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November 8, 2016

The Corporate Relationship Dept.
BSE Limited
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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

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 November 7, 2016, to discuss the Company's financial performance for the second quarter and half year ended September 30, 2016.

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

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PFIZER LIMITED

EDITED TRANSCRIPT OF SECOND QUARTER RESULTS ENDED SEPTEMBER 30, 2016, ANALYSTS' TELECONFERENCE CALL

Event Date: November 7, 2016

Start Time: 4.30 pm IST

End Time : 5.10 pm IST

Pfizer Management Participants:

Mr. S. Sridhar – Managing Director

Mr. Ravi Prakash – Chief Financial Officer

Moderator: Ladies and Gentlemen, Good Evening and Welcome to the Pfizer Second Quarter ended September 30, 2016, Financial Result Analyst Teleconference. We have with us today, Mr. S. Sridhar - Managing Director and Mr. Ravi Prakash - Chief Financial Officer. As a reminder, for the duration of the conference, all participants are in listen-only mode and there will be an opportunity for you to ask questions at the end of today's conference. Should you need assistance during the conference call, they may signal an operator by pressing '*' and '0' on your touchtone telephone. At this time I would like to hand the conference over to Mr. S. Sridhar. Thank you and over to you sir.

S. Sridhar: Thank you. Hello, Everyone! Great to talk to you all once again. Welcome to our Quarter Results Conference Call. I have with me Ravi Prakash - our CFO, so both of us will take the call for this evening.

We published the results last week; I am sure some of you would have seen it and analyzed it. As we said last quarter, the results are prepared in accordance with the Indian Accounting Standards (Ind-AS) under the Companies Act 2013. We have adopted it effective April 1, 2016. Ravi Prakash will cover the Financial Results and the impact of the Ind-AS on our results when he talks to you.

I want to cover around three or four topics which impact the results in this quarter: First and foremost is the revenue. You would have seen our revenue reflects a growth of 5%. As Ravi said last time that we had clocked consistently around Rs. (+500) crores sales quarter-on-quarter, this time also the revenue for current quarter was Rs. 552 crores. This quarter like I indicated to you last time, we are seeing the full impact of the pricing policy, the Wholesale Price Index impact, and also the Para 18 related impact which the government mandated on price control. If I exclude these price reductions, the revenue growth for the quarter would have been about 9%.

Now talking specifically about Corex, most of you would have read some news that there are some other courts that also receive petitions, so the central government has actually moved to Supreme Court to move all the current court cases into Supreme Court. The hearing was supposed to happen today, but has got deferred to tomorrow. We are tracking the case closely. For the time being, though the performance is better than the previous quarters compared to the same period last year, we had a flat growth. So we have to wait and watch as to what happens in Supreme Court tomorrow.

Pricing - like I said pricing has impacted in this quarter; the new pricing policy, WPI and Para 18 all of this put together impacted about Rs. 22-odd-crores in the current quarter impacting revenues by about 4%.

During the quarter, we sold off four of our brands to Piramal Enterprises Limited, these brands are Neko, Ferradol, Sloan's and Waterbury and we accounted for about a revenue of one-time exceptional transaction of over Rs. 110 crores including the inventory transfer valuation what we received.

We also kicked off SAP roll out for Pfizer Limited in this quarter and we plan to go live with the SAP somewhere around July 2017 just in time with the GST. If GST comes in earlier than July, then we will reconfigure our existing systems to make that compliant with GST, otherwise effective July 2017 we will have SAP rolled out across. There are small minor costs associated with SAP, mostly in the area of CAPEX which would impact our one-time revenue for the current year by about Rs.5-odd-crores and ongoing depreciation cost of about Rs.2.5-odd-crores going forward year-on-year for next 10 years, otherwise not major expense on SAP.

We also have announced a new route-to-market structure for our businesses. As you all know, currently, our businesses were focused predominantly on Therapeutic areas, we continue to believe in that, but what we have tried to do is to group the Therapeutic areas in certain logical, customer-centric model. So we have three route-to-market teams now - One what I call is "Critical Care Team" which predominantly focuses on hospitals and nursing homes that will be marketing our Sterile Injectable and Anti-Infective portfolio.

Second is what I call "Specialty Care Teams" which basically combines all the teams which are focused on specialists, for example, the women's health team who call on Gynaecs, the Cardiovascular team that calls on Nephrologists and Cardiologists, the CNS Team which calls on Neuroscience and Psychiatrists and Ophthalmology teams. So we try to group these kinds of teams that target niche doctors into something called as Specialty Care.

The Third team what we call "Primary Care" will predominantly cover the big brands like Corex, Gelusil, the Pain or Respiratory Teams which are very-very competition-centric which have a differential route-to-model approach which we call as "Primary Care." So these are the three teams we introduced, this structure is implemented with immediate effect and the teams have taken on their new roles.

In terms of the market, as of September '16 the IMS reflects the market growth of 13.4%. The overall industry growth is driven significantly by the Indian companies and the Pfizer growth is 4.9% and the internal MAT is about 7%. The IPM reflects a negative volume growth for the quarter and year-to-date September 2016 across both Indian MNC companies and this could be because of the recent pricing policy and fixed dose combination issues.

I will now hand it over to Ravi Prakash, who will now cover the Financials in detail, post which both Ravi and I will take on any questions what you people may have. Thank you.

Ravi Prakash: Thank you, Sridhar. Let me start with once again welcoming you all to the second quarter call. I would like to start with clarifying one new development with respect to Ind-AS accounting standards versus the reporting standards in Q1 2016-'17, there has been one change in the guidance for reporting financial results this quarter. Income from operations, as presented in the results format, now includes excise duty, accordingly net sales revenue in this quarter has been grossed up for the amount of excise duty. On the face of the financials, you can see the amount that has been included there, but going forward this becomes a standard and this should be the kind of the benchmark for our numbers going forward.

The second point I would like to make is as Sridhar has already talked about this quarter we concluded the sale of our four brands, for the total assignment value of about Rs.110 crores. The benefit has been reflected in two lines; you will see Rs.103 crores reflected in the exceptional item line, the balance is actually sitting in the revenue and COGS and therefore it is a credit to gross margin because the sale also included the transfer of inventory, and that inventory as per Ind-AS accounting standards had to be transferred at fair market value and therefore the sales and the COGS have accordingly been adjusted. So that is on those two.

Coming to regular operations, I will try and give some additional context to the comments that Sridhar had already provided. The revenue growth of 5% is driven primarily by the top brands, which grew by 8%. For the top-11 brands which contribute to 69% of our revenue grew by 8%. The mid-tier brands grew only by 5%. The impact of pricing has been felt a lot in the mid-tier and the tail brands, and like Sridhar has already mentioned, if excluding for pricing our revenue growth would have been 9% this quarter. In calling out the key brands Prevenar grew double-digit so did Becosules, Magnex and Dolonex.

In terms of expenditure, you would have noticed that expenditure for the quarter is higher both at the same period last year almost 5% points. The prime driver has been the material cost. The gross margin number for the quarter is down about 5% points versus the same period last quarter. I would explain it in a couple of steps – NLEM or the pricing impact is the biggest impact which is about 2% points. We have had a one-time inventory write-off this quarter, that has impacted gross margins, and finally the rest of it is explained by mix. So that is on gross margin. Excise duty is already clearly called out. Employee expenses have gone up primarily because of annual increments as well as increased sales incentives. Other expenses are pretty much in line with sales, as the same period last year, not much to comment there. Other income has increased primarily because of higher cash balances.

If I talk about profit, so profit from operations is Rs.75 crores this quarter Vs Rs.102 crores last quarter. I would attribute it to two main reasons - the first one is NLEM, WPI and Para-18 which is an impact of Rs.22 crores, these were the pricing changes announced in the last quarter and the balance is explained by increase in employee cost. So these are the two main drivers of the decrease in profit whether you look at it from a quarter perspective or from a half year perspective. To sum it up once again, 5% revenue growth, cost as a percentage of revenue growing up because the revenue itself has been depressed and that is going down to the bottom line.

I will pause here and then we will be happy to take any questions you might have.

Moderator: Thank you very much. Ladies and Gentlemen, we will now begin the Question-and-Answer Session. The first question is from the line of Cindrella Carvalho from Dolat Capital. Please go ahead.

Cindrella Carvalho: I wanted to know, how is the top brands growth ex the Corex portion in it and the total growth that we have said 8%, how much would be from the volume side of it and price side of it because we understand there is a thing from the price, so largely is it the volume-driven?

Ravi Prakash: In terms of volume and price, if I take the 5% growth this quarter, 4% is volume-driven and 1% is price-driven. Price is depressed this quarter simply because we have lost so much on pricing because of the pricing changes that happened in the last quarter. In terms of your question on the brands, the top brands I said grew at 8%. In terms of the key brands, Prevenar grew 11%, Becosules was double digit so was Magnex and Dolonex, Mucaine, Minipress as well had a good growth because same period last year we had some supply issues. Even Corex this quarter is actually better simply because as Sridhar mentioned in his opening comments, we had the maximum impact in the first 3-months after the FDC issue broke, in the last 2-months, some states have opened up, and as a result the run rate is better than what we saw in the first half but we are not still back to what we were in the past… so I just want you to keep that in mind. Some of the top brands, for example, Ovral, Wysolone and Folvite we have had two issues with them - one is they have been hit by the Para-18 pricing as well as WPI reductions this quarter. If you recall last year same period we had a very strong quarter because the Goa plant opened up after a 3-month shut down. So we have a very strong comparative. So on these three brands we actually have depressed growth rate. Other than that the rest of the top brands have actually had a pretty good quarter.

Cindrella Carvalho: So basically that is what I wanted to understand like we are seeing that majority of our brands have grown double digits. So, how do we see it going ahead and largely this will be driven by volume growth?

Ravi Prakash: So going forward, look, in terms of the growth rates, right, where we have been hit by pricing policy that will continue to be a challenge.

S. Sridhar: We will have to look at the growth this year always in two ways – one, the way we are publishing it, second, look at the products not in price control. The pricing impact will be seen in our results any which way in the year.

Moderator: Thank you. The next question is from the line of Ravi Purohit from Securities Investment Management Private Limited. Please go ahead.

Ravi Purohit: How much Corex Dx grow this quarter and how is that product shaping up? Second was when you said we had a one-time inventory write-off this quarter, can you quantify how much was that? Third question is how much sales did the four brands which we sold to Piramal contributed to our overall sales, in the sense, does the result for this quarter adjust for those discontinued operations or do the sales number include them from next quarter onwards those will not be included, so if you could also just quantify that number?

Ravi Prakash: Corex Dx is at a good growth rate, we are really doing well there, so I would say a high double digit. With respect to the third question was on Piramal, you should adjust going forward from August, for about Rs.6 crores per quarter.

Ravi Purohit: This quarter there were two months for which we did not have sales of about Rs.4 crores?

Ravi Prakash: No we had sales for 2 months, we did not have it for 1 month. To your second question, answer is about Rs. 5 crores this quarter.

Ravi Purohit: One broader question on our capital allocation, if we see the cash balance in our balance sheet, it has now come to almost Rs. 1400 crores, that is almost 20% of our market cap and this keeps increasing every year. So do we have any clarity on what we intend to do because there is no capital expenditure required per se, so in that sense does the management have any view on the capital allocation or if you could just share some views?

S. Sridhar: We have some views here, but that view will not answer entirely. So the way we will have to see it is traditionally we always had certain cash balances. Like we said, we are looking for some opportunities and as and when we get we would be looking at options.

Moderator: Thank you. The next question is from the line of Nitin Agarwal from IDFC Securities. Please go ahead.

Nitin Agarwal: Sridhar, on the sales force restructuring, can you just take us through the thought process behind the same, because this is coming on the back of restructuring, if I remember, three-four years back, so?

S. Sridhar: No, this is not a sales force restructuring. We had four business units across various Therapeutic areas okay. Therapeutic area focus still continues, but we are bringing Therapeutic areas together in a sub group which allows us be more focused at a customer-centric level. For example, hospital segment is key for us which has a portfolio of all global products and this segment is growing at 15-16%. We wanted to bring in a lot more focus on hospital business, so we have a dedicated hospital team now supported by our management team, etc., Second area is a specialty focused, where we grouped in teams from women's health portfolio, cardiovascular, ophthalmology and CNS, which are all therapy based focus with niche doctors, specialist doctors go-to-market route will be very different and there is a primary care sub group that comprises of Pain, Respiratory and the Trade Rx teams. So we are reclassifying that the route to market approach, with a customer-centric model that is very focused.

Nitin Agarwal: Do you envisage any disruption during this transition?

S. Sridhar: No.

Nitin Agarwal: Secondly, how should we look at pricing for the next two to three quarters or the pricing impact of these recent moves, we will have 4% sort of an impact coming through per quarter or…?

S. Sridhar: Assuming we do the similar kind of a mix and portfolio we should definitely expect a 4%-odd coming in every quarter unless until a particular quarter has got a swing compared to but on a standalone basis assuming the similar mix continues, yes.

Nitin Agarwal: On the brands that we sold out to Piramal, what would be the thought process behind divesting these brands, I thought we did have a focus on the OTC, it is just because we are not focusing on the OTC business any more, any other specific reason for that?

S. Sridhar: No, ours is basically Rx OTC, we are not in the OTC-OTC segment so much, our OTC segment is predominantly limited to Anne French and Anacin, now these four products have huge legacy, huge brand names and we believe that a company having a dedicated OTC focus can add far more value to these brands. So we have been promoting it to the doctor route and some chemist route, but we believe that the potential of this brand can be leveraged better through a pure OTC route.

Nitin Agarwal: Ravi, on the tax rates, what proportion of tax outgo is on account of these divestments?

Ravi Prakash: You can just take the normal tax rate at the moment.

Moderator: Thank you. The next question is from the line of Deep Master from Enam Holdings. Please go ahead.

Deep Master: Corex plus Corex Dx, if I just add the two, this in terms of percentages, could you tell me what sort of percentage sales has come to versus Corex's peak sale or sale before they sort of dropped off. If Corex and Corex Dx have come to about say 75% of Corex sales before the whole issue?

S. Sridhar: Corex is too big a brand to have the Corex Dx to cover up that level of it at present.

Deep Master: But Corex Dx on an annualized basis has crossed about Rs.70-75 crores. Is that correct?

S. Sridhar: Yes, Corex Dx will close roughly about 45-50 crores in the year annual basis.

Deep Master: Is it at least that 50% of Corex sales in the past, the two combined?

S. Sridhar: Corex is roughly about Rs.250 crores, so you can calculate yourself.

Deep Master: Just on the new products, we have been asking you for a couple of quarters of this, has there been any update or what are you planning to do?

S. Sridhar: We launched a global patented product in India called XELJANZ which is a Rheumatoid Arthritis product this quarter, we clocked about Rs.1 crore sales in this quarter , so that is one global product we have launched.

Moderator: Thank you. The next question is a follow up question from the line of Ravi Purohit from Securities Investment Management. Please go ahead.

Ravi Purohit: Just globally I think Pfizer had bought some portfolio of AstraZeneca's antibiotics business. Does it have any…?

S. Sridhar: Work is in progress, we are waiting for a global closure to happen, as soon as global closure happens, we will have some positive news for you.

Ravi Purohit: Anything on Hospira?

S. Sridhar: Hospira like I said they do not have any commercial business in India.

Moderator: Thank you. The next question is from the line of Ranjit Kapadia from Centrum Broking. Please go ahead.

Ranjit Kapadia: I just wanted to know the Prevenar growth rate and the Corex Dx growth rate?

S. Sridhar: Prevenar would be early double-digit and Corex Dx will be very strong double-digit, I do not get the specifics but very-very strong.

Ranjit Kapadia: If you can give some update for regulation issues of fixed dose combinations what is the status currently?

S. Sridhar: Tomorrow if you are in Delhi you will hear it, the government has moved the petition to the Supreme Court to transfer all the petitions across various High Courts into the Supreme Court, the hearing for that is slated tomorrow. At this juncture High Court has not passed any order, the stay continues. We continue to sell the product; however, like we said there is definitely a little bit improvement versus the previous quarter, but the sale is not in the same level as what it used to be given the uncertainties.

Ranjit Kapadia: What is the MR strength currently?

S. Sridhar: 1800 for the established side, another about 500-odd people in the other portfolios.

Ranjit Kapadia: You have given guidance of EBITDA margin of 22-23%, we have slid in the last two quarters. So how…?

S. Sridhar: Price control is something you and I cannot help; few things; one, definitely there have been a round of price control which was unanticipated, second, the introduction of something called Para-18 which was again not expected, also impacted. If I knock off those pricing impacts, I think we were home and right. So it is all the impact of pricing, otherwise we were on a very good growth wicket on that EBITDA number. I also said at that point of time if pricing comes, it will be outside of that number what I gave you. Any pharma company impacted by pricing will have the same reason here.

Ravi Prakash: Ranjit, actually to Sridhar’s point, if you add back the pricing, the EBITDA goes exactly to that point, 21 or 22%

S. Sridhar: So add Rs.22 crores to the bottom line.

Ravi Prakash: Then you will get that.

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

Kashyap Pujara: I had a couple of questions: The first one was that we have extremely strong cash generation and I think in the next two-three years that is going to continue. So any thoughts of accelerating payouts or what are the thoughts on management on that front?

S. Sridhar: All we said is that currently, yes, we do have cash generation, and we are keeping our options open, if we get a few opportunities coming our way we will seize that, but no real major plans going forward in that area, so we will continue to have cash balance surpluses.

Kashyap Pujara: But there is no plan to basically look at increasing the payouts on that front?

S. Sridhar: Like I said we always believe in a conservative associated dividend policy, we stay with that.

Kashyap Pujara: A generic question I would say, a few days ago there was a headline in one of the leading newspapers which said that government is maybe considering disbanding the DPCO because it is stifling innovation and they give some rhetoric there as to what it is. I wanted to understand what your thoughts are, is it that the government is really thinking on these lines or it is something which is too far out which is an unreasonable?

S. Sridhar: No, I welcome the news. Over the last few months and a year given the recent pricing regulation, we have been talking to the Government saying that just by sheer price control you are not really increasing access, you are doing a very short term measure and therefore there are multiple other ways of actually looking at access, even at tier pricing model to the government to say, if you look at tier pricing model which is there and every single essential goods in India whether it is water, whether it is tea, whether it is salt, whether it is clothes, everybody can access a different price point based on it and therefore there are no price controls there and still they are accessible there, and therefore we have been talking to them and hopefully some of our conversations are resounding there. I am very-very hopeful of some of the changes being proposed by the current government. They are very receptive to suggestions and will actually takes decisions that will be a great thing for the industry and definitely we are all committed to making access available. In the current competitive environment with so many pharma companies, it is just not possible to increase prices, in fact multiple price points actually opened market for consumers, doctors are fairly knowledgeable to prescribe different price points. So I do not believe that by eliminating any of the price controls, the price is going to go up, I do not subscribe to that; however, we could look at alternative mechanism of tiered pricing to make products accessible. So I hope the government is serious about it and try to make this logical conclusion.

Kashyap Pujara: Is there any particular timeframe which with the government is working or is it just open-ended kind of a discussion?

S. Sridhar: It is very difficult to make that statement, and I think these are all thoughts coming in from few people, hopefully at some point of time PMO will sit together and agree on it.

Moderator: Thank you. The next question is from the line of Deep Master from Enam Holdings. Please go ahead.

Deep Master: I just had one question on your sort of broader acquisition strategy if at all like do you have a restriction from the parent in terms of what kind of brands you can acquire or where you can do something on the generic side if you are already…?

S. Sridhar: No.

Moderator: Thank you. The next question is from the line of Krishna Prasad from Franklin Templeton. Please go ahead.

Krishna Prasad: I think you had mentioned about launch of XELJANZ in India. Can you help me understand how are you promoting this products - was there any existing field force already there or

S. Sridhar: Yes, we have existing field force.

Krishna Prasad: Just broadly, trying to understand, the timelines it takes between something from your parent portfolio like for example in this case I understand the original approval it is in the US happened about three-four years ago. Is that the kind of timeframe that we should normally expect or are there efforts to bring this down further?

S. Sridhar: XELJANZ has been going through different market launches. For instance, Europe - they got some broader indication clearance only now. So different markets do pick it up and we had to wait to get approvals in India itself, we took about a year to get approval in India, it is not just the timeframe from when the global launch. Some of the products where we believe we can fast track , we will fast track it. Where we believe we have a good fit we will definitely launch immediately, and we have to keep in mind our local regulatory timelines also, we are just close to year or so.

Krishna Prasad: Are these local timelines, how are you seeing that develop?

S. Sridhar: I think it will change because if you really notice the government is now looking at a different shaded approval process, they are fast tracking some of the timelines, the drug controller has moved to online submission of all forms, etc., So I am hoping in the times to come that should fast track some of the approval processes, the current government is doing everything in the positive direction. I am hopeful.

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

S. Sridhar: Thank you everyone for the time on the call, really appreciate it. Like I said, the pricing policy will have an impact this year on our results. So every time we talk to you, we will give a number, the way it is published, and without the price control and we will try and call out what aspects…our business is doing reasonably well. It is just that some of the unforeseen things are really pulling us back out here. Our strategy is working well, some of our key products are seeing a strong growth element. With the new commercial structure in place, I am hoping that we will be able to reach out to the customers very-very differently. So I am positive on a pretty good foundation base. But unfortunately you will not see that in the top line, bottom line this year given the pricing challenges. Hopefully, government sees these kinds of results and hopefully will make some changes into the pricing policy going forward to make our operating environment far more easier. So on that note, thank you for listening to me. Look forward to talk to you in the next quarter. Thank you very much. Bye-bye.

Moderator: Thank you very much, sir. We now conclude the Pfizer Second Quarter-ended September 30, 2016 Financial Result Analyst Teleconference. Thank you for using Chorus Call Conferencing Services. You may now disconnect your lines.

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