29th January, 2022

(1) BSE Limited
Listing Department,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

Scrip Code: 500087

(2) National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th floor,
Plot no. C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Code: CIPLA EQ

(3) SOCIETE DE LA BOURSE DE LUXEMBOURG
Societe Anonyme
35A Boulevard Joseph II,
L-1840 Luxembourg

Sub: Q3 FY22 - Earnings Call Transcript

Dear Sir/Madam,

We are enclosing herewith copy of the transcript of the Company's Q3 FY22 earnings conference call dated 25th January, 2022. The transcript is also available on the Company's website *i.e.* www.cipla.com under the Investors section.

Thank you,

Yours faithfully,
For Cipla Limited

RAJENDRA KUMAR CHOPRA
Digitally signed by RAJENDRA KUMAR CHOPRA
Date: 2022.01.29 11:59:50 +05'30'

Rajendra Chopra
Company Secretary

Encl: as above

Prepared by: Juzer Masta

“Cipla Limited Q3 FY'22 Earnings Conference Call”

January 25, 2022

MANAGEMENT: **MR. UMANG VOHRA - MANAGING DIRECTOR AND GLOBAL CEO, CIPLA LTD.**
MR. KEDAR UPADHYE - GLOBAL CFO, CIPLA LTD.
MR. NAVEEN BANSAL – HEAD, INVESTOR RELATIONS, CIPLA LTD.

Moderator: Ladies and gentlemen, good day and welcome to the Cipla Ltd. Q3 FY'22 Earnings Conference Call. From the Cipla management we have with us Mr. Umang Vohra - Managing Director and Global CEO; Mr. Kedar Upadhye - Global CFO; Mr. Naveen Bansal from the Investor Relations Team. 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 '*' then '0' on your touchtone phone. I now hand over the call to Mr. Naveen Bansal. Thank you and over to you, sir.

Naveen Bansal: Thank you, Faizaan. Good morning and a very warm welcome to Cipla's quarter three earnings conference call. I am Naveen from the Investor Relations Team here 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 including the impact of COVID-19 that will cause our actual results to differ materially from what is expressed or implied. Cipla does not undertake any obligation to publically update any forward looking statement whether as a result of new confirmations which are events or otherwise.

With that I would like to request Kedar to takeover, please.

Kedar Upadhye: Thank you, Naveen. Good evening to all of you and wish you a very happy new year. I hope that all of you and your families are safe and well. We appreciate your joining us today for the third quarter earnings call for FY22 and I hope you have received the investor presentation and other material that we have posted on the website. This quarter we are pleased to report a healthy performance. For the last almost 2 years we have been consistently beating our internal targets. We recorded revenue growth of 6% driven by robust momentum in branded markets of India and South Africa and continued traction in the US portfolio. Our EBITDA margin of 22.7% for the quarter tracks convincingly in terms of our full year guidance despite cost headwinds on raw materials and freight offset by increased share of the complex and chronic launches, continue rigor on cost control and operating efficiencies. Overall our delivery on revenue and profitability, as I said continue to be ahead of our targets. Our one India year-on-year growth of 13% continues the impressive run driven by sustained momentum across all businesses. Healthy order flow in the prescription business continued across all the therapies as well as regions in the trade generics. The consumer business saw consistent uptick in core and transitioned brands. The US revenue for the quarter was USD 150 million, one of the highest in recent quarters led by strong fraction in the respiratory and other portfolio. We have also received approval for the first 505(b)(2) version of Lanreotide injection. Our South Africa private business maintains market meeting trajectory driven by steady launch momentum. The YTD EBITDA for 9 months is at 23.1% of sales, tracks quite ahead with our full year guidance. As you are aware Q4 is a seasonally reverse quarter for India and our EBITDA appropriately will respond to the change in mix.

Our free cash generation and operating efficiency continues to drive our strong net cash position despite strategic inventory buildup for maintaining adequate supply of medicines. The return on invested capital of 21.2% for trailing 12 months continues to track well above the long-term sustainable range that we have highlighted earlier.

Coming to the financial performance, some of the specific highlights I would like to highlight, as expected the revenue of contribution of COVID products at the company level was lower on year-on-year basis. The COVID portfolio declined by almost 10% on year-on-year basis and 17% sequentially. We do expect to see some traction in the coming quarter in line with the case loads amid the ongoing third wave in India. Our emerging market business continues to maintain strong growth in DTM markets. The order flow from developed markets in our API business has witnessed momentary slowdown and our mix has responded accordingly. We will see traction in orders from emerging markets and API Outlook remains robust.

The total revenue for the quarter is Rs. 5,479 crores with a year-on-year growth of 6%, gross margin stood at 60.9% on a reported basis. The marginal decline on year-on-year basis of 55 basis points, about 40 basis points on Q-on-Q basis is attributed to increase in freight and materials cost and certain provisions for the inventory including COVID products. We expect gross margins to respond to launches from complex pipeline in the coming quarters. Total expenses which include employee cost on others are at Rs. 2,105 crores declined by 2.4% on a sequential basis. Employee cost for the quarter is Rs. 872 crores which is flat on a sequential basis. Other expenses which include R&D, regulatory, quality, manufacturing and sales promotion are at Rs. 1,232 crores, the decline by 3.7% driven by strong cost control. We have retained the efficiencies from our reimagination and operational efficiency initiatives from last year while continuing our growth-linked investments which are driving the Y-o-Y increase in other expenses.

Total R&D investment for the quarter is at Rs. 262 crores. All the priority projects continue to be on track. We expect these spends to increase as the respiratory assets progress in the clinical trials.

Overall reported EBITDA for the quarter is at Rs. 1,243 crores or 22.7% of sales. Tax charge is Rs. 295 crores and the ETR is 28%. As of 31st December our long term debt stands at South African Rand 720 million. We also have working capital loans of USD 58 million, South African Rand 137 million and Australian dollar 5 million which act as natural hedges towards our receivables. Driven by our relentless focus on cash generation we continue to be a net cash positive company as of December 21. We continue to be appropriately hedged on key global currencies as per our policies. Finally just to conclude the board at its meeting held on 26th October, withdrew the scheme of arrangement for the proposed transfer of India based US business undertaking to Cipla Biotech Ltd. and the proposed transfer of the consumer business undertaking to Cipla Health Ltd. in favor of a more efficient mechanism to affect the transaction. Based on management proposal post the indepth reevaluation, the board has approved the

proposed transfer of the US business undertaking and consumer business undertaking by way of slump sale**.**

We continue to believe that the transaction will simplify the structure, maximize the efficiencies and has the potential to unlock value for all the stakeholders of the company.

To close, we saw impressive momentum across portfolio and geographies for 9 months, growth reversal in subsequent quarters will include continued momentum across all regions, securing market share in peptide assets, Lanreotide, coupled with traction in albuterol and arformoterol in US and driving expansion in the operating profitability above FY21 base by focusing on mix improvement and operational efficiencies. I would now like to invite Umang to present the business and operational performance. Thank you.

Umang Vohra: Thank you, Kedar. I would like to wish all of you and your families, health and wellbeing. As COVID-19 continues to evolve across the globe with the new variants driving caseloads we continue to ensure availability of COVID and other lifesaving products.

Coming to our strategic updates and operational performance for the quarter, I am proud of the strong launch and commercial momentum across our one India business with a 13% year-on-year growth and 7% year-on-year growth in our US business, underpinned by the expanding respiratory franchise. Our EBITDA margins for the quarter came in at 22.7%, as Kedar mentioned earlier, ahead of our internal target and given the 23.1% YTD traction we are well placed to close the year in line with our guidance. In India our One India strategy is witnessing remarkable traction and achieving major milestones along the journey. The One India business maintains double digit growth momentum for the third quarter this year coming in at 13% year-on-year. The core prescription business in India excluding COVID grew strongly by 16% on a year-on-year basis. The branded prescription business is on track to achieve the one billion dollar mark building a formidable franchise in our home market of India. Our customer engagement levels in our trade generic business has driven healthy orders from tier 2 and below towns in India. Some of our flagship generic brands in our trade generic business have grown past a 100 crores mark and few others are crossing the 50 crores mark which speaks about the brand equity in these markets. We also plan to add high growth categories like anti diabetic and injectables to address unmet demand in the coming quarters. The branded prescription business continued the market beating growth for the third consecutive quarter in FY22 driven by sustained traction across almost all our therapies in core portfolio.

As per IQVIA MAT December 21, we continue to maintain healthy ranks and market shares in our key therapy areas across respiratory, urology, anti-infective and cardiac. Our focus continues in creating depth in anti-diabetics and the oncology therapy building on existing and new partnerships with global multinational corporations. The trade generics business witness strong demand. We have launched 10 brands across cardiac and the diabetic range this year. To further strengthen the franchise plan to continue the launch momentum in FY'23.

Coming to our consumer businesses, we are very happy to see how the business has shaped both in India and South Africa, almost contributing 8% to the company topline on a YTD basis. The India consumer business sustained robust traction in the anchor brands during the quarter driven by high consumer recall benefiting from the robust media campaign, the meaningful consumer insights throughout the year.

Coming to North America, our US generic core formulation sales for the quarter came in at 150 million beating the previous quarter high. This 150 million mark sets a new base for our business which hopefully will grow from these levels on the back of our upcoming launches. Our respiratory franchise continues with strong traction with 36% year-on-year growth. As per IQVIA week ending 21st December 2021, we are close to 15.9% share of the total albuterol market. And 26.8% share in the arformoterol overall market and our shares have continued to move out from the earlier levels. We expect the business runrate to continue to inch up further as we enter into the next year where we also expect to show growth over the pace of the current year. During the quarter we have unlocked on major peptide asset in the US with the approval of Lanreotide. We are expecting a sustainable ramp up over the medium term. Our focus will continue to expand our peptide portfolio through internal development and partnerships strengthening our high value complex generic pipeline.

On Advair we remain closely engaged with the US FDA on our file and we will continue to share the updates on the progress. On our Goa plant we are awaiting to hear from the FDA on the inspection schedule.

Coming to our SAGA Region which includes South Africa, Sub Saharan Africa and our Access business. South Africa private business reported a 16% robust growth over the last year for the quarter in local currency terms. In secondary terms, we continue to maintain market beating growth of 9.1% versus the 8% growth overall in the private market as per IQVIA MAT November 21. In the international markets we maintained scale close to last year base in US dollar terms.

Our DTM franchise continue to witness strong momentum across market with steady double digit growth in secondary terms. In FY'22 we have made significant progress against our strategic priorities. We remained confident in our near to medium-term outlook due to the strength of our branded franchises and launch pipeline in the US and other markets. We have important launches in the coming quarters and we are gearing up for these launches in the near future. We are transforming our IPD manufacturing supply chain and quality operations to unlock efficiencies targeted to deliver higher performance and resilience serving our patients more effectively.

Our innovation engine seeks to capitalize on the opportunities across the healthcare ecosystem leveraging data analytics and digital technologies to drive robust portfolio momentum and capital allocation. Our near-term priorities include continued execution on the demand levers and chronic and acute therapies, improvement in manpower productivity across our branded

markets of India and South Africa. Active advancement of our innovative consumer centric products to accelerate the augmentation of consumer wellness franchise across India and South Africa, grow our US Limited Competition launches footprint including peptides, as we continue to expand both the injectables and respiratory categories in North America. Focus on regulatory compliance across our manufacturing facilities and implement globally benchmarked ESG practices and continue our high vigil on cost and cash management while driving a sustainable expansion in operating margins and the return on capital employed.

I would like to thank you for your attention. Wish you and your family good health and then request the moderator to open the session for Q&A.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Nikhil from SIMPL. Please go ahead.

Nikhil: I have two questions. One is sir, if I look at your presentation, where we say priorities for FY'25, in between India, South Africa and Europe and other markets, we talk about driving sustainable growth through organic and inorganic levers. And over the last 2-3 years we have been looking at that we have been doing tie ups for onco or for biosimilar and these kind of products to grow the market or presence in these markets, so just want to understand when we talk of the levers for growth, is it like these tieups become a very important lever for us to continue growing or do you think from our own organic pipeline we have product launches which can sustain the growth or how should we understand between these tie ups, organic and probably inorganic acquisition?

Umang Vohra: I think it is a good question. I think the sources, the answer is going to depend differently for different markets. So in the US, we would like to depend on our own organic momentum of products in the US and largely EU. Our own organic momentum of products will create a sustainable pace and we augment this with few partnerships where we think the partners bring very specific technology skills which are very relevant. So Lanreotide is a great example of this where we will augment for a significant product with the partnership. In India and branded markets the case is different. In India and branded markets though we are generic companies we try to, all of us are almost like innovators in this market. So there we try and strike partnerships with innovator companies to bring their products even before the patent gets expired. And this is important because under the patent regime in India there will be hardly any sources of products unless innovative products are introduced into the market and most innovators now partner with Indian pharmaceutical companies to bring these products before patents expire. So we have also partnering with these companies in India. So in the US, I think the partnership is around technology, in India the partnership is around product source because of the patent regime. And I think both of these are important partnerships going forward.

Nikhil: Just one thing, when we talk of India and RoW markets, we generally say that the markets, the branded generic markets are growing at something in the range of 8% to 12% depending upon the years and all. So based on these partnerships and all, so not for the near term, but over a three to five years when you are talking about or thinking about these partnerships, it is like that

incremental 2% to 3% higher growth should come from the partnerships and the rest market beating growth when we talk about, so that incremental growth should come through the tie ups and rest through our organic pipeline. Just to as an investor if we have to understand how we should evaluate how these partnerships are like adding value to the company or to the business?

Umang Vohra: I don't think we look at it that way, though it is a very interesting perspective you have added, we are just looking at above market growth as a function of our own portfolio, function of partner portfolio and driving strong volume growth. So you know volume growth may come out of some product families not from all and you know just the partnership anvil, I don't think we are saying we will grow at par with market and then add the partnership revenues we get from others, because it is difficult to split it that way. So our objective is to beat market growth and I think the way to do that is to probably look at our own portfolio plus partnered portfolio plus the volume growth.

Nikhil: Just last question. If we look at it now when we talk of lung leadership and organic growth and the amount of cash which we are generating and if I divide it between 3 kinds of investment, one would be our own R&D as you mentioned organic growth for Europe and US lead by own products. Second would be the riskier assets like where probably the investment could happen, but we don't know the exact outcomes. The outcome could be 0 or 1. And then third is the distribution towards the shareholders. So how is the management thinking about how the investment buckets would fall in based on the incremental cash which the company would be generating? How should we understand how you are thinking about this allocation?

Umang Vohra: Maybe I can give a few statements that could help you. I understand where you are going from this thing. Our first priority is to drive a sustainable growth of our business. To that effect, we have created certain, we would like to, we have mentioned that we will grow, our attempt will be to grow both ROIC as well as our EBITDA in a certain range. And though we are now feeling confident that we can that, you know, EBITDA could continue to increase on the back of launch momentum etc., We are also talking calls to invest back in the business because right now we would like to see the growth journey of this business to be sustained over a period of time. If the call is, can you do 25% EBITDA and 5% growth, versus could you do 23.5% or 24% EBITDA and 10% growth. We are likely to fall back on getting more growth over the long term. So we are actively reinvesting back in the business. The second question is, you asked about R&D, we have generally given a guidance range that we will not expect our R&D in years where we have bulky and chunky R&D to be more than 7%-7.5%. So we are very clear about how much money we will invest in R&D and where the focus will be to grow our topline. So these are two broad yardsticks that you could use while our objective is to improve our EBITDA trajectory further. We are going to try and reinvest money back into the business to support growth. From a shareholder perspective this is more the board decide, I think based on where they think depending on where, how we see our capital needs for the future and a benchmark performance of companies that we see in the market and I think based on that it has been probably our first or first one and a half year of cash surplus. Dividend strategy is decided by the board in terms of how to return money back to the shareholder.

Moderator: Thank you. The next question is from the line of Damayanti Kerai from HSBC Securities and Capital Markets. Please go ahead.

Damayanti Kerai: My first question is on some of your key launches which you are expecting to come in say second half of next fiscal. So can you update us on the state of your filing for abraxane and advair because last quarter you mentioned you need to do some study for abraxane, so maybe on these two key asset you can share some updates?

Umang Vohra: Certainly. I think both we have been, Advair I mentioned in our speech that we are waiting for the FDA, we are in correspondence with them and I think we are waiting for the regular update that comes from them with risk and questions with regards to our file. So I think that is on Advair. And on Abraxane, which is Nano Paclitaxel we are furnishing some more data to the FDA. Our believe is that the market could form in April with the first players launch. But we believe that the nature of this product may not resolve in the total market formation because of the supply that both the innovator and some of the generic companies will face inorder to satisfy the market. So we think this is a good asset for the long term and the market will stay limited for a very long period of time. We still have some, they have asked us questions and we still have some data that we are submitting to the FDA.

Damayanti Kerai: So very broadly you remain on your I would say earlier specific timeline of these launches in second half next fiscal. Should we work with that assumption?

Umang Vohra: Well, each launch is different, both of these are different, but yes we have guided that our second half of the year will have more launches compared to the first.

Damayanti Kerai: My second question is on Lanreotide approval, so have you launched the product in market and how many such peptide product you have in your pipeline?

Umang Vohra: I can't give you the specific numbers. And as I mentioned we will try and Lanreotide to build a sustainable share over a medium term and right now we are in the process of accessing the market and there will be launch correspondingly in this quarter sooner or rather than later.

Damayanti Kerai: Where this product will be manufactured?

Umang Vohra: We are not disclosing that, but it is at our partner site.

Moderator: Thank you. The next question is from the line of Prakash from Axis Capital. Please go ahead.

Prakash: My question is on the India business, since we had a launch, over 9 month if you see there has been COVID contribution. How do we see this business for next year given that we are doing fairly well in our base portfolio? Do we expect flattish performance or how do we look at it? And what is the COVID contribution for 9 months base?

Kedar Upadhye: So, Prakash, we are not disclosing specifically the COVID contribution for one specific business but as I mentioned from quarter two to quarter three there is a large decline at the company level in terms of the contribution and depending upon how quarter four evolves, the number of cases evolve, I think that could get to be, obviously our responsibility is to serve with as much demand as we face in India and other markets. Vis-à-vis the next year our thoughts are still being shaped by all these evolving developments. What we are happy is and you could have seen that in our presentation, Prakash, is all the key therapies, respiratory, urology, cardio, overall chronic, acute, I think we are experiencing strong growth. So it would be tough to for us to exclude COVID and talk only on non-COVID because some part of COVID in our view might continue in year as well. So maybe in the May call when we announce full year result that maybe a baseline for us to give some clue into next year. But growth continues strong in Rx business, Gx business and consumer health business. And just to add, I think couple of deals we had announced. So I think maybe you should factor the contribution from some of these deals that we had announced in the past which will get commercialized now, hereafter.

Prakash: And secondly moving to R&D. So the peptide approval that you have got must be like 2-3 years back kind of R&D work you might have done. Trying to understand what is the next level of R&D work you are doing which we will see approvals filing over the next 2-5 years. So one is peptide, one is respiratory inhalation. What are the other areas we have already worked on and what we plan to work for the next 2-5 years?

Umang Vohra: I don't think, Prakash, I am not sure we will give this level of information. I can just say that on respiratory of course we will want to cover as many assets as we can. On some of the other injectable assets, you know there are outside of peptide there are different technology platforms around the release characteristics of this drug and encapsulation of injectable products. Those are some of the things we will begin to build out. They are not easy technology platforms and some of these maybe partnered, some may be add on. And it will take us time to internalize this. So I think longer term that is where we want to go and I think we are working towards it but it is quite a leap for us also to make in terms of getting there and I think we are confident that with the right focus we will be able to do it.

Prakash: When you say partnered how do we see the financial aspect of it? I mean these are just contract manufacturers or these also have contribution in terms of funding and doing some trials?

Umang Vohra: There could be both. Some of these could be early partnerships where the risk is largely taken by Cipla, some of these in the nature of partnership where Cipla and the partner both take equal risks and some are just basically manufacturing arena. So I think it will be all three depending on the asset and our relative ability to do it ourselves versus the need to bring in a partner who has mastered the technical complexity of the asset.

Prakash: And R&D we should build it 4% to 5% only or do you think with these kind of more deals happening et cetera.

Umang Vohra: No, I think it will go up. It should go up. I think next year definitely we are penciling in a slightly higher R&D and whatever it maybe, it will never by higher than 7%-7.5% that we have set as a target for ourselves. So it will be slightly higher than this.

Moderator: Thank you. The next question is from the line of Bharat Sheth from Quest Investment Advisors. Please go ahead.

Bharat Sheth: My question is on One India play. So what is the really, where we are seeing the benefit of One India in say Rx, Gx and consumer? And second question is now we have been seeing that platform-based pharma launches are happening with trade generics, so how that will can disrupt the whole trade generic business and what are our strategy to make that kind of disruption?

Kedar Upadhye: So, Bharatji between our prescription generics and consumer healthcare business, I think the synergy exists on several counts. I think portfolio is one, supply chain and distribution is another. Some of the capabilities for campaigns, advertisements, ATL spends is third. And overall brand name and expertize in terms of digital analytics that is four. So I think there are several angles Bharatji in which we could leverage and we are leveraging between these three businesses. There is an active work stream which we have been speaking about for some of the brands which are in generics business, which have very high recall and those are actually consumer brands and those are being contributed heavily by CHL business either through their own channel, model trade and in terms of approaching consumers, converting it to an almost like a B2C kind of brands. So some of this is already in the numbers, Bharatji and we believe that going forward there is very strong synergy across all these angles. We are particularly excited and interested on two counts. One is the consumerization, as I mentioned secondly the digital aspect. So digital analytic reaching healthcare practitioners, reaching channel partners, analyzing brick-by-brick throughout the Indian demography and targeting specifically for particular region, particular therapy. I think those are the avenues in which we are seeing an enormous power for all our three businesses. And obviously as I said I think the performance is in the current numbers as well and are hopeful that it will shape up to become a more dominant engine in the coming year.

Bharat Sheth: And this several platform company which are I mean owned by large industry and they are planning to launch several private label. So how that can affect our trade generic business?

Kedar Upadhye: See, actually we do have. I mean we have been watching, all of us are watching some of this evolving developments in the e-pharmacy or other, be it teleconferencing or other avenues and platforms in which newer companies are reaching patience directly, not even channel partners. I think we are watching, we have our plans in mind, some of the plans are being executed as we speak. In our view I think the strength of the reputation, the corporate reputation, the strength of individual in all these three business and the execution engine that we have built in is one hedge for us to offset and going forward I think you have to deploy several strategy, it would be tough to enumerate today all of those. But we are conscious of that possibility of disruption and we are working out for it.

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

Anubhav Aggarwal: First question, Lanreotide, I am just trying to understand this product. In general, how many new patients start on this Lanreotide annually as a percentage of total patients? Can you give some rough idea?

Umang Vohra: Anubhav it is a little complicated and I will tell you why. There is a historical average which we have. But the historical average is also changing because there is octreotide which also we have heard there will be generic competition on and there has been some supply issues with octreotide in the market as well. So the two products at some points overlap an interface for a few indications in the market and I think that is the issue why we are seeing that Lanreotide growth has been high and of course there has also been value growth that every year it does take on their portfolio, so it is a little difficult to estimate what are two new starts because of this mix. But we have an historical average and of the total patient pool I don't think the number of new starts is very significant from a Lanreotide perspective, but it is right now the data is convoluted because of some amount of interfaces with octreotide.

Anubhav Aggarwal: But even just to get some idea that historical number will be 10%-20% or even less than that.

Umang Vohra Yes, I would think that ballpark you are in the right range. Maybe towards the lower aspect of the 10%-20% that you mentioned.

Anubhav Aggarwal: And would it be safe to assume that your ability to take market share of new will be very high and existing guys may not shift to your product and that is the reason you are guiding for a very slower ramp up here?

Umang Vohra: I am not sure that we look at the market necessarily from the new and the old. I think we are also learning this market and our objective is to build a sustainable share over a medium term. Sustainable from a perspective of what we can supply as well as where we think this equation will stand out in the market. So Yes, I am not sure that it will just, the division will only be new versus old. But it will be also guided by the way we can supply the market and how much we believe we can do.

Anubhav Aggarwal: And just couple of more questions on this. So in terms of let us say going and talking to each of the hospitals, so will it be like just talking to some of the GPOs, like promoting a normal injectable product, or pushing a normal injectable product versus pushing Lanreotide is there any difference or is it the same thing that is going to GPO and doesn't have?

Umang Vohra: No, I think this is also very significant clinic product, Anubhav. So I think it will be a mixture of the clinics and GPOs and if the market, even I think the market is generally for these fairly well established. So I don't think the outreach is more significant than a conventional health system approach to the market. So I don't think it will require, if your question is that would it

require significantly more than the way you operate and the health systems based today, no it won't.

Anubhav Aggarwal: And in terms of the formulary coverage, so typically generics get an advantage, but in this one let us say if any doctors thinking about an existing patient will he be incentivized enough not by you but let us say PBM probably, to use a generic versus the brand?

Umang Vohra: Well, I am not sure that we understand that part of the market that well. And I don't know how, I don't know whether that is going to work. I think our primary route would still be through the clinics and the GPOs.

Anubhav Aggarwal: And second question is, you mentioned about one of the complex injectable launch in fiscal 24, from a portfolio representation, just want to understand that broadly can that be as meaningful as Lanreotide or in that stature in terms of contribution?

Umang Vohra: You are referring to, Anubhav, our presentation?

Anubhav Aggarwal: Yes, Investor Meet of January.

Umang Vohra: JPM?

Anubhav Aggarwal: Yes, correct.

Umang Vohra: I think Lanreotide because of the timing is obviously because we are the only generic player, I think the connotation is different. I think that other product may have more competition than just us being alone in the market, but it is a question of timing. When we started Lanreotide, we also thought we will not be the first to enter this market. So, I think it depends on the number of competition but it is a meaningful asset maybe not as meaningful as Lanreotide. But it is definitely meaningful.

Anubhav Aggarwal: Can I ask one more question on consumer wellness portfolio?

Umang Vohra: Please.

Anubhav Aggarwal: So you have transitioned certain products, that you have already done 10-12 products over there, but let us say some of the large products which are yet to be transitioned, just an example, what is stopping you from transferring this right now from Gx to the health, that is one question. Second question is, that is more general question. Once the product is transferred from Gx to let us say consumer portfolio, do you reduce channel discount because now you are putting more resources behind albuterol, sizing it or let us say that is a more phased out process. At some point of time you go ahead and reduce the discount to the channel margin, can you just talk about these two, please?

Umang Vohra: I think, so firstly what is stopping is, I don't think there is specifically anything stopping. The board has today approved the scheme of through the slump sale. So I don't think there is anything stopping us. The question is how do we grade this over a period of time considering the timing of the shift as well as considering what we believe could be the impact on several other businesses that we run. So one is the ability of the business we are transferring to their ability to absorb it, the second would be the ability of the transferring business to street and the timing in the market on when is the right time to do it. So I think there is nothing stopping us. It is a function of how we grade the transfer. I think on the margin piece, I will just say that it is a mixture, there is no, it is product to product. Sometimes margin corrections happen overnight, sometimes they happen an over a period of time depending on how much we think the equity of the product in the market is. And I think it is a function of both of these, but yes, the general trend is that you transfer, you kind of reduce margins and you take up your advertising spend to create demand.

Moderator: Thank you. The next question is from the line of Surya Patra from Phillip Capital. Please go ahead.

Surya Patra: My first question is on the outlook, FY'25 or till the time the outlook that you have given for the US market, that you are saying that incremental 300 million to 500 million odd revenue can be added annually. So by that are we bit more conservative, considering the potential of revlimid and products like advair and so, considering these two products potential contribution in itself, either we are bit more conservative here or we are anticipating larger than expected competition for revlimid. Could you please clarify on this, sir?

Umang Vohra: I think Kedar, maybe you can take this.

Kedar Upadhye: Surya, we had spoken about this targets a year back, in the last year January month and from that vantage point we have said there is a possibility of 300 to 500. Look, when you pan out future launches and multiple variables which will shape those launches and incremental growth, in a market like US, over the 5-year time frame you are going to be right for some assumptions and you are probably not going to be right for some assumptions. So I think how competition would evolve, how pricing will evolve, how our ability to take share would increase in some pockets and all, see I think all these factors depend and eventually will determine where you will get into it, we feel that 300 to 500 is ambitious enough because our base that time was around 500 or so, when we spoke a year back. And as things stand today we have progressed well. The early indicators are quite positive. Our ability to take share, our ability to service the needs of the market, our ability to seamlessly ensure supply chain and compete wherever we have to compete in case of additional competition and most importantly the development and regulatory engine, I think everything is working fine, Surya. Now this is, the 300 to 500 is a congregation of several assets and some of those are filed, some of those are yet to be filed, some of those are quite ahead in the review process. So what we would not do probably is to attach any word whether conservative or not conservative, but what I am just saying, the external business environment and our ability to respond to it would shape up this opportunity and in our view it

is ambitious enough. There is no conservatism in anything. We are internally for every launch. We take it very seriously and very meaningfully and there is no conservatism. We go all out. What we avoid is getting very disruptive on pricing, I think. Our attempt is to be very responsible on pricing. So that is the only thing I would caveat and Yes, that is it.

Surya Patra: And my second point, if you can just give some clarity about your China thought process, so how critical that could be for the, in the overall revenue mix, how critical that could be let us say three year down the line?

Kedar Upadhye: Projects, when you expand into new countries and especially when there are multiple layers for approval and listings in hospitals and regions and then several regulatory pathways of filing through local manufacturing or through Indian manufacturing. I think those plans play out Surya over fairly long term. So I mean to answer your question from a 1 to 3 year standpoint it may not be as meaningful. But we have the plant really now as you know and the capability has been built in, the initial set of batches are being taken, we are excited because it is what, the second largest pharma market globally. So we are excited and there is lot of respiratory potential in that market. We are excited but to answer your specific question from 1-2-3 year standpoint it may not be relevant, I think going forward it would shape in the subsequent years to be probably meaningful forward, emerging market franchise.

Moderator: Thank you. The next question is from the line of Nithya Balasubramanian from Bernstein Research. Please go ahead.

Nithya Balasubramanian: Sir, I have a follow-up on Lanreotide, I am going to squeeze in one more. So Lanreotide, one is, given that it is a complex product and it is relatively difficult manufacturing. Is your partner geared upto let us say help you get like 20%-25% of the market, is the manufacturing ready? Two, given that you are not therapeutically equal in product what incremental commercial infrastructure investment will this product require and the next one is actually on expenses. So excluding R&D your expenses seems to be trending down. Should we assume that 3Q was largely a normal quarter in terms of India sales force expenses etc. is this the new normal?

Umang Vohra: Can I request Kedar to take on third one first and maybe Nithya I will come back to answer the first two.

Kedar Upadhye: So I think most part of the quarter, Nithya, the last one of the field force was in operation and as we keep saying our attempt was to secure and safeguard some of the efficiencies that we deliver last year through re-imagination exercises and some of the pivotal initiatives, so I think some of those seems to be working and business model across the regions and at an overall company level it is fairly optimal now, although we still feel there are some opportunities to execute. So given all of this I think you should treat quarter 3 as a base and subsequent to, as you know we have often said, the large part of our opex is very responsive to the sales in multiple geographies based up on the commission discount and other arrangements that we have. So I think the

expense is good response to sales volume and value. But overall, I think you should treat Q3 as a base quarter, Nithya.

Umang Vohra: There are two more questions she has asked. I think the second one that you asked was on whether there I believe there is an incremental amount of infrastructure required to drive this and our understanding of the market right now is no, our current infrastructure will drive it. The first question was on the capacity etc. Look I think the partner that we have is also a partner that understands his product well and we have a certain internal target of where we want to get and I think the partner is geared up to supply to that target and we have guided it in the sustainable over a midterm period.

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

Sameer Baisiwala: I think you and I need to ask some questions on the Lanreotide. So here I go. So Umang, can you just share how is the product different from the innovator that you had to take 505(b)(2) route and second is, you mentioned sustainable market share over midterm, if I just have to have some incline, so are you looking at double digit market share, exact market share by end of next year fiscal, is that realistic?

Umang Vohra: So Sameer, let me mention, I think we will not divulge information on the specific target per share et cetera. All I can say is that as I mentioned whatever is sustainable over a medium term I think that is where we will go because I think at this point the product is also competitive in the market place and we don't want to divulge too much of information on it. The first part on the how the product is different, I think we can have a separate discussion. We are happy to provide that visibility to do to you, but it is largely around things we have used to offset the patents etc. that at one time around the product.

Sameer Baisiwala: Umang, just is your device ready to use or is it needle assembled?

Umang Vohra: The device, what do you mean by ready to use, Sameer?

Sameer Baisiwala: So, that is the new form that the innovator has transitioned to where you don't need to assemble the needle while injecting.

Umang Vohra: In that manner we are ready to use. Can you go back and tell me what was your earlier question? So your question is, there is no need of mixing any diluent or anything into the product, if that is the question you are raising. If you are saying does the needle have to fixed on the product, yes, the needle has to be fixed on the product.

Sameer Baisiwala: Versus I think the innovator device where you don't need to, that is bit different?

Umang Vohra: They changed some part of that device in the past as well, and that is correct. Right now they are all preassembled. The ready to use connotation is actually fairly different in the injectable space which is why, I asked you what you mean, because generally RTUs are more, no need of diluent, no need of anything else within the clinic setting. So that why assembly wise we need to assemble, I am told the innovator product is preassembled.

Sameer Baisiwala: But keeping the semantics aside, does the device difference makes a difference, from the commercialization of the product?

Umang Vohra: We believe not, Sameer. But I think it is a function of acceptability of the product in the market. So we don't think so. But you know that is out of our experience so far in this area of the market and I think as the market as we begin to understand the market more and launch in the market there will be more information. But right now our assumption is no.

Sameer Baisiwala: And just one final on this, Umang, I know you can't say much, but what is the commercial arrangement between you and your partner. Is it like more or less the industry standard 50:50 profit share plus or minus or is it very different from that?

Umang Vohra: I could say broadly we are there. But there are some launches here, so broadly.

Sameer Baisiwala: Just one final question with your permission if I may. I saw that you have filed for two respiratory products in Europe. So just broadly taking 3- or 4-year view, how do you compare the respiratory opportunity in Europe versus the US in terms of addressable market and the competitive dynamics. If you make $100 in US would you make $20-$30 in Europe or much more than that?

Umang Vohra: Sameer, it is again a function of our market entry. I think Europe is more sensitive to market entry than the US is on this product. So in the US if you are even third or fourth player because of the volumes in the market and people can carve out their own shares and stay sustainable. So Albuterol for example there are so many people who have launched into the market but the market is still attractive for many players. Whereas in Europe I think that equation changes very rapidly after the second or third entrant, I think the market begins to be more responsive on price than you have seen in the US. So yes, I think the Europe potential is significantly low compared to the US, but it depends on your market entry and your timing. So if you are number two or three in Europe I think it can still be an asset which could well be 20%-30% of the US likely much.

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

Neha Manpuria: Umang, we had the investment in avenue which obviously we have terminated. But I think that investment still continues. In lot of your presentations in off late when it comes to the US business we have talked about respiratory and injectable largely being the area that we investing in. So is it fair to assume that specialty is something that we are not looking at. It is completely

out of question, or do you think that is still open and you will explore that based on what opportunities come your way?

Umang Vohra: Neha, I think on the specialty path, the Pulmatrix asset which is the respiratory antifungal inhaled antifungal acid for aspergillosis, that is continuing on its path. We continue to sell plazomicin in the US. It was intended to be our second asset after the tramadol asset from avenue. And I think avenue unfortunately the asset has not progressed forward. So specialty, the strategy is always built around an asset, the central asset. And now Plazomicin is taking the load for everything and the asset Plazomicin was never intended to be a big asset. So we are discussing strategically. In the absence let us say, in the case the tramadol does not go ahead any further as an asset, anyway our rights to tramadol have ceased. We are now only an equity investor. So if we don't have tramadol in our portfolio then there has to be some amount of rethink on what we do with Plazomicin and what would be the asset that would come in its place. So we are actively in discussion on this. But the asset on the respiratory space which is the inhaled antifungal that is proceeding in its clinic so it is proceeding ahead with the partner.

Neha Manpuria: Sir, just to understand this correctly, we are looking at opportunities and depending on what comes our view we will decide whether we would like to invest further in that business or not assuming tramadol does not happen.

Umang Vohra: Yes, so assuming tramadol does not happen we will need to find a lead asset. Because Zemdri is not a lead asset, it is smaller niche asset and it can be below that of the whole portfolio. So that is the stage we are in with respect to those two assets but respiratory asset that we had that is in the clinic and it is going on.

Neha Manpuria: And when we are looking at these opportunities, is there for example we already have one respiratory asset, tramadol was more a pain asset, but it was a fairly large opportunity. How we are thinking about what opportunities we could look at. I mean is it fair to assume it would be a tramadol type opportunity which might not necessarily require a large commercial footprint?

Umang Vohra: No, I think we don't want to invest too much money on huge commercial footprint. I think that we are clear about. But one of the things we have also gone back and tried to tweak and change and we are actually in the middle of that is that we must have our own, some pipeline assets that come from our own labs, they are really small. They maybe 30 million or 40 million in size or 20 million or between 20 to 50 million in size, but what happens is when you have an asset that does not come or asset disappoints in a late phase 3 trial, you have the ability to at least cover it up with something that is within your stable. So when we did tramadol et cetera, we didn't have this pipeline backing. And now we are at a point wherein about a year and a half, two years we might have at least some of these assets closed to filing, they may not be big but at least they add the portfolio bit and momentum for our specialty journey.

Neha Manpuria: And one other question on the India business. Given that we are talking about entering into new category, you talked about anti diabetic and injectable in your opening remark and even in your

recent presentation, so is it fair to understand that, the penetration level of our existing brands is getting slower and therefore we need more such launches and probably these partnered product to maintain the strong momentum that we have started seeing in India. Is that one of the changes or am I reading that incorrectly.

Umang Vohra: I think it is both because really there is no product source unless you partner with an innovator. I think the days where you could do changed formulation or the addition of an excipients and re-launch the formulation, I mean those days are there but realistically the band that you get out of that is much lesser. So if you really want to bring more products and more innovative products into the more products which are patent protected and innovation driven, you have to partner with the multinational corporation is my view because there is no other way to get innovation into India. So it is a mix of both. It gives us growth and it is certainly driving growth for us, but it is also in my view, and also in absolute necessity because why would for example yesterday there was news that Novo Nordisk is launching the oral Semaglutide in the marketing India, now that is a great product. If it was not Novo themselves and supposing Novo would looking for a partner, many Indian companies would have offered the partner for this. The therapy is a game changer, right? So why would anyone sit out when there is innovation that we can bring to this market which can spurt the market growth and create the unmet need demand.

Neha Manpuria: See, in that case we need to get more such partner product and that we are launching new division which would probably require investment in expanding our MR coverage. Would that mean that incremental growth in India is coming at lower margin?

Umang Vohra: I think to some extent you could say that because the partner also shares here, right, in their thing. But I think what is changing is, Neha, there is a very active reallocation of capital that is happening across India by all the Indian companies. And I think what that reallocation of capital is doing is that it is taking capital and putting it around the assets on the brands that you want to create formidable franchise link. So what happens is I don't think the infrastructure requirement of launching products from innovators is anything new for the top 10 or 15 Indian companies, because everyone will have a cardiac field force, everyone will have a diabetic field force and every time there is a new product that comes in, I think this kind of eliminate the tail, all of us eliminate the tail of product that we are selling currently so that productivity is maintained.

Moderator: Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Sir, just would like to understand again on the India part, like how is the profitability now in terms of the branded prescription and consumer health and trade generics either in terms of the pecking order or maybe broad range if you could highlight?

Kedar Upadhye: Tushar, more or less prescription business and generics business profitability was close to each other although not equal. So prescription business is a bit higher than generics business. Both are convincingly higher than the company EBITDA and consumer business as you know will

reach breakeven fast with the current set of portfolio, which means the earlier launch product are breakeven in fact generating significant money which funds the subsequent launches. So I think that engine is working well, Tushar.

Tushar Manudhane: And lastly also maybe for 9 months or for 3 months if you could breakdown this India business proportion into branded trade and consumer health?

Kedar Upadhye: I can come back to you on Tushar separately on this.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I would now like to hand the conference over to Mr. Naveen for closing comments. Thank you and over to you, sir.

Naveen Bansal: Thank you so much, Faizan. Thank you everyone for joining us today for the quarter 3 earnings call. In case you have any follow on questions, feel free to reach out to either myself or Ankit or write to us at investor.relations@cipla.com. Have a good evening. Thank you so much for joining.

Moderator: Thank you. Ladies and gentlemen, on behalf of Cipla Ltd. that concludes this conference call. Thank you for joining us and you may now disconnect your lines.