GLAND PHARMA LIMITED

November 12, 2026

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Mumbai - 400 001
Scrip Code: 543245

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th floor
Plot no. C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai - 400 051
Symbol: GLAND (ISIN: INE068V01023)

Dear Sir/Madam,

Sub: Earnings call Transcript – Q2FY27

Please find enclosed the transcript of the Earnings call for Q2FY27 of the Company held on Friday, November 06, 2026, at 18.30 Hrs. IST. This will also be available on the Company's website and the web link to access the same is https://glandpharma.com/investors/financials

This is for your information and records.

Yours truly,
For Gland Pharma Limited

Pallerlamudi Sampath Kumar

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Sampath Kumar Pallerlamudi
Company Secretary & Compliance Officer

Encl: As above

"Gland Pharma Limited

Q2 FY27 Earnings Conference Call"

November 06, 2026

MANAGEMENT: **MR. SRINIVAS SADU – EXECUTIVE CHAIRMAN – GLAND PHARMA LIMITED**
MR. RAVI MITRA – CHIEF FINANCIAL OFFICER – INDIA OFFICE – GLAND PHARMA LIMITED
MR. SHRINIWAS P. DANGE – HEAD, INVESTOR RELATIONS – GLAND PHARMA LIMITED

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Moderator: Ladies and gentlemen, good day and welcome to the Gland Pharma Q2 FY2027 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes.

Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

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

Shriniwas P. Dange: Thank you, Swapnali. Good evening, everyone. We welcome you to Gland Pharma earnings conference call for Q2 of FY2027. I am Shriniwas Dange from the Investor Relations team at Gland Pharma. Today, we have Mr. Srinivas Sadu, Executive Chairman, and Mr. Ravi Mitra, Chief Financial Officer from India Office. We will begin the call with business and operational highlights from Mr. Sadu, followed by 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. This call is being recorded. The playback and the script will be available on our website shortly.

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

Srinivas Sadu: Thank you, Shriniwas. Good evening, everyone, and a warm welcome to all of you to Gland Pharma's earnings call for the second quarter and first half of fiscal year 2027. I will begin with the business and strategic overview, and Ravi will subsequently take you through the financial performance in greater detail.

We are pleased to report another quarter of strong growth and execution. During Q2 FY2027, we delivered revenue of INR 18,336 million, representing a growth of 23% year-on-year, while EBITDA increased by 53% year-on-year to INR 4,804 million. Adjusted EBITDA stood at INR 5,030 million, with margins of 27%, and profit after tax grew 58% year-on-year to INR 2,908 million.

Our performance both in terms of revenue and profitability reflects the continued strength of our business fundamentals, growing contribution from the CDMO business, robust demand across our critical injectable business, successful product launches, improving operating leverage, and disciplined execution across the organization.

More importantly, we're seeing increasing validation of our strategy to build Gland Pharma into a leading global supplier of sterile injectables and a strong CDMO platform. The momentum across customer engagements, manufacturing partnerships, capacity expansion initiatives, and development programs provides us with confidence in the company's long-term growth trajectory.

The strength of our business is also evident in our first half performance. For H1 FY2027, revenues grew 21.4% year-on-year to INR 36,339 million. Adjusted EBITDA increased to INR

10,132 million, with margins of 28%, and profit after tax grew 52% year-on-year to INR 6,077 million. These results reflect the growing scale of our operations, increasing contribution from the CDMO business, and continued focus on profitable growth.

The CDMO business continues to emerge as a key growth engine for Gland Pharma and remains one of the most important drivers of our long-term strategy. During the quarter, CDMO revenues grew 31% year-on-year to INR 8,227 million, contributing approximately 45% of total revenues. For the first half of FY2027, CDMO revenues stood at INR 17,142 million, growing 25% year-on-year and contributing approximately 47% of consolidated revenues.

Growth was driven by commercial supply of previously signed CDMO contracts, along with new launches from the segment and revenue from development and manufacturing partnerships entered in the quarter. The market opportunity for high-quality sterile injectable outsourcing continues to expand globally, and we are witnessing strong interest from innovators and specialty pharmaceutical companies seeking reliable partners with proven regulatory and manufacturing capabilities.

Technology transfer activities of the various projects are advancing according to plan. Active discussions with several new global companies further strengthen our confidence in the long-term scalability of our CDMO platform. We continue to make progress on several strategic opportunities across complex injectables, specialty formulations, and differentiated manufacturing platforms.

During the quarter, we expanded our capabilities in respiratory products and secured manufacturing contracts for both microspheres and respiratory products. Our CDMO opportunity pipeline remains robust, with both the quality and scale of opportunities than ever, providing us with increasing visibility and confidence in our future growth trajectory. Turning to Cenexi, we are advancing our transformation roadmap to strengthen the platform's long-term competitiveness.

Quarterly revenues were EUR 41 million, with EBITDA loss of EUR 6 million, primarily due to planned annual shutdowns across facilities. The underlying operating trend remains encouraging. Improving capacity utilization, ongoing cost optimization, and increasing operating leverage are expected to restore profitability from Q3 onwards, in line with the positive performance of previous quarters.

Our strategic objective remains unchanged to position Cenexi as an integrated CDMO platform, offering specialty manufacturing capabilities with broad range of development and manufacturing solutions. Our critical injectable business continued to deliver a strong performance during the quarter.

Revenues stood at INR 10,109 million, representing growth of 18% year-on-year. For H1 FY2027, revenues from this business stood at INR 19,197 million, also growing 18% year-on-year. Growth was supported by strong demand for our existing portfolio, contribution from recent launches, continued customer acquisitions, and higher volumes across key products and markets.

We remain focused on strengthening our leadership position in sterile injectables through portfolio expansion, commercial execution, supply reliability, and differentiated manufacturing capabilities. Coming to the geography-wise performance across the group, the US remained our largest market and delivered an outstanding performance during the quarter.

Revenues grew 42% year-on-year to INR 11,795 million. For the first half of FY2027, US revenues stood at INR 21,605 million, representing growth of 37% year-on-year. Growth was driven by contribution from recent launches, increasing volumes from existing products, and continued momentum in our CDMO programs.

Our key products, including recent launches, continue to perform well in the market. During the quarter, we launched four products in the US market and continue to see additional opportunities for portfolio expansion and market share gains. Revenues from Europe and other regulated markets grew 23% year-on-year to INR 4,110 million.

For H1 FY2027, revenues from Europe and other regulated markets stood at INR 8,598 million, reflecting growth of 17% year-on-year. Growth was supported by increasing customer engagement, higher volumes from existing products, recent launches, and improving commercial traction across both CDMO and critical injectable business. We continue to strengthen our market position through differentiated products, enhanced customer relationships, and focused execution.

Revenues from rest of the world markets stood at INR 2,044 million during the quarter. Performance was impacted by certain market-specific supply and tender-related dynamics, especially delay of announcement of NUPCO tender results from Saudi Arabia.

However, demand fundamentals across our key emerging markets remain healthy, and we continue to see attractive long-term growth opportunities. Revenues from India stood at INR 387 million for the quarter. While India remains a relatively small part of our overall business, we continue to evaluate selective opportunities for portfolio expansion and market development.

Now, let me take you through our core growth pillars. Quality and compliance remain a top priority for Gland Pharma and continue to differentiate us in the global marketplace. During the quarter, our Vizag oncology facility successfully completed a US FDA inspection with zero observations, reflecting the strength of our quality systems, operational discipline, and compliance culture.

Our Dundigal facility also underwent a US FDA inspection during October and concluded with four procedural observations. Importantly, they were neither data integrity observations nor repeat observations. These inspection outcomes reaffirm the maturity of our quality systems and reinforce the confidence that customers and regulators place in Gland Pharma as a trusted global manufacturing partner. We continue to invest proactively in manufacturing infrastructure to support our next phase of growth.

Capacity utilization across our facilities continues to increase, supported by increasing demand, higher volumes, and ongoing productivity initiatives. We remain on track with the previously announced INR 2,000 crores capacity expansion program, which includes capacity increase for

ophthalmic products, adding new BFS line, and enhancement of oncology and sterile manufacturing capacity with isolator technology.

These investments are expected to expand our participation in complex and specialized product categories and support future growth opportunities. Additional bag manufacturing capacity installed during the year is awaiting US FDA inspection, post which we could commercialize products from this line, thus de-bottlenecking the capacity constraint we have for the product supplies.

To address the capacity constraint, we are anticipating for some of the product lines due to the newer CDMO contract executed during the recent past. We are initiating a brownfield capacity expansion program at our Pashamylaram facility. The facility will initially house three isolator-based vial manufacturing lines to address incremental volume requirements.

The total capex outlay is expected to be approximately INR 10,000 million, with commercial operations anticipated to commence from FY2030 onwards. We have also initiated a greenfield project at Vizag SEZ, which would further center our ability to support long-term growth across both our commercial and CDMO businesses. We have acquired land for this purpose and working on the project plan.

We will seek approval from the Board for the additional capex towards this expansion in the coming quarter. Research and development remain central to our growth strategy. During the quarter, we spent INR 1,077 million, that is 6% of our revenues on R&D, and have filed 11 ANDAs, received 10 approvals, and launched four products in the US

Our R&D efforts continue to focus on complex injectables, differentiated technologies, and specialty products where we can create sustainable competitive advantages and long-term value. We have signed term sheet to in-license another long-acting injectable product from China. This is the second product we signed in the past two quarters.

We are actively evaluating multiple in-licensing opportunities of complex products that can further strengthen our future product portfolio. On the human capital front, we have recently strengthened leadership across both Gland Pharma and Cenexi.

As previously announced, Gland Pharma's new CEO, Mr. Deepak Sapra, will join Gland Pharma on November 16th, while Mr. Ajay Sahni has joined earlier this week as President of Cenexi operations and drive the next phase of its transformation and growth. We have also continued to strengthen our management team through key leadership additions and organization enhancements.

We have onboarded multiple key people across R&D and manufacturing in last one year. In the recent quarter, to execute CDMO business contracts, we have strengthened our team and onboarded new head of tech transfer along with two senior people for project management.

Also, we now have onboarded head of strategy and innovative medicines in India and also business development head based out of China to focus on bringing innovative and specialty products from China to India.

To improve investments and M&A capability, we will be onboarding a Chief Investment Officer based out of China to focus on China-based opportunities. Together, these initiatives are expected to improve execution, enhance customer engagement, and support sustainable profitability improvement over the medium term.

To summarize, we delivered another quarter and first half of strong growth, driven by increasing momentum in our CDMO business, solid performance from our critical injectables business, successful product launches, and continued operational excellence. We are strengthening our manufacturing network, expanding our technology capabilities, deepening customer relationships, and investing behind multiple long-term growth platforms.

The opportunities before us are significant. The increasing global demand for sterile injectables combined with growing outsourcing trends and our differentiated capabilities places Gland Pharma in a strong position to create sustainable long-term value. We remain highly confident in our strategy, our execution capabilities, and the long-term growth prospects of the company. Thank you for your continued trust and support.

I will now hand over the call to Ravi for the financial review. Over to you, Ravi.

Ravi Mitra: Thank you, Mr. Sadu. Good evening, everyone, and thank you for joining us today as we review our financial performance for the second quarter and first half of financial year 2027. As the Executive Chairman highlighted, we delivered another quarter of strong growth, demonstrating the resilience of our business model, the growing contribution of our CDMO business, and the continued strength of our critical injectables business.

Our performance reflects the benefits of strategic investments made over the past several years in manufacturing capabilities, technology platforms, product development, customer relationships, and operational excellence. Importantly, we continue to deliver profitable growth while simultaneously investing for the future through increased R&D spending, capacity expansion initiatives, and differentiated technology capabilities. This balanced approach positions us well to sustain growth and create long-term shareholder value.

For the second quarter of FY2027, our consolidated revenues stood at INR 18,336 million, representing a growth of 23% year-on-year. The growth was driven by strong momentum across our CDMO business and critical injectables business, supported by recent product launches, higher volumes from existing products, continued customer demand across key geographies like US and Europe, and increasing contribution from strategic manufacturing partnerships.

From a business mix perspective, the increasing contribution of the CDMO segment continues to improve the quality and visibility of our revenue base. During the quarter, CDMO revenues grew 31% year-on-year to INR 8,227 million, while revenues from the critical injectables business grew 18% year-on-year to INR 10,109 million.

The continued expansion of the CDMO business is particularly encouraging, as it not only supports revenue growth, but also enhances customer stickiness, long-term visibility, and the overall strategic positioning of the company.

Let me also briefly touch upon our revenue performance for the first half of FY2027. We have delivered a strong first half performance, reflecting continued momentum across our businesses and successful execution of our strategic priorities. For H1 FY2027, consolidated revenues stood at INR 36,339 million, representing growth of 21% year-on-year, compared to INR 29,925 million in the corresponding period last year.

The increasing contribution of the CDMO business remains particularly encouraging. During H1 FY2027, CDMO revenues increased 25% year-on-year to INR 17,142 million, contributing approximately 47% of consolidated revenues. The critical injectables division delivered revenues of INR 19,197 million, growing 18% year-on-year.

Overall, the first half performance demonstrates the strength of our diversified business model, increasing contribution from higher value opportunities, and our ability to deliver sustainable growth while continuing to invest for the future.

Our gross margin for the quarter was 63%, and the first half it was 64%, same as the corresponding period last year. While we continue to invest in future growth opportunities, our focus on productivity improvements, manufacturing optimization, alternate sourcing, and yield enhancement initiatives continues to support margin resilience.

A notable highlight during the quarter was our continued investment in innovation and pipeline expansion. R&D expenditure increased to INR 1,077 million, representing 6% of revenues, compared to INR 772 million in the previous quarter. For the first half of FY2027, cumulative R&D expenditure stood at INR 1,849 million, representing 5% of revenue.

During the quarter, despite the significant increase in R&D investment, we delivered an EBITDA margin of 26%, demonstrating the strength of the underlying business, the benefit of operating leverage, and disciplined cost management. Our R&D investment remain focused on complex injectables such as suspension, peptide, hormones, and ophthalmic solutions, along with other differentiated technology platforms that can support sustainable long-term growth.

Reported EBITDA for the quarter stood at INR 4,804 million, representing EBITDA margin of 26%, compared to approximately 21% in the corresponding quarter of the previous year. Adjusted for non-cash ESOP expense of INR 226 million, adjusted EBITDA stood at INR 5,030 million, translating into adjusted EBITDA margin of 27%.

The substantial improvement in profitability was supported by stronger revenue, increasing CDMO contribution, a favorable business mix, operating leverage benefit, and ongoing efficiency initiative across our manufacturing network. Our ability to expand margin despite significantly higher R&D investment reflects the strength and scalability of our operating model. EBITDA for the first half stood at INR 9,734 million, with EBITDA margin of 27%.

Adjusted EBITDA stood at INR 10,132 million, translating into an adjusted EBITDA margin of 28%, compared to adjusted EBITDA of INR 7,092 million in H1 FY2026. Other income stood at INR 690 million during the second quarter and INR 1,302 million during the first half, primarily comprising interest income earned on our cash balance and FX gain. While other

income for Q2 FY2027 increased as compared to previous year, it reduced as compared to Q1 FY2027, largely due to change in FX gain loss.

The effective tax rate for the quarter stood at approximately 33%, and that for the first half stood at approximately 30%. Since losses at Cenexi is not eligible for current or deferred tax benefits, the higher tax rate was largely attributable to increase in losses incurred at Cenexi during the quarter arising from planned annual summer shutdown activities.

As Cenexi's operating performance improves and profitability returns from Q3 onwards, we expect normalization of the overall effective tax rate going forward. Profit after tax for the quarter stood at INR 2,908 million, representing growth of 58% year-on-year, despite the impact of significant higher R&D investment and temporary profitability pressure at Cenexi arising from the annual shutdown period.

PAT margin for the quarter stood at approximately 16%. Profit after tax for H1 FY2027 stood at INR 6,077 million, reflecting robust growth of 52% year-on-year, compared to INR 3,992 million in the corresponding period last year. PAT margins stood at 17%.

A strong growth in profitability reflects increasing scale, stronger operating leverage, growing contribution from the CDMO business, and disciplined execution across the organization. Our balance sheet continues to remain strong and provides significant flexibility to pursue both organic and inorganic growth opportunities.

As of September 30th, 2026, cash and cash equivalents stood at INR 34,412 million. After adjusting for debt, the company maintained a robust net cash position of approximately INR 32,216 million. This strong financial position provides ample flexibility to support our ongoing capacity expansion initiatives, invest in differentiated technology platforms, evaluate strategic business opportunities, and pursue disciplined capital allocation priorities.

Cash flow from operations during the first half of FY2027 stood at INR 6,027 million, reflecting strong operating performance and disciplined working capital management. Cash generation continued to remain healthy during the period. Working capital days improved to 158 days, driven primarily by inventory optimization initiatives and enhanced inventory management practices across the business.

We remain focused on improving working capital efficiency while maintaining high service levels and supply reliability for our customers across global markets. Our capital allocation framework remains disciplined and focused on long-term value creation.

As mentioned previously, we continue to execute our capex program aimed at supporting future growth across commercial products, CDMO partnerships, and differentiated technology platforms. Across the India operations, investment continue in vial capacity expansion, ophthalmic capabilities, BFS infrastructure, liposomal platforms, and other specialized production technologies.

We are also supporting future growth through additional bag manufacturing capacity, development of advanced isolator-based capabilities for oncology and ophthalmic products,

brownfield expansion plan at Pashamylaram, and the advancement of plans for our greenfield project in Vizag SEZ.

These investments are being undertaken considering the demand for capacity and reflect our confidence in the growth outlook across both CDMO business and critical injectable business. At Cenexi, planned investment, including the new vial and lyophilization block at BLA and the high-speed ampoule line at Fontenay, remain on track and are expected to strengthen the platform's competitiveness and future growth potential.

Turning specifically to Cenexi, during the quarter, Cenexi reported revenue of EUR 41 million, an increase from previous year EUR 40 million, and EBITDA of approximately negative EUR 6 million. Performance largely reflects the impact of planned annual summer shutdown activities undertaken during the quarter.

Excluding this temporary effect, the underlying business continues to move in the right direction. Capacity additions, cost optimization initiatives, customer engagement effort, and integration activities are progressing well. With a strengthened leadership structure and integrated customer offering, ongoing restructuring initiatives, and multiple business development opportunities under discussion, we remain confident in Cenexi's trajectory and its long-term strategic value to the group.

To conclude, the first half of FY2027 reflects sustained momentum across the business, strong execution of our strategic priorities, and continued progress in strengthening the quality of our earnings. We are delivering growth while simultaneously investing in R&D, manufacturing infrastructure, advanced technology platforms, and future capacity creation.

The increasing contribution from the CDMO business, together with the expanding global manufacturing footprint and strong balance sheet, further enhances our long-term growth profile.

With a net cash position of INR 32,216 million, healthy cash generation, disciplined capital allocation, and multiple growth drivers in place, we remain well-positioned to capitalize on future opportunities and deliver sustainable long-term value. With that, I would now request the moderator to open the line for questions. Thank you.

Moderator: Thank you, sir. We will now begin with the question-and-answer session. We have the first question from the line of Saion Mukherjee from Nomura. Please go ahead.

Saion Mukherjee: Thank you for taking my question. In the first half, we have seen almost 21% revenue growth with good traction in US, Europe, but other markets, and as you mentioned, there was an issue. If assuming the currency remains at the current levels, what's the full year expectation and how you see the US revenues? Can it sustain, improve from here, and also the rest of the world, if you can guide for the full year?

Ravi Mitra: Saion, difficult to predict on the currency part, but as you mentioned earlier, our guidance for the full year growth remains same as 15% on constant currency basis. We have to see how the currency rate will impact that. The growth will be overall, as you have seen for this quarter as well, like across Europe and US market, and we expect the ROW market to also improve.

Saion Mukherjee: So, you expect the US to sort of sustain at least, there is no one-off or bulkiness in the revenues and ROW can improve. Is that what you're looking at for the second half?

Ravi Mitra: Yes, so US growth for this quarter has been driven by the new product launches and newer CDMO business, so this should continue. There's no lumpiness.

Saion Mukherjee: Thank you. My second question is on capex. You mentioned INR 2,000 crores capex over next four years. Now, this is, I believe, would be a brownfield facility. You also talked about a greenfield capacity at Vizag, which will also come up over the next four years.

So, including that, what would be the total capex, expansion capex, and from a capacity standpoint, how much would that increase from current 1.7-billion-unit capacity that you have after all the expansions are done over the next four years?

Ravi Mitra: There are two parts, Saion. This INR 2,000 crores are the additional lines we are investing into, what we have announced earlier also. Another brownfield project, we just got approval today. So additional building, another block we are going to build in the facility because at least the liquid vials, we are running out of capacity.

We are already 92% capacity utilization for that, and next year, we are anticipating like close to 102%, so we do not have enough capacity for that. To meet the additional demand what we have and also the contracts what we are signing, which will commercialize in two years, we need to get this capacity quickly done.

While we announced last quarter that the greenfield project we have initiated, but that will take four years. So, we have to do quickly with this brownfield project so that in two years we have enough capacity.

Additional INR 1,000 crores we are going to invest into this brownfield project where three additional lines will be installed, which will be useful for us, for our contracts what we have signed in the recent past and for what we are discussing with different customers from FY2030, once it gets commercialized.

The greenfield project, we are still at the project stage. We have not yet come out with the full capex amount. Probably next quarter we will announce that, but that will be like a four-year program.

Saion Mukherjee: Okay. I mean, if I were to add all of that, maybe we are talking about around INR 5,000 crores of capex over the next four years, right? Including the greenfield. So 2,000+ 1,000, and I mean, if I assume another 2,000. Would that be a right assessment?

Srinivas Sadu: Correct. The greenfield project, if you exclude that, it is about INR 3,000 crores. And with the INR 3,000 crores, we probably will add another 300 or 400 million units of capacity.

Saion Mukherjee: 300 to 400. Okay. Thank you.

Srinivas Sadu: Yes.

Moderator: Thank you. We have the next question from the line of Dhawal Khut from Jefferies. Please go ahead.

Dhawal Khut: Hi, thank you for taking my question. In the earlier comments, we mentioned about hiring a CIO in China. What are we trying to aim with this? Are we trying to acquire a plant over there, or is it about companies that can do development work for complex product, or is it just more about in-licensing of products? How should we think about this new role?

Srinivas Sadu: This is a combination of what all you mentioned. One is, of course, as we've been saying, we want to acquire something in US on the biologic side. This person not only is limited to acquiring assets from China, but it's a global acquisition. He has the knowledge. He's been working out of China also for many years, so he has know-how of different countries as well.

He also will be involved in in-licensing some complex products as well as some technologies from China. It's a global role, but based out of China because he has knowledge of the China landscape and the technologies there, as well as access to different markets.

Dhawal Khut: Okay. That means we will have two people in China, senior people.

Srinivas Sadu: One business development person and one CIO.

Dhawal Khut: Okay, got it. There was one more comment where you mentioned that you want to bring products from China to India. Did you mean that you want to in-license products for your Indian plants for global markets? Is that the correct interpretation, or is it about targeting Indian markets?

Srinivas Sadu: Primarily, the idea is how to expand our business in India. Today, we do not have much presence here, and we do not want to enter with the generic products. It is very difficult to compete. The idea is to get the innovative products to Indian market. It just started. Some companies are already doing it, and we have access to Fosun's subsidiaries as well as several other companies.

It is easier and less investment if you just focus on India, especially the big pharma will license products for the larger markets, and the investments are higher compared to an Indian market. We want to build a base in India also and then grow business India. That is the idea of in-licensing these innovative products.

Dhawal Khut: Got it. Just one small question. What is the milestone and profit share for the quarter?

Srinivas Sadu: Overall milestone is about INR 95 crores, and profit share is about INR 202 crores. 11% and 5%.

Dhawal Khut: Okay, thank you. That answers my question.

Moderator: Thank you. We have the next question from the line of Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Thanks for the opportunity. First, if you could share some more light on the contracts with respect to microsphere products, what size, over what period of time?

Srinivas Sadu: We have just taken one exhibit batch of one of the projects, and there are two more in line. As you know, these projects are time-consuming. So initially, couple of years, it will be more tech transfer revenue we get. Once we get, these are royalty-based contracts what they have signed. So, the development work will also be done at the manufacturing site. There are three projects which are signed up. So the revenue is in the post 2029-2030.

Tushar Manudhane: Got it. Secondly, with respect to the growth, say, in US, while existing products might face competition, if you could share some more color in terms of what further products are we anticipating apart from products like dalbavancin, which will help sustain the growth or build further growth in US?

Srinivas Sadu: Some of these products got launched last couple of quarters, so these will be annualized. Also, we have just announced we got approval in methylprednisolone suspension also, which is a generic of Medrol from Pfizer. So that's also a large product. We have a bunch of CDMO projects which will be launched, including GLP-1 projects as well.

Tushar Manudhane: Got it. Lastly on Cenexi, while we had like 11% growth in EUR terms for FY2026, first half it is largely flat. How should one think about Cenexi growth prospects?

Srinivas Sadu: Cenexi, like earlier said, the growth, the focus is on making it more efficient and make profitable rather than the top line. There will be minimum growth from revenue perspective, but the idea is to make it more profitable. That is the reason actually why the rest of the business is growing faster.

We are keeping lesser on the Cenexi side on the revenue growth perspectives. As a consolidated company, we think the 15% is the growth. The rest of the business will grow at a faster rate compared to Cenexi.

Tushar Manudhane: This business is already at a very high gross margin, still we are sort of at a lower profitability, which means that in a way we will require higher revenue to get more profitable. Correct me if I am wrong.

Srinivas Sadu: No. The gross margin is not a real way to look at what are the expenses there. If you look at the costs are very high, that is where the efficiency will come out. We are having a plan to reduce people and also, like I said, we will be investing into faster lines so that it will reflect in the operational efficiencies.

It is a combination of that because there is a transition time when you put in new lines, there will be some shutdown periods and all that. The revenue growth may not be that high, but the focus is how to reduce our costs.

Tushar Manudhane: Got it. Thank you.

Moderator: Thank you. We have the next question from the line of Neha Manpuria from Bank of America. Please go ahead.

Neha Manpuria: Yes, thanks for taking my question. Sadu, I think you mentioned that for some of the capacities, for some of the business from where running at capacity or very high-capacity levels, and therefore the pressure will in brownfield. Do you think you run the risk of probably losing out on revenue growth

Shriniwas P. Dange: Neha…

Neha Manpuria: In the future also?

Shriniwas P. Dange: Your voice is not clear, Neha Manpuria.

Neha Manpuria: Am I audible now?

Shriniwas P. Dange: It's better.

Neha Manpuria: Okay, let me come back to you. Let me come back to you.

Shriniwas P. Dange: Sure.

Moderator: Thank you. We have the next question from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor: Yes, thank you. And congratulations, team, on another strong quarter. The operating cash generation in particular remains very strong. I mean, H1 operating cash flow INR 600 crores, kind of almost matches the profit, and net cash is still kind of is today about INR 3,200 crores for funding the capex that we have planned.

So, my first question is on that capex itself. How much of the planned growth capex, right, so INR 2,000 crores for the lines, INR 1,000 crores brownfield, and then the Vizag greenfield over four years for INR 5,000 crores. So, in general, how much of the growth capex is backed by take-or-pay minimum volumes or customer co-funding kind of arrangement? Or is it just based on a soft signal of demand from the customer?

I'm just trying to get my head around in terms of our conventional capital allocation mindset. I mean, do we put capex ahead of demand or only when there are signals either concrete or soft on the demand side? That's my first question. Thank you.

Srinivas Sadu: Generally, our policy has been if you reach a stage of, you know, 20% idle capacity, then we'll go for additional line. That used to be our normal plan. But because of the recent ups and downs, we kind of slowed down on that. But again, we are seeing there is structural shift even in the marketplace where the demand is high, and our own CDMO business is growing faster than what we anticipated.

And as we speak, we are actually struggling for a couple of, whether it is ophthalmic, whether it is bags, even now liquid vials, we are struggling for capacities. So we actually, we're supposed to take shutdowns a couple of lines, but we're not taking because we don't have capacity to fill if we take shutdown. So that's the situation we are in.

Now, from a business perspective, we have signed several CDMO contracts which we need this capacity in two years from now because the tech transfer time takes that much time and get approvals. While some may have take-or-pay, some may not have take-or-pay, but we do have contracts where it is getting transferred from sites which are already commercialized.

We have pretty good view of the volumes and the forecast, what they have given and what they are selling today. Considering all that, we are making these investments. This is less to the INR 2,000 crores and INR 1,000 crores. For the greenfield project, it is more like looking at the whole business environment and we need because the current plants will be running out of capacities in that, so we need to have additional plant to build that.

So that is why we are still working out a plan and how much we have to invest in initially and then how to expand that. Not everything will be invested in the new greenfield project at a time, but like what we have done earlier, it will be in a phased manner. For the INR 3,000 crores, I think the contracts are in place, or at least the forecast for those contracts are in place.

Sajal Kapoor: No, that is helpful, very reassuring. Thank you for that. Second question is on, Cenexi is still loss-making three years after you bought it. So, before you buy a US biologics business, what did Cenexi teach you and what limits on deal size, if any, will you set going forward for any planned or potential US biologics acquisition maybe next year or whenever? Thank you.

Srinivas Sadu: Of course, the size also matters. I mean, how much we want to do it and how much margin company you want to acquire? One thing is probably not be looking at a loss-making or a very low EBITDA asset. Even if you have to pay a little higher, but we will go with a profitable asset. That is one.

Second, how many contracts are there which are getting commercialized in year 02? I think the important thing also is the team which is running it. Overall, we see that it is more easier to run a US plant than a European plant. So, the focus is not to buy anything in Europe.

Sajal Kapoor: So, on Cenexi, to reach the last quarter's guidance of 200 million at a high single-digit margin, H2 naturally means it has to come in around EUR 111 million with a pretty high 18%-20% kind of margin, well above anything Cenexi has delivered recently. So, does that guidance still stand? And if not, what's a more realistic FY2027 number as we stand today? Thank you.

Moderator: Sorry to interrupt in between, sir. You're not audible.

Sajal Kapoor: Hello? Am I not audible?

Moderator: Ladies and gentlemen, the line for the management has been disconnected. Please stay connected while we join them back. Ladies and gentlemen, the line for the management has been connected. Over to you, sir.

Shriniwas P. Dange: So, we were talking to Sajal. Sajal, are your questions answered?

Sajal Kapoor: Yes. Hi.

Moderator: Sajal, you have…

Sajal Kapoor: One quick…

Moderator: Yes, please continue.

Sajal Kapoor: Yes. There was one quick clarification that I wanted on Cenexi. Previously, we guided for 200 million FY2027 number at a high single-digit margin. As we stand today, that means H2 will have to come in around 111 million at a margin of anywhere from 18%-20% so that we get to that previous guidance of high single-digit overall margin for FY2027.

Does that old guidance that we gave in Q1 still hold, or do we need to change that FY2027 number overall for Cenexi? Thank you.

Ravi Mitra: This quarter, lower number is already planned and considered in the estimate. We will, of course, go by the earlier estimate, which is on track. We will update if there is any change later on. As of now, we are working on the same guidance.

Sajal Kapoor: Okay. Thank you so much. All the very best. That is all.

Moderator: Thank you. We have the next question from the line of Abdul Kader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Yes, hi. Thank you for the opportunity. So three questions. First is pertaining to your current quarter and H1. So what is the constant currency revenue growth for the quarter and the first half?

Ravi Mitra:: Abdul, it's exactly very difficult to quantify how much is the constant currency. I mean, you also know how the exchange rates have moved, but we have not 100% going to export and exactly on the date of invoice. It's not exactly quantifiable that way.

But if you see the profitability side also, most of our import is also in dollars. So, maintaining the same thing, the same logic also applies. So instead of looking at the exact number, I would say that you can be guided on the basis of how generally the rate has moved. And typically, our 80% is our export.

Abdulkader Puranwala: Sure, understood. The second question is with regards to your current capacity. While your long-term outlook on contracts and the INR 3,000 crores capex is quite well understood, but if I have to look at it from a FY2028 perspective, and if you could provide some color as to what would be your growth drivers across both the segments, would be very helpful.

Moderator: Sorry to interrupt. Sorry if you are trying to speak and not audible.

Shriniwas P. Dange: Just give us a moment.

Srinivas Sadu: The CDMO growth is going faster than the normal business. If you see first half also, I think the regular business has grown by 18% or something, but the CDMO has grown at a higher rate. Moving forward, even I think that segment will grow faster than the regular business. From growth drivers, of course, generally about new launches will contribute about 6%-7%.

The rest is growth of the products, what the earlier products, what you are saying, new contracts in US and other markets. From capacity perspective, few lines we are 100% occupied, or I would say, and these new lines which are adding will help us ease out those capacity issues. The entire plan of capex is based on the current demand as well as what we are going to commercialize in next year or two.

Abdulkader Puranwala: Got it. Last one on the R&D spend, which was a little higher in this quarter. Anything specific you would like to call out in this particular quarter?

Srinivas Sadu: No, actually, the more and more complex products we are investing into, and some, like we said, we are also in-licensing some products where the technology is one product will be transferring technology to India. We are going to invest into that as well.

I think overall, there will be a slight increase in the R&D spend over a period of time because of the nature of products we are working on today compared to previously. But still, the margin levels we will make sure that it is intact, it is intact as we have today.

Abdulkader Puranwala: Understood. Thank you, and wish you all the best.

Moderator: Thank you. We have the next question from the line of Karan Vora from Goldman Sachs. Please go ahead.

Karan Vora: Thank you for taking my question. My first question is with respect to the US business. Can you highlight what is the US business growth excluding Cenexi, in the current quarter as well as in the base?

Srinivas Sadu: Okay, base business, US business. Almost 42% growth just for the US.

Karan Vora: Okay. Basically, it is the same as including Cenexi and excluding Cenexi, the growth is very similar.

Srinivas Sadu: Yes, almost same, yes.

Karan Vora: Okay, got it.

Srinivas Sadu: For the first half, it is 37%.

Karan Vora: Okay, got it. Just trying to understand here, slightly basic question, but when we have now in the last two quarters started giving out the split between CDMO and critical injectables, what is exactly that we record in CDMO?

Which kind of contract is recorded in CDMO versus which kind of arrangement is recorded in injectables? Can you give some color on that?

Srinivas Sadu: Injectables basically all the products what we develop, either we out-license or we sell on our own in India and few other markets. Basically, product developed by Gland and supplying outside. The CDMO is basically what others, it belongs to other customers, and they are

transferring to our sites, or we do a co-development program with them. We do some development and also manufacturing here. That is the segment.

Karan Vora: Okay. Basically, the ANDAs which we own or we kind of have it in our name, that goes in critical injectables, not in CDMO, right?

Srinivas Sadu: Correct. Whatever we develop, it comes into our own business. What the other companies develop, or we do a co-development. Sometimes, they do a preliminary work and then we do the full development at our lab and then file from our plant and then do it. So, the IP belongs to them many times. That's the CDMO business.

Karan Vora: Got it. Then in that case, will our critical injectable margin be higher than CDMO? Can you give some color on what could be the margin split in critical injectables and CDMO? Any rough number is also fine if you're not comfortable sharing the exact numbers.

Srinivas Sadu: I would say CDMO business margin is little better compared to our own business. Because our own business also includes revenues from India and also ROW, where the margins are lower, not just the US market. CDMO is mostly to the regulated markets we have. So the margins are better, probably 5% better in, 5%-10% better in CDMO.

Karan Vora: Okay, got it. And just last clarification. Cenexi 100% goes into CDMO, right?

Srinivas Sadu: Correct.

Karan Vora: And still CDMO margin is higher. Okay, got it.

Srinivas Sadu: Yes.

Karan Vora: Okay, thank you.

Moderator: Thank you. We have the next question from the line of Maulik from 360 ONE. Please go ahead.

Maulik: Yes. Hi, sir. Thank you for the opportunity. I had two questions. Firstly, sir, are we expecting any contribution from GLP-1 products in this year, in FY2027?

Srinivas Sadu: Some revenue from the tech transfer projects we get. We have also signed up one more project recently. A lot of exhibit batches and those are happening. We will get some milestone income and tech transfer fee.

Maulik: Okay.

Srinivas Sadu: Maybe some launches will happen in the first quarter or the second quarter of next year.

Maulik: Okay. Will we be able to quantify how much would that contribution be? Any guidance or rough numbers?

Srinivas Sadu: No, we are not giving guidance for GLP-1 products now.

Maulik: Okay, sir. Also, just on bookkeeping question, our gross margin on a sequential basis has declined, so from 65% to 63.5%. Any reason or any color on understanding that?

Ravi Mitra: Yes, this is because of Cenexi's lower revenue. Because Cenexi has a higher gross margin.

Maulik: Okay. Got it, sir.

Srinivas Sadu: This you cannot compare with the previous quarter because of the shutdown. One-month shutdown in Cenexi, the revenues are lower.

Maulik: Okay.

Srinivas Sadu: You need to compare with the last year, last quarter, last year quarter.

Maulik: Got it, sir. Okay. Thank you so much.

Moderator: Thank you. We have the next follow-up question from the line of Dhawal Khut: from Jefferies. Please go ahead.

Dhawal Khut: Hi, sir. Can you give some color on the second in-license product from China? Like, what are the commercial timelines? Is it currently patented? And what's the current market size for the markets that we are targeting?

Srinivas Sadu: Give me a sec. It's a $2 billion product, still under patent. The timelines will be three years. This product, unlike the first one, the first product what we signed last quarter, it's like $800 million product, that will be transferred to India and we're going to manufacture that. But this product will be completely manufactured in China. But the clinicals and everything will be done by us.

Dhawal Khut: Okay. We are just a commercial partner. Is that correct to understand? And the API will come from China?

Srinivas Sadu: We will do the clinicals as well. We'll do the clinicals and we'll be the commercial partner. Yes. The development will be done by them. Formulation development is done by them. But we'll do the clinical and then we'll take to the market.

Dhawal Khut: Okay. Between these two, is there a significant difference in terms of the commercial opportunity for us, one being significantly higher than the other?

Srinivas Sadu: The markets are, I mean, they're two completely different category of products. I mean, different therapeutic areas. But both are long-acting injectables and both are under patent.

Dhawal Khut: Okay. So the revenue potential for us will be substantial and comparable between the two products. Is that correct statement to say?

Srinivas Sadu: This is a larger market, what we signed recently, compared to the previous, like I said, that's $800 million and this is like a $2 billion product.

Dhawal Khut: Okay. Any timeline for the Saudi contract? Will it sort of bring back growth in our ROW markets?

Srinivas Sadu: We still, we are just hoping every week we think they will open the tender. So, we are pretty confident of several products. Almost 13 products we have participated in and, like before, we have won several products in that segment. So, hopefully this quarter it should happen.

Dhawal Khut: Okay. Thank you.

Srinivas Sadu: Yes.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as the last question. And with that, we conclude the question-and-answer session. I now hand the conference over to Mr. Shriniwas Dange for the closing comments. Thank you and over to you, sir.

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

Moderator: Thank you, members of the management. On behalf of Gland Pharma, we conclude this conference. Thank you everyone for joining with us today, and you may now disconnect your lines.

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