



GLAND PHARMA LIMITED

May 27, 2025

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Symbol: GLAND (ISIN: INE068V01023)

Dear Sir/Madam,

Sub: Earnings call Transcript – Q4FY25

Please find enclosed the transcript of the Earnings call for Q4FY25 of the Company held on Tuesday, May 20, 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

Sampath Kumar Pallerlamudi
Company Secretary & Compliance Officer

Encl: As above



“Gland Pharma Limited Q4 FY'25 Earnings Conference Call”

May 20, 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 OFFICE), GLAND PHARMA LIMITED
MR. ALAIN KIRCHMEYER - CHIEF EXECUTIVE
OFFICER, CENEXI**



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Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY'25 Earnings Conference Call of Gland Pharma Limited.

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

I now hand the conference over to Ms. Runjhun Jain. Thank you. And over to you, ma'am.

Runjhun Jain: Thank you, Sagar. Good evening, everyone. Welcome to the Gland Pharma's Earnings Conference Call for Q4 FY'25.

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, CEO of Cenexi, who is connected virtually from France.

We will begin the call with 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 risk associated with our business. The call is being recorded and the playback in 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.

Srinivas Sadu: Thank you, Runjhun. Good evening, everyone. Thank you for joining us today. On behalf of Gland Pharma, I welcome you to our 4th Quarter and full Fiscal Year 2025 Earnings Call.

Let me begin by providing a strategic overview of the business reflecting on the past year and outlining our vision for the Company's future. Following this, Shyamakant will discuss our operational performance, Alain will provide updates on Cenexi and Ravi will conclude with a financial review.



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Reflecting on the year gone by:

FY'25 was a pivotal year. While we face near-term growth challenges at both Gland and Cenexi, I want to assure you that we used this time wisely to strengthen our foundation and sharpen our long-term focus. The global landscape has presented renewed complexities this year, especially with the announcement of reciprocal tariffs by the US administration. This has created a layer of uncertainty particularly for Indian pharmaceutical companies, which have a significant presence in the US markets.

Despite these headwinds, we have maintained our flexibility across demand and supply fronts. Gland's value creation journey remains anchored in the strategic execution of our operational model, and we foresee a promising growth trajectory ahead.

Let me now take you through the key pillars driving our growth strategy:

Starting with the base business expansion:

- We are expanding geographically with a strong push into emerging markets across Africa, the Middle East, Latin America, Asia Pacific, and the rest of the world region. There is substantial market opportunity in our approved USA India portfolio and market formation opportunity by an upcoming pipeline of injectables, post-patent expiry. In addition to recent successful new product launches, we are leveraging our long-standing relationships with key partners to deepen our global reach.
- Next, we have made significant progress in expanding our manufacturing capabilities with new lines, including complex injectables and new delivery systems like pens and cartridges.
- A key milestone was our successful entry into the GLP-1 segment with the launch of liraglutide, given that we see GLPs as a crucial area for Gland's future. With two GLP-1 contracts secured and a strong market demand anticipated, we are scaling our cartridge capacity from the current 40 million units to an additional 100 million by CY 2026.
- We have broadened our capabilities to include suspensions, hormone products, microsphere bulk, microsphere powder filling, while strategically focusing on ready-to-use products like dual and triple chamber bags.
- Importantly, we are also experiencing significant momentum in attracting major pharmaceutical companies interested in partnering with us for high



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value formats like dry powders and have already successfully initiated several new CMO projects.

Moving to our R&D and portfolio expansion efforts:

Our strategy spans three focus areas; in-house R&D, complex products, and a co-development model. Our in-house R&D covers a wide range of therapeutic areas supported by 371 filed and approved ANDAs and 1,748 global registrations.

Our future pipeline now targets major therapies like ophthalmology, CNS, cardiology with near-term generic opportunities covering a \$1.25 billion market, which is about 40 new ANDAs, a 1- to 3-year pipeline targeting \$2.12 billion, and a longer-term pipeline in a \$2.34 billion market. In total, our in-house pipeline includes 71 new ANDAs with \$5.71 billion TAM.

In FY25, we launched 31 new products in the US, and we expect this momentum to continue. Additionally, we have filed 3 RTU infusion bag products with 10 more in development as part of our 14 registered RTU bag products targeting a ~\$530 million US market.

We are also focusing on additional complex injectables and have 19 products in this bucket with 6 already launched and 3 more anticipated for approval, addressing an IQVIA market opportunity of approximately \$6.5 billion.

To accelerate our pipeline and portfolio expansion, we are pursuing co-development wherein we are partnering with the specialty injectable development company for 15 products, out of which 6 are 505(b)(2) and 9 ANDA submissions, which are focusing on key therapeutic areas like immunology, chemo adjuvants, mineral supplements, pain management, endocrinology, and radiocontrast agents.

Biologics:

Gland is also building a robust CDMO setup for biologics, leveraging our existing biologics manufacturing capabilities. The biosimilars market is a significant driver in this effort. A key step in our strategic expansion into biologics is our collaboration with Dr. Reddy's Laboratories, which marks a significant step in this direction with revenue contribution expected in FY'26.



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Furthermore, we have progressed on a non-binding agreement for CDMO collaboration with Shanghai Henlius Biotech, positioning us as a secondary manufacturing site for some of their key biosimilar products. To support this and future growth in biologics, we are expanding our bioreactor capacity by 15,000 liters. These collaborations reaffirm our strategic focus and investment in the growing biologic CDMO area.

Turning to Cenexi:

While we encountered challenges with below-expectation performance, we have made progress in defining its turnaround strategy. We recognize that the acquisition thesis has taken longer than expected to fructify, but our strategy to achieve robust growth and profitability remains centered on high value products.

This necessitates a deliberate shift from our previous business model of low value, high volume business, which constituted 70% of our current operations towards higher value products such as pre-filled syringes, lyophilized and ophthalmic gels. This evolution is expected to expand our net realizable value per unit and improve overall profitability. Cenexi's dedicated business development efforts are yielding results with the successful addition of new customers for pre-filled syringes, vaccines, and lyophilized vials, aligning with this high-value focus. To facilitate these transformations, we are strategically investing in capacity enhancements and building business scales through increased automation.

Finally, in parallel with our organic initiatives, we are actively exploring inorganic opportunities by mergers and acquisition to accelerate for complex product development, gain access to new technologies, expand our product range and enter new markets.

In Summary, while FY'25 brought challenges, it also reaffirmed our strategic clarity. We believe the steps taken by us across our key pillars will have a positive impact on Gland Pharma's success and long-term sustainability.

Thank you for your continued confidence in Gland. With this, I will now pass the call to our CEO, Mr. Shyamakant Giri to share his thoughts for Gland's road ahead. Thank you.



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Shyamakant Giri:

Thank you, Mr. Sadu. Good evening, everyone.

Following my initial months at Gland, I have focused on understanding the business in depth and aligning our capabilities with the strategic levers that will drive our market position and generate value. Broadly, my priority has been to identify key areas of profitability enhancement and new avenues of growth.

Before I outline the initiatives underway to strengthen our competitive position, let's discuss our quarter and full year performance:

In Q4 FY'25, our consolidated revenue stood at INR 14,249 million with a consolidated EBITDA of INR 3,475 million reflecting a 24% margin, a 100bps increase year-over-year. Excluding Cenexi, our base business reported revenues of INR 10,332 million in Q4 FY'25, a 12% year-over-year decline primarily due to the higher milestone realization in Quarter 4 last year as compared to this year in the US and few major tender misses in ROW markets. This impact was partially mitigated by new product launches, and we anticipate sequential improvement as our pipeline commercializes. Encouragingly, the base business EBITDA margin expanded to 38% from 36% in the prior year, driven by favorable product mix and benefits of cost optimization.

For the full Year FY '25, our consolidated revenue reaches INR 56,165 million with an EBITDA of INR 12,689 million resulting in 23% margin.

Excluding Cenexi, base business revenues were INR 41,248 million with an EBITDA of INR 14,451 million, translating to a 35% margin. Our volumes for the full year FY '25 grew overall by 4% including new launches, aided by 9% volume growth in the US, again including new launches. Our new product launch in the US are yielding results thereby Q4FY25 grew by 10% sequentially over Q3 FY25. On a full year basis, our new launches now contribute 6% to the total revenue.

In the US market, we launched 4 new molecules during Quarter 4, including Latanoprost, Midazolam RTU Bags, Dexamethasone and New Strengths of Vancomycin. Other regulated markets, primarily Europe, Canada, Australia, New Zealand, grew by 4% and now constitute 23% of total revenues. The ROW market contributed 17% in Q4 FY'25, amounting to INR 2,404 million, a 14% decrease due to tender misses and softer order intake in key regions.



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The Indian market generated INR 525 million representing 4% of our Q4 FY'25 revenue. Our Q4 FY'25 R&D expenditure was INR 503 million, or 4.9% of the base business revenue. For the full year, our R&D investment totaled INR 1,922 million, that is 4.7% of base business revenue.

On the compliance front, we received EIRs from the USFDA for our Dundigal and Pashamylaram facilities, confirming successful closure of recent inspection and reinforcing our commitment to stringent quality standards. It has been a challenging year for Cenexi while foundational groundwork for a turnaround is in place, results have fallen short of expectation. Our Q4 FY'25 revenue was a €43 million affected by lower production at the Fontenay facility. Encouragingly our gross margin improved to 79% from 77% in the prior quarter. Alain will provide a detailed update, but we want to assure you of our intense focus on Cenexi and the implementation of necessary changes to improve its financial performance and achieve a strategic objective.

Finally, a brief update on the key priorities outlined last quarter:

We have been fortifying our capabilities and global expansion potential. We are currently refining our strategic direction and growth blueprint to position Gland for sustained success.

On the demand side, our priorities include

- enhancing our footprint and launching new products in high value, high growth ROW markets,
- leveraging our strength in specific therapeutic areas and exploring inorganic opportunities to achieve significant growth in the India market,
- In the US, the primary focus remains on acquiring new customers and increasing our share of business with existing partners, supported by an accelerated portfolio strategy focused on co-development, in-licensing, and partnerships in high-value injectables and newer modalities.

On the supply side, our priorities are

- centered towards maintaining quality and cost leadership,
- continuously improving our operational efficiency to preserve our competitiveness and industry-leading quality and compliance records,



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- strengthening our leadership team with critical hires and building capabilities across functions.

With innovation, collaboration, and excellence of our guiding principle, I am encouraged by our progress and also optimistic about Gland's trajectory. Your continued engagement and insights are invaluable as we move forward together to build value.

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

Alain Kirchmeyer:

Thank you, Mr. Giri and good evening to everyone. As Mr. Sadu and Mr. Giri outlined, Cenexi's performance showed marginal improvement over the previous quarter, and we will continue to make calibrated progress towards achieving sustainable scale with a dual aim of securing profitability and resolving the execution challenges seen in recent quarters.

To provide a more granular perspective, let me walk you through key updates at the site level. Production at our Fontenay facility in Q4 was impacted by ongoing remediation activities following the ANSM inspection in Q3 Financial Year 2025, as well as the breakdown of 2 equipments that affected our performance in the first 2 months of the quarter. These disruptions led to reduced shipments and consequently lower sales figures. On a more positive note, I am pleased to report that our new high-capacity ampoule line has started production as planned at the end of January and now enables us to better serve the needs of our customers.

While operations at Herouville remain below breakeven due to suboptimal utilization, we have several ongoing tech transfer projects in development that are expected to contribute to this site's growth. We are encouraged by the ramp up in the commercial production of a new ophthalmic gel and validation batches for the inactivated vaccine project are progressing as per schedule. Furthermore, we have initiated the installation of a new pre-filled syringe line which is projected to be operational, beginning of calendar year 2026. This will substantially increase our capacity in the high demand PFS segment and is expected to drive significant revenue per unit and overall value.

I am pleased to share that the Braine-l'Alleud facility has met its target for this quarter. Our two new lyophilizers have arrived on site and are being installed. Qualification for



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this new Lyo capacity will be finalized at the end of the calendar year 2025. Additional vial and Lyo capacities are also planned to be added in our Belgium site in the next two years. The long-term prospects for this business remain robust with high value projects in our tech transfer pipeline.

Finally, our Osny site continues to deliver a strong performance. Thanks to a premium strategic positioning on hormones and anti-allergenic products' market segments and strong operational execution.

In light of the challenges faced, last year's overall performance remained below expectations, and we believe Financial Year 2026 will mark the beginning of a meaningful turnaround. We remain firmly focused on achieving our medium-term objective of delivering positive EBITDA by Q3 FY26.

Thank you for your time. I will now turn the call over to Ravi to discuss our financial performance. Ravi, over to you.

Ravi Mitra:

Thank you, Alain, and welcome everyone joining us today. We thank you for attending this call as we review our financial performance for the 4th Quarter and the full fiscal year '2025.

The FY25 revenues remain flat at INR 56,165 million. However, a key positive was the marginal improvement in gross profit margins.

Consolidated revenue for Q4 FY'25 declined as compared to previous year, while it improved from the trailing quarter of this year. This is driven by the reasons as mentioned by Giri in his commentary.

In Q4 FY'25, our consolidated EBITDA margin improved to 24% from 23% in the corresponding period of FY'24 led by base business and improvement in Cenexi's profitability. Our base business, excluding Cenexi, exhibited an increase in EBITDA margin for Q4 FY'25 reaching 38% compared to 37% in the same period last year. This improvement was primarily driven by enhanced gross margin and more efficient cost management practices.

At Cenexi, the losses were reduced due to an improvement in performance in this quarter. Our EBITDA for the full year ending March '25 amounted to INR 12,689



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million compared to INR 13,331 million in the previous fiscal year. The reported EBITDA margin for FY'25 stood at 23% on a consolidated basis and 35% for our base business operations. While the base business margin improved due to better contribution and controlling costs, Cenexi's lower performance in some quarters in this full year impacted the consolidated EBITDA margin by one percentage point. Gross margin for Q4 FY'25 also reflected positive momentum, increasing to 66% from 61% in Q4 FY'24, primarily due to higher contribution achieved in new launches and better raw material cost in few of our key products. Within our base business, the gross margin in Q4 FY'25 was at 61% compared to 56% in the previous year. On a full year basis as well, the gross margins have improved by 100bps as compared to the previous year.

Our net profit for the 4th Quarter increased by 3% to INR 1,865 million compared to Q4 FY'24 and declined by 10% in the full year as compared to previous year. During the quarter, we achieved a PAT margin of 13%, consistent with the previous year. For the full fiscal year, our PAT was INR 6,985 million, resulting in a margin of 12%.

Other income, which is mainly interest earned from bank deposits and foreign exchange gains, amounted to INR 440 million in Q4 FY'25 is lower than as compared to INR 585 million of Q3 FY'25 primarily due to reversal of foreign exchange gain during the quarter. For FY'25, the other income was INR 2,136 million, which has increased as compared to INR 1,702 million in previous year due to increase in interest income. Higher finance costs incurred during the year is related to interest charges on a GST refund matter.

Total R&D expenses for the 4th Quarter were INR 503 million compared to INR 437 million for the same period of the previous fiscal year, representing 4.9% of revenue from operations on an ex-Cenexi basis.

For the full fiscal year, total R&D expenditure was INR 1,922 million, which constituted 4.7% of our revenue and increased from last year's 4.3%, underscoring our ongoing commitment to R&D.

On a standalone basis, our effective tax rate was 26% in the 4th Quarter and same 26% for the full fiscal year. As of March 31st, 2025, at the group level, our total cash and cash equivalents stood at INR 25,562 million. After accounting for the Cenexi's debt, our net cash position was INR 22,870 million. Cash flow from operations during FY'25



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was INR 9,147 million. Working capital as of March 31st, 2025, was INR 21,683 million. Our average cash conversion cycle improved to 172 days for the 12 months ending March '25 compared to 173 days in the corresponding period of the previous fiscal year.

Total CAPEX during the quarter amounted to INR 886 million and full year FY'25 amounted to INR 3,938 million allocated to Gland's Indian sites and Cenexi. In India, our growth CAPEX is focused on expanding a new bag line and increasing packing capacity. We are also in the process of adding a new cartridge line at Suite 9, which will complement the existing cartridge line at our Pashamylaram site. As Alain mentioned, at Cenexi, we are investing in additional high speed and new lines and Lyos to enhance overall capabilities.

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

Moderator: Thank you. We will now begin the question-and-answer session. Our first question comes from the line of Neha Manpuria from Bank of America. Please go ahead.

Neha Manpuria: My first question, just a clarification, what would be the profit share milestone number for the quarter, you seemed to have missed that?

Srinivas Sadu: Hello. You want the absolute number?

Neha Manpuria: Yes. The profit share and the milestone number, please.

Srinivas Sadu: So, it's about INR 145 crores. It's about 14% profit share. Milestone is 6%.

Neha Manpuria: Okay, got it. If I look at the US business adjusted for these two, then it seems like we have been in that \$70 to \$75 million range per quarter in the US business, despite the fact that we have launched 31 new products in the year. How should we think about growth from the US business as we launch more products and gain more volume in terms of growth? What should this run rate be next year and the year after? And just an add-on question to the US market, given the noise around tariffs, what are we hearing from our customers in terms of the ability to absorb our cost on that? Thank you.



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- Srinivas Sadu:** Yes, from the US revenue perspective, from the new launches about 4% growth, which came from US. But there also, normally over the years it's been around 8% to 10% growth which used to come from new launches. What happened also was the product, there were several key products where the material costs have gone down and the end market price also was reduced, the transfer price. So, the revenue came down, but the margin was intact. That's one of the reasons why actually the revenue didn't move that much compared to previous years. On the tariff side, it's too early to comment, but what we hear is for generics, it will not impact that much. And for us also, what we see is probably most of it will be passed on if there are any tariffs which are levied on Indian imports.
- Neha Manpuria:** And from the US business, I was thinking about from the 70 million to 75 million that we are growing as of milestone and profit share, what should this number be over the next few years? Will the new launches now be able to reset this base higher, or what should drive this base higher?
- Srinivas Sadu:** Yes, it should contribute more looking at the historical numbers and also the type of products which are going to get approval in the next year or two, more from the complex side. And also, we are looking at as a business, we are looking at mid-teens as growth for the coming year.
- Neha Manpuria:** This is for the US business or for consolidated business?
- Srinivas Sadu:** For consolidated business.
- Neha Manpuria:** Okay, got it. And on the ROW business, it seems like the Saudi contract tender has been delayed for some time. So, what should drive the growth of the ROW business for us given that the Saudi contract is not coming? Are there any more drivers for us or is this the new base that Gland should be operating at?
- Shyamakant Giri:** So yes, you are right, but you know, what has also happened is the Saudi NUPCO, of course as you know there's a tech transfer going on right now where we are engaged a local partner to manufacture Enoxaparin, the volumes will come back, but what we are doing also is in play defining a non-Enoxa and non-heparin strategy. Okay, so we have clearly earmarked some high growth countries where we have a very portfolio approach, a targeted registration approach which will help us going forward. We have approximately upwards of around 500 registrations still pending, which will come over



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years. And so, there are 3 growth levers here. One is how do we push the current registration? How do we use our cost efficiency that we have to win tenders in some of the key tender markets? And how do we again have a very focused, in-country kind of strategy. So, we define and play in the country with a very strong portfolio. This quarter also what has happened was because of the US volume, we dedicated some capacities to ROW, but we are back on track. So that was during this quarter. But our long-term vision on ROW is the strongest. We internally have reasons to believe that this business can double over the next 3 to 5 years.

- Moderator:** Our next question comes from line of Bino Pathiparambil from Elara Capital.
- Bino Pathiparambil:** Hi, good evening. Just a follow up. Did I hear right that you said next year you are looking at mid-teen growth at the overall level?
- Srinivas Sadu:** That's correct.
- Bino Pathiparambil:** Okay, that includes Cenexi? The consolidated revenue?
- Srinivas Sadu:** That's correct, yes.
- Bino Pathiparambil:** Okay, got it. And apart from the improvement in Cenexi margins, are you looking at improvement margins in the rest of the business as well?
- Srinivas Sadu:** So, the rest of the business actually it's been pretty good. I mean, stabilized around 37%-38% if you have seen the last 2 quarters. So, we continue to maintain around that margin level.
- Bino Pathiparambil:** Got it. And from your presentation, I can see that you have 27 Para 4 filings in the US. Out of which, how many would be of any first file exclusivity?
- Srinivas Sadu:** We can come back to you on that to give you precise data.
- Bino Pathiparambil:** Sure, sir. One more, I'm looking at any big exclusivity launch expected in the next couple of years, '26 or '27, as of financial year.
- Srinivas Sadu:** Yes, we'll come back to you on that.
- Moderator:** Our next question comes from the line of Ashish from EverFlow Partners.



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Ashish: Good evening to the management. So, my first question was, what sort of growth could the GLP drug be for us in the coming year and over the next 2-3 years? Would they meaningfully accelerate our growth trajectory?

Shyamakant Giri: So GLP right now, our position is around 40 million cartridges. Next year, we will be one of the top tier cartridge capacity companies with 140 million. Now GLP as you know, in many markets, is going off-patent. So, this is really a fill-and-finish opportunity that we are looking at. And our initial success is giving us all the strength to go further and block all the capacities in the coming time. How will the market behave on the demand side, on the patient pricing side is something that partners would answer. But there is only encouragement, there's only good news around GLP. The volumes are, the kind of volumes the partners are discussing are very, very high. So, we feel that this market will explode by volumes at least in coming years.

Ashish: Could you please quantify the growth over the next 2-3 years for our business given the product pipeline and base business?

Srinivas Sadu: So next year, we said about mid-teens, subsequent 2 years to be low-20s.

Moderator: Our next question comes from Aditya Pal from MSA Capital Partners.

Aditya Pal: Just wanted to quickly understand the thought process on Cenexi. So, what I can understand is Cenexi is largely a generic CDMO business. But I do not understand why the employee benefit expenses are 60%, 65% of revenue and have we over-invested in people where now that we scale up from here, the margin will flow to directly the bottom-line? So that is question one from my side.

Srinivas Sadu: Yes, the average cost of manpower in Europe is around 40. So comparatively, a bit more manpower is higher at the Cenexi. I think that's an issue where we need to address. But it's also related to how much revenue we are getting and how efficiently we can manufacture there. So, with the investment we are making on the CAPEX, so we are installing more efficient lines, that will give us a large throughput. At least two sites have demand, which is more than what we are able to supply today with the new lines which are adding up that should cover the revenue loss that we are having today. From the strategy perspective, you see the branded generics is one, the solid business. If you look at the customer base and the volume base what we have, we know it's been very consistent over many years. That's the nature of the business. Second, also



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technology is what Gland do not have; they do have. They do make syringes of oncology products, they also have hormonal products, they do vaccines, and some biologic products as well. So, from a technological perspective, they have additional things, that's the logic we have accepted. And of course, de-risking ourselves from our business in the US, most of our business was in the US, and to enter Europe, we need to have this kind of business. So, there are several reasons why we acquired it. But yes, from efficiency perspective, that's where we are focusing currently because like you rightly said, the manpower cost as a percentage to revenue is quite high compared to the other companies in Europe.

Aditya Pal:

Sir, a couple of questions, both are interlinked with each other. In your presentation, you said that we are planning to spend close to 60 odd million euros over the next three years in Cenexi. So one is that when will we achieve a double-digit EBITDA margin in this business, that is Cenexi and what will be the ROCE of this business? Because if we are investing 60 million euros over the next three years, and the base business can do a 25%-26% ROCE comfortably, and if you are not able to achieve that, it does not make sense to judiciously use the cash flows in investing for a land-based business. So that is the thought process that I want to understand from the management.

Ravi Mitra:

Yes, so basically this CAPEX is an investment for the long term, and we are increasing the capability and capacity. We have sufficient visibility of the pipeline and the business interest. There's a strong funnel we have with the customers. So, we will be spending this money in the next 2 to 3 years in building, as Alain mentioned and we spoke about it is, one is of course adding a new pre-filled syringe line in Hérouville Site which will entail a much better realization per unit sales than what currently we do. And then in the Belgium site, we are adding one additional vial line and Lyos that will significantly improve the capacity of high value business and there is already tied up in the business and contracts for that. So, we are looking at breakeven in this December quarter. And then next year we should improve the EBITDA margin significantly. There's a high operating leverage there. And we should be getting, reaching the almost, the earlier double-digit EBITDA in the next year after that.

Aditya Pal:

So just one last question from my side. To the early participant, you mentioned that we are aiming to grow at mid-teen growth for the entire business. So how should one look at it from an overhead perspective? So, do we see the overheads, that is what the Cenexi at the basement is increasing with lockstep with the average growth or is there some room for operating leverage now?



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- Ravi Mitra:** There's ample room for operating leverage. As we mention, the overhead in typically injectable capacity is about 80% or more fixed and the workforce which they have currently is sufficient to take care of the additional line we are adding. We are not going to hire new people for that. And it's inside the same facility. So, the electricity and other overheads will remain the same. So as and when the revenue ramps up, we would see the margin expanding.
- Moderator:** The next question comes from the line of Tushar Manudhane from Motilal Oswal Financial Services..
- Tushar Manudhane:** Out of the three anticipated approvals from the in-house complex pipeline, could you just share the market size and let's say the competition that can come up at the time of launch by Gland, without naming the product maybe?
- Shyamakant Giri:** So, from a pipeline perspective, we have total 71 ANDAs in the pipeline with a TAM of around \$5.71 billion, of which our genericized portfolio has around 40 ANDAs covers a TAM of around \$1.24 billion. In the next 1 to 3 years, our pipeline, we have 5 ANDAs with a TAM of around \$2.12 billion. And beyond 3 years, our investment that we are making with co-development partners, the 505(b)(2), ANDA, we are targeting a TAM of around \$2.34 billion market. So, if you see from an R&D standpoint, this year there are also 33 launches in the US. Our new launches give more gross margin than the average gross margin. For example, we have 72% as the gross margin only from the new launches as compared to the company average of 58%. And therefore, we are very focused on what to launch going forward. And yes, we are a manufacturer. So, from a demand standpoint, we do get forecasts and all from the partner company. So, we are looking forward to a similar kind of revenue contribution from new launches in the coming year.
- Tushar Manudhane:** Sure, sir. How much would be the contribution from Enox and Heparin for 4th Quarter and FY25 across the geographies.
- Srinivas Sadu:** About 14%.
- Tushar Manudhane:** 14% for the quarter as well as FY'25?
- Srinivas Sadu:** 14% of the total revenue.



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- Tushar Manudhane:** For the quarter as well as FY'25?
- Srinivas Sadu:** FY'25 is about 14%. And the quarter is about 16%.
- Tushar Manudhane:** Secondly, this milestone as well as profit share, if you see last couple of quarters, this quantum has increased on an absolute basis as well. While it was difficult to predict per se, but how to think about this maybe for next few months? Are there any good products which can still sustain such a kind of income for us?
- Srinivas Sadu:** The milestone actually in the last quarter is lower than before because it will not be consistent in the quarter-on-quarter. It depends on what milestone we hit in that particular quarter. Some are signing milestones and some are when is it filing or if it's a tech transfer then is it close to validation batches. So, the timing will be different but on an overall annual basis if you see it is more consistent. So, I would say milestone you have to look at on a yearly basis. Profit shares depend on how many launches we have made and how they have increased. If you see the launches what we have done in Q3 were more than I think 13 products we launched in Q3. So that will contribute to higher profit and that's the reason why we got a higher profit share in Q4.
- Tushar Manudhane:** So, are GLPs also contributing for this milestone income or profit share?
- Srinivas Sadu:** No. It has nothing to do with GLP.
- Tushar Manudhane:** And just lastly on this biologic front, while one contract is expected to start revenue in FY'26, but broadly, if you could share how much overall we can expect in FY'26, is it like, \$25 million-\$30 million to start with in biologic business or will it be still a gradual scale up in this segment?
- Srinivas Sadu:** Yes, for FY'26 it will be about Rs 100 crores, I would say. Then it will gradually increase.
- Moderator:** The next question comes from the line of Shyam Srinivasan from Goldman Sachs.
- Shyam Srinivasan:** Sir, when I look at the overall US revenue annually around Rs. 3,000 crore, INR 350 million and I am just trying to tie it up with the growth guidance. At least US needs to go at least 15% given the size. So, we are looking at an additional \$50 million in revenue. So just want to understand how is Fiscal '26 is different from 25? I thought we had that similar ambition to grow. So, the launch track record has been very strong.



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So is that what is going to be driving this 15%-16%-17% growth in the US, which we have not seen so far, but maybe comes in '26. So, what gives us that comfort on guidance?

Srinivas Sadu:

So, FY'26, overall, we are seeing 15% growth. It's a combination of some growth coming from Cenexi because the numbers will improve that. You have already seen that in the last two quarters. So, some growth will come from there. Some growth will come from the new launches. And some with the tech transfer projects what we started, some dry powder contracts what we have done contribute about 60 crores -70 crores. About 60 crores-70 crores from that. Then biologics will contribute around 100 crores. So there are different levers which are contributing to this combination of also if you see our volume growth in US is substantial while the prices have come down because of the overall material cost. So the top 10 has kind of from the transfer price wise it's stabilized. Now the volumes have gone up even if you look at our top 10 product that has actually grown around 24% in terms of volumes. So there's a lot of uptick in terms of top products, especially even if you consider Heparin and Enoxaparin not just these two, but there's several products where we got some newer contracts. So added to that, what's happening is what we have invested into the line time and also some of the R&D investments have gone into lifecycle management of products. That has helped to reduce our costs and that made us more competitive and that's the reason why our volumes have increased. And also, while the prices have come down, still we are able to maintain that EBITDA margin. So that kind of consumes some of our line time, which has actually, what you call, mitigated some of our business growth in ROW. So that will also now come back because we have 3 new lines added this year. So that will be coming on track.

Shyam Srinivasan:

Yes. That helps me to understand. So, despite all this volume growth, thinking pricing or whatever transfer pricing correlated pressure has been high. How would you quantify that for say fiscal 25 and what gives us the confidence that pricing will not even worsen in '26?

Srinivas Sadu:

When I say the financial, the end pricing has not changed, what we said is the transfer price has gone down because they have reduced our material costs and changed our suppliers to be more competitive in the market, we get more contracts, that's why the volumes have increased. At the same time, we are able to maintain margins.

Moderator:

The next question comes from the line of Dheeresh Pathak from WhiteOak.



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- Dheeresh Pathak:** Sir, how much have you spent on that 100 million pen line?
- Ravi Mitra:** So, this cartridge line is due to be installed this year. The overall cost would be about INR 120 crores, everything together, only for this cartridge.
- Dheeresh Pathak:** Okay. Does Cenexi also have cartridge lines?
- Srinivas Sadu:** No, only syringe lines, no cartridge. But the syringe line can also handle cartridges but restricted to sterile cartridges. They can't do bulk cartridges. The syringe line can be used to fill sterile cartridges.
- Dheeresh Pathak:** Okay. Sir, just on Cenexi, we paid 250 to 300 million Euros, and we are spending another 60 to enhance the capacity, then another 30-40 is loss funding. We ended up spending 350 million Euros, even if we do 200 million revenue, double digit EBITDA, barely making and then if you add on that tax and maintenance CAPEX this looks like a very, even if you get to that milestone of double digit, how much you have spent and the bandwidth and all that it has taken seems like a very poor capital allocation. Is this a business even worth pursuing based on whatever obviously benefits of hindsight and whatever your understanding is currently? Is it a business worth pursuing?
- Ravi Mitra:** So, the Cenexi, the investment thesis is taking longer than what we estimated for sure. But now that we have that on track, so with this additional capacity which we are adding to this CAPEX, this will take our revenue to not 200, but 300 million in 3 years' time. And then we are looking at EBITDA of high teens as a percentage. And there is also strategic lever which we have not yet been able to get the benefit out of it simply because we are currently focusing on getting the things housed in order. For example, we are looking at cross-selling to each other's customers. We have not looked at that aggressively yet.
- Srinivas Sadu:** Yes, if you look at the customer base of Cenexi, they have big CDMO players whom actually we don't have access to. Also, these players also sell in the rest of the world markets, and they are looking at increasing that market, getting products out of India. So, a lot of other benefits we looked at when we actually invested in this asset. But currently the focus is on making it a bit more efficient to get that on track and then work on the synergies because there are too many things you can't do at the same time. So, from long term perspective, that was the basis and still there, know, there several opportunities where we can use this, you like I said, the control substances, you can't



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make it from India and sell in the US. There are very few players who supply those products, but Europe can supply them. So, they also manufacture a few products to other players who supply them to the US market. And we actually are restricted in that. The idea was we can actually develop some products in India and then transfer this and supply it to the US in terms of control substances. So, there are several other areas of synergies what we looked at when we acquired this asset.

Dheeresh Pathak: My point, my limited point, sir, is that even at 300 in high teens, it will not be like the best of, return on capital investment. It just looks like doing this kind of CDMO work in Europe is, I mean, assuming that when we get to high teens, we will be among, in terms of operating efficiencies in terms of top quartile in the European assets. With this kind of asset price, at least doing this kind of business in Europe does not look attractive unless you say that we can scale up even much higher than this. That's my limited point; I'll leave it at that. But thank you so much for clearing.

Moderator: Our next question comes from the line of Harsh Bhatia from Bandhan Mutual Funds.

Harsh Bhatia: So, two quick questions. One is in sort of a relation to a comment you made earlier. So, in terms of capacity expansion, again, related to the Cenexi part, so multiple line items and expansions, including ampoules and lyophilization, is there a situation right now where we are not able to take incremental business because of high level of capacity utilization or some other reason, which is why we are going so aggressively for this capacity expansion plan? I mean, I am just trying to sort of piece together?

Srinivas Sadu: Yes, at least 2 sites, I think we are not able to cater to the demand because I would say, lines or inefficient lines, I would call. So one is, of course, replacing the current lines in one of sites. The other is adding new capacities because of the demand for Lyo products. One is for the current products, what you have commercialized, and also the pipeline, what you have. And moving forward, Lyo, as you know contributes more in terms of margin. So, we need to invest into those. That's the reason why we are making these investments.

Harsh Bhatia: Sure. What would the order book look like for Cenexi as such?

Srinivas Sadu: We have to come back to you. Give us some time.



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- Harsh Bhatia:** Sure. Lastly, on the cartridge capacity, one could presume that lot of that capacity, as seen today, at least at the 40 million level, and possibly the incremental 100 million, a lot of that would already be booked to that extent. So, in terms of the pricing part, if you could throw some more color as well as is there some element of take or pay because obviously your sales would depend on regulatory approvals depending on market-to-market. Obviously, you will not be able to, you will not be selling based on where the client is selling, but irrespective, maybe some points on the pricing part as well as the take or pay on the regulatory aspect?
- Shyamkant Giri:** So, this is more a fill and finish CMO kind of job work. We are speaking to four kinds of customers. Indian players who want to launch the GLP in global market. Indian players who want to launch the GLP in India market. Global player who wants to launch the GLP in India market and global players in global market. On fill and finish standpoint, I'll give you a range, the range is between \$1 to \$2. That's the range of fill and finish, and as we are preserving some capacities to give it to the best partner so that the whole business is sustained. We did the deal with the Indian Company for the global market. So, this is what the sense is.
- Harsh Bhatia:** Lastly, by best partner, you mean a customer who is able to give you good visibility in terms of volumes and capacity bulk up. That would be the right thing?
- Shyamkant Giri:** Exactly. A customer who has a strong presence in that country of launch and a customer who is very serious about making this a good product in that country.
- Harsh Bhatia:** But you could say for the next 1-2 year period, let's say very broadly put, maybe at the India level or at a global level, there could be certain supply constraints in terms of fill-finish, the cartridge capacity, as well as the pen assembly. Maybe these two components could have some level of supply constraint at India level or the global level?
- Shyamkant Giri:** It depends on how this market plays out, but time will tell for example, you know, one of the proprietary companies has launched Sema in a vial, they are GLP in India, okay. It really depends on how this market plays out. But the volumes are encouraging. And we are getting prepared, we are prepared. At 140 million as I said earlier, we will be one of the top-tier cartridge capacity companies in the country.
- Shyamkant Giri:** And there was a question about order book for Cenexi, it is around Euro 100 million.



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- Moderator:** The next question comes from the line of Alankar Garude from Kotak Institutional Equities.
- Alankar Garude:** Hi, thank you for the opportunity. Sir, firstly, with the two contracts on GLP-1, how much of the 40 million capacity is booked out?
- Srinivas Sadu:** That will be most of it will be consumed. So that's the reason why we have invested in the second line. Because I think it will be in a phased manner, in the next few years. So, the second line will be up and running by the end of this year. So, this 40 million will not be enough for the new partnerships what we are going to enter.
- Alankar Garude:** Got it, Sir, and you spoke about this \$1-\$2 for the CMO fill and finish on the pricing front, is there any annual reprising clause?
- Srinivas Sadu:** Yes, it's always there. All the contracts will be there depending on the cost structures and all that. Yes, it's always there. And also, there will be, especially the CMOs, there are two types, right? One is, of course, the tech transfer that happens on product, and the other, pure CMO. So pure CMOs always have these clauses based on the volumes. The pickups of the volumes will be rising, and lower volumes will be higher pricing. So, this is a tier pricing.
- Alankar Garude:** Understood. The second question you mentioned is about passing on most of the tariffs to your clients. Have you had any conversations with your clients on this front and what has been the initial feedback?
- Srinivas Sadu:** While there is no real concern from our partners because if you really see the tariff is on the transfer price not on the end price. So, the impact will be less and there are couple of conversations, but it is very clear that it will be passed on.
- Alankar Garude:** Got it and one final clarification. Did you mention double digit EBITDA margin in the next year in FY'27 or FY'28?
- Ravi Mitra:** FY'27.
- Moderator:** We will be taking one last question from the line of Mr. Vivek Agarwal from Citigroup.
- Vivek Agarwal:** Thanks for the opportunity. So, my question is about US business. So, this year in FY'25, overall growth was almost flat. So, is it possible for you to give some color how



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the existing products have made as far as the volume growth is concerned, as well as the new launchers, and how the pricing have behaved?

Shyamakant Giri: Yes, so Vivek, as I told you, if we in the US, FY'25, the volume growth has been plus 9%, the price has been minus 5%. On the new product front, for the full year, the new launches in the US contributed 6% of the overall revenue. The new product's gross margin is 72% for the full year. So yes, these are data that is around the US.

Vivek Agarwal: Understood. And for the next year, you are giving a kind of mid-teen kind of growth at the consolidated level. But how to look at growth in the US, because I think you need to file in the US in order to achieve that kind of growth that is what my understanding is. Or, for example, it is the other markets you are thinking of filing? Thank you.

Shyamakant Giri: So, if you see, Vivek, in the US market, our top 10 molecule revenue grew by 26%. You know, so we are really preserving our top business in many ways. And because growth is a function of new launches, new approvals that will come on average, we launched 33 products this year and we intend to continue that momentum in the coming year. So, it will be a combination of new customer acquisition, and it will be a combination of new customer acquisition plus value expansion with new ANDAs and all of that with existing customers.

Srinivas Sadu: So, US, the estimate is next year, 18%, 12% of the products and 6% from the CMO projects to the US. So, it's about 18% expected.

Vivek Agarwal: And lastly, actually, if you can answer, going into front end in the US, so is it still there on the platter or the plan has been dropped?

Srinivas Sadu: Still evaluating, I mean, like you said, everybody is paused. So we are looking at how this tariff thing works out and how it's going to impact and all that. But it's not out of the data yet. We are still looking at it.

Moderator: Ladies and gentlemen, we will take that as the last question. I will now hand the conference over to Ms. Runjhun Jain for closing comments.

Runjhun Jain: Thank you everyone for joining us today. We truly appreciate your insightful questions and engagement throughout this session. Should any further questions arise, please



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don't hesitate to reach us. We look forward to connecting with you again next quarter.
Thank you.

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

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