Operator: Ladies and gentlemen, good day and welcome to Sun Pharmaceutical Industries Ltd.'s Q2 FY27 Financial Results Conference Call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Dr. Abhishek Sharma, Vice President and Head of Investor Relations and Strategic Projects. Thank you, and over to you, sir.

Abhishek Sharma – Vice President and Head of Investor Relations and Strategic Projects: Thank you. Good evening, and a warm welcome to our second-quarter FY27 earnings call. I am Abhishek from the Sun Pharma investor relations team. We hope you have received the Q2 financials, the press release, and the earnings presentation that were sent out earlier in the day. These are also available on our website.

We have with us Mr. Dilip Shanghvi, Chairman; Mr. Kirti Ganorkar, Managing Director; Ms. Jeyashree Satagopan, CFO; and Mr. Richard Asfalg, CEO North America.

Today, the team will provide an update on the financial performance and business highlights for the quarter, pipeline updates, and responses to any questions that you may have.

We will refer to the consolidated financials during the management comments.

The call recording and call transcript will also be put on our website shortly.

The Organon acquisition is subject to satisfaction of the remaining customary closing conditions and is on track to close by early 2027. Organon has already announced its corresponding quarter results. Since Organon remains a separate publicly listed company, we will not be taking any questions today regarding Organon's business performance.

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.

I also request all of you to kindly send in any questions that may remain unanswered today.

I will now hand over the call to our CFO, Ms. Jeyashree Satagopan.

Jeyashree Satagopan – CFO: Welcome, and thank you all for joining us for the earnings call after the announcement of the financial results for the second quarter of FY27.

The financials are already with you.

Let me take you through the key consolidated financials.

During the second quarter of FY27, sales were at rupees 161,000 million, registering growth of 11.8% vis-à-vis Q2 FY26.

Report is AI-generated and may contain inaccuracies.

Gross margin was at 80.8% for the quarter, higher than in the same period last year, largely on account of a better product mix and favorable currency tailwinds.

EBITDA for the quarter was rupees 47,439 million, an increase of 4.8% over Q2 last year.

EBITDA margins came in at 29.3%.

While EBITDA margins are lower year-on-year, please note that Q2 FY26 had some benefits from lenalidomide sales. Adjusted for lenalidomide, EBITDA growth has outpaced revenue growth.

Forex gain for the quarter was rupees 785 million, which is lower than in Q2 of last year.

Reported net profit after tax for Q2 FY27 was rupees 19,885 million, while adjusted net profit for the quarter was rupees 31,620 million.

EPS for the quarter was rupees 8.3 per share.

Exceptional items for the second quarter include a provision towards a litigation settlement and Organon-related acquisition costs.

The effective tax rate for the quarter was 28.3% versus 24.7% in Q2 FY26.

The balance sheet continues to be strong, with net cash of US$3.3 billion at the consolidated level.

Now, let me take you through the half-yearly performance.

For the first half, sales were at rupees 312,836 million, registering growth of 11% over the first half of last year.

Gross margin was 80.6% for the first half.

EBITDA for the first half was rupees 91,615 million, registering growth of 3.8% over the first half of last year.

EBITDA margin percentage was at 29.1%.

Adjusted net profit for H1 was rupees 62,515 million.

The successful subscription of Sun Pharma's debut NCD issue underscores the strength of its credit profile and the broad investor confidence in the company's financial position.

I will now hand it over to Kirti, who will share the performance of our global innovative medicines business and India business.

Kirti Ganorkar - Managing Director: Thank you, Jeyashree. I shall first provide you with an update on global innovative medicines.

In Q2 FY27, our innovative medicine sales were up 6.9% to reach US$356 million. The business accounted for 21.1% of Sun's sales for the quarter.

Report is AI-generated and may contain inaccuracies.

The performance in innovative medicines continues to be driven by growth across the US and ex-US markets and across products, notably Ilumya ex-US, Cequa, and Odomzo.

We are pleased to note that Ilumya is now approved in the US for the treatment of adults with active psoriatic arthritis. Introducing a healthcare-provider-administered IL-23 inhibitor broadens our treatment portfolio and creates new opportunities to strengthen patient support and healthcare-team engagement. We are planning for a soft launch in November, with a full launch in the following months.

Ilumya continues to do well across international markets. As a highlight, the Japanese Society for Psoriasis Research recently announced that Ilumya ranked number two across all biologics for new patients across 73 major hospitals in Japan, representing a significant improvement over last year.

During the quarter, our partnership with Lib Therapeutics strengthened our innovative medicine portfolio and expanded our presence in the rapidly growing PCSK9 market outside the US and China. Lerodalcibep adds a differentiated once-monthly therapy that can help address significant unmet needs in cholesterol management.

Now, coming to the India business, sales of India formulations were rupees 55,523 million for the quarter, recording growth of 17.3%. India sales accounted for 34.5% of total consolidated sales for the quarter.

Sun Pharma is ranked number one and holds an 8.6% market share in the rupees 2,618 billion Indian pharmaceutical market, as per Pharmatrac MAT September '26. The corresponding market share for the previous period was 8.3%.

For the quarter ending September '26, we grew faster than IPM, and we performed well across all major represented therapy areas.

Sun Pharma's 15.1% Pharmatrac September '26 growth was driven primarily by strong volume expansion. Sun's volume growth was 6.7% for the quarter, compared favorably with IPM growth of 1.8%.

As per the SMSRC March-June '26 report, we continue to be the number one company based on prescription volumes. Sun Pharma is also ranked number one by prescription in 12 different doctor categories.

For Q2 FY27, the company launched 15 new products in India.

Regarding Organon, integration planning for the Organon acquisition continues to progress across functions and workstreams in line with plans. Regulatory approvals have now been secured in the majority of the regions, with the remaining jurisdictions tracking on schedule. We are now on track to close the transaction as per the earlier communicated timelines, that is, in Q4 FY27.

I will now hand over the call to Rick for an update on the US market.

Richard Asfalg - CEO North America: Thank you, Kirti. Let me share performance highlights for the US.

Report is AI-generated and may contain inaccuracies.

Overall, the US business reported sales of US$455 million for the quarter, declining by 8.2%. This decline is largely due to generic lenalidomide erosion.

On a quarter-over-quarter basis, the US business grew by 6.5%. The US accounted for 27% of consolidated sales for the quarter, and we launched five generic products in the US during this quarter.

This quarter, we saw a slowdown in the Ilumya business in the US, driven by a mix of factors. This is a key reason behind the slower growth in global innovative medicines. We have put actions in place to improve performance and anticipate further growth from these actions, as well as from the new psoriatic arthritis indication that Kirti mentioned earlier.

The rest of our innovative medicines portfolio in the US continues to show strong growth.

I also want to provide some recent updates on envafolimab. Envafolimab's elevation to a category 2A preferred recommendation in the NCCN Guidelines reinforces its growing clinical relevance in advanced CSCC. Subsequently, we presented long-term follow-up data on envafolimab at a leading scientific conference in Europe. Long-term data showed complete responses in 34% of locally advanced patients and 17%-21% of metastatic patients on envafolimab. Additionally, the product profile continues to excel in terms of tolerability, with a very low level of high-grade immune-related adverse events. These data reinforce the potential of envafolimab in advanced cutaneous squamous cell carcinoma.

During the quarter, Sun Pharma also announced agreements with the US government aimed at prioritizing access to affordable medicines for American patients. According to the White House, 25 other pharmaceutical companies have signed similar agreements. As part of the agreement, Sun Pharma will extend most-favored-nation pricing to state Medicaid programs. This agreement delays Section 232 tariffs on innovative products for 2 years and exempts Sun Pharma from the {? Glow and Guard ?} Medicare models.

I will now hand over the call to Kirti for updates on the rest of our business.

Kirti Ganorkar - Managing Director: Thank you, Rick. I will provide an update on the performance highlights of our other businesses.

Our formulation revenue in emerging markets was US$350 million, up by 7.6% over Q2 last year. The underlying growth in constant-currency terms was 7.4%. Emerging markets accounted for 20.7% of total consolidated revenue for Q2.

While branded generics have continued to grow, innovative medicine has been an important driver of growth in emerging markets, with Ilumya doing well across several markets such as Romania and Brazil. Our partner also launched semaglutide generics in Brazil during the quarter.

Formulation revenues in the rest of the world for the quarter were US$241 million, higher than in Q2 last year. Rest-of-the-world markets accounted for approximately 14.3% of consolidated revenue.

I will now hand over the call to Mr. Dilip Shanghvi for updates on R&D.

Report is AI-generated and may contain inaccuracies.

Dilip Shanghvi – Chairman: Thank you, Kirti.

Let me discuss various R&D initiatives and how we are doing.

We continue to invest in building an R&D pipeline for both the global generics and innovative medicine businesses. Consolidated investments towards R&D for Q2 '27 stand at rupees 7,784 million, or 4.8% of sales. Innovative R&D accounted for 32.4% of our total R&D spend. These numbers are tracking lower than our intended R&D spend, but we expect the second half of the year to catch up on some of this R&D spend.

Abhishek Sharma – Vice President and Head of Investor Relations and Strategic Projects: That's the end of our prepared remarks. Operator, if you can request the Q&A lineup.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and then one on their touch-tone phone. If you wish to remove yourself from the question queue, you may press star and then two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question comes from the line of Dr. Kunal Dhamesha with Macquarie Capital. Please go ahead.

Kunal Dhamesha – Macquarie Capital: Hi, good evening, and thank you for taking my question. The first one on the [cut off]

Kunal Dhamesha – Macquarie Capital: slowdown in growth for Ilumya in the US. Rick, can you highlight what is driving that, what kind of actions you have taken, and what is the timeline for recovery in terms of scope?

Rick: I don't want to get into all the details, but we have identified a few key things that have led to the slowdown. We have already put key interventions in place, and as I mentioned, those interventions, coupled with the launch in psoriatic arthritis, will, we believe, return Ilumya to more typical growth patterns.

Kunal Dhamesha – Macquarie Capital: Over what period would you like to suggest? A couple of quarters or one quarter?

Rick: Over the next few quarters.

Kunal Dhamesha – Macquarie Capital: And on the psoriatic arthritis front, I believe that prescriptions may be generated by different classes of specialist doctors. What kind of investment needs to be made in terms of field force or access personnel? Is it already in place in Q2?

Rick: It is. It is already built into our existing sales force model. Some of the prescriptions will be generated by dermatologists, but using the existing sales force, we will increase our reach and also begin calling on rheumatologists.

Kunal Dhamesha – Macquarie Capital: Do you foresee any one-off launch expenses for the psoriatic arthritis indication?

Report is AI-generated and may contain inaccuracies.

Rick: We have expenses, but they have been built into our overall budget. They are not additional expenses.

Kunal Dhamesha – Macquarie Capital: And the second one is on the guidance for FY27. Since the first half, we have been recording around double-digit top-line growth. The FY27 guidance is high single digit. At this point in time, is there an update that you want to share? R&D, I assume, is going to ramp up in the second half. Looking at specialty R&D, it seems that as a percentage of specialty revenue, it has declined to single digits in this quarter. Is this the ongoing run rate, or is there a phasing out followed by some phasing in of clinical trials? How should we think about it?

Dilip: I think you are asking two questions. I will respond to the R&D question. I think the R&D investment is a function of the start of, and our ability to recruit subjects in, the clinical trial. We expect that to pick up because we are putting the appropriate infrastructure in place for that. Kirti will respond to the other question.

Kirti: Regarding the guidance, I think we will stick to the guidance we gave at the beginning of the year.

Kunal Dhamesha – Macquarie Capital: I have more questions. I will join back the queue. Thank you.

Dilip: Yes, sure. Thank you.

Operator: Thank you. Your next question comes from the line of Neha Manpuria with Bank of America. Please go ahead.

Neha Manpuria – Bank of America: Thank you for taking my question. Rick, on specialty in the US, I wanted to understand: since it has been over a year since we launched LEQSELVI and close to 9 months since we launched {? OMLOCYTI ?}, when should we start seeing meaningful contribution from these two launches? For the psoriatic arthritis indication, is it fair to assume that its contribution should be much faster than that of some of these new launches because Ilumya is already an incumbent in the psoriasis market, which should help bring in prescriptions earlier? Would that be a fair assumption?

Rick: Maybe let me start with LEQSELVI and {? OMLOCYTI ?}, and then I will move into Ilumya. I think we feel confident about both launches. If we start with {? OMLOCYTI ?}, we had some very encouraging news. As you heard me share, we recently had an update to the NCCN Guidelines. What that means now is that {? OMLOCYTI ?} is the preferred agent, and that will really help us continue to accelerate access for patients and guide clinician confidence. That is quite important.

Another thing we shared is that we released long-term data with {? OMLOCYTI ?}. Not only the efficacy and safety, but also the tolerability, which has been one of the key strengths of {? OMLOCYTI ?}, has been durable over time. We saw a deepening and durability of response, as well as continued tolerability.

I had a chance to meet with a number of key opinion leaders at ESMO, and they were very impressed with this new data. We believe both of those things will be a catalyst for {? OMLOCYTI ?} and will continue to accelerate growth. Already, we see a month-over-month improvement in share.

Report is AI-generated and may contain inaccuracies.

I would say the same for LEQSELVI. We also recently announced new data for LEQSELVI. What we hear from physicians right now is that the speed we discussed with LEQSELVI is playing out in their patients. What is positive about the new data is that, in addition to the speed, we see durability of the efficacy that we saw in our initial published clinical results.

As it relates to psoriatic arthritis, it is a new indication for us. The benefits of the product remain the same. Ilumya, in treating psoriatic arthritis, will be the only IL-23 that is physician-administered, making it the perfect choice for patients that require extra care and benefit from healthcare-provider administration. It is also the only healthcare-provider-administered product for psoriatic arthritis that rheumatologists can use to treat patients quarterly. The other healthcare-provider-administered products are used on a much more frequent basis, making them more inconvenient for patients.

As I mentioned, we are increasing our coverage of rheumatologists, and those customers are familiar with products like Ilumya. We call them buy-and-bill products in the United States, and we would expect them to begin using the product quickly. As was mentioned earlier, we have already started training our sales force today on the updated package insert, and we will be launching over the coming months.

Neha Manpuria – Bank of America: That is very helpful. My second question is on R&D. Keeping the 6%-7% guidance for the full year for R&D spend, is it fair to assume that this is what you mean when you mention the second-half ramp-up?

Dilip: What I said is that we expect the R&D spend to significantly ramp up in the subsequent quarters. Our expectation is that, as that ramps up, we should be able to meet the overall guidance that we have shared with people.

Neha Manpuria – Bank of America: Understood. That is very helpful. Thank you so much.

Operator: Thank you. Your next question comes from the line of Damayanti Kerai with HSBC. Please go ahead.

Damayanti Kerai – HSBC: Good evening, and thank you for the opportunity. My question is regarding the new licensed PCSK9 inhibitor, which you will be launching outside the US and China. I wanted to understand two points here. First, you have moved into cardiology now. In the past, we saw that you had been focused on onco-dermatology and the ophthalmology space. Going ahead, will you be expanding into more therapies beyond what you currently have in your portfolio?

For the marketing aspect, what kind of spending should we assume for this particular product? Do you have to build a separate sales and marketing team for this product?

Management: The question is quite broad. I would say there are a couple of things. Our emerging-market business contributes almost 20% to total business. There are many markets where we have clear capabilities and a field force to promote products to cardiologists, and that is what we will leverage.

There are some markets where we do not have the capabilities and where we need to add them. That is what we will do in the next couple of months.

Report is AI-generated and may contain inaccuracies.

Regarding expenses, we cannot give exact details on how much we will spend on launching the PCSK9 product. However, it will be part of our overall guidance and the budget that we are tracking right now.

Damayanti Kerai – HSBC: It will be a global launch across all markets except these two, correct? You will try to launch in as many markets as possible.

Management: Correct. Ex-US, ex-China, and we have approval in Europe.

Damayanti Kerai – HSBC: That is helpful. My second question is on semaglutide, where you mentioned that your partner has launched in Brazil. Can you update us regarding how you are looking to file this product in other markets? Which will be the key markets where you intend to enter in the next 1-2 years?

Management: I think in the last call also we guided all of you that we do not inform you where we have filed or where we will get approval for semaglutide. At the same time, we are present in India, we have approval in South Africa and Brazil, and we have commercialized the product in all those markets.

Damayanti Kerai – HSBC: Thank you for your response. I will get back in the queue.

Operator: Thank you. The next question comes from the line of Ginoo Pattiparambil with Ilara Capital. Please go ahead.

Ginoo Pattiparambil – Ilara Capital: Thank you. This is a bit of a repeat, but I am trying to get a little more color on the slowdown in Ilumya. Is it related to the market getting saturated, or is it related to the sales strategy or some sales execution issue, for example, salespeople leaving? Is it an execution problem, or is it related to the market getting saturated and the strategy recently?

Rick: [pause] It is really a variety of things. I think there is a bit of market saturation, but frankly, part of it is execution as well. That is the intervention we put in place.

Ginoo Pattiparambil – Ilara Capital: Okay. Hi, Rick, so—

Rick: I should just add, though, that we continue to see plenty of opportunity for Ilumya. It is quite unique in terms of being able to treat patients that require extra care, and there are a large number of those patients in the United States on Medicare, which is where we do quite well with the product.

Ginoo Pattiparambil – Ilara Capital: Thank you. Thanks a lot.

Rick: Thank you.

Operator: [overlap] Thank you. The next question comes from the line of Anish Mehta with Inam Holdings. Please go ahead.

Anish Mehta – Inam Holdings: Thank you for taking my question. I had a question on Ilumya's psoriatic arthritis indication. If you could provide some color on the size of the opportunity in terms of the market potential, as well as what it could add to our current Ilumya franchise and the

Report is AI-generated and may contain inaccuracies.

specialty franchise, it would be helpful to understand directionally how much this adds to us.

Rick: We do not provide product-specific guidance. What I can share is that about a third of patients who have psoriasis also have comorbid psoriatic arthritis.

Anish Mehta – Inam Holdings: That is helpful. Thank you.

Operator: Thank you. Your next question comes from the line of Shashank Krishnakumar with MK Global. Please go ahead.

Shashank Krishnakumar – MK Global: Hi, and thanks for taking my question. My first one is again on Ilumya. Trying to understand, if we look beyond Stelara and probably at other biologics that we might also include in the competition set for Ilumya, those might also see a loss of exclusivity sometime over the next 4-5 years.

There are two factors. One is our channel dominance in Part B, and the second is the fact that the treatment regimen itself has moved towards IL-23. Do you see these two factors helping us defend our Ilumya franchise in the medium term, or what do you think could change in terms of the market dynamics when you take a 4- or 5-year view here?

Rick: There certainly are changes in the marketplace that we have seen and will continue to see. I think you mentioned the two most important points, though. The IL-23 class remains the dominant class and the preferred class among clinicians in treating psoriasis patients. Ilumya is quite unique in that it is healthcare-provider-administered and really supports patients that require that extra care. That is a very unique attribute of Ilumya that no other product has.

Shashank Krishnakumar – MK Global: Got it. Just a related question: what is the loss of exclusivity for Ilumya itself that we should be factoring in? Should it be 2030, or would secondary protection extend beyond that?

Dilip: It is not in the foreseeable future, Shashank.

Shashank Krishnakumar – MK Global: Got it. One last question, if I could squeeze it in. It seems that this quarter the US generic business has probably gone up on a quarter-on-quarter basis. Was there any short-term opportunity that we benefited from, or was it business as usual in the US?

Rick: You may have missed it, but I did share in my opening that we launched five new products this quarter, which led to the growth.

Shashank Krishnakumar – MK Global: Okay, got it. That is helpful. Thank you.

Rick: Thank you.

Operator: Thank you. Your next question comes from the line of Tushar Manudhane with Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane – Motilal Oswal Financial Services: Firstly, on the rest-of-world and emerging-market businesses, on a quarter-on-quarter or constant-currency basis, the growth has been muted, in the mid-single digits.

Report is AI-generated and may contain inaccuracies.

Tushar Manudhane – Motilal Oswal Financial Services: When do we see the pickup, and what will drive this pickup in the business? If you could share the emerging-market and rest-of-world aspects separately.

Management: I think your voice was breaking, Tushar. Were you asking about emerging-market and rest-of-world growth?

Tushar Manudhane – Motilal Oswal Financial Services: Am I audible?

Management: Yes.

Tushar Manudhane – Motilal Oswal Financial Services: I was referring to the mid-single-digit growth on a constant-currency basis in emerging markets and rest-of-world markets. If you could share what is happening there and what would drive growth going forward.

Management: As far as emerging markets are concerned, I think there has been a pickup on a quarter-on-quarter basis. This quarter, we achieved constant-currency growth of 7.6%. This was again driven by product launches across several markets. I think your question would be more directed toward the rest of the world, where growth is lower.

Tushar Manudhane – Motilal Oswal Financial Services: Even in emerging markets, is this the kind of sustainable growth we should think about?

Management: No, we do not guide to any particular growth number. However, if you look at our historical trend in terms of constant currency, which we report every quarter, broadly, this is the range, plus or minus.

Tushar Manudhane – Motilal Oswal Financial Services: Got it. And on the rest-of-world side? Hello?

Management: We are not providing any specific guidance. [cut off]

Management: No, no. That is covered in the overall revenue growth guidance.

Tushar Manudhane – Motilal Oswal Financial Services: Got it. Checking on R&D, while the generic pipeline is given, the specifics indicate that one program will probably be starting Phase 3, while the rest are at a stage where either a regulatory filing is to happen or regulatory top-line data has to come out. I am trying to understand where the R&D spend would go from a monetary perspective.

Management: You are asking for a level of detail that we generally do not share, because we guide for an overall R&D budget. We do not guide where we are going to spend on which product or in which market.

Tushar Manudhane – Motilal Oswal Financial Services: Fair enough. Thank you.

Operator: Thank you. The next follow-up question comes from the line of Dr. Kunal Dhamesha with Macquarie Capital. Please go ahead.

Kunal Dhamesha – Macquarie Capital: Hi, thank you for the opportunity again. Just one question on the India business. This 17% growth, and the strong growth we have seen in the last couple of

Report is AI-generated and may contain inaccuracies.

quarters, is it broad-based in terms of therapy areas? If you could also share some details on volume growth versus new product introduction versus pricing.

Management: What you said is correct. The India business growth is across therapy areas. There are 12 major therapeutic areas in which we are present. We are doing well both in terms of prescription performance and value.

In terms of growth, if you have seen the AIOCD number, IPM is growing by 1.6% in terms of volume and we are growing by 6%. What I am trying to say is that our growth is quite robust in terms of volume, and we are growing through volume and new products. Approximately 50%-60% of our growth comes from volume plus new products, and the rest comes from pricing. That is quite a healthy growth, in my opinion.

Kunal Dhamesha – Macquarie Capital: The other question is regarding the drivers of specialty or innovative medicines. We generally highlight the top three molecules that are driving growth in our commentary. Do you think that Winlevi and Leqselvi are now close to that top-three set?

Management: I do not think we typically provide rankings of our top products. We can say that, as we mentioned, there has been a slowdown in Ilumya. The rest of our portfolio is growing, and many of our products are contributing to that growth, including our new launches.

Kunal Dhamesha – Macquarie Capital: Thank you, and all the best.

Management: At the same time, Kunal, they are still smaller, and in terms of absolute contribution, products like Odomzo, Cequa, and Winlevi would have a far bigger contribution.

Kunal Dhamesha – Macquarie Capital: So it is basically the absolute addition versus the percentage growth, normally?

Management: It is a mix of both, yes.

Kunal Dhamesha – Macquarie Capital: Okay, sure. Thank you.

Operator: Thank you. The next question comes from the line of Vishal Manchanda with Systematix. Please go ahead.

Vishal Manchanda – Systematix: Good evening, and thanks for the opportunity. With respect to the Organon deal, can you share what our effective cost of borrowing should be and what percentage of the acquisition cost would be attributable to goodwill?

Management: [pause] We have been working with bankers and institutions to finalize these matters. I think the rate of borrowing should be more or less in line with the current borrowing cost of Organon.

As far as your question on goodwill is concerned, I think this will be determined under the accounting standards, along with the resultant goodwill on the date of acquisition. I think it is too early for me to comment on it.

Report is AI-generated and may contain inaccuracies.

Vishal Manchanda – Systematix: Got it. There is a media article citing that the Indian drug regulator has asked Sun Pharma to discontinue production of ophthalmic products from its {? Assam ?} plant. Can you comment on whether this is true and whether it would have any material adverse impact on our numbers?

Management: [pause] Vishal, I cannot comment on what the media has reported, but what I can say is that there are 11 ophthalmology products that we have voluntarily recalled. We voluntarily initiated a temporary cessation of our manufacturing activities and have kept the Indian regulator informed about it.

What is most important for us is product quality and patient safety, and we have taken remedial action so that we can put everything in place shortly.

Vishal Manchanda – Systematix: Got it. Thank you very much.

Operator: Thank you. The next question comes from the line of Niharika Agarwal with Nirmal Bang. Please go ahead.

Niharika Agarwal – Nirmal Bang: Thank you for the opportunity. My question was on the antitrust settlement. How much of the historical generic pricing litigation exposure has now been addressed through this settlement?

Management: [pause] You could possibly refer to our annual report, where we have disclosed most of the particulars regarding the settlement. I think that will give a fair idea.

Niharika Agarwal – Nirmal Bang: Okay, thank you. In terms of R&D, we have five novel entities in clinical development, correct? How do we evaluate their commercial potential, and how do we look at these going forward? If you could give any color on that.

Management: [pause] That is the uncertainty related to R&D. There is, theoretically, a potential for a product. However, how much market share we can obtain is linked to the kind of final clinical outcome we achieve.

While we prepare the business development plan and investment plan, we presume a certain targeted therapeutic outcome. Sometimes the outcome is better than what we planned, and sometimes we do not achieve what we were looking for.

We have a process by which we decide to invest in a product only if we feel that there will be a decent return on investment after adjusting for the risk-adjusted probability of approval. That is the process that we follow.

It is difficult to give you a specific answer, but if you look at many of the products, you can also see the size of the market. That can help you develop a better understanding.

Niharika Agarwal – Nirmal Bang: Beyond Ilumya, Leqselvi, and Winlevi, which products in the pipeline have the potential to materially alter the specialty growth trajectory over the next 2-3 years?

Management: Kirti spoke about lerodalcibep, the PCSK9 inhibitor, I think.

Report is AI-generated and may contain inaccuracies.

Management: Yes, ex-US and ex-Europe, that can be the next product.

Niharika Agarwal – Nirmal Bang: Okay. Thank you. That was all for me.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Juhi Kumari with Narnolia Financial Services Limited. Please go ahead.

Juhi Kumari – Narnolia Financial Services Limited: Hi, and thanks for the opportunity. I had one question left, as the rest of my questions have been answered. It is related to the Organon acquisition expense. We have been recording it in the P&L as an exceptional expense this time. Should we expect any other exceptional expenses from this acquisition in the coming quarter?

Management: The acquisition-related costs will continue until day one, and some of these could be back-ended. As we close the transaction in Q4 of FY25, we will have a full estimate of the acquisition-related costs.

Juhi Kumari – Narnolia Financial Services Limited: So, we should expect some other expenses to be incurred as exceptional expenses in the coming quarter as well?

Management: Yes. That is normal as we proceed with the transaction.

Juhi Kumari – Narnolia Financial Services Limited: Okay. Thanks for the answer.

Management: If you want guidance, you should look at other companies undertaking large transactions, because any transaction of this size will always involve one-time costs.

Juhi Kumari – Narnolia Financial Services Limited: Correct. Thank you so much.

Operator: Thank you. The next question comes from the line of {? Dhara Ganatra ?} with UTI AMC. Please go ahead.

Dhara Ganatra – UTI AMC: Thank you for taking my question. My question was more on India business growth. We have seen that over the last 2 years, volume growth was hardly anything, and we are now seeing approximately 6% volume growth. What is driving this volume growth, and what would this volume growth be excluding semaglutide? Going forward into H2 and FY26, do you think this kind of volume growth is sustainable for the India business?

Management: I can answer only the second part of your question. In the India business, there are risks, so we cannot say whether the same growth will continue in the next quarter or the following two quarters. It is very difficult to predict.

In terms of our volume growth and new-product growth, I can say that we cannot pinpoint only one reason for this growth. We are continuously making efforts to build brands, conduct scientific promotion, continuously expand the field force, improve the number of prescribers, and increase prescriptions from doctors.

Report is AI-generated and may contain inaccuracies.

Ultimately, it is the outcome of all these efforts, including the launch of new products ahead of the competition and gaining market share. If I put all these things together, that is what is helping us grow both in volume and through new products. This has been our major source of growth over the last 2 years.

Dhara Ganatra – UTI AMC: Thank you, sir.

Operator: Thank you. The next follow-up question comes from Vishal Manchanda with Systematix. Please go ahead.

Vishal Manchanda – Systematix: Thanks for the follow-up. A question on Nidlegy. I wanted to know the timelines for approval. Second, I also wanted to understand whether this is effective enough compared with another drug called nivolumab, which has also shown data in neoadjuvant melanoma and is probably showing better outcomes, but has not been filed so far. I wanted to understand your views on how this would compete with nivolumab, or whether this would also be positioned as an add-on to nivolumab in the same neoadjuvant setting.

Management: What I understand is that the product has been filed, and we are awaiting approval. I [trails off]

Management: do not have familiarity with the nivolumab data. However, both of these drugs work through very different approaches. My understanding is that there are some subsequent studies in which Nidlegy has been administered to patients after checkpoint inhibitor treatment, and it has produced improved clinical outcomes.

I do not know whether it complements or competes with checkpoint inhibitors, and ultimately everything will depend on the labels that both products receive. My understanding, based on my interaction with the company, is that they believe the product has a useful place among the treatment options available to doctors for treating these difficult-to-treat patients.

Vishal Manchanda – Systematix: Got it, sir. Can we say that this can also be a large opportunity? Perhaps something like Odomzo? Odomzo has not shaped up yet, but can this be a large opportunity in your pipeline?

Management: No, it will not be a comparable opportunity for two reasons. First, Odomzo is a global product for us. We do not sell it today in other markets, but gradually, as we start receiving approvals, we will start launching it in other markets. Nidlegy, on the other hand, has been licensed only for Europe and a few other markets.

Vishal Manchanda – Systematix: Okay. Thank you very much.

Management: Thank you.

Operator: Thank you. A reminder to all participants: if you wish to register for a question, you may press star and then one now. The next question comes from the line of Surya Patra with PhillipCapital. Please go ahead.

Report is AI-generated and may contain inaccuracies.

Surya Patra – PhillipCapital: Thank you for the opportunity, sir. My first question is about the PCSK9 inhibitor in the European market. Since it is already approved, that looks like a near-term opportunity for us. However, considering the country-to-country price agreement reviews and related matters, how quickly could this become a commercially beneficial opportunity? How long will it take in Europe to truly penetrate the market and obtain the commercial benefit?

Management: As you are aware, once you have approval from the EMA on a European basis, you have to submit the dossier country by country for pricing and reimbursement. Usually, this process takes anywhere from 6 months to 12 months, depending on the market and the kinds of queries we may receive regarding the dossier.

Right now, we are in a pre-launch phase. We will keep you updated as we move from one market to another, and once we have a commercial launch, we will also announce it.

Surya Patra – PhillipCapital: How long could it generally take to take it to the emerging markets? A couple of years?

Management: It all depends on when we receive approval. Our plan is to sell in all markets as soon as we can, but different countries have different approval timelines. Some countries also require local studies. In some countries, we can leverage approvals in the US and Europe. It is a combination of many factors.

Surya Patra – PhillipCapital: My second question is about GLP-1, about semaglutide. Hello? Am I audible?

Management: Yes, yes. We can hear you, Surya.

Surya Patra – PhillipCapital: Regarding semaglutide, this year is the first year of commercialization in a key market such as India, and that would have supported growth. Considering patient adherence, is it fair to believe that the product or the segment will see growth in the subsequent year, the second year?

Management: This is only the first year, and GLP-1 drugs are performing phenomenally well worldwide. In India also, we need to give it some time, because a new product is built over a period of time. Usually, our experience is that it takes 3-4 years to build any new product. GLP-1 will also go through that phase.

Surya Patra – PhillipCapital: The penetration levels, even in advanced markets, appear to be very low, which is why I asked this question.

Management: I cannot comment specifically on penetration, but even if you reach a few percentage points of the total patient population, it is still going to be a very, very large product.

Surya Patra – PhillipCapital: If I could ask an extended question on this, in markets such as Brazil and South Africa, is the price erosion scenario for semaglutide similar to that in India?

Management: In Brazil, we are working with a partner on this product, so all commercial decisions are taken by the partner. Generally, we do not like to talk about pricing because it is proprietary

Report is AI-generated and may contain inaccuracies.

information, and we cannot disclose it on an investor call.

Surya Patra – PhillipCapital: Thank you, sir. I wish you all the best.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Ashutosh Kumar Jha with Falcon Asset Management. Please go ahead.

Ashutosh Kumar Jha – Falcon Asset Management: I had a question regarding the comment made by Jeyashree earlier on the call. Is it fair to understand that the current borrowing cost—I am looking at the SEC filing of Organon—is based on the latest debt they raised at 7.875%, and I think you also filed a disclosure with the exchange saying that the latest NCDs were raised at 8% and 8.2%? I wanted to understand the exact structuring of the debt component of the Organon transaction that we are considering.

Management: First of all, when I spoke about the cost of debt, I was referring to the weighted average cost of debt of Organon. You would see that some of their bonds were issued earlier at much lower rates, so one should look at it in totality.

Secondly, the NCDs that we issued recently are not part of the transaction financing. They are part of our normal financing to repay some of our current borrowings. This is rupee financing, whereas what we are talking about for Organon is mostly in dollars and euros. Therefore, these are not directly comparable.

Ashutosh Kumar Jha – Falcon Asset Management: Understood. When you say current borrowing cost, that is based on the average cost of debt that we see for Organon, correct?

Management: Yes, you should take the average cost of debt, the weighted average.

Ashutosh Kumar Jha – Falcon Asset Management: Understood.

Operator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference back to Dr. Abhishek Sharma for closing comments. Over to you, sir.

Dr. Abhishek Sharma: Thank you, everyone, for joining us at this late hour. If you have any questions that may have remained unanswered today or any follow-up questions, you can reach out to the investor relations team. We are here to address your queries. Thank you, and have a very good evening.

Operator: Thank you. On behalf of Sun Pharma, that concludes this conference. Thank you, everyone, for joining us, and you may now disconnect your lines. Thank you.

Management: Thank you.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.