

31st January, 2025

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Mumbai - 400 001
Scrip Code: 500087</p> | <p>(2) National Stock Exchange of India Ltd
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Plot no. C/1, G Block
Bandra Kurla Complex
Bandra (East), Mumbai - 400 051
Scrip Code: CIPLA</p> |
| <p>(3) SOCIETE DE LA BOURSE DE LUXEMBOURG
Societe Anonyme
35A Boulevard Joseph II
L-1840 Luxembourg</p> | |

Sub: Q3 FY25 - Earnings Call Transcript

Dear Sir/Madam,

We are enclosing herewith copy of the transcript of the Company's Q3 FY25 earnings conference call dated 28th January, 2025. The transcript is also available on the Company's website i.e. <https://www.cipla.com/sites/default/files/Cipla-Earnings-Jan28-2025.pdf>.

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For **Cipla Limited**

Rajendra Chopra
Company Secretary

Encl: as above

Prepared by: Sharina Dsilva



“Cipla Limited Q3 FY25 Earnings Conference Call”

January 28, 2025



MANAGEMENT: MR. UMANG VOHRA – MD & GLOBAL CEO, CIPLA LIMITED
MR. ASHISH ADUKIA – CFO, CIPLA LIMITED
MS. DIKSHA MAHESHWARI – INVESTOR RELATIONS, CIPLA LIMITED



*Cipla Limited
January 28, 2025*

Moderator: Ladies and gentlemen, good day, and welcome to the Cipla Limited Q3 FY25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” and then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Diksha Maheshwari – Head, Investor Relations Team. Thank you and over to you ma'am.

Diksha Maheshwari: Thank you, Michelle. Good afternoon and a very warm welcome to Cipla's Q3 FY'25 Earnings Call. I am Diksha Maheshwari from the Investor Relations team at Cipla.

Let me draw your attention to the fact that on this call, our discussion will include certain forward-looking statements, which are predictions, projections or other estimates about future events. These estimates reflect management's current expectations of the future performance of the company. Please note that these estimates involve several risks and uncertainties that could cause our actual results to differ materially from what is expressed or implied. Cipla does not undertake any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

I hope you have received the “Investor Presentation” that we have posted on our website. I would like to request Umang to take over.

Umang Vohra: Thank you, Diksha. Good afternoon to all of you and we appreciate you joining our Q3 Earnings Call.

I'm pleased to share that 2025 marks our 90th year in the journey of “Caring For Life.” It's an exciting time for us to move forward on our innovation-led and care driven commitment to provide the best healthcare solutions across the globe. We are fully committed to do our best in providing healthcare with a focus on equitable access so that no one should be denied of medication. Cipla looks forward to another decade of science, innovation and technology.

Over the past three years, we have been we have been derisking our manufacturing network and products to our US facilities. Between fiscal year '20 to year-to-date fiscal year '25, we have spent almost \$100 million of CAPEX in these facilities. With this enhancement, we now have DPI, MDI and existing large volume OSD facilities in the US. Filings from these facilities have already commenced, including the filing of generic Advair, a major inhalation asset.

The backlog of our key assets of generic Advair, generic Abraxane and one partnered inhalation asset have the potential to help us grow the US top line post-generic Revlimid.



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We also have created a well-diversified business portfolio. As you're aware our EMEU and One Africa businesses put together accounts for more than 25% of the company's total revenue, similar in size to our U.S. business. In nine months of fiscal year '25, both of these markets combined have delivered a strong growth of 15% year-on-year in INR terms. Our diversification and backlog of our launch pipeline gives us confidence of a resilient business model.

In FY'26, we retain our guidance to grow our top line. We will further provide guidance on profitability once we finalize our budget.

Coming to the "Quarter Performance." Despite seasonal headwinds, especially in the acute category, our One India business delivered a healthy growth of 10% year-on-year.

In our Branded Prescriptions business, we continue to outpace market growth in our key therapies of respiratory, urology and acute with the overall chronic mix improved to 61.5% year-on-year as per MAT IQVIA December '24.

Our big brand franchises continue to achieve key milestones during the quarter. Foracort continues to be the number one brand in IPM. We added five brands with the revenue of over 100 crores in the IPM to reach a total of 26 brands with revenue greater than 100 crores. We now have seven therapies with the top five rank in the IPM.

We continue to be the largest pharma company in terms of volume and the only player with 2 billion plus unit sales in IPM as per the IQVIA MAT December '24.

During this quarter, we launched CipAir, an AI powered mobile application to simplify asthma screening in India.

In our trade generics business, we are back on the growth trajectory. The performance was supported by execution excellence in distribution, new introductions and technological interventions.

Our consumer health business witnessed strong traction with anchor brands continuing to grow bigger. Our anchor brands Nicotex, Omnigel and Cipladine maintain leadership position and ranked number one in their market in the respective segments.

We continue to build on this by driving healthy secondary growth and thrive to look for opportunities to invest in products and channel to strengthen our distribution network.

The operating profitability of our consumer health business remains consistent.

In North America, we delivered a quarterly revenue rate of \$226 million. If adjusted for the supply disruption in Lamivudine, our revenue would have been on a growth trajectory. Albuterol market share further enhanced to 21% as per IQVIA MAT week ended 27th December 2024.



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The business is on its way to resolve the supply issues related to Lanreotide and come back to normalized supply levels towards the end of Q4.

We have also received various generic drug approvals including Phytonadione Injectable, Esomeprazole Granules and Potassium Phosphates Injection.

Our One Africa business recorded a significant growth of 9% in U.S. dollar terms with South Africa growing at a rock solid 21% in ZAR terms.

In our private market, our secondary growth was at a healthy 8.8% versus the market growth of 2%.

Our South Africa private market now ranks #2 in the market with the prescription business maintaining its #1 position as per MAT November '24.

North Africa also demonstrated strong growth during this quarter.

In EMEU, our deep market focused strategy laid a strong foundation with the business delivering us a strong growth of 20% year-on-year in U.S. dollar terms with the uptick in both our TTM and B2B categories. We also sustained our operating margins. We continue to invest in our pipeline for these markets with a focus on execution excellence.

I'll now provide an Update on our Regulatory Front. As highlighted in the beginning, our Goa facility has been cleared by the US FDA with a VAI Classification.

During this quarter, the USFDA also inspected our manufacturing facility located in Virgonagar, Bengaluru and issued eight 483 observations. Official classification is awaited.

During this month, we were also inspected at our Medispray facility by the US FDA and issued one 483 observation. Official classification of this facility is also made.

I will now request "Ashish to present the Financial and Operational Performance for this Quarter."

Ashish Adukia:

Thank you, Umang.

I would like to present the key financial highlights for the quarter. This quarter has been yet another quarter of highest ever quarterly revenue, and all-time high EBITDA margins, that's excluding the other income as we always do. All numbers as I talk about are adjusted for QCIL divestment, which is sitting in the previous year.

So, we reported quarterly revenue of 7,073 crores with the growth of 8% YoY, driven by our core businesses of India, North America, South Africa and EMEU. Each of our markets other



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than the US, which we already talked about grew at double digit YoY, One India at 10%, One Africa grew at 10% again and EMEU grew at 22% in INR terms.

The EBITDA margin stood at impressive 28% for the quarter, up by 184 basis points YoY and 138 basis point QoQ.

Reported gross margin after material cost stood at 68% for the quarter, which is 166 basis points above the last year's figures driven broadly by overall mix change.

The total expenses for the quarter include employee cost and other expenses, which stood at 2,820 crores in line with the revenue growth. Employee cost includes our strategic investments in India, branded prescription business, field force especially on the chronic therapies. From FY'23 to nine months FY'25 we have added 1,800 plus feet on ground.

As highlighted earlier, we have also introduced retail task force in India and create generics business. A team of 500 plus feet on ground has been added for better visibility in the business.

In addition to that, as we completed our trade generics model change, the employees of our marketing agent were onboarded, adding the cost to the employee cost, which will be set off against the reduction in the commission going forward.

The R&D investment for the quarter is at 360 crores or about 5% of the revenue. It is primarily driven by product filing costs and developmental efforts. The R&D cost is likely to moderate as the requirement of clinical trials are relaxed, but we retain our guidance of 5% to 6% as it actually gives us an opportunity to add more product programs to our pipeline.

The profit after tax for the quarter is at 1,571 crores or about 22% of sales and adjusted for one-off the effective tax rate is at 25.5%.

Our free cash flow generation and operating efficiencies continues to drive a healthy net cash position. As of 31st December 2024, the debt on our balance sheet including lease liability stood at 466 crores with net cash equivalent balance of about 8,947 crores.

Our unwavering efforts continued on derisking our assets for generic Advair, the derisking has been progressing as per expectation and we plan to launch this asset in late half one of FY'26. And for Abraxane, we expect to launch it from our Goa facility post few months after the approval and the launch should largely be towards the back end of half two FY'26.

Now, I will conclude with the key focus area and growth levers in the subsequent quarter. The priority for One India would be to continue the growth momentum to be ahead of the market in growth, branded prescription and trade generic. We will further work on solidification of our growth levers for business portfolio, including ramping up in our new launches.



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In North America, our focus would be to resolve supply issues, maximize the commercial execution and expedite the launches from our US facility.

In South Africa, our focus stays at margin expansion.

In EMEU, our top priority is to maximize top line with focus on deepening our penetration and identify growth markets while sustaining the strong margin trajectory.

EBITDA for the year FY'25 is trending higher than our earlier guidance that we have given, which was 24.5% to 25.5%.

ROIC continues to be strong at 30%.

Thanks for your attention. I would like to just hand it back to the moderator for Q&A.

Moderator: We will now begin with the question-and-answer session. The first question is from the line of Saion Mukherjee from Nomura Securities. Please go ahead.

Saion Mukherjee: My first question is around the US revenue trajectory. So, we understand the slowdown this quarter. But if you can give us some details with regard to Advair, Lanreotide, and Revlimid, how that trended sequentially? And also, it seems like there is some delay in your key product launches in the US. How should we think about the next few quarters in terms of the US revenue trajectory?

Umang Vohra: Revlimid is sequentially more or less the same. I think there's no increase in Revlimid quarter-on-quarter sequentially. On the rest of the assets, Advair, we have still not launched and we're signaling half two launch from the US facility. On Abraxane, we have a definite launch at least by the end of this next year and a few months after approval. I think the delays are largely due to regulatory clearance and filing and post that should follow. So, we believe that if we were to add a full year basis of Abraxane, and a full year basis of Advair, and a full year basis of the partnered inhalation asset, we believe that this is quite meaningful in the ability to offset share of the generic Revlimid production. It may not offset the total amount, but it will offset a significant portion.

Saion Mukherjee: Also, on the contribution from Global Access in PEPFAR in particular if you can share because there is some news on funding constraint there, any views if you have and how will that impact Cipla?

Umang Vohra: We have only less than \$1 million worth of PEPFAR supplying products from Cipla. And whatever this 1 million comes at basically no margin. So, there's no impact to Cipla basically on this.

Moderator: We'll take the next question from the line of Kunal Dhamesha from Macquarie. Please go ahead.

Kunal Dhamesha: First one, can you provide your view on the recent comments from the US President on tariff on the pharmaceutical products and what is your base case scenario here and what could be a strategy in the worst case scenario?

Umang Vohra: I think we can't comment specifically because I think we have to let the policy framework of the new administration set in. And whatever we're hearing right now is through the press and through media. So, we just like to see what's coming out as documented plan of action from the government. So, we can't comment on that. But just the other thing that maybe I would like to add is that the last three years we have now been setting up facilities in the US. So, there will come a time when we begin to understand the economics of shipping straight from India and having potential duties or whatever and the freight with it, linking up with what the cost of manufacturing and supplying from the US is. So, in some ways our model is derisked to a large extent for our portfolio, whether it's the MDI or the DPI portfolio and the USD portfolio. So, I think we're just waiting for more color from documented activity. But I think we are well derisked to be able to offset some of this as and when it comes on. And in addition to that, if you look at the supply which US gets, it's about a third of supply from India. Otherwise, we have partner products, CMOs and we have of course InvaGen, our local facility out there also, which meets the balance.

Kunal Dhamesha: And second is on the FY'26 outlook which you provided on a broad based you expect to see revenue growth in FY'26, could you provide more color on probably the segment wise growth expectation primarily US, I know you have indicated that Advair and Abraxane seems to be like more H2 FY'26 product. Beyond these couple of names, do we have other products which could help us grow? And second part to that question is how is the pricing erosion in the US market evolving in Q3 and in January?

Umang Vohra: I don't think we have seen anything abnormal on the price trajectory within the US so far. Depending on the channel you are in, whether you're in retail, institution or the government business, pricing action differs on that. There's nothing unusual we have seen. Maybe on your other question of whether we have a pipeline asset beyond the three or four assets that we mentioned, yes, for certainty we have a pipeline asset and notable in that is two or three star respiratory assets that hopefully can come in 18 to 24 months and have been filed. And we also have other peptide assets, etc., within that mix.

Moderator: We'll take the next question from the line of Damayanti Kerai from HSBC. Please go ahead.

Damayanti Kerai: My first question is on Albuterol. So, in last two quarters, you have gained significant market share, now like you are at 21% market share as per your presentation. So, do you see further room to gain market share? And also if you can comment on the pricing environment in the Albuterol market?

Umang Vohra: The pricing other than marginal erosion is stable. And in terms of our market share, I think we are slightly more recently ahead of 21%, but that's where we see it stabilizing.

- Damayanti Kerai:** So, like with this broadly stable pricing, and if you gain further market share, do you think you can gain like it will remain a substantial contributor for the US business that we can assume, right?
- Umang Vohra:** Yes, you can, Damayanti. I think the one thing here is that we were at something like 16%, 17% share and then the share began to moderate a bit just after the inspection we had in Indore and then we built back from there to the share that we have right now, but from here I think share increases will be very moderate also supply dependence. and it's a fair number of inhalers that are going out. So, I think it'll be more moderate from here.
- Damayanti Kerai:** My second question is on Lanreotide. So, you mentioned the supply issues are evading and then maybe towards the end of March quarter, you'll be back to normalcy. But just want to understand how should we assume the trajectory ahead, whether it will happen in phases, or you are expecting say a quarter down, you'll be back to the level where you have dropped?
- Umang Vohra:** Well, the endeavor is to come back to the level that we had earlier. The question is the timing to get there. I think based on the manufacturing set up there, there are two lines that manufacture we have been working with a partner very closely who put in a lot of effort into rectifying the supply situation. And we believe that from a supply perspective, we are probably about 50%, 60% there and what is not there is rapidly the partners rapidly working to bring that on line as well. So, our expectation right now is that the full capacity of the partner probably comes in, starts getting delivered pretty much from the end of March and so that allows us the ability to potentially see the ramp up in Q1 as also gives us the ability to build a little bit of inventory.
- Damayanti Kerai:** And just a clarification. This supply is for 505(b)2 or it will be for the generic formulation as well?
- Umang Vohra:** For both products pretty much share supply chain.
- Moderator:** The next question is from the line of Neha Manpuria from Bank of America. Please go ahead.
- Neha Manpuria:** Umang, just a clarification. Did I hear correctly that Abraxane launch is at the back end of second half fiscal '26?
- Ashish Adukia:** Yes, yes, it will be your second half FY'26, that's more like the outcome.
- Neha Manpuria:** And the reason for delay given that Goa has cleared, is there anything in the application, the ANDA that is required and you also mentioned there'd be a little bit of lag post approval to launch the product? Just trying to understand the reason for the delay in the launch.
- Umang Vohra:** Yes, I think, Neha, there are two things that have to happen. One, we have to first get approval for the file. So, while Goa is cleared and the earlier intimation to us was that there is nothing pending in the file from an FDA perspective, we still have to get approval for it and I think

obviously we are waiting for that approval. Once that approval comes, we will need to take a few batches, etc., because we have not really manufactured the product, and the site was under remediation. And so I think that to get ready for launch it may take us some amount of time. So, depending on the approval, we'd have to add some time to it, so it could be nine months from now, it could be six months from now, the approval comes tomorrow, it could be six months from now, the approval comes a little later, it could be nine months from now, but we definitely expect to launch the product by Q4 of FY'26.

Neha Manpuria: There's nothing pending from an application perspective from the USFDA on Abraxane?

Umang Vohra: Yes, and I think the first validation of that will be the approval hopefully whenever we get it.

Neha Manpuria: And is there PAI required in your view for the approval, could that be a roadblock?

Umang Vohra: Neha, we're not clear about that which is why we're waiting to hear from the agency and our belief is that if it is required, it will follow very shortly, now, since the site has already got of the OAI status.

Neha Manpuria: I think, Umang, last year we had also mentioned a couple of 505(b)2 assets and a few peptide assets that we expect to launch this year other than the Lanreotide generic launch, we haven't really seen any other large launches coming through. Can you give us an update on when do we see the 505(b)2 assets and the rest of the peptide assets coming through for us?

Umang Vohra: So, we have launched about two this year, right? We have one which we still need to launch and we're hoping to launch it perhaps the remainder of this year, and then we have two planned in terms of peptides in FY'26, and then we have got the rest of the assets, but the peptide ones looking at one... or let me put it this way, looking at approximately three over the next 15-months.

Neha Manpuria: On the trade generic business, now that it's getting back to normal growth trajectory, are we seeing a slowdown in growth even in trade generic, previously there were numbers floating around that the trade genetic market is growing 15% to 20%, has that growth for Cipla in your view now in a steady state basis more like high single digit loading, low double digit, how should we think about the trade generic business growth from here?

Umang Vohra: So, there are some factors, Neha, which are difficult to us which was a transition that we were going through in the first quarter or second quarter. I think in the third quarter, the trade generics and the branded are more or less matching, I think the trade is slightly faster than the branded. So, that trend is continuing. But, relative to the previous year where there was perhaps a higher pricing impact in the market than this year, that element of growth has slowed. So, for example, if the overall price increase that was allowed in the market last year was 3% or 4% versus that of this year, the general average is 1%, that 2% or 3% is offset from the overall growth in the market. We did see a slower volume offtake due to the season largely in the first two quarters of

the year, but that may have also been because of our transition, but it may have also been because there was a very, very slow season in this year too.

Moderator: We'll take the next question from the line of Ankush Mahajan from Axis Securities. Please go ahead.

Ankush Mahajan: Very strong margins this time that has led to the expansion of EBITDA also. So, sir, what are the reasons behind it and how do we see gross margins stand in upcoming quarters?

Ashish Adukia: I think it's a combination of the mix that we have in the business. This is always the best quarter for us because of the respiratory uptick. So, that actually helped us. There is also some phasing impact of the cost as well that has helped us to achieve this margin. And like I said, Q4 is seasonally low. So, overall for the year, if you look at it, we should land at higher than the guidance that we have given of 25.5.

Ankush Mahajan: So, sir, what is the sustainable trend now? So, are we increasing our EBITDA margin guidance or something?

Ashish Adukia: Like we said in the beginning of the call, for next year, once we finalize our budget, we should be able to give you the guidance.

Ankush Mahajan: Sir, last one is how is the price erosion in the base portfolio?

Ashish Adukia: I think price erosion is dependent on the basket. So, while some of our products may have faced some erosion and the others have not. On an overall basis, it's a moderate erosion that we had of high single digit. While like I said, in certain segments, we saw higher erosion.

Moderator: The next question is from the line of Anubhav Agarwal from UBS. Please go ahead.

Anubhav Agarwal: First question is on Lanreotide. Just trying to understand, let's say the index are production or supply to 100 before the problem started. Once you come back and let's say in April, would you be back to 100? That's Part A. Part B is, I think all the problems with the partner was driven by capacity expansion for Lanreotide. So, at what point of time would you let's say 100 will become 120 or 150 for you guys?

Umang Vohra: Yes, Anubhav, I think right now we are at roughly close to 40% to 50% of their overall index of 100 and we expect that by the end of March, we would be back to the 100. Right now, capacity expansion at the partner is a function of two things. It's a function of the capacity train, which is now in place. It's also a function of batch size which is the ongoing work that will also happen post-April. So, I think that the capacity will go up in stages, but right now the train, etc., is all in place to allow that capacity increase. So, we're going to be back at the index level and the batches will start for capacity expansion post-April.

Anubhav Agarwal: So, let's say in second half next year or let's say in FY'27, would you be like 50% higher than this 100, closer to 150, just as an idea, right?

Umang Vohra: I'm not sure we will be 50% higher. This is a pretty tough product, but yes, it could be 20%, 25% higher, and at the same time, we're also examining other options beyond just this partner for overall capacity which means the partner and us are examining expansion of capacity at alternate sites as well.

Anubhav Agarwal: Second is on the respiratory portfolio. Today, in the US ballpark, we are about \$150, \$200 million, I'm talking an annual number. Let's say once we launch Advair, Symbicort, your partner inhalation asset also right FY'28 for example, what kind of ramp up could we see - this \$200 can become \$400 million, let's say double from here. can you just roughly talk about the scale up?

Ashish Adukia: Today, we are slightly more than that number because we have got Albuterol, we have got Budesonide both falling in that category of respiratory. And without getting into numbers, if you look at the pipeline itself, some of our larger assets that are coming out of pipeline are actually respiratory. We have talked about generic Advair, we have talked about generic Symbicort, you are one of the partered inhalation product and there is just one another large asset that we are looking at. So, all put together, this large portfolio of respiratory. The share of respiratory overall is likely to go up with all these coming, which could all come over a period of time.

Anubhav Agarwal: No, I was just trying my luck that can this portfolio double, is that a possibility there because all assets are large, is there potential to double the respiratory contribution?

Umang Vohra: I think, Anubhav, the way to look at it is depending on the type of the asset. For example, we have Albuterol which is a large asset, but if you were to look at the type of asset, keep in mind that we are likely to have three more over the next maybe 15 to 18 months launching in the US and they're all kind of sizable categories of assets. So, depending on the timing, it could be. And the problem with this is that it's very binary to each asset. So, if nobody else comes in, in the asset that we are in, right, then it's a much larger delta compared to if others show up before us. But, if your question is whether this will double, triple, it's going to be moving up step functions, it's not going to be moving marginal increases with each asset being approved.

Anubhav Agarwal: Just one clarity is on the India business on the consumer wellness side. Last year, quarter wise we were doing about 250 crores now the run rate has increased to 380 crores. Just trying to understand that. So, we made one acquisition in Q4. So, is there more shift which has happened from trade generic to consumer wellness that it's like 70, 80 crores per quarter which has shifted there, what is leading to such a high growth in consumer wellness in India?

Umang Vohra: So, if you remember in last year in Q1, we had transitioned two big assets to consumer health. And when we transferred two big assets to consumer health, anytime you transfer assets from one division to another, you do tend to take time to regain distribution and that was the problem that was reflecting us in Q3 and Q4 of last year. So, the base went down a bit. It was a base

impact. And then in this quarter, not only is the base impact of last year there, but also we have grown quite significantly faster on some of these categories because of the branding effort, etc., we put in. So, yes, and then there was this acquisition that we had as well. So, we had an acquisition, we have one or two BD deals that we have done and we have our natural growth that is coming. But our endeavor is to continue to grow the wellness franchise because I think I think Cipla has a good formidable position for it now.

Moderator: We'll take the next question from the line of Bino Pathiparampil from Elara Capital. Please go ahead.

B Pathiparampil: Umang, could you explain how the Abraxane market is now, because already there are three, four players and you will be another here more to launch, what's the sort of price erosion, market share gain by generics, etc., as of now in the market?

Umang Vohra: I think the understanding we have of the market is that there is possibly one, fully entrenched by 505(b)2, one, Teva product which effectively is an AG and one, standard generic. That's our understanding today of the market. We believe this market is likely to move more towards generic alternatives and not necessarily 505(b)2 till the time the generic player launched, the market well could have been just a 505(b)2 market. But post a generic launch, we do think that a large section of the market begins to convert to generic. I do think that this market will still be attractive because Nanopaclitaxel is now a fairly significant capacity to ramp up. It is not an easy product to ramp up. And I do think that there will be opportunity for generic players in the market as well.

B Pathiparampil: But when you enter, what do you think the price erosion could be, or pricing could be compared to the original innovator levels before then we can reap, even if you give a rough, it could be just 30% lower or more like 50%, 60% lower or it could be 80% lower?

Umang Vohra: Well, the issue with the price conversion is it also depends on how the families of assets, whether the (b)2s or the generics, are tagged from a perspective of insurance in the market, right? I kind of think that we will not see more than one or two players enter this market. So, I'm not sure this is going to be hyper-competitive, but then we have to wait as the market begins to pan out. We are aware of what the rough ratio in the market is today. But, we'll be able to provide more color to it. But, right now, we think that it's fairly attractive for us still.

B Pathiparampil: South Africa market has been exceptionally strong growth this year, all three quarters. So, if you have something really happening because it's higher than usual current growth there?

Ashish Adukia: The growth has been basically coming from two areas. One is that we have had new launches out there. So, that's basically taking away share from others as we launch new products out there. The second has been we are being selective about tender. We want to maintain the margin that we have in the overall business. So, therefore the tender businesses have gone up, but our focus

has been to make sure that we do the tender business at the right margin. So, that has also led to the growth in the South African market.

B Pathiparampil: One last book-keeping question. What would be the consolidated tax rate for full year? This quarter was especially low, so -

Ashish Adukia: We're guiding to 27%, 28% ETR for the full year.

Moderator: The next question is from the line of Chirag from DSP Asset Managers. Please go ahead.

Chirag: So, two questions. First is on the US FDA issue. We kept on seeing these crop up every once in a while and this is quite unlike what Cipla historically has been. So, Umang, what is it that you're trying to do to make sure that these issues we fix these longer-term? Recently, we got approval for one of the larger facilities, but the other one still continues to remain under issue. So, how are you thinking about the reasons, why these we have frequently gotten into these issues, and what are we doing longer term to make sure that these don't repeat? And the second one I had was on capital allocation. We have 9,000-odd crores almost of cash. How are you thinking about capital allocation going forward?

Ashish Adukia: Chirag, let me probably address the capital allocation bit. So, you've seen that in the last two years, gradually we have increased our dividend in line with the profit increase and we have given guidance of about 30% to the market as well and we are sticking to that. I think we see a lot of growth opportunities yet in many areas in India which is our core market and now we see some gaps in our portfolio which we want to address through acquisition in many forms, not just old company acquisition, but product acquisition, in-licensing, etc., and then in the US any differentiated asset we are looking at acquisitions there, overall in rest of the world as well, any attractive market, we're looking at opportunities there, and then we want to land some allocation for innovation as well. Very recently, we have looked at certain assets on the innovation category and we continue to scout for those. So, that's the dry powder that we have kept and we are constantly looking at those and I think a lot of our growth will come from these acquisitions as well in the future.

Umang Vohra: Chirag, on the first, just on the quality piece, Chirag, actually the last we had two inspections where we have received citations and an adverse rating. One was Indore and one was Goa, and Indore happened in 2023, February. So, where we are right now is that the Indore facilities have to be reinspected by the FDA and there were some observations in Indore which were kind of similar to Goa in terms of sterile practices, etc., which we're hoping that will probably be addressed by the time the FDA comes to inspect again, and it then depends on how that inspection is assessed by the FDA. So, I think there's been a lot of progress made and certainly we have had many other inspections from the USFDA at several of our other facilities and while we have received observations we have been able to remediate and secure a compliance certificate from the FDA that allows the new product launches and operations to continue. Structurally, how we are solving this is quality is a function of practice equipment and talent.

And we have worked on all three of them. The more you can automate your equipment, the less there is a chance of any errors that happen, the more that you can build in sensitivity to your talent about how to do proper root cause investigations and observe your processes, the less you will have disruptions, and the more that your practices converge with what your guidelines are, the more you will be able to confirm. So, we have worked on all three aspects and we will continue to work on this.

Moderator: The next question is from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

A Puranwala: Sir, just quickly on generic Revlimid. I heard your commentary. Previously it has flattish revenues for the quarter on a sequential basis. But if we have to look at the nine monthly number, if you could throw some light as to where are we on the overall target for shipment of this particular product, would we kind of see some sales moving up in Q4 from this product or large part of it is already booked in the nine months?

Ashish Adukia: No. So, see, I think like Umang mentioned that Q3 was a similar number to Q2 and that's what we expect going forward. Specific numbers, we avoid the guidance because as by the contract we can't share those numbers.

A Puranwala: Sir, in the past, you have spoken about filing a couple of Oligonucleotides. and in terms of your near-term launches, when you're calling about three or four products, so by when should we see launches of these products happening into the US market?

Ashish Adukia: We're looking at filing some of these products in about three to five years timeframe. So, there is still time for Oligonucleotides launches to come through.

Moderator: The next question is from Umesh Laddha from Nirmal Bang. Please go ahead.

Umesh Laddha: Sir, actually I wanted to know that how much of our One Africa and emerging market sales are constituting of antiretroviral agents, API and FDF combined?

Umang Vohra: Sorry, API and -

Umesh Laddha: API and (FDF) fixed dose formulations combined, how much are we exporting ARVs to emerging markets and South Africa?

Ashish Adukia: We will have to come back to you with that exact number. Largely, the number is going to be in South Africa and African continent and very little in emerging markets and Africa is about 11%, 12% of our total. We don't sell any antiretrovirals in North Africa, primarily it is sub-Saharan and South Africa. So, we can come back to you, but I would not expect that number to be more than 3% to 5% of overall revenues. At max, it cannot be higher than that.

- Umang Vohra:** To the rest of the world, we do it through our Global Access. I'll come back with specific comments.
- Umesh Laddha:** Sir, what are the margins which we are getting from this portfolio if you could just give some color?
- Ashish Adukia:** See, it's competitive. These are all tendered. All I can tell you is that the margins we make here are very low and they are significantly lower than company average. And we do it for a different reason, we do it to ensure access for these products in the countries that we operate.
- Umesh Laddha:** Lastly is on the India business. Are we planning to launch Semaglutide and there is a 10% revenue growth in the India business. Can you just give a split like how much of this has come from price and volume if that's possible?
- Umang Vohra:** Sema, we can give you. Just to clarify it, I want to also be very clear that PEPFAR is a portion of Cipla's business is less than 0.2%. So, we do less than 1 million of PEPFAR. So, while your question was broader on HIV, just wanted to also clarify that in PEPFAR, the business that Cipla has exposure to is less than 1 million. On Semaglutide I think we believe the market will form in 2026 and there will be obviously depending on who all gets approval in India, I think Cipla is aiming to be in the first wave of launches.
- Ashish Adukia:** I think you had a question on price and volume in India.
- Umang Vohra:** The obesity as a category, it's very difficult to estimate volume.
- Ashish Adukia:** The overall growth for the company. I think this was a weak season overall like we had mentioned. So, the volume growth was around 2% and the balance was coming for us from price and NI. So, that was a balance growth. So, we see some improvement in the volume growth in the coming years.
- Moderator:** The next question is from the line of Surya Narayan Patra from PhillipCapital (India) Private Limited. Please go ahead.
- Surya N Patra:** Sir, my first question is about the Horizon 2 initiatives that we have taken and based on which we have been anticipating CDMO opportunity, leveraging our peptide levels injectable capability. So, could you give some update on that if any?
- Ashish Adukia:** In the last call also, we had clarified on the CDMO. We are not looking at CDMO as business opportunity for us. What we have said is that in peptides we partner with CDMOs on development and manufacturing of the products, but it's not a business for us to be in.
- Surya N Patra:** Second question is on the injectable side. So, how big is the injectable portfolio right now or in terms of let's say in business mix in the US currently? And could you give some sense about the pipeline in the complex injectable side that we're talking about?

- Ashish Adukia:** It's likely going to be peptides to start along with Nanopaclitaxel. Those would be the two injectable portfolio and then we have got a few that are partnered outside which will be in the area of general injectables.
- Moderator:** The next question is from the line of Shashank Krishnakumar from Emkay Global. Please go ahead.
- S Krishnakumar:** I think we touched upon Advair. I just wanted to check on our Symbicort and QVAR filings as well. So, have we also made progress with the site transfer for these two assets?
- Ashish Adukia:** Yes, on Symbicort we have. On QVAR, we believe that Indore will be the site that we will get approval from. So, yes, on Symbicort we have already done that.
- S Krishnakumar:** The second question was on the trade generics business. Is it possible to sort of call out what was the growth rate in the trade generic business this quarter, any ballpark number would be helpful, either on a YoY or a QoQ basis?
- Ashish Adukia:** I think QoQ you can probably take One India growth number as a good surrogate.
- Umang Vohra:** Even on YoY, I think RX and GX both grew at a similar number growth rate.
- Moderator:** The next question is from Harsh Bhatia from Bandhan Mutual Fund. Please go ahead.
- Harsh Bhatia:** Sorry to harp on this, Umang and please correct me if I'm wrong. Abraxane, you mentioned even if the plant gets cleared tomorrow, it is six months to launch. Again, is there a margin of safety that we are working with, which is why we are building in six to seven months year-over-year or is it because the complexity of the product is such that six months is a primary condition? In addition to that, are we already building in a PAI to this timeline, like, could you help us understand what are those two, three assumptions over here for the six months' time gap?
- Umang Vohra:** So, I think the first is that, look, obviously it will take us to ramp up. Once the approval comes, we will have to ramp up. We'll have to take some batches to ensure data. The API that we have is an API lying for a fairly long time. So, we are anticipating that and have given this guidance on the ramp up, but we are quite confident that if we get the approval, the launch is definitely going to be before the end of the year and the sooner the better.
- Harsh Bhatia:** Just one clarification is for the InvaGen facility. I think the filing is done from the InvaGen facility in terms of the site change or the site transfer. Again, over here also our launch timelines are building in on FDA inspection or they are not building on FDA inspection?
- Umang Vohra:** Here, we are building in on FDA, because this is a new site. So, 100% they are building in on FDA inspection.

- Harsh Bhatia:** Just one lastly on Revlimid. Since Jan '26 would be the period when the patent comes off, so FY'26 sales pattern is going to be similar to FY'25 sales pattern, very qualitatively, without getting into the numbers or would it be very different as compared to FY'25, again, it was the sales pattern that we are looking at?
- Umang Vohra:** I think it will be different for the right reasons, I think that the market will have more competitors, so I think yes, the pattern will be different.
- Moderator:** Ladies and gentlemen, this will be the last question for today, which is from the line of Nitin Agarwal from DAM Capital. Please go ahead.
- Nitin Agarwal:** Umang, just following up from the Symbicort point as you mentioned, what would be a rough timeline in your expectations for Symbicort approval in the US?
- Umang Vohra:** I would say about we should be tracking within a period of 18 months.
- Nitin Agarwal:** More like a second-half '27 launch?
- Umang Vohra:** Yes.
- Nitin Agarwal:** Secondly, on the India business, we have done reasonably well over the last few years from a revenue growth perspective. I mean, if you can give us some color on qualitatively how is the profitability of the business sort of changed over the years -- has the profitability improved a fair bit? And what kind of opportunities do you see in this business? I mean, one assumption is that typically these are branded businesses and the branded businesses as scale comes, profitability keeps increasing a little bit disproportionately, is that the right way to think about it?
- Umang Vohra:** I think scale is a very big scale and growth is a very big driver for profitability. But we have also been taking a lot of actions about optimizing our productivity, we have been taking actions about automating our processes, about improving the way our reps detail, and in the last 1.5, 2 years we have also expanded our field force, right, we have added fairly significant number of people. I think our view on India is that as the penetration in the market increases, the market offers a lot of opportunity. So, for us, yes, profitability has improved, but largely due to the fact that we have optimized our own productivity. Because if you really look at the last two years or three years, there have been hardly any price increases that anyone has been able to take. The weighted average ratio of price increases would not be higher than 2% or 3% in our case and so we have had to drive profitability growth just out of optimizing our productivity. And that's what our team has done in our India business. And I think as a result of that, we have kind of expanded our margin and use that to reinvest for more reps in the market.
- Nitin Agarwal:** And is it sort of fair to assume India profitability would be higher than our overall profitability numbers, should be in line with that, how should we think about it broadly?

- Ashish Adukia:** We don't provide margin-specific guidance. You have to also keep in mind this year has Revlimid it has base U.S. business, it has got India business, then there was a transition in the generic business, but it would be safe to assume that our India business profitability is kind of higher than the overall company average.
- Nitin Agarwal:** In the past you've talked about licensing in possibly Mounjaro facility decides to launch in India. There are talks that Lilly would be looking to launch sometime this year, actually take their launch, any color on by when if we still are there in the reckoning to become a partner for that and how important will that be for us as a business?
- Ashish Adukia:** Obesity as a category will be important because I think it's one area which is very closely related to cardiology, very closely related to metabolic. I think we want to be there when the market forms and obviously Lilly is a very trusted partner, we'd like to believe the same of ourselves with them. But it is completely Lilly's decision on who they would choose as a partner and we have always maintained that should they need support to launch in the market, we are always available.
- Nitin Agarwal:** In a television interview, there was a flash that we talked about margins for Q3 not sustainable. So, this is more in the context of Q4 being a seasonally soft quarter or there were certain elements in the Q3 which were not sustainable in the first place?
- Ashish Adukia:** No, I don't think Cipla can do 28% EBITDA margins and that is what I mentioned because the question was with respect to quarter, whether you'd be able to do 28% EBITDA consistently and I said no, that's not a sustainable margin profile for us. And it's because of the mix of respiratory season in India, it's because of a larger share of growth from EMEU in the previous quarter of year-on-year growth and these type I don't think we can sustain that level of margin going forward. That is what I had mentioned. But at the same time we also said that we will exceed our guidance range for the current year and based on what we had guided earlier. So, 28% is not a sustainable margin for us. That's what I meant.
- Moderator:** As that was a last question, I would now like to hand the conference over to Ms. Diksha Maheshwari for closing comments. Over to you, ma'am.
- Diksha Maheshwari:** Thank you, everyone for joining in. If you have any further questions, please write it to investor.relations@cipla.com.
- Moderator:** Thank you, members of the management. On behalf of Cipla Limited, that concludes this conference. We thank you for joining us and you may now disconnect your lines.