GLAND PHARMA LIMITED

November 07, 2025

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Plot no. C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai - 400 051
Symbol: GLAND (ISIN: INE068V01023)

Dear Sir/Madam,

Sub: Earnings call Transcript – Q2FY26

Please find enclosed the transcript of the Earnings call for Q2FY26 of the Company held on Monday, November 03, 2025, at 18.30 Hrs. IST. This will also be available on the Company's website and the web link to access the same is https://glandpharma.com/investors/financials

This is for your information and records.

Yours truly,
For Gland Pharma Limited

Pallerlamudi Sampath Kumar

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Sampath Kumar Pallerlamudi
Company Secretary & Compliance Officer

Encl: As above

“Gland Pharma Limited

Q2 FY26 Earnings Conference Call”

November 03, 2025

MANAGEMENT: **MR. SRINIVAS SADU – EXECUTIVE CHAIRMAN – GLAND PHARMA LIMITED**
MR. SHYAMAKANT GIRI – CHIEF EXECUTIVE OFFICER -- GLAND PHARMA LIMITED
MR. RAVI MITRA – CHIEF FINANCIAL OFFICER – (INDIA'S OFFICE) -- GLAND PHARMA LIMITED
MR. ALAIN KIRCHMEYER – CHIEF EXECUTIVE OFFICER – CENEXI
MR. SHRINIWAS DANGE – INVESTOR RELATION – GLAND PHARMA LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Gland Pharma Limited Q2 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone.

I now hand the conference over to Mr. Shriniwas from the Investor Relations team. Thank you, and over to you, sir.

Shriniwas Dange: Thank you, Rayo. Good evening, everyone. We welcome you to Gland Pharma Earnings Conference Call for Q2 FY'26. I'm Shriniwas Dange from the Investor Relations team at Gland Pharma. Today, we have Mr. Srinivas Sadu, Executive Chairman; Mr. Shyamakant Giri, Chief Executive Officer; Mr. Ravi Mitra, Chief Financial Officer from India Office and Mr. Alain Kirchmeyer, CEO of Cenexi, who is connected virtually from France.

We will begin the call with the business highlights from Mr. Sadu, followed by operational highlights from Mr. Giri. This will be taken up by updates about Cenexi from Mr. Alain, and lastly, 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 script will be available on our website shortly.

With that, I hand over the call to Mr. Sadu for his opening remarks. Over to you, sir.

Srinivas Sadu: Thank you, Shriniwas. Good evening, everyone, and thank you for joining us. Welcome to Gland Pharma's Q2 FY '26 and H1 FY '26 Earnings Call. I'll start with a strategic overview, followed by updates from Mr. Shyamakant Giri on operations, Alain on Cenexi and Ravi on financial performance.

Q2 FY '26 was another strong quarter for Gland Pharma, and we expect an even stronger second half, supported by new launches of few key products, volume growth, CDMO contract wins and continued improvement at Cenexi.

Year-to-date, our consolidated performance reflects broad-based growth driven by strong execution and improvement in profitability.

The recent confirmation that the U.S. will not impose tariffs on generic pharmaceuticals is a positive development, aligning with our expectations. This reinforces our strategic focus on strengthening our U.S. and global supply chain presence, and we are well positioned to capture emerging opportunities, including GLP-1, biosimilar biologics landscape through our scalable manufacturing network and strong compliance record.

Our strategy is focused on four key aspects: growth, capability, efficiency and ROCE, all aligned towards building Gland Pharma into a high-end innovation-driven CDMO and specialty injectables company.

On the growth side, we are expanding it into a differentiated and complex portfolio. With the comprehensive list of our generic portfolio, we are steadily adding products centered on complex and differentiated technology, which will help Gland move to a value-led growth model. Our focus areas include complex portfolio in long-acting injectables, hormones, suspensions and peptides, ready-to-use formats for hospital use, growing ophthalmic products, including suspensions and other niche high-value injectables that address global therapeutic needs.

R&D continues to be a core differentiator. We invested 5.8% of revenue in R&D this quarter, focusing on complex injectables and next-generation delivery systems. We filed six ANDAs and received five approvals this quarter with seven new products launched in the U.S. We have filed 20 RTU bag products in the U.S. with 14 already approved and 10 more in development, targeting an opportunity of roughly $659 million. 15 products are currently under active development in high potential categories, including seven 505(b)(2) and eight ANDAs, reinforcing our focus on differentiated injectable platforms.

Second aspect is adding high-end CDMO capabilities from scaling capacity and competencies. The second aspect of our value-led growth strategy is to build Gland Pharma as a high-end CDMO partner of choice for global investor and specialty pharma companies.

On the capabilities front, we are investing in both capacity and technology across our network. Our biologic CDMO facility currently operates at 8 KL capacity. We plan to expand biologic CDMO capacity to 23 KL over the next phase to support the biosimilar and biologic fill/finish opportunities as well. We're increasing cartridge fill/finish capacity from 40 million to 140 million units, supporting both GLP-1 and insulin programs. Our infrastructure is designed for interchangeable fill/finish across vials, cartridges and prefilled syringes, ensuring flexibility and scalability. In parallel, we are expanding capacity in dry powder filling, ophthalmics and blow-fill-seal technologies. CDMO programs in oncology and prefilled syringes are progressing well with new partnerships being added. These steps firmly position Gland among a niche global CDMO companies capable of delivering end-to-end sterile CDMO solutions from development to commercial scale.

On the efficiency front, to strengthen margins and operations. is the third key aspect. The third strategic focus is efficiency and profitability, as I mentioned before. We're executing a company-wide drive to improve margins through stringent cost control, alternate API suppliers and process optimization. Portfolio rationalization, pruning low margin on noncore products, capacity allocation towards high-margin and niche formulations and continuous automation and digitization to improve yields and reduce waste. These measures are designed to ensure margin resilience even in a competitive pricing environment while maintaining our high standards of quality and compliance.

Capital efficiencies and value creation as ROCE is very important to us. Finally, improving return on capital is central to our long-term value creation framework.

We are allocating capex only to high ROCE, high-growth initiatives such as CDMO expansion, GLP-1 capacity and complex injectable capabilities while maintaining tight control on working capital and focusing on cash generation.

The goal is to grow not just in scale, but in quality of earnings and capital productivity, ensuring that each investment creates incremental and sustainable shareholder value.

At Cenexi, we are optimizing product mix towards higher-value offerings and deepening integration with Gland's teams to capture operational synergies and efficiency gains.

Our long-term strategic focus is clear to build Gland Pharma into a global innovation-led injectable and CDMO company that consistently delivers growth, margin expansion and superior capital efficiency.

Thank you for your continued trust and support.

I now invite our CEO, Mr. Shyamakant Giri, to share his perspective on operational and business aspects.

Shyamakant Giri: Thank you, Mr. Sadu. Good evening, everyone. Thank you for joining us today.

Building on what Mr. Sadu highlighted, our performance this quarter met expectations. Gland's core business firmly maintaining its growth trajectory. Year-on-year, revenue increased by 6%, adjusted EBITDA by 13%, PAT by 12%. In Q2 FY '26, we drove strong revenue growth in our regulated market, 10% in the U.S., 16% in the Europe, propelled by a strong 21% growth in Cenexi in rupee terms. With our current momentum, we are confident in robust growth in the second half of FY '26.

Having summarized our overall progress, let me now take you through the consolidated performance.

In Q2 FY '26, our consolidated revenue was INR14,869 million, up 6% from last year. Consolidated EBITDA reached INR3,139 million, also growing 6%, driven by margin expansion in our core business, but partly offset by planned operational shutdown losses in Cenexi. Our Q2 FY '26 consolidated EBITDA margin was 21%.

To further contextualize our results, year-to-date performance offers a more reliable view of our growth trajectory. For the first half of FY '26, our consolidated revenue reached INR29,925 million, reflecting a 7% increase over H1 FY '25. EBITDA stood at INR6,817 million with a margin of 23%, up from 20% in the previous year and was primarily driven by strong performance in our base business and reduced losses from Cenexi.

Next, I will highlight the performance of our base business at Gland, excluding Cenexi.

Breaking down our base business performance by market. In the U.S., we launched seven molecules in Q2 FY '26, including Daptomycin-RTU, Sumatriptan and new Colistimethate strength. U.S. revenue rose 8% year-on-year to INR8,005 million for Q2 and reached INR15,176 million for H1 FY '26.

Our other regulated markets, including Europe, Canada, Australia and New Zealand generated a revenue of INR462 million and INR1,574 million for H1 FY '26, growing 18% year-on-year in H1.

The rest of the world market contributed INR1,635 million in Q2 FY '26 and INR3,168 million in H1 FY '26 and remained almost flat year-on-year.

For H1 FY '26, while our own product sales revenue in ROW grew by 19%, the tech transfer and the CMO product revenue went down by 53%.

The Indian market generated INR665 million in Q2 FY '26 and INR1,258 million in H1 FY '26, accounting for 6% of the total base business revenue.

Let me move to Cenexi. Performance in H1 FY '26 showed improvement over previous year despite the planned shutdown in Q2. For the first half, Cenexi reported a revenue of EUR 88 million, marking a 10% year-over-year growth in euro terms. Alain will further share details shortly. With many strategic initiatives, namely headcount optimization, finance and IT back-office creation in India, price increase initiatives with key customers. One Europe BD integration, capacity enhancement at BLA and Fontenay Line-G product validation underway, we remain confident in delivering a solid performance from Cenexi and achieving EBITDA improvement here on.

At the overall company level, we continue to strengthen our presence in high-growth rest of the world markets by expanding our reach and introducing differentiated high-value products.

Building on this and leveraging our expertise in key therapeutic areas, we're actively evaluating inorganic growth opportunities in market aligned with our strategic priorities. In the U.S., our focus remains on acquiring new customers while deepening relationships with existing partners.

We remain committed to excellence in quality and regulatory compliance while maintaining our cost leadership. We believe that investing in top talent, enhancing our leadership capabilities and building organization strength will position us well for the next phase of growth.

With this, I would like to hand over the call to Alain for more detailed update on Cenexi's performance. Over to you, Alain.

Alain Kirchmeyer: Thank you, Mr. Giri, and good evening, everyone. Cenexi recorded EUR 40 million in revenue this quarter an 8% increase over the same period last year, driven mainly by strong performance at our Braine-l'Alleud and Hérouville sites. Year-to-date revenue stands at EUR 88 million, reflecting a 10% growth year-over-year. Although we incurred losses in H1 FY 2026 due to a planned shutdown, EBITDA losses decreased to EUR 5 million from EUR 11 million. This improvement demonstrates that our turnaround strategy is taking effect.

I will now provide key site level update.

In Fontenay, we used the shutdown period to upgrade infrastructure and equipment. I'm pleased to report that our GMP certification has been renewed through the end of 2026, and most of the ANSM's observations have been addressed. Our progress was reviewed during the routine inspection in July.

The activity of our Hérouville site remained on track with our recovery plan. This quarter, activity increased significantly driven by the ramp-up of two key products an inactivated vaccines and a sterile ophthalmic gel.

Both sites of Braine-l'Alleud and Osny maintained a strong momentum. At Braine-l'Alleud qualification of two new freeze dryers is underway and expected to be completed by the end of 2025, which will significantly expand our lyophilization capacity.

Our outlook remains positive. We secured 4 new project wins this quarter, reflecting increased confidence in our capabilities and our strategic shift towards higher value offerings. We remain on track to improve EBITDA in Q3 FY 2026 and to establish a sustainable growth trajectory for Cenexi.

Thank you for your attention. I now invite Ravi to take you through our financial performance in more detail. Ravi, over to you.

Ravi Mitra: Thank you, Alain. Good evening, everyone, and thank you for being with us on the call today as we review our financial performance for the second quarter and first half of the fiscal year 2026.

During the quarter, our consolidated revenue stood at INR14,869 million and increased by 6% year-on-year. Base business revenues stood at INR10,767 million, supported by growth in the U.S. markets, albeit constrained by other regulated markets. Cenexi revenues improved by 21% year-on-year to INR4,102 million. Overall, gross margins stood at 63%, up from 59% in previous year. Excluding Cenexi, base business gross margins were at 61% against 56% in previous year, supported by favorable business and product mix.

H1 FY '26's performance remained robust. During this period, our consolidated revenue stood at INR29,925 million and increased by 7% year-on-year. Base business revenues stood at INR21,176 million. Cenexi revenues improved by 20% year-on-year to INR8,750 million. Overall, gross margin stood at 64%, up from 59% in previous year. This was supported by favorable business and product mix. Excluding Cenexi, base business gross margins were at 60% against 54% in previous year.

During Q2 FY '26 and H1 FY '26, expenses were higher mainly on account of higher R&D, employee cost, certain one-offs and continued high cost at Cenexi. Our total R&D expense for the quarter were INR614 million or 5.8% of sales and increased from INR493 million in the same period last fiscal year due to higher number of filings. Our R&D programs remain on track. R&D expenditure for the first half stood at INR1,075 million or 5.1% and increased from INR982 million during previous year. Excluding ESOPs, employee cost for the quarter stood at INR3,710 million, which increased by 12% year-on-year. Further, at Cenexi, various initiatives to reduce overheads are progressing well.

During Q2 FY '26, adjusted for ESOP-related noncash expense of INR140 million and one-off GST-related provision to the tune of INR76 million, EBITDA stood at INR3,355 million, reflecting a margin of 23%. For base business, excluding Cenexi, adjusted EBITDA stood at INR3,971 million, reflecting a margin of 37%. We expect to improve EBITDA at Cenexi with improvement in sales from Q3 FY '26.

In H1 FY '26, adjusted for ESOP-related expense and one-off provision, the EBITDA stood at INR7,092 million, reflecting a margin of 24%. For base business, excluding Cenexi, adjusted EBITDA stood at INR7,622 million, reflecting a margin of 36%. Cenexi EBITDA losses were down to INR530 million from INR971 million in previous year.

Other income, primarily consisting of foreign exchange gains and interest earned from bank deposits amounted to INR842 million in Q2 FY '26 and INR1,417 million in H1 FY '26.

Consequently, our net profit for the quarter stood at INR1,837 million. During the quarter, we achieved a PAT margin of 12%, in line with Q2 FY '25. This is after considering the above-mentioned additional cost factors. Net profit for H1 FY '26 stood at INR3,992 million or 13% against 11% in previous year.

On a standalone basis, our effective tax rate was 26% for the quarter.

As of September 30, 2025, our total cash and equivalents at the group level stood at INR30,999 million, including non-callable deposits of INR3,960 million. External debt at Cenexi level stood at INR2,544 million. Cash flows from operations during Q2 FY '26 was INR3,312 million, while for H1 FY '26, it was INR5,933 million.

Our average cash conversion cycle was 163 days for the first half compared to 172 days at the end of FY '25, largely on account of better receivable and payable management.

Total capex during the first half of the financial year amounted to INR1,969 million, mainly deployed in Cenexi for the new projects, capacity building and maintenance capex. The expected capex for full year FY '26 for Gland base business is approximately INR2,500 million and for next year, it is expected to be approximately INR3,000 million. We are investing in capacity enhancement at our Pashamylaram site in cartridge fill-finish, including pen assembling and packaging line, insulin production, powder filling line and ophthalmic suspension line.

With that, I would now like to request the moderator to open the line for questions. Thank you.

Moderator: The first question is from Sucrit Patil from Eyesight Fintrade.

Sucrit Patil: I had a forward-looking question on Gland Pharma's long-term planning. As global pharma outsourcing grows and competition intensifies, what is Gland Pharma doing to build a strong edge, not just by expanding capacity, but by creating something deeper that makes the company hard to replace?

Srinivas Sadu: Yes. So if you have heard about my original comments on what we're trying to do, not just capacities on what we have today, but also building capabilities around the complex side. If you look at the growth which came from last quarter also are from the launches, what we've done on the Specialty segment, CDMO launches that we have done, whether it's auto injectors or pen-device systems.

Added to that, the complex injectable manufacturing set of what we have done, that also we are expanding into different technologies. So from manufacturing capability perspective and

technology perspective, we are expanding the areas where there is an entry barrier to others to come in.

Added to that, we are also entering spaces of biologics and biosimilar CDMO as well. So not just from the compliance perspective, but from manufacturing and development perspective, these are difficult areas compared to the generic portfolio, what we've been doing for the many decades.

Sucrit Patil: I had a final question in regard to margin and cost planning. As input costs and regulatory dynamics keeps on shifting. How are you planning to protect the margins? And what cost levers do you think will remain strong over the next few quarters?

Srinivas Sadu: If you have seen last three to four quarters, we are actually improving our margins quarter-on-quarter basis because of the initiatives we have taken both from automation of lines, also from input materials and also from the operational efficiencies' perspective, working on the batch sizes and also looking at the bottlenecks where we can automate smaller things.

So several initiatives have been taken, and if you really see from the adjusted EBITDA perspective, the base business today is around 37% EBITDA, which is more than what we have been anticipating. We're targeting around 35%, now it's 37%. And also the portfolio rationalization we have done. So one of the key aspects is how to get good ROCE.

So the initiatives we are taking is on the portfolio side, which are the areas we want to enter in and focus on instead of just going after the small margin products. So the focus is on margin and EBITDA and PAT rather than just the top line. Because on a long-term basis, we think with low-margin products, especially in injectables, high-quality production, it's difficult to sustain on a long run. That's why you could see a shift on how we are looking at things moving forward on specialty products and the investments we're making towards that.

Moderator: The next question is from Yash Singhee from Renaissance Investment Managers.

Yash Singhee: Sir, just wanted to ask a couple of questions on the U.S. business. So I just wanted to understand, when does the revenue pickup from cangrelor and dalbavancin is expected to kick in? And how is the ramp-up expected going on in the U.S. business going to happen post tax? And how the margins are going to look post the ramp-up. So that was the first question.

Srinivas Sadu: Dalbavancin is next quarter, the goal date is this quarter. Sorry, this quarter is dalba, so the goal date is actually this month. So you'll see revenue coming from that product in this and next quarters. And initially, there will be a larger quantity pickup because of the pipeline filling and then it will normalize. Cangrelor, we have time because of the patent situation, but dalba is this quarter.

From U.S. growth perspective, like we said, actually, it's been a strong quarter for U.S. If you actually break down the U.S. sales, we have grown from the product perspective almost 17%, almost 7% coming from the new launches and 10% from the products which are there before.

And in the previous quarter, we did mention about new contracts that we signed with GPOs that started to effect last quarter. That's what has generate another 10% growth. Where we have lost is on the milestone revenue. Milestone revenue actually we did only about INR44 - 45 crores, which is normally, we do around INR75 - 80 crores. That's a normal run rate.

Combination of different factors. One is, of course, the situation in the U.S. and so people slowed down on licensing products to wait and see, that's one. Second, of course, the timing, generally, some quarters, it may be low, some quarters, it may be higher depending on the milestone we achieved in that particular quarter. So it's more of a timing issue, which might bump up in the next couple of quarters. So I think overall, we are on track, at least in the U.S., we are doing better than we thought of.

Yash Singhee: Understood. Milestone revenues are related to enoxa and heparin. Is that correct?

Srinivas Sadu: No, no. milestone revenue is on the new products, what we license out to companies. And whenever we reach a milestone in terms of development or filing and approval, we'll get different milestones. So once you achieve that, you'll get that milestone revenue.

Yash Singhee: Understood. So just on the enoxa and heparin sales, if I look at the FY '23 levels, is that wrong to look at that an elevated level because of COVID or something? And is the range currently, in which we will grow, based on the last year's base, is that right understanding?

Srinivas Sadu: That's correct. FY '23 was a COVID year. So that's an aberration, but the growth is from the previous year. And Enoxa to Civica supply started this quarter. So it's one of the growth levers which we have mentioned last quarter.

Yash Singhee: So there is no inventory buildup issue now if that reverts, right?

Srinivas Sadu: No. There's no inventory build-up. There's normalcy.

Moderator: The next question is from Tushar Manudhane from Motilal Oswal Financial Services.

Tushar Manudhane: Sir, in addition to milestone revenue, if you could also share how much has been the profit share for the quarter or the revenue share?

Srinivas Sadu: Quarter share is about 13%.

Tushar Manudhane: Okay. And sir, secondly, what explains this because the proportion of let's say, milestone and revenue share for the quarter has been broadly lesser compared to, let's say, earlier quarter or even year-on-year basis. And despite that, the gross margin of base business has been improving. If you could first sort of highlight that.

Srinivas Sadu: Profit share generally is around 9% to 10%. So it's because of the high-margin products what we launched last quarter, and the previous quarters, so it is a bit high 13%. So you can consider the margin of the products have improved compared to before. We see the contribution margin of the products are also higher compared to before, while the milestone revenue has gone down.

Tushar Manudhane: And on the Cenexi side, the gross margin has been trending lower. So if you could elaborate on that aspect as well.

Srinivas Sadu: I think it's more to do with product mix. And then the products what you make during the shutdown, what's possible. But overall, I think if you look at the entire year, the product mix won't change much. I think it's more to do with what you produce during that quarter.

Shyamakant Giri: On a YTD basis, we maintained the gross margin at 74%.

Tushar Manudhane: Full year '26 can be considered to be 74%, 75% to be gross margin on a sustainable basis?

Shyamakant Giri: Yes.

Srinivas Sadu: Yes.

Tushar Manudhane: And secondly, just on this considering the number of products being approved under RTU, if you could just share how much sales may be annualized quarterly, we make from these products?

Srinivas Sadu: We take that offline, Tushar. You can reach out to us.

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

Neha Manpuria: The first question is while you mentioned that the second half would be even stronger, we had given a guidance of mid-teens for the consolidated revenue growth previously. Does that still hold? I mean, how much stronger can second half be? Because if I look at your first half run rate, that will imply second half being over 20% sort of growth. Do we have that kind of visibility on second half?

Srinivas Sadu: Yes. If you see, we have seen a growth compared to the first quarter. And then Dalba is a bigger product which we're going to be launch this quarter. 1%, 2% this way that way, but we should come closer to that.

Neha Manpuria: So just to be clear on a full year basis, we still maintain the mid-teen growth guidance?

Ravi Mitra: Yes. Neha, on a consolidated basis, we should be there. Maybe a few percentage here and there but should be there. As Mr. Sadu mentioned, that bigger products are planned to be launched in H2.

Neha Manpuria: And how much of this would be driven by Cenexi revenue. Cenexi representing 20% growth. I think we had mentioned EUR 50 million as the revenue run rate that we want to achieve exit. So are we on track to achieve that for Cenexi?

Ravi Mitra: Yes, EUR 50 million is our target from Q3.

Neha Manpuria: Okay. And just an extension on Cenexi. Again, while the profit will improve, will the EUR 50 million allow us to achieve breakeven in Cenexi? Would that be a fair assumption?

Srinivas Sadu: Yes. That should be EBITDA positive, yes.

Neha Manpuria: Okay. So technically, that would mean exit third quarter, fourth quarter, we are EBITDA positive in Cenexi?

Srinivas Sadu: Yes. Maybe a couple of million lower than that also could bring us EBITDA positive. But for sure, if we hit EUR 50 million, then it will be EBITDA positive.

Neha Manpuria: Understood. And I think in the opening comments, there was mention of new wins in Cenexi for a couple of products. If you can give some color in terms of when we should start seeing that flowing through? And also the license we talked about a $250 million build for Cenexi in the next 2 years? I mean, do we have the building blocks to get there? If you could give us some color on that?

Ravi Mitra: Neha, we'll check that and let you know by when this commercialization will happen.

Shyamakant Giri: But Neha, just to add on. There are strategic initiatives that we have taken in Cenexi like head count optimization, price increases, we are creating a back office in India to support the finance and IT, the capacity enhancement and all of that. So there are many things going on. And the whole EBITDA [loss] decreased from EUR 11 million to EUR 5 million, signals that our transformation project is on the right track, and it will continue to remain on that track.

Neha Manpuria: Understood. I have 2 more questions, if I may. First, on the other regulated markets, that seems to have come up very sharply. I read that in the presentation that you had mentioned phasing. By phasing, you mean that some of the supplies have been captured in the first quarter, and I should look at the first half as a run rate or some of the supplies is likely to come in the third quarter?

Shyamakant Giri: So this is more one molecule timing issue in Europe that you see. Neha, this will get corrected in the quarters to come. So we had Daptomycin moving from one quarter to other.

Neha Manpuria: Okay. Sir, this still comes from the second half?

Shyamakant Giri: Yes.

Neha Manpuria: Okay. And last question on ROW. I think, Giri had mentioned that that's a big growth driver that you're looking at. We are investing in creating the portfolio. When can we start seeing momentum in the ROW business because it's clearly not evident in the last few quarters? So when does ROW start picking up for Gland?

Shyamakant Giri: So ROW, if you were to little split the ROW business into 2, one is the product sales, the product that we sell to our partners across ROW. That part is growing by around 19%, Neha. That part is a significant portion around, 90% or 93% of what we do in ROW is that part. But we also have our CMO product. We also do some CMO business for companies where the goods end up getting distributed the ROW. The tech transfer project. That part is going down by 53%. And therefore, the net result is a little flattish growth. But yes, as you said, our strategies in ROW started to work where we have seen growth across regions, Latam, Southeast Asia, Africa, Middle East of the world. And we are happy that our product sales are growing 19% on the first half by 19%. And that to me is the industry beating growth.

Neha Manpuria: And this CMO is likely to remain subdued for the next few quarters since I'm assuming that tech transfer is not happening. .

Shyamakant Giri: So we do things for Lilly, DRL and all of that. That will also increase, but it will take a couple of quarters to come to the top.

Moderator: Next question is from Bino Pathiparampil from Elara Capital.

Bino Pathiparampil: Just a couple of questions. Maybe a little bit follow-up to earlier questions. I was looking at this overall regulated market business, this is stuck at around $95 million plus/minus range for last 8 to 10 quarters.

Of course, you mentioned that in second half, you have some large products, so you will see some growth. But apart from that, do you have confidence that this business can grow at double digits continuously over the next 5 years? Do we have that visibility?

Srinivas Sadu: I think you have to look at the combination of what we do in the U.S., just not our own products what we sell, but also the complex CDMOs what we're doing. So I did mention in my previous call that from the growth what we achieved of 17% in the U.S. last quarter, 7% actually came from the CDMO portion of the business, which we are doing for companies that are already there in that market where they did a tech transfer to our site.

So in addition to the products, what is giving us growth with the new launches, what we're doing from our R&D portfolio, there's also substantial growth coming from the initiatives we're taking from the CDMO aspect. That's why you're seeing this growth coming from the U.S. But if you really see pure generic U.S. market, it may be growing at 4%, 5%, but we're growing higher than that.

Bino Pathiparampil: No, I'm looking at the whole regulated market business as a whole. If some when U.S. grows something else is coming off and something else grows, the U.S. comes off, and the 17% you are talking also has a huge tailwind of currency depreciation. In U.S dollar terms, the growth is not that big. So as a whole, the regulated market business piece , do we have visibility of double-digit growth over the next few years?

Srinivas Sadu: Yes, we do have because of some of the contracts we signed on the CDMO side for Europe market. if you're considering that also regulated, then we do have growth. We did mention about colistimethate, which is an on-market product, which we had a dedicated line, that's getting started next quarter. So that's a huge business.

So if you combine all these in the regulated markets, there is a growth, and most of it is actually coming from the CDMO side of it.

Bino Pathiparampil: Understood. Second, on this Cenexi earlier, we had a very firm guidance of breakeven in Q3. Do we still have that strong visibility? Or is it that we have a target of EUR 50 million and if we achieve that, we will break even?

Srinivas Sadu: No, no, we do stick to that breakeven guidance for this quarter [Q3FY26].

Moderator: The next question is from Abdulkader Puranwala from ICICI Securities.

Abdulkader Puranwala: So my first question is with regards to your R&D expense going up this quarter to roughly, say, 6% of the top line. So if you could highlight where that expense is exactly getting invested into?

Srinivas Sadu: If you see filings, there are 6 filings which happened during the quarter and also the complex portfolio, what we're handling. So that's a bit more expensive compared to generic product what we produce. It's a combination of these two.

Abdulkader Puranwala: Okay. So I mean, should we account this as a kind of a onetime and then it moves back to that roughly 4%, 5% range, what you normally do?

Srinivas Sadu: Yes, roughly, we always say around 5% on an annual basis, it should be around that.

Abdulkader Puranwala: Okay. And sir, my second question is with regards to the progress on GLP-1 capacity and biologics. So sir, any comments on how the traction is building in terms of getting new customers for your additional capacity? And on the biologics side, in past, I think we announced something for Dr. Reddy's. So where are we on that as well?

Shyamakant Giri: So on the GLP side, as I mentioned, we have launched the first partner GLP-1, liraglutide. And we have 40 million capacity up and running, building another 100 million. So by mid of next year, we'll be having 140 million capacity on cartridges, which makes us one of the top tier capacities here. On GLP-1, on the cartridge line, we are also importing opportunities beyond GLP-1. Two more contracts are getting signed on the GLP-1. We will, of course, tell you guys when it's signed. On the biologics, the DRL revenue has started to -- we have started reporting the DRL revenue this quarter onwards. And as we go further that arrangement is solid. And we know the whole biologics plant started to give us revenue. We also have intent to increase the capacity in the biologics plant from 8 KL to 23 KL and that collaboration's discussions going on with companies in India and outside of India.

Abdulkader Puranwala: Okay. So with the revenues for DRL, which segment are we exactly recording right now? .

Ravi Mitra: So we have not any separately segment we are recording. It's in the normal revenue it is coming. We have only one segment as of now.

Abdulkader Puranwala: I'm talking with regards to your markets like U.S., Europe, other core markets or ROW where exactly that gets captured?

Ravi Mitra: Currently, it is India only.

Moderator: Next question is from Aman Goyal from Axis Securities Limited.

Aman Goyal: My question is related to U.S. business. Can you just elaborate the difference between price erosion and the volume uptick in the U.S.-based business and contribution from the new products?

Srinivas Sadu: Price is almost flat if you compared to the previous quarter. It's no variance. Quantity, 10% and new launch is 7%.

Aman Goyal: Okay. And sir, what is the update on RTU, how much market share we are targeting for consolidated RTU?.

Srinivas Sadu: Generally, in the RTU products -- I mean, any product, you start with 15% or so till the contract opens. But if it's already available in the market, it's easier. But otherwise, you have to create that market. So several products which are already there, initially it's around 15%, 20%, and then it will increase once the GPO contracts opens.

And you see our top 20 products, almost I would say 80% of the products we have a market share of 25% and above. So we should assume that we will get there sooner or later. Some, we also have like 40% market share.

Moderator: The next question is from Rahul Jeewani from IIFL.

Rahul Jeewani: Sir, I had a question with respect to the base business ex Cenexi. Now if we see our base business ex Cenexi has been flat for past 5, 6 quarters. Now listening a year back, we had guided to a mid-teen' kind of growth on the base business as well. But given the muted trends which we are seeing on the base business, apart from the ramp-up, which we expect in second half because of a couple of new launches like dalbavancin, can you provide some outlook in terms of how the base business growth would be going into '27, '28. So that's my first question?

Shyamakant Giri: Although we are flat overall, but on the U.S. side, we grew by 8%. So let me give you some more data on our U.S. business. Our top 20 molecules on YTD basis have grown by 9%. Our top 10 molecule on YTD basis has grown by 14%. Our customers are intact. Our top 10 customers in the U.S. grown by around 19%, so yes, U.S is where we are growing.

We have talked about the decline RoW. Though, in RoW own products sales we are growing 19% YTD. But on the CMO side in ROW, we have degrown 53% which again will get corrected from an overall standpoint. So having said that, our base business and given all the R&D launches or the new product launches, we are confident that we will grow.

Shriniwas Dange: And just to add to this, if you see, we have been investing into the capex, including the pen assembly line, fill and finish of cartridges, insulin products and powder filling and ophthalmic suspension. So all these portfolios of complex products would help us to have a growth in rest of the world market and the regulated market as well. So put together, we are confident of achieving a mid-teens growth [at consolidated level] in coming couple of years.

Rahul Jeewani: Sure, sir. So this mid-teen growth guidance, which we have for '26, obviously, there is a currency benefit of Cenexi sitting in there. So Cenexi in first half of this year has grown 30% in INR terms.

But if I look at the constant currency growth for Cenexi, that's around 10%. So this year again, has been muted if you ex out the currency benefits. So yes, some better visibility, clarity in terms of what would help us to achieve this mid-teen kind of a growth going forward would be helpful?

Srinivas Sadu: So a couple of large projects are, like we mentioned, the Dalbavancin project. The other is the CMS project, what we just got approved. That's a large project where it's on-market product tech transfer from Xellia, that's almost INR150 crores project. So that's a larger one.

Rahul Jeewani: Sure, sir. And on the GLP-1 portfolio, while you have commercialized liraglutide with a partner, when do you expect your sema launches to begin across markets? And at least our earlier expectation was that the incremental 100 million while capacity or cartridges capacity, which you are putting up would largely bring from a regulated market perspective.

So just in terms of sema launches across EM and ROW markets, and what kind of visibility you have right now for utilization of the initial 40 million capacity? .

Shyamakant Giri: So we have one contract already, two in line, three total. We are also looking at more contracts in GLP. So our 40 million capacity, which is currently is now kind of filled up. Now the 100 million capacity that we're building second half of next year, is where we'll start selling that capacity.

We're already in talks with many companies, Indian companies for the global market, global companies for global market. So yes, we have positioned ourselves as a top-tier GLP capacity company and a lot of RFPs and a lot of discussions happening today.

Srinivas Sadu: Rahul, what we have signed off is three earlier, right, and two more under discussion. Out of the 3 filed products, as you know, sema opens up next year in some markets. So it will start supplying to those markets if they get approval, ultimately, it's the CDMO business.

Once they get approval in those markets, we start supplying. As everybody knows, these are the -- other than Canada and India, there are a couple of other non-regulated markets where the supplies will start too, once approvals come.

But until that time, majority of the contracts are signed on the exhibit batches and all that, of course, lira is also going from the same line. But the majority of the market comes only till '30, right? I mean the sema. But all the semi-regulated in Canada will start next year once our partners get approved in this market.

Rahul Jeewani: Sure, sir, just a follow-up on that. So let's say, this 40 million capacity, the initial capacity. So you are confident of utilizing this entire capacity let's say, by FY '28 because by FY '28, we would be in 2 years of Sema launches across these markets.

Srinivas Sadu: Correct. It's a combination of lira, sema, a few other projects that we're working on that, but it will utilize -- at least it will take 2 years to ramp-up from early next year.

Rahul Jeewani: Sure, sir. Thank you. That's it from my side.

Moderator: Thank you very much. That was the last question in queue. I would now like to hand the conference back to the management team for closing comments.

Shriniwas Dange: Thank you all 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.

Moderator: Thank you very much. On behalf of Gland Pharma Limited, that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.