30th October, 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 Symbol: CIPLA

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

Sub: Q2FY27 - Earnings Call Transcript

Dear Sir/Madam,

We are enclosing herewith a copy of the transcript of the Company's Q2FY27 earnings conference call held on 27th October, 2026. The transcript is also available on the Company's website at https://www.cipla.com/sites/default/files/Cipla_Q2FY27_Earning-Transcript.pdf.

Kindly take the above information on record.

Thanking you,

Yours faithfully,
For Cipla Limited

RAJENDRA CHOPRA
Digitally signed by RAJENDRA CHOPRA
Date: 2026.10.30 17:09:10 +05'30'

Rajendra Chopra
Company Secretary

Encl: as above

Prepared by: Simona Dsouza

“Cipla Limited

Q2 FY27 Earnings Conference Call”

October 27, 2026

MANAGEMENT: **MR. ACHIN GUPTA – MANAGING DIRECTOR AND GLOBAL CHIEF EXECUTIVE OFFICER – CIPLA LIMITED**
MR. DINESH JAIN – GLOBAL CHIEF FINANCIAL OFFICER – CIPLA LIMITED
MS. DIKSHA MAHESHWARI – HEAD INVESTOR RELATIONS – CIPLA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Cipla Limited Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. We have with us in today's conference, Mr. Achin Gupta, MD and Global CEO; Mr. Dinesh Jain, Global CFO; and Ms. Diksha Maheshwari, Head, Investor Relations.

I now hand the conference over to Ms. Diksha Maheshwari. Thank you, and over to you, ma'am.

Diksha Maheshwari: Thank you, Shaurya. Good afternoon, and a very warm welcome to Cipla's Q2 FY27 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 Achin to take over.

Achin Gupta: Thank you, Diksha. Good afternoon to all of you, and we appreciate you joining our Q2 FY '27 earnings call. We are pleased to report a revenue of INR7,404 crores with a steady sequential growth of 4% Q-o-Q. This was supported by a broad-based performance across our key businesses.

One India recorded its highest ever quarterly revenue, while our global portfolio continued to demonstrate resilience amidst a dynamic operating environment. We continue to invest in pipeline, and we received key approvals, including our first DPI approval of generic Advair in the U.S.

In line with our objective of strengthening Biosimilar pipeline, we partnered with Qilu for Pembrolizumab in North America, and we initiated clinical development for one more respiratory Biosimilar asset out of our own pipeline. Together, these developments reinforce our confidence in the long-term opportunities across our markets and portfolio.

Coming to business-wise performance. One India delivered 12% Y-o-Y growth, sustaining its track record of consistent double-digit growth over the last few quarters, driven by strong execution across key therapies and the resilience of our franchise in the IPM. In our branded prescription business, we continue to outperform the market, delivering 15% growth, which was led by the chronic portfolio as per IQVIA YTD September '26.

Our key chronic therapies continue to grow ahead of their respective markets with respiratory growing 11%; antidiabetes grew 50%, including the GLP; urology, 11%; and dermatology 16%. This was underpinned by strong brand equity, robust volume growth, effective field execution

and sustained momentum from new product introductions. Our overall chronic mix stood at 60.3% as per IQVIA MAT September '26.

Our launch momentum remains strong. During the quarter, we strengthened our portfolio through targeted launches across key therapies, including Revesmart in respiratory, Galvus DM and SR in antidiabetes, Dytor E in cardiovascular and Rizontem in anti-infectives. These launches collectively underscore our focus on deepening our presence in priority therapy areas and further add to the breadth and competitiveness of our portfolio as we continue to lead IPM in terms of volume share.

We also entered into an exclusive licensing agreement with CTTQ, SinoBiopharma Group, company for an asset -- novel asset, HER2 bispecific antibody drug conjugate. This partnership further strengthens our innovative oncology portfolio and expands our presence in the next-generation targeted cancer therapies.

On our trade generic business, delivered a strong double-digit Q-o-Q growth. Expanding the portfolio remains a key growth driver here with 15-plus new launches this quarter. On our Consumer Health business, we continued the upward trajectory with Nicotex, Omnigel and Cipladine consolidating their leadership positions in their segments.

The business is driving healthy secondary growth and actively exploring opportunities to invest in products and channels to further expand the distribution. Operating profitability improved, reflecting the strength and scalability of our consumer health strategy. Coming to North America, we delivered a quarterly revenue of $172 million in Q2, which represents a $10 million improvement versus previous quarter.

We remain confident of furthering this momentum through the remainder of this year, supported by our launch pipeline and scale up of these new assets. Cipla continues to hold the number one position in overall U.S. Albuterol MDI market this quarter as well with our market share of 22% as per IQVIA data for last week of September '26.

So far this year, we have secured approvals for 2 key respiratory products with generic Ventolin approved in Q1 and generic Advair approved in Q2. Notably, generic Advair approval marked our first DPI approval from U.S.-based manufacturing network, further validating our differentiated respiratory capabilities and reinforcing our commitment to complex rescue therapies.

Another important strategic milestone during the quarter was our exclusive partnership with Qilu Pharmaceutical for the U.S. commercialization of a biosimilar to Keytruda, Pembrolizumab. Looking ahead, we remain focused on enhancing the performance of our North America business through a combination of new product launches and disciplined commercial execution.

A quick update on our pipeline. Our pipeline for this financial year includes 3 additional significant launches for the U.S., which is in line with our previous guidance. This includes two more respiratory assets and 1 key peptide opportunity. Additionally, we have four biosimilar programs under development for global markets, which continue to advance steadily through key development milestones.

Alongside these efforts, we remain focused on strengthening our R&D capabilities, particularly for the U.S. market. We are progressing well on the organic pipeline development with approximately 45 to 50 filings planned over the next 3 years. In South Africa private market, we achieved a strong secondary growth of 6.5%, which outperformed the market of 5% as per IQVIA MAT August '26.

One Africa business continued to strengthen its position through solid performance in key therapies and successful new launches, reinforcing our presence across diverse markets. In EMEU, we delivered revenues of $101 million during the quarter. While the business operated in a challenging geopolitical environment.

And there were certain market-specific headwinds, we demonstrated resilience through strong execution and cost discipline across both GTM as well as B2B segment. A word on the regulatory front. We continue to make steady progress across our global manufacturing network.

During the last quarter, U.S. FDA classified the inspection at our Invagen Unit 3 facility in New York as a Voluntary Action Indicated, VAI. And during the current month, the U.S. FDA conducted a routine GMP inspection at our Invagen manufacturing facility in Long Island, New York, which concluded with 0 Form 483 observations.

As you're aware, U.S. FDA also conducted a follow-up GMP inspection at our Pithampur facility in India in this previous quarter and issued 7 observations in Form 483. We continue to engage constructively with the U.S. FDA and remain committed to maintaining the highest standards of quality and compliance across our network.

Overall, we continue to focus on sustained growth in our core businesses, improving productivity and strengthening our pipeline in order to serve the patients with trusted high-quality medicine. Now I would like to invite Dinesh to present the financial and operational performance. Dinesh?

Dinesh Jain: Thank you, Achin. Now I would like to present the key financial highlights for the quarter. We reported a quarterly revenue of INR7,404 crores with a sequential growth of 4% quarter-on-quarter. The EBITDA margin, excluding the other income, stood at 18.7% for the quarter, reflecting a sequential improvement of 200 basis points.

This performance is in line with the guidance of sequential margin expansion, and we remain confident of continuing this trajectory over the remainder of the year. The reported gross margin after material costs stood at 64.4%, up 7% quarter-on-quarter, supported largely by an improved product mix.

Total expense for the quarter stood at INR3,382 crores, reflecting an increase of 4% quarter-on-quarter. This increase reflects our planned investment in the upcoming product launches and enhanced manufacturing readiness. We remain focused on innovation and future readiness.

R&D investments for the quarter were INR423 crores or 5.7% of the revenue, largely towards the product filing and key development programs. We continue to guide for the full year R&D

expense in the range of 6% to 7% of the revenue. Profit after tax for the quarter stood at INR878 crores, representing 11.9% of the sales with a sequential improvement of 77 basis points.

The ETR for the quarter stood at 27.2%. Now coming to our free cash generation and operating efficiency that continue to drive a healthy net cash position. As of 30th September, the debt on our balance sheet, including lease liabilities, stood at INR699 crores with a net cash equivalent balance of INR9,823 crores.

Looking ahead, our key priorities will include One India, the aim is to focus on the execution to sustain the growth momentum and outperform the market in the branded prescription, trade generics and consumer wellness. We'll further strengthen our presence in chronic therapies while maintaining the robust trajectory we have built in respiratory.

In North America, we will remain focused on driving growth through new product introduction, including the key launches. We continue to maintain the guidance to exit this fiscal year with $1 billion annualized revenue run rate. In South Africa, our focus will be on continuing to grow faster than the market in the private sector. In emerging market in Europe, the top priority is to drive top line growth while maintaining a strong margin trajectory. I would like to thank you for your attention, and we request the moderator to open the session for question.

Moderator: Thank you very much. We will now begin with the question and answer session. The first question is from the line of Surya Narayan Patra from PhillipCapital (India) Private Limited. Please go ahead.

Surya Narayan Patra: Yes. Thanks for the opportunity. Sir, now for the second half you have reiterated in the opening remarks about your.

Moderator: Sorry to interrupt, sir. Sir, could you keep a bit distance from your device?

Surya Narayan Patra: Sure. Okay. Is it fine?

Moderator: Yes. Please go ahead.

Surya Narayan Patra: Yes. So in the opening remarks, you have pointed out about your target -- U.S. revenue target of around exiting the year with a kind of $1 billion kind of run rate. So now it is relatively close by. If you can give some sense, some color what is bridging this gap from the current 170-odd levels to 250 kind of levels? That would be helpful, sir?

Achin Gupta: Yes, sure. So we had guided to a sequential improvement this year. And we had mentioned that there are four big respiratory product approval and 1 big peptide approval that we are expecting this year. So our revenue guidance is a function of upswing, which will come from these launches as we get the approval and as we scale up these products to gain greater share in the market. We have different pathways to get there. And therefore, we are maintaining the same guidance at this point in time.

Surya Narayan Patra: Sir, just one clarification here, whether we are in any manner thinking about resumption of Lanreotide or even progression of the Ventolin is too incremental component to achieve this kind of a time line means revenue number?

Achin Gupta: So, regarding the two products that you mentioned, Ventolin will be a big driver for us towards the -- as we progress in the year and as the product scales up, Ventolin will be a big contributor. Lanreotide we don't anticipate being bad for this financial year. We are pursuing two parallel paths.

One is to work with Pharmathen for their remediation and representing back to the FDA to resume supplies of Lanreotide from there. Second is a new site, which we are working in North America to file Lanreotide, but both of these are not included in our exit run rate titles of USD1 billion as far as Lanreotide is concerned.

Surya Narayan Patra: Sure. My second question is about the domestic business. See, it seems that the GLP-1 portfolio, largely led by the Yurpeak is about 10% of your domestic sales currently. This could be because of the kind of first year kind of a penetration what we are seeing in the GLP-1 products in India?

But is there any sense of what could be the growth in this GLP-1 portfolio or is there a possible growth that one should think for the next year because the adherence of the kind of a product or the therapy among the kind of patient population may not be great, the way it is visible currently. And also, if you can include your semaglutide launch time line? And hence, what growth that you are thinking about this GLP-1 portfolio in the next year?

Achin Gupta: So we are seeing very good adoption of GLP-1 as a therapy, particularly on tirzepatide as a molecule where Cipla is playing. And we are seeing month-on-month growth rates of somewhere between 5% to 10%. So we expect that trajectory to continue. Yurpeak has become the second largest brand in the rankings on GLP. And I think we don't expect any saturation on this front. We expect a steady growth in the months to come.

Surya Narayan Patra: Okay. Just one more point, sir. See, in fact, the trade margin cap what we have seen on the oncology portfolio -- so can see right now, the supply means the kind of the price point of the suppliers that is not getting impacted. But whether this is likely to create a kind of a competition among the suppliers?

Achin Gupta: So I think this discussion is still ongoing. The one thing which the government had announced was around margin cap on high-priced oncology products, which we -- which will benefit the patients, and we don't believe it will have any significant impact on our business. Anything else which comes out through these discussions and rulings, and we'll have to wait and see what the directive is before we can comment on the impact.

Moderator: The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services Limited.

Tushar Manudhane: Sir, just on generic Advair, is this product launched?

Achin Gupta: Tushar, this is getting launched in Q3. You'll see Q3, Q4 revenue building up.

Tushar Manudhane: So we got approval in July. And so could you just explain like is this a normal time line to launch the product or this product is taking a little longer time?

Achin Gupta: As we had explained last time, we have put up a new plant in the U.S. So this is actually the first DPI to come out of that facility. So therefore, yes, and you're right. Normally, we expect to launch immediately upon approval. It has taken a couple of months longer.

Tushar Manudhane: Got it. And secondly, sir, with respect to the investments in the biosimilars, first, like how much would have been the overall investment in the biosimilar space for Cipla? And secondly, where -- with respect to this Keytruda biosimilar agreement, if you could just share where does the clinical development status of the product from Qilu Pharma?

Achin Gupta: So on biosimilars, the investment that we have is in 4 assets which are currently under development. All of these assets are part of the R&D expenditure that we report. So I think it's assumed within that. And we are guiding towards a 6% to 7% R&D expenditure on an ongoing basis. So it will be part of that. On the Pembrolizumab biosimilar that we've recently licensed for North America, we are expecting it to be amongst the first wave of launch and therefore, make a very significant contribution to our North America business once it reaches the market.

Moderator: The next question is from the line of Dr. Kunal Dhamesha from Macquarie Capital Limited.

Kunal Dhamesha: The first one on the U.S. business. If you could provide some details on the U.S. ramp-up that we are expecting in the second half from the $172 million, the exit rate of $1 billion. If I have to split this ramp-up between the existing products and new products, which are yet to get approval, how should we think about that?

Achin Gupta: So the ramp-up is a function of new launches this year, which includes Ventolin, which was approved already, Advair, which was approved in Q2. So these 2 ramping up will have a significant contribution. And then we have 3 big opportunities, 2 respiratory products and 1 peptide opportunity, which will also help in this transition. As I said, we have multiple pathways to get to that exit run rate and we are working towards delivering that kind of exit run rate.

Kunal Dhamesha: Sir, I understand that. I just want that the INR80 million ramp-up that we are expecting of that potentially, what proportion is going to come from the products that we have already gotten approval or launch? And what proportion would come from the 3 approvals that we are waiting?

Achin Gupta: Okay. See, it's a little bit hard for us to give product-wise guidance. But as I said, Ventolin will be a big part of this. Advair will contribute significantly. And some of the new products that we are talking about are also very significant drivers. So we have different ways of reaching that exit run rate, but each of these individually is a very large opportunity for us, and that's how we're looking at delivering the growth rate that we're talking about.

Kunal Dhamesha: Just on Ventolin, we have launched this product in quarter 1 and we also have CGT. So what is leading to ramp-up being delayed to H2 for us are these like contracts that we are waiting for in terms of renewals or is it the supplies from our side, which is ramping up? How to think about this?

Achin Gupta: Yes. Kunal, these are from our North America manufacturing site, which is a new facility. So it is a function of the supply ramp-up which are happening. And as we are able to fully ramp up, you will see a significant growth in the remaining part of this year.

Kunal Dhamesha:` And it would not be -- a lot would not be a function of the usual respiratory uptick that we see in U.S. business during winter, right? That is not a big part of our calculation, is it?

Achin Gupta: No. Because if you see in a crowded albuterol market on the other Proventil generics, we are holding on to a very healthy 22% leading market share. So commercial share-wise, we are very confident, and we have all the right relationships to get to that share. But we need to ramp up on the supply.

Kunal Dhamesha: And not disclosing the numbers on supply, but let's say, if we are manufacturing certain quantity, where do you think that, that quantity would be like 2x, 3x, 4x by second half?

Achin Gupta: This is approximately a 24 million unit market, right? So we can get to a much higher share of that market compared to Proventil given that we are the only generic in this. So it's probably not 2, 3, 4x. It will be an exponential increase from where we are.

Kunal Dhamesha: Sure. And one last question on the trade generics business. So we have said that there is a strong double-digit growth on a sequential basis in Q2. If you could provide how the business has panned out on a year-on-year basis and also the disruption that we had in Q1, would you say quarter 2 is more of a normalized run rate or it's the quarter 3 where we would be at a normalized quarterly run rate in that business?

Achin Gupta: So on the trade generics front, it had good growth from last quarter to this quarter. But if you compare Y-o-Y, this is mid-single digits, and that's a function of some seasonality and also some cost-related factors, which have come in. But we expect a steady growth in this business like we've delivered in the past year. So there is no change in the thesis on the trade generics, which has been a very steady performer for us.

Moderator: The next question is from the line of Damayanti Kerai from HSBC Bank.

Damayanti Kerai: First, as you retain your guidance for U.S. run rate -- exit run rate, do you retain the guidance for EBITDA margin also, which you indicated earlier, 18.5% to 20% range?

Achin Gupta: Yes. So for the -- we are maintaining both the guidance that the exit run rate for the U.S. would be $1 billion. And for the EBITDA guidance for the full year will be 18.5% to 20%. We are not changing the guidance.

Damayanti Kerai: My first question is on the awaited launches for the U.S. So as you indicated, 3 significant launches still remaining for second half. So my question is specific to the peptide opportunity and Symbicort respiratory inhalers. So in your observation, how far you are from the final approval? And how confident are you about launching these products so that they can contribute towards the second half ramp-up?

Achin Gupta: Yes, Damayanti, it's Achin here. So we are confident about the approval. We are getting closer to launch, but I think the exact time line is more a function of how the FDA reviews these files. But we are confident of the approval.

Damayanti Kerai: And again, it's safe to assume you have goal date for both the products in coming months where we will hear back from the FDA. Okay. Then my second question is on your Ventolin opportunity, which -- where you have launched and as we are discussing, it's in ramp-up phase. So when I think I look at the market share gain so far, still, I think, in single digit, and you are indicating significant ramp in the second half. So it's just a matter of ramping up supply from your end, right? We have enough visibility on the market demand and your penetration within the channels, et ceter, which can make it a successful launch?

Achin Gupta: Yes, exactly. We're dealing with the same set of customers. We have very strong relationships on the rest of our portfolio, including another very similar inhaler. So we are very confident about the commercial strategy and our teams are in touch with the customer. So that will not be a problem.

Damayanti Kerai: Okay. And then my last question is on Pithampur FDA observation. So this plant, I think, has been under upgrade and improvement, et cetera, for quite some time. So what actually has, I think, led to say 7 observation? I think that seems below expectations. So how do you see that scenario?

Achin Gupta: So we had received an OAI on this facility approximately 3.5 years back. And that's the normal time it takes for the FDA to revisit. This time, as we had shared previously, we did not have any repeats and we did not have any DI, right? So we are working on resolving these. And we remain committed to getting these out of the OAI.

Damayanti Kerai: Okay. But you have like done risk mitigation for most of your key approvals in near to medium term. That's safe to assume, as you indicated earlier, like you will do dual site filing, etcetera?

Achin Gupta: Yes. So if you see the new approvals have all been mitigated. They are coming from U.S. sites or Goa. And if you see also the last several U.S. FDA audits we've had, we have been coming out with VAI and with good responses. So I think the team is working on it, and we don't see any downsides at this point from the Indore audit. If the site gets converted to VAI, it will open up further opportunities for us going forward.

Moderator: The next question is from the line of Neha Manpuria from Bank of America.

Neha Manpuria: Just to clarify, the 2 respiratory approvals and the peptide approval, did I hear correctly that we expect the approval -- the goal date for these products is in third quarter? Or would it be more fourth quarter weighted?

Achin Gupta: Neha, we are expecting these to be approved in this financial year. I think that's part of what we have guided. The exact dates are not 100% in our control. So we announce them as soon as they get approved.

Neha Manpuria: Understood. And my second question is for the respiratory launches, once we get approval, is it fair to assume that the time to ramp up probably wouldn't be as much as what we have taken for Advair and Ventolin. Are these also from the U.S. facility? Or are these filed from our India facility? I think one of them is third party, right?

Achin Gupta: So one of these partnered assets is from the Goa facility, which has been manufacturing MDIs for quite some time. So there is no ramp-up involved there. And the other one is from the U.S. facility.

Neha Manpuria: Understood. So would the ramp-up for that also be more gradual like we have seen for Ventolin and Advair?

Achin Gupta: No. See, some of this was a function of all the remediations that we've done in the last 3 to 4 years. And these were the first launches out of -- I mean, Ventolin and Advair were the first launches out of these units. But now the team is there and they have the experience of working on these products. So we don't expect similar kind of challenges on future launches.

Neha Manpuria: Understood. My second question, Dinesh, on the other expenses in the quarter, there seems to be a very sharp jump that we have seen quarter-on-quarter. Just wanted to get a sense, is there any one-off there in that number that is there in the second quarter?

Dinesh Jain: So Neha, there is no one-off per se. See, if you look at sequentially also, normally, our quarter 2 expense base is always higher than the quarter 1. And as we have guided earlier also, as Achin mentioned just now, our launches ramp-up is going to happen subsequently, but our investment is already happening on that. So I think that is one play which is happening here.

Neha Manpuria: Okay. Okay. Understood. And my last question, tax rate for the full year would be closer to the 25% level or this 27% that we have reported in the first half?

Dinesh Jain: It will be in the range of 27% to 27.5%, Neha.

Moderator: The next question is from the line of Bino Pathiparampil from Elara Capital Private Limited.

Bino Pathiparampil: A couple of questions. One, just a follow-up on Keytruda. You said you hope to be in the first wave of launches. Could you also put some time line to it? I believe the patent expiry is around 2029 calendar year. Is that your target entry time?

Achin Gupta: Yes, that's right. So we will expect to file it next year, which allows us to be in time for the patent expiry to launch in time for the patent expiry.

Bino Pathiparampil: Okay. And the U.S. filing approval, all this is completely in Qilu's hand? Or are you involved as well?

Achin Gupta: Yes. So we have a lot of expertise on that. So our teams are going to be involved...

Bino Pathiparampil: Got it. Okay. And just one other question. There is this product Dovato, which is dolutegravir and lamivudine in which it seems like you have a first to file. Could you confirm that and also give us a time line for launch?

Achin Gupta: I think can we get back to you on that? Yes, I'll have to check the exact status and come back to you.

Bino Pathiparampil: Okay. Sure. And just to wind up, the respiratory assets you are expecting, is one of them from the Ellipta franchise?

Achin Gupta: No, no. That is later. That is later. Right now, what we have are MDI.

Bino Pathiparampil: Okay.

Moderator: The next question is from the line of Abdulkader Puranwala from ICICI Securities Private Limited.

Abdulkader Puranwala: Two questions from my end. First is on -- sir, your India business. So if I look at your consumer business in Q2 as well as in first half, there seems to be a slowdown. So can you help us understand, is it mainly because of the higher base of last year or is there anything to read out there?

Achin Gupta: So if you see the brands themselves, all of them have continued to grow and gain market share. Therefore, that leadership is maintained in the category. We have high single-digit growth rate, but there were some headwinds in the form of costs and pricing, which we're working on mitigating. So we will see a good double-digit growth on consumer business going forward.

Abdulkader Puranwala: Understood. And second is on margins. So in this quarter, we have seen a good amount of sequential improvement. And for the second half and FY '28, where we see U.S. doing better than where we are today, any color if you could provide as to how the margins may shape up?

Achin Gupta: So right now, what we can say is we are expecting sequential improvement for the remaining 2 quarters of this financial year. And then I think by the start of next year, we'll provide the guidance for next year. But we expect it to improve it from where we are now towards the end of the year in order to deliver the 18.5% to 20% that we have guided for current FY '27.

Moderator: The next question is from the line of Vivek Agrawal from Citigroup.

Vivek Agrawal: So just a small clarification on margins. You are highlighting that you are expecting quarter-on-quarter improvement in the margins in the coming quarters of this year. I'm just looking at the 4Q margins of the company generally remain on the lower side because of the seasonality. But this time around, you are expecting a Q-o-Q improvement from 3Q to 4Q. Is that the right way to understand?

Dinesh Jain: Yes. See, as we guided earlier also, we are expecting the ramp-up in the U.S. business. So I think that is going to lead to this improvement sequentially.

Moderator: The next question is from the line of Saion Mukherjee from Nomura Asset Management Company.

Saion Mukherjee: Achin on South Africa, one clarification. So you mentioned the growth is almost 30% faster than the market as per secondary data. But the primary data seems to suggest a decline. Is this all

related to the accounting changes? And if you can talk about the primary growth that you're seeing in that market, both for private market as well as for the tender business?

Achin Gupta: So there are 2 factors. One is the accounting change, which we explained last quarter. Same thing is valid for this as well. It restates top line slightly, preserving the same EBITDA. But also on the tender front, we had lost one of the tenders, which got -- which we contested in the courts and there's a favorable ruling, which has just come out a few days back. So right now, what you're seeing as a dip on the overall reported numbers is also partially on account of tender business, which we are hoping will correct now that the court ruling is in favor.

Saion Mukherjee: Right. And also of your total emerging market business or Europe business, how -- what percentage would be tender driven currently?

Achin Gupta: It's not that -- yes, it's not very high. We'll have to quantify it exactly, but we do not play too much in tenders across the world. I think the bigger chunk will be in the South Africa tender.

Saion Mukherjee: Okay. The other question I have on R&D spend and biosimilars in general. So you have 4 products under development. Will you be required to do Phase III trials here? And in that context, I wanted to see over the next 2 years, how you see R&D spend increasing for you from the current level of, say, a quarterly run rate of INR400 crores to INR500 crores?

Achin Gupta: So for the U.S., there is a general acceptance that most products will have a waiver on Phase III. The first one that we have where we are the lead product under development. we have under -- we have a consultation with the FDA that we would not need Phase III. But we would expect similar trends for the remaining biosimilars as well. So that would not be a challenge. The investments are more on product development and running the Phase I or the bioequivalence.

Saion Mukherjee: Okay. So your R&D spend will continue to remain at 6% to 7% in the years ahead, you think?

Achin Gupta: Yes. This year, it is 6% to 7%. Also, it is a percentage. So as revenue grows, you get more to invest. We will provide a more detailed guidance or if there's any change, we will provide that guidance along with the next year numbers. But for this year, we will stay within the 6% to 7%, and we are able to support all of...

Saion Mukherjee: And this biosimilar asset, you have facilities or you're investing in facilities, if you can give an update on drug substance drug product capabilities?

Achin Gupta: Yes. We have a joint venture, which is called Aspergen. It is a joint venture with an experienced manufacturer called Kemwell. That's the one that we are calling in-house because Cipla has majority ownership there.

Saion Mukherjee: Okay. And you already have a facility there?

Achin Gupta: Yes, yes. So that -- yes, that joint venture has access to facility and it's also scaling up.

Moderator: The next question is from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: Achin, one question. When you say multiple pathways to achieve the U.S. guidance, can you please elaborate on it? So the question is basically, does it mean that you will be able to achieve the guidance even if, say, 1 of the 3 large pending approvals do not come through in FY27?

Achin Gupta: Alankar, I think the idea is to -- between a combination of the ramp-up of existing assets, which are already approved and the new assets, we have pathways to get to that number. The exact combination of -- what drives exactly how much is also a function of when we get these approvals. So that's the reason we mentioned that statement. But I think with what we have as visibility, we remain confident that we should be able to get there.

Alankar Garude: Understood. So basically, I mean, you have some flexibility of possibly doing better on the already approved assets. At the same time, the timing of the new assets remain -- and while you are confident, the exact timing can vary, as you highlighted earlier. So just I mean, from a more of a scenario standpoint, assuming one of the relatively smaller assets out of the 3 gets delayed, can that really make a big difference as far as the guidance is concerned?

Achin Gupta: There are multiple combinations here. So -- it's hard to answer that particular question, Alankar. But I think as we said, Ventolin has a lot of potential. It's a very big opportunity. So that itself covers a lot of the delta between this and the exit rate. And then between some of the other combination of the new products, I think we remain confident of getting to that exit rate. Contribution to each product is a little bit difficult because there are a lot of moving parts to it.

Alankar Garude: Understood. Fair enough. The second question is, you had previously spoken about higher focus on specialty and innovation -- innovative assets more with respect to developed markets. Can you take us through the thought process here? And any progress you would like to share on this front?

Achin Gupta: Yes. So if you see there are -- we have called out an increase in the number of filed products for the U.S. market, where we are saying 45 to 50 filings we will be able to do for North America in the next 3 years, compared to roughly 10 as an average that we had in the past. All of these are complex assets. We don't have plain-vanilla generics in the pipeline. So that's one.

Then biosimilars is the other leg where internally, we have 4 assets under development. Last year we have said we will add 1 or 2 each year. And we will selectively in-license a few, not too many, but a few like Pembro to fill the pipeline for the more near future. And three, I think what we've started looking at is for markets like India.

And other emerging markets where we have a branded presence, we are in-licensing innovative products like the deal that we announced with CTTQ for breast cancer ADC products, bispecific ADC. We are interested in those kind of partnerships in order to further the portfolio and take it more on the differentiated patent-protected side. So I think those are the levers that we're working on.

Alankar Garude: Just one clarification there. Is licensing or acquisitions of innovative assets in developed markets strategy -- part of your strategy?

Achin Gupta: Less of innovative, but there are certain B2 assets which can be of interest to us. That strategy will probably be more in the nature of acquisition than licensing because an acquisition typically comes with some front end and some experience of marketing those products. So we are considering those and we will continue to strengthen more differentiated product pipeline as a percentage of our overall portfolio.

Moderator: The next question is from the line of Ashutosh Kumar Jha from Balyasny Asset Management.

Ashutosh Kumar Jha: Just wanted to understand one piece of our overall business construct. Given that the U.S. revenues have come off post the Lanreotide supply disruption, is it fair to say that close to more than 55% to 60% of your current EBITDA comes from the India business at this point?

Achin Gupta: We are not reporting segment-wise profitability numbers. I think -- but yes, India business remains profitable, growing well. And much of the R&D expenditure is towards developed markets like the U.S., right? So there's a swing in revenue on North America, it impacts the EBITDA of North America more than India, which is a steady double-digit growth over the last several quarters.

Moderator: The next question is from the line of Bharat Celly from Equirus Securities Private Limited.

Bharat Celly: So just wanted to understand on the 3 assets, which we are talking particularly from the second half perspective. So over here, since all these products will take some time to ramp-up, indicatively, are we talking about these opportunities has to be 3Q and approval opportunities for us?

Achin Gupta: Not really because we are not anticipating ramp-up issues on these products, which we are awaiting approval.

Bharat Celly: Okay. And on Symbicort as well as on the peptide opportunity, which we keep on referring to, have we ever got any CRLs on these products before?

Achin Gupta: We normally are not able to talk about individual product goal dates or CRLs. I think as we said, we remain confident of getting the approval. The exact details on those products is also competition sensitive. So I think it would not be prudent to talk about that in too much detail.

Bharat Celly: Right. And last one, on Symbicort, have you seen any dynamics changing for Symbicort opportunity considering there have been additional competition which has come in, in the product?

Achin Gupta: Yes. I think, again, our thesis is that respiratory is a complex opportunity, which as per the FDA classification also it is, right? So there are entry barriers and therefore, it typically remains a fewer player market, right now if some products, you could be in 1 player, 2 player, 3 player market, but it is typically not a very high competitive commodity generic market. So right now, we see a lot of opportunity on Symbicort. And if the competitive dynamics doesn't change dramatically by the time we enter, we are quite confident of having pretty big contribution come from generics.

Moderator: The next question is from the line of Shyam Srinivasan from Goldman Sachs.

Shyam Srinivasan: Just looking at the India business prescription growth, the branded prescription growth 15%, if I were to kind of leave out and maybe I'm being selective, leave out the antidiabetes portfolio or including semaglutide, we have seen slower growth than market. So am I reading too much into this given a very diverse portfolio or is there something to read into this?

Achin Gupta: So line was a little blurred, but you're asking what is the growth rate across therapies on India business?

Shyam Srinivasan: Yes, I'm just saying, I think if we remove semaglutide contribution, 10%, like what one participant said, Y-o-Y growth at 15%, if I were to strip that out, would be much lower and probably much lower than the industry for the other therapies. So I'm just wondering, is there something to understand?

Achin Gupta: Okay. So the growth is beating the market. Overall, it's 14.6% versus 14.3% for the market on an H1 basis. If you see respiratory, there's a beat on the market. Other than GLPs also, diabetic has done well, cardiac, dermatology, all of them are a beat on the market. I think our numbers have a little bit more skew on respiratory. So you may have one may get this kind of impression.

But because respiratory therapy grew slower than diabetic, cardiac, et cetera, in the last 2 quarters, right? So -- but we have a beat on individual segments across the board, and we have been focusing on building a very strong presence in chronic therapies other than respiratory. So cardio, metabolic, we have very solid portfolios in these, including now in obesity and dermatology, urology. I think these are very strong focus areas for us. So we'll continue to drive market-beating growth in these segments in order to get more stability and less seasonality on the business.

Shyam Srinivasan: Very helpful. Just a second question on your cash balance. We are now running at a very high cash balance, cash and cash equivalents right? So is there any different approach or philosophy for deploying this cash? Because do we need so much cash on the balance sheet? That's the second question.

Achin Gupta: Yes. So we are -- we will look at opportunities to acquire assets. We have been selective about that, as we mentioned earlier. We are looking at complex or differentiated opportunities, which are more likely to be on North America side or Europe side primarily because India, we are number one player by volume. So we find it a little harder to find nonoverlapping assets in India market. But we are on the lookout. We evaluate a lot. We're just being selective so that we make the right moves, which will help the business grow from a longer-term window as well.

Moderator: Thank you. We take that as the last question from the participants. I now hand the conference over to Ms. Diksha Maheshwari for closing comments.

Diksha Maheshwari: Thank you, everyone for joining in. If you have any further questions, please write it to investor.relations@cipla.com. Back to moderator, we can end the call.

Moderator: Thank you, ma'am.