

Speech delivered by Mr. Israel Makov, Chairman, at the 29th Annual General Meeting of Sun Pharmaceutical Industries Limited, held on August 31, 2021

Dear Fellow Shareholders,

On behalf of the Board of Directors, I welcome all of you to the 29th AGM of your company. This meeting is being held virtually due to the Covid-19 pandemic. I hope you and your family members are safe and in sound health.

The pharmaceutical industry is playing an important role, and is at the forefront in the fight against the global Covid-19 pandemic. From adapting to the changing dynamics, to ensuring business continuity, the industry quickly responded to the challenges of the global pandemic, so that patients continue to get access to their medications. Pharmaceutical companies have also supplied multiple drugs used in treatment of Covid-19 and associated ailments. Some companies have developed Covid-19 vaccines in record time.

At Sun Pharma, we were quick to respond to the challenges of the pandemic and adapt to the new normal. We have adopted a multi-pronged approach to overcome the challenges of the Covid-19 pandemic. The Company has focused on:

1. Ensuring continuous supply of medicines and maintaining continuity of manufacturing and global supply chain while adhering to all Covid-19 safety protocols
2. Increased focus on use of technology tools to facilitate business
3. Focus on the safety and well-being of employees, including vaccinating them and their immediate family members
4. Enhancing supply of multiple therapeutics used in the treatment of Covid-19 and associated ailments
5. Donation of Covid-19 medicines and other items like PPE kits, masks, sanitizers, gloves, food items, etc.

Let me now share some highlights of the global pharmaceutical industry:

- The global pharmaceutical market is estimated to reach about US\$1.6 trillion by 2025, growing at a compounded rate of approximately 3-6%. This excludes the spend on Covid-19 vaccinations. The main growth drivers will be sustained growth in the pharmerging markets and the consistent launch of high-end specialty innovative products in developed markets.
- The US, the largest pharmaceutical market, is expected to grow at about 2-5% CAGR to US\$ 605-635 billion by 2025, with the growth driven mainly by new innovative specialty products. The generics market in US will continue to be an important part of the overall effort to control healthcare costs. Given your Company's strong presence in the US generics market and the niche presence in some of specialty segments, it is well positioned to exploit the growth opportunity in the US market.
- The Indian pharmaceutical market is estimated to reach about US\$ 28-32 billion by 2025 recording 8-10% compounded growth. Rising affordability, growing incidence of chronic ailments, increasing access to modern medicines and improving health insurance coverage will be the key drivers of this growth.
- Sun Pharma's top position in India and its brand equity will help to leverage the benefits from this opportunity.
- The overall pharmaceutical market in pharmerging markets, including India, is estimated to grow at 7-10% CAGR to US\$ 415-445 billion by 2025. Sun Pharma is one of the largest Indian companies operating in these markets and is well positioned to exploit this opportunity.

Let me now discuss Sun Pharma's business and review some of our key opportunities, challenges and steps ahead.

- In the financial year 2020-21, governments globally, were forced to resort to stringent lockdowns and restrictions to prevent the spread of the pandemic, which were gradually relaxed in the second half of the year. These restrictions resulted in temporary closure of doctor clinics, travel restrictions and a significant reduction in patient visits to the

doctor's clinic. Non-critical treatments and elective surgeries were postponed. This led to lower demand for pharmaceutical products in the first half of the year and a gradual recovery was witnessed only in the second half, as governments gradually lifted the lockdown restrictions. It is against this backdrop that we reported a 2.5% growth in our overall revenues which stood at Rs. 331 Billion for the year.

- The comparable previous year, 2019-20, included a one-time special business in the US and hence, while the US business showed a decline, all our other businesses have recorded growth for the full year despite the challenges related to the global Covid-19 pandemic.
- Sun Pharma's India business has done well with 6.5% growth for the year, outperforming the average industry growth of 2.1%, driven by our leading presence in chronic segments coupled with our strong brand equity with doctors.
- Given our distribution and doctor reach, we continue to be a partner-of-choice for potential in-licensing of new innovative products from global multinational companies. During the year, we completed the field force expansion in the India business, which further enhances our reach.
- While our US sales for the year were lower by 4% but as stated in the previous year, we had one-time business opportunity and hence, the numbers are not truly comparable.
- We are enthused by the momentum of our global specialty business which grew by 11% to US\$475 Million during the year despite the various challenges resulting from the global pandemic.
- We grew by 5% in Emerging Markets and by 6.6% in the Rest of the World markets for the year.
- Sun Pharma's API business grew by about 2% for the year. The API business is of strategic importance since it gives us the benefits of vertical integration and ensures consistency of supply chain of critical inputs.
- We spent approximately Rs. 21 billion on R&D, which accounted for about 6.5% of sales.

- We continue to be disciplined in identifying future R&D projects for the US generics market and the focus is on developing complex generics.
- The Company continues to fortify its R&D capabilities with focused investments to develop its long-term specialty and complex generics pipeline.

Let me now update you on our specialty business:

- In a year which had multiple challenges due to the global pandemic, we are happy to witness a 11% growth in our global specialty sales.
- The lockdown restrictions in the US resulted in a reduction in patient footfalls and postponement of certain treatments. This impacted our specialty sales in the first half, including sales of Ilumya, Cequa and Levulan. It also impacted the ramp-up of Absorica LD, which we had launched in February 2020. The lockdown restrictions were gradually lifted in the second half, resulting in a recovery in our specialty sales.
- We undertook multiple initiatives during the year as part of our efforts to build the specialty business. These include:
 1. Ilumya launch in Japan
 2. During the year, we also reiterated Ilumya's potential through presentation of long-term clinical data at global medical conferences
 3. Positive long-term clinical analysis for Odomzo and Levulan were also presented at medical conferences
- We have also continued with our efforts of enhancing the specialty R&D pipeline. The pipeline currently has 4 molecules undergoing clinical trials. It includes:
 1. Ilumya, which is currently undergoing Phase-3 clinical trials for psoriatic arthritis
 2. We commenced Phase-2 trials for SCD-044 for atopic dermatitis and moderate to severe plaque psoriasis
 3. Phase-2 trials for MM-II for knee pain in patients with symptomatic knee osteoarthritis have also been initiated
 4. Our GLP-1R agonist has entered Phase-1 trials for diabetes

- The focus areas for our specialty portfolio include dermatology, ophthalmology and oncology. The strategy is to build a robust portfolio of branded patented products for global markets.

Now I will briefly talk about our initiatives for improving overall productivity:

- We continue to focus on improving manufacturing efficiencies, optimizing costs, rationalizing generics R&D investments and reducing interest cost.
- During the year, we have reduced our consolidated debt by about US\$ 580 million and consequently, our interest costs have also come down.

Although it is difficult to give a specific business guidance, given the uncertainty due to the Covid-19 pandemic, I am happy to share an overall outlook of your Company:

- All our businesses are well positioned and our endeavour will be to grow the overall business
- Our strategy of developing the global specialty business as an additional growth engine has started delivering, with a ramp up in specialty revenues. We expect this momentum to continue over the next few years
- We will continue our R&D investments in developing the complex generics pipeline as well as in building our specialty pipeline in the coming years
- We will continue with our efforts towards improving the overall return ratios of the company

We are grateful to our talented and dedicated employees who have put in extraordinary efforts during the past year to ensure business continuity. We also thank all the frontline warriors for their selfless and tireless efforts in fighting the pandemic.

We are also grateful to our Board of Directors for their guidance and support in these uncertain times.

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We thank all our other stakeholders including our customers, vendors, business partners, the local community and various regulators for their constant support.

Last but not the least, we thank all our shareholders and we hope that you will continue to extend your confidence in us. Thank you very much.

Disclaimer:

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