28th July, 2025

(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: Q1 FY26 - Earnings Call Transcript

Dear Sir/Madam,

We are enclosing herewith copy of the transcript of the Company's Q1 FY26 earnings conference call dated 25th July, 2025. The transcript is also available on the Company's website i.e. https://www.cipla.com/sites/default/files/Cipla-Earnings-25Jul-2025.pdf

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For **Cipla Limited**

RAJENDRA CHOPRA
Digitally signed by RAJENDRA CHOPRA
Date: 2025.07.28 18:30:07 +05'30'

Rajendra Chopra
Company Secretary

Encl: as above

Prepared by: Sharina Dsilva

“Cipla Limited

Q1 FY '26 Earnings Conference Call”

July 25, 2025

MANAGEMENT: **MR. UMANG VOHRA – GLOBAL MANAGING DIRECTOR AND GLOBAL CHIEF EXECUTIVE OFFICER – CIPLA LIMITED**
MR. ASHISH ADUKIA – GLOBAL CHIEF FINANCIAL OFFICER – CIPLA LIMITED
MR. ACHIN GUPTA – GLOBAL CHIEF OPERATING OFFICER – CIPLA LIMITED
MS. DIKSHA MAHESHWARI – HEAD INVESTOR RELATIONS – CIPLA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to Cipla Limited Q1 FY '26 Earnings Update Conference Call. From Cipla's management, we have with us today Mr. Umang Vohra, Global MD and CEO; Mr. Achin Gupta, Global COO; 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 star then zero on your touch-tone 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, Renju. Good afternoon and a very warm welcome to Cipla's Q1 FY '26 Earnings Call. I'm 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 statements, 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 quarter 1 FY '26 earnings call. As Cipla marks its 90th anniversary, we take a moment to reflect on our journey. What began with a simple yet powerful purpose of caring for life has evolved into a global movement, reaching millions through accessible high-quality health care.

FY '24-'25 was a defining year, marked by record financial performance, deliberate growth across geographies and a robust innovation pipeline. Our One Cipla approach continues to drive excellence, agility and collaboration. This quarter, we delivered a steady revenue of INR6,957 crores with an EBITDA margin of 25.6%.

What makes this performance commendable is that it builds on a strong prior year-on-year quarter where we achieved our highest ever U.S. generics revenue. This was achieved despite facing price erosion in one of our large products in the U.S., and it reflects our ability to sustain momentum and navigate market dynamics with precision, powered by the relentless commitment of our team.

Coming to the quarter performance. Our One India business delivered a growth of 6% year-on-year for the quarter, breaching the threshold of INR3,000 crores for the first time ever in the -- in opening quarter of the financial year, which is -- and it's now 44% of our global revenue. In our

branded prescription business, we have a higher concentration of respiratory and anti-infective therapies, which is almost 30% higher than the broader market. This skew has naturally impacted our overall growth trajectory given that these therapies saw modest market growth of just 5% each as per IQVIA MAT June '25 for this year.

We remain deeply committed to respiratory, a space where we continue to invest and evolve. This quarter, we launched Voltido Trio Ciphaler, an innovative addition to the differentiated triple therapy offerings, complementing products like Foracort G in our Synchrobreathe franchise. All future therapies and triple combo products are set to be launched via a new division that we have recently created.

This transition was completed in April and May, and we expect to see strong benefits from this strategy in the upcoming season. On a MAT basis, we have outperformed the market in several key therapies, including respiratory, anti-infectives, diabetes, cardiology, urology, dermatology and pain, reaffirming the strength and breadth of our branded portfolio.

Let me also share some key highlights on the market performance this quarter for our branded business. The chronic segment continues to dominate and now has 61.5% share of our total sales as per IQVIA MAT June '25. Within this landscape, our flagship brand franchisees have delivered a strong uptick.

Foracort maintained its leadership as the number 1 brand in the IPM. We've added 5 new brands to the INR100 crores club, taking our total to 29. Our presence in the brands ranking in the top 300 has also expanded, now reaching 23. Cipla leads in 6 therapies with top 5 rankings in IPM, underscoring our deep therapeutic expertise and the consistent execution across the portfolio.

These achievements reflect our relentless focus on building strong brands, driving scale and delivering value to patients across India. Our trade generics business continues to deliver strong growth during the quarter on the back of vigorous execution in distribution, new product launches and technological advancements. Expanding our portfolio remains a key growth driver with 7 new launches this quarter addressing specific patient needs.

Our Consumer Health business continued its strong upward trajectory with Nicotex, Omnigel and Cipladine securing number 1 positions in their segments. We are driving healthy secondary growth and actively exploring opportunities to invest in products and channels to expand our distribution network.

Operating profitability improved, reflecting the strength and scalability of our consumer health strategy.

In North America, as expected, we delivered a quarterly revenue of $226 million. Albuterol ranked number 1 in the overall U.S. Albuterol MDI market with a 19.5% market share as per IQVIA.

With over 50 million inhalers supplied from launch till now, Cipla continues to play a pivotal role in advancing respiratory care across the nation. In the U.S. we are adjusting to the older, larger

products substituting themselves due to price erosion. And what is balancing these in is the new launches that is helping us sustain momentum.

Lanreotide has already matched last year's average quarterly sales, and we see room for growth ahead. We expanded our portfolio with 2 key launches, Nano Paclitaxel and Nilotinib, strengthening our presence in complex generics and oncology. We also signed an agreement to launch Cipla's first biosimilar in the U.S. expected in quarter 2 FY '26, a key milestone that marks our entry into this high potential segment.

On our U.S. pipeline, we are now closer to commercializing generic Advair and welcome the promulgation signed by the administration for approving U.S. facilities faster. In parallel, we remain committed to launching 2 to 3 peptide assets in this year.

We are also preparing for key respiratory launches later in the fiscal year, including generic Symbicort and a couple of more inhalation assets. Normalized Lanreotide full year of gAbraxane, Nilotinib, peptide launches and our respiratory pipeline will cushion our generic Revlimid top line impact and fuel the long-term growth story for the U.S. market.

On the supply front, our U.S. business is well diversified with roughly 1/3 of our U.S. revenue from -- each coming from our U.S. facilities, India operations and strategic partners. We have also begun receiving supplies from our U.S. FDA facility in China, further enhancing the scalability and resilience for our North America business. Our China facility now is fully utilized.

Our One Africa business recorded a growth of 11% year-on-year in U.S. dollar terms, with South Africa growing 6% in ZAR terms.

In the private market, we delivered a robust secondary growth of 5.6%, significantly outperforming the market growth of 3.8%. Growth in One Africa was fueled by significant progress in key therapies, expansion of our tender business and successful new launches, demonstrating our ability to unlock opportunities and deliver value across diverse markets. In the EMEU business, our focus on deep market penetration is laying a solid foundation for sustained growth.

This quarter, we delivered a healthy 8% revenue growth in U.S. dollar terms, driven by impressive performance across both the DTM and B2B segments. This is notable since it was achieved despite ongoing geopolitical headwinds. Our ability to maintain margin stability by leveraging internal assets reflects the ability of our operating model.

On the regulatory front, the U.S. FDA inspected our Medispray facility located at Kundaim, Goa in this -- in the last quarter -- sorry, in quarter 4 of FY '24. And during this quarter, the inspection was classified as a VAI. During the quarter, the U.S. FDA also inspected our analytical testing facility of Sitec Labs located in Navi Mumbai, and this inspection has also been classified as VAI.

I would like to invite Mr. Adukia to present the financial and operating performance.

Ashish Adukia: Thank you, Umang-ji. Now I'd like to present the key financial highlights for the quarter. While this quarter faced a lower revenue growth in 2 of our core markets, we continue in the path of

strengthening our fundamentals and firmly focused on building long-term strategic gains. We reported a quarterly revenue of INR6,957 crores, with a growth of 4% Y-o-Y. Out of this revenue, we -- for One India, we breached the threshold of INR3,000 crores for the very first time in the opening quarter of any financial year. The EBITDA margin, excluding the other income, stood at impressive 25.6% for the quarter, which is broadly flat on a Y-o-Y basis.

Our strong EBITDA performance reflects the strength of our diversified business model and sharp execution. Notably, we surpassed our internal EBITDA targets by a healthy margin, reinforcing our ability to deliver quality earnings even in a subdued demand environment.

Reported gross margin after material costs stood at 68.8%, an increase of 156 basis points Y-o-Y, largely attributable to a favorable shift in product mix and strategic portfolio management. Total expenses for the quarter stood at INR3,009 crores, reflecting an 8% increase over last year. This was primarily due to annual employee increments and increased investment in R&D.

We remain committed to innovation and future readiness. Our R&D investments for the quarter were INR432 crores, accounting for 6.2% of revenue. These investments were directed towards product filing and developmental efforts that will strengthen our pipeline and support long-term growth.

The profit after tax for the quarter stood at INR1,298 crores, representing 18.7% of sales. This marks a solid 10.2% Y-o-Y growth with an expansion of 106 basis points.

ETR stood at 27%, which was same as on a Y-o-Y basis. Our free cash flow generation and operating efficiency continues to drive healthy net cash position. As on 30th June, debt on our balance sheet included lease liabilities and the total debt stood at INR459 crores with net cash equivalent balance of INR10,379 crores.

Looking ahead, our priorities for FY '26 will include, for One India, the aim is to focus on execution to regain the growth momentum and outperform the market in both branded prescription and the trade generics.

In North America, we'll concentrate on enhancing commercial execution and accelerating the new product introductions.

In South Africa, the emphasis remains on expanding the margin.

EMEU, the top priority is to drive top line growth by deepening penetration in core markets while maintaining strong margin trajectory.

For the full year, we continue to maintain our EBITDA margin guidance of 23.5% to 24.5%, which is consistent with what we gave in the last quarter.

I would like to thank you for your attention, and over to the moderator for Q&A.

Moderator: Thank you. The first question comes from the line of Kunal Dhamesha with Macquarie. Please go ahead.

Kunal Dhamesha: The first one on the U.S. business now that we have seen some bit of price erosion in Revlimid and potentially, I think everyone is trying to sell their license quota here. How our outlook on the U.S. business growth remains for FY '26 and FY '27? And were Abraxane and Nilotinib already launched in Q1 or they were launched in July?

Umang Vohra: We have launched partially in Q1. We've not launched -- the Q1 does not reflect the full momentum of the launch for Nilo and Pacli. I think on the other question, yes, Revlimid will be a critical phasing. And I think it might phase out the way you had suggested, where there might be -- in the first 3 quarters or so, there might be more Revlimid and quarter 4, it will peter off. But I think that's how generally we think it will play out, although prices have already started correcting in the market.

Kunal Dhamesha: And so our aspiration to achieve closer to $1 billion sales in U.S. in FY '27, we still believe that's possible?

Umang Vohra: Yes. And that's largely out of our pipeline opportunity. So we believe that our pipeline should hopefully get us closer or surpass that, depending on how the -- depending on the launch timing.

Kunal Dhamesha: Sure. And this agreement to launch a biosimilar in the U.S. market?

Umang Vohra: Sorry, you mentioned $1 billion this year?

Kunal Dhamesha: FY '27?

Umang Vohra: Yes, closer to '27. Yes, yes. So I just wanted to clarify that the comment was for the year after -- the years after this year, not for this year. Yes.

Kunal Dhamesha: Sure, sure. And that would include $1 billion would bake in Symbicort right?

Umang Vohra: It would bake in a lot of our respiratory launches, including Symbicort. That is correct.

Kunal Dhamesha: Sure. The second question is if you can provide more details on the imminent launch biosimilar where you have suggested that we have done a strategic agreement with a partner. So who is the partner? What product is it, competitive landscape, Cipla's role and the economics of the product, if you can provide details.

Umang Vohra: So I believe our partner has made a disclosure. And I think the product name is -- it's in supportive therapy. It's not -- for us, this is just the first launch -- the segment of supportive care in oncology. It's -- as I mentioned, in filgrastim and the partner has disclosed this in their release. So it's not a launch by any player. There are many other players in this category of the market.

Kunal Dhamesha: Understood. And one more if I may squeeze in. On the India business, we have seen strong momentum in consumer. But if I exclude that consumer business, then we are at roughly 3% growth. And then again, you have suggested trade generics has a strong momentum.

So it seems branded generic has been muted. And within respi, you have highlighted, but within Respi, shouldn't be our portfolio be more chronic which is inhalers, et cetera, and hence, the volatility should be less for us versus the IPM respi therapy?

Umang Vohra: Yes. Ideally, for us, so firstly, I think on a full year basis, we think that respiratory and the overall growth story will be very strong. I think we have very strong conviction on that. I think in this quarter, 2 things happened. I think the impact of the seasons being a little different, the fact that there were rains in the summer, the respiratory season, etcetera, didn't really take off as much, and that impacts how the trade stocks your product.

And if you're the largest player in that category, I think it begins to impact you, right? And that's what's happened to us. As I mentioned, in IQVIA, we saw respiratory and acute growing around 4% to 5%. That's pretty much reflected in our numbers.

The other thing is we also strategically aligned our team to further our growth of our triples combination. And now we have several triple launches coming in as well, which should also unleash the growth for us in the market.

So not -- it is a slower quarter for us. But from a full year perspective, based on the realignment that we've done of the -- of these new divisions we set up for the teams as well as the fact that the season has recovered, we are very confident of where this year being strong.

Moderator: Next question comes from the line of Tushar Manudhane with Motilal Oswal Financial Services.

Tushar Manudhane: Sir, just on respiratory again, at the industry level itself for the last 12 to 15 months or like for the past 2 years, the growth has been a bit slow. So if you could throw some light on that aspect.

Umang Vohra: Yes. I think -- let me put it this way. We are coming off a fairly significant respiratory quantum in the industry. There were some adjustments to price that were made on some of the large inhalers in the last 12 to 15 months by government notifications and by DPCO certifications, et cetera. So that has impacted some of our brands as they adjusted to the lower pricing.

And the other thing is that volume growth is there, but also it's coming from categories where now we've repositioned to get more program growth. So the growth is slightly slower in the industry, but may be a phenomena of perhaps a year or 1.5 years, but I think we are quite bullish about this going forward.

Tushar Manudhane: Understood. Sir, just on U.S. sales, given that we had good launches as well. So maybe specifically for FY '26, if I may ask, like would we be able to like maintain this normalized -- annualized run rate of $226 million for FY '26?

Umang Vohra: Actually, it's a little indeterminate. And it depends on when Revlimid -- the impact of Revlimid and how it comes off. If we could see a larger impact of Revlimid in quarter 3, we could see it in quarter 4 or in quarter 2, right? So we don't know that, and it's very difficult to give a guidance range. But we are sticking to what we said at the beginning of the year for an overall U.S. trajectory and growth.

And I think what's more important for the market, which we realized at the last quarter was to give a range of guidance on our profitability, which we have given because I think the timing during the year will be difficult to predict. But on a full year basis, we believe that our margin should come into the range that we have set.

Moderator: Next question comes from the line of Damayanti Kerai with HSBC.

Damayanti Kerai: My question is on your respiratory launches planned in the U.S. So starting with Advair, will it likely be a 1H launch or it will go to 2H? And then for remaining launches, Symbicort and other inhalation products, I remember a few quarters back, you mentioned that for critical filings, launches, et cetera, you will go for dual filing. So have you done dual filing for these products for risk management?

Umang Vohra: Yes, we have done double filings for most of our products from a risk management perspective on the respiratory side. And yes, generic Advair, it will obviously -- the way we are looking at it, maybe an H2 launch in this year.

Damayanti Kerai: Okay. Likely be a second half launch, fine. My second question is on Lanreotide. So I guess we have seen good pickup. So when do you see it going back to the level where you have come off? And then like how do you see market share gain from there on? Like do you think there is sufficient visibility for you to gain more market share here?

Umang Vohra: Well, it's a 2-player market right now, right? It's a 2-player market with -- we had the problem with our manufacturing. And before that -- before we had that issue, we were at 30%, 35% of the market. And I think we are evaluating the market on fair share from a value perspective. And we intend to, over a period of time and not immediately, reach to a more respectable share of the overall market.

Damayanti Kerai: Okay. Just a related query. Now you have both 505(b)(2) as well as the generic version. So where do you see more room to gain the market share?

Umang Vohra: Well, the generic always has the maximum room because it's a completely substitutable product. And I think it depends on the production mix between the 2 and your ability to supply it to the marketplace. So generic always has -- in any product category, generics will always have the ability to gain more market share.

Moderator: Next question comes from the line of Surya Narayan Patra with PhillipCapital.

Surya Narayan Patra: First question is on the albuterol in the U.S. We have seen this quarter, there is a kind of meaningful ramp-up. Is it -- is there any reason that we are seeing a kind of meaningful ramp-up because of the competition factor? Or it is some aggression from our side that is helping us achieving this sequential ramp-up? Could you please give some sense about it, sir?

Ashish Adukia: We've been on the path of this recovery for almost now, I think, about 12, 13 months or so. So our share had dropped about a year back. And then after that, we have consistently gained the market share. So yes, it's just maximizing the supplies that we have.

Surya Narayan Patra: Okay. Second question is about our GLP plan. Let's say, competitors have indicated their plan. So if you could share what is our strength about this product opportunity? And what is our plan? And are we kind of trying to play on the strength of the cost position or it is the distribution strength or it is a market reach. So if you can provide some idea and what is the kind of TAM that we are targeting through this product opportunity, if you can share some of your thought process about it.

Umang Vohra: I think I'll just start by saying that for us, the entire GLP-1 category is more important than just looking at individual products within that, right? I think this category will shape up in a manner depending on several pipeline assets. Our own endeavor is to be among the first wave of launches, both for the GLP-1 drugs. And right now, the earliest opportunity to launch GLP-1 drug is presented by semaglutide, right? But -- so it depends on how this market begins to -- how this market is created between semaglutide and GLP-1 of the innovator brand as well as the GLP-1 of the second innovator company. So we think this market is going to be very attractive, and it will be a large market, and Cipla will have a very definitive play here.

We are not providing commentary because most players may have mentioned to you that they've integrated the full chain of the GLP-1 opportunity. Our -- of semaglutide and the value chain there. Our belief is that if it's going to be a huge opportunity, I think the value chains perhaps may need to be shared as against this one person investing in it. But at the same time, so we have parts of the chain that we have internalized and we have parts of the chain that come from a partner.

So we are playing a mix and hybrid strategy at places we are filing -- at places we have our own product as well as we've also got a product from partners value chain as well. So we're trying to maximize the opportunity in total between trying to manage our own supply chain, partner supply chain, supply chains of others as well as even taking a hard look at GLP-1 as a category as against just a single product that would launch in the near future.

Surya Narayan Patra: Sure, sir. Will it be a kind of significant driver of growth for domestic business in FY '27 itself?

Umang Vohra: Sorry, could you repeat your question? We lost for a minute.

Surya Narayan Patra: This will be a kind of a significant growth driver for domestic business in FY '27 itself.

Umang Vohra: Yes, hopefully. I mean, if the market forms early next year, it will be a significant growth driver for the business.

Ashish Adukia: We've seen that in other markets as well, similar markets where we've seen when GLP launch has been done, it has shaped the market.

Surya Narayan Patra: And we will be there in the first wave of Canadian launch and Brazil launch, sir?

Umang Vohra: Yes. I think we will not provide that level of color, just to say that the Canada opportunity for some of our competitors is real. I think it's out in the public domain, and we are not in the first wave launches in Canada that we are sure about. But some of the other markets, we will be among the first set of launches.

Moderator: Next question comes from the line of Neha Manpuria with Bank of America.

Neha Manpuria: First question on the India growth. Umang, if I remember correctly, last year, we had the low base from the trade generic restructuring. While I understand that the industry growth has been slow this year and the respi realignment that we have done, shouldn't the India growth has been a little better than the industry given the low base in the trade generic segment? And this respi realignment that we have done, is that likely to impact our growth for a couple of quarters? Or is it just restricted to this quarter that we saw the same impact?

Umang Vohra: Yes. So Neha, I wish I could have said -- when you said shouldn't the growth have been, I wish I could have said no. But actually, yes, the growth should have been higher. And I think when we isolate the problem, what we've -- as we mentioned, we are strong on the Gx. We're strong on the CHL. But on the prescription business, yes, largely because respiratory and acute is almost 59%, 58% of the total mix. And unfortunately, this quarter, they've both grown at 4%, 5% level.

So that impact has come into our numbers because that's the percentage of our business in it. It's been a little different this year because of the seasonal impact and may have got a little bit exacerbated because we were also restructuring and realigning teams. And when you put new teams, you also take people from other teams to position these together.

So -- but where we are today, seasonal triggers have kicked in. We are seeing the impact in our growth now. We are seeing the ability of the Triples team. We have already got a very strong share in Voltido Trio and hoping to replicate that with the other 3 launches that are hopefully coming there and launching through the team.

So I think overall, we are confident. But yes, if your question is, should the quarter not have been higher in India growth, for sure. Absolutely. I think it was a slower quarter than what we thought it would be.

Neha Manpuria: And for the full year, we think we can grow in line with the industry now that -- or it still depends -- I mean, I understand it depends on the seasonality. But do we have confidence based on what we are seeing right now to grow that India business can grow in line with the industry?

Umang Vohra: Yes, yes. At least for the next 3 quarters, we think that we can grow in line with the industry, for sure.

Neha Manpuria: Okay. Understood. My second question is on the margins. Ashish, I think if I look at this quarter's margin and the pipeline that we have mentioned with the U.S., shouldn't the margin be higher? I understand that Revlimid will go away. But given that we have Advair that we get launched, we already have Abraxane and Nilotinib probably even Symbicort, shouldn't that margin be a little higher than the range -- guidance range that we've given last quarter?

Ashish Adukia: No, in here, I will stay with no, Neha. I think we optimize the margin out here with the product mix and some of the other expenses targeting that we did. And this is despite keeping in mind that our R&D expense were also higher this quarter because of certain R&D, APIs, et cetera, that we procured for developmental efforts. So -- and we had also expected that in line with Revlimid, the first quarters, 1, 2, 3, whatever, as Umang said, about the phasing, those quarters would be higher than the balance of the year.

Neha Manpuria: Understood. if I were to look at margins for next year, given the U.S. pipeline and if we get to that $1 billion U.S. sales number, is the lower end of the guidance achievable? I mean, can we keep margins at 23.5% in fiscal '27 as well?

Ashish Adukia: A little early for us to give guidance for next year. So closer to the year-end when we're in a position to give that guidance, seeing how the market shapes up after that is when we'll be in a better position to do that.

Moderator: Next question comes from the line of Bino Pathiparampil with Elara Capital.

Bino Pathiparampil: Just following up from a couple of previous questions. Umang, Revlimid, has it changed Q-o-Q over the last 3 quarters, say, Q3, Q4, Q1? Or is it broadly similar?

Umang Vohra: Is your question, what is the value of Revlimid in this quarter versus the last one?

Bino Pathiparampil: Yes, correct.

Umang Vohra: Yes, that's more or less the same.

Bino Pathiparampil: Okay. And from your statement that the new launches in the U.S. will compensate for the loss of generic Revlimid. Should we read that this year's total U.S. will be more or less similar to last year's total U.S. despite Revlimid being there only for part of the year?

Ashish Adukia: No, Bino I think -- see, your launches will come at different time lines, okay? So it's difficult to say in terms of time lines. But we have plans for all our launches that are coming in will make up for the revenue loss that you have for Revlimid. And that will happen in a short to medium term.

Bino Pathiparampil: Understood. Sir FY '27, that $1 billion number is the number to go by more like. One last question, if I may, just come in. You must have seen one of the Indian players has taken a significant stake in Adcock Ingram in South Africa. Does this change the market in any way or the competitive dynamics for you in any way?

Umang Vohra: Well, I would think that -- so Adcock, from what we understand, already had a significant relationship with Natco. And so I'm not sure that the competitive dynamics will change significantly. Also, Adcock has a large share of the OTC portfolio as much as it does on the branded side. So maybe, yes, I mean, in the sense that if they get more pipeline from Natco, then yes, I mean, competitive dynamics would change. But otherwise, the existing relationship also has a significant support to the Adcock engine from Natco.

Moderator: Next question comes from the line of Maitri Sheth with Choice Institutional Equities.

Maitri Sheth: Just a few questions. Once again on albuterol. Given that we have a 19.5% market share, what is the kind of revenue outlook that we can expect from this drug? And how much is it contributing to our North America revenue currently?

Umang Vohra: Ashish?

Ashish Adukia: So we don't give out molecule-wise data. It's one of our strategic respiratory assets in the U.S. and we would like to maintain the market share out here. And if capacity allows us, then we'll obviously grow that as well.

Diksha Maheshwari: Maitri, you can hear us, right?

Moderator: We have lost the line of Maitri. We'll take the next participant. That is Ankush Mahajan with Sanctum Wealth. Please go ahead.

Ankush Mahajan: So sir, next quarter, we are going to launch one biosimilar in the U.S. market. What is the strategy for another biosimilars to launch in the U.S. market? Would you throw some more light?

Umang Vohra: I think maybe I can answer the question in this manner that we will probably in-license a few assets through partnerships in the near term and maybe launch our own biosimilar assets somewhere towards the '29, '30 time period.

Ankush Mahajan: So in terms of the licensed biosimilars, what are the other -- what is the timing line, sir, for this license biosimilars? We are launching 2 or 3 or something like that?

Umang Vohra: No, no. We are -- what we are saying is right now, we're launching one. And that's through partnership. And we will have a few partnerships through which we will launch in the near term. And in the longer term, it will be our own assets.

Moderator: Next question comes from the line of Tushar Manudhane with Motilal Oswal Financial Services Limited.

Tushar Manudhane: Sir, just on this on this biosimilar again, this is not an interchangeable drug as such. So it would be like we'll have to create prescriptions. So what gives us sort of right to win on this product? And in fact, just to the earlier participant question, like the in-licensing product, how does it help for supply in overall scheme of things? And one more similar that how much overall investments are we earmarking for biosimilar as well?

Umang Vohra: Let me answer the first one. So the -- look, I think the way it would help us is the right to win is our oncology presence and our team presence in the U.S. We have been selling into the institution channel. We sell Lanreotide, which is a very large business for us, and we sell 2 variants of it, the ANDA and the 505(b)(2).

And we have several other products that we sell. It's essentially the same channel in which the biosimilar goes. As we begin to unfold our plan for biosimilars, I think the first asset always is an asset that gives you the ability to begin to create a portfolio as well as understand and grow the market, and that's what we're trying to do with the first asset.

We have committed to a joint venture almost -- the joint venture has had a plan where we had committed almost upwards of $100 million to the joint venture for the develop -- towards our share of the development of the biosimilars. And we are holding with that, and we might actually even increase our outlay in the next couple of years towards it. So we are actively building a biosimilar

pipeline in the long term. And in the short term, we are launching biosimilars in partnership with others. So I think that is our overall strategy for biosimilars.

Moderator: Next question comes from the line of Sidharth Negandhi with Chanakya Wealth Creation.

Sidharth Negandhi: Just following up on the questions on trade generics. Just wanted to understand, given what you mentioned about a possible sort of impact on the branded generics, what would be the quantum of growth in the trade generics business? And how do you see this going forward in context of the overall IPM growth?

Umang Vohra: Yes. Maybe there's just 2 or 3 things that you should keep in mind before I try and answer that question. Last year, the pace of the trade generics business was quite significantly lower because of the fact that we had reacquired the distribution operation from our partner.

So therefore, a superior growth rate that we are seeing in this time is also a function of the base of that -- the base of the previous quarter plus the ability to get back to significant growth by our trade generics business in this year. Going forward, we think that the trade generics business will grow at IPM or about IPM. I don't see any reason why it should be different than the prevalent growth in the IPM at all. So if the range you're asking for, it could be between 8% to 10%.

Sidharth Negandhi: Okay. Because -- sir, just a follow-up on that. We've been seeing trade generics grow faster than IPM in the past. And do we believe that given the additional competition that's coming into trade generics, our trade generics business is likely to grow at that rate? Or do you see overall trade generics as a space growing at that pace?

Umang Vohra: I think when you look at the IPM, just as a fact, I think a large share of the IPM volumes are actually from -- overall IPM is from products which are more acute and are distributed inside the country. So we believe that trade generics will continue to grow at the same rate as the IPM. Now obviously, trade generics do not sell as many of the chronic therapies as you've seen in the branded side.

But we think that the trade generics will grow at the same rate. And we are not -- while competition is great, it expands the market for trade generics. And we have some very large brands within the trade generics segment. So I think we are quite hopeful of this segment as well going forward.

Sidharth Negandhi: Got it. My second question was on GLP-1s and semaglutide. Given the relative competitive strength for Cipla is in other therapies, right, and diabetics sort of is a much smaller percentage of sales as per IQVIA. How do you believe there is a path in terms of creating a superior right to win in this? And do you see any differentiation possible for you to create a superior market share for yourself in that GLP-1 space?

Umang Vohra: Yes. I think we -- it's a good question. I think we do think that the GLP-1 market will be crowded. I think the way you make portfolio choices here will be -- will perhaps be the most important. So right now, the way we are thinking of this market and the reach that we are trying to assign with it, I think we may -- we are looking at GLP-1, as I said, as a full category as against just sema or just the other variants within it. So I think that's how we plan to play this market.

Moderator: Next question comes from the line of Shashank Krishnakumar with Emkay Global.

Shashank Krishnakumar: My first question is again on the domestic piece, particularly the trade generic business. This quarter on the relatively lower 1Q base last year, would it have grown at low single digits? Or was growth a bit higher than that? I just wanted to check that.

Umang Vohra: Yes. Achin, do you want to comment?

Achin Gupta: I think what Umang has already explained, there was a lower base last year. And on that, there was a significant growth, which was delivered this year. The seasonality, which we saw on the anti-infective side also affects the trade generic side. So typically, Q1 is not as strong a quarter for this business. And I think going forward, we will see it growing in line with the market and hopefully beat the market as well.

Shashank Krishnakumar: Got it, sir. Sir, my second question was on the Indore facility. Now given that it's been slightly more than 2 years now. So is that facility up for a reinspection this year? And how prepared are we in case we face a reinspection sometime this year?

Umang Vohra: Yes. I think you're right. We do expect a reinspection. General time lines are within the 2-year period. So we are expecting a reinspection from now -- any time from now all the way until we were inspected in February, I think. So any time from now till February, yes. We are prepared for the inspection, and we're looking forward to it.

Moderator: Next question comes from the line of Kunal Dhamesha with Macquarie.

Kunal Dhamesha: A couple of logistic questions. One on the INR120 crores other income, could you share how much of that is PLI? And then what would be the sustainable PLI contribution that we can factor in for the coming quarters and maybe coming years?

Ashish Adukia: See, on other income, first of all, it is below EBITDA. I just want to clarify that. So that has treasury income sitting there mainly, and that also has exchange gains that will be sitting there. These are the 2 big elements. And then there will be a few others as well, smaller items. So that's on the other income. You had one more question, which I missed. I'm sorry. Can you please repeat that?

Kunal Dhamesha: So I don't think I framed it. I think other -- I referred to other operating revenue of INR120 crores.

Ashish Adukia: Okay. Other operating income has mainly your PLI sitting out there, okay? And export incentives and small bit of scrap sale, et cetera. So yes. So PLI is a material component as part of other operating income.

Kunal Dhamesha: So how should we think about this because it is linked to the growth in export revenue, right? And with Revlimid coming down...

Ashish Adukia: Yes. You're absolutely right. It is linked to the complex portfolio that you sell in India or outside of India. But of course, there is also a cap of how much benefit you can get from the government. So it's as per the scheme. And it was there last year as well.

Kunal Dhamesha: Sure. And then the other expenses, which have come down by almost around INR80 crores, excluding R&D on a sequential basis. So is there any -- was there any one-off in Q4? Or this is a run rate that we should take going forward, what we have seen in Q1?

Ashish Adukia: Run rate should continue if that's the question. Of course, in Q4, there may have been some one-off that gets eliminated. But more or less, every quarter will have some one-off, et cetera. But overall, this run rate should continue. Hopefully, after Indore, what will happen is your remediation costs should come down. That is one trend that should be noticeable.

Kunal Dhamesha: Sure. And the last one on the India business. So it's good to see that we have added 5 brands in the INR100 crores plus category in the last 1 year on a year-on-year basis in this quarter. My question is how much time on an average does it take to reach INR100 crores kind of scale for a particular brand in India now?

Achin Gupta: So it depends on the category that you're talking about, the therapy area and our strength in the space. Some of the new launches that we've done recently have been quite successful, like Voltido Trio has started very strong.

We launched empagliflozin brands in March when the LOE happened, we are already up to fourth rank in that. So it depends. But typical for a new brand, it takes a while to reach INR100 crores. And if you see all of the INR100 crores brands we have, we have amongst the maximum number of them in the market.

Kunal Dhamesha: Sure. So is it also fair to say that while GLP-1 could be a very big category for India market as such, but given the competitive landscape and given that there's no readily available market, which is already formed, the ramp-up or the kind of brand that we can see would take some time to reach kind of higher levels? Is that a fair assessment?

Achin Gupta: So this is a very unique space where if you see the last 3 months of reported IQVIA data, already the innovator brand has clocked around INR50-plus crores. So this is one of the fastest ramp-up that has been seen in India and similar trajectory has been seen in other parts of the world. So given the disruptive nature of this category and not too many older products, which address the same unmet medical need, one would expect this ramp-up to be much faster.

Moderator: Next question comes from the line of Saion Mukherjee with Nomura Securities.

Saion Mukherjee: Umang, I mean, the initial market share that you're seeing for the new launches, paclitaxel and Nilotinib, if you can share how should we think about how big these 2 products are likely to be for Cipla in fiscal '26?

Umang Vohra: Saion, Nano Pacli is already -- there are 2, 3 players in the market already. I think 1 of -- 2 of them are basically selling the same innovative product and the other 2 are 505. One is an ANDA and one is a 505(b)2. So if you take the total market, I think price has -- is not the same as the innovator price at this point in time. I can't give you a ballpark sort of an estimate. But I can tell you that the market is big enough to accommodate perhaps more vials than what we can produce.

Saion Mukherjee: Okay. And Umang on Nilotinib, how should we think given 505(b)(2) and limited competition at this point?

Umang Vohra: Yes. So I think on Nilo, perhaps the market opportunity may be more limited, Saion, because the B2 will have a lot of relevance when there are not too many ANDA players. But once you have more ANDA players coming in, then the B2 opportunity goes down a little bit. So I think maybe if you model it out to say that others launch 6 months later, the B2 opportunity will probably maximize itself in the first 6 months, relatively more than what it will do after.

Saion Mukherjee: Right. Understood. And my second question, Umang, also on the biosimilars front, you mentioned about filgrastim licensing and a couple of more. And then through the JV, you are committed to invest $100 million. And then you also mentioned about your own product coming to the market sometime in '29, '30 time frame. I'm just wondering what's your -- so what -- how are you thinking about the space? And what are the key milestones that we should look at for Cipla over the next, say, 2, 3 years as far as biosimilars are concerned?

Umang Vohra: Saion, let me put it this way. Let's talk about the enabling areas in the business, right? I think when we first set up our decision to get into biosimilars 3 years back, most biosimilars had very extensive Phase III requirements of the U.S. -- from the U.S., right? I think that is beginning to change. When that changes, 2 or 3 things happen. You can expand your pipeline faster because now you don't have to pencil in 2 years of Phase III studies or 1 year of Phase III studies, right?

So that happens. Second, you don't need to spend the same amount of money for one product, and therefore, you can increase your engine a bit. So the way we are looking at this now is that in some way, a biosimilar engine for a company like us will begin to mimic an investment return ratio a little bit more than a complex generics product, but not too far from it.

So you could be spending $15 million, $20 million, $25 million, depending on the product minus Phase III, which is pretty much what will be ballpark roughly what you would spend on a complex generics product if the Phase III requirement gets waived. The second big trend is interchangeability because of which market access becomes easier.

And I think what this will cumulatively do, Saion, as conjecture is that if you have more number of people coming in the market, the relative share that innovators keep holding on to of the biosimilar universe becomes significantly lesser. And there is more room for generics to grow because rating reduces significantly.

So I think that's the overall trend we are looking at. We don't have any product out of our own engine, Saion, which will come out before '29-'30 because that was by design. So we will deploy capital towards in-licensing. But by and large, our pipeline will only start coming in '29-'30.

Saion Mukherjee: And Umang, just clarification of $100 million that you have committed and maybe it will be a little more. So this will be invested over what time frame?

Umang Vohra: In the next 3 years. We -- out of that Saion, we've already spent, I'd like to believe maybe 20%, 30% of that. This was 3 years back, we had committed cumulatively with our partner about $180

million or so. The partner share was 40%, ours was 60% -- and so -- and that assumed at that point in time that Phase IIIs would be very expensive. Now that requirement has changed, so we can put more assets into the pipeline. And Saion, it's part of our R&D budget. So it comes as that.

Saion Mukherjee: It's coming into our...

Umang Vohra: Within that. It's in our numbers.

Moderator: We'll take the last question. That's from the line of Krishnendu Saha with Quantum.

Krishnendu Saha: Did I hear correctly that there was some lack of capacity in albuterol. So because of that, we could not take a larger market share. I could have missed that.

Ashish Adukia: Yes, no, Krishnendu, let me clarify. What I meant was that we are maximizing our capacity out there and able to supply all of it. And of course, we have been able to ship it for ourselves. So if we have -- if we build more capacity, we can increase out there. But from a market share point of view, at 19.5%, maybe some more improvement, but that's where we can go to with the current capacity.

Krishnendu Saha: So will you be putting up capacity or you are okay with this in the partner specifically?

Ashish Adukia: Sorry, this is our own capacity. We supply from India out here. And of course, we have capacity in Fall River as well.

Krishnendu Saha: So this is the capacity we'll keep right in the future also.

Ashish Adukia: Absolutely.

Moderator: Thank you. 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 Ms. Diksha Maheshwari for closing comments.

Diksha Maheshwari: Thank you. Thank you, Andrew. Thank you, everyone, for joining in. If you have any other 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.