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SUN PHARMA

08 September 2026

National Stock Exchange of India Limited
Scrip Symbol: SUNPHARMA

BSE Limited
Scrip Code: 524715

Intimation under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – International Credit Ratings

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, this is to inform that Sun Pharmaceutical Industries Limited ("Sun Pharma" or the "Company") has been assigned international issuer credit ratings by Moody's Ratings ("Moody's") and S&P Global Ratings ("S&P Global"), as communicated through their respective press releases dated 08 September 2026.

The details of the ratings assigned are set out below:

Rating Agency	Instrument/Type	Rating
Moody's	Long-Term Issuer Credit Rating	**Baa1** (Stable Outlook)
S&P Global	Long-Term Issuer Credit Rating	**BBB+** (Stable Outlook)

As stated in the respective rating agencies' press releases, the above ratings take into account Sun Pharma's proposed acquisition of Organon & Co. Both are investment-grade ratings and are above the current sovereign rating of India which reflects the strength of Sun Pharma's business and financial profile.

The press releases issued by Moody's and S&P are enclosed herewith as **Annexure A** and **Annexure B**, respectively.

For **Sun Pharmaceutical Industries Limited**
Anoop Anjanikumar Deshpande
Digitally signed by Anoop Anjanikumar Deshpande
Date: 2026.09.08 20:32:33 +05'30'
(Anoop Deshpande)
Company Secretary and Compliance Officer
ICSI Membership No.: A23983

Annexure A

MOODY'S
RATINGS

Rating Action: Moody's Ratings assigns Baa1 rating to Sun Pharma; outlook stable

08 Sep 2026

Singapore, September 08, 2026 -- Moody's Ratings (Moody's) assigned Baa1 long-term issuer rating to Sun Pharmaceutical Industries Limited (Sun).

The rating outlook is stable.

"Sun's Baa1 rating reflects its strong global pharmaceutical franchise, leading market position in India, broad geographic and product diversification, growing innovative medicines portfolio, strong profitability, robust free cash flow generation and a long track record of conservative financial management," says Kaustubh Chaubal, a Moody's Ratings Senior Vice President.

The rating also incorporates Sun's announced acquisition of Organon & Co. (Ba3, ratings under review for upgrade) for an enterprise value of $11.75 billion, which is expected to close by March 2027, subject to regulatory approvals.

"The Organon acquisition will materially strengthen Sun's scale, geographic reach and growth platforms in women's health and biosimilars. These benefits are balanced against higher leverage immediately upon acquisition, integration risk, and the need to improve Organon's performance and governance, whose management execution since its 2021 spin-off from Merck has been uneven," adds Chaubal, who is also Moody's Ratings' lead analyst on Sun.

RATINGS RATIONALE

Sun is India's largest pharmaceutical company by formulation sales and one of the world's leading producers of generics, branded generics and APIs, with operations across more than 100 countries. Its vertically integrated global manufacturing footprint supports cost efficiency and supply reliability, while a growing innovative medicines portfolio -- 22% of revenue in the fiscal year ending 31 March 2026 (FY2025-26) reduces generics exposure. A historically robust financial profile, with consistent free cash flow, excellent liquidity and modest leverage, further underpins the rating.

Sun's acquisition of Organon builds on this strong foundation. The company expects to generate around $350 million of cost synergies over two to four years, mainly from procurement savings, scale benefits and operating efficiencies. The transaction also creates potential revenue opportunities through cross-selling across the two portfolios, expanding Sun's products into new markets using Organon's commercial infrastructure, and scaling Organon's portfolio across India and other Sun-led markets.

These benefits come with meaningful execution risk given Organon's scale, global complexity and exposure to therapeutic segments new to Sun. Organon's performance track record has been inconsistent, including headwinds to US Nexplanon sales, pricing pressure in its established brands portfolio, and governance lapses that led to the 2025 CEO resignation following an audit committee investigation into improper wholesaler sales practices.

Organon's pipeline is a further consideration. As a spin-off carrying largely off-patent established brands, Organon lacks a discovery-driven R&D engine and has thus far relied on acquisitions and collaborations to sustain growth. Under Sun's ownership, Organon should benefit from a deeper capital base, disciplined financial policies and Sun's established capabilities, supporting the sustained pipeline reinvestment and business development that Organon has struggled to fund on its own.

Sun's strong integration track record mitigates these risks, having successfully absorbed more than 20 acquisitions, including transformational transactions such as Ranbaxy and Taro. While Organon is larger and more complex than any of Sun's prior deals, Sun's proven execution capabilities and conservative financial management provide important offsets. Overall, Organon will add meaningful strategic value to Sun, though the benefits will accrue gradually as integration progresses and pipeline reinvestment gains traction.

Sun has historically maintained a conservative financial profile, with reported leverage below 1.0x for much of the past two decades, supported by strong profitability, robust free cash flow generation and disciplined capital allocation. The Organon acquisition will temporarily increase Moody's-adjusted gross debt/EBITDA leverage to around 3.0x, and net leverage to 2.3x on a pro-forma basis at March 2027. We expect strong cash flow generation and debt reduction to drive gross leverage toward 2.0x and net leverage to around 1.5x within 18 months of completion.

Sun meets our criteria to be rated two notches above the Indian sovereign, supported by a credit quality that is materially stronger than the sovereign, limited exposure to domestic economic cycles, and strong access to international funding markets. The company generates 66% of its revenue outside India, a proportion that will increase to 83% following the Organon acquisition. The $12 billion of committed financing from leading international banks for the Organon acquisition further demonstrates its funding flexibility and access to global capital markets.

LIQUIDITY

Sun has excellent liquidity, supported by sizeable cash balances and strong free cash flow generation. As of 31 March 2026, the company held cash of approximately $3.6 billion. It has also secured a committed acquisition financing bridge loan of $12 billion from a broad syndicate of international banks for its acquisition of Organon.

Sun is working with its banks to arrange longer-term financing, including term loans and capital market funding, to refinance the bridge facility once the acquisition closes. Given Sun's longstanding banking relationships and access to global debt markets, we do not anticipate any refinancing risk.

OUTLOOK

The stable outlook reflects our expectation that Sun will deliver a smooth integration of Organon, sustain mid-to-high single-digit revenue growth and steadily improve profitability as acquisition synergies gradually flow through. Steady earnings growth and strong free cash flow will in turn drive rapid debt reduction, bringing Moody's-adjusted gross debt/EBITDA from a post-acquisition peak of 3.0x at March 2027 to about 2.0x within 18 months.

The stable outlook also assumes successful pipeline execution and continued conservative financial policies, with Sun preserving good liquidity and refraining from further transformational debt-funded acquisitions until Organon is integrated.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CONSIDERATIONS

Sun's ESG Credit Impact Score of CIS-3 reflects our assessment that ESG considerations have a limited impact on the current credit rating but have the potential for greater negative impact over time, primarily through exposure to social risks. Sun's diversified geographic footprint and strong governance practices help mitigate the current impact on the rating.

Sun's E-2 Issuer Profile Score reflects limited exposure to environmental risk. The company does not face significant environmental exposures that are materially different from industry norms. Its geographically diversified manufacturing footprint also limits exposure to location-specific physical climate events.

Sun's S-4 Issuer Profile Score reflects industrywide exposure to drug pricing and reimbursement pressure, customer relations risk and stringent manufacturing compliance standards. Pricing and policy risks are most acute in the US, although Sun's broad geographic footprint moderates its exposure relative to more US-concentrated peers. The company also benefits from a broad product portfolio and a long record of managing product quality, safety and regulatory compliance.

Sun's G-2 Issuer Profile Score reflects its conservative financial policies, excellent liquidity and strong operational and financial execution. The company has a proven record of executing, integrating and scaling acquisitions while maintaining prudent financial discipline. Key-person and concentrated ownership risks are mitigated by an experienced management team, established succession planning, Sun's listed status and a board with a majority of seasoned independent directors.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Upward rating momentum could build if Sun successfully integrates Organon, including remediating historical governance lapses, realizes the identified synergies, continues to expand its innovative medicines portfolio and sustains margin growth. Consistent with this, we would look for Moody's-adjusted gross debt/EBITDA improving below 2.0x alongside excellent liquidity. Although our assessment centers on gross leverage, we would also consider on balance Sun's cash holdings and their effect on net leverage.

Downward rating pressure could emerge if Sun's deleveraging post-acquisition falls behind expectations, such that Moody's-adjusted gross debt/EBITDA is above 3.0x even after realizing identified synergies and debt reduction.

The rating could also face downward pressure if Sun adopts a more aggressive financial policy, including further large debt-funded acquisitions or shareholder distributions during the integration period, or if liquidity weakens materially.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Pharmaceuticals published in September 2025 and available at https://ratings.moodys.com/rmc-documents/450435. Alternatively, please see the Rating Methodologies page on https://ratings.moodys.com for a copy of this methodology.

Sun's Baa1 rating is two notches below the scorecard-indicated outcome of A2 for fiscal 2026, reflecting higher leverage and weaker credit metrics following Sun's proposed, partially debt-funded acquisition of Organon.

COMPANY PROFILE

Sun is India's largest pharmaceutical company (by formulation sales) and one of the world's leading producers of generics, branded generics and active pharmaceutical ingredients (APIs). With operations spread over 100 countries, Sun generated around $6.2 billion in consolidated revenue and $1.9 billion in consolidated EBITDA during the fiscal year ending 31 Mar-26 (fiscal 2026).

In April 2026, Sun made a binding bid to acquire 100% stake in Organon for an enterprise value of $11.75 billion.

Organon is a global branded pharmaceutical company with presence across 140+ countries and with strong positions in women's health, established brands, and biosimilars. The company derives one-third of its revenue from Women's Health and innovative products, 55% from established branded medicines, and 11% from biosimilars. For LTM Mar-26 Organon generated $6.2 billion in revenues and EBITDA of approximately $1.8 billion.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

At least one ESG consideration was material to the credit rating action(s) announced and described above. Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1462204.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the EU and UK and is(are) endorsed for use in the EU and UK in accordance with the EU and UK CRA Regulation.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

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S&P Global
Ratings

RatingsDirect®

Research Update:

Sun Pharmaceutical Industries Assigned Preliminary 'BBB+' Rating With Stable Outlook

September 8, 2026

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Rating Action Overview

- Sun Pharmaceutical Industries Ltd.'s proposed acquisition of Organon & Co. will bolster its business position, with a significantly higher earnings base as well as higher therapeutic and geographic diversity.
- We believe Sun Pharmaceutical will generate healthy cash flow over the 18-24 months following the acquisition. This, alongside the management's conservative financial policy, will place the company on a steady deleveraging path.
- On Aug. 20, 2026, S&P Global Ratings assigned its preliminary 'BBB+' long-term issuer credit rating to Sun Pharmaceutical.
- The stable outlook reflects our view that S&P Global Ratings' adjusted debt-to-EBITDA ratio for Sun Pharmaceutical will fall to about 1.5x over the 24 months after the Organon acquisition.

Rating Action Rationale

The preliminary rating on Sun Pharmaceutical reflects our view of the entity pro forma the acquisition of U.S.-based Organon. The rating is subject to Sun Pharmaceutical securing all necessary approvals to acquire Organon and the pro forma capital structure being neutral to the rating. Sun Pharmaceutical expects to complete the acquisition in the first quarter of 2027.

We believe Organon will be a core and integral part of the Sun Pharmaceutical group. Organon will become a wholly owned subsidiary of Sun Pharmaceutical, accounting for a significant part of its earnings and cash flow. We estimate Organon will contribute 40%-45% of the group's EBITDA post the acquisition.

Organon's strong presence in niche segments, such as women's health, and its portfolio of biosimilars and branded drugs aligns well with Sun Pharmaceutical's growth strategy and is likely to yield business synergies. We expect Sun Pharmaceutical to maintain management oversight and influence over Organon after it completes the acquisition.

The acquisition will bolster Sun Pharmaceutical's business position. The company will almost double its revenue and earnings base after it acquires Organon. We estimate Sun

Pharmaceutical's revenue will increase to about Indian rupee (INR) 1.3 trillion (about US$14 billion) in fiscal 2028 (year ending March 31), from our estimate of INR645 billion (about US$7 billion) in fiscal 2027 (ex-Organon). In our view, this operating scale is comparable to peers Teva Pharmaceuticals Ltd. (BBB-/Stable/--) and Viatris Inc. (BB+/Stable/B), which have annual revenues of US$14 billion-US$17 billion.

Sun Pharmaceutical is the largest pharmaceutical company in India and the 13th-largest company in the U.S. generics industry. With Organon, Sun Pharmaceutical will rank as a global leader in women's health, with top three positions in sub-segments, such as fertility and hormonal contraceptives. This is in addition to Organon's existing market position as a top 10 player in biosimilars.

Sun Pharmaceutical's enhanced product portfolio mitigates concentration risk even though Organon's pipeline of new products is limited. We expect the combined entity's top product will contribute less than 10% of total revenue and the top three to account for less than 20%.

Sun Pharmaceutical's earnings quality will also improve with higher contribution from its on-patent branded drug sales. We project such contribution will increase to about 30% of revenue, from about 20% in fiscal 2026.

Meanwhile, the share of Sun Pharmaceutical's commoditized generics business will also fall to 15% of revenue, from about 30% currently, as branded generics dominate the earnings mix. Despite the high competition in generics, we view the company's strong brand recall in generics sold outside the U.S. more favorably than the U.S. generics formulations market, where price erosion will persist.

We acknowledge that Organon faces possible loss of exclusivity on Nexplanon, its flagship product, in the near term, while its related applicator has a longer time to loss of exclusivity. We believe regulatory and technology linked entry barriers could lead to slower revenue erosion. Given Organon's stagnant product portfolio, Sun Pharmaceutical's investment in building a healthy product pipeline remains critical to mitigate the loss of earnings from key products such as Nexplanon.

Sun Pharmaceutical will benefit from Organon's diversified geographic presence. This is both in terms of revenue and asset infrastructure. Although we expect the U.S. to remain the single largest market for the company, accounting for about 30% of revenue, the rest of the revenue will be well diversified across developed and emerging markets.

Strong presence in the U.S. augurs well for the company's growth because it is the largest market for pharmaceuticals. However, regulatory risks are heightened. For instance, the U.S. government policy changes affecting planned parenthood and federally qualified health centers could have an adverse impact on certain pharmaceuticals, including Organon's top product, Nexplanon. Concurrently, material U.S. tariffs, while currently uncertain, could affect the overall industry, even Sun Pharmaceutical's on-patent drug sales.

For Sun Pharmaceutical, we believe this risk is partly mitigated by its presence in markets such as India (accounting for 15%-20% of pro forma revenue), which offers high growth and healthy margins for the company's branded generics and formulations business. We also believe developed markets (excluding the U.S.) and emerging markets present good opportunities with limited pricing pressures and volume-driven growth.

We believe Sun Pharmaceutical could yield higher business synergies from the acquisition. Organon's presence in markets such as China and Korea offer Sun Pharmaceutical an opportunity to cross-sell its products; it currently has limited presence in the two countries.

Similarly, Sun Pharmaceutical can also leverage its strong distribution networks to increase Organon's product exposures in new markets, subject to regulatory approvals. Such synergies are not considered in our current base case.

Sun Pharmaceutical will likely maintain healthy margins over fiscal 2028 and 2029. We see limited risk of EBITDA margin dilution post the acquisition, given the comparable margins of both entities. We estimate Sun Pharmaceutical's EBITDA margin will average 28%-30% during this period.

We expect the higher proportion of revenue from branded drugs, which typically have stronger margins, to offset the impact of one-time restructuring and integration costs. This, coupled with operational synergies on sales and distribution and scale economies, should help Sun Pharmaceutical generate healthy annual EBITDA of INR360 billion-INR415 billion (US$4 billion-US$4.5 billion) in fiscal 2028 and fiscal 2029.

Having said that, we view Sun Pharmaceutical's EBITDA margin to be weaker than on-patent branded drug manufacturers, which have typically have margins of more than 35%.

Healthy cash flow should help Sun Pharmaceutical deleverage over 18-24 months post the acquisition. We anticipate Sun Pharmaceutical's debt-to-EBITDA ratio will rise to about 1.8x in fiscal 2028, from a net-cash position in fiscal 2026. We expect the company's adjusted debt to rise because of the existing debt at Organon and the payout to Organon shareholders through a mix of internal cash and debt borrowings.

We estimate Sun Pharmaceutical will generate healthy annual operating cash flow of INR215 billion-INR245 billion in fiscal 2028 and fiscal 2029. With that being sufficient to fund its annual capital expenditure of INR60 billion-INR85 billion, the company's annual free operating cash flow (FOCF) is likely to remain steady at INR150 billion-INR160 billion during this period. This should further improve the company's credit metrics, with its debt-to-EBITDA ratio trending toward 1.5x in fiscal 2029.

Sun Pharmaceutical has a record of conservative financial policy, in our view. We believe the company is committed to debt reduction and restoring its balance sheet strength. Prior to this transaction, Sun Pharmaceutical maintained a net-cash position for more than a decade.

Sun Pharmaceutical is likely to maintain prudence on future acquisitions and shareholder distributions to aid deleveraging after Organon’s acquisition, in our view.

We believe the management is likely to pursue various measures, should deleveraging be slower than it anticipates.

Execution and regulatory risks temper Sun Pharmaceutical's credit strengths. We believe integration challenges, higher-than-anticipated restructuring costs, and delay in realization of cost synergies could erode Sun Pharmaceutical's EBITDA margin.

We believe adverse regulatory actions could affect future product approvals and delay planned launches. Sun Pharmaceutical has received recurring adverse observations from the U.S. Food and Drug Administration (FDA) at its facilities in India, especially Halol, its largest facility in India.

We view Organon's limited on-patent product pipeline as an overarching risk. With Nexplanon's looming loss of exclusivity, and competitive pressures on its existing portfolio, we believe Sun Pharmaceutical will have to step up research and development (R&D) and investments to revert to steady revenue growth. That could constrain margin upside, positioning it weaker than on-patent drug manufacturers.

Outlook

The stable rating outlook on Sun Pharmaceutical reflects our view that the company's healthy cash flow and commitment to deleveraging will lead its debt-to-EBITDA ratio to improve to about 1.5x within 24 months after it acquires Organon.

Downside scenario

We are likely to lower our rating on Sun Pharmaceutical if:

- The company faces integration challenges after it acquires Organon. This would result in the company's EBITDA being affected by higher-than-anticipated restructuring costs, delay in realizing cost synergies, or other operational challenges; and
- We believe management's commitment to deleverage has diminished such that the debt-to-EBITDA ratio rises and stays above 2x sustainably.

Upside scenario

We could raise the rating if Sun Pharmaceutical effectively integrates Organon in line with our expectations, yielding healthy business synergies and cash flow. This scenario would envisage the company's debt reducing materially, such that the debt-to-EBITDA ratio falls toward 1x on a sustainable basis.

An upgrade would also consider Sun Pharmaceutical's commitment to conserving its balance sheet strength even as it pursues future inorganic growth opportunities and investments.

We are also likely to upgrade the company if its business position improves materially. This would include a significant increase in revenue scale with a healthy and growing contribution from its portfolio of innovative medicines and branded drugs, a healthy product pipeline, robust EBITDA margin, and an improving record on regulatory compliance.

Company Description

India-based Sun Pharmaceutical is a global pharmaceutical company engaged in developing, manufacturing, and selling pharmaceutical products, including patented (branded) drugs, branded generics, generics, over-the-counter medicines, and active pharmaceutical ingredients.

It is the largest pharmaceutical company in India and the 13th largest in the U.S. generics market.

In April 2026, Sun Pharmaceutical signed a definitive agreement to acquire Organon for US$11.75 billion. The deal is expected to be completed in early 2027.

Our Base-Case Scenario

Assumptions

- Fiscal 2028 is the first full year following the acquisition of Organon.
- Correlation is limited between the pharmaceutical industry and GDP growth across markets. Healthcare policies and regulations, such as pharmaceutical pricing reforms in the U.S., have a greater influence on industry growth.

- The combination of Organon's business will nearly double Sun Pharmaceutical's revenue in fiscal 2028. Thereafter, we expect the company to grow 7%-8% in fiscal 2029.
- Sun Pharmaceutical's EBITDA margin will be rangebound at 25%-30% in fiscal 2027, and we expect it to improve toward 30% in fiscal 2029 as operational synergies kick in.
- Sun Pharmaceutical will spend 6%-6.5% of revenue annually on R&D in fiscal 2028 and fiscal 2029.
- Capital expenditure will be INR60 billion-INR85 billion annually over fiscal years 2028 and 2029.
- Sun Pharmaceutical will pay dividends similar to its payout in recent years.

Key metrics

Sun Pharmaceutical Industries Ltd.--Forecast summary

Period ending	Mar-31-2026	Mar-31-2027	Mar-31-2028	Mar-31-2029
(Bil. INR)	2025a	2026e	2027f	2028f
Revenue	585	644	1,293	1,396
EBITDA	165	171	364	416
Funds from operations (FFO)	139	136	253	295
Cash flow from operations (CFO)	129	140	216	242
Capital expenditure (capex)	36	46	62	82
Free operating cash flow (FOCF)	92	94	154	160
Dividends	39	36	36	36
Discretionary cash flow (DCF)	53	58	118	124
Debt	0	0	658	565
Adjusted ratios				
Debt/EBITDA (x)	0	0	1.8	1.4
FFO/debt (%)	N.M.	N.M.	38.5	52.3
EBITDA interest coverage (x)	40.4	111.8	7.1	8.6
Annual revenue growth (%)	11.2	10.2	100.7	8.0
EBITDA margin (%)	28.3	26.6	28.2	29.8

Financials for fiscal 2026 and fiscal 2027 are for Sun Pharmaceuticals only and for fiscal 2028 onward are for the combined entity. N.M.- Not meaningful.

Liquidity

We assess Sun Pharmaceutical's liquidity as adequate, assuming the company will raise sufficient funds for its acquisition of Organon. We estimate the company's ratio of sources of liquidity to uses to stay at about 1.3x over the 12 months to March 31, 2027. We also expect liquidity sources to exceed uses of liquidity even if its EBITDA declines by 15% during this period.

Sun Pharmaceutical does not have any financial covenants on its borrowings. We expect Organon to maintain sufficient cushion in its applicable financial covenants post transaction.

We believe Sun Pharmaceutical has well-established banking relationships with a suite of domestic and international banks. Being listed on the Indian stock exchanges gives the company access to the equity markets. Sun Pharmaceutical also maintains a healthy portfolio of long-term investments in quoted equity shares and bonds (with an estimated value of INR10.5 billion as of March 31, 2026), which can be liquidated to boost liquidity if required.

We believe Sun Pharmaceutical is unlikely to withstand event risks given its financial flexibility will decline following the proposed debt-funded acquisition of Organon. However, we expect the company will be able to restore this cushion quickly, given its stated intention to reduce debt consistently after the transaction.

Principal liquidity sources	Principal liquidity uses
• Cash and short-term investments of about INR325 billion as of March 31, 2026 • Annual cash funds from operations of INR158 billion over the 12 months to March 31, 2027 • Debt issuance over the same period	• Working capital outflow of about INR18 billion over the 12 months to March 31, 2027 • Capital expenditure of about INR46 billion over the period • Dividends of about INR36 billion over that period • Acquisition-related payout at transaction close

Environmental, Social, And Governance

Governance factors are a neutral consideration in our credit rating analysis of Sun Pharmaceutical. The founder, Dilip Shanghvi, and his family own about 55% in the company individually and through promoter-owned entities. Given entrepreneurial ownership, the founder has significant influence over the company's strategy. However, we have not seen any evidence of negative influences from the owners on the company's financial policies.

Effective oversight by five independent directors on Sun Pharmaceutical's nine-member board mitigates the risk of shareholder interest being prioritized over that of other stakeholders. The company also maintains sound standards on reporting, transparency, and internal controls.

Regulatory risks inherent to the pharmaceutical industry also apply to Sun Pharmaceutical. Over the past two years, the company has received several observations or violations on regulatory compliance from the U.S. FDA for its facilities in India. These include some stringent actions that restrict Sun Pharmaceutical from supplying certain products to the U.S. from its Halol facility, a warning letter for its Dadra facility, and other observations related to process and compliance standards at Baska. Recurring issues and failure to satisfactorily remediate observations could further impair Sun Pharmaceutical's market position and its ability to launch new products in a timely manner.

Environmental and social factors are neutral considerations in our analysis.

Rating Component Scores

Component	
Foreign currency issuer credit rating	Preliminary BBB+/Stable/--
Local currency issuer credit rating	Preliminary BBB+/Stable/--
Business risk	Satisfactory
Country risk	Intermediate
Industry risk	Low
Competitive position	Satisfactory
Financial risk	Modest
Cash flow/leverage	Modest
Anchor	bbb+
Modifiers	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
Stand-alone credit profile	bbb+
Group credit profile	bbb+

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 20, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 20, 2013
- General Criteria: Ratings Above The Sovereign--Corporate And Government Ratings: Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Ratings List

Ratings List	
New Rating	
Sun Pharmaceutical Industries Ltd.	
Issuer Credit Rating	BBB+(prelim)/Stable/--