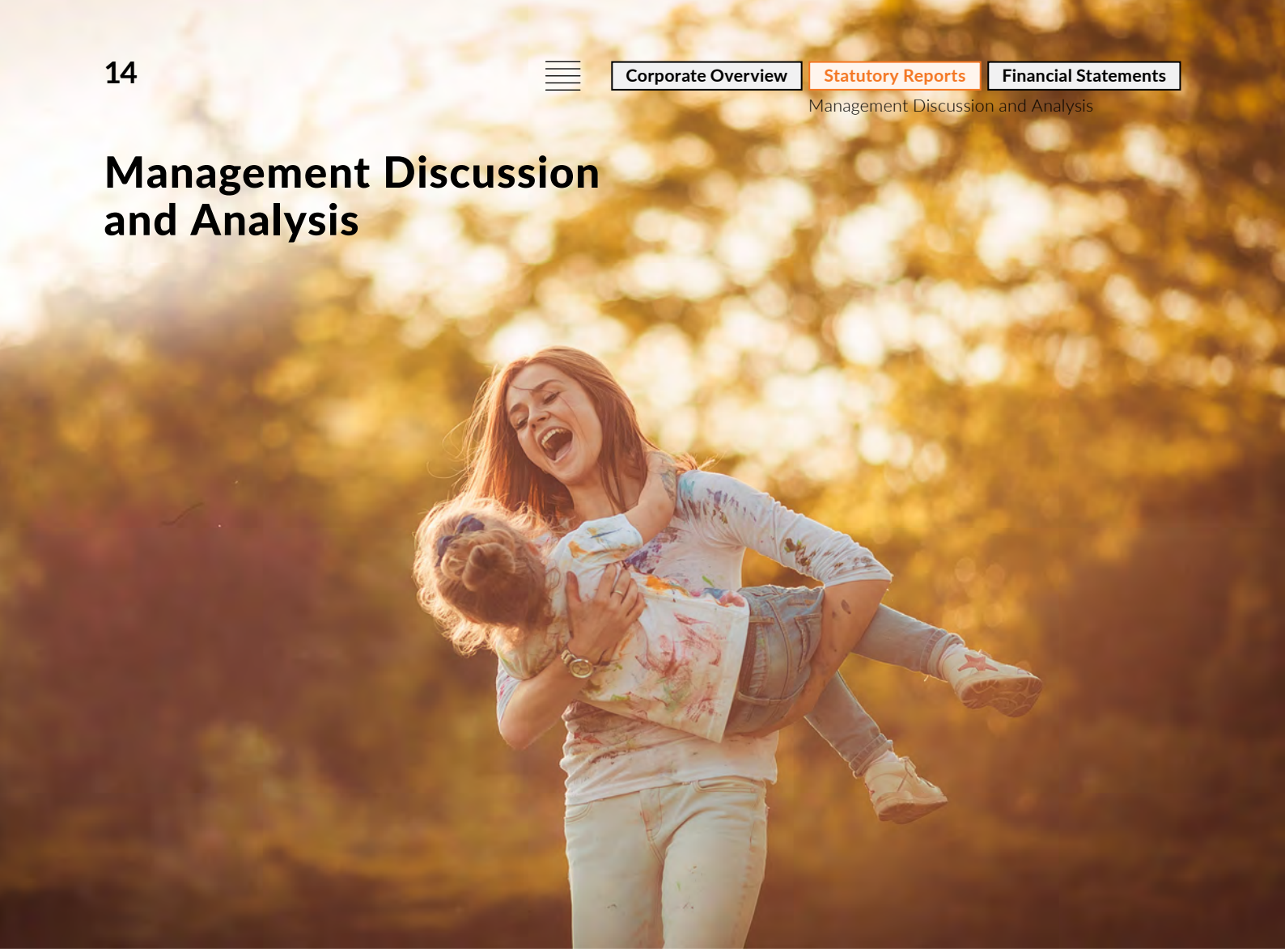
Uday Baldota
CEO – Taro Pharmaceutical Industries Ltd.

Sreenivas Rao
Head – Global Supply Chain

Marek Honczarenko
Head – Development (Clinical Development)

Sridhar Shankar
Head – Centre for Global Product and Innovation

Management Discussion and Analysis



Global Pharmaceutical Industry[1]

In 2023, the global pharmaceutical industry witnessed significant shifts in medicine usage and spending growth across regions, setting the stage for robust expansion in the years ahead. Despite downward revisions in vaccination and Covid-related therapeutic spending due to lower usage, the industry demonstrated strong resilience and agility by adopting novel therapies and increasing overall medicine usage. As the pandemic transitioned to an endemic, the outlook for medicine spending through 2028 was revised upwards, reflecting accelerated growth rates and a projected CAGR of 5-8%, reaching a total expenditure of US$2.3 trillion.

The volume of medicines used globally plateaued in 2023 but is anticipated to grow steadily at an average rate of 2.3% through 2028. China, India, and other Asian markets are poised to lead this growth, with Latin America also experiencing rapid expansion. North America, Western Europe, and Japan are expected to exhibit slower growth due to their already higher per capita use levels. Volume growth in Eastern Europe will likely return to pre-conflict trends in 2024.

Global medicine market is expected to continue on its growth path over the next five years driven by higher spending in regions such as the US, Europe and key Emerging Markets. Newly introduced branded products, increased uptake of original medicines and adoption of novel therapies will drive growth in these regions. At the manufacturer level, net sales growth is expected to be lower due to various factors including rebates and government-mandated discounts.

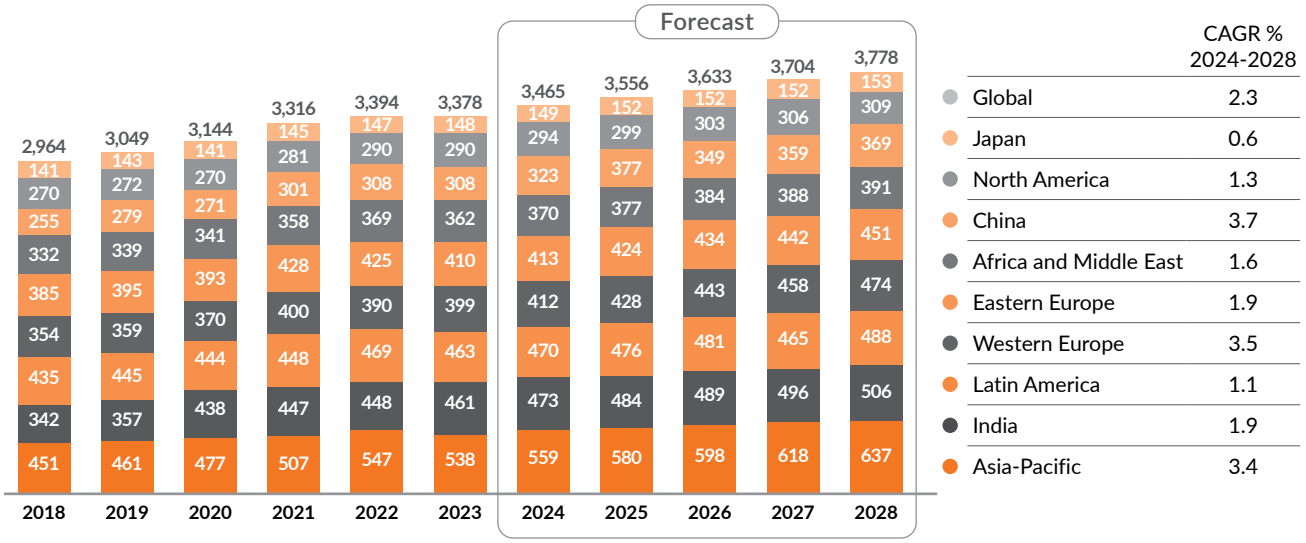
Biotechnology remains a focal point for growth in the next five years, alongside specialty medicines catering to chronic and rare conditions. The utilisation of medications in specific therapy areas has been on the rise since 2018, with notable growth observed in immunology, endocrinology, and oncology. Oncology and immunology will likely lead growth across therapy areas, driven by the introduction of new treatments and increasing patient populations. Immunology treatments have witnessed a steady increase in utilisation, driven by the more comprehensive adoption of older therapies.

Additionally, advancements in neurology, mental health treatments and the emergence of next-generation biotherapeutics are poised to reshape medicine spending and usage patterns. The approval and rapid uptake of GLP-1 agonist medicines for diabetes and obesity indications have also contributed to shifting medicine use patterns. Despite disruptions caused by the pandemic, antibacterial use has

Graph 1

Global Pharmaceutical Industry Growth: 2018-2028[1]

(Defined Daily Doses in Billions)



Source: IQVIA Institute, December 2023

returned to historic levels. However, concerns persist regarding reduced rates of adult vaccinations, with an estimated 100 Million fewer doses administered since 2020.

Global Pharmaceutical Market

Table 1

(US$ Billion)

Region	2023	2019-2023 CAGR	2028	2024-2028 CAGR
Developed Markets	1,276	7.2%	1,775-1,805	5-8%
Pharmerging Markets	304	7.8%	400-430	10-13%
Other Markets	28	5.6%	33-37	3-6%
Global Pharmaceutical Market	**1,607**	**7.3%**	**2,225-2,255**	**6-9%**

Global Pharmaceutical Market – Share by Product Type[1]

Table 2

(% of Total)

Region	Original Brands (%)		Non-original Brands (%)		Unbranded Generics (%)		OTC, Vaccines & Others (%)		Total (US$ Billion)	
Year	2023	2028	2023	2028	2023	2028	2023	2028	2023	2028
Developed Markets	76	78-79	10	9-10	9	7-8	5	4-5	1,276	1,775-1,805
Pharmerging Markets	27	28-30	35	33-35	14	13-17	24	21-24	304	400-430
Other Markets	32	27-35	49	45-51	6	5-7	13	11-12	28	33-37
Global Markets	**66**	**68-69**	**15**	**14-15**	**10**	**8-9**	**9**	**7-8**	**1,607**	**2,225-2,255**

Key Trends and Drivers Shaping the Industry

Key Trends

Global Population Dynamics

Demographic shifts, including ageing populations and evolving disease profiles, are contributing to rising demand for pharmaceutical products. Addressing this demand requires innovative approaches to meet evolving healthcare needs.

Per Capita Consumption

Regional disparities in per capita consumption persist, with higher-income countries like Japan and Western Europe exhibiting double the usage compared to lower-income regions. For instance, in 2023, per capita consumption in Japan and Western Europe was more than double that of other regions. While consumption will likely rise across most regions, Africa and the Middle East face challenges in achieving comparable per capita consumption. Improvements in per capita use are slower in lower-income countries, hindering efforts to improve healthcare access.

Budget Pressures and Cost Management

Payers in developed markets are facing budget pressures, prompting efforts to curb drug spending growth. The costs associated with managing the COVID-19 pandemic and increased expenditure on novel therapies have demanded measures to moderate spending. To this end, sectoral players use strategies such as promoting generic and biosimilar drugs, negotiating favourable pricing agreements with pharmaceutical companies, and implementing patient cost-sharing arrangements. Balancing cost management with ensuring access to innovative treatments remains a critical challenge for healthcare systems globally.

Therapeutic Area Trends

Since 2018, there has been a notable increase in medicine consumption across various therapy areas, particularly in immunology, endocrinology, and oncology. These advanced therapy areas have witnessed significant growth, driven by expanded patient access to innovative treatments and advancements in medical technology. The COVID-19 pandemic disrupted consumption patterns, leading to fluctuations in usage which rebounded in 2022 and 2023. This rebound reflects the resilience of the pharmaceutical market and its ability to adapt to changing circumstances.

Digital Health Solutions

Adopting digital health solutions and advanced analytics has revolutionised the pharmaceutical landscape, enabling more personalised and efficient patient care. These technologies provide valuable insights into patient behaviour, facilitate clinical trial design, and optimise supply chain management. Medical and research professionals increasingly use telemedicine and artificial intelligence (AI) for remote diagnosis, personalised treatment plans, and drug discovery, driving growth and productivity across the pharmaceutical value chain.

Impact of Innovative Therapies

Enhanced patient access to innovative medicines is a crucial driver of increased usage, particularly in advanced therapy areas like immunology, endocrinology, and oncology. Introducing biologic and small molecule therapies has expanded patient treatment options, driving up consumption rates, particularly in developed markets. These innovative therapies offer targeted treatment approaches with improved efficacy and fewer side effects, contributing to their growing popularity among patients and healthcare providers.

Developed Markets

In developed markets, medicine spending will likely be in an annual range of US$1.775 Trillion to US$1.805 Trillion by 2025. Innovative therapeutics are expected to drive this growth trajectory despite challenges from generic and biosimilar competition. Immunology treatments should exhibit steady utilisation increases, offset by emerging biosimilar competition. Spending in developed markets will likely accelerate, led by new products and existing branded medicines.

Developed Markets – Pharmaceutical Spending and Growth[1]

Table 3

(US$ Billion)

Region	2023	2019-2023 CAGR	2028	2024-2028 CAGR
Top 10 Developed Markets	1,082	7.0%	1,505-1,535	5-8%
Other Developed Markets	194	8.5%	255-285	5-8%
Total Developed Markets	**1,276**	**7.2%**	**1,775-1,805**	**5-8%**

US[1]

Pharmaceutical spending in the US will likely increase steadily, with forecasts indicating a 2% to 5% annual rise until 2028. Off-invoice discounts and rebates, which will likely become more pronounced under the Inflation Reduction Act (IRA), are a major headwind expected in the US spending growth. Currently, these discounts result in spending estimated 37% lower than invoice levels in 2023 and are projected to increase to 47% by 2028.

Spending on medicines at invoice prices will likely surge by US$299 Billion through 2028, a significant escalation compared to the US$218 Billion increase observed over the past five years. Increased usage of protected branded products is expected to be a critical driver, contributing US$322 Billion in annual spending.

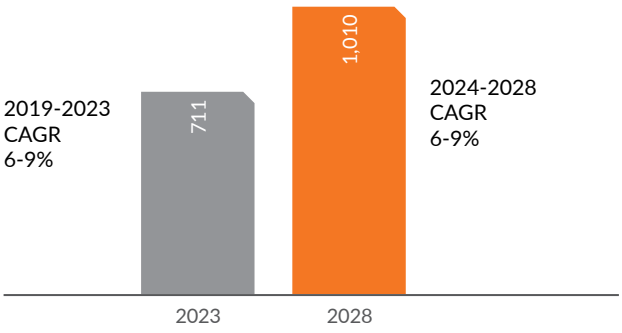
Challenges are expected to arise from losses of exclusivity (LOE), which will impact brand spending. Projections suggest a reduction of US$146 Billion through 2028, affecting both small molecule and biologics. Small molecule expiries will likely reduce brand spending by US$106 Billion, while biologic expiries will likely account for US$40 Billion in lower spending over the same period.

Interchangeable biosimilars for insulins and adalimumab presents opportunities for significant volume uptake. However, current uptake rates do not reflect this potential. Questions persist regarding the relationship between interchangeability, alternative originator formulations, and negotiating strategies, which could significantly influence the impact of loss of exclusivities.

New active substance (NAS) launches are expected to remain robust, with an anticipated 58 NAS launches in 2023 alone. Over the next five years, more than 250 NASs will likely launch in the US, driving US$119 Billion in spending. These NASs include numerous cancer drugs and next-generation biotherapeutics, highlighting continued innovation and R&D expenditure in the pharmaceutical sector.

Graph 2

US Pharmaceutical Spending and Growth (US$ Billion)



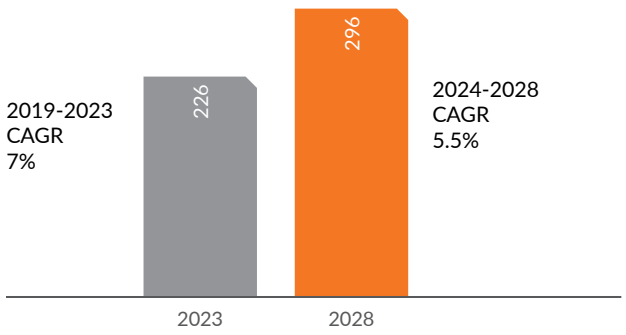
Top Five Western European Markets (WE5)[1]

Over the next five years, the top five European pharmaceutical markets are expected to witness a notable increase in spending. While new brands have historically been the primary driver of growth, their trajectory in the upcoming years may be influenced by lingering pandemic-related disruptions early in the period and heightened reimbursement scrutiny as budget pressures intensify.

Additionally, generics and biosimilars are expected to contribute US$18 Billion to growth in WE5 markets. The effect of LOEs, particularly on biologics, is projected to more than triple over the next five years. Europe boasts the largest biosimilar market globally, a testament to its well-established regulatory and commercial pathways facilitating uptake. Launch of over 175 NASs in leading European countries is expected to contribute US$50 Billion to overall spending. With a considerable portion of these NAS launches focusing on cancer drugs and neurology, alongside advancements in next-generation biotherapeutics, the European pharmaceutical landscape continues to evolve despite complex reimbursement dynamics.

Graph 3

WE5 Pharmaceutical Spending and Growth (US$ Billion)



Japan[1]

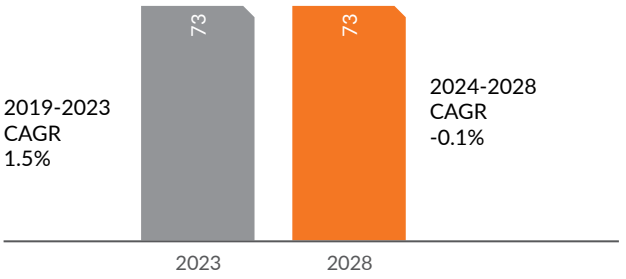
In Japan, pharmaceutical spending growth is expected to be in the range of -2% to 1% over the next five years, reflecting the ongoing recovery from the COVID-19 pandemic alongside enduring trends impacting long-listed brands. The subdued rebound observed in 2021 has been compounded by off-cycle price cuts and residual pandemic effects. Annual pricing revisions will likely persist, albeit with lower impacts during off-year cycles than established biennial price cut years.

Over the past decade, there has been a notable shift in spending dynamics, with protected brands witnessing a steady increase in market share from 48% to 54%. This trend reversal is attributable to manufacturers investing earlier in Japan and government initiatives facilitating faster access to innovative medicines. Conversely, the contribution of long-listed products to spending has steadily declined from 24% in 2014 to 11% in 2023, with projections indicating a further decrease to 7% by 2028.

Moreover, policies encouraging the substitution of available generics have been largely effective, driving an anticipated rise in the generic share of spending. These policies incentivise healthcare practitioners to prescribe generics, reflecting ongoing efforts to optimise healthcare expenditure and promote cost-effective treatment options.

Graph 4

Japan Pharmaceutical Spending and Growth (US$ Billion)



Pharmerging Markets[1]

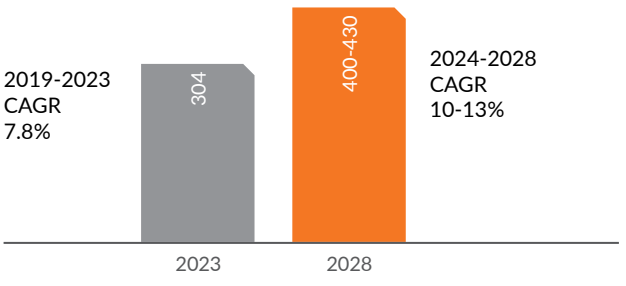
Pharmerging markets have historically experienced growth primarily fueled by an increased volume of older generic medicines. However, recent shifts in spending patterns have propelled some pharmerging countries, like Russia and Turkey, into 'other developed' nations due to rising pharmaceutical spending levels and improved GDP per capita. Despite these advancements, pharmerging markets still face challenges, such as limited access to specialty medicines, which accounted for 13% of spending in 2023 and will likely remain unchanged by 2028.

Growth in pharmerging markets will likely be driven more by volume rather than the adoption of expensive therapies. These markets typically rely on generics or non-original branded products, reflecting lower shares of spending on originator products. Additionally, pharmaceutical products in pharmerging and lower-income countries tend to have lower prices than developed markets, reflecting the cost-conscious nature of these regions.

(Pharmerging Markets include Argentina, Bangladesh, Brazil, China, Colombia, Egypt, Indonesia, Mexico, Pakistan, India, Philippines, South Africa, Thailand, and Vietnam)

Graph 5

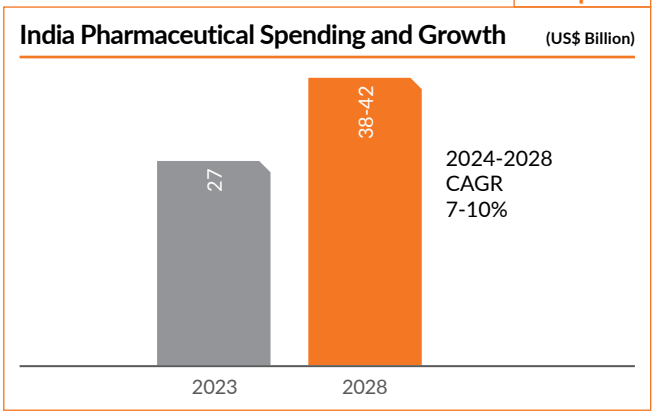
Pharmerging Markets – Pharmaceutical Spending and Growth (US$ Billion)



India[1]

The Indian pharmaceutical market will likely grow substantially, with medicine spending expected to reach US$38-42 Billion by 2028, reflecting a CAGR of 7-10% between 2024 and 2028. Acute therapies like anti-infectives and vitamins/minerals saw improved volumes in 2023, while chronic therapies, including cardiac and respiratory segments, continue to perform well.

Graph 6



Growth Drivers

Increasing Access to Modern Medicines
Efforts to enhance healthcare infrastructure and distribution networks are expanding access to modern and innovative medicines across the country.

Improving Affordability
Rising per capita incomes contribute to improved affordability of healthcare and pharmaceuticals, making them more accessible to a broader segment of the population.

Expertise in Low-cost Manufacturing
India's prowess in cost-effective end-to-end manufacturing processes is a critical driver of the pharmaceutical industry. This expertise allows for competitive pricing of pharmaceutical products in the domestic market and on a global scale, positioning India as a major player in the international pharmaceutical market.

Growing Population
India's growing population provides an extensive consumer base for pharmaceutical products, driving demand.

Demographic and Lifestyle Changes
Shifts in demographics and lifestyle patterns, such as an ageing population and increasing prevalence of chronic diseases, lead to higher medicine consumption, particularly chronic medications.

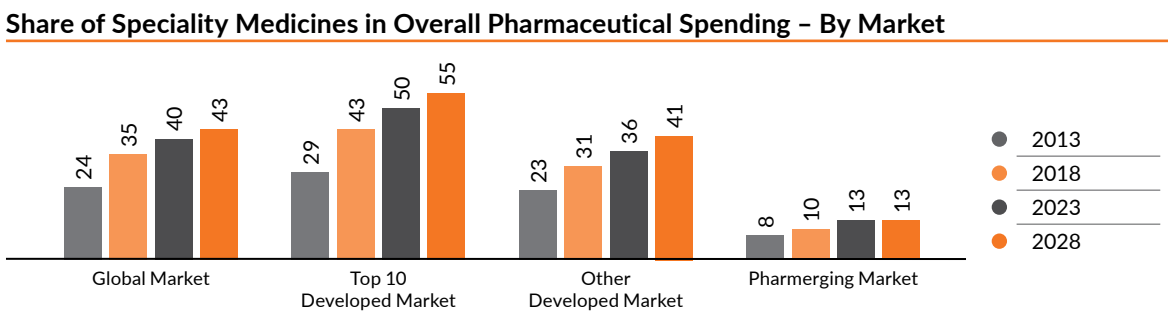
Government Support and Incentives
The Indian government's robust support and attractive incentives, such as the Production Linked Incentive (PLI) scheme, are pivotal in bolstering the pharmaceutical industry. These measures create a favourable business environment.

Speciality Medicines[1]

Specialty medicines, catering to chronic, complex, and rare diseases, are poised to become a significant component of global pharmaceutical spending, accounting for 43% of expenditure by 2028. In leading developed markets, these medicines are expected to command over 55% of total spending, reflecting a rising trend in healthcare priorities. However, in pharmerging countries, specialty medicines still constitute a smaller share (13%) of total expenditures, primarily due to cost considerations.

The growth of specialty medicines underscores their importance in addressing specific patient needs, although they treat only a small fraction (2-3%) of the patient population. Despite their relatively limited patient base, these medicines are crucial in addressing unmet medical needs, particularly for individuals grappling with challenging health conditions.

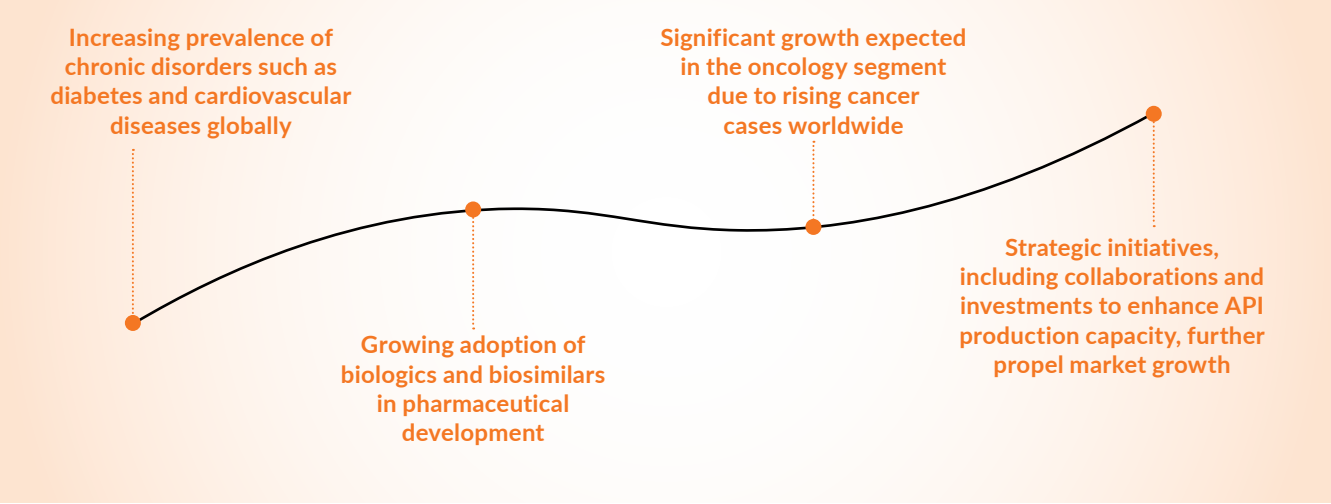
Graph 7



Active Pharmaceutical Ingredients (APIs)[2]

The global API market will likely thrive, with estimates suggesting it will reach US$ 307 Billion by 2029.

Growth Drivers for API



Consumer Healthcare (CHC) Market[3]

The consumer healthcare market includes personal healthcare products available without a prescription, including over-the-counter (OTC) drugs, health supplements, cosmetics, disinfectants, and consumer medical devices. Key segments include OTC pharmaceuticals and dietary supplements, which people can obtain from retail stores, online platforms, or hospitals. The global OTC pharmaceutical market in 2023 faced challenges primarily due to a weak cough and cold season, resulting in modest growth of 3.9%. This segment's performance significantly influenced overall market dynamics, highlighting its vulnerability to seasonal variations. Regionally, there were notable disparities, with Asia-Pacific emerging as a prominent region. Categories like digestive remedies and skin treatments outpaced the market average, emphasising the importance of diversification. Looking ahead to 2024, initial growth estimates suggest a cautious start but anticipate a rebound in the latter half, projecting overall growth between 4% to 6% for the year.

Sun Pharma: A Leading Global Pharmaceutical Company

Sun Pharmaceutical Industries Limited (Sun Pharma), along with our subsidiaries and associates, is a leading global pharmaceutical entity and the largest pharmaceutical company in India. With a firm dedication to delivering high-quality medicines, Sun Pharma has earned the trust of customers and patients in over 100 countries. Central to our operations is a diverse and multicultural workforce representing over 50 nationalities, fostering innovation and excellence.

Sun Pharma's extensive portfolio encompasses innovative Specialty medicines, branded generics, pure generics, and APIs, catering to a wide spectrum of healthcare needs. Leveraging robust R&D capabilities, advanced manufacturing infrastructure, and a global commercial footprint, our Company remains agile and empathetic in addressing the dynamic requirements of patients and customers worldwide.

Our Company's large-scale and extensive manufacturing base supplies medicines around the world. We manufacture and distribute a wide array of dosage forms, including pills, capsules, injectables, sprays, ointments, creams, liquids, drug delivery systems, APIs and intermediates.

Robust Credentials [4, 5]

Largest Pharmaceutical company in India	**Leading** Global Specialty generic company	Among the **Largest** Indian pharmaceutical companies in Emerging Markets	**13th** Largest generic pharmaceutical company in the US
~100 Countries reach	**41** Manufacturing sites across six continents	**43,000+** Global employee base	**50+** Employee nationalities

Major Deals

Year	Deals	Country/Countries	Rationale
2023	In-licensed Nidlegy™	Europe, ANZ	New anti-cancer biopharmaceutical for the treatment of melanoma and non-melanoma skin cancers
2023	Acquired Concert Pharma in the US	US	Add a late-stage specialty product to dermatology franchise. Treatment of alopecia areata
2023	In-licensed Sezaby	US	Addition of product to Specialty portfolio. Treatment of neonatal seizures
2022	Acquired Uractiv portfolio from Fiterman Pharma	Romania	Expand non-prescription product basket in Romania and neighbouring markets
2022	Adding territories to Winlevi via licensing agreement	Japan, ANZ, Brazil, Mexico & Russia	Increase access to new markets for Winlevi
2022	Taro (Sun's subsidiary) acquired Alchemee Business from Galderma	US, Japan & Canada	Acquired the "Proactiv", "Restorative Elements" and "In Defense of Skin" brands. Strengthens Taro's OTC portfolio
2021	In-licensing agreement for Winlevi	US & Canada	Add a specialty product to dermatology franchise. Topical treatment of acne vulgaris
2020	Exclusive Out-licensing agreement with Hikma for Ilumya	Middle East & North Africa	Registration and commercialisation of the product in all Middle East & North Africa (MENA) markets
2020	In-licensing agreement with SPARC for SCD-044	Global	Potential indication in psoriasis, atopic dermatitis and other auto-immune disorders
2019	Out-licensing agreement with AstraZeneca UK for ready-to-use infusion oncology products	Mainland China	Commercialise oncology portfolio in Mainland China
2019	Licensing agreement with CMS for tildrakizumab, Cequa and 8 generic products	Greater China	Access to Greater China market
2018	Acquired Pola Pharma in Japan	Japan	Access to Japanese dermatology market
2016	Acquired global rights for Cequa & Odomzo	Global	Enhance Specialty pipeline. Treatment of dry eye and locally acting Basal Cell Carcinoma respectively.
2016	Acquired Biosintez	Russia	Local manufacturing capability to enhance presence in Russian market
2016	Out-licensing agreement with Almirall for tildrakizumab	Europe	Access to European market for tildrakizumab
2016	Acquired 14 brands from Novartis	Japan	Entry into Japan
2015	Acquired InSite Vision Inc.	US	Strengthen Specialty ophthalmic portfolio in US. To prevent pain in patients undergoing cataract surgery
2015	Sun Pharma – Ranbaxy merger	Global	Strengthen position in the Global Generic Pharma Industry. Creating largest pharma company in India with strong positioning in Emerging Markets.
2014	In-licensing agreement with Merck for tildrakizumab	Global	Strengthen the Specialty product pipeline. Treatment of plaque psoriasis
2014	Acquired Pharmalucence	US	Access to the sterile injectable capacity in the US
2012	Acquired DUSA Pharma, Inc.	US	Access to specialty drug-device combination in dermatology segment
2010	Acquired Taro Pharmaceutical Industries Ltd.	Israel	Access to dermatology generic portfolio Manufacturing facilities at Israel & Canada
1997	Acquired Caraco	US	Entry into the US Market

Global Specialty Business

Specialty medicines represent the latest generation of pharmaceuticals designed to treat chronic, complex, and rare diseases. By 2023, specialty medicines constituted approximately 40% of global pharmaceutical spending, a notable increase from 35% in 2018. This upward trajectory is evident in the top-10 developed markets, where specialty medicines accounted for 50% of pharmaceutical spending in 2023 and will likely reach 55% by 2028. This expansion highlights the sustained growth momentum of specialty medicines in addressing the unmet medical needs of patients worldwide.

Share of Specialty Medicines in Overall Pharmaceutical Spending – By Market[1]

Table 4

(US$ Billion)

	2013	2018	2023	2028
Top 10 developed markets	29	43	50	55
Other developed markets	23	31	36	41
Pharmerging markets	8	10	13	13
Global markets	24	35	40	43

Sun Pharma's Specialty Portfolio and Highlights

Beginning with the acquisition of DUSA in 2012, Sun Pharma embarked on a journey to enhance its global specialty offering. Our Company specialises in dermatology, ophthalmology, and onco-dermatology and remains dedicated to addressing critical patient needs within these therapeutic areas. Sun Pharma's investments in the Specialty portfolio revolves around three core strategies:

- **Product access:** We aim to expand our product portfolio by securing access through in-licensing agreements, strategic acquisitions, and in-house R&D efforts.
- **Clinical development:** Our Company is committed to advancing our pipeline of specialty assets through rigorous clinical development and ensuring the delivery of innovative treatments to patients worldwide.
- **Commercial infrastructure:** We recognise the importance of establishing a robust front-end commercial infrastructure to market and distribute our specialty products effectively. This approach includes investing in sales and marketing capabilities and bolstering distribution channels.

We track and report our global specialty revenues separately, which are also integrated into the Company's geographical business segments, including the US market and other key regions.

FY24 Highlights

Sun Pharma markets 26 specialty products across the globe, which contributed ~18% to the Company's consolidated revenues for FY24.

Currently Marketed Specialty Portfolio

Table 5

Product	Description
ILUMYA/ ILUMETRI	For treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy • Long term clinical data shows that the significant response rate seen in 52 & 64 weeks were maintained over five years[1] • Ongoing Phase-3 trials for Psoriatic Arthritis • Current Markets include US, Australia, Japan, Canada, Europe (by partner Almirall), China (by partner CMS holdings) • Out licensed to Hikma for Middle East & North Africa
WINLEVI	Topical treatment of acne vulgaris in patients 12 years of age and older • Results from two pivotal clinical trials showed favorable safety and efficacy data for WINLEVI in patients with acne aged 12 years and older[2] • Current Markets: US and Canada
LEVULAN KERASTICK + BLU-U	For photodynamic therapy (treatment) of minimally to moderately thick actinic keratoses of the face or scalp, or actinic keratoses of the upper extremities • First and only PDT approved to treat the face and scalp as well as the upper arms, forearms, and hands[3] • Current Markets: US

Table 5

Product	Description
ABSORICA LD	Treatment of severe recalcitrant nodular acne in non-pregnant patients 12 years of age and older with multiple inflammatory nodules with a diameter of 5 mm or greater • After one 20-week course of ABSORICA therapy, 95% of patients didn't require additional isotretinoin treatment up to two years posttreatment[4] • Current Markets: US
ODOMZO	Treatment of adult patients with locally advanced basal cell carcinoma (BCC) that has recurred following surgery or radiation therapy, or those who are not candidates for surgery or radiation therapy. • ODOMZO was shown to shrink laBCC in almost 6 out of 10 patients (56%) in a clinical study. laBCC Patients were treated with ODOMZO® and followed for at least 18 months[5] • Currently marketed in US, Canada, Germany, France, Denmark, Switzerland, Spain, Italy, Australia and Israel
CEQUA	To increase tear production in patients with keratoconjunctivitis sicca (dry eye) • Phase 3 confirmatory study observed clinically and statistically significant improvements in tear production and ocular surface integrity in patients[6] • Current Markets: US, Canada • Out-licensed to CMS for Greater China in June 2019
BROMSITE	Treatment of postoperative inflammation and prevention of ocular pain in patients undergoing cataract surgery • More than 2x as many patients treated with Bromsite® were inflammation-free at day 15 than those treated with vehicle and nearly 80% of patients treated with Bromsite® were pain-free at day 1 post surgery[7] • Current Markets: US
XELPROS	Reduction of elevated intraocular pressure (IOP) in patients with open-angle glaucoma or ocular hypertension. • In clinical trials, XELPROS demonstrated reductions from baseline in IOP in patients with open-angle glaucoma or ocular hypertension[8] • Current Markets: US
YONSA	In combination with methylprednisolone for the treatment of patients with metastatic castration resistant prostate cancer (CRPC). • YONSA® was shown in clinical studies to be an effective form of abiraterone acetate, and can be taken with or without food, in combination with methylprednisolone[9] • Current Markets: US
SEZABY	First and only product approved in the US for treating seizures in neonatal patients • NEOLEV2 study compared phenobarbital to levetiracetam in the first-line treatment of neonatal seizures. 24 hours following the administration, 73% vs. 25% were seizure-free in the respective groups.[10] • Current Markets: US
Sprinkle Portfolio	For therapeutic solutions for Long-Term Care (LTC) patients • Products using sprinkle technology for patients who have difficulty swallowing • Sprinkle versions of metoprolol (cardiology), rosuvastatin (cardiology) & duloxetine (neuro-psychiatry) • Current Markets: US

Sources: (1, 2, 4, 6, 9 and 10- Sun Pharma press releases), (3 - LEVULAN® KERASTICK® website), (5 - Product labels), (7 and 8 - Product labels)

Sun Pharma's Global Specialty Pipeline

Sun Pharma has a pipeline of six specialty molecules undergoing clinical trials. The details of which are mentioned hereunder:

Table 6

Candidate	Mechanism of Action	Indication	Preclinical	Phase-1	Phase-2	Phase-3	Registration
deuruxolitinib	JAK Inhibitor	alopecia areata					
Ilumya (tildrakizumab)	IL-23 Antagonist	psoriatic arthritis					
Nidlegy™	Immunocytokines	melanoma & non melanoma skin cancers					
MM-II	Liposomal intra-articular lubrication	Pain in osteoarthritis					
SCD-044	Selective SIPR1 Agonist	atopic dermatitis					
		psoriasis					
GL0034	GLP-1R Agonist	Type 2 diabetes & obesity					

All candidates for global markets except Nidlegy™ where Sun is commercial partner for Europe, Australia & New Zealand, Nidlegy™ is a trademark of Philogen.

Business Model

At Sun Pharma, we are committed to our vision of 'Reaching People and Touching Lives Globally as a Leading Provider of Valued Medicines.' We strive to achieve this vision through a well-defined strategy that focuses on sustainable growth, cost leadership, business development, balanced investments, and future profitability.

Our Businesses

US	India	Emerging Markets	Global Specialty*	Rest of the World	Global Consumer Healthcare**	API

* Global Specialty revenues are separately reported but also as a part of geographical businesses, including the US and others.
**Global Consumer Healthcare revenues are reported as part of geographical businesses, included India and others.

Growth Strategies

Sustainable Growth	Achieve critical mass in key markets
	Clear and actionable targets on sustainability
	Embed sustainability practices in businesses
Cost Leadership	Optimise operational costs
	Leverage benefits of vertically integrated operations
Business Development	Use acquisitions to bridge critical capability gaps while yielding target ROI
	Focus on access to novel products, technology, market presence
Balance Profitability and Investments	Increased contribution of specialty and complex products
	Direct future investments towards differentiated products

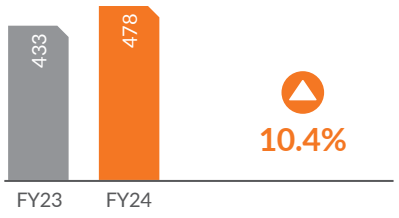
Focus Areas

- 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 innovative products for the domestic market
- Gain critical mass across key international markets
- Focus on improving return ratios

Key Performance Indicators

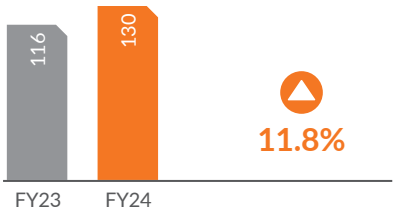
Graph 8

Gross Sales (₹ in Billion)



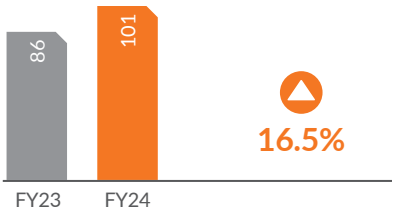
Graph 9

EBITDA (₹ in Billion)



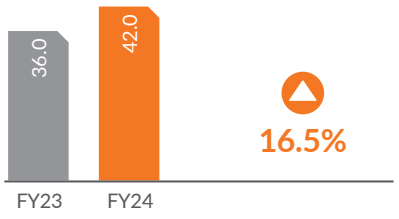
Graph 10

Adjusted Net Profit After Minority Interests# (₹ in Billion)



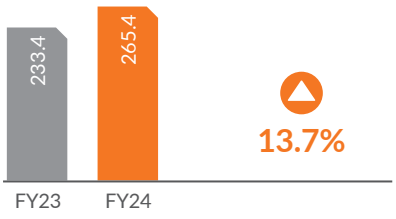
Graph 11

Adjusted Earnings per share# (₹ per share)



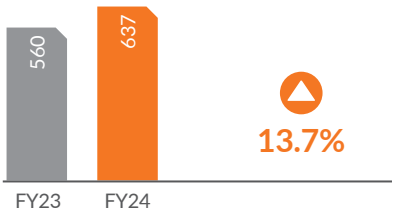
Graph 12

Book Value Per Share (₹ per share)



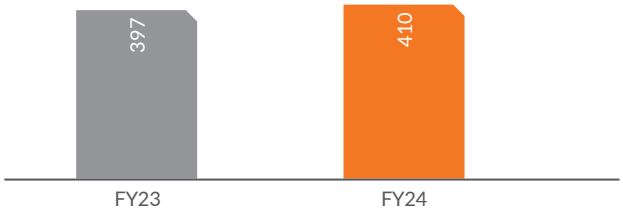
Graph 13

Net Worth (₹ in Billion)



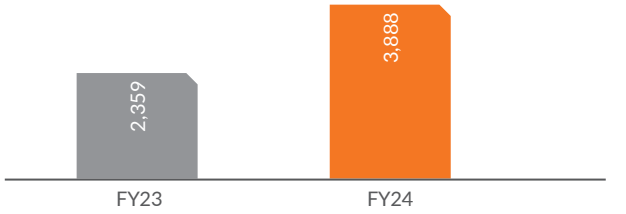
Graph 14

Property, Plant and Equipment and Other Intangible Assets (at cost)** (₹ in Billion)



Graph 15

Market Capitalisation* (₹ in Billion)



Graph 16

Business-wise Revenue Share (FY24) (%)

US Business	32
India Business	31
Emerging Markets	18
Rest of World (RoW)##	14
Active Pharmaceutical Ingredients (API) and others	5

Graph 17

Business Mix (FY24) (%)

India	32
International	68

EBITDA = (Revenue from contracts with customers + Other operating income) - (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 and intangible assets under development

\# Adjusted net profit after minority interest 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

Consolidated

Table 7

Ratio	FY24	FY23	Variance (%)	Reasons (if Variance is >25%)
Return on Net Worth (%)	15.0	15.1	(0.7)	
Debtors Turnover (times)	4.2	3.8	10.5	
Inventory Turnover (times)	1.1	1.0	10.0	
Interest Coverage	49.6	56.7	(12.5)	
Current Ratio (times)	2.6	2.0	30.0	Reduction in debt and increase in Cash and Cash equivalents.
Debt Equity Ratio (times)	0.05	0.12	(58.3)	Reduction in debt and increased in Net Worth.
Operating Profit Margin (%)	25.7	25.5	0.8	
Net Profit Margin (%)	20.1	19.6	2.6	

Standalone

Table 8

Ratio	FY24	FY23	Variance (%)	Reasons (if Variance is >25%)
Return on Net Worth (%)	12.1	7.1	70.4	Return on Net Worth is higher for the year ended March 31, 2024, due to lower profit in previous year on account of impairment charge on investment
Debtors Turnover (times)	2.2	2.9	(24.1)	
Inventory Turnover (times)	1.6	1.5	6.7	
Interest Coverage	5.7	10.9	(47.7)	Interest coverage ratio is lower due to increase in borrowings and consequent finance costs
Current Ratio (times)	3.36	1.97	70.7	Primarily due to payment towards product settlement liabilities during the year
Debt Equity Ratio (times)	0.47	0.33	42.4	Increase in borrowings
Operating Profit Margin (%)	25.5	29.7	(14.1)	
Net Profit Margin (%)	14.4	8.3	73.5	Net Profit margin is higher for the year ended March 31, 2024, due to lower profit in previous year on account of impairment charge on investment

FY24 Business Highlights

Sun Pharma demonstrated a strong performance across its global operations with a consolidated topline growth of 10.4% compared to FY23. Business-wise, the topline growth was primarily led by the US market with 13.4% Y-o-Y growth, followed by Rest of the World markets with 11.1% Y-o-Y growth. India business also demonstrated 9.5% growth in revenue over the past year and Emerging Markets revenue witnessed a steady growth compared to previous year.

The Company's EBITDA for FY24 witnessed a growth of 11.8% compared to last year, with an EBITDA margin of 26.9%. Adjusted net profit for the year grew by 16.5% Y-o-Y, demonstrating profitable growth for FY24.

Overall, these results reflect Sun Pharma's continued focus on growth and profitability across its global operations. The Company's strong performance across its key markets demonstrates its ability to navigate through challenging times and continue to deliver value to its stakeholders.

Business-wise Review

US Business

32%
Share of revenues

₹ 153,493 Million
Revenues in FY24

635
Cumulative ANDAs filed as on March 31, 2024

531
Cumulative ANDAs approved as on March 31, 2024

65
Cumulative NDAs filed as on March 31, 2024

51
Cumulative NDAs approved as on March 31, 2024

104
ANDAs pending USFDA approval as on March 31, 2024

14
NDAs pending USFDA approval as on March 31, 2024

Sun Pharma's US business comprises specialty and generic medicines, reflecting the Company's diverse offerings in the pharmaceutical market. Over the years, we have emerged as the 13th largest generics pharmaceutical company in the United States and securing the second position by prescriptions in the US dermatology market. Concurrently, the Company has continuously expanded our footprint in the Specialty segment, with a strategic focus on dermatology, ophthalmology, and onco-dermatology. In FY24, US business contributed 32% to the Company's consolidated revenues, demonstrating the segment's significant contribution to our Company's overall performance.

Moreover, Sun Pharma has established valuable relationships with leading wholesalers, distributors, chain drugstores, healthcare providers, and payors in the USA, underscoring our strong presence and network in the market. The Company's vertically integrated manufacturing capabilities enable us to efficiently serve our customers in the United States, ensuring seamless production and supply chain management to meet market demands effectively.

Milestones in the US Business

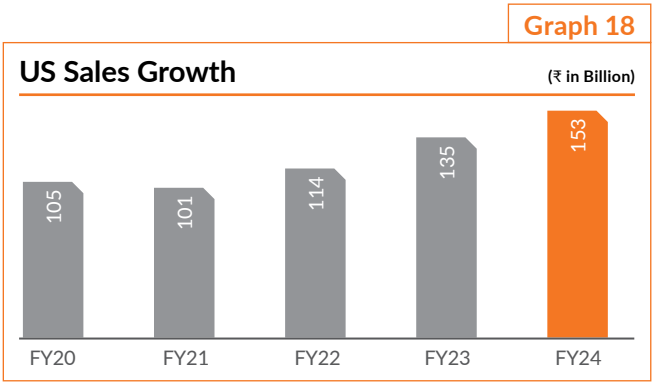
Table 9

Year	Major Initiatives
FY24	• Taro entered into a definitive merger agreement with Sun
FY23	• Acquired Concert Pharma giving access to deuruxolitinib for Alopecia Areata • Launched SEZABY in the US
FY22	• Launched Winlevi® in the US
FY20	• Launched Cequa and Absorica LD in the US
FY19	• Launched Ilumya, Yonsa & Xelpros in the US • Received US FDA approval for Cequa • Released Ready-to-Infuse INFUGEM™
FY18	• Launched Odomzo in the US • Received US FDA approval for Ilumya
FY17	• Acquired Ocular Technologies to receive access to Cequa for dry eye • Acquired Odomzo, a branded oncology product from Novartis
FY13	• Acquired DUSA for entry into branded specialty
FY10	• Acquired Taro Pharma for entry into US dermatology
FY98	• Entered the US through Caraco acquisition

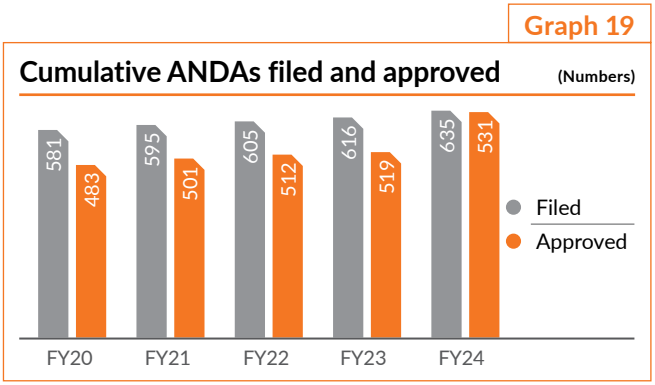
FY24 Highlights

Revenues from the US grew by 13.4% Y-o-Y to reach ₹ 153,493 Million in FY24. The growth was mainly driven by specialty with all growth products contributing viz. Ilumya, Cequa, Winlevi and Odomzo.

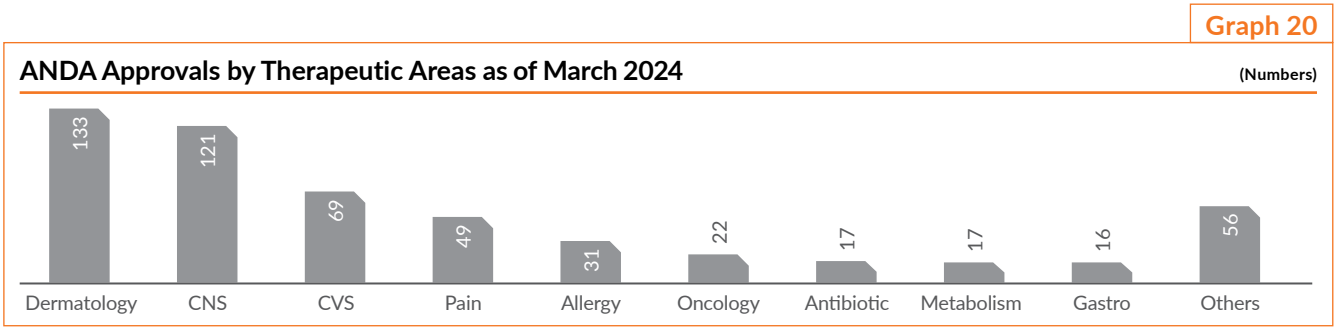
Graph 18



Graph 19



Graph 20



Road Ahead

- Enhance share of specialty/branded business
- Focus on complex generics and high entry barrier segments
- Offer a wide portfolio of products to customers across multiple dosage forms
- Ensure stringent compliance, robust product quality and an efficient supply chain

India Business: Largest Pharma Company in India [4, 5]

31%
Share of revenues

₹ 148,893 Million
Revenues in FY24

#1
Rank with 8.5% market share**

#1
Rank by prescription across 12 different classes of doctors

32
Brands among India's top-300 brands**

~14,000
Total field force

** As per AIOCD AWACS data for 12 months ended March 2024

Sun Pharma is India's largest pharmaceutical company, holding an 8.5% market share and boasting a formidable presence in the country's chronic and acute segments. With a comprehensive product portfolio spanning diverse therapeutic segments such as neuropsychiatry, cardiology, diabetes, gastroenterology, pain/analgesics, gynaecology, ophthalmology, urology, dermatology, respiratory, anti-infectives, and more, Sun Pharma addresses a broad spectrum of healthcare needs.

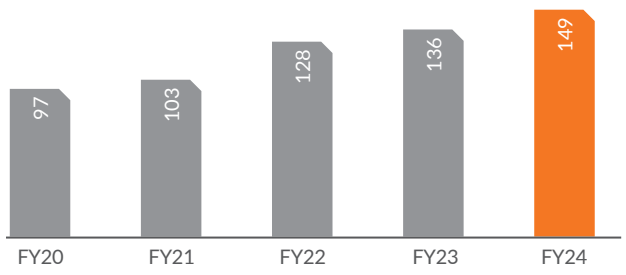
Leveraging our extensive sales force coupled with a widespread distribution network and expansive geographical reach, Sun Pharma effectively penetrates the Indian market. Our Company's proven brand equity in the medical community reinforces our identity as a trusted healthcare partner.

At Sun Pharma, our commitment to innovation is not just a statement, but a driving force. This is evident through our continuous launch of new products developed through in-house research and development initiatives. Simultaneously, we are strategically positioning ourselves as a preferred partner for in-licensing the latest generation of innovative products, aligning with our mission to enhance access to cutting-edge treatments for patients across India.

Graph 21

India Sales Growth

(₹ in Billion)



Graph 22

India Business Therapeutic Revenue Break-Up[4]

(%)

Therapy	(%)
Cardiology	17
Neuropsychiatry	16
Gastroenterology	12
Anti-infectives	11
Pain/Analgesics	8
Diabetology	7
Dermatology	6
Respiratory	5
Vitamins/Minerals/ Nutrients	5
Urology	4
Gynaecology	3
Ophthalmology	3
Others	3

India Prescription Ranking – Leadership in Key Therapeutic Areas[5]

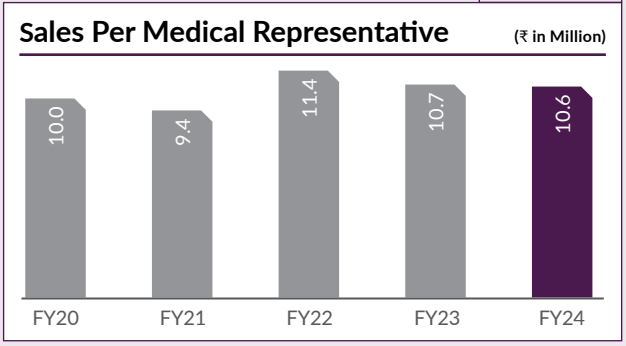
Table 10

Specialist	February 2024	February 2023
Psychiatrists	1	1
Neurologists	1	1
Cardiologists	1	1
Diabetologists	1	1
Gastroenterologists	1	1
Nephrologists	1	1
Consultant Physicians	1	1
Urologists	1	1
Dermatologists	1	1
ENT specialists	1	1
Chest physicians	1	1
Ophthalmologists	1	2
Gynaecologists	2	2
Orthopaedic specialists	2	1
General surgeons	2	2

Best-in-class Field Force Productivity

Sun Pharma has built a sales force comprising well-trained and scientifically oriented representatives with a strong performance track record. The Company maintained the highest field force productivity among key players. Additionally, the Company focuses on increasing its field force to expand geographical and doctor reach, amplifying brand presence across key markets.

Graph 23



FY24 Highlights

Revenues from the India business* grew by 9.5% Y-o-Y to reach ₹ 148,893 Million, driven by growth across most of our Company's therapeutic segments.

* Our India business comprises the branded formulations business, described here, and part of the global consumer healthcare business, described in a later section.

New Product Approvals, Launches and Acquisitions in India

- Sun Pharma launched a novel ophthalmology treatment, CEQUA®, in India for patients who have Dry Eye Disease (DED) with inflammation, a commonly occurring condition. CEQUA® is the first dry eye treatment available in India that is delivered with nanomicellar (NCELL®)* technology. Unique NCELL® Technology and formulation provides superior delivery over cyclosporine emulsion 0.05%, backed by several years of clinical experience in the US and other geographies.
- Sun Pharma entered into a license agreement with Pharmazz Inc., (Pharmazz), a US-based biopharmaceutical company to commercialise a first-in-class innovative drug, Tyvalzi™ (sovateltide) in India. Developed by Pharmazz for potential global use, Sovateltide is indicated for treating cerebral ischemic stroke. Sovateltide is a first of its kind drug to treat acute cerebral ischemic stroke that can be administered up to 24 hours after the onset of symptoms. India is the first global territory where Tyvalzi™ (sovateltide) is being introduced.
- Sun Pharma and Zydus Lifesciences Limited entered into a licensing agreement to co-market an innovative drug, desidustat in India. Desidustat is first-of-its-kind oral treatment for anemia associated with Chronic Kidney Disease (CKD) in India. Sun Pharma will market the drug under the brand name RYTSTAT®.
- Sun Pharma and Bayer signed an agreement to market and distribute a second brand of finerenone in India. Finerenone, a patented medicine is indicated to reduce the risk of sustained eGFR decline, end-stage kidney disease, cardiovascular death, non-fatal myocardial infarction, and hospitalisation for heart failure in adult patients with chronic kidney disease associated with type 2 diabetes mellitus. Sun Pharma is marketing finerenone under the brand name Lyvelsa®.

[Source: Press Releases]

Road Ahead

- Enhance productivity
- Maintain leadership in a competitive market
- Innovate continuously to ensure high brand equity with doctors
- Evaluate licensing opportunities for latest patented products

Emerging Markets

18% Share of revenues	**₹ 86,195 Million** Revenues in FY24	**Leading** Indian company in emerging markets
~80 Markets with sales reach	**7** Markets with local manufacturing footprint	**2,500+** Sales representatives

As a leading Indian pharmaceutical company in emerging markets, Sun Pharma has established a significant presence in over 80 countries worldwide. With a robust global footprint spanning key regions such as Romania, Russia, South Africa, Brazil, and Mexico, Sun Pharma focuses on strategically important markets to drive growth and expand reach.

With a customer-centric approach, the Company prioritises understanding the unique needs of healthcare professionals and patients, fostering loyalty and driving adoption.

Supporting our global operations, Sun Pharma maintains a dedicated sales force comprising over 2,500 sales representatives across various markets. This extensive network is not just a number, but a testament to the Company's effectiveness in engaging with healthcare providers, promoting products, and driving sales growth.

FY24 Highlights

- Revenues from Emerging Markets grew by 9.1% Y-o-Y to reach ₹ 86,195 Million driven by growth across multiple markets.

New Product Approvals, Launches and Acquisitions in Emerging Markets

- New Drug Application (NDA) of tildrakizumab injection under the brand name of ILUMETRI has been approved by the National Medical Products Administration of the People's Republic of China ('China') (NMPA). ILUMETRI is indicated for the treatment of adults with moderate-to-severe plaque psoriasis who are candidates for systemic therapy or phototherapy. In June 2019, Sun Pharma out-licensed tildrakizumab to a subsidiary of China Medical System Holdings Limited (CMS), for development, regulatory filings and commercialisation of the product in Greater China. Ilumetri was included in China's National Reimbursement Drug List from January 2024.

(Source: Press Release)

Road Ahead

- Gain critical mass in key markets
- Enhance specialty product basket
- Focus on profitable growth

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

14%
Share of revenues

₹ 67,128 Million
Revenues in FY24

Leading
Indian company in the RoW segment

5
Markets with local manufacturing

We have a strong presence in key international markets including Western Europe, Canada, Australia and New Zealand, Japan, Israel, and others. Leveraging our global expertise and strategic partnerships, our Company has established a formidable market presence in these regions.

Our Company's expanding product basket encompasses specialty, hospital, and retail products, catering to diverse healthcare needs across different markets. Sun Pharma operates on a distribution-led model and employs a dedicated sales force to promote our specialty products in markets such as Canada, Japan, Australia, Israel, and Hungary. Additionally, the Company leverages our manufacturing facilities in India to supply products to these regions, ensuring seamless availability and distribution.

FY24 Highlights

- Revenues from the RoW markets increased by 11.1% Y-o-Y to reach ₹ 67,128 Million

New Product Approvals, Launches and Acquisitions in Rest of World

- Sun Pharma and Philogen entered into a licensing agreement for commercialising Philogen's specialty product, Nidlegy™ (Daromun) in the territories of Europe, Australia and New Zealand. Nidlegy™, currently in Phase III clinical trials, is a new anti-cancer biopharmaceutical which is being developed for the treatment of melanoma and non-melanoma skin cancers. Sun Pharma has exclusive rights to commercialise Nidlegy™ for indications of skin cancers in the territories of Europe, Australia and New Zealand. Philogen will complete pivotal clinical trials for the product in Europe, pursue marketing authorisation with the regulatory authorities and manufacture commercial supplies. Sun Pharma will be responsible for commercialisation activities. The two partner companies will share post-commercialisation economics in about 50:50 ratio.
- Australian Therapeutic Goods Administration (TGA) granted regulatory approval for Winlevi® (clascoterone cream 1%). Winlevi® is indicated for the topical treatment of acne vulgaris in patients 12 years of age and older.

(Source: Press Release)

Road Ahead

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

Global Consumer Healthcare Business[6]

25+
Countries footprint

Among Top 10
Consumer healthcare companies in Romania, Nigeria and Kenya

~500,000
Pharmacy and Retail outlets in India where Sun Pharma's products are available

Sun Pharma's Consumer Health Care business is amongst the top consumer health care businesses in India with a portfolio based on scientific formulations, having operations in about 25+ emerging markets.

With bellwether brands such as Revital H, Volini and Abzorb in its portfolio, Sun Pharma's consumer healthcare products have strong distribution reach across pharmacies, retail stores and online e-commerce platforms in India.

FY24 Highlights

- Sun Pharma's key brands – Volini, Revital H and Abzorb – launched new communications focused on driving category development by building relevance
- Implemented robust trade engagement programs focused on improving trade recommendation, availability and visibility
- Launched Revital Cal 500, a calcium supplement with a superior formulation to participate in the growing calcium supplements market

Road Ahead

- Sustained focus and investments in anchor brands with a view of category development
- Leverage on our brand equity to launch extensions and build a portfolio of products across new formats and benefit spaces
- Augmenting consumer reach through opening of new markets and distribution channels
- Improving sales force efficiency and deploy effective trade marketing initiatives
- Activating digital for wider consumer outreach

Active Pharmaceutical Ingredient (API) Business

5%
Share of revenues

₹ 19,187 Million
Revenues in FY24

~380
API portfolio

~10-20
APIs scaled up annually

386
DMF/CEP approvals to date

507
DMF/CEP filings to date

14
Manufacturing units

With 14 state-of-the-art API facilities, Sun Pharma maintains stringent control over costs and ensures seamless backward integration. Serving an extensive clientele, including major generic and innovator companies, Sun Pharma's API division has a diverse portfolio comprising over 380 APIs.

FY24 Highlights

Revenue from the API business decreased by 2.7% to ₹ 19,187 Million mainly due to lower sales recorded in India.

Road Ahead

- Support the formulations business by developing strategic APIs
- Ensure consistent supplies and high service standards for customers

Research and Development (R&D)

6.7%
R&D spend as percentage of sales in FY24

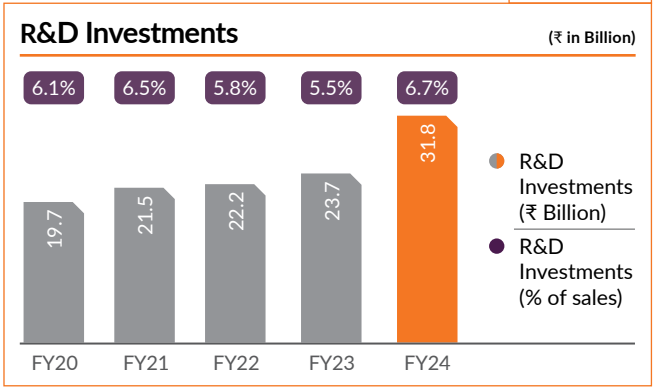
₹ 270+ Billion
Cumulative R&D expenditure till date

3,000+
R&D team

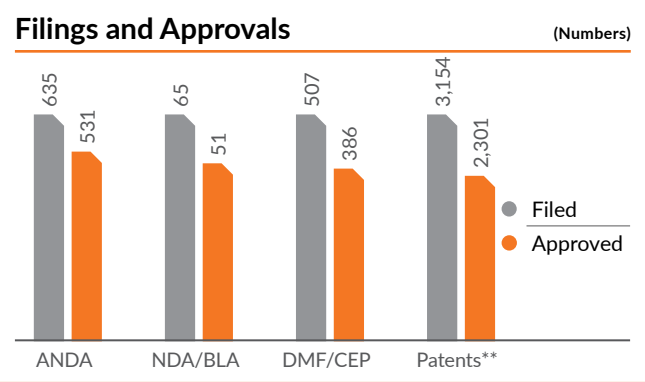
Sun Pharma's dedicated R&D team endeavours to offer patients innovative and affordable medicines and treatments to alleviate their ailments. Our Company has continuously invested in building an extensive portfolio of specialty products, generics and branded generics for the global market.

Our R&D capabilities extend across various dosage forms, including injectables, orals, liquids, ointments, gels, sprays, hormones, and oral products. Additionally, our robust intellectual property capability supports our R&D team.

Graph 24



Graph 25



** Excludes Expired/Abandoned Patents
(All data as of March 31, 2024)

FY24 Highlights

- Invested ₹ 31,776 Million in R&D (6.7% of sales)
- Developed and filed ~250 formulation dossiers globally
- Extended our Specialty R&D pipeline

Road Ahead

- Develop complex products across multiple dosage forms
- Invest to extend the specialty pipeline

Global Manufacturing Base: World-class Infrastructure

With 41 state-of-the-art manufacturing facilities spanning six continents, Sun Pharma has established a leading position in the global pharmaceutical industry. Our vertically integrated network enables us to produce medicines in the areas of oncology, hormones, peptides, and steroidal drugs, while adhering to the highest quality standards. We offer a variety of dosage forms, including orals, creams, ointments, injectables, sprays, and liquids. At Sun Pharma, we are committed to providing high-quality pharmaceutical products that make a positive impact on people's lives. Our extensive global footprint and world-class manufacturing infrastructure allow us to deliver on this promise to our customers and patients worldwide.

Sun Pharma's manufacturing facilities are certified by global regulatory agencies such as the USFDA, European Medicines Evaluation Agency (EMEA); 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), and South Korea's Ministry of Food and Drug Safety and Japan's Pharmaceuticals and Medical Devices Agency.

27
Finished dosage manufacturing facilities

14
API facilities

Finishing Dosage Manufacturing Facilities — Table 11

Country	Number of Finished Dosage Facilities
India	13
United States	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	**27**

API Manufacturing Facilities — Table 12

Country	Number of API Facilities
India	9
Australia	2
Israel	1
United States	1
Hungary	1
Total	**14**

People: Nurturing a Diverse and Inclusive Global Workforce

With an extensive global workforce exceeding, 43,000 individuals from over 50 nations, Sun Pharma prioritises cultivating an inclusive workplace environment that fosters professional growth and advancement. Recognising the value of diverse perspectives, our Company promotes a culture of equality and opportunity. Through continued investment in learning and development initiatives, Sun Pharma empowers its workforce to stay ahead of the industry.

Great Place to Work® Certified

"Being certified as a Great Place to Work in 25 countries is a testament to the dedication and spirit of our team. It is a matter of pride that people across Sun have shared a positive and favourable experience working with the Company. We have always strived to create a culture of trust and openness, which has helped us grow individually and collectively."

Dilip Shanghvi

Commitment to Quality

Sun Pharma's robust quality management system ensures the highest quality standards are maintained across its research centres, manufacturing divisions, testing labs, and distribution centres. Our Quality Management Team oversees regulatory compliance for all products and manufacturing plants, and we hold current Good Manufacturing Practice (cGMP) certifications from various international regulatory bodies such as US FDA, EMA, WHO, and TGA. Our Corporate Quality Unit ensures the execution of the latest GMP upgrades and guidelines.

SWOT Analysis

Strengths

- Strong global prominence
  - Leading global specialty generics company
  - Largest pharma company in India by market share
  - No. 1 ranking across 12 different classes of doctors in India
  - 13th largest generics Company in the US
  - 2nd largest by prescriptions in the US dermatology segment
  - Among the largest Indian pharmaceutical companies in the Emerging Markets
- Robust R&D infrastructure and capabilities to develop technologically complex products in the generics and specialty segments
- Focus on driving growth and profitability through a pragmatic mix of organic and inorganic initiatives
- Strong balance sheet imparts ability to undertake inorganic initiatives without any significant leverage, allowing future growth headroom
- Ability to supply high-quality products at affordable prices across the world

Opportunities

- 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
- 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
- Growing penetration of generics in Japan and opening of the China market present good long-term opportunities for Indian companies, including Sun Pharma

Threats and Weaknesses

- The current geopolitical issues give rise to uncertainties related to supply chains, inflation and overall economic growth
- 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
- 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
- Given high government budget deficits across the world, governments may try to control pricing of certain products, which may lead to government-mandated price controls on pharmaceutical products
- Developing a specialty pipeline entails high upfront investments for long-term benefits, and may impact short-term profitability

Internal Control

We at Sun Pharma believe that internal control is a prerequisite for governance and that we should exercise business plans within a framework of checks and balances. Our Company has a well-established internal control framework to continuously assess the adequacy, effectiveness, and efficiency of financial and operational controls. The management is committed to ensuring an effective internal control environment, commensurate with the size and complexity of the business, which assures compliance with internal policies, applicable laws, regulations and protection of resources and assets.

Global Internal Audit (GIA)

An independent and empowered Global Internal Audit Function at the corporate level, with support from a reputed audit firm, carries out risk-focused audits across our Indian and overseas businesses to ensure that business process controls are adequate and are functioning effectively. These reviews include financial, operational, compliance controls and risk mitigation plans. The Company's operating management closely monitors the internal control environment and effectively implements the recommendations. The Audit Committee of the Board monitors the performance of the Internal Audit Function,

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. The audit processes are fully automated using a 'SunScience' tool, which integrates internal audits.

Disclaimer

Statements in this 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations, plans or industry conditions or events are '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. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, competitors' pricing in the Company's principal markets, changes in government regulations, tax regimes, economic conditions within India and the countries within which the Company conducts business and other factors, such as litigation and labour unrest or other difficulties. The Company assumes no responsibility to publicly update, amend, modify, or revise any forward-looking statements, based on any subsequent development, new information or future events or otherwise except as required by applicable law. Unless the context otherwise requires, references in this document to 'we', 'us' or 'our' refers to Sun Pharmaceutical Industries Limited and consolidated subsidiaries.

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