

Gland Pharma

10 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Gland Pharma Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during this conference, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Srinivas P. Dange, Investor Relations at Gland Pharma Ltd. Thank you, and over to you, sir.

Srinivas P. Dange – Investor Relations: Thank you, Rajish. Good evening, everyone. We welcome you to Gland Pharma's earnings conference call for Q1 FY27. I am Srinivas Dange from the Investor Relations team at Gland Pharma. Today, we have Mr. Srinivas Sadu, Executive Chairman, and Mr. Ravi Mitra, Chief Financial Officer, from the India office. We will begin the call with the business and operational highlights from Mr. Sadu, followed by the group financial overview by Mr. Ravi. Before we proceed, I would like to remind everyone that some of the statements made today will be forward-looking and are based on management's current estimates. These statements should be considered in light of the risks associated with our business. This call is being recorded. The playback and transcript will be available on our website shortly. With that, I hand over the call to Mr. Sadu for his opening remarks.

Srinivas Sadu – Executive Chairman: Thank you, Srinivas. Good evening, everyone, and a warm welcome to all of you to Gland Pharma's earnings call for the first quarter of fiscal year 2027 ended June 30, 2026. I will begin with the business and strategic overview, and Ravi will subsequently walk you through the financial performance for the quarter.

We have started FY27 with strong momentum, delivering healthy year-on-year growth in revenues, EBITDA, and Profit After Tax. Our performance reflects the resilience of our business model and the successful execution of our strategic priorities. Growth during the quarter was driven by continued strength in our CDMO and B2B businesses, contributions from recent product launches, increasing volumes from existing products, improved capacity utilization, and sustained operational efficiency initiatives across the organization.

For the first quarter of FY27, we reported revenues of Rs. 18,300 million, representing growth of 20% year-on-year. Adjusted EBITDA for the quarter stood at Rs. 5,102 million, with a margin of 28%, while Profit After Tax was Rs. 3,170 million, reflecting healthy growth of 47% year-on-year, with a PAT margin of 18%. The quarter demonstrates our ability to consistently execute on multiple growth levers while maintaining strong profitability. We continue to benefit from a balanced business mix and differentiated manufacturing capabilities. Continued operating leverage, improved capacity utilization, and disciplined cost management have further supported our profitability during the quarter.

Let me now provide an overview of our performance across business segments. Our CDMO business continues to deliver strong growth during the quarter and remains one of the key pillars of our long-term strategy. Revenue from the CDMO segment stood at Rs. 8,915 million, which grew by 20% year-on-year and contributed 50% of total revenues during the quarter. Growth was driven by recent product launches and the progression of existing commercial programs. Our customer

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engagement remains strong, and we continue to attract robust global pharmaceutical companies seeking reliable sterile manufacturing partners. Our pipeline of development and commercial opportunities remains healthy and provides good visibility for future growth. The continued expansion of our CDMO partner and product portfolio validates our investment in capabilities, infrastructure, and customer relationships over the last several years.

Our B2B business revenues stood at Rs. 9,088 million, contributing 50% of total revenues, and recorded healthy growth of 19% year-on-year. The growth was supported by increased demand from existing customers, new contract wins, and higher volumes across several key products. Recent product launches, together with strong execution and supply reliability, have enabled us to deepen customer relationships and expand market share across select products and markets.

Having discussed our performance by business segment, let me now provide an overview of our key geographic markets. The United States continues to be our largest market and delivered another strong quarter. Revenues for the quarter stood at Rs. 9,810 million, reflecting growth of 32% year-on-year. Growth in the US was driven by recent product launches from the CDMO segment and volume expansion from existing products. {? Enzalutamide ?} and Darbepoetin have witnessed an encouraging launch and continue to ramp up... [inaudible] as expected. During the quarter, we launched 4 products in the US.

In Europe and other regulated markets, revenues for the quarter stood at Rs. 4,488 million, reflecting growth of 11% year-on-year. Growth was supported by increasing customer engagement, contributions from recent launches, and improving momentum across both our commercial and CDMO activities. We continue to strengthen our presence in these markets through differentiated products, expanded customer relationships, and improved commercial execution. In the recent past, we have licensed 4 products from various partners across several countries, and several active discussions are underway in Europe.

In the rest-of-the-world markets, revenues for the quarter stood at Rs. 3,039 million, broadly in line with the corresponding period last year. While demand across several key markets remains healthy, revenues in the quarter were impacted by supply disruptions in Saudi Arabia, one of our important markets. The award of NUPCO tenders has been delayed, and we expect the results to be announced shortly.

Looking ahead, we continue to see attractive opportunities to expand our presence across key international markets, supported by our broad product portfolio and strong manufacturing capabilities. In India, revenues for the quarter stood at Rs. 666 million. At an overall level, growth across geographies reflects increased diversification of our revenue base, deeper customer relationships, and the success of our strategy to build a balanced business across regulated and emerging markets.

Our recent new launches are doing well. These new products are expected to remain important growth drivers for FY27 and beyond. In addition to these launches, we are seeing healthy demand across several existing products. Growth has been supported by volume expansion from existing customers and improved competitiveness enabled through our cost optimization initiatives. Increased capacity utilization across manufacturing facilities is further contributing to operating leverage and supporting profitability. Our CDMO business continues to show strong traction.

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During the quarter, we secured multiple new CDMO contracts, including a new GLP-1 collaboration, and expanded our pipeline across complex injectables, peptides, and drug delivery platforms. We continue to see strong customer interest, and the growth of opportunities provides confidence in the long-term growth prospects of this business.

Yesterday, we announced the execution of a strategic manufacturing and supply agreement with one of the leading global pharmaceutical companies for the technology transfer, manufacturing, and supply of a portfolio of sterile injectables for global markets. The portfolio comprises a diversified basket of oncology and non-oncology products in vials, lyos, ampoules, and pre-filled syringe presentations, covering both complex and conventional injectable formulations. The agreement is expected to provide strong long-term business visibility, with revenue generation anticipated from calendar year 2029. The current agreement covers 55 SKUs to be manufactured across the 3 sites, with scope to add more products soon. Once all products are commercialized, the annualized revenue potential is expected to be approximately USD 90 to 100 million. Technology transfer activities are planned for completion within 2 years, with revenues expected to commence from calendar year 2029.

We have also entered into a strategic collaboration with Neuland Laboratories for the manufacture of sterile APIs for microparticle depot products. Long-acting depot formulations continue to represent an attractive and growing pharmaceutical segment globally, and this partnership strengthens our capabilities in complex injectable technologies while complementing our broader strategy of building differentiated and high-value product platforms.

As demand continues to grow across our businesses, capacity creation remains a key strategic priority. Building on our recently announced CAPEX program, we are actively progressing multiple brownfield and greenfield expansion initiatives across our manufacturing network. These investments are intended to support growth from existing products, upcoming launches, increased CDMO demand, and newer specialty technology platforms. We continue to evaluate additional capacity requirements to ensure that we remain well-positioned to capture future growth opportunities while maintaining operational flexibility and best-in-class service levels.

Another important strategic development during the quarter is our in-licensing agreement with a China-based development company for the development, manufacture, and commercialization of a niche liposomal product for the US and European markets. This partnership strengthens our entry into differentiated drug delivery systems and expands our product portfolio. This collaboration has the potential to extend beyond a single product, given the partner's extensive pipeline for complex injectable products. Given the development timelines involved, we expect commercial opportunities and meaningful revenue contribution to start from FY30, creating another important long-term growth driver for the company.

Our R&D efforts remain focused on building a differentiated pipeline. During Q1 FY27, we spent Rs. 772 million on R&D, representing around 4% of our consolidated revenue. In the US, we filed 3 ANDAs, received 7 approvals, and launched 4 products. Our pipeline is increasingly focused on complex injectables and differentiated platforms, which will drive long-term value.

Let me now touch upon the continued progress being made across our European manufacturing operations. Cenexi's revenue stood at Euro 48 million, with EBITDA of Euro 2 million. Despite the

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disruption of activities caused by the summer heatwave in Europe, the Fontenoy facility delivered a good performance, benefiting from the production ramp-up of our new ampoule line and higher operational efficiency. During the summer shutdown, as part of our ongoing modernization efforts, we will discontinue one of the older ampoule lines and replace it with a new high-capacity line. This new line is expected to enter production in early 2027 and will add approximately 30 million ampoules of annual capacity, further enhancing efficiency, competitiveness, and growth potential for the site. At the Hérouville facility, activity levels continue to increase steadily. Revenue growth is being supported by higher volumes from 2 products successfully launched during 2025, which continue to gain momentum. We are seeing encouraging customer demand trends, improving utilization levels, and a steadily strengthening operating profile. Combined with ongoing cost optimization measures, we remain optimistic about the site's performance trajectory.

At BLA, we secured a pre-filled syringe manufacturing program for an injectable orphan drug for a European customer. This further strengthens the site's order book and reflects the continued momentum in business development and customer acquisition activities. We continue to see encouraging traction in new business generation across our European operations. Across the organization, we remain focused on initiatives aimed at improving productivity, procurement efficiency, manufacturing yields, automation, and energy optimization. These programs continue to deliver tangible benefits and, together with higher utilization levels, support margin expansion and long-term competitiveness.

To summarize, we have delivered a strong start to FY27, with healthy growth across revenues and profitability. We continue to strengthen our commercial portfolio, expand our manufacturing capabilities, deepen customer relationships, and invest in future growth platforms. We remain highly confident in our CDMO strategy, execution capabilities, and long-term growth trajectory. Thank you for your continued trust and support. I will now hand over the call to Ravi for the financial review. Over to you, Ravi.

Ravi: Thank you, Mr. Sadhu. Good evening, everyone, and thank you for joining us today as we review our financial performance for the first quarter of financial year 2027. I am pleased to share that we have delivered a strong start to the year, with healthy revenue growth, robust profitability, and strong cash generation. Our performance during the quarter was driven by continued momentum across our CDMO and B2B businesses, contributions from recent product launches, increasing volumes from existing products, and the benefits of operating leverage and ongoing cost optimization initiatives.

As our Executive Chairman highlighted earlier, we continue to see encouraging traction across our business segments, geographies, and product portfolio, positioning us well for sustained growth in the coming quarters. Before I discuss the quarterly performance in detail, I would like to mention that as integration benefits between Gland Pharma and Cenexi continue to increase, Cenexi is now fully integrated into our broader CDMO business. Accordingly, its contribution is included in our consolidated performance.

Let me begin with the revenue performance. For Q1 FY27, our consolidated revenue stood at Rs. 18,003 million, reflecting growth of 20% year-on-year. Growth during the quarter was driven by contributions from recently launched products, expansion in CDMO revenue, and continued volume

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growth in existing products. From a business segment perspective, both our CDMO and B2B businesses delivered healthy growth during the quarter. The contribution from CDMO continues to increase and remains an important driver of our long-term growth and profitability profile.

Moving to margins, overall gross margin for the quarter stood at 65%, reflecting the benefits of a favorable product mix, increasing contribution from CDMO projects, improved operational efficiencies, and procurement initiatives. Margin improvement was also supported by yield improvement, alternate sourcing, and manufacturing optimization. Aligned with our strategy of building a differentiated portfolio of complex injectable products and advanced drug delivery platforms, our R&D investments continue to remain healthy. R&D expenditure for the quarter stood at Rs. 772 million, representing approximately 4% of consolidated revenue, and increased from Rs. 723 million in the previous quarter and Rs. 664 million in Q1 FY26, demonstrating a 16% year-on-year increase. Our investments continue to focus on complex injectables, peptides, depot products, drug delivery technologies, and liposomal products. We remain committed to strengthening our development pipeline and expanding our technology capabilities to support long-term growth.

Coming to profitability, reported EBITDA for the quarter stood at Rs. 4,930 million, with an EBITDA margin of 27%, higher compared to 24% in the corresponding quarter of the previous year. This is after excluding forex losses of Rs. 36 million in this quarter. Adjusted for non-cash ESOP expense of Rs. 172 million, adjusted EBITDA stood at Rs. 5,102 million, reflecting an adjusted EBITDA margin of 28%, up from 25% in the corresponding quarter of the previous year. The year-on-year improvement in profitability was driven by a combination of higher CDMO revenue, favorable contribution margin mix, operating leverage, productivity improvements, and cost optimization initiatives. Continued utilization improvement across our manufacturing operations and the growing contribution from value-added products also supported margin expansion during the quarter.

Other income, comprising primarily interest income, stood at Rs. 612 million in {? Q1 FY27 ?}. During the quarter, there was a forex loss of Rs. 36 million, which is included in other expenses, as compared to a forex gain of Rs. 508 million in {? Q4 FY26 ?} and Rs. 39 million in Q1 FY26 included in other income. Profit after tax for the quarter stood at Rs. 3,170 million, representing sharp growth of 47% year-on-year, with a PAT margin of 18%. However, as compared to Q4 FY26, the decline in PAT is largely attributable to the forex loss in this quarter vis-a-vis the forex gain in the previous quarter. The effective tax rate for the quarter stood at approximately 27%.

Our balance sheet continues to remain strong and provides significant flexibility to invest in future growth opportunities. As of June 30, 2026, total cash and cash equivalents at the group level stood at Rs. 35,466 million. External debt remained at a minimal level, and our overall financial position continues to be strong and well-capitalized. With healthy cash in hand, we are a net cash surplus company, with a net cash position of Rs. 32,939 million. Cash flow from operations during the quarter remained healthy at Rs. 3,183 million, reflecting strong operating performance and disciplined working capital management. Our focus on inventory optimization, receivables management, and supply chain efficiency continues to support cash generation while ensuring uninterrupted customer service levels.

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Capital expenditure during the quarter amounted to Rs. 1,132 million, primarily towards capacity expansion projects, capability enhancement initiatives, infrastructure additions, and investments supporting future growth opportunities across our CDMO and fill-finish platforms. As discussed earlier, we have commenced execution of our recently announced Rs. 2,000 million capital expenditure program. Ongoing projects for vial, ophthalmic, BFS line, and liposomal products, among others, at our India sites remain on track. In addition, capacity expansion projects to cater to the anticipated demand arising from increasing CDMO collaborations have been approved and are being prioritized for execution. These investments are intended to support increasing demand across our existing portfolio, upcoming product launches, expanding CDMO programs, fill-finish opportunities, and future product and technology platforms. At Cenexi, the growth CAPEX for the addition of new blocks with vials and lyos at BLA and a high-speed ampoule line at Fontenoy are [inaudible].

Ravi: ...is on track to finish by the end of next year. Overall, we are pleased with the strong start to this FY27 quarter. The quarter reflects the benefits of strategic investments we have made over the last several years in manufacturing infrastructure, capabilities, R&D, and customer relationships. With multiple strategic levers in place and optimal cash deployment priorities, we believe we are well-positioned to deliver sustainable growth while maintaining a strong profitability profile. With that, I would now request the moderator to open the line for questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will now wait for a moment while the question queue assembles. Our first question comes from the line of Sayan Mukherjee with Nomura. Please go ahead.

Sayan Mukherjee – Nomura: Hi, good evening, and thanks for taking my question. Sir, I wanted to ask if you could throw some light on the strategic manufacturing agreement that was announced. Is this with a big pharma innovator-type company, or are these generic products? If you can throw some light. Would the manufacturing be largely out of India? You talked about USD 90-100 million of peak revenue potential, so how should we think about the commercialization starting in 2029? How much time would it take for revenues to ramp up to those levels of USD 90-100 million? Thank you.

Management: This is a specialty pharma global company. Its revenues are a mix of generics as well as complex and specialty pharma. Probably 30-40% of its revenue comes from the specialty business. The portfolio being transferred comprises products from the Indian sites, and manufacturing will take place at the Indian sites. It is a mix of all these products, including oncology and non-oncology products, spread across different formats and products. It will also extend into the deep development pipeline of specialty products that they have. The investment being considered today is the preliminary view of the products being transferred over the next 2 years. However, there is probably potential to add more products in the future.

The technology transfer activities will start in September of this year, and the first set of products will be transferred in 24 months. Every quarter, we will be filing {? certain ?}. Around 60% of the

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products are for the US market, about 50%, I would say. Around 30–35% are for the European market, and the rest of the world accounts for about 15–20%.

Cenexi plays a key part in this as well. They wanted an end-to-end solution for the products because there has to be a global supply. For some of the products that go to Europe, Cenexi will warehouse certain products, probably package a few, and also perform a final QP release for the European market. That is the role Cenexi will play. Basically, the agreement is with Gland Pharma, and manufacturing will take place at Gland Pharma's manufacturing sites.

To be fair, without Cenexi, this would not have happened in this way. This also strengthens our strategic initiative when we acquired Cenexi because otherwise we could not have provided the full-depth solution for the partners. Revenues will ramp up from 2029 because filings will start happening from next year, and as soon as the products get approved, especially in the US, it is easier to see the ramp-up in this format. Product launches will start in CY29. The ramp-up will happen from 2029 to 2030, so probably by CY30 we should see this entire portfolio launched.

Sayan Mukherjee – Nomura: That is very helpful. Thank you. I also wanted to understand whether we could expect more contracts of this type, or whether you are looking for such strategic contracts. Is this a one-of-a-kind opportunity?

Management: To be honest, this is what we are looking at because we are trying to give a solution to big pharma. A lot of very large companies are procuring products from over 80 to 100 different sites because, over a period of time, their intermediate products are being contract manufactured. Now they are reaching out to us, saying that we can provide an end-to-end solution.

Currently, the sites are in Europe, where it is 5–6 times more expensive than in India. This also helps us gain market share in alternative markets and increase the marketing margins on the products we are making. With the new situation of branded products being manufactured in the US, if they want to move the branded parts to the US, to their own sites or the CDMO sites they are using, the operating leverage is lost. Therefore, people are looking at these kinds of options, and with the track record we have on quality and the breadth of platforms we provide, it is helping us.

Sayan Mukherjee – Nomura: Great. Sir, just one more question before I rejoin. On CAPEX, you had announced a Rs. 2,000 crore CAPEX program. What is the timeline around that? With these new initiatives, you also mentioned in your prepared remarks that new CAPEX has been approved by the board. Can you share a revised CAPEX estimate now?

Management: First, one immediate CAPEX is approximately Rs. 165 crores that we are investing in an isolator line in the oncology plant, where several of these oncology products are being manufactured. Luckily, we could get a line quickly, so that will be installed in January of this year. This is a specific priority for us in terms of the project we just announced.

There is another CAPEX for the Neuland collaboration that we mentioned on the API front.

Management: For that, we will be building a block. That project has also now been started. To answer your question, in terms of this year, we are going to spend about Rs. 550 crores on CAPEX, and this will scale up as and when we start building the brownfield projects that we announced

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earlier. Right now, for the {? Cenexi ?} partnership, we are adding a new vial line, a PFS line, and an ophthalmic line. Along with the recently signed CDMO contract, for which we need to spend the Rs. 165 crores mentioned just now, this is going to be our priority.

Considering the demand and volume growth we are seeing, we need to look at brownfield expansion fairly quickly. That is what we are currently working on.

Sayan Mukherjee – Nomura: Okay, thank you, and I will rejoin.

Operator: Thank you. Our next question comes from the line of Vivek Gautam with GS Investments. Please go ahead.

Vivek Gautam – GS Investments: Congratulations on the good numbers, sir. I wanted to understand how sustainable the turnaround at Cenexi is, what the factors behind it were, and whether it was the subsidiary that was dragging our performance down, with things now having improved significantly. My second question is about the opportunity size, the expected growth rate, and our differentiating factor or USP that can help us maintain growth going forward. Thank you.

Management: From the growth front, we did mention last time that we are looking at a 15% CAGR over the next 4–5 years. With the new contract signed, if you look at its contribution relative to our current top line, it will cover almost 12% of our current revenue. Looking 3 years down the line, it would probably still be about 9–10%. Therefore, we are reevaluating the CAGR with a few other contracts that we are discussing with other partners.

We will probably be able to provide more clarity on growth over the next 4 years, but as of now, with this new contract in place, we are looking at around 20% growth over the next 4 years. For the current year, on a constant-currency basis, we are still estimating that 15% is clearly achievable.

We are also looking at a couple of lines, such as the vial line and the ophthalmic products, where we have {? tight ?} capacity constraints. We are expecting approval for the vial line in the third quarter. If it happens as planned, then we can probably cross 15%. However, the new line needs to be approved by the FDA. If it is approved by August or September, then we will probably exceed 15% growth for this year. Otherwise, on a constant-currency basis, we will stick to 15% and then see where it goes for the current year.

I think that over the next 4 years, we are looking at around 20%. We will have clear clarity next quarter, once we also see how the other initiatives we have undertaken in the recent past pan out. We will probably get a clear picture by August or September, or September or October.

Vivek Gautam – GS Investments: Okay, sir. Thank you.

Operator: Thank you. Our next question comes from the line of Neha M with Bank of America. Please go ahead.

Neha M – Bank of America: Thanks for taking my questions. Sir, regarding the 60% CDMO number that you have indicated for this quarter, if I were to look at the exit of FY28, I understand that the big contract is coming in 2029. Over the next 2 years, how much of our business do you think would come from CDMO, and how would it change our margin profile? Is it fair to assume that

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CDMO has much higher margins than our existing standalone margins?

Management: The idea is to balance the CDMO and B2B businesses. The target is to have, on a consolidated basis, in the near term, around 30%. Cenexi's growth target is profitability rather than top line, so we are working toward that. Today, we are at 28% consolidated EBITDA. In the near term, we are working toward 30%, and in the medium to long term, we ultimately want to be a profitable company with 35% EBITDA. Hopefully, in the next 3–4 years, we might reach that once we get all these CDMO contracts on track.

In the near term, we are also growing our other businesses in the same range as CDMO, and they have a large base. Therefore, we still feel that once we reach CY29, there should be a skew toward the CDMO business, which will be larger than the B2B business. For probably the next 2 years, however, it will be a 50–50 type of business.

Neha M – Bank of America: Understood. Regarding the Cenexi business, given that we had the impact of the heatwave in France, does that mean that the second quarter would be better than the usual seasonal decline we see because of the shutdown? Would it not be as sharp because some shipments would have moved to the second quarter? Is that a fair assumption?

Management: Can you repeat that?

Neha M – Bank of America: You mentioned that Cenexi was impacted by the extreme summer in the first quarter. I understand that the second quarter usually tends to be seasonally weak, but would the seasonality be lower because some shipments would have moved into the second quarter? Would that be a fair assumption?

Management: I would say it will be better than last year for sure. Some releases could not happen last quarter because of the heatwave. The impact was greater on quality releases, so that will help somewhat in the next quarter compared with last year.

Neha M – Bank of America: Are we currently maintaining Cenexi's guidance of near EUR 200 million and high single-digit margins for FY27?

Management: That is correct.

Neha M – Bank of America: All right, thank you so much.

Operator: Thank you. Our next question comes from the line of Ashish with Leo Capital. Please go ahead.

Ashish – Leo Capital: Hi, sir. I hope I am audible.

Management: Yes, you are audible. You are a bit low, but please go ahead.

Ashish – Leo Capital: On GLP-1, could you give us an update on the scale-up of the business, the current status of commercialization, and the capacity ramp-up?

Management: From a capacity perspective, the new lines are on track. We are taking some exhibit batches from customers with whom we have signed agreements over the last few quarters. We

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signed a new contract this quarter as well, and the transfer activities will happen over the next quarter or two. The new contract we signed is for both sema and tirzepatide for the US and EU markets.

We are also evaluating the potential upside. When we said that we are still trying to maintain 15% constant-currency growth this year, there could also be some upside. One of our customers, which has filed in Canada, could have an opportunity to launch in the last quarter. If that happens, there could be an upside. Otherwise, as of now, it is primarily exhibit batches going to different customers, followed by filing and waiting for them to commercialize.

Ashish – Leo Capital: How should we think about the revenue potential or contribution from GLP-1 over the next 3 years?

Management: It will be very limited. We have not assumed too much from it because the major volume will come from the US when it goes into FY30 and FY31.

Management: So we are not concerned about margins over the next few years, other than the {? pick up expenses ?} that we incur, but {? per transferring ?}. Since if anything happens in Canada or other markets for the customers, because we are a CDMO business, we do not have clear visibility on the front-end approval status for these products. Therefore, it is very difficult to assume the numbers for them. That is why we are keeping close watch on how that pans out, but it would be an upside if it pans out well.

Ashish – Leo Capital: Thank you, sir. Thank you, and all the best.

Operator: Thank you. Our next question comes from the line of Chintan Sheth with Girik Capital. Please go ahead.

Chintan Sheth – Girik Capital: Am I audible?

Management: Yes.

Chintan Sheth – Girik Capital: Thank you for the opportunity, and congratulations on a good set of numbers as well as continued customer wins and projects in store on the CDMO side. Just one clarification on the Gland Pharma-Cenexi revenue: you mentioned USD 48 million and USD 2 million EBITDA?

Management: Revenue is USD 48 million and EBITDA is USD 2 million.

Chintan Sheth – Girik Capital: It is flat on a year-on-year basis, but EBITDA has improved. Did you mention that the improvement in EBITDA was because of the extreme heatwave, which also impacted some of the profitability this quarter?

Management: No. Profitability is on the same trend as what we said: 4% EBITDA. Over the end of the year, we are getting it to double-digit EBITDA.

Chintan Sheth – Girik Capital: Last year, I think we were at 2% EBITDA, which has improved to 4% this quarter. Got it. In terms of the 15 products in the pipeline, including the ANDAs and co-development products, what would be the opportunity size? I think 7 are in high-potency

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ANDAs. Could you speak about that and the timelines?

Management: Can we come back to you with the exact market value?

Chintan Sheth – Girik Capital: No worries. For the year, what kind of launch pipeline are we looking at? Are there any significant launches that we can call out, which could contribute to our growth?

Operator: Ladies and gentlemen, the line for the management seems to have disconnected. Please stay with us while we reconnect with the management. Ladies and gentlemen, we have now reconnected with the management. Over to you, sir.

Chintan Sheth – Girik Capital: I was asking about the launch pipeline for the current year. We launched 4 molecules this quarter, so could you provide some insight into the key molecules to look out for during the current year that can contribute to our growth, as you mentioned there is upside this year?

Management: The products we launched were MVI, or multivitamin; Dalba; {? Sidomadex ?}; and Voridex. MVI has CGT exclusivity, so we do not expect competition to come in soon because it is a very difficult product to make. There is competition for Dalba, but we still have enough contracts in place to continue for the next 2 years.

Chintan Sheth – Girik Capital: Regarding expected launches, is there anything you can call out that remains a focus area?

Management: We can come back to you later.

Chintan Sheth – Girik Capital: Understood. Thank you.

Management: Sure.

Operator: Thank you. Our next question is from the line of Karan Vora with Goldman Sachs. Please go ahead.

Karan Vora – Goldman Sachs: Thank you for taking my question. My first question is with respect to the CDMO business. I wanted to get a sense of whether, in the current base, we have any products that we are supplying with patent protection, and what that number might look like 3 or 5 years out.

Management: We cannot reveal those numbers because some of these products belong to customers. There are a few products under 505(b)(2) that are also patented, but if you are talking about innovator products, no, we do not have any innovator products right now.

Karan Vora – Goldman Sachs: Is there anything in the pipeline, qualitatively?

Management: It is under discussion, so it is not yet signed.

Karan Vora – Goldman Sachs: Got it. Is it fair to assume that some of them could also be on the biologics side, where we were investing in the biologics CDMO front, or is this mainly on the small-molecule side?

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Management: It will be on the peptide side, if that answers your question.

Karan Vora – Goldman Sachs: Got it. My second question is with respect to base business growth. I think we have changed some disclosures, so I wanted to get a sense of the ex-Next-Gen growth in the US and ROW markets.

Management: The base business has grown by 24%.

Karan Vora – Goldman Sachs: Is it similar for the US and ROW markets?

Management: Give me a second. The US has grown by 32%.

Karan Vora – Goldman Sachs: US growth is 32%. What about ROW? Also, what would be the constant-currency number within that?

Management: On a constant-currency basis, if you remove forex, it is around 5%. Out of the 24% base business growth, 5% can be attributed to the forex gain.

Karan Vora – Goldman Sachs: Got it, around 20%, or 19–20%. Thank you.

Operator: Thank you. Our next question comes from the line of Sayan Mukherjee with Nomura. Please go ahead.

Sayan Mukherjee – Nomura: Thank you for the follow-up. You have also announced 2 other contracts: one with Neuland for APIs and another contract with a Chinese company for a liposomal product. In terms of revenue potential, how should we think about these, and what are the timelines for revenue from these 2 contracts? I think you mentioned 2030 for the Chinese contract, correct?

Management: That is a liposomal product and an in-licensing product. They have already developed this product, and it is approved for the Chinese market using {? EU-RLD ?}. It is a USD 3 billion product, estimated at USD 3 billion over the next 3 years. Currently, it is USD 1.6 billion globally, and the US accounts for approximately USD 600–700 million. We have rights for the US and EU.

This technology will be transferred, so we will invest in a compounding suite specifically needed for this. The technology will then be transferred here, the BE study will take place, and we will file in the US. There is patent protection for this product, so we will try to be there by the patent expiry date.

Regarding the Neuland API, we had a supply agreement with them before as well in our current suite, but this is an extension of that agreement, and we are building a new suite for them. We cannot really disclose the revenue, but it is a more strategic initiative through which we are trying to provide end-to-end solutions to other clients who are also looking for finished products.

We have microparticle depot technology, and very few companies offer sterilization of APIs as well. Our current capacity is fully occupied, and currently we are manufacturing only 2 APIs. There is another set of 5–6 products that would fall into this category and require this expansion. This will ease our current capacity constraint because there are also requirements from other customers who want these services from us.

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We also have our own pipeline of products that we need to develop, so we need that capacity as well. It is more of a strategic initiative. It is a combination of the revenue we receive from that collaboration, what we can generate going forward from our own products, and the new contracts we sign for the current capacity.

Sayan Mukherjee – Nomura: Understood. My other question is on your complex ANDA pipeline. I think you have 20–25 such products, and generally we see that a few of them tend to be quite large. In that sense, are the largest opportunities that you have an FY29-type opportunity, or do you think they will be after FY29?

Management: They are post-29. Some of the big products, especially the microsphere products, include a couple of large ones that are post-29. They are currently at different stages, with some at the clinical stage and some at the exhibit stage. They are at different stages, and some are under patents post-29. Most of the very large opportunities are post-29.

Sayan Mukherjee – Nomura: I also understand that in your US filings, or in what you are developing or have filed, there are several products that are para-one, para-two, or para-three, which are probably already generic. Is that a large opportunity, and how should we think about Gland Pharma developing such products, which seem to be older products?

Management: Some products were developed many years ago. One thing we also see is that many companies are exiting these products. There is still value in them as an injectable company, and several products that had no revenue many years ago are actually doing well now. As an injectable company, we need to have that portfolio.

The portfolio we developed years ago probably also includes the products in this list that you are seeing. There were no ANDA fees, and development was far cheaper than what we undertake today. That is why that portfolio was developed over many years.

Sayan Mukherjee – Nomura: Now, your US base revenue would be USD 95–100 million at the current run rate, correct? How should that play out with all these launches over the next 3–4 years?

Management: It should be more than USD 100 million.

Management: It is about USD 110–120 million.

Sayan Mukherjee – Nomura: Sorry, sir, can you repeat that?

Management: Sorry, can you tell me? Go ahead.

Sayan Mukherjee – Nomura: You said it is currently more than USD 100 million?

Management: Correct.

Sayan Mukherjee – Nomura: How should that play out over the next 3 years as you launch these products? Do you think it will increase materially, or will it show more modest growth like most generic companies?

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Management: We are also entering newer modalities in this space. If you look at the entire market, it is growing by probably 3–4%. However, you also have to see which products we do not have, what our base is, and which products we have never launched. If we launch those products, what will be the growth? That is how we have to look at this.

We still feel there is growth in that business. It is not completely low-growth. The other aspect is that, with the efficiencies we have in our operations, we are able to compete more effectively and grow our own business. One factor is how the market is growing, and the second is how we are growing.

If you look at market growth versus our growth in the US, our growth is always far higher than market growth because of the new launches we undertake. In addition, for the current products where the sector is led by others, we are able to garner that market share because of our better cost structure.

Sayan Mukherjee – Nomura: Okay, sir. Thank you.

Operator: Thank you. Our next question comes from the line of Maulik Varia with 361. Please go ahead.

Maulik Varia – 361: Thank you for the opportunity. I hope I am audible. I wanted to understand whether there has been any progress or update from our Dr. Reddy's partnership on biologics. We were also negotiating with another partner to set up additional capability. Is there any update there?

Management: Currently, it is a normal business, I would say. It is generating around Rs. 50–60 crores a year, and it will probably ramp up slowly over the next year or two. However, these are not big contracts; they are in the discussion phase.

Maulik Varia – 361: Going forward, regarding our complex portfolio, I understand that the contribution is currently lower. Would you be able to give us some direction on how much of our portfolio, as a percentage or in terms of revenue, would come from complex products going forward?

Management: Most of the complex products are post-FY29, and our base business is also very large now compared with that. While it will probably take a larger share of the US business, I cannot give an exact number because the timing of each product is different. However, it will take quite a share of the total business once it gets there.

When you look at the growth we are seeing, at around 20–25%, and the 20% growth we expect over the next 4 years, by the end of those 4 years, these products will probably have been launched. These products will probably also become the next growth driver.

Maulik Varia – 361: Thank you, sir. Thank you.

Operator: Thank you. Ladies and gentlemen, to ask a question, you may press star and one. Our next question is from the line of Rahul Jeewani with IIFL. Please go ahead.

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Rahul Jeewani – IIFL: Thanks for taking my question. Can you call out the constant-currency growth for the quarter? On a consolidated basis, we reported 20% growth in INR terms, so what was the constant-currency growth at the consolidated company level?

Management: It was 15%, Rahul.

Rahul Jeewani – IIFL: 15%. Ravi, that calculation has not been clear to me because if I look at your Cenexi revenue, it would have been flat year-on-year, and the USD-INR exchange rate has depreciated by almost 10% year-on-year. Therefore, this constant-currency growth number looks a bit high to me.

Management: It is based on when the products are dispatched. It is not uniform across every product, so you cannot take the average. We have to look at the rate on the particular date of supply and then assess the FX impact.

Rahul Jeewani – IIFL: This 15% constant-currency growth that you guide to becomes difficult to project if we are using the date of shipment of the contract. Would that not be the case?

Management: No. For projections, we use constant currency only. We cannot predict FX movements. Therefore, all the projections or guidance we provide are on the basis of constant currency.

Rahul Jeewani – IIFL: In the past, for our base business, when we had 2 sets of businesses—IP-led and technology-transfer businesses—our understanding was that the technology-transfer business used to have lower margins compared with the IP-owned business. For this new CDMO contract that you have won, although the business is technology transfer, would the margins on this technology-transfer CDMO business be higher than what we would have earned on an IP-owned business?

Management: In the IP-owned business, we actually share our profit with the front-end partner. In CDMO, there are 2 types of business. One is B2B technology transfer, where a product comes from a development lab or another company and we take it into manufacturing.

In the current CDMO business, there are 2 types of business. One is this business, which was the smaller portion. The other is commercialized products coming out of the US or Europe, which are more expensive places to manufacture. In that business, we have leverage to earn a better margin, and this is also related to the type of products we are going to manufacture for these companies.

Rahul Jeewani – IIFL: That is all from my side. Thank you.

Operator: Thank you. Our next question comes from the line of Alankar Garude with KIE. Please go ahead.

Alankar Garude – KIE: Thank you for the opportunity. If we go back a few years, CDMO was relatively much smaller for the company. Can you highlight the top 3–4 factors that have driven strong growth in this segment over the past few years and are also driving the healthy outlook going forward?

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Management: One factor is, of course, the portfolio we have. We have been running this portfolio for a long time. That is one factor.

The second factor is the opportunity available in the market. While everybody talks about pressure on generic pricing, at the same time there is an opportunity for players like us because there are leading pharmaceutical companies whose manufacturing bases are in expensive countries. That opens the door for us because we have better operating leverage, a better history of quality, and the ability to operate at scale. It opens up an opportunity for them when margins are declining in the end market. They need to compete, so they need to move those products to a place where they can manufacture them more cheaply.

I think that is where the opportunity opened up. We also saw, through our interactions with many of these customers over the years, that they have 300–400 people managing these relationships across 60–70 different sites in different companies. We approached them and said that we could provide a full-proof solution, allowing them to bring 3 or 4 different sites under one company, with a breadth of platforms under one roof.

That is how this evolved. We saw an opportunity where probably everybody was saying that there was no money in generics, but we said that our strength was manufacturing and quality, so why could we not leverage that to offer these services and make them more competitive?

Alankar Garude – KIE: That is helpful. I have 2 smaller questions. Can you highlight the profit share in this quarter?

Management: Profit share is about 9%.

Alankar Garude – KIE: Can you reconfirm the timelines for the NGDS project?

Management: The NGDS project is in 2028, with commercialization in 2029.

Alankar Garude – KIE: With revenue potential of USD 25–30 million?

Management: That is correct.

Alankar Garude – KIE: That is all from my side. Thank you.

Operator: Thank you. Ladies and gentlemen, that was the last question for the day. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Management: Thank you, everyone, for joining us today. We appreciate your participation in the question-and-answer session during the call. If you have any follow-up questions, please feel free to reach out to us. We look forward to connecting with you again next quarter. Thank you.

Operator: Thank you. On behalf of Gland Pharma Ltd., that concludes this conference. Thank you all for joining us. You may now disconnect your lines.

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