Emcure

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To,

National Stock Exchange of India Limited **Exchange Plaza, C-1, Block G,** **Bandra Kurla Complex, Bandra (East),** **Mumbai – 400 051** **Script Symbol: EMCURE**	**BSE Limited** **P J Towers,** **Dalal Street,** **Mumbai - 400 001** **Scrip Code/Symbol: 544210/ EMCURE**

Dear Sir/Madam,

Subject: Transcript of Earnings Call – Q2 FY27

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our intimation dated October 14, 2026, please find enclosed the transcript of the Earnings Call for Q2 FY27, held on Tuesday, November 03, 2026 at 4:00 p.m. (IST).

The above-mentioned transcript is also being uploaded on the website of the Company i.e. www.emcure.com.

You are requested to take the above information on your records.

Thanking you,

For **Emcure Pharmaceuticals Limited**

AMRUTA AMIT YANGALWAR
Digitally signed by AMRUTA AMIT YANGALWAR
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Amruta Yangalwar
Company Secretary & Compliance Officer
ICSI Membership Number: A25687

Emcure Pharmaceuticals Limited

Q2 FY27 Earnings Conference Call

November 03, 2026

MANAGEMENT PARTICIPANTS:

- Mr. Satish Mehta – Chairman, Managing Director & CEO
- Mr. Tajuddin Shaikh – Chief Financial Officer
- Mr. Samit Mehta – Whole-Time Director and Chief Operating Officer
- Mr. Vikas Thapar – President, Corporate Development, Strategy & Finance
- Mr. Piyush Nahar – Executive Vice President, Corporate Development & Strategy
- Mr. Saurabh Paliwal – Head, Investor Relations

Prepared Remarks Session

Moderator: Ladies and gentlemen, good day, and welcome to the Emcure Pharmaceuticals Limited Q2 and H1FY27 Earnings Conference Call. As a reminder, all participants will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded. I now hand the conference over to Mr. Saurabh Paliwal, Head of Investor Relations. Thank you, and over to you.

Saurabh Paliwal: Thank you, Danish. Good afternoon, everyone. I welcome you to Emcure's Q2FY27 earnings conference call. Thank you for joining us today. Today on the call with me are Mr. Satish Mehta, our Chairman, Managing Director and CEO; Mr. Samit Mehta, Whole-Time Director and Chief Operating Officer; Mr. Taj Shaikh, Chief Financial Officer; Mr. Vik Thapar, President, Corporate Development, Strategy and Finance; and Mr. Piyush Nahar, Executive Vice President, Corporate Development and Strategy.

The quarterly financial results were published earlier today. They are available on the NSE and BSE and on our website. We will begin today's call with brief opening remarks from management, followed by a Q&A session. I would like to remind everyone that the safe harbour provisions detailed in the results presentation and the press release released earlier today apply to this conference call. Please note that this call is being recorded, and both the call audio and the transcript will be made available on our website in due course.

With that, I will now hand the call over to Mr. Mehta to begin with his opening remarks. Over to you, sir.

Satish Mehta: Thank you, Saurabh. Good afternoon to all of you and really appreciate and thank each and every one of you for joining us. We appreciate your continued interest and support. Before I start talking about our performance, I would like to wish every one of you a very happy and prosperous Diwali and New Year to you and all your dear and near ones. Thank you once again.

I'm pleased to report another strong quarter for Emcure with broad-based growth in revenue, profitability and earnings. Our team's determination to rise to challenges underpins this performance. The resilience shown by every Emcurean, especially in the current geopolitical situation is extremely praiseworthy, and I very much appreciate the efforts of each and every team member of Emcure. We at Emcure remain focused on achieving our goals and delivering sustained progress for all our stakeholders. Now let me focus on financial performance for the current quarter.

Revenue grew by 24% year-on-year to INR2,820 crores, supported by growth across all geographies and it has increased 9% sequentially. Profitability outpaced revenue growth, EBITDA rose 31% to INR575 crores and the EBITDA margins expanded by about 100 basis points to 20.4%, driven by productivity gains and operating leverage. Profit after tax increased 29% to INR325 crores. With that, let me turn to our business performance. I would now first

focus on the domestic market that is India, which is very close to my heart as I've been telling in all the calls.

In India, our business grew by 12% year-on-year to INR1,155 crores in Q2. It was also second consecutive quarter of double-digit growth with growth improving from 10% in Q1. Organic growth for the quarter was 10% versus 6% that we had seen in quarter 1. We expect to build upon this improvement in the second half of the current fiscal year. Women's health, cardiometabolic and CNS portfolios were the primary growth drivers during the quarter.

Zuventus' performance improved sequentially with key brands showing good traction.

Beyond prescription medicines, our Consumer Health business is also gaining traction with brands such as Bitter Drops and Galact building scale. Over time, we see this becoming an additional growth engine. We remain focused on making our big brands bigger, improving our field force productivity and building scale in chronic and specialty therapies.

On 12th October, our Board approved the amalgamation of Zuventus Healthcare and Emcutix Biopharmaceuticals, both wholly owned subsidiaries into Emcure. This corporate action is part of our One Emcure vision and continued efforts to simplify the group holding structure. Zuventus brand and teams remain an integral part of our India business. The scheme will allow for synergies in our back-end operations and corporate functions and is subject to necessary approvals, including that of NCLT.

After having spoken about our domestic business, now let me focus on our international business.

Our international business delivered another strong quarter, complementing our performance in India. Revenue in the international markets grew by 34.5% year-on-year to INR1,665 crores and accounted for 59% of our total revenue. Continued expansion of our base business and contribution from new launches obviously drove this performance.

As far as Europe is concerned, Europe for us grew by 36% to INR604 crores, supported by strong delivery across both U.K. and Continental Europe. Growth was broad-based, led by our base portfolio, new launches and continued scale-up of liposomal amphotericin B. Business momentum is expected to continue in second half as well.

As far as Canada is concerned, Canada grew by 24% to INR431 crores, driven by continued growth in our base business, and recent launches. We expect further launches in the second half, and we continue to build a very strong pipeline for the Canadian market.

After having spoken about Europe and Canada, let me now focus on rest of world, we call it as emerging markets. The rest of world (RoW) business grew by 41% to INR630 crores.

The ARV business continued with strong performance, while non-ARV growth accelerated by support of new launches and expansion of portfolio in key markets in Latin America, CIS, Asia and Africa. We are very bullish about the emerging markets. We are dealing in a lot of countries as well as the continents that I mentioned.

And we do expect our rest of world business to continue to grow over the year, and that is going to be backed by science, technology, innovation, about which I've been speaking in all the investor calls. So, we'll be having a good pipeline as far as the emerging markets are concerned.

Having spoken about Europe, Canada and rest of world, now let me focus on R&D and pipeline. R&D investments during the quarter were INR111 crores, about 4% of revenue from operations. These investments will step up in the second half as per plan. During the quarter, we received over 20 product approvals, including liposomal amphotericin B in Brazil and Mexico and bevacizumab for wet AMD (wet age-related macular degeneration) in India. We also received a positive recommendation from India's Subject Expert Committee for lenacapavir injection for PrEP indication.

As part of bringing lenacapavir to patients in rest of the world markets, we filed our dossier with WHO and U.S. FDA and look forward to progressing the reviews over the next few quarters. These approvals and filings strengthen our launch pipeline and give us visibility on sustained growth across markets.

Now let me focus on outlook as far as the balance part of the year is concerned.

In summary, Q2 delivered strong broad-based growth and profitable growth. The strength and resilience of Emcure business, as I mentioned some time back, is evident in our first half FY '27 performance. The foundation gives us confidence that the momentum will continue in the second half of FY '27 and to raise our full year FY '27 revenue growth outlook. We now expect revenue growth to exceed 20% compared to mid-teens mentioned earlier.

EBITDA margin improvement for the year is now expected to be at the upper end of our guidance range of 75 to 100 basis points.

Our first half '27 performance also reinforces our confidence in us achieving our 5-year goals that we have defined for ourselves and creating long-term value. Before I close, I would like to thank all our employees, partners and shareholders for their continued unstinted support to all of us.

With that, I will now request, Taj, our CFO, to review the financials before we open the floor to questions. Thank you very much once again. Over to you, Taj.

Tajuddin Shaikh: Thank you, Satish Bhai. Good afternoon, everyone. I will take you through our financial performance for the second quarter and first half of FY '27. All comparisons are year-on-year, unless stated otherwise. All the numbers are in INR.

Revenue from operations for Q2 was INR2,820 crores, up 24.3% year-on-year and 9.3% sequentially. India grew 12% to INR1,155 crores. And our international business grew 34.5% to INR1,665 crores, accounting for 59% of our consolidated revenues. Europe and U.K. grew 36% to INR604 crores. Canada grew 24% to INR431 crores. Rest of the world grew 41% to INR630 crores.

On the profitability, gross margin for the quarter was 59.5%. Our Q-o-Q gross margin improved by about 110 basis points, driven by business and product mix. Employee costs were INR435 crores, up 13%.

Other expenses were INR669 crores, up 20%, primarily on account of higher sales and higher R&D expenditure. R&D spend was 4% of revenue.

As a result, EBITDA, excluding other income, was INR575 crores, up 31%. EBITDA margins expanded by about 100 basis points Y-o-Y and about 70 basis points sequentially to 20.4%.

Other income was INR16 crores compared to INR39 crores last year, primarily on account of lower foreign exchange gains.

Depreciation and amortization was INR110 crores, in line with Q1. Finance cost was INR36 crores, reflecting the increase in borrowings. The increased borrowings were to fund acquisition-related payouts.

Profit before tax was INR446 crores, up 31%.

The effective tax rate was 27%. Profit after tax was INR325 crores, up 29% with a PAT margin of 11.5%, an improvement of 45 basis points.

For the first half of FY '27 revenue was INR5,401 crores, up 23.6%. EBITDA was INR1,083 crores, up 28.6% with a margin of 20% and expansion of about 80 basis points. Profit after tax was INR618 crores, up 33% with a PAT margin of 11.4%, an expansion of 75 basis points. Coming to the net debt.

Net debt as of September stood at INR1,317 crores, an increase of INR263 crores over March '26. During the first half, we also made acquisition-related payouts of INR551 crores. These primarily include the final payout for Canada acquisition, the acquisition of minority stake in Genova and payment towards the U.K. product portfolio. We remain committed to our objective of becoming net cash by the end of FY '28. With that, I request the moderator to open the line for questions.

Moderator: Thank you so much sir. Our first question comes from the line of Tushar Manudhane. Please go ahead.

Tushar Manudhane: **Congratulations on good set of numbers. Sir, just on amphotericin, how much would that be now contributing to the Europe segment as well?**

Piyush Nahar: Thanks, Tushar. So, we don't break out by product. But as I think Satish Bhai mentioned in his readout, ampho is one of the growth drivers. It's a key growth driver for Europe growth, but it's not the only one. We are seeing growth even in our base portfolio out there.

Tushar Manudhane: **Okay. Any other product which would be -- which is like worth calling out, it's not in the base business, but maybe over next 12 months, which would also contribute like amphotericin for Europe and for the other geographies?**

Samit Mehta: Yes. Tushar, this is Samit. The other product that we think will contribute significantly in Europe is treprostinil.

Tushar Manudhane: **Okay. If you could elaborate on market size, competitive factors?**

Samit Mehta: I think there's limited competition. I won't have the exact the number of players there, but we see this as an attractive market. Probably not a very large volume product, but in terms of value as well as margin, it could be very strong product for us.

Tushar Manudhane: **Got it. And lastly, with respect to the increased guidance of 20%, if you could give a little further detail in terms of which geography the growth prospects got further better compared to earlier guidance?**

Piyush Nahar: So, I think if you look at it, there's 2 factors, right? One, domestic, we are seeing good traction out. I think it's going in line with what we have been talking about, and we see further acceleration in 2H versus the numbers we have. I think a big part is also the international, especially the ROW and Europe which are scaling up much better. So I think some of the product approvals that you were expecting have come through, they are ramping up.

So that gives us good confidence.

Vikas Thapar: I think even on the ARV side of the Rest of World business, we've seen a strong order book. So, we're confident of obviously some of the revenue recognition related to that in the second half of the year continuing as well.

Moderator: Our next question comes from the line of Alankar Garude.

Alankar Garude: **Congrats to the team on a pretty good performance as well as the increase in the guidance. Sir, first question on domestic growth. You have spoken about Zuventus' performance improving sequentially. There's also been an increase in the Y-o-Y organic growth if we compare it with the first quarter. So how long do you think will it take for Zuventus' growth and our overall organic domestic growth to be, say, at par with the market growth? Will it take 1 quarter, 2 quarters, more than that? Any color on that would be helpful.**

Vikas Thapar: Alankar, this is Vik here. So, what we've been seeing even with Zuventus is obviously, for the last couple of quarters, we've seen a robust growth and stabilization within the team and the operation. If you look at some of the exits and some of the attrition that happened in Zuventus, that was predominantly in the second half of last year. So, vis-a-vis that, I think given where we stand, we expect half 2 of this year to obviously be strong relative to the prior year. So, we think that, that growth and acceleration for Zuventus certainly will continue half 2 of this year versus half 2 of the prior year.

Alankar Garude: **And broadly, Vik, by the end of this year, can we expect the growth to be more or less in line with the IPM growth?**

Vikas Thapar: Yes.

Alankar Garude: **Okay, perfect. The second question is, can you talk a bit about Poviztra? How is the traction there? Is the market shaping up more or less in line with your expectations in terms of your strategies and even the innovator? I mean, is there any change in the approach do you feel that is required to drive growth further? Any color there would be helpful.**

Satish Mehta: Alankar, this is Satish Mehta. So Poviztra is getting traction month after month. And as far as IQVIA is concerned, in the last month, we were the number 4 brand, I believe. As far as we are concerned and based on the numbers that we had for the month of October, we should probably improve our rank at least by 1. The other thing that is happening that the story of rDNA and this being a biologic that seems to be resonating with the medical profession.

And as far as this obesity market is concerned, we are shaping that market along with Novo Nordisk, and we are also fortunate to get a lot of data from Novo Nordisk. So, to that extent, it's a great investment which Emcure has made because this market is only going to grow. But at the same time, it requires patience and understanding of the market.

It's not really going to happen in a day, but we obviously see ourselves a long-term player in this particular market and things are happening in the right direction. It's not earth-shattering the way it was felt some time back, but we are right there. We are doing a great job, and we are getting traction day after day.

Alankar Garude: **Understood. The second set of questions is on the international business. Now international, for example, in this quarter is almost 59% of sales. Now given that you don't have a U.S. business per se, a B2C business, I mean, just to help understand and get some color on the international business, broadly, what would be the contribution of, say, the top 3 or top 5 molecules to overall sales within international?**

Vikas Thapar: Actually, quite well spread out because of the international markets, when you look at individual segments like Europe, Canada or ROW, they're all contributing mid-teens plus. And then within each of those markets, there's hardly any product concentration. In fact, Canada and Rest of World are quite broadly spread out.

And Europe is also -- despite having lipo ampho in there, is a fairly well-spread portfolio as well. So, we really don't have a large product concentration in that context of that 59% of the business. But in terms of the kind of products, obviously, as we've been highlighting, it's really led by a number of complex injectables that are having good traction across markets.

Alankar Garude: **Understood. So, would it be fair, Vik, to say that even something like amphotericin B would be less than, say, 10% of our international sales?**

Vikas Thapar: For sure. And in fact, as we've been highlighting and we continue to get approvals in some of the key ROW markets, and we've yet to even commercialize the product in a number of those markets. So, I think to that extent, the contribution from the ROW markets may go up over time. In Europe, we anticipate at some point, obviously, we will face some competition.

So, we're fairly well placed in terms of our in-house capacities being able to cater to what we think is going to be the overall demand between Europe, Canada and the emerging markets for that product. But even despite that, I think there won't be overdependence per se on that product.

Satish Mehta: Vik, I completely echo what you are saying. As of now, Alankar, we are not seeing anything in the Canadian market. And as far as the emerging markets are concerned, we have just started getting approvals. As I mentioned in my address, we just got approval in Brazil and Colombia and Mexico. So, it is just Europe which is contributing.

So, to that extent, whatever performance that we have had in the second quarter -- yes, amphotericin has helped, but at the same time, I mean, one thing I would like to make it very clear, it is very broad-based.

Alankar Garude: **That's very helpful. And final question before I come back into the queue. What would be the constant currency growth in this quarter?**

Vikas Thapar: I think on the international business, about 10% has been the currency impact to the top line.

Piyush Nahar: Yes. So, 10% on the international. So constant currency growth international was about 24%. Overall, it's 18.5%.

Moderator: Thank you. Request all the participants please use the raise hand feature available on your dashboard. Thank you. Our next question comes from the line of Nitin Jain.

Nitin Jain: **This is Nitin Jain from Fairvalue Equity Advisory. Congratulations to the management on a great set and the guidance raise. Not really looking for an exact number, but will the management be able to guide on how they see FY '28 shaping up? Do you think you will be able to replicate this year's numbers next year, too?**

Vikas Thapar: Yes. So, this is Vik. I'll take a stab. So, while we're not putting out any specific guidance for '28 just yet, at the same time, obviously, management feels very good about the business and bullish heading into half 2. And so, we certainly hope that some of the momentum that's carrying over into half 2 will continue to build on for FY '28.

I think, previously, we've sort of guided what we think each of the different verticals are capable of growing at on a midterm basis. And I think management continues to stay confident in that sort of assumption.

Nitin Jain: **Right. And do you think this will be driven more by international? Or will domestic also rebound?**

Vikas Thapar: So, I think on domestic, what we've highlighted is if you see our last couple of quarters, the growth, including the organic growth specifically has been accelerating. And I think on the Zuventus piece, I already talked about half 2 being strong relative to where we were in half 2 of last year. So, we definitely see ourselves growing in line or slightly above industry on an organic

basis. And then, of course, we continue to look for in-licensing opportunities as well. So overall, we feel good about the domestic business.

Moderator: Our next question comes from the line of Bansi Desai.

Bansi Desai: **This is Bansi from JPMorgan. So, my first question is on the domestic growth. So, you alluded we should come back to industry growth shortly. So, question is what is going to drive that? And in what time frame should we expect Emcure to beat the industry growth?**

Piyush Nahar: Thanks. I think, Bansi, what we are seeing is, as we have mentioned, right, the base business ex-Zuventus continues to do very well. Zuventus, we are seeing quarter-on-quarter improvement. So, as we head into 2H, we think we will be more in line with the industry. For the full year, I think we should probably end up closer to low-teens growth overall. So, I think the exit of FY '27, we should be at or above industry growth.

Bansi Desai: **And Zuventus would be what in terms of number first half?**

Piyush Nahar: Zuventus is roughly about 25% of our revenues overall.

Bansi Desai: **No, in terms of growth?**

Piyush Nahar: We don't break it out by Zuventus, by this thing. But I think what we're talking about sequentially from 4Q, we have seen a significant improvement in Zuventus.

Bansi Desai: **Okay. But then it means that it remains substantially below the acute category or IPM category, because I'm assuming that chronic continues to do well for us.**

Piyush Nahar: Yes, that will be a fair reflection, but we're not breaking out exact numbers. But as I said, our ex-Zuventus is growing faster than the industry.

Bansi Desai: **Okay. And what will bridge that? Is it volume growth in Zuventus that will help us get there? Or is it going to be a combination of new launches, volume growth in your view?**

Satish Mehta: This is Satish Mehta. I mean, basically, as I mentioned some time back that as far as Zuventus is concerned, we had massive exodus last year. So basically, there are 3 things that I keep on saying, stability, consolidation and acceleration. So as far as Zuventus is concerned, it took us some time to get back the stability. So, consolidation was very important.

I believe these 2 things are behind us, and now we are in the process of accelerating the business. So, I will essentially stick to what Piyush and Vik mentioned. I think it has taken time. It's not easy as a pharma industry brand building takes time. But at the same time, every reason to believe that the worst is behind us, and we are on the right track.

Bansi Desai: **Understood, sir. And just secondly, the question is around profitability across our businesses. So, without quantifying, if you could help us understand the hierarchy of profitability, where does India sit in the overall mix? From our past conversation, I do recall that businesses like Canada, et cetera, are extremely profitable for us. And now we**

also have complex launches in markets like Europe as well. So, if you have to just provide us a hierarchy, it would be helpful.

Vikas Thapar: Yes. So, I'll take a stab at that. This is Vik. I think India continues to be obviously our number 1 vertical in terms of profitability. Having said that, we've always highlighted that a component of the India business also includes the in-licensing relationships we have with some of our multinational partners.

That piece of the business, obviously, is at a lower stand-alone margin profile. So, on a blended basis then, obviously, you have to look at India in that context. On the international side, I think Europe and Canada continue to be very strong profitable business as is the ROW non-ARV component. On the ARV side, obviously, the margin profile is, I would say, lower than the overall corporate margins. Having said that, on the R&D front, we've always been guiding to 4% or 5% overall spend on revenues.

That is probably tilted more towards a bigger component of R&D spend being on the international pieces of the business. So, post R&D, obviously, that also plays into the overall profitability of those businesses, especially as we continue to invest on a number of these more complex opportunities for those markets.

Bansi Desai: **That's helpful, Vik. And also, from an ROW standpoint, while ARV margins probably would be lower, as you highlighted, but growth has been pretty solid this year. So, given these are tender businesses, what kind of visibility do we have if we have to think slightly medium term for tender business, particularly in ROW?**

Vikas Thapar: Yes. So, I think at least from what we've been seeing, the traction continues to be strong. Also, as you know, we are one of the few players that have the opportunity on lenacapavir, where we've also filed our product. And so, I think in the medium term, lenacapavir will be an important part of the ARV portfolio.

And we believe that, that will come and be margin accretive to where we stand on the portfolio today. So overall, we feel good about the ARV segment continuing to show strength over the next short to medium term.

Moderator: Our next question comes from the line of Foram Parekh.

Foram Parekh: **My first question is on the Europe market. So, on the amphotericin B, if you can just give us some colour, have we penetrated in all the geographies or are there any incremental geographies to be penetrated?**

Tajuddin Shaikh: Yes, there are a few geographies we've just got approval. So, we have just penetrated to 50% of the market and a few geographies still pending. We have just got our approval.

Foram Parekh: **Sure. So, if you can give us some count of this 50% of the penetration, like how many geographies and what's the count?**

Tajuddin Shaikh: About 20 countries probably where we have still to get into.

Foram Parekh: **Sure. And my second question is on the ROW side. So, if you can give us the breakup between ARV and non-ARV, as last quarter the ARV pie was around 67%. So, are we still in the same trajectory now?**

Piyush Nahar: Foram, this is Piyush here. So, this quarter, we will be roughly about 50%, half and half.

Foram Parekh: **Okay. And may I ask, we have got approval for amphotericin B in the non-ARV side, so in a couple of markets. So, by when can we launch in those markets?**

Samit Mehta: I think for a lot of the markets, the batches are already under production, especially the ones which we've got approval recently. So, across the next half, at least a couple of buckets of markets we should be launching in.

Foram Parekh: **Okay. And my third question is on the R&D side. In our opening remarks, we mentioned that the R&D cost will go up in the second half, while I also hear that R&D contribution would be around 4% to 5%. So the increased R&D would be in the same bandwidth or how should we look at it?**

Samit Mehta: Yes. I think the first half R&D was at 4%, and we've guided for a total year of anywhere between 4% to 5%. So, it will continue to remain within that bracket itself.

Moderator: Our next question comes from the line of Dr. Kartick Bane.

Kartick Bane: **Congratulations on a good set of numbers. This is Dr. Kartick Bane from Bajaj Life. I missed the name of the molecule, the second molecule that you mentioned apart from the liposomal amphotericin B. If you can spell it out?**

Vikas Thapar: You're talking about the Europe opportunity.

Tajuddin Shaikh: Treprostinil.

Kartick Bane: **Sorry, come again.**

Tajuddin Shaikh: Treprostinil. T-R-E-P-R-O-S-T-I-N-I-L.

Kartick Bane: **Okay. And second question is on the amphotericin manufacturing sites. How many sites do we have at this point in time? When was the last inspection? When is the next inspection planned? And do we have any diversification on the manufacturing of that?**

Samit Mehta: So very good question. So, we've already diversified. We have 2 different manufacturing sites, and each one is broken out by the market it caters to. And depending on the market, most of the regulatory agency audits are very recent, and they have all been closed as well. So, we expect that at least in the next 18 to 24 months, we should have the facilities being able to cater without any restriction.

Satish Mehta: One more thing I would like to add. Important country like U.K., it has approval in both the sites. And we are also -- Europe, which is another important market for us. So, it will also have approval

in due course of time at both the sites. So, to that extent, we are in terms of risk management, fairly well covered.

Moderator: Our next question comes from the line of Alankar Garude.

Alankar Garude: **Satish Bhai, we have seen IPM growth picking up quite well over the last 3, 4 quarters. What factors do you think are contributing to this increase? Have you seen any changes in the end market? And do you think that this is sustainable?**

Vikas Thapar: Yes. I think, Alankar, this is Vik here, and I'll let others also chime in. You're absolutely right. We've obviously seen a very robust growth for the entire industry with a number of peers also putting up good numbers. My own take on this is it's a couple of -- 2, 3 key factors that are contributing to it.

One is obviously overall access to healthcare and the awareness that is causing this sort of slight uptick in volumes. Secondly, all said and done, there was this sort of push of generic-generic, but I believe that we're seeing that the demand for quality branded generics continues to be strong.

And finally, to some extent, possibly because of the whole GLP-1 category and a lot of noise around that, there's also possibly additional diagnostics that are happening that are possibly feeding into that as well. So overall, I think there's a number of contributing factors where perhaps a year ago, the volume seemed a little bit more anaemic in terms of the growth for the industry seem to be much more robust this time.

Satish Mehta: I will give some colour. You made a very interesting point, because what really happens that as far as your obesity market is concerned, the Mounjaro is a brand of almost INR1,600 crores, INR1,800 crores. So, they do more than INR130 crores per month. And I think if you put all the brands of semaglutide together, they should be contributing around INR50 crores, INR60 crores. So, if you add this INR180 crores to a market of, say, INR25,000 crores, which is the current size of the market, I mean, at least 4% or 5% for sure is being contributed by obesity.

So that's also one of the reasons why you are seeing an uptick. I mean one has to study, but just trying to tell you what's going on. And the other thing that I have seen, Alankar, in my 30 years of association with the domestic market, once the economic growth picks up, normally, I have seen the growth of the pharma industry is 1.5x that of the economic growth that we have. So, if you are growing at 8%, 12% is granted, it is going to happen, 11%, 12%.

And add to that, the new product launches and the new concept obesity, which has come, that's how you are showing, by and large, industry showing 14%, 15% by the way of growth. And it's a very, what I would say, qualitative assessment. One has to do a little deep dive and go into the numbers and see how sustainable it is.

Alankar Garude: **Understood. No, very interesting points. I think most of the reasons that you outlined seem to suggest that this could possibly continue, maybe not to the same extent, if you look at FY '28 as well. Would that be a fair assessment?**

Satish Mehta: I don't know. I mean, it's very difficult to say because the other thing that happens, how the geopolitical situation plays out, you wouldn't know. Suppose tomorrow, the Iran war flares up, the oil price is $120, $130 per barrel, the situation will turn to, I mean, much less growth. So, it is very, very difficult to say in which direction it will go. As of today, it looks good.

But at the same time, I wouldn't like to hazard a guess about future. One has to -- I mean, I'm always inclined to look quarter-by-quarter. And let's move on and then we'll see what happens.

Alankar Garude: **Understood. That actually brings me to the second question. We've not really seen any impact of higher raw material cost as far as this quarter is concerned. Of course, there are other factors which are driving the gross margins as well. But would you like to highlight where are you in terms of any raw material impact? I mean, if you can talk about the second quarter and also if you can highlight about the second half, is the situation relatively comfortable?**

Vikas Thapar: I think, Alankar, I mean, for us, definitely, there has been some amount of impact on account of the imported raw material cost. I also think that freight costs and insurance costs as well as the transit times have increased across the board, right? So, I think on the one hand, we benefited from some favourable currency impact. On the other side, I think some of these costs are wiping out a big chunk, if not most of those gains. So that's why, I think, overall, our gross margin impact has been relatively muted. But certainly, we have been seeing, in many cases, some rising input costs.

Alankar Garude: **Got it. Another question, what was the share of ARV in this quarter compared to 65% in the first quarter?**

Piyush Nahar: Roughly half of the ROW sales were ARV.

Alankar Garude: **Got it. So broadly, Piyush, would you like to maintain an earlier number of 50%, 55% ARV contribution in FY '27?**

Piyush Nahar: Yes, we'll end up there.

Alankar Garude: **Okay. Fair enough. And final question, when do you expect to start supplies of semaglutide in Quebec for your partner, Dr. Reddy's?**

Piyush Nahar: I think we are waiting for the supply. So, depending on when we get the supplies, we'll be ready to launch. I think Reddy's has talked about sometime in November, but we'll direct to do that.

Moderator: Next question comes from the line of Tushar Manudhane.

Tushar Manudhane: **This is Tushar Manudhane. Sir, just on the opex side, if you could share anything meaningful that would come up either in the terms of capacity further scaling up or in terms of marketing side, which will lead to higher other expenses compared to revenue growth?**

Tajuddin Shaikh: No, nothing on that side right now.

Piyush Nahar: So, Tushar, I think what we have always talked about is a lot of the margin improvement that you will see is going to come from operating leverage. So, you will see our SG&A growth be slower than the revenue growth.

Tushar Manudhane: **Got it. And with the significant improvement in the domestic formulation growth, could you just sort of refresh in terms of the number of MRs and the MR count which you intend to take probably over next 12 to 15 months?**

Piyush Nahar: I think the MR count remains similar about 4,100-odd, 4,100 to 4,200. We are not looking to add right now any new MRs in the near term.

Tushar Manudhane: **And just conceptually or strategically, has there been any change on the, what do I say, incentive scheme, which is sort of with the same MR team, we are able to sort of improve the growth reasonably well in line with industry and believe that we can grow better than the industry. If you can throw some light on that aspect.**

Piyush Nahar: There's been no change on the incentives that we have made, right? I think what we have all been talking about for, if you look at the last 2, 3 quarters, right, the focus is a lot more on execution in terms of are we reaching out to the right doctors, how are we engaging with the doctors, a lot on scientific promotion, and that is what is driving us.

So, if you look at even some of our top brands, I think for us, the differentiator is a lot of our top brands are where you have something different innovative to talk about. So, if you take Orofer XT, where whole anemia franchise or even our current molecules like Asomex and Metpure and all, those are seeing good growth out there for us.

Vikas Thapar: Yes. And I think what I would just say is from time to time, we keep tweaking the incentive scheme marginally to try and see that a greater percent of overall population of the MRs are qualified. So, I think with the right incentive structure and focus that Piyush talked about, we feel confident that without significantly increasing our MR head count, we can indeed continue to grow. In fact, we've seen even in the current quarter, an uptick in the productivity per rep compared to the prior quarter.

Tushar Manudhane: **Got it. And lastly, while you're on the brand, specific -- we do get to understand from certain data like IQVIA. But if you could throw some more colour on the hospital side within domestic formulation, how does that contribute? And what has been the growth in that particular section?**

Piyush Nahar: I won't have the offhand numbers, offhand on hospital side, but it's going to be in single digits somewhere. It's not going to be very large.

Satish Mehta: I mean, just to chime in, as far as we are concerned, our focus is more on generating prescriptions in the trade, meeting the doctors. And as far as hospitals are concerned, typically, most of the products are injectables. And to that extent, we are very well placed because our all solid dosage formulations are doing exceedingly well, like Orofer XT, Pause, Metpure that Piyush just mentioned.

Moderator: Our next question comes from the line of Alok Dalal. Please introduce yourself and you can proceed ahead with the question.

Alok Dalal: **A few quick ones. Any update on your filing for semaglutide in Canada?**

Piyush Nahar: This fiscal, so probably in the next few months.

Alok Dalal: **Next few months. Okay. And Piyush, what is the contribution of in-licensed products to India sales today?**

Piyush Nahar: It's about high teens.

Alok Dalal: **High teens range. Okay. And similar number, if you can give for biosimilars for India and overseas?**

Piyush Nahar: India will be about 10%. International will be lower than that, because internationally, we are only selling in the emerging markets.

Moderator: Next question comes from the line of Foram Parekh.

Foram Parekh: **My question is on the domestic side. If you can help us give the OTC contribution to the domestic sales?**

Piyush Nahar: Foram, it's still scaling up, so we won't want to break it out right now. I think once it reaches a meaningful size, that's when we'll probably talk about it separately.

Satish Mehta: We are obviously seeing green shoots and the response is very good, but early days.

Foram Parekh: **Sure. But would it be fair to assume that it would be in mid-single-digit or would it be lower than that?**

Piyush Nahar: I don't think we want to break that out right now actually, Foram.

Foram Parekh: **Sure. No problem. And my second question is on the international front. So, for both Europe and Canada, if you can help us give the split between organic and inorganic sales?**

Piyush Nahar: Europe and Canada both is organic. There's nothing inorganic right now there.

Foram Parekh: **Okay. So, the base portfolio would be contributing how much percentage?**

Piyush Nahar: The whole right? So, the growth is largely driven by base plus new launches because we haven't had any acquisitions out there in Europe, Canada. There's one small, Cutimed, but that's a quite small sale. There's been nothing in the last 12 months.

Vikas Thapar: I mean, Europe, yes, the acquisition happened longer than 1.5 years ago and a very tiny acquisition of Cutimed in Canada. But by and large, it's the base business that's growing.

Foram Parekh: **Sure. And if you would help us, give us the contribution from new product launches. Would it be fair to assume around 10% for both the geographies?**

Piyush Nahar: We haven't broken that out. But yes, a big part of the growth is going to come from new launches.

Moderator: Ladies and gentlemen, as there are no questions from the participants, I would now like to hand the conference over to Mr. Saurabh Paliwal for closing comments. Thank you, and over to you, sir.

Saurabh Paliwal: Thank you, everyone, for joining us today. If you have any further questions or queries that you need answers to, please feel free to get in touch with us. With that, we close the conference call for this quarter. Wish you all a very happy Diwali and a great evening. Goodbye.

Moderator: Thank you so much, Saurabh, sir. Ladies and gentlemen, on behalf of Emcure Pharmaceuticals Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: The contents of this transcript have been edited to improve accuracy and readability