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Scrip Symbol: SUNPHARMA

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### **Q4 FY25 Earnings Call Transcript**

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Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed herewith a copy of the transcript of the Company's Q4FY25 earnings conference call, which we shall be uploading on our website after sending this letter to you. This is for your information and record.

For **Sun Pharmaceutical Industries Limited**

(Anoop Deshpande)  
**Company Secretary and Compliance Officer**  
ICSI Membership No.: A23983



## **Corporate Participants**

### **Dilip Shanghvi**

Chairman & Managing Director, Sun Pharmaceutical Industries Ltd.

### **Abhay Gandhi**

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

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

Chief Financial Officer, Sun Pharmaceutical Industries Ltd.

### **Kirti Ganorkar**

CEO (India Business), Sun Pharmaceutical Industries Ltd.



**Moderator:** Ladies and gentlemen, good day and welcome to Sun Pharma's Q4 FY'25 Financial Results 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 this conference call, please signal an operator by pressing '\*' then '0' on your touchtone 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, Dr. Sharma.

**Abhishek Sharma:** Thank you. Good evening and a warm welcome to our 4<sup>th</sup> Quarter FY'25 Earnings Call.

I am Abhishek from the Sun Pharma Investor Relations team. We hope you have received the Q4 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 & Managing Director; Mr. C. S. Muralidharan – CFO; Mr. Abhay Gandhi – CEO (North America) and Mr. Kirti Ganorkar – CEO (India Business).

Today the team will provide an update on the 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.

The discussion today might include certain forward-looking statements and these must be viewed in conjunction with the risk 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 Mr. C.S. Muralidharan.

**C. S. Muralidharan:** Welcome and thank you for joining us for this Earnings Call after the announcement of Financial Results for the 4<sup>th</sup> Quarter of FY'25. Our full year and Q4 Financials is already with you.

The full year FY'25 sales were at Rs. 520,412 million a growth of 9% over last year. Material cost stands at 20.7% of sales, lower than last year on account of product mix including higher share of sales from Specialty business. Staff cost stands 19.2% of sales flat year-on-year. Other expenses are at 32.2% of sales flat versus FY'24.

FOREX gain for the year was Rs. 1,855 million compared to gain of Rs. 361 million last year. EBITDA for year was Rs. 152,717 million a growth of 17.3% with resulting EBITDA margin of 29%. Adjusted net profit for the



year was Rs. 119,844 million up 19%. Reported net profit for the year was Rs. 109,290 million compared to Rs. 95,764 million for FY'24.

Let us now discuss the Q4 FY'25 performance:

Q4 FY'25 sales were at Rs. 128,156 million a growth of 8.5% over Q4 FY'24. Material cost for the quarter were 20.6% of sales. Staff cost came in at 19.4% of sales. Other expenses were lower year-on-year as a percentage of sales and higher on Q-on-Q due to higher sales and distribution expenses across geographies. FOREX gain for the quarter was at least Rs. 2,912 million compared to loss of Rs. 564 million in Q4 FY'24. EBITDA including other operating revenues was at Rs. 37,161 million higher by 22.4% for Q4 last year. EBITDA margin for the quarter was 28.7% compared to 25.3% in Q4 FY'24 and 29.3% in Q3 FY'25.

We add a few exceptional items in Q4 FY'25 amounting to Rs. 3,617 million. A major portion comes from an impairment of investment in Lyndra Therapeutics Rs. 2,597 million. Adjusted net profit excluding the exceptional items for Q4 FY'25 was Rs. 28,890 million representing a growth of 4.8% over Q4 FY'24. Reported net profit for Q4 FY'25 stands at Rs. 21,499 million. The effective tax rate for Q4 FY'25 was 19.8% compared to 5.1% in Q4 FY'24. Tax rate for the full year is 16.6% vs 12.4% in FY'24. Going forward, we expect the tax rate to continue to go up on a full year basis, mainly on account of exhaustion of tax losses. Reported EPS for the quarter was at Rs.9 per share. As of 31<sup>st</sup> March 2025, net cash was \$3.1 billion at the consolidated level.

The Board has proposed a final dividend of Rs. 5.50 per share for year FY'25. This is in addition to the interim dividend of Rs. 10.50 per share taking the total dividend for FY'25 to Rs. 16 per share compared to Rs. 13.50 per share for FY'24.

Over to Kirti Ganorkar who will share the performance of our India business.

**Kirti Ganorkar:** Thank you, Murali.

I shall take you through the performance of our India business:

Our India formulation sales for the full year FY'25 were Rs. 169,230 million, recording 13.7% growth over previous year. For Q4, the sales of formulation in India were Rs. 42,130 million, recording a growth of 13.6% over Q4 last year.

India formulation sales accounted for 32.9% of total consolidated sales for the quarter. Sun Pharma is ranked number one and holds 8.3% market share in over Rs. 2,259 billion Indian pharmaceutical market as per AIOCD



AWACS MAT March 25 report. Corresponding market share for the previous period was 8%. For the quarter ending March '25, we grew higher than IPM and we have done well across all major represented therapy areas, primarily led by volume growth and new product introductions. As per SMSRC MAT November-February '25 report, we continue to be the number one brand company based on the prescription volumes. Sun Pharma is also ranked number one by prescription with 13 different doctor categories.

For Quarter FY'25, the Company launched 10 new products in India. There are new products planned for future launch in diabetes and weight management space. During this month, Sun Pharma launched a corporate branding campaign. This is for the first time that we have launched a corporate branding initiative at this scale. The campaign underscores Sun Pharma's roles in the lives of patients, caregivers, doctors, pharmacists, and communities, reaffirming its leadership in India.

Now, I will hand over call to Abhay.

**Abhay Gandhi:** Thank you, Kirti.

I will update on the performance highlights of our US business:

Our overall US business grew by 3.6% to \$1,921 million for the full year FY25. The growth is driven by Specialty with all our growth products contributing like ILUMYA, CEQUA, WINLEVI and ODOMZO, but offset by a decline in generics for the full year.

In Q4, our overall sales in the US were \$464 million, lower by 2.5% over Q4 of last year with growth in Specialty offset by a decline in generics. The generic business declined due to additional competition in certain products. The US accounted for over 31.4% of consolidated sales for the quarter. In Q4, we launched two generic products in the US.

I will now hand over the call to Mr. Shanghvi.

**Dilip Shanghvi:** Thank you, Abhay.

I will now provide an update on the performance highlights of our other businesses as well as give you an update on our R&D initiatives:



Our branded formulation revenues in emerging markets were \$1,114 million for the full year, up 7% year-on-year. For Q4, sales in emerging markets was \$261 million up 6.3% over Q4 last year. The underlying growth in constant currency terms was 11.5% year-on-year for Q4.

Emerging markets accounted for 17.6% of total consolidated revenue for Q4. Amongst the larger markets in local currency terms, Romania, Russia, and Brazil have done well. Formulation revenues in Rest of World were \$847 million, up 4.5% over last year. For Q4, Rest of World sales were \$200 million, up 2% over Q4 last year. Rest of World markets account for approximately 13.5% of consolidated revenue.

In FY'25, our Global Specialty sales were up 17.1% to reach \$1,216 million. In Q4 Financial Year '25, our Global Specialty sales were up 8.6% to reach \$295 million. Global ILUMYA sales for the year were up 17% to \$681 million. This figure does not include end market sales of our partners.

We continue to invest in building an R&D pipeline for both the global generics and the Specialty businesses. Consolidated investments towards R&D for Q4 FY'25 stands at Rs. 8,116 million or 6.4% of sales. The Specialty R&D accounted for 36% of our total R&D spend for the quarter.

Moving on an update on Global Specialty:

There are a few changes in our clinical pipeline. We are now seeking a partner for future development and commercialization of MM-II in certain geographies. This change is due to the strategic reassessment of our pipeline. We continue to believe in the potential of the product. Other change is that we are now planning a trial of GL0034 in type 2 diabetes as its first indication.

Sun Pharma has agreed to acquire Checkpoint Therapeutics, a company specializing in immunotherapy and targeted oncology. We are awaiting approval of that transaction and subsequent closing. Checkpoint has recently received approval from USFDA for UNLOXCYT for metastatic or locally advanced cutaneous squamous cell carcinoma and we look forward to leveraging our presence to accelerate patient's access to UNLOXCYT.

And lastly, on the guidance of FY'26, we expect mid to high single digit consolidated topline growth for FY'26. For the current year, we are looking to invest approximately US\$ 100 million additionally on commercialization of new Specialty product. This investment will enable us to significantly strengthen our Specialty business for the future. We now expect our FY'26 R&D spend to be 6% to 8% of sales for the next year.



**Moderator:** Thank you very much. We will now begin with the question and answer session. First question is from the line of Kunal Dhamesha from Macquarie Group. Please go ahead.

**Kunal Dhamesha:** Hi, good evening. Thank you for the opportunity. First question on the Global Specialty sales growth for the quarter. This is after many quarters we have seen a single digit topline growth in this business. And I think the quarter four base from last year was also a little lower because of the issues at United Healthcare. So is there any one off why we are seeing this kind of lower growth in this quarter? Because sometimes branded companies do see some rebate adjustment, etc. which could lead to this kind of growth. So any color there would be helpful.

**Abhay Gandhi:** I can only speak for the US, Kunal. But Jan and Feb typically are lighter months in the US because of change in the way the insurance resets happens. But otherwise, when I look at the prescription trends and the inventory trends that are there in the market, I am comfortable that our key brands will continue to grow.

**Kunal Dhamesha:** So any particular product that you want to call out or is it a broad base you said is more like a seasonality, Jan-Feb which would have paid off?

**Abhay Gandhi:** It's not really a seasonality, Kunal. It's more to go with insurance resets. No particular product that I can call out.

**Kunal Dhamesha:** Okay, sure. And second one on the 100 million additional spend that we are expecting this year to spend. The whole idea of getting more dermatology products was to kind of reduce, gain more synergies of our front-end infra which is already in the place. I'm just a little bit confused as to why do we need such a big amount even if we launch two products in dermatology and derma onco which is something that we have already been doing for quite some time

**Dilip Shanghvi:** I think it's a question of looking at how other companies, even very large companies have a significant launch cost for new products. So once you study, I think this actually is a conservative number.

**Kunal Dhamesha:** Okay and sir this is launch cost so in the future it should basically moderate right that's the way we should look at it?

**Dilip Shanghvi:** Which is what I said is that we don't actually look at this as a cost we look at this as an investment and we expect this to further help us strengthen our Specialty business.

**Kunal Dhamesha:** Great sir, thank you. I have more questions, I will join back the queue. Thank you.



**Moderator:** Thank you. Next question is from the line of Damayanti Kerai from HSBC. Please go ahead.

**Damayanti Kerai:** Hi, thank you for the opportunity. My question is on Leqselvi. So now, what are the plans for launch of this product in the US? If you can give us some timeline there?

**Abhay Gandhi:** So I think in the quarter two, we will be launching this product in the US.

**Damayanti Kerai:** Second quarter of this fiscal?

**Abhay Gandhi:** Yes.

**Damayanti Kerai:** Okay. And my second question is on your generic business in the US, where you mentioned there was some price pressure, etc. So two things, had it worsened compared to recent quarter in the base portfolio. And also if you can comment in the fourth quarter was Revlimid a significant contributor?

**Abhay Gandhi:** I will start with your latter question. I mean Revlimid sales in the Q4 was similar to Q3, and that was not very significant. On pricing, I think we have consistently said that it's product-specific thing, and nothing which I can speak to on a generalized basis. So product-specific, we continue to see pressure on pricing.

**Damayanti Kerai:** Okay. It's product-to-product and nothing we should read as part of the change in industry which might have happened on the pricing part.

**Abhay Gandhi:** There is not much which has changed as far as overall industry dynamics is concerned. Basically, it remains the same, that is what we have seen in the past.

**Damayanti Kerai:** Okay, thank you again.

**Moderator:** Thank you. Next question is from the line of Neha Manpuria from Bank of America. Please go ahead.

**Neha Manpuria:** Yes, thanks for taking my question. Abhay, first question on the Checkpoint asset. What should we think about from a timeline perspective for the launch of the product? Obviously, the deal needs to be completed, so will that be a launch probably in the later part of the year?

**Abhay Gandhi:** I think we have to wait for the acquisition to go through all the clearances. And before that, it won't be fair to give an answer on when we will launch. So I think we will actually wait for the processes to get over before I'm able to answer that question. Maybe on the next call, I will be able to.





**Neha Manpuria:** Fair enough. That's clear. My second question is on the India business. We saw a fantastic growth this year, given what the industry has been doing. Kirti, sir, when we think about next year, do we need to invest more in MR? Should the growth momentum that we have seen this year continue? Any color that we can provide on how we are thinking about the India business and the investments there?

**Kirti Ganorkar:** No, I have been telling for the last couple of calls is we want to grow higher than the market. And that's the effort we are continuously putting quarter-after-quarter. So this year our growth is at least 3%-4% higher than the market and the growth is coming from volume and new product. I strongly believe we have a good base and then the momentum should continue but we can't predict what this growth will be in coming years. It's very difficult.

**Neha Manpuria:** And any MR expansion plans for the growth?

**Kirti Ganorkar:** No, it's like a strategic lever what we said whenever we had done expansion it has helped us to grow. Depending on the opportunity which may come, we will decide on the expansions.

**Neha Manpuria:** Got it. Thank you so much.

**Moderator:** Thank you. Next question is from the line of Anubhav Agarwal from UBS Group. Please go ahead.

**Anubhav Agarwal:** Yes. Hi, guys. One, just trying to understand this \$100 million additional spend. So it will be multiple areas that we will be spending on. just checking, is there a dominant part that you guys will be spending on? So what I'm trying to ask is, you guys not been doing TV ads right now? Would you start doing TV ads for the new one? Or how much of this, let's say roughly, is going in expanding the infrastructure on the ground? Let's say more sales force versus more promotion. So what will be a rough split of salesforce expense versus the promotions expense out of this \$100 million?

**Abhay Gandhi:** The products that we are talking about are niche areas Anubhav. So they do not lend themselves to TV advertising clearly. So the promotion will be more with the HCPs as well as the patient advocacy groups. Later on as we evolve, we will keep evaluating what works best for the product.

**Anubhav Agarwal:** And Abhay the spend will be largely more tilted towards the promotion rather than adding more people on the ground?



**Abhay Gandhi:** It will be a combination. There will be certain expenses related to optimizing the field force, looking at the target audience that we need to cover, and also looking at competitive dynamics and how your competitors are structured. Large part will, of course, be the variable promo spend.

**Anubhav Agarwal:** Understood. And just last clarity on this, and then I will move to second question. This is largely for the new products, right? For the existing business, that's

**Abhay Gandhi:** Sorry, I missed you. Can you repeat?

**Anubhav Agarwal:** The question is this \$100 million spend is largely for the new products that you'll be launching, the two products that you'll be launching. The existing Specialty business is on business as usual?

**Abhay Gandhi:** That's correct. This is only for the new launches.

**Anubhav Agarwal:** Okay, that's helpful. Second question is for Dilip bhai. I'm just trying to understand one thing that current manufacturing for the branded product is out, Sun doesn't manufacture directly, most of them, and gets them contract manufactured. So let's say the tariffs, no one knows what number will come out for tariffs, but just trying to understand that how much, just as a process, how much time does it take if you need to shift manufacturing from outside US to US, from one contract manufacturer to the other contract manufacturer? So the question one is on time. Secondly, what's the harm in Sun Pharma already starting the process now, given what the US wants to do it, etc. So in terms of doing it later versus doing it now as a backup mechanism, just your thoughts on that.

**Dilip Shanghvi:** No, I think it's a good suggestion. You have to keep one thing in perspective that Ilumya is a biological and transferring a biological product and giving the kind of quantities that we require is not something that is easy to identify a CDMO who can do that in the US. So, we are looking at it because it's not a question of where we feel finished. We will have to manufacture the full product in the US, starting with the active substance.

**Anubhav Agarwal:** One part of the question was that if you were to do it, how much time does it take if you want to transfer the full product?

**Dilip Shanghvi:** I think both cost and time. In my view is that it will take at least 2.5-3 years before the new source is approved by the agency. And it cost a lot of money.

**Anubhav Agarwal:** Okay. Thank you very much.



**Moderator:** Thank you. Next question is from the line of Shashank Krishnakumar from Emkay Global. Please go ahead.

**Shashank Krishnakumar:** Hi. Thanks for taking my question. My first question was on Ilumya. I think our partner in Europe has commercialized 200 mg version there. Just wanted to understand the thought process and if we have plans to also sort of commercialize it in the US market?

**Dilip Shanghvi:** Abhay, you want to respond?

**Abhay Gandhi:** I think on the Europe part, you can, sir. In US, we are evaluating for the filing and then subsequently launching the product, but it will take some time.

**Shashank Krishnakumar:** Got it. And secondly, on MM-II, I think we have passed Phase-2, and I think we also have a fast-track designation here. I just wanted to understand why we are looking to sort of enter into a partnership to commercialize this? Is it largely because it doesn't fall within a broader Onco-Derma framework? Or why this change in the commercialization strategy?

**Dilip Shanghvi:** No, I think you said it's right, is that it doesn't kind of fit immediately into a focus in the US. Because I think we further strengthening our presence in the Dermatology, we continue to look at opportunities in Ophthalmology.

**Shashank Krishnakumar:** Got it, sir. Thank you. That's it from me.

**Moderator:** Thank you. Next question is from the line of Vivek Agarwal from Citigroup. Please go ahead.

**Vivek Agarwal:** The question is related to Leqselvi, the launch seems to have been delayed by 3-4 quarters because of the litigation, etc. So does anything change from this delay, let's say your expectations from this competitive dynamics or are your expectations on the product are more or less same, let's say you would have launched the product last year?

**Abhay Gandhi:** We still believe we have a competitive product. However, since the launch is delayed by, as I said, 3 quarters, I think the time to our expected peak will move a little. But I think the intent of the team will be to try and make up for that lost time by increasing the focus on the product and the investment on the product to try and mitigate it to the extent that we can.



**Vivek Agarwal:** Thanks, the second question is related to the recent acquisition on UNLOXCYT. So if I was looking at some of the competitive products, UNLOXCYT has a bit longer infusion, it is around 60 minutes. They don't have other indications, etc., While if you look at some of the other competing products like Libtayo well-entrenched with the market, longer clinical history, wider indication, so just trying to understand why the prescribers would shift to the new therapy UNLOXCYT, if you can help us understand? Thank you.

**Abhay Gandhi:** Two ways of looking at the whole thing while you we were right that your competitors will have multiple indications and we will end up with only one indication. And that also means that we will be able to give our attention and time to one single indication and try and be the best we can in the arena that we compete in. It helps us focus also better. So you can look at it either way. We look at it of course clearly, but it helps us focus better. Also don't forget in the same indication or rather with the same customer group, we have two other products that we go to. So we have familiarity with the customer groups. Some of course will be new to us, but we understand the space and that also helps.

**Vivek Agarwal:** Understood sir. And just a related question here, although you didn't launch the product yet, but is it pricing going to be one of the key differentiator because there is what I think the Checkpoint also indicated earlier that the product can be priced much lower compared to some of the other products that are in the market and can help a better market share? That's it.

**Abhay Gandhi:** How do you expect me to answer a pricing question when I haven't even decided the time of launch exactly? And transaction itself is not yet completed.

**Vivek Agarwal:** Understood, sir. Thank you. That's from my side.

**Moderator:** Thank you. Next question is from the line of Bino from Elara Capital. Please go ahead.

**Bino:** Hi, good evening. First question on Leqselvi, the patent litigation, as I understand, is ongoing. So to that extent, if we launch in coming second quarter, it would be sort of at risk of any damages if at all we lose the patent litigation. Am I right in thinking so?

**Abhay Gandhi:** Yes, that's true.

**Bino:** Okay. And second, this 100 million additional spends that you would do, how should we look at it? You will have a normal selling SG&A expense on which you will have a normal increase which happens every year. On top of that there will be an additional 100 million. Is that the way we can model it?



**Dilip Shanghvi:** That's correct. I think we don't want only look at the normal expenses. We got to understand that there are significant launch related costs for these products and it needs to be factored. We don't want to negatively surprise investors afterwards.

**Bino:** And finally, there is a tax rate which has gone up significantly compared to last few years at 19% this year, consolidated level. Is that a new range we should look at for tax or is there some reason why it is high this year?

**C. S. Muralidharan:** So we have indicated in earlier communications also that the tax rates continue to inch or go up. Mainly due to this year, we have also said that utilization of the past losses we exhausted. That's one of the primary reasons for the increase in tax rate.

**Bino:** Okay, so practically this is roughly the range that we should expect going forward. Okay, thank you very much.

**C. S. Muralidharan:** Bino, just one second. What I said is that it will inch up I said compared to the last year if you see our full year was 16.6, this year is 19.8. That's because of the tax losses it could inch up from the current level.

**Bino:** Got it. Thank you very much.

**Moderator:** Thank you. Next question is from the line of Girish from OrbiMed. Please go ahead.

**Girish:** Hi, thanks for taking my question. Abhay, just going back to the Checkpoint actually, I know the transition is yet to close, but what's the key difference between the competition, particularly Libtayo for this asset?

**Dilip Shanghvi:** I think broadly our understanding is that in the class it has possibly the safest side effect profile.

**Girish:** So, Dilip bhai, if I just actually ask a bit of generic question here, given this is PD-L1, others are PD-1. Is there a difference for clinicians materially? I don't know if it has been observed in a clinical setting or in other cancers. Does that give a material edge to your asset?

**Dilip Shanghvi:** We believe it does.

**Girish:** Okay. That's helpful. Second question was on the psoriasis market. I mean, I know Ilumya is going strong, but FY'27-'28, given there will be full steam Humira, full steam Stelara Biosimilar, what's your thought on, let's say, 3 years down the line to this asset?



**Abhay Gandhi:** It's an evolving situation, so we keep evaluating. And yes, my expression, which you can't see is similar to Dilip bhai, but whatever modeling we have done so far, I mean, there will be an impact, but we think it will be a small impact and the product can continue to be a growth driver in the existing therapy as well as with the new indication that we will get.

**Girish:** Would biosimilars, let's say, impact differently in medical channel versus commercial directly?

**Abhay Gandhi:** So it's a narrower competitive field. So to that extent it helps. Now how much is something that we need to continuously evaluate because there is only so much that you can estimate with a great degree of certainty.

**Girish:** Right. Abhay, do you have any number like how much biosimilar conditions should there be, let's say, 3 years down the line from both these products?

**Abhay Gandhi:** I mean, I can't have a number which I can share with you.

**Girish:** Fair enough. Thank you so much.

**Moderator:** Thank you. Next question is from the line of Tushar Manudhane from Motilal Oswal. Please go ahead.

**Tushar Manudhane:** Yes, thanks for the opportunity, Sir just with respect to, firstly, on the R&D spend guidance of 6% to 8%, so does this factor the R&D spend, additional or higher R&D spend on the existing projects, or are we building new projects for the R&D spend basically? That's my first question.

**Dilip Shanghvi:** It includes everything. It does not include transactions that we have not done. If there is a transaction that we do in future during the year, then that can change the guidance. But this includes whatever that we have in the pipeline.

**Tushar Manudhane:** Got it. And sir secondly, with the growth in let's say branded markets of India, Emerging Markets, and the Specialty, and at the same time spending on the Specialty product, how to think about the EBITDA growth compared to revenue growth for FY'26?

**Dilip Shanghvi:** Generally, we don't give margin guidance. That is why because we felt that analysts would not have clarity about increased cost of launching the product, we give a specific number which helps the model but we don't give margin guidance.



**Tushar Manudhane:** Okay, sir. Thank you.

**Moderator:** Thank you. Next question is from the line of Anubhav Agarwal from UBS group. Please go ahead.

**Anubhav Agarwal:** Yes, thank you. Just trying to understand the impact of new MFN laws on Sun Pharma. So please help me understand if this is an important metric to look at. If on the Medicare side, would they look at price difference between Ilumya in the US and Ilumetri in Europe and then try to compare the two and ask you guys to let's say match those prices, one. That's first part of the question. Second, is there a material difference between the price of Ilumya and Ilumetri?

**Dilip Shanghvi:** I think we have to wait for greater clarity on finally how this... because as I read it, it is kind of currently at a voluntary level. So we have no idea as to how it plays out. So we have to wait for greater clarity before we respond. To the question of the price difference between the US and Europe, I think all the branded products will have significant difference in the prices between US as well as Europe. I mean this is not only our product, all the products. Only thing we have to keep in perspective is that it for any reason I don't understand but stock prices of big pharma companies have not changed.

**Anubhav Agarwal:** Just one technical clarity on this like Sun is selling Ilumya in the US but Sun technically is not selling in Europe. So does it...?

**Dilip Shanghvi:** There are many issues that we can go into. So, till the time we have clarity on finally how the law is because this is just a what you call guidance document without specific how it will be implemented and on what condition, what provision. Because if you see the IRA when they wanted to implement, they gave a significant amount of time and very great level of clarity as to how, what, what is negotiation, how it will be done. So that level of clarity doesn't exist here.

**Anubhav Agarwal:** Okay, thank you, Dilip bhai. Second question is on R&D. So I'm talking not on the Specialty, but on the generic R&D here on the non-Specialty side. The absolute amount for Sun Pharma is largely similar in the last 4 years, somewhere about \$230 million. Based on the focus of the company on the Specialty side, how would you think about this absolute amount that the company is spending on the generic side? Would this absolute amount remain flattish? Go down from here because the focus on generic is reducing and as well as opportunities in the markets are reducing?





**Dilip Shanghvi:** I mean generally I have said that there would be increase in the Specialty R&D. However, since we spend money as a percentage of our turnover, I am not expecting the absolute money spent on R&D for generics to go down.

**Anubhav Agarwal:** One question on the cash. So the company is carrying \$3 billion cash is there. And almost generating more than a billion-dollar free cash flow. So all the acquisitions that you made so far in the last few years, they were less than the free cash flow companies were generating and you not been using the cash pile. So just trying to understand here, what is eventual use, would someday you will end up doing a very large acquisition you will use the cash, otherwise your free cash flow is so large that you're not acquiring to that extent.

**Dilip Shanghvi:** I think we have always consistently maintained that we continue to look at acquisitions which will help us create value. Because any business that we acquire, should be able to run it significantly better than the current owners. Or we should have significant potential synergies. Otherwise it will not justify the acquisition premium.

**Anubhav Agarwal:** So would you be look out for a large equation at some point of time, not the timeline. But if you get an opportunity like that, even if it's a large platform, you would be able to...?

**Dilip Shanghvi:** Yes, with our Ranbaxy experience, we will also look at our ability to manage. Because anything that we do, should then be able to manage and manage it well. But size is not something which would kind of put us off. We are open to do it, but more important it has to be strategic. And multiple other, what I would call, checklists it needs to go through.

**Anubhav Agarwal:** Thank you very much for your response.

**Moderator:** Thank you. Next question is from line of Kunal Dhamesha from Macquarie Group. Please go ahead.

**Kunal Dhamesha:** Hi, thanks for the opportunity again. Couple of question on Unloxcyt. Abhay, would you say that Ilumya's current prominent case standard in the US could also be the primary channel for Unloxcyt?

**Abhay Gandhi:** Sorry, I'm not clear on the question. Ilumya and Unloxcyt are in two different spaces.

**Kunal Dhamesha:** Right, but the payorr channels, let's say there are peer channels like Medicare Part B, Commercial Medicaid, right? So would you say that Ilumya's prominent channel would also be the Unloxcyt's primary channel for sale, given the...?





**Abhay Gandhi:** There is some overlap, I think I would not want to characterize it as a same channel at all, because it will be a combination. There is a buy and bill component, that is where you are going, but that will not be the only one.

**Kunal Dhamesha:** Sure. And secondly, since we have Levulan in the portfolio, which is for actinic keratoses, which is a precursor condition for the squamous cell carcinoma. Do you think does that also help us synergistically identify patients versus maybe competition?

**Abhay Gandhi:** Which is what I said when I answered a prior question by another of your peers., that understanding the space and knowing the customers and the conditions will help us definitely. And that is why we are looking at more products in that space to strengthen our franchise as a whole.

**Kunal Dhamesha:** Sure. Thank you and all the best.

**Abhay Gandhi:** Thank you.

**Moderator:** Thank you. Next question is from the line of Saion Mukherjee from Nomura. Please go ahead.

**Saion Mukherjee:** Yes, hi. Good evening, sir. One question I have on the Specialty pipeline. This is regarding SCD-044 for atopic dermatitis and psoriasis. So are we expecting the topline data which is mentioned as first half of this calendar year, that means in the next one month or so?

**Abhishek Sharma:** Sorry, which product?

**Saion Mukherjee:** SCD-044.

**Abhishek Sharma:** Yes, that's right.

**Saion Mukherjee:** Okay, and my second question would be on R&D spend. Assuming, you know, this data is, good and you want to start the Phase-3, when do you expect Phase-3 trials for this product to start? And have you sort of factored that sort of expense for Phase-3 in the R&D guidance for fiscal '26 or you think that comes up in fiscal '27?

**Dilip Shanghvi:** You're talking now, continue to talk of SCD-044?

**Saion Mukherjee:** Yes, that's right sir. I mean assuming, once we get the data...



**Dilip Shanghvi:** I think as a process what we have done is what you call it evaluated all potential studies that we will either we are ongoing or which we will start during the year and how much we can spend during the year as a part of the guidance.

**Saion Mukherjee:** Alright sir, are these phase 3 studies very expensive? Can you give some color? If you can give some idea about the quantum of spend if you have to do phase 3 studies for these assets?

**Dilip Shanghvi:** I mean, general answer would be these are long studies and expensive studies. Specific number till we have the negotiation because we have to power the study. For that we have to understand the Phase-2 data with a view to understand how to power. So all of that will help us in designing the study and that. So till we have that clarity, we will not. We would have taken some indicative number for all potential studies which are likely to be started. But some of them will be and that is the reason why we have this 6% to 8% guidance.

**Saion Mukherjee:** Got it, sir. Thank you.

**Moderator:** Thank you. Next question is from the of Vivek Agarwal from Citigroup. Please go ahead.

**Vivek Agarwal:** Hi. Thanks for the opportunity. Now, if you look at the current US administration is talking and also focusing a lot on reducing the role of middleman, PBMs, etc. So how do you see this move? Do you see improvement in access of some of the products like Ilumya, Cequa etc. where I think there is a lot of scope as far as the improvement in commercial segment? Thank you.

**Abhay Gandhi:** I think the answer will be similar to what Mr. Shanghvi answered when it comes to MFN. There are no specifics at this moment. So on the ground, no changes.

**Vivek Agarwal:** Understood, sir. Thank you. That's all from my side.

**Moderator:** Thank you. Next question is from the line of Kunal Lakhan from CLSA. Please go ahead.

**Kunal Lakhan:** Yes, hi. Thanks. Good evening. Just on the MFN again, I know you said there's no clarity there on how it will be implemented. But just in the event that it does get implemented, what proportion of the US business would be impacted by this? Will it be like the entire US Specialty portfolio or some part of it?

**Dilip Shanghvi:** I mean, there is no clarity only. Whether it will apply to Medicare, Medicaid or it will apply to Commercial. So when there is no clarity, how can we give any idea?



**Kunal Lakhan:** Okay, alright.

**Dilip Shanghvi:** I mean there is a statement if you say which says that patient can get access. I don't know how a patient will get access till there is a method by which a patient can claim reimbursement from the insurance company because doctors have a way by which they can claim reimbursement for products in the formulary. So how will this process work? There has to be some clarity.

**Kunal Lakhan:** Understood sir. On the investment of 100 million for launch of new products, what would this number have been in FY'25?

**Dilip Shanghvi:** This we are guiding for extra cost.

**Kunal Lakhan:** I get it, but is there a similar number in FY'25 that was embedded which you have not separately indicated?

**Dilip Shanghvi:** No, we didn't launch any important product last year.

**Kunal Lakhan:** Sure, understood. Also, any color or any expectation that you have on the tariff side, where those discussions are heading?

**Dilip Shanghvi:** We have no idea, I think. So we have to wait for clarity to emerge.

**Kunal Lakhan:** Alright, thank you so much.

**Dilip Shanghvi:** Thank you.

**Moderator:** Thank you. Next follow-up question is from the line of the Damayanti Kerai from HSBC. Please go ahead.

**Damayanti Kerai:** Thank you for the opportunity again. My question is for Ilumya for psoriatic arthritis indications. And already just mentioned topline data expected in second half of this calendar year. So just want to check earlier you mentioned that there were some delays in patient recruitment, etc. So all those have been covered and you are now on track to release data?

**Dilip Shanghvi:** Yes, that's the disclosure, correct. Okay and if you see it took a long time so from a typical Phase-3 study we should have done this much earlier.



**Damayanti Kerai:** Okay, and this data will that be sufficient for you to file to the USFDA for this indication?

**Dilip Shanghvi:** Yes, that's the idea.

**Damayanti Kerai:** Okay, that's helpful. My second question is an emerging market. So again, the business is above USD 1 billion. So can you comment on its profitability? Like how does it look compared to the corporate average?

**Dilip Shanghvi:** I mean what is the question?

**Damayanti Kerai:** I just want to understand the profitability profile of your emerging market business in comparison to the corporate margin labels like how does it look better lower or broadly on par?

**Dilip Shanghvi:** I think it's a very profitable business.

**Damayanti Kerai:** Okay and you have like few big markets which you read out in your comment earlier, so those are the focus markets for you or do you have plan to look into some newer market as well?

**Dilip Shanghvi:** No those are the, we have 1 or 2 additional focus markets but otherwise these are the major markets.

**Damayanti Kerai:** Okay, thank you. That's helpful.

**Dilip Shanghvi:** Thank you.

**Moderator:** Thank you. Next question is from the line of Kunal Dhamesha from Macquarie Group. Please go ahead.

**Kunal Dhamesha:** Hi. Thank you for the opportunity again. Just one on the Nidlegly, our foray with the Checkpoint, is there any change in thinking about this product for the US market? Because it kind of fills the gap on the melanoma skin cancer?

**Dilip Shanghvi:** I think we are evaluating its attractiveness for the US because they are doing two separate study, one for Europe and one for US. So it is different timelines.

**Kunal Dhamesha:** And one follow up question on the Ilumya pricing where you suggested that any branded product the pricing in US would be higher than the other developed markets. But let's say average out of pocket



cost for Ilumya in US would be meaningfully lower than the other developed market prices for Ilumya or our pocket cost will be higher than the other developed market prices for Ilumya?

**Dilip Shanghvi:** Your question is whether out of pocket in US is higher than the market price of the other countries or what is the question?

**Kunal Dhamesha:** Yes, that is the question.

**Dilip Shanghvi:** How can that be? There will be no sale in case if people have to pay that kind of money in the US. Abhay, I think you can clarify but that's my understanding.

**Abhay Gandhi:** I mean, it cannot be, you know. There will be no space. I mean, except on uninsured patient, that kind of money nobody pays out of pocket. Otherwise, for a particular product that is the scenario then the doctors and patients will shift to something else.

**Kunal Dhamesha:** Then practically MFN in its current form is only for uninsured patient is what we can conclude, right?

**Dilip Shanghvi:** No, we can't conclude anything. think that's the reason. I think let's not try to read more than what we know. I think there will be greater clarity as time progresses.

**Kunal Dhamesha:** Sure. Thank you, sir.

**Moderator:** Thank you. Next follow up question is from the line of Tushar Manudhane from Motilal Oswal. Please go ahead.

**Tushar Manudhane:** Thanks for the opportunity again. So just with respect to this, the charge of \$37 million with respect to national prescription opiate litigation, so is that what the overall amount will be paid or is there something more to be done in the coming quarters?

**C. S. Murlidharan:** So this is the substantial amount that has all been provided in the books.

**Tushar Manudhane:** Okay. And also if you could just clarify this 11 million while small amount, but still that is gone for the integration and restructuring of operations in US. This is if you could just elaborate a bit on this?



**C. S. Muralidharan:** 11 million, you're talking about the exceptional item? So that is regarding the Taro and Concert integration related expenses.

**Tushar Manudhane:** Thank you, sir. That is it from me.

**Moderator:** Thank you. Next question is from the line of Dhawal from Jefferies India. Please go ahead.

**Dhawal:** Hi, sir. Thank you for taking my question. So just wanted to check on Unloxcyt. Does Keytruda patent expiry in coming years, will that significantly impact the market dynamics once that event occurs? That's the first question. Second, on the guidance for past several years, we have done high single to low double digit. And for this year, it's lower than what we have done. India clearly, we have sort of, we are doing well and we are looking to outperform the market. So it kind of indicates that there is a slowdown in the Global Specialty or the ROW and EM markets. So will that be the correct interpretation?

**Dilip Shanghvi:** No, I think the correct interpretation is high level of global uncertainty. Because today if you look at currency fluctuations of rates in different geographies, it is very difficult to predict and we disclose part of it in constant currency growth, which sometimes is significantly different from actual growth that financially we are able to grow. I think overall we are operating from a view that businesses are well positioned to continue to grow. I think Abhay, would you answer about Keytruda and Unloxcyt, what was the impact?

**Abhay Gandhi:** Yes, sure. what I would say is that our indication is only one of the indications for Keytruda. in acquiring the product and building up our business case, the patent expiry of the competition has been factored in and we still feel that the product can become a meaningful contributor to our Specialty business in the US.

**Dhawal:** Thank you.

**Moderator:** Thank you. Next question is from line of Saion Mukherjee from Nomura. Please go ahead.

**Saion Mukherjee:** Thanks for the follow up. Is there an update on Mohali and Halol sites as far as FDA issues are concerned? And have the supplies from Mohali completely normal at this point?

**Dilip Shanghvi:** I think we have disclosed that we have requested FDA to audit Halol, they have to decide. I think most likely this may be a surprise audit, so we don't know when they are likely to audit. Mohali as well as Dadra I think we have not yet requested them because some of the ongoing remediation they have to be completed in our view so that we can then request for an audit. So when we will do that, we will disclose.



**Saion Mukherjee:** Got it, sir. And my second question, on this Specialty product, Fibromun, for soft tissue sarcoma and glioblastoma, can you give us some timeline as to what we should sort of look forward to over the course of the next year or next two years? What are the key milestones and timeline around that?

**Dilip Shanghvi:** So at this point I don't want to give something, but I understand that there is an interest in trying to get a greater clarity. So we will try and see what we can share.

**Saion Mukherjee:** Okay, thank you.

**Dilip Shanghvi:** Thank you.

**Moderator:** Thank you. Next question is from the line of Vishal from Systematix Group. Please go ahead.

**Vishal:** Good evening and thanks for the opportunity. On MM-II wanted to understand whether this is a device or a drug and what would be the Phase-3 timelines like how long that can take for it to be commercialized?

**Dilip Shanghvi:** It is treated as a drug in many geographies. In Europe, is treated as a device. The typical timeline would depend on what kind of studies the regulator will ask and whether there would be a requirement at least to cover a large number of subjects. So it's all the function of finalizing the protocol with the agency to decide on the time required first completing the study.

**Vishal:** So since like assuming like if this is as you said it's a device for European regulators does that mean the size of the trial can be lower or the duration of the trial can be lower or that doesn't matter?

**Dilip Shanghvi:** No size of the trial would be lower in case if it's treated as a device. But I think our interest would be to register it as a... I mean my understanding is that the product attractiveness comes on if it's approved as a drug in some of the geographies.

**Vishal:** Okay. And just one final one on semaglutide would we look to commercialize that in our focus emerging markets?

**Dilip Shanghvi:** Yes, I think that's the plan.

**Vishal:** Okay. Thank you. That's all from my side.

**Moderator:** Thank you. Next question is from Vivek Agarwal from Citigroup. Please go ahead.



**Vivek Agarwal:** Hi. Thanks. Most of the questions have been answered. Just on generic business, in FY'25, we have seen a decline. So how to see the generic business panning out in '26? This will effect to grow this business in '26, how to look at it? Thank you.

**Abhay Gandhi:** I think when we are able to get our plants in compliance, that will help them gradually improving the profile of the generic business.

**Dilip Shanghvi:** Otherwise our overall guidance is factoring all the potential for all our businesses.

**Vivek Agarwal:** I understood sir and on Revlimid, right, the product was not there, significant in this quarter, previous quarter, so do you expect this drug to reflect in some of these products or is it more or less done for you?

**Dilip Shanghvi:** No, I think it is included like what I said in our overall guidance.

**Vivek Agarwal:** Okay sir, thank you. That's all from my side.

**Moderator:** Thank you. Next question is from the line of Madhav from Fidelity International. Please go ahead.

**Madhav:** Hi, first question is on the sales growth guidance. I think you have said the mixed single digit to high single digits, we are being a bit conservative because of global uncertainty and it seemed like it was linked more to the FOREX volatility potentially that may or may happen. Is that what we referring to or is it some other uncertainty that we are referring to?

**Dilip Shanghvi:** I think so many open issues, you see if you see tariffs, you see fluctuations in global currency rate fluctuations. So all of that I think it's better to be realistic about our ability to manage and our getting impacted by things which are not in our control. So our effort is not to kind of get into a situation where we give justification of what we can't achieve.

**Madhav:** But like you yourself mentioned that on the tariffs, MFN, there is actually lack of clarity. So I don't think anybody knows how it finally comes in. So this seems like you're being just conservative rather than knowing any actual impact, right? Is that how we should think about it?

**Dilip Shanghvi:** No, I think what you should think is that it is wise at this point of time not to take a stretch objective.





**Madhav:** Okay, got it. And sir the second question was just on the \$100 million spend for the new Specialty launch in FY'26. Given it seems like it's more of a launch expense, is this something which is a recurring expense, or this is the kind of spend we usually have when we launch the product and then it reduces, or this is going to be more for recovery expense in the future years as the product scales up?

**Abhay Gandhi:** So I think you have to look at it in 2 ways. The year also will be a partial year for the launch of the two products. Some are very initial upfront expenses and some will be recurring. Now, I haven't done the budgeting for next year, so I don't know how it will shape up. But any launch will have an upfront and then a certain recurring also. For example, if you take a field force, if I have an X number of people, then a recurring expense, but for the year it will be only shown as partially. So it's a combination. How the next year would shape up, I think we will give probably a new number when we reach that stage if there is a requirement. But I think specifically this 100 million we are calling out so that it can go into your factoring and your modeling because it is not something that we have seen in the past.

**Madhav:** So the expenses related not to the salesforce but I think you mentioned HCP and patient advocacy groups related expenses...

**Abhay Gandhi:** What I said is the combination of all of them.

**Madhav:** Okay, understood. Thank you.

**Moderator:** Thank you. As there are no further questions, I will now hand the conference over to Dr. Abhishek Sharma for closing comments.

**Abhishek Sharma:** Before we conclude the call, we would like to share an organizational update. Ms. Jayashree Satagopan has joined Sun Pharma and will assume her role as Global Chief Financial Officer effective from 1<sup>st</sup> of July. Concurrently, Mr. C. S. Muralidharan will be superannuating from this role. On this occasion, we extend our sincere appreciation to Mr. Muralidharan for his unwavering commitment and distinguished leadership throughout his tenure with Sun Pharma. Thank you and have a good day.

**Dilip Shanghvi:** Thank you.

**Moderator:** Thank you very much. On behalf of Sun Pharmaceuticals Industries Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.