

Sun Pharma Inds.

31 January 2026

Operator: Welcome to the conference call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone. I now hand the conference over to Dr. Abhishek Sharma, Vice President and Head of Investor Relations and Strategic Projects, for his opening remarks. Thank you and over to you, sir.

Management: Thank you. Good evening and a warm welcome to our Q3 FY26 earnings call. I welcome you all, especially for joining us on a Saturday. I am Abhishek from the Sun Pharma Investor Relations team. We hope you have received the Q3 financials and the press release that was sent out earlier in the day. These are also available on our website. We have with us Mr. Dilip Shanghvi, Chairman; Mr. Kirti Ganorkar, Managing Director; Mr. Alok Shanghvi, Chief Operating Officer; Ms. Jayshree Sadagopan, CFO; and Mr. Richard Aschoff, CEO North America.

Today, the team will provide an update on financial performance and business highlights for the quarter, pipeline updates, and respond to any questions that you may have. We will refer to the consolidated financials for management comments. The call recording and call transcript will also be put up on our website shortly. Just to add, in recent weeks, there has been speculation in media regarding Sun's M&A; interest in certain companies. We have clarified to exchanges that the news is speculative in nature and we will not be taking any questions in today's call regarding the news article and their subject.

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 your questions that may remain unanswered today. I will now hand over the call to our CFO, Ms. Jayshree Sadagopan.

Management: Good evening all. Welcome and thank you for joining us for this earnings call after the announcement of financial results for the third quarter of FY26. Our Q3 financials are already with you. As usual, we will look at key consolidated financials of the company.

During Q3 FY26, we recorded sales of 1,54,691 million, registering a growth of 15.1% vis-a-vis Q3 FY25. Besides the underlying business growth, we also had a milestone income of US dollar 55 million in rest of the world in the third quarter. Excluding milestone income, overall sales growth was 14.7%. In the corresponding quarter of FY25, Sun had received a milestone payment of US dollar 45 million.

Gross margin during the quarter was 81%, higher than the same period last year, largely on account of better product mix. EBITDA for the quarter was 49,485 million, an increase of 23.4% over Q3 last year. EBITDA margin came in at 31.9%, higher both on a year-on-year and a quarter-on-quarter basis. Excluding the impact of milestone income, favorable forex impact, and other operating revenues, the EBITDA margin for the company improved mostly on account of better product mix.

During the quarter, an exceptional charge of 4,895 million was taken, primarily on account of wage code gratuity as per ICAI guidelines and additional provision for GXMDL final settlement. Reported net profit after tax for Q3 FY26 was 33,688 million, up 15% over Q3 last year. Adjusted net profit for

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the quarter was 35,367 million, up 9.9%. EPS for the quarter was 14 per share.

Effective tax rate for the quarter was 24.3% vis-a-vis 14.7% in Q3 FY25 and 24.7% in Q2 FY26. Forex gain during the quarter was 1,539 million. Our balance sheet continues to be strong with a net cash of \$3.2 billion at the consolidated level.

Now, we will discuss the nine-month performance. For the first nine months of FY26, sales were 4,36,604 million, registering a growth of 11.3%. Gross margin was 80% for the first nine months. EBITDA came in at 1,37,772 million, registering a growth of 19.2% with a resulting EBITDA margin of 31.4%. Adjusted net profit for the nine months was 96,508 million, up 6.1%. The board has declared an interim dividend of 11 per share for FY26 against 10.5 per share interim dividend for the previous year. I will now hand over the call to Kirti, who will share the performance of our Global Innovative Medicines business and the India business.

Management: Thank you Jayshree. I shall first provide you an update on the Global Innovative Medicine business. In Q3 FY26, our Global Innovative Medicine sales were up 14.3% to reach US dollar 453 million. Excluding milestone income, our Global Innovative Medicine growth came in at 13.2%. An additional point on the milestone income: while Sun has had milestone income in the last year, it may or may not recur in the future, hence you may treat it as one-off income. Our performance in the Innovative Medicine business continues to be driven by a mix of growth in US and ex-US markets. This quarter, we launched Unloxit in the US. During the quarter gone by, we have also introduced Ilumya in India. Early feedback for both the launches has been quite encouraging.

Coming to the India business, for Q3, sales of formulation in India were 49,986 million, recording a growth of 16.2% over Q3 last year. India formulation sales accounted for 32.3% of total consolidated sales for the quarter. Sun Pharma is ranked number one and holds 8.4% market share in the over 2,407 billion Indian pharmaceutical market as per Pharmarack MAT December 2025. The corresponding market share for the previous period was 8.1%.

For the quarter ending December 2025, we grew higher than the IPM and we have done well across all major represented therapy areas. The sales growth continues to be led by higher contribution from volume and new product introduction as compared to the overall market. Our volume growth of 6.3% for the quarter beat IPM volume growth, which is at 1.2%. As per SMSRC July–October 2025 report, we continue to be the number one brand based on prescription volumes. Sun Pharma is also ranked number one by prescription with 14 different doctor categories. For Q3 FY26, the company launched 12 new products in India.

As the leaders in the diabetes and metabolic segment, we are looking forward to expanding our portfolio with the launch of Semaglutide upon the expiry of Semaglutide patents in India. Sun's plan is to be in the market on day one of a generic launch. We have already received the regulator's approval for both the indication of chronic weight management as well as treatment of type 2 diabetes under the brand names Novel Treat and Sema Trinity respectively. We are well-positioned here with an expected launch across both indications as well as all the strengths, presenting a comprehensive solution to physicians as well as patients. Our brands will be made available in easy-to-use formats and we have ensured sufficient supplies to meet the demand in India. I will now hand over the call to Rick for the update on the US.

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Management: Thank you Kirti and good evening. Let me share the performance highlights of our US business. Our overall US business was marginally up by 0.6% to reach US dollar 477 million for the quarter. Growth in innovative medicines was offset by lower sales in the generic business due to additional competition in certain products. The US accounted for 27.5% of consolidated sales for the quarter. For Q3, we launched three new generic products in the US.

As Kirti mentioned, recently we also launched Unloxit in the US for the treatment of advanced cutaneous squamous cell carcinoma. Our early launch efforts have been focused on education and awareness for healthcare professionals. We are also in active discussions with health systems to ensure wide access for the product. Our initial interactions have been positive. We have completed initial stocking and have had our first orders from distributors.

I would also like to give a quick word on Leqselvi. The initial response from physicians has been encouraging. Physicians are reporting early signs of hair regrowth in patients which mirrors our clinical data, including in some patients who have previously failed other JAK inhibitors. I will now hand over the call to Alok for updates on our other businesses.

Management: Thank you, Rick, and good evening to everybody on the call. I will provide an update on the performance highlights of our other businesses. Our formulations revenues in emerging markets were US dollar 337 million, up 21.6% over Q3 last year. The underlying growth in constant currency terms was 14%. In emerging markets, we have seen broad-based growth in the generic and innovative medicine business. Emerging markets accounted for 19.4% of total consolidated revenue for Q3. Among the larger markets, Romania, South Africa, and Brazil have done well in local currency terms.

Formulation revenues in rest of the world were US dollar 296 million, up 14.5% over Q3 FY25. We have seen growth both in the generic and innovative medicine business in ROW. The rest of the world markets accounted for approximately 17.1% of consolidated revenue. I will now hand over to Mr. Dilip Shanghvi for updates on R&D.;

Management: Thank you, Alok. Let me take you through our R&D; initiatives and activities. We continue to invest in building an R&D; pipeline for both the global generics and the innovative medicine business. Consolidated investments made towards R&D; for Q3 FY26 stand at 8,928 million or 5.8% of sales. Innovative R&D; accounted for 30.5% of our total R&D; spend and stands at 7.2% of Global Innovative Medicine sales for the quarter.

During the quarter, we filed an sBLA for Ilumya with the US FDA in the indication of psoriatic arthritis. The FDA approved label updates on Unloxit based on longer-term data that demonstrated improved clinical outcomes in advanced cutaneous squamous cell carcinoma. We have also initiated global phase two trials of GL0034 in the indication of type 2 diabetes. The FDA has also updated the Ilumya label recently with additional efficacy data in the treatment of psoriasis of the nail.

Management: Operator, we can open for Q&A.;

Operator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask questions may press star and one on their touchtone telephone. If you wish to remove

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yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. To ask questions, please press star and one. Our first question is from Rishi Parekh from JP Morgan. Please go ahead.

Rishi Parekh – JP Morgan: Good morning and good evening. Thank you so much for taking my question. I appreciate you are not taking questions on what is speculative out there, but for many of us who are new to Sun Pharma, I was hoping that you could walk us through your M&A; strategy and what you are hoping to target or achieve with this strategy. Are you looking at tuck-ins? Are you looking to add biosimilars? Are you looking to expand your geographic presence? And how important is North America in this strategy?

Management: I think for almost all of those issues, we have indicated responses on this call in the past. The US continues to be an important part of our focus specifically for innovative medicines. Not only the US, but we have interest in selling innovative medicines globally. For emerging markets, we are looking at tuck-ins or smaller acquisitions which we can look at integrating with our existing business to get scale.

We have also consistently indicated that we want to remain disciplined about acquisitions. Our focus is on finding a way to grow our business organically at a rate so that we continue to be an attractive investment opportunity for shareholders. We would look at an acquisition only if we think that it can help us in terms of strengthening our long-term strategic capability.

Rishi Parekh – JP Morgan: And then can you also talk us through the size of the types of acquisitions you're looking at?

Management: We have indicated in the past that we need to be confident that whatever acquisition we make, we should be able to manage effectively without diluting focus on our own growth. At the same time, we have also indicated that for an acquisition, if necessary, we are comfortable raising debt.

Rishi Parekh – JP Morgan: Thank you.

Operator: Thank you. The next question is from Tushar Manodane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manodane – Motilal Oswal Financial Services: Thanks for the opportunity. On the innovative medicine sales excluding milestone payment, the growth has been a bit soft compared to earlier quarters. If you could elaborate on that, that's my first question.

Management: As we called out in Q3 FY25, we had certain one-time sales to our partner. That resulted in a high base for Q3 FY25. That is one reason for the growth looking lower in the first half. However, specialty should continue to do well. It is difficult for us to comment quarter-to-quarter. My view is always that you look at the business on an annualized basis rather than looking at a quarter-to-quarter basis.

Tushar Manodane – Motilal Oswal Financial Services: And secondly, R&D; spend on the innovative portfolio, both as a percentage of total R&D; as well as the absolute amount, has been reducing for

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the past two or three quarters. If you could also explain that.

Management: It is all linked with commencing clinical trials. As we are commencing new clinical trials including the one for GLP-1, we should see an increase in the spend. Next quarter we will guide for next year, and that will answer our expected R&D; spend for next year.

Tushar Manodane – Motilal Oswal Financial Services: Got it. And just lastly, if US sales excluding Lenalidomide, has the portfolio grown or has it still been stable?

Management: Is the question specifically related to generics?

Tushar Manodane – Motilal Oswal Financial Services: Yes.

Management: Excluding Lenalidomide, the generics business is slightly down in the US.

Tushar Manodane – Motilal Oswal Financial Services: Is this to do with price erosion or lack of launches?

Management: It is really due to specific competition for certain products. Overall for the US, we see these innovative medicines continuing to grow. The generic business will start to recover once we are in manufacturing compliance for a number of our sites in order to launch new products.

Tushar Manodane – Motilal Oswal Financial Services: Got it. Thank you.

Operator: Thank you. The next question is from Damyanti Khetay from HSBC. Please go ahead.

Damyanti Khetay – HSBC: Hi, good evening and thank you for the opportunity. My first question is on gross margin. In your opening remarks, you mentioned a better mix led to such strong gross margin. I want to understand what are the key drivers to sustain such high gross margin, as we understand the Lenalidomide benefit is over for you.

Management: As you know, we do not specifically guide on product margin. Having said that, a better mix of products both in terms of generic products and our innovative medicines has given an uptick compared to the gross margin in the previous year. Our endeavor is to see how we sustain and perform to potential.

Damyanti Khetay – HSBC: My second question is on the spend on the new launches where you indicated incremental spend of 100 million or so. How much of that is already covered and how much is yet to come? Where are the major spends happening?

Management: The spend is really occurring on the Leqselvi and Unloxit launches. It is fairly evenly split. We do see that spend increasing now in the latter part of the fiscal year, particularly as we have just launched Unloxit. We do expect this to be part of our core expenses going forward. Next year, it will just be part of our core operating OpEx to support these and the rest of our innovative medicine business.

Damyanti Khetay – HSBC: On this very recent launch, any color on how you are proceeding with discussions with insurance partners and when you expect those deals to be signed?

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Management: We are having active discussions with physicians, as you would expect since we are just a few weeks outside of launch. From a distribution perspective, the network is in place. Those agreements are in place, the product has been stocked, as well as the agreements with downstream customers.

The other important discussions are with health systems. As this is an oncology product, a lot of their prescriptions will come from health systems. We have been in active discussions with health systems since before launch. We have been in touch with the top 50 cancer centers within the US and all of those discussions have been progressing positively. For the first few weeks, we are very pleased with what we have seen. The message is resonating in terms of the balance this product provides between efficacy and safety.

Damyanti Khetay – HSBC: Thank you. I will get back in the queue.

Operator: Thank you. The next question is from Neha Manpuria from Bank of America. Please go ahead.

Neha Manpuria – Bank of America: Thanks for taking my question. My first question is on the India business. Given the strong performance and the upcoming launch of GLP-1, should we expect this growth rate to improve further over the next few quarters? Do we need to add any more sales force in India for GLP-1 or otherwise?

Management: It is very difficult for us to predict what the future growth will be. Regarding GLP-1, yes, we will add some field force for the launch of the product. That is how we do business in India. We are preparing for the launch, so some of this has already been done.

Neha Manpuria – Bank of America: My second question is on the R&D; spend for generics. If I strip out the specialty number, that seems to have increased quite a bit. Could you give us some color on where we are spending on generics specifically? Also, any thoughts on looking at biosimilars again given the change in regulation?

Management: We give a split between generic and specialty, but beyond that within generics, where we spend the money is not something we give at a granular level. We also recognize that we are talking to both investors and potentially competitors. Generally, we avoid sharing commercially sensitive information.

On biosimilars, we are evaluating and re-looking at it because we have to look at it comprehensively, including manufacturing investment, overall cost of development, and the time for the investment to produce a meaningful return. We are evaluating everything to take a decision.

Neha Manpuria – Bank of America: Regarding Unloxit, how are we thinking about positioning this product versus peers? Would it be the warehousing patients first or new patients?

Management: The position of Unloxit in the market is very clear. What it offers is a balance between efficacy and tolerability. Unloxit works three ways: it restores adaptive immunity by binding to PD-1, it engages the innate immune system which activates natural killer cells, and unlike the existing product, it preserves PD-L2 signaling. That pathway is through which immune-mediated adverse events are typically anticipated. That is the positioning, and it has been resonating with clinicians.

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Neha Manpuria – Bank of America: Would it be more important to get new patients on board, or would you initially go after patients using existing products?

Management: We would mostly anticipate new patients. There could be patients having trouble tolerating existing therapies that could move to Unloxit, but in general, our strategy has been more focused on new patients.

Operator: Thank you. Next question is from Binu Pathiparampil from Elara Capital. Please go ahead.

Binu Pathiparampil – Elara Capital: Good evening. Was there any Lenalidomide contribution at all in Q3 or was it completely over in Q2?

Management: It was quite small in Q3, but there was a negligible contribution.

Binu Pathiparampil – Elara Capital: On Semaglutide, are you also planning for launches in other emerging markets around the time you launch in India?

Management: My comment was about the launch in India only. For other markets, we are not guiding on our launch plans.

Binu Pathiparampil – Elara Capital: Finally, a question on GL0034. It is in Phase 2 for diabetes. When can we expect data there?

Management: We are publishing Phase 2a data in scientific conferences both for diabetes and NASH over the next few months. The current Phase 2b study which has started should possibly conclude within 12–18 months.

Operator: Thank you. Next question is from Girish Bakru from Obimed. Please go ahead.

Girish Bakru – Obimed: Regarding Leqselvi, my understanding is the product requires genetic testing before putting patients on it. Can you talk about that?

Management: For all the JAK inhibitors, there is a battery of testing that needs to take place. Leqselvi is unique in that we have specific testing for how the drug is metabolized. A lot of drugs are metabolized through that system, so there are benefits for patients in knowing that. You are correct that it is one of the steps associated with starting patients on Leqselvi. We are actually covering the cost of the test. We are working with the leading providers in the United States and we provide the test free of charge to the patient.

Girish Bakru – Obimed: Regarding competition from new entrants, their data looks solid and their dosing might be more convenient. How do you see that?

Management: This remains a category where there is opportunity for more diagnosis. The more products available, the better, as it gives patients choices and allows the market to grow. Having additional competition helps with education. We are seeing with Leqselvi that just because a patient tries one drug doesn't mean they won't respond to others. We have patients starting Leqselvi who failed two other approved JAK inhibitors and are now responding to Leqselvi.

Girish Bakru – Obimed: Regarding Unloxit, any thoughts on new indications you are pursuing?

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Management: We are in active discussions about life cycle management for both products.

Operator: Thank you. Next question is from Vishal Manchanda from Systematics. Please go ahead.

Vishal Manchanda – Systematics: You have 116 ANDAs and 14 NDAs pending. How many of these are from sites impacted by OAI?

Management: We do not specifically disclose which ANDAs are filed from which site.

Vishal Manchanda – Systematics: What is the nature of the NDA filings? Are they ready-to-use injectables or sprinkle powders?

Management: We have not given details about the nature of our NDA filings. Regarding US generic sales, we do not provide forward-looking product-specific guidance, but it is included in our overall guidance.

Operator: Thank you. Next question is from Kunal Damesha from Macquarie. Please go ahead.

Kunal Damesha – Macquarie: Regarding the CMS proposal on Most Favored Nation pricing, what is your internal assessment?

Management: There are three models. One is the voluntary model that exists today directly related to Medicaid. The other two are proposed and are in the notice and comment phase. We expect that phase to end within this next month. It is speculative at this point to know if they will stay as is or how they will change. We are working on all possible alternatives to mitigate any impact.

Kunal Damesha – Macquarie: How can you mitigate that?

Management: These are commercially sensitive details. None of the pharma companies have given details about agreements signed with the government except which products are covered.

Kunal Damesha – Macquarie: On the PD-1 antibody, would new indications be within our current therapy areas or beyond?

Management: We are evaluating both. There are advantages to staying within therapy areas where we are present, but we have to do a commercial risk-benefit and time-to-market analysis. Once we decide, we will share that information.

Operator: Thank you. Next question is from Gautam from Leo Capital. Please go ahead.

Gautam – Leo Capital: Regarding GLP-1, do you have fill-and-finish capacity in-house or through a partnership?

Management: I talked about the launch in India, but we will not comment specifically on capacity or whether it is in-house or outsourced.

Operator: Thank you. Next question is from Tushar Manodane from Motilal Oswal Financial Services. Please go ahead.

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Tushar Manodane – Motilal Oswal Financial Services: On innovative sales, excluding milestone payments, were there any other one-offs in this quarter?

Management: There was no one-off in this quarter apart from the milestone, Tushar.

Tushar Manodane – Motilal Oswal Financial Services: EBITDA and earnings have shown roughly 13–14% CAGR, but FY26 nine-month performance has been a bit subdued. R&D spend has also been relatively lower. Directionally, how should we see this?

Management: Our margins during this period have been good, factoring in the two new launches and related expenditure. Our effective tax rate has gone up from around 13–15% to currently about 25%. That is why you would see that profit after tax improvement may not be commensurate with margin improvement.

Tushar Manodane – Motilal Oswal Financial Services: Is 25% the effective tax rate to assume going forward?

Management: It would be in that range.

Operator: Thank you. The next question is from Shashank Krishna Kumar from MK Global. Please go ahead.

Shashank Krishna Kumar – MK Global: On the launch of the auto-injector in Canada, do you have plans to do this in the US? For psoriatic arthritis, is a launch toward FY27 reasonable?

Management: We have launched an auto-injector for Ilumya in Canada. As in other markets, the product is self-administered there, which is a different situation from the US. We are currently pleased with the physician-administration model in the US and that is our current intention. As it relates to psoriatic arthritis, we expect typical FDA review times.

Shashank Krishna Kumar – MK Global: Do you plan to launch Semaglutide tablets as well?

Management: Right now, we have approval for the Semaglutide injection. We cannot comment on the tablet at this moment.

Operator: Thank you. Next question is from Vishal Manchanda from Systematics. Please go ahead.

Vishal Manchanda – Systematics: Can you guide if there is a possibility for an accelerated clinical approval for soft tissue sarcoma?

Management: My understanding is that they do not have a priority review classification. Share the specific question with Abhishek and we will get back to you, as this is a product we are responsible for developing and filing.

Operator: Thank you. The next question is from Vivek Agarwal from Citi Group. Please go ahead.

Vivek Agarwal – Citi Group: Regarding M&A, what kind of debt are you comfortable with? Are you able to leverage the balance sheet to 3 times EBITDA?

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Management: I said that we are comfortable with raising debt. It all depends on the target's cash flow profile and our confidence that we can repay.

Vivek Agarwal – Citi Group: Are you working with the new US administration on these pharmaceutical topics?

Management: We are regularly in conversations with the US government on any number of topics.

Operator: Thank you. The next question is from Forum Parikh from Bank of Baroda Capital Market. Please go ahead.

Forum Parikh – Bank of Baroda Capital Market: Emerging markets growth is quite buoyant. Can you elaborate further?

Management: All our major geographies in emerging markets are doing well in local currency terms. Our constant currency growth for the emerging markets business is 14%. Both generic and innovative businesses have done well.

Forum Parikh – Bank of Baroda Capital Market: Regarding the India GLP-1 opportunity, how excited are you for what will likely be a crowded market?

Management: We are very excited to launch the product upon patent expiry. The generic will improve access and the market will expand. We are very excited to launch Semaglutide generics in India.

Operator: Thank you. The next question is from Abdul Qadir Pranwala from ICICI Securities. Please go ahead.

Abdul Qadir Pranwala – ICICI Securities: We filed generic Semaglutide in Canada through Taro. What is the status and have you heard from the regulator?

Management: I have clarified multiple times that on this call we are discussing Semaglutide only for India. We will not be disclosing plans for other markets yet.

Management: Operator, we can close the call.

Operator: Yes, sir. That was the last question in the queue. I would now like to hand the conference back to Dr. Abhishek Sharma for closing comments.

Management: Thanks everyone, especially for joining us on this Saturday. If any of your questions have remained unanswered, please reach out to me or the Investor Relations team and we will be happy to help you. Thank you and have a good evening.

Operator: Thank you very much. On behalf of Sun Pharma, that concludes the conference. Thank you for joining us. You may now disconnect your lines.