GLAND PHARMA LIMITED

February 03, 2026

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

Dear Sir/Madam,

Sub: Earnings call Transcript – Q3FY26

Please find enclosed the transcript of the Earnings call for Q3FY26 of the Company held on Wednesday, January 28, 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

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“Gland Pharma Limited
Q3 FY26 Earnings Conference Call”
January 28, 2026

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

Moderator: Ladies and gentlemen, good day and welcome to the Gland Pharma Limited Q3 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone.

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

Shriniwas Dange: Thank you, Rayo. Good evening, everyone. We welcome you to Gland Pharma Earnings Conference Call for Q3 of FY26. I'm Shriniwas Dange from the Investor Relations team at Gland Pharma. Today, we have Mr. Srinivas Sadu, Executive Chairman; Mr. Shyamakant Giri, Chief Executive Officer; Mr. Ravi Mitra, Chief Financial Officer from India Office and Mr. Alain, CEO of Cenexi, who is connected virtually from France.

We will begin the call with the business highlights from Mr. Sadu, followed by operational highlights from Mr. Giri. This will be taken up by updates about Cenexi from Mr. Alain and lastly the group financial overview by Mr. Ravi. Before we proceed, I would like to remind everyone that some of the statements made today will be forward-looking and are based on management's current expectations.

These statements should be considered in light of the risk associated with our business. This call is being recorded. The playback and script will be available on our website shortly. I hand over the call to Mr. Sadu for his opening remarks. Over to you, sir.

Srinivas Sadu: Thank you, Shriniwas. Good evening, everyone and wishing you all a very happy and prosperous New Year. Welcome to Gland Pharma's earnings call for Q3 and 9 months ended FY26. I will begin with a brief strategic overview, following which, our CEO, Mr. Shyamakant Giri, will provide operational updates. Alain will then share an update on Cenexi and Ravi will walk you through our financial performance.

Now let me give you our performance overview. I'm pleased to report that Q3 FY '26 was a strong quarter, marked by solid revenue growth and improved profitability, reinforcing our confidence in full year FY '26 performance. During the quarter, revenues grew by 22% year-on-year to INR16,954 million, with broad-based growth across businesses, including Cenexi.

Adjusted EBITDA increased by 25% year-on-year to INR4,490 million, supported by higher base business revenues, continued traction in CDMO programs, cost efficiency initiatives and a visible EBITDA turnaround at Cenexi. For the 9 months ended FY '26, revenue grew by 12%, while adjusted EBITDA increased by 26%. This reflects strong execution, better operating leverage and disciplined capital allocation.

We remain confident in sustaining this momentum supported by upcoming product launches, ramp-up of recently secured CDMO contracts and incremental contributions from new capacities. Looking at the growth drivers and pipeline expansion, we are significantly expanding cartridge fill and finish capacity from 40 million to 140 million units.

Beyond cartridges and GLP-1s, our pipeline of complex products including harmones suspensions, peptides, RTU bags, co-development programs, biosimilars and specialty injectable platforms, provides long-term growth visibility. We also secured multiple new CDMO partnerships across oncology, peptides and prefilled syringes.

What are our strategic focus areas? Our strategy is anchored on growth, capability, efficiency and RoCE with a clear object of building Gland Pharma into a high-end innovation-led CDMO and specialty injectables company. This translates in to focus on capex and Brownfield expenses to build differentiated capabilities, R&D investments to strengthen the product pipeline, cost efficiency initiatives to protect margins, new contract wins to drive sustained revenue growth and Cenexi turnaround to enhance profitability.

On the Brownfield expansion front. Over the next 5 years, we plan to invest approximately INR2,000 crores in capex, primarily towards BFS and ophthalmic lines as well as capex towards CDMO contracts. Brownfield expansions will include new lines, lyophilizers and additional warehouse capacity.

India's pharmacy industry is undergoing one of the most exciting transformations in global health care. Rising R&D investments are fuelling complex molecules, novel therapies and deeper manufacturing capabilities. This is not just growth – it's strategic evolution. India pharma is going from being the pharmacy of the world to becoming a global innovation hub. Our investments are aimed at not only to support growth of base business, strong pipeline of CDMO contracts, but also pipeline of complex, differentiated and higher value products, and will help us grow not just from volume led, but also from value-led products as well. Selective and disciplined capital deployment will ensure strong ROCE, healthy cash generation and effective working capital management.

Cost efficiency and margins sustainability is key to the success, while driving growth, maintaining healthy margins remains a key priority.

Our cost savings initiatives include yield improvement, alternate vendor development, alternative energy sourcing, enhanced line efficiencies, operational excellence programs and automation. These measures typically deliver savings of 1 to 2 percentage points, helping offset any pricing pressure or product mix impact.

Sustained base margins are supported by process optimization in alternate API sourcing, portfolio rationalization, focusing on higher-margin products, reallocation of capacity to our complex and niche formulations, increased automation and digitalization to improve productivity and reduce waste.

R&D is also becoming a core differentiator, both in speed and delivering differentiated products. Our R&D investments continue to increase, reflecting our commitment to differentiated pipeline. During this quarter, we invested 5.4% of revenues in R&D, primarily focused on complex injectables, advanced delivery systems and platform-based development. We filed nine ANDAs, received four approvals, and launched ten [nine] new products in the U.S. Our RTU

bags portfolio continues to scale with 20 products filed, 16 approved and 13 under development, addressing an estimated market opportunity of $685 million.

Our core development pipeline now includes 15 products under active development across high potential categories, including seven 505(b)2 filings and eight ANDAs, reinforcing our focus on differentiated injectable platforms.

There are new contract wins during the quarter. Long-term growth is being driven through new superior and technically differentiated CDMO contracts with large pharma companies, in-licensing opportunities for complex products and expansion beyond traditional B2B models.

We have entered into a few long-term CDMO contracts for already commercialized products. While these require dedicated lines, it can add revenues over the medium term with durable revenue visibility.

In the GLP-1 and cartridge segment, new partnerships are getting added further strengthening our medium-to-long-term growth outlook. I'm pleased to inform you that our partner has received approval for liraglutide in the U.S., and we are ready for the U.S. launch in this quarter.

On Cenexi turnaround update, Cenexi delivered revenues of EUR 50 million and EBITDA of EUR 1 million during the quarter, in line with our guidance. Performance improved through focused capacity debottlenecking, contract re-pricing to account for inflation, workforce optimization, higher utilization and deeper operational integration with Gland.

We continue to see steady progress in stabilizing the business and building a foundation for profitable growth with additional synergies expected over the coming quarters. We expect Cenexi to remain on a growth trajectory through the mid-to-long term. The overarching objective of these initiatives is to enhance not just scale, but also the quality of earnings and capital productivity, ensuring sustainable value creation for shareholders.

Our strategic direction remains clear to build Gland Pharma a global innovation-led injectable and CDMO company that consistently delivers revenue growth, margin expansion and superior capital efficiency.

Thank you for your continued trust and support. I will now invite our CEO, Mr. Shyamakant Giri to share his perspective on operational and business performance. Over to you, Giri.

Shyamakant Giri: Thank you, Mr. Sadu. Good evening, everyone and my best wishes for the new year. Thank you for joining us today. This was a strong quarter with 22% revenue growth and solid profitability. Adjusted EBITDA margins were 26% and adjusted PAT margins 16%. Growth was broad-based with strong results in both Gland's core business and Cenexi, where we met our near-term quarterly sales target of EUR 50 million.

In Q3 FY '26, we posted robust growth in regulated markets. Revenue rose 19% in the U.S. and 54% in Europe, driven partly by 39% top line growth at Cenexi. Given this momentum, we are confident we can maintain full year FY '26 growth. Let me now walk you through our consolidated performance. In Q3 FY '26, consolidated revenue was INR16,954 million, up 22%

year-on-year. Consolidated adjusted EBITDA grew 25% to INR4,490 million, supported by Cenexi reaching breakeven. Consolidated EBITDA margin was 26%. Our year-to-date numbers show strong progress. For the first 9 months of FY '26, consolidated revenue reached INR46,879 million, up 12% over 9 months FY '25. Adjusted EBITDA was INR11,582 million, with margins up to 25% from 22% last year, driven by better base business performance and Cenexi turnaround.

I will now highlight the performance of our base business at Gland, excluding Cenexi, before detailing performance by each key market segment. The U.S. market, we launched 9 molecules in Q3 FY '26, including Argatroban, Acetazolamide and Doxycycline. US revenue grew 16% year-on-year INR8,290 million in Q3 and reached INR23,446 million for 9 months FY '26.

In other regulated markets like Europe, Canada, Australia and New Zealand, we generated INR881 million in quarter 3 FY '26, reflecting a 16% year-on-year increase. For the 9 months ended FY '26, revenues from this market reached INR2,454 million, marking a 17% year-on-year rise.

In the RoW market, we grew by 12%, contributing to INR1,876 million in Q3 FY '26. In RoW, own-product revenue grew 7%, while tech transfer CMO revenues increased 44%. For 9-month FY '26, RoW revenues were INR5,044 million, up 5%.

India generated revenues of INR744 million, in Q3 FY '26, up 32% year-on-year. For 9-month FY '26, India business revenues were INR2,002 million, which is 6% of the total base revenues.

Cenexi delivered a strong performance. Quarterly revenues were EUR 50 million, up 21% in constant currency. For 9 months FY '26, Cenexi revenue rose to EUR 138 million from EUR 121 million last year, a 14% constant currency increase.

This performance reflects disciplined execution over the past year, including higher capacity utilization, contract renegotiations, workflow rationalization, new product ramp-ups and stronger integration with Gland in business development, tech transfer and shared functions. With several strategic initiatives underway, including expanding the ampoule line at Fontenay, and adding a vial and a combo lines at the BLA, we are confident in Cenexi's medium and long-term growth despite inherent quarter-to-quarter fluctuations.

Overall, this quarter, we strengthened our market footprint driven by broader reach and more traction from our differentiated high value product portfolio. Our commitment to quality and regulatory compliance is unwavering, and so is the strong cost discipline operational efficiency.

We remain focused on building capabilities through organic and inorganic investments, talent development and leadership. We believe these efforts position us for sustained growth and long-term value. In summary, our strong results this quarter reaffirm our strategic direction and ability to deliver sustained value. We are well positioned to seize future opportunities and drive long-term success.

I will now invite Alain to provide more details on Cenexi's performance. Over to you, Alain.

Alain Kirchmeyer: Thank you, Mr. Giri. Good evening, and happy New Year to everyone. This has been a strong quarter at Cenexi, and we are pleased to have delivered on our guidance. Cenexi recorded EUR 50 million in revenue this quarter, a 21% increase over the same period last year and the highest quarterly revenue during CY 2025.

All sites showed a major revenue improvement compared to the previous year, with a pickup in revenues from Hérouville and Fontenay. We are happy to inform you that we delivered an EBITDA of EUR1.4 million in Q3 FY'26 in line with our guidance. This underscores that our turnaround strategy is gaining momentum. During the first 9 months of FY '26, revenue stands at EUR138 million, reflecting a 14% growth year-over-year and an EBITDA improvement by EUR10 million.

I will now provide key site level updates. First, at Fontenay, we are investing in a new high-capacity ampoule line, adding 30 million in capacity by 2027. This will strengthen the position of the site on the market as the largest ample manufacturing site in Europe. The site will continue to improve realization by passing on price increases to customers in line with inflation and regulatory requirements. The activity of our Hérouville site continues to grow strongly, supported by the continuous ramp-up in production of two products launched in 2025, an inactivated vaccine and a sterile ophthalmic gel.

Both sites in Braine-l'Alleud and Osny maintained strong momentum and profitability. At Braine, we are planning to install a new vial line under an isolator. Also, we will install a new combo line for prefilled syringes and cartridges in 2026. This line will significantly increase our manufacturing capacity and allow us to attract new high-value projects.

We remain confident in our outlook for calendar year 2026. The strategic initiatives and investments made so far are expected to begin delivering meaningful results from 2026 onwards, setting the stage for sustained momentum.

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

Ravi Mitra: Thank you, Alain. Good evening, and a very happy new year to everyone. Thank you for joining us today as we review our financial performance for the third quarter and 9 months FY '26. I am pleased to share that Q3 was a strong quarter for us, marked by healthy revenue momentum across key markets and continued improvement in profitability. Our consolidated revenue for the quarter stood at INR16,954 million, reflecting a year-on-year growth of 22%.

The base business performed well with revenues of INR11,790 million, reflecting a year-on-year growth of 16%, supported by broad-based [growth across the key geographies]. Cenexi also delivered a solid performance with revenues increasing 39% year-on-year to INR5,164 million. Overall gross margins for the quarter was 66% broadly in line with the previous year and higher compared to 63% of previous quarter. Excluding Cenexi, base business gross margins stood at 61% versus 63% last year, primarily due to product mix and [were] similar to Q2 of FY '26.

Our performance for 9 months FY '26 has been equally robust. Consolidated revenue for the 9-month period reached INR46,879 million, a year-on-year increase of 12%. Base business

revenues came in at INR32,965 million, and Cenexi revenues rose 26% year-on-year to INR13,913 million.

Overall, gross margins improved to 65%, up from 62% last year, driven by a favorable business and product mix. Excluding Cenexi, base business gross margins were 60% compared to 57% in the previous year.

Expenses during both Q3 FY '26 and 9 months FY '26 were higher primarily on account of increased R&D investments, employee cost and certain onetime items. R&D expenses for the quarter stood at INR650 million, representing 5.4% of sales up from INR437 million last year, demonstrating increase in R&D efforts and filings. Our R&D programs, including complex pipeline continue to progress well. For the 9-month period, R&D expenses were INR1,725 million, or 5.2% compared to INR1,419 million last year.

During Q3 FY '26, adjusting for ESOP-related noncash expense of INR141 million, EBITDA stood at INR4,490 million with margin of 26%. The EBITDA margins were in line with Q3 FY '25, despite increased R&D spend. For the Base business, excluding Cenexi, adjusted EBITDA was INR4,342 million, with a margin of 37%. We are particularly pleased that Cenexi delivered positive EBITDA of INR148 million during the quarter.

For 9 months FY '26, adjusted EBITDA after excluding ESOP-related expense and one-off items, stood at INR11,582 million, with a margin of 25%. For the Base business, excluding Cenexi, adjusted EBITDA was INR11,965 million with margin of 36%. Cenexi's EBITDA loss narrowed significantly to INR383 million compared to INR1,283 million last year, a meaningful improvement.

Other income, comprising mainly foreign exchange gains and interest from bank deposits amounted to INR632 million in Q3 FY '26 and INR2,049 million for 9 months FY '26.

After adjusting for an exceptional wage code related impact of INR243 million and its consequent tax effects, net profit for the quarter stood at INR2,797 million, translating to adjusted PAT margin of 16% against 15% in Q3 FY '25. Adjusted net profit for 9 months FY '26 came in at INR6,789 million, with margin of 14% compared to 12% last year.

On a stand-alone basis, our effective tax rate for the quarter was 25%.

As of December 31, 2025, total cash and equivalents at the group level were INR30,525 million, including non-callable deposit of INR3,960 million. External debt at the Cenexi level stood at INR3,363 million. Cash flow from operations was INR337 million for the Q3 FY '26 and INR6,269 million for 9 months FY '26.

Our cash conversion cycle averaged 166 days for the first 9 months, an improvement from 172 days at the end of FY '25, largely driven by better inventory and receivable management. Total capex during the first 9 months of FY '26 amounted to INR3,566 million, primarily directed towards new projects of Cenexi, capacity and capability upgrades at our India facilities and regular maintenance capex. For this full year FY '26 capex for the base business is expected to be around INR2,500 million and EUR25 million at Cenexi.

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

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from Tushar Manudhane from Motilal Oswal Financial Services. Please go ahead.

Tushar Manudhane: Thanks for the opportunity. Sir firstly, on this CMO contract, if you could also share what is the size of this contract and the timeline for completing this contract and starting timeline for this contract. The one with respect to oncology.

Srinivas Sadu: Tushar you're referring to the new CDMO contract? For that the timeline is FY28 probably third or fourth quarter [or] end of '28. The expected revenues are around $25 million to $30 million per year.

Tushar Manudhane: USD25 million to USD30 million per year, starting end '28, correct?

Srinivas Sadu: Yes, correct.

Tushar Manudhane: This would require certain capex from our side, and which is why this contract timing is end of '28?

Srinivas Sadu: Yes. So it's a dedicated -- it's a complex product. So we have to create some dedicated compounding area for this product. So that's why this time, and then the tech-transfer, and then the variation filing. It's a commercial product in Europe and many countries. So the variation filing has to happen in Europe and several countries. So that's why the commercialization will happen in third or fourth quarter of '28.

Tushar Manudhane: And how much capex would you be requiring for this project?

Srinivas Sadu: About INR80 crores.

Tushar Manudhane: Got it, sir. Sir, just secondly, if you could also share U.S., Europe constant currency growth for the quarter on a year-on-year basis?

Srinivas Sadu: About 5%.

Tushar Manudhane: In U.S. and in Europe?

Srinivas Sadu: Overall, it's around 5%. You can take overall.

Tushar Manudhane: For base business?

Srinivas Sadu: Yes.

Tushar Manudhane: Got it. And just lastly, if I may, if you could share milestone and profit share for the quarter?

Srinivas Sadu: Profit share is around 9% and a milestone around 7%.

Tushar Manudhane: Thank you, sir. I have more questions. I will join back the queue. Thank you.

Moderator: Thank you. The next question is from Tarang Agrawal from Old Bridge. Please go ahead.

Tarang Agrawal: Hi, I have two questions. One, if you could give us a sense on how the Cenexi trajectory should play out going forward from here on? And second, in your initial address, you did call out about investing INR2,000 crores. If you could give more color in terms of what is the time line within which you're looking at investing at, the approval time lines and kind of asset turns that you would look out of investments given that it's going to be a mix of both volume as well as value?

Ravi Mitra: So I'll take the capex question first. So, we would be building a Brownfield expansion for capacity, which should be adding to existing vial, Lyo and other delivery formats. And that is considering the increased demand and other expectations we have. In addition to that, we are also putting a BFS line. We are putting up new ophthalmic line, a suspension line. And this would be spent over a period of next 5 years. So next year, our capex should be around more than INR400 crores. And the asset turn should be more than around 3x. Considering the high-value business, we are expecting in this new facility.

Tarang Agrawal: Just a follow-up on this. I mean, what is driving this kind of confidence? I mean from the point of view of customers, you did call out demand, you did call out India being an innovation hub. So if you could just elaborate in terms of the structure of the industry, because there's a sizable portion now from the point of view of where your gross block is today and the kind of investment that you're committing?

Srinivas Sadu: So on the ophthalmic side, the current capacity, we have almost -- we're not able to cater to actually the demand. And we have several products under approval stage and we need additional capacities. Ophthalmic line, which also has capability of suspensions. Today, we don't have ophthalmic line with suspension capability. So that's a need. There are several key products in that space. That's one line we're investing into.

The BFS, there are some specialty products on blow-fill seal technology, which you want to get to you. And we've also seen several markets, the 3 piece is also moving to BFS technology. And currently, we only have a 3-piece line and we're not able to sell cater to the RoW business because of lack of the BFS technology also.

So as an injectable company, we need that technology and also the way the market is moving, we need to be ahead of it, so that's why we want to invest into BFS. But there are also several -- they have done some good projects we're doing, which falls under BFS, which are on the specialty category. So that's the other one.

In terms of additional capacity, we are running out, I would say, next 1-1.5 years running out of Lyo capacities. If you see the growth coming from our -- if you look at last few quarters growth, the volume growth is larger. Even last quarter, if you see volume growth is almost 19% in the US while the price has dropped.

So we are aggressively looking to reduce our cost internally, become more efficient. So we are utilizing that game to get more contracts in the U.S. And that's why we did mention in our last couple of quarters that we worked on efficiencies, we got on our cost down, and that's where

we're able to win a lot of contracts and GPO contracts in the U.S. and the supply started from this quarter.

So the volumes are higher. So we need those capacities as well. So it has is -- and so the fourth aspect is the CDMO contracts, which we're entering. Some contracts are that by commercial quantities where the players are entering to different segments and we're trying to move the commercial products to our sites. So we need to invest into that as well.

So there's a lot more focus on the CDMO contracts last 12 to 18 months. So that business, we're trying to grow substantially, but not at kind of products, more complex specialty kind of products and also focusing on commercialized products where you have clear visibility on revenues in the next 2 to 3 years with worst-case take-or-pay agreements, I would say.

Shyamakant Giri: And Tarang, on your Cenexi's question, the performance in this quarter reflects a disciplined execution over past so many quarters, including capacity utilization, workforce rationalization or optimization, ramp-ups and all of that. So there will be quarter-to-quarter fluctuation. But overall, on annualized basis, we expect EBITDA to remain positive. And we are confident in Cenexi's medium- to long-term growth. .

Tarang Agrawal: Just a follow-up on Cenexi. So would it be fair to presume that EUR50 million is a good base kind of work with now?

Ravi Mitra: So, on an annualized basis, yes, you can take it [EUR] 200 [million], but there could be some quarter to quarter fluctuations.

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

Neha Manpuria: My first question is again on the capex number, the INR2,000 crores that we had mentioned, how much of this would be for Cenexi versus the Base business? .

Ravi Mitra: This is for Base business, Neha.

Neha Manpuria: Okay. So that means we're really doubling the gross block or really doubling the gross block once this capex is completed.

Ravi Mitra: Yes, that's correct. Yes.

Neha Manpuria: Okay. And what would be the average utilization of the existing capacity that we have? And at what point do you think capacity becomes a constraint for growth? And how soon would we need to get this capacity up and running to maintain the mid-teens growth that you've guided to?

Srinivas Sadu: So it depends on the lines, but most of the lines are running at 80%, 90% capacity. Some lines are almost top of that. On the prefilled syringe, we have enough capacities. And we're not investing into that. And of course, the cartridge, these are new technology we got into those we have enough capacities.

But if you look at lyophilizers or liquid vials, I think those are almost -- they're running at -- most of the lines are at 90% capacity, a few lines at 40%, 50%. So at least for the next 2 years,

we need to invest into additional capacity. So this INR2,000 crores will be spread across the next few years.

Neha Manpuria: Understood. And my second question is on the overall guidance, I think we had mentioned a mid-teens guidance. I think we're tracking at about 12%, and there was more of a large product launch by our partner in the U.S. It seems to have been delayed. Based on the 12% growth in the 9 months, do we still have confidence in that 15%? And what's the update on the Dalba launch by the partner?

Srinivas Sadu: Good thing is Dalba is approved in 6 countries in Europe. So we launched in December in 6 of the European countries. So more countries gets launched out [side] of U.S. U.S., we have a goal date in February. So hopefully, we're just waiting for an approval. So they need an additional data, which was submitted this month in January. So we should be able to get some.

Neha Manpuria: And let's assume Dalba does not come through instead, would we still be able to maintain the mid-teens growth that we've been guiding to?

Srinivas Sadu: So the additional batches -- additional demand, which came from Europe. So that will at least offset some of the gain even some of the losses if you don't get an approval. But hopefully, they're also trying to get a player so that we can ship out some batches. So if that happens, we will see some numbers coming from the U.S. as well.

Neha Manpuria: Okay. And how should we think about the growth from here for FY '27 for the base business? Cenexi, like you mentioned the EUR 200 million base, which we should grow on for the base business, what's the growth? Because even for Europe, if we see the CMO contract is ramping up much lower than what I would have -- we would have expected. So is it possible for us to maintain this mid-teens growth going or should we see this growth momentum possibly improve given the investments we are making?

Srinivas Sadu: I think overall, as a company, we should be growing at 12%-13%, at least that's the minimum confidence we have. And if the CMS get faster approval in Europe, where the variation filing is happening. And if you get that earlier than anticipated. So we thought at least in second half of this year, we should get some quantities, if that happens it will be little bit more. But I think I think 12% to 13% is, I think, the best fact.

Neha Manpuria: CMS approval is expected this year in fiscal '26, is the remaining two ones?

Srinivas Sadu: That's a meaningful business. The variation sizing has happened -- is happening in different countries in Europe. Approval is expected in 6 months. Yes. If that happens, then it could be a little higher.

Neha Manpuria: Okay. Got it. All right. Thank you so much.

Moderator: Thank you. Next question is from Ashish from Leo Capital. Please go ahead.

Ashish: Yes. By when do we expect the 140 million pen cartridge capacity for GLP-1 to be operational? And what sort of orders from customers or commitments do we have on it?

Shyamakant Giri: So first and foremost, let me take the 140 million is a fungible capacity, which has both cartridges and vial, number one. Number two, we have launched our first GLP in Canada last quarter Liraglutide and we are -- there's a US approval coming through, already approved in U.S. We have launched in January already in the U.S. We have contracted two to three more GLP players, and there is a pipeline of around six to seven players more to be contracted.

And we are also looking beyond the GLPs, for this cartridge line like insulin and insulin analogue. So we are in talks with one of very important big insulin players for the capacity that we have. So overall, looking at the things we can look at in FY '27 around 15 million to 20 million utilization. It would take some time for us to completely utilize 140 million. But this is what the visibility as of now.

Srinivas Sadu: So as of now capacity is 40 million just to be clear, and then 100 million is getting added this year. But the idea is not -- you're going to fill up the line with GLP-1 in near term. The idea is to have this capacity ready because of the contracts we have. In the meantime, we also -- and that's the reason why we have a fungible line where we can fill vials and cartridges in one line and syringes and cartridges in the other line. So you can utilize for other products also. But I think the 40 million probably will fill-up faster because of the insulin discussions what we're having with the partners.

Ashish: Got it. Would you say capacity for fill and finish on the pen cartridge side are in shortage right now and there is significant capacity build out ahead of the patent expiry?

Srinivas Sadu: It depends how the market pans-out, right? I mean if it really pans-out, like what you're saying, there's not enough capacity, but we also need to see how the molecules will pan out. So our next -- at least next 3-4 years forecast, we are not considering too much of GLP-1 because one is, of course, the patent situation and also the others [like] how the pricing will pan out.

So the numbers, what we are projecting is very minimum revenue numbers we are allocating to GLP-1. If it really happens like the market is saying, then it will be additional number what we could get to, in addition to the guidance, what we're giving.

Moderator: The next question is from Bino Pathiparampil from Elara Capital.

Bino Pathiparampil: You partly answered my questions. But I just wanted to know, are you -- have you already tied up some semaglutide contracts for FY '27 within your capacity? Or is it all Liraglutide as of now?

Srinivas Sadu: No, we have signed up with several semaglutide generics also. Even that we have signed up.

Bino Pathiparampil: So including semaglutide, you're saying only about 30 million of your 40 million capacity in the like in FY27.

Srinivas Sadu: If we add up the -- what customers are estimating and projected, it will be huge numbers. So we don't want to be too optimistic on that. We have to be a little conservative on how the market is behaving because we also need to look at one of the key areas is we don't want to sell at a price

where it's not workable. So from a capacity perspective, we have built in, but as a de-risking strategy, we took a fungible line so that we can also use it for other products.

So -- but what we are saying is, in addition to GLP, we are also -- because we're already making insulin for Eli Lilly for several years. So we also have that experience. So we're talking to insulin manufacturers who have commercialized this product in large numbers. So that could be a big item for this line, at least for the 40 million line. And the meanwhile, we look at how the market behaves and if you have to sign more contracts, other contracts, what we have signed, are good enough to fill those lines.

Bino Pathiparampil: Got it. And when do you expect the additional 100 million capacity to be online?

Srinivas Sadu: That will be next 5 months, the line is actually getting delivered next week. So by the time validations and everything will happen, 4 months. So by second quarter, the line will be ready to take exhibit batches.

Bino Pathiparampil: Okay. Understood. And one last question. After several quarters of U.S. revenue around high $90 million per quarter. This quarter, you have shown some improvement in US or developed markets around $110 million. Do you think that it can dip below that further? Or this will be a new base on the growth on a quarterly basis?

Srinivas Sadu: I did mention in today's call and also previous calls that some of the contracts of our top 10 products what we launched GPO contracts, a few years ago, we got it 3 quarters ago. The supplies would be starting from the third or fourth quarter of FY '26. And that's why you're seeing the uptick. I mean if you see the volumes compared to previous quarters, it's higher.

I mean the volumes are almost 19% higher if you look at year-on-year and I think 16% on quarter-on-quarter. So these volumes are coming from the new contracts what we have signed up, and this will get annualized next year. So it's basically what we lost, we got it back this year, I would say.

Bino Pathiparampil: Great. Thank you. I will join back the queue.

Moderator: Thank you. The next question is from Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor: Yes. Thank you for taking my questions. Mr. Sadu, beyond the reported turnaround at Cenexi and congratulations by the way you have been sounding very positive over the previous few earnings call that this business will turn around. Now that the turnaround has happened?

The question or the optics will now obviously shift to the EBITDA margin in the ROCE because it's relative to our base business, where we were before the acquisition, we were a lot higher on the EBITDA as well as the ROCE as those metrics have been diluted by Cenexi. So what is the steady state, maybe a midterm 3-year kind of a road map to try and bridge the gap both on the ROCE as well as the EBITDA between our base business and Cenexi?

Srinivas Sadu: One of the initiatives. And of course, we are still working on efficiencies at Cenexi to improve the EBITDA. On the BD front, we have integrated plan and Europe BD. Sometimes it cannot

reflect directly into Cenexi's business, but it also as a consol company, you should start looking at it. I mean, if you look at this quarter itself, our milestone income in the U.S. actually has come down drastically.

But overall, it's only 2% decrease because most of the actually milestones also came from our contracts in Europe. So you should also see that how the Cenexi and Gland together helping the company which you talked about initially, but the focus was mostly on how to turn around. But also you should see in parallel, what are the synergies we can get out of this business, which will not directly seen from Cenexi's business, but as a consol business what you can get out of this. So you will see the European business growing.

And we also have to see 35% business is great, but also we have to see how dependent on -- are we on U.S. we have seen 2 years back when we had a setback, we are so dependent on U.S., we decided, okay, we need to de-risk ourselves. So you should also look at now today, we are dependent on U.S. of 50% of business, 25% is in Europe.

Now the quality of the business we do, we have to improve for sure. One is, of course, getting the efficiencies back. Second, how do we improve the portfolios of Cenexi. And that's the reason why you see investments going into higher-end products, not just ampoule business, which is there. And in pharma, it takes time. So it's the transition we are doing.

And also, it has capabilities which Gland can exploit, whether it is herbal products, which we can't make or the controlled substances, which we can't make. Now again, you have to look at it from a synergy perspective. So as Gland, you cannot do those kinds of products, with Cenexi, we can do the product. So in the future, you might see revenues coming out of Gland base business, but it won't have happened if you don't have Cenexi.

So as a company, I think we should start looking at how Cenexi contributed to Gland, how Gland is contributed to Cenexi rather than independently looking at Cenexi. Because that's how when you make an acquisition, we just don't look at single business. You see as a whole, how the business works. And I think that's what we tend to tell that okay fine, we are turning it around. But how Cenexi is also contributing to us. So this is several our development projects.

Now we have started R&D and so products where Gland cannot do it because of the facilities that we don't have, where Cenexi has. So we start manufacturing from there. So I think from a long-term strategic perspective, it's a move we consciously took. Yes, it took time of 2 years to get it turn around and this is our first acquisition. And we are integrating it. So you see more positive results independently for Cenexi and also as a consol company.

Sajal Kapoor: Sure. That's very helpful. And thank you for detailing the response, which kind of helps us better understand the overall synergies and the dynamics because you just absolutely, I agree that you can't look at the individual businesses as an individual part, you have to look at the whole. So I completely appreciate that. My second and last question is, regarding this biologic CDMO.

So we are tripling the capacity, right, if I'm not mistaken, we are tripling the capacities from 8 KL to 23 KL, and what is the expected ROCE and this capacity expansion all backed by contracts

that we have signed either with Dr. Reddy's or otherwise? I mean, how confident are we in terms of utilizing this enhanced capacity? And what is the hurdle rate in terms of return on capital?

Ravi Mitra: So this is a Greenfield. We will be building this capacity in Shamirpet beside our existing 8 KL. So we are in a stage where we don't have -- because in typical CDMO business, you have to build the capacity and then sign the contracts, but we are in active discussion with some players for the products there. So at this point of time, we'll not be able to put a number to that. But our hurdle rate for any investment is, of course, 20% IRR. So that we keep in mind when we make our internal investment projections.

Sajal Kapoor: That's helpful. Thank you so much and all the very best. Thank you.

Moderator: Thank you. The next question is from Saion from Nomura. Please go ahead.

Saion: Yes. Good evening and thanks for taking my question. Ravi, in case of the ESOP charges that you take, how should we think about this year, next year and will it sort of come down going forward?

Ravi Mitra: So the current quarter is INR14 crores. And typically, it would be -- it would go down for this grant as we see next year. And of course, this ESOP started from middle of Q1. So full year, if we annualize, it will be a little higher than this year's cost. But I'll -- and then it's not a full ESOPs scheme. So we may have future grants also given.

In that case, the cost may go up. So we will not be able to exactly quantify what's going to be the ESOP cost next year. But typically, we have -- where the vesting is over a period of 3 years. So it gets distributed over a period of 3 years in any new grants.

Saion: Okay. And also this 15 million to 20 million that you mentioned about utilization for the new cartridge line for fiscal '27, how should we think about in '28 if you have any visibility around that?

Shyamakant Giri: So there is -- so we spoke this capacity utilization with insulin. As Mr. Sadu also told, we are talking to a big pharma company on the insulin side. And on the other hand, there is a pipeline of 7 to 8 GLP-1 customers also where the talks are going on. So I think '28 will be far, far better than '27. I don't have a number now. But we are looking very positive and very optimistic about taking this line ahead.

Saion: Great. So just for fiscal '28 as you see GLP scale up, you see the CDMO contract coming through. And also, you talked about synergy benefits coming out of Cenexi. So for the base business, should we expect stronger growth in fiscal '28 versus 12%-13% that you talked about for fiscal '27?

Srinivas Sadu: So we are looking at 15% CAGR 5 years as a company, other than the inorganic what we meant to in the next few years. As organic, we look at 15% CAGR for 5 years.

Saion: Okay. And just one question, if I can ask regarding the synergy from Cenexi, now since it's stabilizing, how should we think about that? I mean if you can give some color on the kind of

discussions you are having that the base business can get effect -- impacted? And the trajectory around that, I would assume these things take time. So is there a point where you see inflection happening on account of Cenexi, the synergy benefits for the base business?

Shyamakant Giri: So as Mr. Sadu said, we have integrated the BD which means we have a lot of customers who wanted to make in Europe, this integrated BD team will at cross sell each other's capacity. This is one part of it. The second part of it is also we will have a full year of Line G, which is a high-speed line that we installed last year. We're also installing another high speed line there.

We have seen a ramp-up in HSE of the inactivated vaccine and also on the opthal gel. With respect to synergy, yes, BD, as I told you, there's a tech transfer synergy of -- there's a knowledge transfer happening between both the tech transfer team. There is a synergy around efficiency, there's synergy around quality teams and all of that. Yes, a lot of synergies, a lot of synergies are at play, okay? It is difficult to quantify at this point in time. But we have taken baby steps and we have seen benefit coming out of this synergy.

Srinivas Sadu: So just to add to on the softer aspects, from the BD perspective, several customers, we are doing a joint tendering right now, especially we have -- we discussed our capacities earlier in the call. We have a lot of ampoule capacities. And there are a lot of tenders, global tenders coming from the big pharma to consolidate the ampoule business.

So we have actually participated in two tenders where some volumes were quoted from Cenexi's and probably 70% from Gland. So this kind of stuff will happen. I mean when I'm saying 15% CAGR, we are not included these because these are happening. But we are pretty confident because if you look at how the entire market scenario is even the companies are trying to integrate 15-16 CMO services to one company and we have all that under one roof. So we did participate in two large tenders 60 million, 70 million ampoule tenders jointly.

And there are also products, the companies who are taking CDMO services from Cenexi, they're actually talking to us to in-license products from Gland. So that will open up. So we have licensed 4 products last quarter in Europe. That's where you see some milestone income from Europe as well. So that has also panned out well.

So if you start launching those products in Europe, you'll see some revenue coming out of that market also. That's again ongoing process there. It's a new entry for us in terms of filing dossiers in Europe. We have just 4 approvals, which we have licensed out, but that is a growing business.

So in that sense, a lot of companies are trying to in-license products. That's one area we're looking at. And also, we are also giving companies the opportunity to grow the business because of the cost structure in Europe. They're not able to compete too well in the RoW markets. So they're losing share. So we are offering services to them in India so that they can get a better pricing, so they can increase the volumes share -- so yes, so several areas we're waiting together.

Saion: Understood. Okay. Thank you.

Moderator: Thank you. Next question is from Abdulkader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Congratulations on a good set of numbers. Sir, my first question is pertaining to your Europe business. So for Gland and Cenexi, both of these segments, we have seen very good growth this particular quarter. So I just wanted to understand here that what is the kind of opportunity you're seeing in Cenexi first on this inactivated to vaccine and the sterile gel and for Gland as well, would this quarterly run rate be sustainable in the quarters ahead as well?

Shyamakant Giri: So on these two product, inactivated vaccine and sterile gel, there is a ramp-up that we have seen. And these are products from the innovative pharma side. In activating vaccine is seasonal, but we have seen more ramp up quarter-by-quarter. This will continue to grow. And similarly, the ophthal sterile gel.

On the other question that you asked on the growth, yes, as I told in the past that all the effort still continues. But all the effort that we started beginning of 2025 is now showing results in some way. We'll push the pedal more and we make sure that on an annualized basis, Cenexi remains on course, and we're confident on Cenexi's medium and long-term growth.

Abdulkader Puranwala: Understood. And sir, on your gross margins for the base business. So despite your share going up significantly as compared to where you were last year, the gross margins are still better. So would it be fair to assume that the new businesses are at par at what you are currently doing in U.S. or in Europe itself?

Srinivas Sadu: To be honest, actually, if you look at the prices wise, it is down, but we are -- we become more efficient, I would say, with initiatives which we took -- so that's how we're able to maintain the margins and be more aggressive in terms of pricing. So if you see there was a price drop of almost 5%-6%, if you compare to the period, we still were able to maintain the margins because our costs have come down. And that's why we are seeing more volumes, same margin, but lower pricing. So it kind of nullified that. And that's only because of internal efficiency.

We came out increasing batch sizes. We have invested -- there was a question around capex side, actually invested into large capacity tanks so that will increase batch size. So some investments have went into that to reduce the costs. And that's what you're seeing now. So basically, it's aggressive pricing, reduced cost internally to be more attractive in terms of market scenario, which gave us volumes also.

Abdulkader Puranwala: Okay. And sir, one more on the co-development partnership products. So the 15 products you have, which will begin in '28. So what is the TAM for these 15 products and from '28 perspective, how many products of that we should see getting commercialized?

Shriniwas Dange: We will come back to you on this question Abdul.

Moderator: Due to time constraints, we'll have to take that as a last question. I would now like to hand the conference over to the management team for closing comments.

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