Pfizer Limited
The Capital, 1802 / 1901,
Plot No. C - 70, G Block, Bandra Kurla Complex,
Bandra (East), Mumbai 400 051.
Tel : +91 22 6693 2000 Fax : +91 22 2654 0274

May 19, 2017

The Corporate Relationship Dept.
BSE Limited
1st Floor, P.J.Towers
Dalal Street, Fort
Mumbai - 400 001
Scrip Code: 500680

The Manager, Listing Dept.
The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051
Scrip Symbol: PFIZER

Dear Sirs,

Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

Pursuant to the Regulation 30 of the Listing Regulations, we enclose herewith the transcript of the tele conference call with the analysts held on May 18, 2017, to discuss the Company's financial performance for the quarter and the financial year ended March 31, 2017.

The aforesaid information will be displayed on the website of the Company in compliance with Regulation 46 of the Listing Regulations.

Please take the above on record.

Thanking you,

Yours truly,
For Pfizer Limited

Prajeet Nair
Company Secretary

Encl: A/a

PFIZER LIMITED

EDITED TRANSCRIPT OF ANALYSTS' TELECONFERENCE FOR RESULTS FOR FOURTH QUARTER AND YEAR ENDED MARCH 31, 2017.

Event Date: May 18, 2017

Pfizer Management Participant:

Mr. S. Sridhar – Managing Director – Managing Director

Mr. Ravi Prakash – Executive Director – Finance and Chief Financial Officer

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Pfizer Q4 and FY 2016 - 2017 Analyst Conference Call.

We have with us today on the call, Mr. S. Sridhar -- Managing Director; and Mr. Ravi Prakash Bhagavathula -- Executive Director (Finance) and Chief Financial Officer.

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

I now hand the conference over to Mr. S. Sridhar. Thank you and over to you, Sir.

S. Sridhar: Thank You. Good Evening everyone. Thanks for dialing into the Analysts Call for the Fourth Quarter and for the Full Year ended 31st March, 2017. I have with me Ravi Prakash -- our Executive Director (Finance) and CFO.

Please note that this also being yearend results, lot of the events which happened during the year also had an impact for the quarter. So, I am going to summarize the events for the year which had impact on our results and which is important for us to understand, so that you read the results in that context.

The pharma industry as a whole had a challenging time this year from a pricing and regulatory point of view and the same also had an impact on the Company.

There were series of price reductions by the government:

First, due to the new NLEM list, then the negative WPI. They have recomputed the prices as per Para-18 which we did not expected they would do; but they did that.

As a result of the overall pricing impact, we lost close to about Rs. 80 odd crores in 2016 - 2017 which is a significant number standalone.

Second, was this government decision to ban Fixed Dose Combination (FDC). It did have a short-term impact in the market, as you all know the Company was arguing the case for the Corex Cough Formulation in the Court. We fundamentally did not object to the decision of the Government to ban Fixed Dose Combinations, we just felt that the due process in determining whether that combination was irrational or not was followed and hence we believe our product 'Corex' was wrongly captured in that list and hence, we had to really take it to the Court.

We all know that the Hon'ble Delhi High Court ruled in our favor. Despite that and prior to the aforesaid ruling, we had consciously decided to withdraw the product from the market. Because over the last many years, there has been certain issue of adverse usage of this product, and we, being an ethical company, we should not be marketing the product given the adverse usages there.

There is also a decision on demonetization. As you all know Chemists and stockists all over India do a lot of transaction in cash because that is where the consumer buys a lot of stuff in cash. As a result, there was a slowdown in the market for November and December and though rest of the India picked-up; markets like U. P. and Bihar continue to see some slowness even post December into this quarter.

The impact of pricing, demonetization and FDC Ban combined has had an impact on the Pharma industry as a whole.

The MAT growth as for March 2017 as per IMS stands at 9.1% whereas it was 10.7% as of December 2016. 13.5% as of September 2016 and about 13.1% in June 2016. So, from a 13%-odd, it has come down to about 9.1%. More importantly, in the quarter to March 2017, the growth was only 6.6%. So, it shows the impact of all the aforesaid factors on the IPM.

In addition, obviously, in the last few months, you are seeing some uncertainties further coming in, whether it is a generic-generic prescription or the constant conflict with the pricing authority on completely opposite views on price approach. NPPA believes that cost-based control and more control is a best thing where we believe that price control has not really helped the industry or are improving access and there should be other alternatives rather than price control. This conflict along with generic prescription is worrying for the industry.

These are the some of the external factors which have impacted and could impact going forward.

Internally also given some changes we have had in our business, we have restructured some of our business teams. We have split our businesses into a commercial selling team and a marketing team separately. So, we have a separate sales and marketing team. The commercial team has been restructured based on customer centricity, so I have a team which manages the critical care and hospital. I have a team which manages the primary care which is basically high volume, high competition and more generic portfolio. Then I have a third set of team which I call a specialty care which is a combination of primary care and high science which includes Women's Health Portfolio, Cardiovascular-CNS portfolio, etc.

In addition, as of this month we have merged our Cardiovascular and CNS portfolio into one single team as a Chronic Care team.

We also divested some portfolio during the year. Some of the portfolio licenses expired and hence transitioned back to Abbott India group. So lots of action during the year both external and internal, a combination of pricing, Corex issue and the divestments on an annualized basis had impacted our P&L by roughly about Rs. 450 crores to Rs. 500 crores and we intend to catch back this revenue through different business strategies going forward and that I will talk to you shortly.

As you all know Pfizer Inc. acquired the anti-infective portfolio in the December last year from AstraZeneca Plc which gives us access to that portfolio in India. As a precursor to the actual transaction concluding in India, we have entered into a Distribution Agreement with AstraZeneca Pharma India Limited to distribute Meronem in India for them.

We want to ensure that we are able to get hold of the said product earlier than schedule and hence, we started the pre-distribution agreement. It is a fairly good product having good financial strength and as for the last published results of AstraZeneca Pharma India Limited, the revenue from sales of Meronem was around Rs. 100 odd crores in the country. So, that gives you a range of the size of the brand which we have.

So, with some new launches and a combination of aggressive business strategies with a restructured sales and marketing team will enable us to actually get back some of those lost revenues of 2017 in probably a years' time. So, that is our target to make sure as we close next year on a like-to-like basis we should be flat if not anything else.

So, if you want to really look at next year, some of the issue like Corex will not be there in next year results. So, therefore, the real comparison would be to remove the impact of some of the things I told you and then look at the real rebased growth. Our intent is to grow higher than the market because we want to be market beating growth in the normal course of business and additionally Meronem will enable us to help go faster than the market.

So, our intent is to really get our business to a solid start, restructure the business into commercial direction, get some portfolio to help us augment our gaps and then get back into the business and catch back the loss what we have suffered. That is in summary, our strategy for 2017 - 2018 and the next couple of years.

Let me now talk to you specifically about financial performance or a few headlines before I give it to Ravi. This is the first year of implementing IndAS compared to previous figures. So, therefore, we have given the set of numbers under the new accounting guidelines.

The revenues from operations for the quarter are Rs. 453 crores as compared to Rs. 535 crores in the previous period; it is lower because of some of the incidences I explained to you earlier.

Ravi, will provide more details of it. But in summarize to say that if we really split our books of business by line. Portfolio which is not impacted by pricing or any of divesture would have grown around 10%-odd. That is a statement of fact which says that if we have no such impact we could have been probably good strong growing company. Unfortunately, events like pricing impact, etc had made our growth look lower. So, what we will try and do is every quarter we will talk to you about different line items by book of business. So, that you understand our numbers a little better.

In addition, I also want to share with you about the article, newspaper about government having Prevenar in the National Immunization Program which was done last week in Mandi in Himachal Pradesh. We are very proud that Pfizer's Pneumococcal Vaccine has been picked up in this program. It is a proud moment for us.

In the first phase, the funding is done by an agency called GAVI which is the Global Alliance for Vaccines and Immunization. They are donating the product to the government of India and Pfizer Inc. and GAVI has a relationship on this transaction. So, this transaction does not go through Pfizer Limited books. But it is a great event for us to have a Pfizer Vaccine as part of NIP with the government.

So, first phase covers five odd states which the government wants to cover and it will actually treat about 5 million babies from Pneumococcal Disease. So, we are really happy that Pfizer partners with the government on this.

The exceptional items in the year represent sale of premises and assignment of trademarks. The net profit after tax including other comprehensive income for the quarter of Rs. 65 crores against Rs. 88 crores again, lower because of the various factors as informed to you earlier and for the year it is Rs. 333 crores versus Rs. 306 crores same period last year.

In terms of dividend, the Board was happy to recommend a dividend of 150% as the normal dividend and additionally 50% on account of exceptional income during the year. So, totaling it to 200%, which is Rs. 20 per equity share and it roughly translates to about 27%-odd payout.

I will now hand over to Ravi Prakash to talk to you in detail on the financial results. Post which Ravi and I will take some questions what you have. Over to you, Ravi.

Ravi P. Bhagavathula: Good Evening, everybody. Thank you Sridhar. I would also like to start by talking about one external development which we expect to significantly impact the industry as well as rest of the country in the next few weeks.

The government is on the path of rolling out a unified goods and service tax. The current expected date is July 1st, 2017. The way the new tax has been designed, it is a significant departure and change from the existing tax structure. We see it as a beneficial to the industry and for the ease of doing business, it should make cross country logistics easier and boost tax compliance.

However, in the short-term, it would mean a significant adjustment and change in processes across all functions of enterprise, procurement, manufacturing, logistics, sales, marketing, finance, etc.; there is no part which is not going to be impacted by this change.

From Pfizer’s perspective, we have kind of prepared ourselves well for this change. So, we are confident we can go through it well. But it is an important event that we need to call out, I am sure it will be something we will discuss in the next quarter’s results.

Moving on to the financial results as Sridhar already mentioned, this is the first year of the implementation of IndAS. The fourth quarter as well as full year has been presented as per the revised IndAS accounting guidance. There have been no major changes announced in the last quarter, so no additional changes in the IndAS accounting standards versus what we had as of Q3.

There is however, a change in the Presentation of the financial results from this quarter. The Securities and Exchange Board of India has clarified that the formats to be used are to be in line with the Schedule III of the Companies Act including the Statement of Balance Sheet and Profit and Loss Account and that is what we have use to present our financials when we published them.

The big change as you all must have already picked-up is that the revenue from operations is in gross, so that includes revenue from sales as well as from other income. So, that is a brief about the Accounting Standards.

Coming to numbers, if you look at our numbers, revenue for the quarter Rs. 453 crores and revenue for the full year Rs. 2,042 crores, on the face of the P&L they look like a decline of 15% and 2% respectively versus the same period prior year.

As Sridhar had already mentioned and I had talked about it in the last Analysts Call as well. We need to kind of segregate this number to understand the true business performance. So, if I go in steps, the first thing is if we strip out is the performance of Corex Cough Formulation and the impact of products which have been transitioned out. We come to what I call the continuing business and that grew 4% for the quarter and 5% on a full year basis.

Now, in the continuing business itself again there are two parts that we need to call out. There is a portion which is under price control, which obviously got impacted because of the pricing changes announced last year and that was mainly because a number of products suffered price decreases of around 50% and the Para-18 numbers were sometimes in the range of 10% to 12%. But if you are excluding that the products which were not under price control like Sridhar has already mentioned grew at 10% and we are very encouraged by that performance.

That growth has been driven by the performance of key brands, Prevenar continues its momentum and it is right now the number 1 brand that we have. Corex franchise including Corex DX and the newly launched Corex T has done well. All the brands that I am going to mention now have done double-digit growth and that is the reason I am mentioning them. Mucaine did well, Dolonex did well, and so did Magnex and Minipress.

Overall, key brands contributing to two-thirds of our revenue which were not under price control did well and that is how we were able to hit double-digit growth rates.

And the same goes for when we talk about the full year results. The brands which did well again are the same ones. The brands which kind to deal with pricing struggled in terms of the performance.

Moving on to revenue, there is no big change in other operating income which is about Rs. 6 crores which is very similar to what we had last year period both the quarter or the full year. I do want to make a comment about the gross margin, if you take the revenue from sales and less the material cost; we have been able to hold our gross margin percentage. So, despite the impact of pricing, I think we have been able to manage our mix plus some favorable material prices to get to a gross margin which is in line with what we had last year.

When you come to the expenses you would notice that employee expenses again on an absolute basis are not dramatically different for the quarter versus prior year quarter, as a percentage of sales they are higher by a single percentage point mainly because the sales revenue has declined. Otherwise, the change is mainly on account of regular annual increments and sales incentives. The absolute increase is driven by annual increments and the percentage of revenue is because of the drop in sales revenue.

Now, we talk about depreciation which stays the same. We talked last time about the change in the amortization with respect to IndAS, we no longer amortize goodwill and therefore when you compare versus prior year you will always see that significant reduction in amortization expenses.

Other income that we have which is stated at the top of the P&L is mainly from bank interest, it is not very different from what we had last quarter. Exceptional items this year are two major, one is that we sold four brand to Piramal Enterprises Limited realizing about Rs. 103 crores and then we sold a few of our old premises. So, the sum of these two get to about Rs. 130 crores which is the exceptional item.

If I summarize all this, we had a decline in revenue on a reported basis because of pricing impact, discontinuance of Corex cough formulation and transition products. We have been able to hold our gross margin percentage and expenses have gone up on an absolute basis because of annual increments. As a result, profit before tax and exceptional items declined for the quarter Rs. 136 crores to Rs. 107 crores and the reason is again, like I said because of lower revenue and the same goes for the full year, profit before tax and exceptional items declined by about Rs. 80 crores.

EBITDA for the year is about 17.3%, you would recall that in general we would always be reporting EBITDA for about 21% to 22% and this is an adjustment that has happened again because of the decline in revenue and something that we will need to keep in mind going forward as well.

So, with that, I will pause my explanation on the financial results, we would be happy to take any questions.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin the Question-and-Answer Session. The first question is from Nikhil Upadhyay from Securities Investment Management. Please go ahead.

Nikhil Upadhyay: Hi, good afternoon sir and thanks for the opportunity. Sir, my first question, as you mentioned the size of the non-impacted portfolio, if you can share for the full year what would be the total size of the non-impacted portfolio which grew by 10%?

Ravi Prakash: It is about 84% of our portfolio which is non impacted.

Nikhil Upadhyay: Just on absolute number, if we look at it within Rs. 1,940 crores of gross revenue and if I remove Rs. 185 crores of Corex, it comes to Rs. 1,750 crores. So, of this Rs. 1,750 the non-impacted would be close to Rs. 1,200 crores, would this be the correct number?

Ravi Prakash: It would be slightly more; it will be in the range of Rs. 1,400 crores.

Nikhil Upadhyay: Okay. Secondly sir, on this branded generic to generic-generic have you seen any type of disruption in the market, what is your sense? As we have a very strong brand portfolio and if things do shifts towards generic-generic, do you see it impacting our business model to any extent or what is your view? How do you see it impacting us over the next three years or over a five-year period even?

S. Sridhar: The view I am expressing are my personal views, so, you will take it that way. According to me there is nothing called a generic business in India. The business in India is more of branded generics, there is a small element of generic-generic but that is also branded. So, the only place where a generic thing is currently available is a Jan Aushadhi or in some of the government institutions. Otherwise, general retail market is all branded generic at a different price points depending on the various companies' competitive landscape. My assessment is that our current model which we have is best suited for a patient because whatever you may say about the Pharma Companies - Doctor Nexus, we tend to get report only things which are emotionally highlighted and not all real facts. There are a lot of companies who do follow ethical practice like us and the doctors genuinely prescribed the brand based on the patient's socioeconomic criteria.

If I and my driver go to the same doctor, he will prescribe same medicine but two different brands depending on the buying capacity, and he needs to get the patients back again. So I think the intent of the Prime Minister's message has probably slightly been wrongly interrupted, he believes that a choice should be given to a patient to ask for options of the medicine because you got same brand at different price points, option should be given. Unfortunately, the current policy of generic-generic may not address that simply because you are moving away from a company doctor relationship to a company chemist relationship which may not be science related, it would be commercial related. Therefore, no commercial related transaction is going to benefit anyone. That is first.

You can decide whether you prefer to trust a doctor or chemist that is our individual choices. Second thing is different brands have got different price points, it is also because different brands have different ingredients, quality parameters, etc., so I will not be able to tell you that every generic molecule therefore have a standard quality norm because we do not have such norm there in India today. So, therefore, the cheapest generic price may not be the best of quality that is my personal view. Till such time we have that level, if you would not look at the cheapest price than it may not be necessary the most effective brand or effective molecule. Thirdly, a doctor when he prescribes a brand today and if the patient comes back for the same treatment saying I have not got cured then he knows that the brand has not worked.

In other situation, today he writes a generic name and patient goes to the chemist, chemist gives him medicine whichever he wants to give and the patient does not get cured, he goes back to the same doctor and says I am not cured. At that time, the doctor does not know which brand the patient was given because he wrote a generic name.

Now, if he wants to change the prescription he cannot even write the brand name back again, again he writes the generic name, again, this guy will go to the same chemist, again the same medicine gets prescribed to him therefore patient will not get cured. Therefore, patient will not blame the chemist, patient will blame the doctor saying, my doctor is not treating me well. Unfortunately, the solution does not lie in generic-generic but however scaling up the Jan Aushadhis' far more and making them far more effective and give a choice to the patient to say, if you want a cheaper medicine go across the Jan Aushadhi shops and pick it up or you want a branded medicine walk to the chemist shop.

It is like a person wanting to buy a rice can decide whether he wants to go to a ration shop and pick-up rice or go to the kirana shop and pick up at different price or does he wants to go to a mall and pick up a basmati rice. So, therefore, the objective of patients getting cheaper medicine in the current environment will not be achieved, it will just create more confusion in the market place. The solution there is to make more such Jan Aushadhi's little well-operated, more accessible thereby giving a chance to the patient to go and decide what he has to do. So, it is going to create a short-term impact because then everyone is now going to a retail shop and say place my medicine, place my medicine. I believe that the current regulation is though the intend may be right. But the way it has been set up in the current, I think it is too early for us to implement that process.

Nikhil Upadhyay: Sir, secondly, on our MR team, if I look at it if we have a Rs. 185 crores of business which is going out and we are adding Meronem which is more of a hospital product. So, the type of MR team which we had earlier created for the well-established brand we had a separate MR team who was pitching the product. So, are you looking at that probably there could be some rationalization of our MR force going forward over two years to three years or do you think the Corex because of the strong brand equity that it enjoys probably the scale up could be much faster in terms of regaining that Rs. 184 crores of loss business. So, how do you see these two things?

S. Sridhar: Is it only in relation to Corex you are asking me that question?

Nikhil Upadhyay: Yes only with respect to Corex.

S. Sridhar: For me, I have two ways of looking at things as a CEO. One, I have a big drop in my revenue. Therefore, should I take a short-term measure to optimize the P&L.? That is very easy to take a decision. However, so to look at as a very opportunistic CEO, I see the market is going at 12% to 13%, continue to grow at 12% to 13% for the foreseeable future, giving and taking away the short-term pricing impact. Every single therapeutic area is growing double-digits. So, that means there is a market which is there, which will now force me to probably look at opportunity differently than with the Corex. So, I may not be able to get a product of Rs. 200 crores in the first year immediately. But I may want to launch a series of products and trying to get back some portfolio gap over a period of time and that I require people to do that.

So, at this juncture, we definitely are trying to make our team a little more sharper. The creation of primary care team or the chronic care team has enable to create efficiencies because when folded a few teams I could then manage the attritions, so my headcount is slightly lower than what it was a year before. But I am happy to have that level of mix and have efficiencies there.

Nikhil Upadhyay: Okay. So, can you share what is the current MR team?

S. Sridhar: So, the total field strength is about 1,700 odd people that are what I have only the field force, the field on the ground. But then you add up the district managers, RBMs, so that will go to around 2,000 - 2,300 people.

Nikhil Upadhyay: Okay. And this is for Ravi. So, Ravi, if we look at this for this quarter, we have a gross margin improving to almost 63% and when we Corex which I believe was a much higher gross margin business which is going out. So, is it because of raw material and better rupee realization because Prevenar is generally we are importing. So, those two have contributed to improvement in gross margin or do you think it is sustainable at 60% - 63%.

Ravi P. Bhagavathula: So, the gross margin number Nikhil that I see, if I take the actual sales minus the cost of goods sold for materials is about 60% for the quarter, and it is not very different from what we had last quarter. What has happened is Nikhil, a couple of things; I agree with you that we have lost a profitable product in Corex. But we have been able to grow some of the other products which has reasonable similar margins as a part of the mix has helped.

We have also been helped by in a couple of items materials; we have had favorable price variances. So, the sum of these two has helped us, to your question about the future. I think around 58% to 60% a couple of points here and there, we could manage it.

Moderator: Thank you. Next question is from Kashyap Pujara from Axis Capital. Please go ahead.

Kashyap Pujara: Hi, good evening. I just had two questions. First and foremost is we have an extremely good cash generation and this year we have ended the year with close to Rs. 1,500 crores of cash on balance sheet. So, I just wanted to know whether strategically or directionally speaking, can investors like us expect the management to do a payout a strong payout similar to what some of the MNCs have done I mean, given that the cash flows generation is going to remain robust.

So, can we expect a larger payout of a Rs. 1,000 crores or a Rs. 1,200 crores over time may be in a year or two?

S. Sridhar: Frankly, I do understand some of the cash generation has happened there. But at this juncture, we have not really thought about it. Our primary thought process is how do I grow the business much faster than what traditionally I have done there. And that means I have to deploy in the businesses to grow the business. So, I can answer only that much and balance you can interpret it.

Kashyap Pujara: No, sir. The thing is I completely agree with you. But my interpretation is this way that you know given the kind of free cash flows to PAT that you are; I mean the PAT to free cash flows conversion that you are doing with this kind of cash generation that we have at hand if I wait for another couple of years, you will easily have at least Rs. 300 crores of cash generation on each year.

S. Sridhar: I am answering the question as on today, I will not even answer question two years down the line. As on today, my primary focus is I have lost about Rs. 450 crores of revenue that is going to translate roughly about Rs. 200 crores - Rs. 250 crores at a gross margin level. For me, I need to make really make good sure, I am able to really get that back and try to grow business much faster what I need and therefore, whatever I can do in that regard is what we will do. So, if things change in two years down the line we will look at that point of time. As on today, for me I am going to use the cash to see what best I can do to deploying the business.

Kashyap Pujara: And final question was that we do have unlisted subsidiary I think which is in this oncology business. Could we look at Pfizer bringing that under the listed entity in the near future?

S. Sridhar: Thanks for your feedback. We will get back to you.

Moderator: Thank you. Next question is from Ashi Anand from Allegro Capital. Please go ahead.

Ashi Anand: I am just trying to understand more in terms of the generic-generic prescription risk, what I wanted to understand is you know the Prime Minister has come out and made this announcement. Have we actually seen some kind of action on the ground to actually go ahead and implement this?

S. Sridhar: So, I cannot quantify the number but there are doctors who have put in notice boards which say please do not visit me I am only onto generic prescription, I am not responsible. So, do not see me. That is one set of doctors. There is second set of doctors who are genuinely meeting MRs but they are writing generic prescriptions because they want that.

So, we are finding different doctors reacting differently, some hospitals reacting differently. So, at this juncture it is a mixture of various kinds of people what they are doing because at sometimes doctors believe that they also are responsible for wellbeing of the patients. Further there is this MCI circular, there is a clarification. So things are still hazy, there has been obviously some churn in the market place, I will not say there is no churn at all. But how it is impacting we have to wait and watch it is too early at this juncture because too many doctors in India to cover and it is just not few hospital doctors. So, it is fairly different people are reacting differently.

Ashi Anand: Is the government, is that all keen enforcing, did I understand the challenges as in we purely not similar to the U.S. where they have a very strong FDA which is ensuring quality of all generic drugs are the same. But assuming, India is keen on actually going down this route. What exactly is the method by which they can actually enforce at a doctor level?

S. Sridhar: I have no idea how they will enforce it. Obviously, they can put a law; But I will answer it other way around. Assuming they want to enforce it as of say today, I am not too very sure whether objective at enforcing is going to get achieved. So, I look at it goes as a law and the effects of the enforcement. I think, government also understands that and the effectiveness is not so very good because if you are a person, if you were to walk in a chemist shop and if you have to get different medicines, first of all, a chemist will keep probably three brands or four brands, five brands of the same molecule. You will go there and say give me the cheapest, he will give you the three brands.

Now, you do not know whether those three brands are the cheapest or the next-door chemist may have three more set of brands cheaper than him.

The question is will a patient go on checking with many chemists. Second, why would the chemist keep the cheapest brand at all going forward? He might as well keep expensive brands, right? Because how many shops will a patient jump over to. So, I think it is a little hazy at this juncture there. So, we are not very clear on it. But what I believe is that, I always said this, India is very eccentric country, and we either do nothing for years together or at one shot enforce a regulation which has a far-reaching impact with understand that thing and this is just a classic case of that.

If I were the government, I would actually have gone ahead and made the marketing code more mandatory, more stringent if they believe Doctor - Pharma company nexus is far more serious then why have they not implemented the marketing code mandatory; why kept it voluntary all these years. You would have then broken the nexus to a large extent. Then some of these issues you are talking about do not come into play at all. So, I do not have a direct answer for you. But we will have to just wait and a watch with the government over the next few months.

Ashi Anand: If I can just ask one question, what percentage of your portfolio currently is not under price control?

Ravi P. Bhagavathula: 84%.

Moderator: Thank you. Next question is from Ranjit Kapadia from Centrum Broking. Please go ahead.

Ranjit Kapadia: Sir, my question relates to Corex-T. How are the sales and how the product has been accepted by the market? And we have talked about four to five other line extension for Corex, so how are we at that point of time at current time?

S. Sridhar: So, Corex-T has done reasonably well. Like I said, Corex-T is not my alternative to Corex. That is never our intent, we have changed our strategy, we are on a 100% doctor route promotion, and we are not here to make Corex-T equal to Corex. If it happens over the next so many years with the Doctors support so be it. Our intent is to look at Corex franchise as a whole. We have launched one such formulation as of now; we want to lunch another formulation sometime down the line in the next few months' time, okay. We will see how these two shape up. We do our plans for four or five. If the next one also does well it will give us appetite for us to continue launching a little more of the franchise. Overall, the Corex DX, Broncorex, Tricorex, Corex-T together is what I call a Corex franchise. So, we will always look at Corex franchise as a total and not an individual brands.

Ranjit Kapadia: And sir, my second question relates to Prevenar 13. Now it has become the top brand for Pfizer and the growth is more than 200% as reported by AIOCD data for the last three months. So, what are the plans to promote this product?

S. Sridhar: 200% is something I have not heard about it. We are growing at a steady early double-digits. We were high double-digits, now as the base increases, it will be early double-digit. We have a steady growth; we hit a steady number every month. So, therefore, we are happy with what we are getting, we continue to have 60 odd percent market share in terms of value, we have a lot of doctor support. We continue to expand our business into new doctors and new patients.

So, therefore, it is doing well for us on a steady basis, it is not something erratic but a very steady business.

Ranjit Kapadia: And have we introduced the product in multi dose vial? In case the Company is willing to supply to government agencies.

S. Sridhar: At this juncture multi dose vial is only in NIP.

Moderator: Thank you. Next question is from Ravi Purohit from Securities Investment Management. Please go ahead.

Ravi Purohit: My question is a continuation of what the previous speaker asked on Prevenar 13. Was this opportunity available to us which Pfizer Inc. is supplying to GAVI directly or it would have never been coming to us? I mean, when I look at those the dose of three vials is about $5 to $10, $5 million it is like almost Rs. 300 crores annual business. Could that have come to Pfizer India or are we thinking of because that can affect our growth for Prevenar franchise in India, right for the Pfizer Limited the listed company. So, you have any thoughts as to how should Pfizer Limited shareholders should be worried about or not worried about that?

S. Sridhar: So, why would shareholders be worried about it?

Ravi Purohit: No, in the sense because the sales do not happen through Pfizer Limited, right?

S. Sridhar: No, this is not a sale. See; please understand GAVI is a global Organization. They are donating the brands. They are not going to donate lifetime to government. It is an initial introduction; government was very keen on introducing Pneumococcal Vaccine. They went through various evaluation process, they picked-up Pfizer's

Pneumococcal Vaccine. GAVI funds all vaccines globally, just as other agencies fund other products.

They have requested GAVI for a funding, GAVI agreed to donate. So, it is nothing to do with Pfizer India not getting it. It is a GAVI decision with the government of India. Pfizer India has nothing to do with this.

Ravi Purohit: Okay. So, what you are saying is this like a one-time it says that GAVI will do.

S. Sridhar: No, I do not know whether it is going to be one-time or two-time, I do not know about arrangement which the Government of India is having with GAVI.

Ravi Purohit: So, the reason I am asking this is if they immunize, does it kind of take your market share away because let us say your dose is about Rs. 3,500 for per injection and if that comes at Rs. 600 for three vials I mean for the dose of three injection. Does it take market share away from you over a period of time, people who want to basically immunize their kids might as well get it done from that channel rather than doing it from your channel?

S. Sridhar: At Pfizer we fundamentally believe that every child in India should have access to medication and more so the Pneumococcal Vaccine, so that is fundamentally very clear about it. There are two kinds of market. The private market and the public market, I think the public market are for people who are potentially impacted. So, government channels predominantly to take care of people who are non-affordable population or people who have got challenges to access. If we believe that we also should stand in the queue and take medication, then we are beating the whole purpose of government NIP.

Though the government program is open to everybody but then the primarily we are taking away one vial, which a poor child can get. Secondly, therefore, I believe that there are two markets which co-exist, one is the people who desperately require i.e., non-affordable people, poor people, rural people, who require this vaccination more accessible, the government has got reach to spread it there and keep the private market open for affordable population. Now, at some point of time, I do not think it is going to have a cannibalization at all. But I do not know we have to see down the line. But I believe the two segments are very different.

Ravi Purohit: Okay. Is there a chance that we can also look at launching lower price vaccine because the addressable market is very-very large? Right now, when Synflorix, GSK, pricing basically probably addresses, I do not know whether you address a few lakh children every year. But if the pricing was right it could be like a very-very large population that is waiting to get this vaccine. A little category and not in the like poorest of poor I would say middle category who like in the border line or slightly above border line?

S. Sridhar: See, fundamentally I believe that a pricing is a factor of a superior product. Prevenar is a more comprehensive vaccine. Therefore, it is not that we love to overcharge somebody; we charge the right price for our vaccine. Now, if we believe that only the superrich are affording then we will not be selling these vials. It is a question of a baby’s life with a three plus one shot. We did not look at it from that angle, it is a life time protection. So, when it comes to life time protection, we are not here to fleece people; we have priced our product optimally for that product there.

And we believe that this is right and please note, over the last six years, we have not touched the price, we have kept it the same. At the same time in terms of our market share, we are having virtually a 60-40 or in term of unit share or other way around. So, that means it is the market which is growing, more people are taking those medication, that means there is a capacity which is available in the market. If I am growing at 15% to 20% every year that means I am adding 15% to 20% patients every year.

Ravi Purohit: Okay. Can you share roughly how many children do you treat with this current turnover every year?

S. Sridhar: I do not have the numbers off hand. But each vial is for about four shots i.e., three plus one, you can take three. So, you can divide the number by around Rs. 3,000 odd and then say number of vials that divided by 3 you will get number of patients. That is a very shortcut way of calculating it.

Ravi Purohit: That gives you a rough indication.

S. Sridhar: Yeah.

Ravi Purohit: Yeah. Second question was on the Corex franchise, Corex DX how has that product been doing and have we taken a price increase in Corex DX in the last 12 months or so? And also when you say that you will launch another version of Corex or another extension in the Corex franchise, is that also going to be a doctor's prescribed one or it is going to be like Corex DX which is an OTC product?

S. Sridhar: No, Corex DX is also doctor prescribed. We do not have anything in Corex which is OTC. Even the Corex which we withdrew is also a prescription product. In fact, Schedule H1 which means it is far most stringent to get our product, okay. So therefore, none of our Corex is OTC that is one. Corex DX is doing well for us; it has strong double-digit growth over the last two years. It is a non-codeine base preparation both are for dry cough but doing well for us.

Ravi Purohit: Okay. Are chemists shops have not been asking for doctor's prescription for Corex DX?

S. Sridhar: Corex DX is not a H1 product it is a Schedule H product. H1 they will definitely insist on a prescription and there is a formality around it. Corex DX is an H product therefore though prescription is mandated, chemist may - may not require it, and it does not have codeine in it.

Ravi Purohit: Okay, fair point. Sir, third question is on apart from Meropenem is there any other product coming?

S. Sridhar: There are some few products, we will let you know the timeframe a little later, there are some more.

Ravi Purohit: There are some more.

S. Sridhar: Yeah.

Ravi Purohit: And we will expect those to come in this year?

S. Sridhar: I do not know the specific timeline because it requires some regulatory approvals, etc.

Moderator: Thank you. The next question is from the line of Chellappa Sivaguru from Pari Washington. Please go ahead.

Chellappa Sivaguru: I just wanted to know when Meronem is coming into the portfolio?

S. Sridhar: We already started billing in this month May.

Chellappa Sivaguru: Okay. That is means revenue is a part of your sales?

S. Sridhar: From May 2017.

Chellappa Sivaguru: When the product actually comes to you, you have to pay for acquiring that brand?

S. Sridhar: We do not know.

Chellappa Sivaguru: Okay. And what about the routine related transaction like is it likely to conclude in the next six months or so?

S. Sridhar: Hoping so.

Chellappa Sivaguru: Okay. And one thing I observed was employee expenses in the last that was the fourth quarter was very low compared to even the corresponding period last year. So, I was just wondering why it was so?

Ravi P. Bhagavathula: If you take the sequential quarter versus current year there are a couple of reversals from the employee expense line. But if you compare versus the same period prior year, you will actually see an increase. It is marginal very similar and that really because of the accrual reversal. But otherwise, if we want to get a much better idea look at the full year comparisons that gives you a sense of where employee costs are going.

Moderator: Thank you. Ladies and gentlemen, that was the last question due to time constraints. I now hand the conference call over to Mr. Sridhar for closing comments. Over to you, sir.

S. Sridhar: Thank you everyone for listening to us and asking those questions there. I really appreciate it. Like I said, 2016 - 2017 was a tough year, significant erosion of top-line took place because of pricing, regulatory and other challenges. Like we have said, we are committed to make sure that we grow much faster than the market given a combination of our more aggressive, mature product portfolio, plus Meronem coming into play. I am hoping that we will be able to wipe off some of the losses on revenue in one year's time. We also want to look at the three teams differently, different marketing strategies, commercial strategies for the three teams and will enable us to grow much faster. So, we will be hoping to see a differentiated Pfizer Limited going forward. Let us see how that works out. Hopefully we will do much better. Thank you for the time. I really appreciate it. Talk to you next quarter. Bye-Bye.

Moderator: Thank you very much members of the management. Ladies and gentlemen, we now conclude the Pfizer Q4 and FY 2016 - 2017 Results Teleconference. Thank you for using Chorus Call Conferencing Services. You may now disconnect your lines.

0 0 0