



Corporate Participants

Dilip Shanghvi

Managing Director, Sun Pharmaceutical Industries Ltd.



Moderator: Ladies and gentlemen, good day, and welcome to the Sun Pharmaceutical Industries Limited Conference Call. As a reminder all participant lines will be in the listen-only mode. Should you need assistance during the 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 Mr. Nimish Desai. Thank you, and over to you, Sir!

Nimish Desai: Thank you. Good evening and welcome to this call for providing an update to all our stakeholders on the recent media reports on Sun Pharma. In this call, we will only address the issues about the company that have been highlighted over the past week and I request you to kindly refrain from asking business related questions. We will attempt to ensure that everybody gets an opportunity to seek clarifications, and hence I request all of you to just ask one question in the initial round.

We have with us Mr. Dilip Shanghvi, the Managing Director of the Company.

Just as a reminder, the call is being recorded and the replay will be available for the next few days. The call transcript will also be put up on our website shortly. The discussion today might include certain forward-looking statements and this must be viewed in conjunction with the risks that our business faces. I will hand over the call to Mr. Shanghvi.

Dilip Shanghvi: Welcome and thank you for joining us for this call which we are holding to give all of you, clarifications on issues raised recently by one of the securities firm, which are also covered by media and the recent online article on a potential whistleblower complaint.

Let me at the outset clarify that the points raised in the note issued by securities firm pertains to information, which are sourced from public domain information and have been available to investors for some time. Some of the issues are not related to Sun Pharma. Some issues are actually incorrect and some issues are very old, dating back as much as 10 to 15 years or maybe more. The underlying theme of the note is to project serious corporate governance issue at Sun Pharma.

Let me reinforce that we follow high level of corporate governance at Sun Pharma which is expected from a global company of our size. We are constantly evaluating how to further strengthen our corporate governance to meet investor expectations and also the changing regulatory environment.



We had issued a broad clarification on these issues to the stock exchanges some days back, but based on the feedback that we have received, we feel that more clarity is needed and hence we are holding this call today.

We have spoken to many large investors, some analysts as well as some senior media personnel and we are well aware of the potential questions that all of you may have. We will try to offer as much clarification as possible to your queries.

Let me know address the specific issues raised in this note.

One of the points related to an audit firm, Valia & Timbadia, wherein it was indicated that one of the partners of this audit firm was investigated in a stock rigging case. The matter being referred here is about 20 years old and none of the partners of the audit firm or the firm itself were a party to this investigation. They have been our auditor for a long time. The audit firm audits some of our small subsidiaries.

Let me also clarify that the subsidiaries that this firm audits are non-material subsidiaries for us. Further, all such subsidiaries put together account for only 0.6% of our consolidated revenue for FY18. Moreover, audit is conducted in accordance with the applicable law. Given the small size of these individual subsidiaries; it is sometime not practical to engage any large global audit firms for them. However, we are open to looking at ideas, which will address investor concerns related to ensuring confidence in the numbers that we share with you, which might include introducing additional audit firms or new audit firms in the subsidiaries.

Lakshdeep is an investment company of Mr. Valia. As per the then legal advice received by us, we classified the same as a non-promoter entity and disclosures were made accordingly. However, even if it were to be calcified as a promoter entity, it does not materially change the current promoter shareholding. Further, as a concern has been raised, we are in the process of seeking a revised legal opinion on this matter.

The other point refers to Sun Pharma appointing Jermyn Capital to co-manage its FCCB issue. There are also some questions raised on the subscription of the FCCB. The fact is that the securities firm, which has highlighted this issue last week, has not mentioned that J.P. Morgan Chase was the lead



manager and sole book-runner and Jermyn Capital was only co-manager. This is also a historic issue dating back to 2004, about 14 years back.

One of the points raises questions regarding relationship between Orbit Investment Services and Investment Trust of India. The investments made by these entities may be private investments made by independent parties and Sun Pharma is not privy to that information.

Another issue pertains to Sun Pharma lending some money to four individuals without security. This is also 20 years old, which happened in 1995-96. The amount of money involved also was very smaller, few lakh rupees and was fully recovered. The company conducted business as per its policy guideline and in accordance with the applicable law at that time. If at any point of time, any loan was extended to an individual, as per then prevailing guidelines of company, those loan accounts have been closed after receiving all the receivable from the borrowers. It is also pertinent to note that these four individuals were investigated by SEBI. The Appeals Tribunal in 2002 has actually given a ruling in favour of these four individuals. And we will share the link in once the transcript is on the site.

One of the other issues pointed out relates to an insider trading case, which was settled with SEBI regarding the Ranbaxy acquisition. Let me clarify that Sun Pharma has not been involved in any insider trading norm violation relating to the Ranbaxy deal. However, there was some minor technical issue relating to a procedural aspect of trading window closure due to intervening holidays. Many of you would recall that the board meeting for approving the Ranbaxy acquisition was held on Sunday and hence our lawyers advised that there is no need to announce a trading window closure since stock markets are always closed on Saturday and Sunday.

SEBI later on ruled that we should have announced a window closure. This case was settled with SEBI without admission of guilt, in accordance with the provisions of applicable law and the matter was closed. It is also important to note that none of the insiders traded in the Sun Pharma stock even if the window closure was not announced.

There is also a point raised of myself buying shares of Natco Pharma in my personal capacity from a company known as Orange Mauritius. I wish to clarify that this transaction has been disclosed by me on the stock exchange when I entered into the transaction. I am not aware as to from who I bought



the shares; however, I have a great deal of confidence and respect for both Mr. Chowdhury and Rajeev and believed that the company was likely to do very well. I still continue to own these shares because this investment was made as a long-term investment in my personal capacity.

There is also an issue raised on Sun Pharma's domestic formulation business being routed through a related party. Many of you have also sought clarifications on this.

Let me explain. Our domestic formulation sales are undertaken through Aditya Medisales Limited (AML), which became a related party in FY18. However, the domestic formulation business transactions with AML have been in existence for many years. Transactions with AML are reported as related party transactions in FY18, but not in previous years since AML was not required to be calcified, as a related party prior to FY18. AML became a related party in FY18 due to the consolidation of its shareholding among fewer entities as compared to in the past. We had also taken shareholder approval on this in our 2017 AGM. These transactions cover sales made to AML in FY18 and consequent receivables.

The financials of AML are available in public domain from which it is evident that AML does not enjoy any significant profitability. For FY18 following were the key financials of AML. Sales of Rs.8000 Crores, EBITDA margin of 1.7% and net profit margin of 0.4%. So in line with any distribution business profitability, as I see.

Sun Pharma's relationship with AML is on arm's length basis. As investors have expressed their concern regarding this arrangement, we are in the process of discussing various other options for undertaking the domestic formulation business. We are open to the idea of changing this distribution if, based on our interaction with investors, we get a feeling that that is what will make them comfortable.

Other points raised include Sun Pharma giving guarantees to Suraksha Realty. Now this is factually incorrect. Sun Pharma has never given any loan or any bank guarantee to Suraksha Realty at any point of time.

There are also concerns raised about our tax rate being low single digit. This has been the case for many years and now our effective tax rate is in mid-teens. We have guided many times in the past



quarters that our tax rate will gradually inch up in the coming years, as the manufacturing facilities, which are in tax-exempted locations, will start getting taxed.

Finally, we come to the recent news about report of a whistleblower complaint filed against Sun Pharma with SEBI. We have already clarified that as of now we have not received any query related to this from SEBI and we are not aware about any whistleblower complaint filed against Sun Pharma, except the press articles that all of us have seen together.

Relating to the reopening of insider trading case by SEBI, we have not received any information from SEBI regarding this and hence are unable to comment at this point now.

We have also some queries on loans and advances given to non-related parties, which have increased significantly in FY18. These are loans and advances given in the normal course of business at arm's length basis, at market interest rate and market terms and conditions.

I hope that these clarifications will be useful to investors in understanding these issues in a better way. We now open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. We have the first question from the line of Nitin Gosar from Invesco Mutual Fund. Please go ahead. There seems to be no response from the line of Mr. Nitin Gosar. We will move to the next question. The next question is from the line of Wesley Wong from Oxbow. Please go ahead.

Wesley Wong: Thanks for taking your time. I had actually a very specific question related to your last comment, where you mentioned that certain loans were made at market rates at an arm's length basis. Can we be more specific? When I look at Page 162 of your Annual Report under loans to employees and others, on a year-on-year basis, there has been an increase from 607 million rupees last year to Rs.22.4 billion almost 250 million dollars. Can you explain the nature of this 250 million dollars you have taken and why?

Dilip Shanghvi: What is the question?

Wesley Wong: The question is the nature of the Rs.22.4 billion of loans disclosed on page 162 of your annual report made to employees/others?



Dilip Shanghvi: I think it is classified as employees and others. It is business loans given to non-related party, which has increased significantly and I think we have been interacting and talking to shareholders over some time. Based on this and if there is a sense and they expect this is not in the best interest of shareholders then we will see what best we can do to reverse the transaction if that becomes necessary.

Wesley Wong: That was not my question. My question is, what is it? What is the nature of it? Who are you lending to?

Dilip Shanghvi: Yes. So I think this challenge, which I face generally in responding to questions, is that there is information, which are material to interest of business. I cannot share some materially important information, which is specific for business. I am not able to give you more information about to whom the money is given to; however, I understand your concern, which you have and we will try and address this concern at the earliest.

Moderator: Thank you. We will move to the next question. The next question is from the line of Nitin Gosar from Invesco Mutual Fund. Please go ahead.

Nitin Gosar: Thanks for the clarification. Just one question on AML. Broadly, it is understood that AML does C&F work for the Sun Pharma, and broadly, it has been the principle or broadly, the industry follows this practice as well. The C&F agencies have been provided to family and friends. How do you see this transaction and what are the options available for you to address the investors' concern if investor wants to unwind this kind of transaction?

Dilip Shanghvi: We can either look at Sun taking over the distribution directly or buying or acquiring AML sales at cost. So we can look at multiple options. Let me clarify, I think historically we have always believed that having AML represent Sun as their distributor is in the interest of Sun Pharma shareholders. Finally, the sense is that this for the purpose and comfort of transparency it needs to be clarified, then and we will look option of discontinuing with this arrangement.

Nitin Gosar: Okay. Got it Sir. One more clarification during the call, results concall, you mentioned about some readjustment in the domestic sales. Has that got anything to do with the AML?



Dilip Shanghvi: Yes, most likely that is that way it would have been is that when the GST was introduced I think inventory with AML would have gone up a little bit, which, based on the focusing on controlling working capital, that inventory would have been rationalized.

Nitin Gosar: Okay. Got it. Thank you.

Moderator: Thank you. The next question is from the line of Gaurav Gupta from EquiAlpha Advisors. Please go ahead.

Gaurav Gupta: I just wanted to understand the role of Mr. Valia, which is besides Sun Pharma, they are involved in 28 other companies including Suraksha Realty and some other ITI, Fortune Group involving in finance and other businesses. So besides he is the Executive Director in the company, so what exactly his role in Sun Pharma?

Dilip Shanghvi: Mr. Valia is involved in terms of advising on finance as well as tax planning and strategic directions for the company.

Gaurav Gupta: So they have no other role besides of – I mean finance part in Sun Pharma?

Dilip Shanghvi: Yes, other than these activities, he has no operational involvement with any part of the business.

Gaurav Gupta: If the remuneration is not commensurate with I mean, with the kind of services they are providing to Sun Pharma which is and they are in line with you, they have got some variable component also, which is this year they even downgrade, which is they have not posted the profit on a standalone basis?

Dilip Shanghvi: No, let me understand, what is the question?

Gaurav Gupta: The question is I mean they also got variable remuneration also from the company, so the kind of profit, you are explaining, which is, they are managing the finance part of the company. So I mean they are not matching?

Dilip Shanghvi: So is the question that is Mr. Valia overpaid or what is the question?



Gaurav Gupta: I mean I just wanted to understand about the variable component?

Dilip Shanghvi: I do not think Mr. Valia has any variable component.

Gaurav Gupta: This quarter, they even get which is Sun Pharma did not post profit on a standalone basis? Otherwise, their terms of agreement are having the variable?

Dilip Shanghvi: What is the source of your information?

Gaurav Gupta: Annual report only.

Dilip Shanghvi: Okay, so I do not think even I have any variable component.

Gaurav Gupta: Thank you.

Dilip Shanghvi: No, but for sake of clarity, I think amongst all the Indian pharma companies, if you look at the salary drawn by me or Mr. Valia, then we would be amongst the lowest paid executives.

Gaurav Gupta: You are absolutely right Sir. This is true. Thank you.

Moderator: Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala: Good evening. Sir just on the FCCB issue, I am not so sure even if JP Morgan was the lead book manager, why have someone as Jermyn as your co-book runner? And is it true that what the article suggest is as per SEBI's order of 2001, Jermyn had connection with Ketan Parekh and Dharmesh Doshi?

Dilip Shanghvi: Sameer, I think I will not able to respond because these is old information, so we do not have this information with us. You would remember because you have been tracking us since a long time is that in 2004 when we raised the FCCB issue, we were only a Rs. 1100 Crores company, which is let say 3% of our current turnover. So I think in last 14 years, regulatory framework, laws, expectations of transparency, corporate governance, everything has changed significantly. So to apply today, with retrospective effect and revisit many of the decisions, which management had

taken, I think it will put unreasonable burden on people because whatever I decide today is based on the law, which is as I see today, and of a company that I am managing today. So tomorrow if we become, let us say, five times, 10 times in case of this, we were today almost 25-30 times bigger, then it will be a very different organization, different expectations. So I want you to be, factoring this also as a business reality.

Sameer Baisiwala: Yes. Sure and second question is on AML, so is it fair to say that the company is owned by the promoter, promoter group and is it a norm for industry for the pharma companies to do domestic business through such entities?

Dilip Shanghvi: No. I am not aware about other companies. My advantage I think has been that I have always looked at finding a way by which to create a more tax efficient and efficient structure, and I think creating that through AML has helped. Now I do not think many companies or maybe any other company have a similar structure. Clearly the decision to do this in my head is with a view to help Sun Pharma become more successful, not with the view to do anything else. So if that is not something, which is shared by our other shareholders then we are open to make changes.

Sameer Baisiwala: Sir just follow-on this. So you mentioned that you are open to changes, you may acquire it or you may do some other things. So the impact of that or the fall out would be that your tax goes up and goes up quite meaningfully?

Dilip Shanghvi: No, it will not make material change because laws keep on changing. So now we have GST and many other changes. So I think the impact will be very different today than what it would have been a few years back.

Sameer Baisiwala: I got a few more I will get back in the queue. Thanks.

Moderator: Thank you. The next question is from the line of Nimish Mehta from Research Delta Advisors. Please go ahead.

Nimish Mehta: Thanks for giving me the opportunity. Just I could not get the part at Aditya Medisales. You mentioned that till FY17, it was not a part of the related group, related parties, now in FY18 it does become. So I actually missed misjudged as to what changed between FY17 and FY18?



Dilip Shanghvi: What I explained is that there was a consolidation of shareholding of AML amongst fewer entities than in the past because some of the investment companies holding equity were merged. In 2017, we took shareholder approval in the AGM for continuing to get the distribution business through Aditya Medisales as a related party. That was also a transaction, which was approved by more than 95% majority of the independent shareholders. Now if it is felt that that is not in the best interest of the shareholders because there are now some concerns that were missed at that point of time, we are open to make changes.

Nimish Mehta: Yes. That is fair enough. Before that merger happened, who were the promoter of Aditya Medisales, now I understand it is all the promoter of Sun Pharma would be the promoter of Aditya Medisales. So before that who were the promoters?

Dilip Shanghvi: The equity was held in different investment companies, and these investment companies got consolidated.

Nimish Mehta: These investment companies belong to promoter groups earlier?

Dilip Shanghvi: That is correct.

Nimish Mehta: Thank you.

Moderator: Thank you. The next question is from the line of Ratnakumari Garigipati, who is an Individual Investor. Please go ahead.

Ratnakumari G: Good evening Sir. I am a small investor investing in Sun Pharma about three years back. And we are getting the dividends, all the reports in time. But to our surprise, the share value has waned continuously the last two years. Can you please give some guidance on this?

Dilip Shanghvi: I understand your concern and unhappiness. I think to that extent the erosion in the value of shares, affects you in the same way in which it affects me, so that way our interests are 100% aligned. The impact for me will be much higher because I own a larger part of my wealth in Sun Pharma stock. You may only have relatively small part of your wealth in Sun Pharma stock so impact both financially and value terms, as well as in percentage terms, is far higher on me than what it will be on you. There have been significant challenges in terms of business for both Sun



Pharma and generally industry in India in terms of US and European business. Also, parallelly, in addition to that, we had a specific challenge in terms of non-compliance of Halol as a manufacturing facility. Hopefully, as I see, we are kind of turning around the performance in the business and the results of that should start reflecting in performance in terms of topline growth as well as bottomline growth going forward. As our generic business will come back into some kind of better shape and growth. We have launched ILUMYA and we are in the process of launching our ophthalmology dry eye product CEQUA, so that becomes additional engine of growth. I think we are trying to do our best to see that company goes back to the historical performance of growth year after year, faster than the industry.

Ratnakumari G: Thank you very much Sir for your explanation and taking time.

Moderator: Thank you. The next question is from the line of Chirag Dagli from HDFC Asset Management. Please go ahead.

Chirag Dagli: Thank you for the opportunity. Sir just on this loans and advances that we have given in FY18, it is clearly not appearing in that line item prior to FY18, so when you say it is a normal course of business, is this related to the pharma business?

Dilip Shanghvi: Yes. It is all pharma business, nothing related to any other business. Sun Pharma does no other business.

Chirag Dagli: So what is the change Sir that has happened in FY18 because this line item has not been in the past?

Dilip Shanghvi: We did a transaction, which is not there in the past so that is what is reflected here.

Chirag Dagli: Sir if I can ask one more question, on this whistleblower thing, what is the way forward Sir here, in terms of legally what is the next step here?

Dilip Shanghvi: I think we have to wait.

Chirag Dagli: For the regulator to raise queries and then you will revert then?



Dilip Shanghvi: I think first of all, other than the press article that we have seen, I have no any information that there is a whistleblower.

Chirag Dagli: Okay. They are not supposed to indicate anything to us or regulator is not supposed to intimate?

Dilip Shanghvi: No. Actually they are not supposed to, I do not think that till they complete their investigation, anybody should get to know. That is how the SEBI is working or should be working.

Chirag Dagli: Fair point Sir. Okay Sir. Thank you so much.

Moderator: Thank you. The next question is from the line of Alok Dalal from CLSA. Please go ahead.

Alok Dalal: Good evening. Just one question. On this loan and advance point, when do you expect the loan and advance to come back to you? I understand this is a non-current loans? So it will be more than one year, but when is the specific period?

Dilip Shanghvi: Yes. It is a structured business transaction, so I think there is a normal flow process of time, which should take two and a half years. We have option, which is something we can look at, if we wish to unwind the transaction. It may not be at a significant cost, but we will not get the financial benefit. With a view to get that benefit we have done this transaction. So I think that is a function of the feedback and interaction that we have with shareholders and we will take that as a decision.

Alok Dalal: Thank you. That is from my side.

Moderator: Thank you. The next question is from the line of Aditya Khemka from DSP Mutual Fund. Please go ahead.

Aditya Khemka: Thanks for the opportunity. In the article on the whistleblower aspect, there are certain details disclosing the article about the nature of the issues raised by the whistleblower, be it transfer pricing issues, be it insider trading or be it arm-twisting of promoters to buy their company, I am sure you would have gone through all of that and I appreciate that we do not have the copy of the 150-page report, but in your initial reactions on the issues in there? I mean, do they seem close to reality? Or you think there are misinterpretations there as well?



Dilip Shanghvi: I mean clearly whatever that I read in the article is not something that I can relate to any of the business actions that as a company Sun Pharma has taken because we have never arm-twisted anybody to buy their business. So other than reading what I have read in media, I am not aware of any additional information that helps me understand what is the nature of the query or problem.

Aditya Khemka: No Sir. I appreciate that but my question was that he has pointed to so you addressed the point on arm-twisting. And if I recall correctly, we were in a legal battle with Taro when we are acquiring Taro. So as a shareholder, what worries me is, can that aspect be sort of dug up again and taken to DOJ or something of that sort? I mean, I am sure I am just imagining things here?

Dilip Shanghvi: We never arm-twisted anybody. I think we just got a favorable court judgment from both the Israeli court as well as Israeli Supreme Court. So I do not think that there is any issue of arm-twisting anybody.

Aditya Khemka: Fair enough Sir and one more, if I may, on the same whistleblower aspect. What is the legal recourse that you have at this point in time? So clearly there is a media company, which has put the press out. Can you sort of go after them to seek more clarification as to why they are routing you on maybe this defamation lawsuit? Can you get to identify the whistleblower, understand the motives behind such a situation? I mean other than waiting for the regulator to come to you obviously that is one part that you have to bare with. What are other parts can you take out of the past can you take to ensure that the problem is resolved sooner than later? Because this can drag on for years right?

Dilip Shanghvi: I think my first and important priority is to address the concerns of the investors as well as work towards re-establishing the credibility that we have historically enjoyed as a company with high level of corporate governance norms. That I think is my priority. However, once we are comfortable that we have put all the issues and all the troubles behind us, is that at time we will look at what options we have. I think that is an option that we have not thought of at this point in time.



Aditya Khemka: Sorry, just to counter here. So my limited point is that if we are denying any violation here, then we should be trying to get our name clear sooner than later right I mean otherwise such situations can go on for years and it has an impact on the perception of the company not in India as a shareholder but possibly also in the business environment is not it?

Dilip Shanghvi: You cannot have a situation where a regulator with 150-page of whistleblower complaint will not act on it within a reasonable period. I do not want to presume that if there is a valid complaint there will be no action. If there is no action, then it is not a valid complaint.

Aditya Khemka: Sure Sir. I will get back in the queue.

Moderator: Thank you. The next question is from the line of Anubhav Agarwal from Credit Suisse. Please go ahead.

Anubhav Agarwal: Thanks Sir. My question is on that loans and advance only. How did you take a call that investing almost \$300 million plus for more than two years is a better call versus investing the same amount in Sun Pharma for let us say further investments, specialty or others? What was the thought process there because you are not sharing how much of or which industry you put money, you are not sharing how much?

Dilip Shanghvi: I said I am sharing very clearly, that we are investing in pharma business. It has nothing to do with any other business. I am not giving you specific information related to the business and the transaction. Other than that I think, I am clarifying all other issues. As to the judgement as to whether this money would have been better used somewhere else, I think is the point which I am raising is that if we get a sense that it is an important requirement for investors, then we will find a way to unwind this transaction.

Anubhav Agarwal: So when you say market interest, can you give us some indication what kind of yield that you are generating, broad indicators because in the annual report, you mentioned 0% to 15% that is a fairly broad range?

Dilip Shanghvi: But I think when you have conditionality in transactions then it is difficult. Because this is on certain things which are contingent, so if something does not happen then it is lower, if something happens then it will be higher.



Anubhav Agarwal: Last clarity on this, is this the listed pharma company or non-listed pharma company?

Dilip Shanghvi: I will not be able to give further information. Only thing I can say is that I am reasonably comfortable about the security and safety of the investment. What I am not able to share is the potential return that we can get.

Anubhav Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Hari Babu who is an individual investor. Please go ahead.

Hari Babu: Good evening. I have two doubts. One is regarding the Suraksha Reality, which are more correctly it was mentioned that there has been no bank guarantee. Can it be a categorical clarification that Sun Pharma has not guaranteed the liability of Suraksha Reality?

Dilip Shanghvi: Yes, of course that is what I said.

Hari Babu: Thank you. The second one is regarding the compromise dealt with the SEBI on nearly Rs.2 million if we were comfortable with the quality of our corporate governance what was the motive behind going for the compromise?

Dilip Shanghvi: I think regulatory agencies have a process called compounding, and in the regulatory process if you compound an offence then without admitting any legal liability for the offence, you are able to settle for a certain amount of penalty. Now we can take a principled view and say that we did nothing wrong and fight and it will possibly cost us more than 50, 60, 80 lakhs or may be a Crores of Rupees in terms of legal cost. And also it will keep us busy and involved. So I think ultimately we have to run business and take constant business calls.

Hari Babu: Thank you. Appreciate it. Thank you.

Moderator: Thank you. The next question is from the line of Sameer Baisiwala from Morgan Stanley. Please go ahead.

Sameer Baisiwala: Thanks my questions have been asked. Thank you.



Moderator: Thank you. The next question is from the line of Aditya Khemka from DSP Mutual Fund. Please go ahead.

Aditya Khemka: Thanks. Just one more question. The whistleblower is presumed to be an employee or an ex-employee and when he has filed a report with the regulator, he must have shared information, which is sadly supposed to be privy of the company, right? You do not see a legal recourse there Sir?

Dilip Shanghvi: What is your question, Aditya, I did not get.

Aditya Khemka: So the question is that the whistleblower would probably be your existing employee or an ex-employee because he earlier worked with Sun Pharma, and he would have shared information with the regulator in that 150 page report that Sun Pharma and others need not have shared or it would not have been required to share, so you do not see a legal recourse there as well in terms of identifying the whistleblower and may be dissociation or something of that sort where you sort of try to ask him as to why he shared the information and what led him to believe that there is something wrong going inside the company?

Dilip Shanghvi: My understanding is that, that is not how the process works. We also have internal corporate whistleblower policy which is very clear that no penal actions are taken against somebody who reports something, which is happening wrong in front of them. So I do not think that is possible.

Aditya Khemka: Got it Sir. Thank you.

Moderator: Thank you. The next question is from the line of Chirag from Aditya Birla Capital. Please go ahead.

Chirag: Good evening Mr. Dilip Shanghvi. My question pertains to the complaint made by whistleblowers with regards to the 8000 Crores of gain made during the Ranbaxy acquisition and the entities involved in this?

Dilip Shanghvi: It is very difficult to respond to hypothetical questions where there are no underlying facts.

Chirag: Thank Sir.

Moderator: Thank you. The next question is from the line of Shashank Krishnakumar from JM Financial. Please go ahead.

Anmol Ganjoo: This is Anmol Ganjoo. I had a question around the broader strategy. Mr. Shanghvi in response to investor concerns, you have decided to re-evaluate some of the structure and some of the transactions which have been done, obviously there must be some business merit as you alluded to in entering into these structure and transactions in the first place. Now as you re-evaluate them, what is the possible suboptimal education for the business for example, tax rates going up, because of Aditya Medisales, consolidation or this transactions being reversed. How would you quantify some of the business loss as a consequence of now reverting to what you think is more acceptable to investment community?

Dilip Shanghvi: There will be always be this issue, that if you are trying to be more efficient and most cost effective, then in the process we have created a structure which then creates some concerns, so you always have to trade off. As to what is the positive against the negative. I think my belief is that we have now reached a size as well as scale whereby some of this operating efficiencies we can overcome with our scale and size. So I am not visualizing that in the process of restructuring some of the things, there is going to be a significant amount of financial impact.

Anmol Ganjoo: So, the logic in concluding would be that of course from the hindsight that some of the transitions achieve are best avoided?

Dilip Shanghvi: No, I said it is not what I am saying. I am saying that we will discuss with investors and try and explain to them as to what we think is the benefit and then if they still feel that this is not something is useful then we will look at what are the options for us to revert to a more commonly acceptable operational process.

Anmol Ganjoo: Thank you. Thanks for giving your input.

Dilip Shanghvi: Thank you.



Moderator: Thank you very much. Due to time constraints, we will take that as the last question. I would now like to hand the conference back to Mr. Nimish Desai for closing comments.

Nimish Desai: Thank you everybody for being on the call. If any of your questions have remained unanswered, please do send them across, we will try to answer them. Thank you and have a good day.

Moderator: Thank you very much. On behalf of Sun Pharmaceutical Industries Ltd., that concludes this conference. Thank you for joining us ladies and gentlemen. You may now disconnect your lines.