27th January, 2026

(1) BSE Ltd
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Scrip Code: 500087

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

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

Sub: Q3 FY26 - Earnings Call Transcript

Dear Sir/Madam,

We are enclosing herewith copy of the transcript of the Company's Q3 FY26 earnings conference call dated 23rd January, 2026. The transcript is also available on the Company's website i.e. https://www.cipla.com/sites/default/files/Cipla-Earnings-Jan23-2026_0.pdf

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For **Cipla Limited**

RAJENDRA CHOPRA
Digitally signed by RAJENDRA CHOPRA
Date: 2026.01.27 18:51:09 +05'30'

Rajendra Chopra
Company Secretary

Encl: as above

Prepared by: Chirag Hotchandani

“Cipla Limited Q3 FY’26 Earnings Conference Call”

January 23, 2026

MANAGEMENT: **MR. UMANG VOHRA - MANAGING DIRECTOR & GLOBAL CHIEF EXECUTIVE OFFICER, CIPLA LIMITED**
MR. ACHIN GUPTA - MANAGING DIRECTOR & GLOBAL CHIEF EXECUTIVE OFFICER DESIGNATE, CIPLA LIMITED
MR. ASHISH ADUKIA - GLOBAL CHIEF FINANCIAL OFFICER, CIPLA LIMITED
MS. DIKSHA MAHESHWARI – HEAD (INVESTOR RELATIONS), CIPLA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to Cipla Limited Q3 FY'26 Earnings Conference Call.

We have with us today from the Management, Mr. Umang Vohra – MD and Global CEO; Mr. Achin Gupta – MD and Global CEO Designate; Mr. Ashish Adukia – Global CFO; Ms. Diksha Maheshwari – Head, Investor Relations.

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. Please note that this conference is being recorded.

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

Diksha Maheshwari: Thank you, Ranju. Good afternoon and a very warm welcome to Cipla's Q3 FY'26 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 confirmations, 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 us for our Q3 FY'26 Earnings Call.

Over the last five years, we have delivered strong performance, fencing our market position and significantly enhancing our profitability. Together, we built a strong leadership bench and sharpened our execution focus, consistently creating value for the Company. As I prepare to hand over my responsibilities, it is my privilege to invite Achin to take charge and lead the next phase of our growth and journey. I would now like to invite Achin to give a commentary on the business and subsequent to that, Ashish bhai for his commentary on finance.

Achin Gupta: Thank you very much, Umang, and thank you for your steady leadership and for strengthening the foundation on which the Company continues to grow. I look forward to carrying the momentum ahead.

Turning to this quarter's performance:

We have focused our efforts in growing our base business and we continue to invest for the future. Our diversified portfolio enabled us to deliver revenues of over Rs. 7,000 crores this quarter, despite the known drop in generic Revlimid sales. Our One-India business delivered a strong quarter with 10% year-on-year growth, reinforcing its momentum and commitment to sustainable long-term growth. In our branded prescription business, we delivered a double-digit growth of 10%.

Our key therapies continued to outperform the market with robust growth. Respiratory grew 11% while anti-diabetes and cardiac grew 13% each and urology grew 15%. Cipla respiratory crossed the threshold of Rs. 5,000 crores for the first time in IPM as per IQVIA MAT December '25. Respiratory also outperformed the therapy IPM growth by 400 basis points as per IQVIA quarter ended December '25. Our overall chronic mix further strengthened to 62.3% YOY. Foracort continued its leadership as the number one brand in IPM. We added four new brands to the INR 100 plus crore club, taking our total to 30 such brands. Our presence in IPM's top 300 brands remains strong with 22 brands, reinforcing the depth and resilience of our portfolio. Cipla continues to be the largest pharma company in terms of volume and the only brand with 2 billion plus unit sales in IPM as per IQVIA MAT December 25.

During the quarter, we entered into a strategic agreement with Pfizer for exclusive marketing and distribution rights of four well-established Pfizer brands in India. We also signed a definitive agreement to acquire Inzpera Health Sciences, a strategic move that brings together Inzpera portfolio of pediatric pharmaceutical and wellness products within Cipla's robust distribution network.

We further strengthened our diabetes portfolio with the launch of Afrezza, India's first and only inhaled rapid-acting insulin, marking a significant milestone in transforming insulin therapy. In addition, through our partnership with Eli Lilly, we launched Yurpeak, a modern once-weekly tirzepatide therapy for obesity and type 2 diabetes, bringing a convenient and advanced treatment option to millions of patients across India.

Our trade generic business delivered healthy growth during the quarter, on the back of vigorous execution and distribution, new product launches, and technological advancement. Expanding our portfolio remains a key growth driver with 8 new launches this quarter, which address specific patient needs. Our consumer health business continued its upward trajectory, with Nicotex, Omnigel, and Cipladine consolidating number one positions in their respective segments. The business is driving healthy secondary growth and actively exploring opportunities to invest in products and channels to further expand our distribution network. Operating profitability improved, reflecting the strength and scalability of our consumer health strategy.

In North America, we delivered quarterly revenue of $167 million, which included a small contribution from Lenalidomide. We faced certain supply challenge in some of our key products and increased competition in new launches, yet our base business, ex-lena, delivered a double-

digit growth YOY. We expect upcoming launches to help cushion the decline in Lena revenues and provide long-term growth.

Cipla continues to hold number one position in the overall U.S. Albuterol MDI market this quarter, with our market share at 22%, as per IQVIA data for the week ending December '26, 2025. Lanreotide remains one of our key strategic assets. Recently, however, our partner, Pharmathen underwent a U.S. FDA inspection at their manufacturing facility, which resulted in nine 483 observations. As part of their remediation efforts, production has been temporarily paused. We currently expect Lanreotide resupply to resume in H1 FY'27. Until this manufacturing restarts, the product will remain in limited supply, subject to quality clearance of existing stocks. While this may cause some short-term disruption, we are working closely with Pharmathen and all the relevant stakeholders to explore every viable option to restore normal supply levels as quickly as possible. And in parallel, we are evaluating alternate sites for this product.

A quick update on our U.S. pipeline:

By this time, our pipeline includes four significant respiratory launches, including generic Advair. During the quarter, we will be launching generic Victoza, and we further expect to launch three more peptide assets in FY'27. Notably, three of the four respiratory assets are filed from our U.S. facilities. These strategic introductions will not only strengthen our portfolio, but will also serve as key drivers of sustainable longer-term growth.

Moving to South Africa:

In the private market, we achieved strong secondary growth of 6.3%, outperforming the market of 5.7% as per IQVIA MAT November '25. The business-based weakness in primary revenues this quarter due to in-country channel destocking. However, we expect normalization by next quarter.

In EMEU, we delivered our fourth successive quarterly revenue above $100 million, recording a 7% YOY growth in USD terms. This was fueled by exceptional execution across both DTM as well as B2B segments. Our continued focus on deep market penetration has provided a strong foundation for sustained growth. Notably, we maintained margin stability while effectively leveraging internal pipeline assets, which demonstrates the strength and agility for our operating model.

On regulatory front:

We are expecting the re-inspection of our Indore facility to take place anytime soon.

With that, I would like to invite Ashish to present the financial and operating performance.

Ashish Adukia: Thank you, Achinji, and thank you, Umangji as well. Thanks for your leadership.

Now, I would like to present the key financial highlights for the quarter:

We reported a quarterly revenue of Rs 7,074 crores, which is flat YOY. The EBITDA margin, excluding other income, stood at 17.7%, to be precise for the quarter. The decline in EBITDA margin was primarily driven by lower generic Revlimid revenues. The reported gross margin after material cost stood at 62.8%, again, largely driven by decline in lenalidomide, as well as partly because of product mix. Also, notably, the gross margin or material cost also has your R&D material cost of APIs or R&Ds that we purchased sitting out there. The total expenses for the quarter stood at Rs. 3,187 crores, reflecting a 13% increase over the previous year. This was primarily due to planned investment in R&D, manufacturing, and talent to support our new launches and build readiness for upcoming products in the pipeline. We remain focused on innovation and future readiness. R&D investments for the quarter was Rs 494 crores at about 7% of revenue. This was a growth of 37.4% YOY, directed largely towards product filing and key development programs. As noted earlier, R&D spend is trending higher this year, driven by select opportunities that strengthen the depth and vibrancy of our pipeline.

The profit after tax for the quarter stood at Rs. 676 crores, representing 9.6% of the sales. This includes one-time impact of Rs. 276 crores from new labor code, which is sitting in the exceptional item rather than above EBITDA. The ETR for the quarter stood at 24.5%. Our free cash flow generation and operating efficiency continues to drive healthy net cash position. As of 31st December 2025, debt on our balance sheet includes lease liabilities stood at Rs. 489 crores, with net cash equivalent balance at Rs. 10,229 crores. And this is after adjusting for a dividend that we paid in the previous quarter and this quarter we paid for Galvus as well.

This quarter our EBITDA was lower than our internal expectation by about 1.5% to 2%, which will affect the overall guidance for the year. And this was primarily a reflection of lower-than-anticipated Lanreotide performance and the completion of generic Revlimid billing cycle, with most of the shipment concluding in September quarter and small portion in December quarter. In parallel, we stepped up planned investments aligned with our growth priorities, including spends towards the commercialization of our new launches and readiness activities at our U.S. manufacturing facilities ahead of near-term and imminent regulatory approvals.

In line with the last quarter's guidance, we continued to prioritize targeted R&D investments in select opportunities within our U.S.-focused oligonucleotide portfolio, where we see potential to secure an attractive and competitive market entry position. Now, these are deliberate strategic choices and will lead to FY'26 EBITDA margin guidance to land at around 21%.

Going back to our key priorities for the market, for One India, the aim is to focus on execution to sustain the growth momentum and outperform the market in both branded generic and trade generic. We will further strengthen our presence in chronic therapies, including diabetes,

cardiology, urology and dermatology while maintaining the robust trajectory we have built in respiratory.

In North America, we will concentrate on enhancing commercial execution and accelerating the new product introductions that we are expecting. In South Africa, our focus will be on improving the private sector mix while being selective in tenders. EMEU, our top priority is to drive top-line growth by deepening penetration in core markets while maintaining a strong margin trajectory.

Lastly, on FY'27 guidance, we will further provide that as we finalize our annual operating plan for FY'27 in due course.

That's it from my side. Thank you for your attention. Over to moderator for Q&A.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes on the line of Tushar Manudhane with Motilal Oswal Financial Services Limited. Please go ahead.

Tushar Manudhane: Thanks for the opportunity, sir. So, firstly, on the Q3 gross profit and gross profit margin, even the Revlimid related impact is there, is there further anything in the raw material may be related to Lanreotide which is dragging the gross profit much lower compared to earlier quarter outside Revlimid?

Ashish Adukia: Tushar, Revlimid has a significant impact sitting out there in the gross margin that you see. I think apart from that, in case of R&D, this quarter was a quarter where we purchased certain R&Ds and APIs as well for our R&D expenditure. That led to a significant explanation for the difference that you see out there. Other than that, there is a product mix that led to small dilution as well, but that is not a significant amount, the three reasons.

Tushar Manudhane: So this Lanreotide had any impact on the raw material side while sales would have got impacted more on the raw materials as well as in certain inventories or related expenses?

Ashish Adukia: No, there has been no adjustment in the inventory that we have had on account of Lanreotide. Whatever we have sold in this quarter of Lanreotide, a normal material cost against that is what is booked.

Tushar Manudhane: And so, extending this, given that there is now disruption, so effectively the US sales will then get further lower, at least with respect to Lanreotide reduction in the upcoming quarters. Is that a fair assessment?

Ashish Adukia: On account of Lanreotide depending on how that situation evolves, the Lanreotide sales can get further impacted. We are not commenting on the other part of US as of now.

Tushar Manudhane: Okay, sir. That's it from me, sir. I will join back again.

Moderator: Thank you. Next question comes on the line of Kunal Dhamesha with Macquarie. Please go ahead.

Kunal Dhamesha: Hi, thank you for the opportunity. So, of the 66 million rough decline in the US sales on a sequential basis, how much directionally we can attribute to Revlimid versus Lanreotide?

Ashish Adukia: So, a significant portion of that comes from Revlimid, a major portion of that. And there is a small portion that comes on account of Lanreotide as well. But important to note is that, as against what we had planned in Lanreotide, there is a lower than that we have achieved because of this disruption.

Kunal Dhamesha: Then if I remove just both, lenalidomide, because there is still some residual Revlimid there, and Lanreotide is also there. Is it fair to say that we are at a more like a pre-Revlimid era where we were doing more like $125-$130 million quarterly run rate for the US? Is that a fair understanding? Without Lanreotide, we should be there?

Ashish Adukia: So, no. That your assessment is not entirely correct in arriving at the base. Because we can't share the numbers of Lenalidomide unfortunately. So, difficult for us to explain the entire gap. But directionally, if Umang or Achin, you want to just add to that?

Achin Gupta: I think directionally just to say, we have minimal lenalidomide now in that base. And we are looking at very significant launches which are coming up. So, I think that the direction of travel of the business will be to grow on the back of all of the products, including some of the launches which have already happened this year.

Kunal Dhamesha: And would you provide more details on, so we know one which is generic Advair, but beyond that the three respiratory assets, if you could provide some color in terms of what is the total addressable market, how is the competitive landscape there?

Ashish Adukia: Yes. So, we have mentioned four respiratory assets. One of them is Generic Advair. There are two other fairly large material opportunities where we believe we have a full generic opportunity which would stay like that for a certain period of time. So, we are very excited about those and with awaiting the approvals, which will materially create a revenue as well as profitability impact for us.

Kunal Dhamesha: The large means like hundreds of millions or the total addressable market size, how to look at those? One is definitely Symbicort, right, of the four, one is Advair, one is Symbicort. So, the remaining two, the large opportunity which you are suggesting, where we could be sole one, can you give us the time?

Ashish Adukia: I think for competitive reasons, it's hard to comment on that, but these are fairly large.

Kunal Dhamesha: Sure, sir. Thank you and all the best.

Ashish Adukia: Thank you.

Moderator: Thank you. Next question comes from the line of Neha M with Bank of America. Please go ahead.

Neha M.: Thanks for taking my question. My first question is on the peptide monetization that we have talked about in '27. None of these are from the partner facility that's been impacted, right? Would that be a fair assumption or some of this is linked to Pharmathen's facility getting cleared?

Ashish Adukia: No, none of them is coming from Pharmathen.

Neha M.: Understood. That's helpful. And second, on the gross margin impact that you said, Ashish, from the APIs for R&D, could you quantify how much would that be and should we assume that that was just restricted to this quarter and should normalize from next quarter onwards?

Ashish Adukia: So, without necessarily giving a risk, we have said that your R&D expenses is about 7% of revenue. So, part of that 7% sits as material that you purchase, procure as well, which is both R&D as well as API. And we did that for certain molecules, including oligonucleotides. So, what happens is that it is not a regular consistent quarter phenomenon. In this quarter we purchased, so therefore it can be lumpy as well. So, you may not have it coming back in Quarter 4.

Neha M.: Understood. And how should we think about defending the 21% margin that we have guided to this year into next year when Revlimid fully goes away? Initially we have the land-return disruption, but then we also have the launch pipeline. If you could just give us some sense on how we should look at margins for '27?

Ashish Adukia: So, '27 margin, we are not currently guiding towards for a reason that we have not completed our annual operating plan for the year, which needs to go to the Board and then we can give that guidance next quarter. FY'26 is for which we have given guidance of that we should land the year at about 21%. So, that is just one quarter left and we of course have to do better YOY to achieve that if you do the math. And we do not have any Revlimid now in Quarter 4, which is what you are all aware of.

Neha M.: I am done with my questions. Thank you.

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

Damayanti Kerai: Hi, thank you for the opportunity. I have two questions. So, first, on your expected launch for FY'27 in the US, so you mentioned four peptides and four regulatory assets. So, just want to understand what kind of comfort and visibility you have on these assets, whether you have got that date from the FDA on the basis of which you are confident that you should be able to launch these products and also want to understand in any of these, are there any URLs or any roadblocks which you are yet to resolve?

Achin Gupta: Thank you for that question. The respiratory assets that we have are progressing well through their assessments. And we have been preparing for the launch as well in terms of operations related activities that need to happen to prepare for the launch. So, we are quite confident about those upcoming launches. Likewise, for the peptide assets as well, because these are not from the site which is having that issue currently with the partner pharmacies. So, we do not have any reasons to suspect any issues on the launch. And generic Victoza approval is already received. So, that we will be able to launch as well.

Damayanti Kerai: Sure. Just to understand, all the peptide assets are from CMO site and respiratory, as you mentioned, 3 out of 4 will come from the US and one maybe from the India plant. Is that the status?

Achin Gupta: Yes, that is right. So, the peptide assets are from partner sites and respiratory are from US sites as well as India sites.

Damayanti Kerai: Okay. My second question is on your note to the consolidated financials, where you mentioned you have paid around Rs. 1,100 Cr. for acquiring perpetual rights to manufacture Galvus and combination products. So, can you help us understand where these expenses or costs are sitting in the financials?

Ashish Adukia: So, that is sitting in intangibles in your capital advance in your financial statement, the 1,100 that we have paid.

Damayanti Kerai: That's sitting in intangibles, right? Nothing on P&L side?

Ashish Adukia: Nothing on the P&L.

Damayanti Kerai: Okay. I will get back in the queue. Thank you.

Moderator: Thank you. Then Next question comes from the line of Surya Narayan Patra with PhillipCapital (India) Private Limited. Please go ahead.

Surya Narayan Patra: Thanks for the opportunity, sir. First question is on the Lanreotide, this is just a clarification first, whether we have seen any impact of supply disruption in this quarter, because the inspection and all that would have happened in the current quarter, but I think the development what we have seen, it is in the 4th Quarter?

Ashish Adukia: So, in case of Lanreotide, the inspection took place in November and soon after that they stopped the production. So, in December, we had no production out there. So, there was some impact in comparison to the previous quarter. But as far as our plan, the impact is much larger.

Surya Narayan Patra: Okay. So, then my next question is on the margin side. See, now we are guiding kind of a 21% margin for the full year, FY'26, wherein the fourth quarter, obviously, we know that it is a relatively weaker quarter for us. And hence, the impact also would be there alongside the impact

of Lanreotide that would also be visible. But going ahead, how should one see what are the kind of swinging factors for our margin? Because obviously, the Lenalidomide would not be there next year. And there would be possibly in the first half, the Lanreotide disruption also would be there. And the spends on R&D side that is likely to continue. So, in that case, the overall margin, if we see, it looks like below 20%. Whether directionally am I thinking right or how is it? How should one think? If you can just talk about the moving factors for the margin for next year?

Achin Gupta: So, Surya, let me just try and give you some color. So, the Lena is a planned dip in sales, which was known for quite some time. So, that's happening as we speak. And in preparation for that, we have been working on the pipeline. And as we already mentioned that pipeline is now looking closer. So, as we go along, and as we start getting those approvals, we will be able to obviously share that. So, that will be the way to offset all of what has happened, whatever, you know, is going off on in Lenalidomide. In addition, our other markets continue to grow strongly. So, India, which is a large presence for us continues to grow, EMEU continues to grow, South Africa continues to grow. And we will obviously, be providing some more visibility on how we are looking at R&D and the other expenses to invest in the business. But I think the broad guidance is that this is Lanreotide is a temporary issue and Lenalidomide was a planned going away for which the pipeline comes into play. That's how we would look at it. Until the time this Lanreotide disruption is there as more as a temporary aberration than a longer term phenomenon.

Surya Narayan Patra: Okay. Otherwise, our profitability going ahead, excluding the impact of the Lanreotide should be better than the profitability what we would be having prior to the Lenalidomide scenario?

Ashish Adukia: So, I think best for us to answer this question will be when we have rolled up our annual plan. So, we will give you a much better visibility after that.

Surya Narayan Patra: Sure, sir. Okay. Just last one question then from my side, sir. About your Yurpeak tirzepatide launch. So, what is the kind of progress and whether you have any assessment about the kind of adoption levels in the areas beyond cities, where the focus would also be there for you? And what scenario that you are anticipating post the commercialization of semaglutide for tirzepatide?

Achin Gupta: So, we are the full, all over India marketing right for Yurpeak. So, we are covering pretty much all of the country with obviously more focus on outside of metros. But this is a very fast growing space. So, we are seeing good traction coming through in all of the places. Those which had been exposed to the drug earlier by the partner as well as the cities and new prescribers where we are able to bring the treatment as for the first time. So, I think there's good amount of traction there and it's a very large medical need across the country. Patient pool is very vast and widespread across the country which we are looking to serve. Now, with respect to Semaglutide generic, as and when that happens, we believe it will open up a new segment in the market because the molecules are different. Tirzepatide has dual action GLP and GIP, which we believe makes it a preferred option. However, from pricing perspective and genericization of Sema

happens, it might open up options at a different price point to certain segments of the market, which effectively will grow the market as opposed to eating into each other.

Surya Narayan Patra: Okay. Sure, sir. Thank you. Wish you all the best.

Achin Gupta: Thank you.

Moderator: Thank you. Next question comes on the line of Bino Pathiparampil with Elara Capital. Please go ahead.

Bino Pathiparampil: Good afternoon. First question on Abraxane. Any update on how it's doing in the market?

Ashish Adukia: Sorry. You said Abraxane?

Bino Pathiparampil: Abraxane, which you have launched?

Ashish Adukia: No, I think our launch coincided with other launches as well. So, it's become a competitive market. So, as of now, we are inching up our market share. Currently, it's a single digit. We hope to increase that.

Bino Pathiparampil: Understood. I was looking at your '22 margins before Lenalidomide. You were around 21%. How has that fallen to 17.5%-18% now? I mean, that too, with a little bit of Revlimid?

Ashish Adukia: Sure. See, I think we explained some of the reasons, right? Like, there was R&D, which is elevated. We used to be at about, I think, 5%-5.5% in the past, which has now come to about 7% of sales. So, it's straight away about 1.5%-2% kind of a dilution from what we used to be. That explains one of the reasons. And then, in the last almost about 1-2 years, we have been investing on organic growth and for new launches, for derisking our facilities. So, all that cost has also come into the P&L. I think as they start to yield revenue for us, both R&D pipeline as well as all the derisking benefits, etc., that we are likely to get, we should normalize back to a higher number. And the 17.7%, we have already mentioned that it's 1.5%, 2% off from our expectation and for the same similar reasons that we mentioned.

Bino Pathiparampil: Got it. And this Rs. 1,100 crores payment to Novartis, is this related to the deal that you entered in April 2023?

Ashish Adukia: Yes, that's right. This is a follow-up. So, it was earlier just in-licensing kind of a deal. And now, it's a perpetual license that we have got for the trademark and we can also manufacture it in-house.

Bino Pathiparampil: I mean, was it publicly disclosed earlier that such a payment is due under this deal?

Ashish Adukia: Yes. When we announced the in-licensing, then this was disclosed.

Bino Pathiparampil: Okay. And I am sorry, I looked up your public statement. I couldn't find it. Maybe I missed it. Any such payment in future involved with the current deal with Pfizer or the Lilly deal for Tirzepatide?

Ashish Adukia: No. So, when we shared about the Galvus deal, it was an EPD followed by this perpetual license. So, it's kind of an acquisition with a slight delay. So, a couple of years of marketing exclusivity followed by the purchase. The other deals don't have this kind of provision.

Moderator: Thank you. Next question comes on the line of Abdulkader Puranwala with ICICI Securities. Please go ahead.

Abdulkader Puranwala: Thanks for the opportunity. My first question is pertaining to your earlier guidance on US revenues where we saw US revenues touching around close to $1 billion by FY'27. So, post-Lanreotide, are we revising that guidance?

Umang Vohra: I think we will have to revise the guidance because if we don't have Lanreo in one quarter, the numbers will be lower. Right? So, I think that guidance will have to go down because Lanreotide, if we forecast Quarter 4 not coming in, it will have an impact on the overall guidance for the US business. Now, what we had also directionally guided was for the US business to continue that trajectory supported by new launches. And I think, based on what, some of the questions earlier, it's pretty clear that, the launch trajectory of the business is at least at a very, if not almost at the stage of launch, but at a very advanced stage of launch for three products. So, I think that would also add to the overall guidance towards the, directional guidance we get for the business in the US.

Abdulkader Puranwala: Okay. Thanks for that. And just among the 8 products, you mentioned 3, you have a rough timeline. How about the balance 5? So, are these kind of an early FY'27 opportunities or late FY'27? Any direction on that**?**

Umang Vohra: So, effectively, I think what is immediate, let's say from 0 to 6 months, we are calling for, from 0 to 6 months, two big respiratory launches, and one smaller launch, right, on respiratory. Let's say two big respiratory launches and one Advair. That's what we are calling for in FY, in this year, in the next six months. Between the 6 months to 1 year, there could be another big launch that in respiratory that we are calling out, right. That could be another one. And that is likely to be around the Symbicort and more towards the end of the year. Then we have peptide launches, which the team has called out. I think the peptide launches, there will be a smaller one in the 0 to 6 month period. And then hopefully, if things work out the way we are thinking, there will also be a larger launch, which again, could be pretty exclusive sort of a scenario for one of the peptide products in the 6 months to 12 months trajectory. So, that's how the launch calendar looks like. Now, for whatever is between the 0 to 6 month category, there is a fair amount of belief that this has gone through multiple rounds of review, etc. And therefore, the launches are more likely than not to happen soon.

Abdulkader Puranwala: Got it, sir. Thanks for that.

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

Shashank Krishnakumar: Hi, thanks for taking my question. The first one was on the respiratory assets, the four which we are guiding to the next year. And three, I think, are filed from the US. The fourth one, we filed from Goa and not Indore. Is that right? I think we have said that in the past, the partnered asset is from Goa. So, that is from Goa, right? This is not contingent on Indore getting re-inspected and cleared?

Umang Vohra: That is correct.

Shashank Krishnakumar: Got it. And just the second one on the opening remarks, which we had made. The US based ex-revlimid grew in double digits, right? And that base, when we are referring to that, obviously includes Lanreotide. Is that the right understanding?

Umang Vohra: That is right. Your understanding is correct.

Shashank Krishnakumar: All right. Thank you. That is helpful. That is it from me. Thank you.

Moderator: Thank you. Next question comes from the line of Vivek Agarwal with Citi. Please go ahead.

Vivek Agarwal: The question is related to India business. So, what is the share of in-licensing portfolio in India Rx business and how that has grown?

Achin Gupta: So, at the moment, it is less than 10%. And, Galvus was appearing as the in-licensing, which now, we will have the benefit of own manufacturing and therefore full supply chain margins. So, that will come out of the bucket and Yurpeak will grow. So, that is the evolution of it.

Vivek Agarwal: Thank you. That is all from my side.

Moderator: Thank you. Next question comes from the line of Tushar Manudhane with Motilal Oswal Financial Services Limited. Please go ahead.

Tushar Manudhane: Thanks for the follow-up. So, just on Lanreotide, while the first, when we had launched, at that time as well, there were certain regulatory issues. If you could clarify, it was to do with the same site and now with this USFDA thing. So, over a period of time, have you thought of having any alternate site filing for this product? That is my first question.

Achin Gupta: So, from derisking perspective, we are looking at a second site, not in the same market. And those discussions are advanced with the partner because we need the partner to be able to transfer the product to the new site.

Tushar Manudhane: So, which means effectively, if at all, then if you are thinking of relaunching in 1st of FY'27, it has to be subject to the USFDA clearance for this site itself?

Achin Gupta: Yes, the earlier resumption will come from the existing site. For future, the derisking can happen from the second site as well.

Tushar Manudhane: Got it. And sorry if I would be dragging on this, but when there were 0 to 6 months, two big respiratory launches, while you might not call out individual market size or product size, if you could just combine the two and just give us an idea in terms of when you say big, how big is the market size and is there an organic generics already there in these products or not there?

Achin Gupta: I think, we have guided that two of those opportunities are, I know, quite large and we expect to be the sole generic in those for a substantial period of time. The third one in that same bucket is the generic Advair, which already has competition.

Tushar Manudhane: Yes, I get you, sir. Sorry, but just to reduce the subjectivity, I am just trying to understand when you say big, what would be the market size, if not individual product combined, if you could highlight?

Ashish Adukia: So, like we have said that collectively our new launches will make up for the generic side revenue drop, I think that should give you some indication.

Tushar Manudhane: Relatively less as compared to Revlimid, while it would help to make up for the sales, will it be at a relatively similar profitability or lower profitability?

Ashish Adukia: It will be lower profitability than Revlimid and it also depends on, by the way, on timing. So, when you launch a system collectively, I am saying that it will make up, it will be lower profitability, but important to note is that our respiratory assets are all in-house. So, they will come at a very good gross margin. So, only when you go outside with partners, when you have to share some profits or pay some milestones etc. so, in this case, all of them are in-house.

Umang Vohra: Maybe we can give you color. Let us give you some color in this manner, right? If you take away Revlimid, right, the next set of products are a certain size for the business, right? And including Lanreotide. I think the two products we are talking about, ballpark, as an average, they would come at that size as being leading products for the market outside of Revlimid.

Tushar Manudhane: Got it, sir. Thank you. This is helpful. Thank you.

Moderator: Thank you. Next question comes on the line of Nitin Agarwal with DAM Capital. Please go ahead.

Nitin Agarwal: Ashish, on the business, what do you think is the normalized gross margin for the business on a more secular basis?

Ashish Adukia: No, see I think we have been averaging about 65% or so. So, range of about 60%-65%, depending on the mix, some quarters will have more acute. So, that will be more on the lower side. And when it is respiratory, etc. then typically it would be higher, right? And then, of course, U.S., it all depends on a small portfolio that you have. So, there can be product skews that can be there.

Nitin Agarwal: And on the fixed costs per se, we have had, obviously, some pickup in the business fixed costs overhead, which have happened. Obviously, there has been a Revlimid cushion over the years, which has been there. Now, with Revlimid not being there, is there an opportunity for us to take out or to prune some of the operating overhead costs?

Ashish Adukia: No, absolutely. I think we constantly look at opportunities to reduce costs and optimize it. So, there are opportunities. We have run a program as well this year. Part of that program, some benefit may come towards the end of this year, but more full year benefits will start kicking in the next year. So, there are definitely continuous improvement programs that we run on the cost side. And, please, again for the sake of repetition, the R&D costs that you see out there, 7% of revenue sits in material costs, other costs, and people costs as well. So, all the three line items will have those sitting**.** So, if you see increase in those line items, that's also because of R&D. Not so much in people, because we have not really invested big time in people on the R&D side, but on material and other expenses increased, you can see it's on account of R&D. And R&D also has litigation costs that you do for the products in the US or any other country. So, those costs are also baked in.

Nitin Agarwal: Thank you so much. And, Achin, best of luck for your term going forward.

Achin Gupta: Thank you.

Moderator: Thank you. Next question comes from the line of Chirag Dagli with DSP Asset Managers. Please go ahead.

Chirag Dagli: Thank you for the opportunity. Ashish, on your comment of the increase in R&D, some bit of that being led by the R&D purchases that you've done, the absolute quantum seems like 150 odd crores. Is this in the ballpark or is this way off in terms of you have to estimate, because you're not calling it out separately? But that 150 crores kind of an increase versus the run rate that you've been having, is this broadly right?

Ashish Adukia: So, yes, that's the guidance that we have given in the last quarter as well, where we said that our R&D expenses, an estimate has gone up by about 50 basis points. So, your 50 basis points would translate to somewhere around Rs. 150 crores. So, from that sense, yes, your number is very close.

Chirag Dagli: And that fits in the RM cost as well, what I am trying to understand?

Ashish Adukia: RM as well as other expenses also, yes. And some bit of capital expense, but that would be very small, like if you're buying lab equipment. But that's a small number that won't be a…

Chirag Dagli: What is the incremental versus the average run rate that we have been having largely sits in the RM cost line item?

Ashish Adukia: RM and other expenses.

Chirag Dagli: Yes, understood. Fair point. The other bit is in terms of the quarter on quarter dip in the US business, roughly about $65 million. You said largely this is Lenolidomide. Should we extrapolate this to an annualized number to get the sense of what our annual Lenolidomide sales would be in the base? Or would it be lower, higher? Just how should we think about that?

Ashish Adukia: So, Chirag, there, unfortunately, we can't guide yet because of the agreement is surviving.

Chirag Dagli: Is the run rate going to be materially different in the coming quarters on the US?

Ashish Adukia: No. So, I think the future guidance on US, let Lanreotide stabilize. I think there'll be good opportunity for us to give you that guidance.

Chirag Dagli: Understood. Thank you for that color. And just in terms of clarification, Umang, you said, the two assets, the big respiratory products that you're expecting in the next 6 months, in terms of the opportunity size, they could be, did I get this right that the size could be as big as Lanreotide potential? Or what were you trying to indicate in terms of?

Umang Vohra: Yes. What I was trying to say is that it's quite likely that one, if not both, could be one of the largest products for the Company. That's what I was trying to say. So, if you take out Lenolidomide, right? And if you take the next top 2 or 3 products of the company that we sell, including Lanreotide, this is ballpark in that top 2 or top 3 product type of a profile for revenue.

Chirag Dagli: Understood. Thank you so much. Thank you for that color.

Moderator: Thank you. Next question comes from the line of Sidharth Negandhi with Chanakya Wealth Creation. Please go ahead.

Sidharth Negandhi: Thanks for the opportunity. I just wanted to understand if you are, you are seeing greater traction in trade generics or branded generics within the India business, if you could get some color on that and in context of the Schedule M implementation, how are you seeing the actual implementation on ground? And do you expect either the branded or the trade generics business to gain share because of that? That's question one. Question two was in line with the peptide launches that you mentioned in the developed markets in the US. If you could give some color in terms of launches in the emerging markets for some of these peptides where we are seeing loss of exclusivity. So, these are my two questions.

Achin Gupta : Okay, so I will start with the trade generic and branded generic question first. We see opportunities on both sides and I think slightly different drivers for each. One has an element of scientific doctor promotion, the other is more channel-led. But given the breadth of the market, we see equal opportunities on both sides and our growth rates have also been similar in this year. As far as Schedule M is concerned, you know, that's a good initiative from the government side to raise the quality bar on all the manufacturing that is happening in the country. It is more of an impact for smaller players who will need to ramp up to meet those quality standards. From CIPLA perspective, we do not have much or any impact because we are already at or better than the standards that are asked for. In terms of EM launches on peptides, so you know that Liraglutide we had already launched and then we have some other products in the pipeline. It would be difficult to call out individual assets because the quantum would not be as large as it is in the US, but we are looking at having, same level of complexity and differentiation on our EM portfolio as we have in the US portfolio. And sometimes there are assets which are more differentiated, which are registered in branded markets, which are not available as opportunities for the generic market in the US. So, we are focusing on building out these EM frontends as well as EU and South Africa frontends.

Moderator: Thank you. Next question comes from the line of Shrikant Akolkar with Nuvama. Please go ahead.

Shrikant Akolkar: Thank you so much for taking my questions. I have two questions. Firstly, since we have launched Tirzepatide, can we say that we still will be able to launch Semaglutide in March, in the month of March?

Achin Gupta: So, at the moment, we are focusing on Tirzepatide. That is a large opportunity with our Yurpeak partnership with Eli Lilly. As you see from IQVIA data, last month the molecule was clocking upwards of Rs. 130 crores a month. So, our efforts are primarily focused on that. On Sema, we will wait and watch as to how the market evolves. And then, if we see an opportunity at a lower price point to cover some of the market, we can take that call, but not immediately.

Shrikant Akolkar: That's true. And just to follow up on that, because we have an agreement with Eli Lilly, does that agreement stop us from entering in Semaglutide?

Achin Gupta: We cannot share the specifics of that, but as I said, we can see how the market shapes up. And if we see an opportunity to play in that market, we can take that call over time.

Shrikant Akolkar: Okay. And second question, just to check out whether we have generic Spiriva in the development at the moment, or maybe in future?

Umang Vohra: The question is on Spiriva, right?

Shrikant Akolkar: Yes.

Umang Vohra: So, that depends on which market you're talking about. I think for some part of the world, we have it. And for some part of the world, we can't disclose because it's competitive.

Shrikant Akolkar: Okay. Understood. Thank you so much. And thank you Umang for the last 10 years of your service, and all the best to Achin as well. Thank you.

Umang Vohra: Thank you.

Achin Gupta: Thank you.

Moderator: Thank you. Next question comes on the line of Kunal Dhamesha with Macquarie. Please go ahead.

Kunal Dhamesha: Hi, thank you for the follow-up. Just one question on the Rs. 275 crores exceptional item this quarter. Ashish, do we see any prospective impact which could happen in the future quarter as well, of this 275, some amount continues to remain?

Ashish Adukia: No. So, in our assessment, we have the data with us. We have based on the new code as per guidance and FAQ given till now, we have taken the impact. So, we don't anticipate any material adjustment to this amount. Except, of course, your approvals now because of the new code will start to be, it will be higher than the approvals every year that you are making. But for the past, whatever the approvals has to be made, it's all sitting there in the 275. No material adjustments we see after this.

Kunal Dhamesha: But there could be some lingering or residual or the structural increase in employee cost because of this, right because you now also provide--

Ashish Adukia: So, your accrual every year now will need to be slightly higher unless you change the structure of salary.

Kunal Dhamesha: Okay. And, on R&D side, this year has been higher, but given we would have, timelines about the projects that we are currently doing. So, do we expect that R&D can cool off, let's say in FY'27?

Achin Gupta: I think the normal range which we have been operating in is around 5% to 6% of R&D spend. It gets lumpy at times, depending on certain programs where the R&D and API costs might get lumpy. But I think we will try and keep it more around that 6%. But quarter-on-quarter, depending on the timing of projects, some of it goes up and down during the year.

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

Ashish Adukia: Thank you.

Moderator: Thank you. Next question comes on the line of Sidharth Negandhi with Chanakya Wealth Creation. Please go ahead.

Sidharth Negandhi: Hi, thanks for the follow-up. Just on the Schedule M, what I wanted to understand is on, given the challenges that the smaller guys will have on implementation, are you envisaging your trade generics or branded generics business seeing any short-term blip or benefits from this? That's the question I actually had.

Achin Gupta: I think it is more toward benefiting the patient in terms of quality and preventing unnecessary adverse events. Given the number of manufacturers which exist in India, we don't see much material difference on our business on either of trade generics or branded generics because of this Schedule M implementation.

Sidharth Negandhi: Got it. Thanks. Thank you.

Moderator: Ladies and gentlemen, due to time constraints, we have reached the end of question-and-answer session. I would now like to hand the conference over to Diksha Maheshwari for closing comments.

Ashish Adukia: Thanks, everyone, for joining the call. If any still questions are left, we are happy to address that. Just that one comment that was asked on Galvus, the 1,100, that sits in the capital commitment in our balance sheet in note 38, that clarifies the amount that is sitting there for Galvus capital commitment that we have made. It was not there in the initial press release, I checked that. Thank you.

Diksha Maheswari: Thank you, everyone, for joining in. And if you have any further questions, please write it to investor.relations@cipla.com.

Moderator: Thank you. On behalf of Cipla Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.