

Ref: EPL/CS/SE/0015/2025

Date: February 11, 2025

To,

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

Dear Sir/Madam,

Subject: Transcript of Earnings Call - Q3 FY25

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our intimation dated January 24, 2025, please find enclosed the transcript of the Earnings Call for the Q3 FY25, held on Thursday, February 06, 2025 at 5.30 p.m. (IST).

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

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

Thanking you,

For **Emcure Pharmaceuticals Limited**

Chetan Sharma
Company Secretary & Compliance Officer
Membership Number: F8352

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“Emcure Pharmaceuticals Limited
Q3 FY25 Earnings Conference Call”

February 06, 2025



MANAGEMENT: MR. SATISH MEHTA – MANAGING DIRECTOR & CEO
MR. TAJUDDIN SHAIKH – CHIEF FINANCIAL OFFICER
MR. VIKAS THAPAR – PRESIDENT, CORPORATE DEVELOPMENT, STRATEGY AND FINANCE
MR. SAMIT MEHTA – WHOLE-TIME DIRECTOR
MR. PIYUSH NAHAR – EXECUTIVE VICE PRESIDENT, CORPORATE DEVELOPMENT AND STRATEGY

Moderator: Ladies and gentlemen, good day and welcome to Emcure Pharmaceuticals Q3 FY25 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. Please note that this conference is being recorded.

I now hand the conference over to Mr. Piyush Nahar, Executive Vice President - Corporate Development and Strategy. Thank you and over to you, sir.

Piyush Nahar: Thank you, Rutuja. Good evening, everyone. Earlier today, we released our financials for the third quarter of fiscal 2025 along with the press release. These are also posted on our website. We hope you all had the chance to review it. I would like to bring to everyone's notice that this call is being recorded and the recording and transcripts will be available on our website.

To discuss the company's business performance and outlook, we have on the call our Managing Director & CEO - Mr. Satish Mehta, CFO - Mr. Tajuddin Shaikh, President - Corporate Development, Strategy and Finance, Mr. Vikas Thapar, and Whole-time Director - Mr. Samit Mehta.

Before we begin, I want to remind everyone about the safe harbor related to today's investor call. Today's discussion may include certain forward-looking statements which must be reviewed in conjunction with the risks that our business faces that could cause our future results, performance or achievements to differ significantly from what is expressed or implied by such forward-looking statements.

At the end of the call, if any of your queries remain unanswered, please feel free to contact us at Investor Relations email id. I will now request Mr. Satish Mehta to provide the opening remarks. Thanks and over to you, sir.

Satish Mehta: Thanks, Piyush. Good evening, all. It's a pleasure to speak to you all today and present our Q3 FY25 results update. At the outset, I would like to thank you all for joining the Emcure family, which has grown substantially post-listing. Before listing, we had 20-25 equity holders and now we know the family is more than 140,000 and that puts enormous amount of responsibility on me as CEO, and all of us at Emcure are acutely conscious of our responsibility.

Post-listing, we at Emcure have worked on a 5-year plan to deliver industry-leading growth and personally, I am very excited about this. This will be led by in-house innovation - R&D is one of the major strengths that we have. It will also be led by M&A and in-licensing. In this earnings call today, I will talk about what we are doing on Derma as we go along and also tell you about our strategy as to what we intend to do in ophthalmology and our other key products that we intend to launch in the near future.

There are other areas we are working on, which we will talk about as we go forward. To get back to the results that we released today, I am sure you guys had a chance to look at our results. Our Q3 revenue grew by 18% year-on-year and our adjusted PAT grew by 36% year-on-year.

Let me now give you some key business updates. We will have question and answer session post my opening remarks.

Let me start with the international business, which continues to do very well on the back of our differentiated portfolio. In our Canada business, Mantra which we acquired last year in the month of November, is now fully integrated and doing exceedingly well as shown in the results of North America.

In the emerging markets, what pleases us is the strong growth that we have seen in non-ARV segment.

In EU, as we guided earlier, the growth in the current year will be muted. Going forward for the next year, in EU, we expect that it will also be back on track as far as the growth trajectory is concerned.

As far as the international business is concerned, I expect the growth on the back of differentiated products and I would like to draw your attention to one key opportunity that is on the verge of getting completed - which is Liposomal Amphotericin B. We have filed the product across several of our target markets and we are now seeing approvals flow through. We are very positive on this opportunity. Incidentally, I told you in the last meeting as well that the product has been approved in the UK and is doing exceedingly well.

Now, having spoken about the international business, let me now turn my attention to the domestic business which is very, very close to my heart and it means a lot to all of us in the company. The domestic business in the quarter has grown by 12% and now I would like to draw attention on the following.

During the quarter, we restructured our cardio-diabetes portfolio by cross-pollinating our and Sanofi products. This is very important because one of the things that has happened is that we have got the Sanofi team - more than 240 people joined us – and they come with strong backgrounds and great connections with cardio-diabetes. So to that extent, our initial goal and strategy was to ensure that they get assimilated with the Emcure culture and eventually, we would like to make use of this highly talented and respected field force to promote our high margin products. We saw some restructuring and cross-pollination in the current quarter and this will obviously have some impact because as you know when the products are transferred from one division to another, it takes some time to get the traction. So we are going through that particular phase. Also, as far as acute is concerned, acute segment continues to have muted growth for the industry.

Our objective in India is to grow faster than the industry. If you look at Emcure's success, it has been essentially driven by differentiated products and my company has given lots of first launches like chirality or iron preparations or even for that matter TNK-tPA for both MI and stroke and Asparaginase for Leukemia to name a few. We have brought many products for the first time to India and have made them great successes.

Now, I would like to draw your attention to some of the areas on which we are focusing. I told you in the last meeting that we have started Derma subsidiary under the name Emcutix. This is now fully operational. Last time I had spoken about Satya who is heading Emcutix. He was earlier the Chief Executive Officer of Galderma. He has now built up a team of 200+ and we will see new launches for the business starting from FY26. This will include both in-house and partner products. Satya comes with a lot of expertise and experience in global alliances and I do expect in-house and partner products in our portfolio going forward.

As you all know, Derma is a big market of USD3.6 billion, not necessarily conventional Derma that we talk of but at the same time we also talk about cosmetology, products for geriatric and so forth and so on. So obviously we are very excited about Derma.

The other segment that we will take up in the next few months is ophthalmology and the reason being the in-house product Bevacizumab for wAMD which will help us enter in this particular market. We have a patented device as far as Bevacizumab is concerned. Currently we are going through Phase 3 and in due course of time as far as this particular product is concerned we will launch in the market. If you look at the strategy that Emcure has pursued, what we have done in every segment, we have an anchor brand, on the back of that we have launched many products. As far as Bevacizumab is concerned, it should be the anchor brand to make a foray in ophthalmology as and when it completes Phase 3 and gets approved.

I spoke about Dermatology and ophthalmology and obviously we will build on our strength and double down on our strength. As you all know, we are leaders in women's health. In the women's health segment, we have recently launched products in key important segments and spaces of PCOS and pre and postmenopausal support where we had some therapy gap.

I spoke about Bevacizumab for ophthalmology but at the same time, on biosimilar, a lot of other work is going on. We are on the verge of getting recombinant Asparaginase cleared by the office of DCGI. It should happen in the next 6 months' time because we have completed most of the studies and this product is very important because currently the Asparaginase we are getting is from natural source and this recombinant product will be a major breakthrough because it will give a product of absolutely outstanding quality.

Finally, as I have been telling all along, ours is one company which is very strong in both biologics and chemistry. So obviously, we are also working on GLP-1 and I am very confident that we will be in the first wave of semaglutide launches in India and the product will be vertically integrated. Apart from that, as I told you last time, we already have a facility which is approved by EU for filling the product and also tablets as and when we launch.

While I am talking about the domestic market where we are taking a lot of initiative in terms of entering Derma, making it big, apart from that, Sanofi initiative and making our position stronger in the field of cardio-diabetos, then having plans to go in for ophthalmology in due course of time and even as far as oncology is concerned where we have a reasonably good position to strengthen that portfolio by giving some biologics as we go along. We will do that but at the

same time, we are also extremely mindful about the productivity of the field force on which we are focussing our attention.

I am very sure with these new initiatives and new launches, we will be accelerating our organic growth momentum and also improve our margins. I have been in the industry for more than 40 years as you all know and I am the founder member of this company. Yes, we are doing exceedingly well in the international market but for me, the main objective is to put the domestic market on track and we need to grow more than the industry growth and that is my very immediate goal and objective for which I am giving my undiluted attention to ensure that the domestic growth also picks up in the next few months.

With this, I would now request my CFO, Tajuddin to give you more details on financials and after that, I am happy to field any questions that you may have. Thank you very much for your patient hearing.

Tajuddin Shaikh:

Good evening everyone. I will provide you some of the key financials before we open for Q&A. Our revenue from operations for Q3 grew by 18% year-on-year to INR 1,963 crores.

Our domestic business grew by 12% year-on-year to INR 888 crores. Our international markets grew at 23% to INR 1,075 crores led by our non-ARV business to emerging markets and the Canadian markets.

Canada grew 34% to INR 352 crores in Q3. As you are aware, Mantra business was consolidated from November'23. Base business continues to do well and for the 9 months has grown at mid-teens.

Emerging market sales for Q3 saw very strong growth of 40% to INR 365 crores led by growth in both non-ARV and ARV segments. Europe grew 2% to INR 358 crores for Q3.

Coming to gross margins, gross margins for the quarter stood at 60.1% against 62.7% in Q3'24. This decline is due to business mix. Sanofi business is at lower margins. The base business GC are stable year-on-year.

Our EBITDA without other income grew 23% year-on-year to INR 362 crores. EBITDA margins stood at 18.4%. The margins are up YoY led by operating leverage and better productivity.

Depreciation and amortization expenses increased to INR 97 crores from INR 84 crores year-on-year due to the Mantra acquisition and operationalization of 4 new plants. QoQ depreciation is flat.

Our interest cost for the quarter was at INR 32 crores led by reduction in our borrowings. Our effective tax rate for Q3 was at 32%. This is higher due to the one-time adjustment of INR 15 crores. Ex of this, the tax rate stood at 26%.

Adjusted PAT before the one-time tax impact stood at INR 171 crores, a growth of 43%. Reported PAT stood at INR 156 crores.

Our net debt at the quarter end stood at INR 600 crores, down from INR 705 crores in Q2. Our working capital days remained stable at 96 days.

We will now begin with the Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.

Bharat Shah: Hi. Two or three questions. In the initial remarks you mentioned that Emcure is likely to be the first one to launch Semaglutide in India. But I heard a similar point being made by Eris Lifesciences two days back. You also talked about the strongest or the largest portfolio in the women's healthcare. But I thought that that number probably belongs to Mankind. So I am a bit confused about both of those.

Samit Mehta: So this is Samit. I will take your question on Semaglutide. So as you are aware, Semaglutide's loss of exclusivity is in March 2026 for India. We expect there would be quite a few approvals and we will be one among them. That is the endeavour that we are making. So it is not that we will be first to market, we will be in the first wave of entrants that will be able to enter at the loss of exclusivity.

Bharat Shah: And women's health care portfolio?

Vikas Thapar : Yes, I think you are correct that Mankind, particularly post-acquisition of the Bharat Serum portfolio, in absolute magnitude would be larger. I think we were basically highlighting that historically we have always enjoyed a leading position in women's health care.

Bharat Shah: That clarifies. Secondly, you also mentioned that margins would improve going ahead. But when I look at the margins, they are so modest that they only can go up. They are so much below the industry margins that, or rather than industry margin, let me put it comparable model firms operating in this area. So margins in many cases about 18% are quite underwhelming. And therefore, I would be curious to understand what kind of long-term trajectory you think these margins can be.

Vikas Thapar: Sure. So I think when you look at our margins, it is important to look at kind of the current mix of the business, which is obviously a mix of roughly half of the business being a domestic business, which includes both a fairly strong chronic as well as an acute segment. So obviously, you know what a typical industry margins of those segments are.

And we believe that we are more or less in line with that blended average of industry margins for the domestic portfolio. At the same time, we took on a significant portfolio of products for the diabeto-cardiac range of Sanofi, which obviously comes at a different margin profile. As we had indicated in the past, as we unlock some synergies, and our CEO mentioned some of the

restructuring efforts that we undertook even in the current quarter, we think that the blended margins of the India business will definitely improve as we see higher productivity and some of the near-term exciting launches over the next 12 months in the Indian context as well.

We also have roughly half the business on the international side, where some portion of that business does include the ARV segment, where the margins tend to be more like mid-teens profile. So one has to look at the blend of, the overall international business. And then, of course, there are certain new areas that we are investing in. So for example, our new subsidiary Emcutix for the Derma division is a brand-new initiative. We have already hired a team of 200. We will be launching several products over the next few months and so that division, for example, will take some time to ramp up and get to what we would consider decent margins. And finally, as we had highlighted in the past, 4 of our facilities were recently operationalized over the last 18 months. So as these continue to ramp, will further lead to some operating efficiency. So it's really a blend of all of these aspects where we believe the margin profile will continue to improve going forward.

Bharat Shah: So if I look at, let's say, next 3 to 4 years, would you like to have some benchmark or an idea as to where you think you belong and where the margins would reside eventually?

Vikas Thapar: See, I think looking at our own trajectory of where we think the different verticals are going to ramp, we believe that we should definitely be getting about a 300 to 400 basis points improvement in the margin profile over that time horizon. That will be the endeavour.

Bharat Shah: One last bit. Probably I could not hear it clearly. There was a mention that reported profit after tax is 156, but the adjusted one is 171. If I heard it right, I wanted to understand what was that adjustment all about?

Tajuddin Shaikh: So it's a prior period tax charge which is being charged to the P&L in this quarter with respect to the prior years.

Vikas Thapar: This was a INR 15 crores one-time tax charge relating to a prior period.

Bharat Shah: Okay, fine. That helps. Thank you.

Moderator: Thank you. The next question is from the line of Kunal Randeria from Axis Capital. Please go ahead.

Kunal Randeria: Good evening. The first question is on domestic business. So can you share what is your growth, organic growth, excluding the Sanofi portfolio? And how much of the impact is there of the FCM issues that you had?

Piyush Nahar: So if I look at the organic ex-FCM, we have grown at about 4%. And FCM would have impacted the reported growth by about 3% odd.

Kunal Randeria: Right. So your growth should be organic growth, be around 7%. Is my understanding correct?

Piyush Nahar: 4%. Organic ex-FCM is 4%.

Kunal Randeria: Got it. That's helpful. Secondly, I think Satish sir mentioned that you're entering into ophthalmology and mentioned that you are going to get wAMD as one of the indications. So just wondering whether you'll be targeting these niche areas or your portfolio would be a lot more broad-based?

Samit Mehta: Yes. So, you know, in ophthalmology, the entry would be through this product, Bevacizumab. And within that, this wet AMD indication we see as a reasonably sizable opportunity. Post that, there are two or three more indications for Bevacizumab itself within Ophthalmology that we will be pursuing and in addition to that, we will also build our portfolio.

Given that Emcure has inherent strength in sterile products and most of the ophthalmology products are also sterile in nature, it's going to be fairly straightforward for us to build a portfolio around it. So between Bevacizumab, some of this portfolio and where we're also looking at some active in-licensing opportunities, we think the entire basket for ophthalmology should be pretty robust.

Kunal Randeria: Alright. But is Bevacizumab used for ophthalmology in India? I'm not sure. Because globally, I don't think there's any acceptance of conducted trials for it.

Samit Mehta: No. So globally, Bevacizumab for wet AMD is already approved in UK. And it is globally used off-label rampantly for wet AMD. In fact, in a few countries, it is already been, you know, added in the essential list for the Ophthalmology indication. What we are doing in India through this clinical trial is, get it on-label, but also through our patent delivery and device system, create some IP around it, which will have much better patient compliance as well as ease of use for healthcare practitioners.

Kunal Randeria: Alright. And just a second follow-up on this only. Are there other players who already have Bevacizumab approval in India marketing for this indication? Or is it just oncology for them?

Samit Mehta: No. No one has this indication approved on-label. However, anecdotally, we are aware that some of the Bevacizumab products that are approved in India are getting used off-label for this indication. However, given the nature of the product and the fact that it is not ophthalmic grade, there have been many serious side effects, including losing vision and eyesight that have been reported in the press.

Kunal Randeria: Got it. And just last one, if I can, regarding Emcutix. Just wondering, since you've already had 200 people on board now, what kind of portfolio do you intend to commercialize? I mean, is it medical Derma or would it be cosmoderma? So, if you can share a bit more details.

Samit Mehta: Yes. So, we already have a portfolio of prescription Derma products. We are supplementing that with a few cosmeceuticals as well, cosmetology products. And the idea also is, eventually, in the medium term, target a few OTC brands as well. So, it will be a pretty comprehensive

portfolio. And again, as is Emcure's standard way of looking at the market, a lot of the product portfolio will be differentiated.

So, some of the areas like geriatric Dermatology, which has not been fully exploited or is somewhat of an unmet need. Emcure will create some niche products there as well. And there is also going to be active in-licensing that will happen for this portfolio.

Kunal Randeria: Would you also be then just, like a division, would you also be doing mAbs for let's say psoriasis or these kinds of indications?

Samit Mehta: mAbs for Derma or ophthal?

Kunal Randeria: So, just as we have ophthal, will you also do for Derma? For psoriasis, for example?

Samit Mehta: So, you know, they are not immediately in our in-house portfolio, but you are right, there are a few mAbs approved, especially for indications like atopic dermatitis and psoriasis. And we are talking to a few innovator companies to evaluate if we could partner with them for specifically these products in India.

Kunal Randeria: Understood. That's very helpful. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Alankar Garude from Kotak Institutional Equities. Please go ahead.

Alankar Garude: Hi, thank you for the opportunity. Sir, you identified cardiac as a key focus area and especially with the Sanofi portfolio coming in, we would have imagined that the numbers look better. But if you look at secondary sales data, growth clearly doesn't seem to be very strong. You spoke about that restructuring earlier, but is there any other challenge you might want to highlight on the cardiac side?

Piyush Nahar: So, Alankar, I think as Satish sir has implied, in this quarter because we did this restructuring. The idea for Sanofi for the first 6 months was to stabilize the business because we transitioned to a new company, to stabilize the team. This quarter was when we actually started working on getting synergy benefits out of there.

Now, as you can imagine, moving around products across divisions, there was a bit of impact that we had on the sales for the current quarter. That is why you are seeing an impact on the secondary sales. I think there we are quite positive as now the products are stabilized in their new divisions. You will see a lot of cross-sales, co-prescriptions coming through and that should see an uptick going forward.

Alankar Garude: I mean, not just for say this quarter or maybe the last few quarters. In general, if I look at growth in the cardiac segment for us as reported by IQVIA, the numbers have not been at par with what the therapy growth has been. So just trying to understand, I mean, there was a senior leadership change as well a couple of years back on the chronic side. So any steps you might want to highlight even before say Sanofi came in, any impact of that coming in, addition of MRs as well,

any other changes which should help give us more confidence on the growth trajectory in cardiac going forward?

Piyush Nahar: So I think in terms of the IQVIA and AIOCD, our tracking has been a bit lower than what we tracked and looked at internally. I think we had discussed this earlier also. Before this quarter, we were tracking closer to 10% in the cardiac segment. This quarter has slowed down a bit.

I think in terms of the measures, there's been a lot of work which has gone in terms of Doctor list improving, how we promote our products, a lot of work on scientific detailing. As you said, there have been a lot of team building exercises done. There's a full new team on the cardiac segment which is now driving that, including some which have come off from the MNC side. So there are multiple initiatives that we have taken out there.

Alankar Garude: Understood. And this impact of restructuring which you spoke about is likely to normalize from the fourth quarter or it could continue for some time before it normalizes completely?

Piyush Nahar: I think we should start seeing some improvement from fourth quarter onwards. So it may not be fully getting normalized, but it should improve from what we have seen this current quarter. We should see an upper trajectory.

Alankar Garude: Understood. The second question is, Satish bhai, you were alluding to the in-licensing initiatives in the previous call as well, and you spoke about it earlier as well. Now, which are the key therapeutic areas of focus for us? And maybe a sub-question there is, given many companies are actively looking at in-licensing opportunities, what are the IRR thresholds we are working with?

Satish Mehta: As far as the therapeutic areas are concerned, oncology, nephrology and metabolic are the three areas, and obviously derma and ophthalmology in which we are making some foray. So these are the areas we are looking at. If you recollect, Alankar, last time also I told you that as far as I am concerned, I have grown because of the support of multinationals.

We are in pole position. Number of discussions are in advanced stage, so I'm not in a position to disclose but these are the things that should happen in due course of time. So these are the areas on which I'm focusing. To reiterate oncology, nephrology, metabolic, cardio, derma and ophthalmology. So that's what we are doing very focused.

Piyush Nahar: And in terms of payback, even if you look at Sanofi, the idea is where we can get the brand, synergize them with a team and have a rub off effect both in terms of our products and growing those products. So if you look at Sanofi, there wasn't an upfront payment that we made out there.

So I think then we will be quite conscious of where it fits strategically for us. Where I think payback becomes important is where we looking at innovative products which you want to get first time to the market.

Satish Mehta: I mean, just to give you an example as Samit mentioned some time back, we are also thinking of being in the first wave of Semaglutide. So having a competent field force with metabolic, that

will be a great advantage going forward for doing the scientific detailing. So to that extent, this cross-pollination about which I spoke, so this type of products and even for that matter about a product like Elaxim which we launched a few years back for MI, that particular product is also being given to this particular team because I believe they will be in a position to do better scientific detailing to the doctors.

So lots of initiatives are being taken and as I said in my opening remarks, this is very important to me, so personal attention is being given. Piyush rightly said, we should see some positive results in Q4, but definitely in the first quarter of 2025 for sure.

Alankar Garude: Understood sir, that's helpful and maybe one question before I come back is, can you elaborate on the utilisation levels across the four new facilities Pune, Sanand, Mehsana and Kadu?

Piyush Nahar: So Pune is now at peak utilisation and it was there even last year. That's what led us to setting up our Kadu and Mehsana plants. Coming specifically to those plants, Sanand is now closer to about 60 odd percent utilisation.

Oncology is still in early stages because we are still ramping up -- the filings are still coming through. In terms of Kadu, that is now getting closer to break even. I think by the end of the fiscal year that should be at break-even levels. Mehsana, there are two lines there, we have injectable block and the orals. Orals is now 50% plus utilised. Injectables will probably take another 12-18 months before we get to optimal utilisation.

Alankar Garude: Understood. Thank you

Moderator: Thank you. The next question is from the line of Alok Dalal from Jefferies India Pvt. Ltd. Please go ahead.

Alok Dalal: First question is on the guidance. In August, the company had given a guidance of achieving 20% revenue growth and margin in the 20%-21% range. Are you on track to achieve that for the full year?

Piyush Nahar: Given domestic has been a bit slower, I think on the top line side we'll be probably closer to 18%-19%. On the margins front, I think we are guided for 20%, including the other income. I think what we'll end up at without the other income is closer to 18.5%-19%.

Alok Dalal: Piyush, for the 9 months, what is the contribution of ARV sales to the company?

Piyush Nahar: For 9 months, half of our emerging sales would have been the ARV.

Alok Dalal: Half of emerging?

Piyush Nahar: Yes.

Alok Dalal: At the start, you mentioned that emerging market growth is being driven by non-ARV product segment. Which are those product categories and markets where the growth is coming?

Piyush Nahar: Non-ARV, if you look at it, we are present across four key areas. LATAM is a big market for us. Second is the MENA region. Third is Asia, which is more the neighbouring countries like Sri Lanka, Mauritius, Philippines, Myanmar. In terms of the product portfolio, it is the more differentiated products - chiral products, some of our biologics, complex injectables, those are the ones.

The differentiated portfolio is what is leading to this growth out there. Some of our biologics, we are now seeing approvals coming through in key markets. Even some of our injectables pipeline including Amphotericin, which has started getting approvals now in some of the markets.

Satish Mehta: Just to add to what my colleague has said, as far as the business in emerging markets is concerned, that's the function of approvals. The company has taken a deliberate decision to file more differentiated products and whatever we have filed 18-24 months back, we are now getting the traction.

So that's the reason you are seeing that uptick as far as the emerging market is concerned. And as I told in my opening remarks, we at Emcure, we are very optimistic about Amphotericin B and which is getting you know traction in countries. We are getting virtually 1 or 2 approvals every month.

Alok Dalal: You mentioned current year for Europe will be muted. Should we expect a pickup in FY26, towards the high single digit growth mark?

Piyush Nahar: Yes, that is correct. Alok, as we mentioned, the key products for which we are expecting approvals, those are more backended. And so those we're expecting, start of the fiscal year '26 and that should drive the growth going forward.

Alok Dalal: Okay. And last question is on Semaglutide launch in India in 2026. So assuming a few companies launch at the same time, what will be the edge for Emcure amongst all the competitors?

Samit Mehta: A couple of things, I think the fact that there's a large degree of vertical integration that's something that should help us. And the other thing also is that, like was mentioned earlier, the fact that we have a very trained field force in the metabolics area is something that should help us get a head start for this product.

Satish Mehta: One more thing I will tell you, technically what happens is that some of these manufacturers who get the approval, they are inclined to give it to 5-6 people at a time and they keep on competing with each other. So it's my belief, for a product like Semaglutide, if you want to stay in the market and do a good job, in that case you must have complete control of the supply chain.

So that's one area where we are vertically integrated including the API injectables and tablets that we will be making. And as Samit rightly mentioned, it will be in the hands of highly

competent trained people. So that's the reason we are very bullish about it. The market is huge, so I think there is good scope going forward.

Alok Dalal: Satish bhai, any plans to take Semaglutide overseas, any markets being targeted?

Samit Mehta: We look at it in two phases. One is some of the nearby markets where the clinical trials we are doing for India, where the acceptance is there, those will be in Phase 1. And in some of the more regulated markets, an entirely different strategy will be required which we are pursuing in parallel, so they will be kind of Phase 2.

Alok Dalal: Samit, in general how big can this opportunity be, India plus International combined? For Emcure rough ballpark, what are you guys thinking?

Samit Mehta: It is a very difficult number to put because in India the product's not really been officially available and the supplies have been so limited. At present the numbers look very small but given there could be a situation of unconstrained supply, it will also require some element of market shaping so it could turn out to be very large.

Satish Mehta: I'll just tell you that I regularly subscribe to The Economist and sometime back, Semaglutide had appeared on the front page. And the number one product in the world right now is Keytruda of Merck Sharp. It does around \$27 or \$28 billion and The Economist is projecting sales of something like a \$100 billion for this particular product along with Eli Lilly's Mounjaro. So it is anyone's guess.

I don't have a crystal ball but based on whatever we are reading and even for that matter the various indications for which Semaglutide is getting the approval like it has also got approval for chronic kidney, diabetic kidney and even for heart ailments it works. So I think it is anyone's guess. Only thing that we can say it appears (*underline the word*) to be a path breaking molecule and should have huge potential so no wonder many people are chasing and we are one of them and we are probably better placed because we have complete control on the entire value chain.

Moderator: Thank you. The next question is from the line of Gagan Thareja from ASK Investment Managers please go ahead.

Gagan Thareja: Good evening. So the first question is around, you know, the brand which saw patent expiration, I think OROFER, same. Yes, you indicated the impact on the quarter sales was 3% because of the expiration. Can you also quote the same figure for nine months?

Piyush Nahar: Give me one second. Nine months would have been about closer to 5%.

Gagan Thareja: So you're saying that, I mean, in the reported numbers, there's a 5% impact year-to-date of this one brand alone, which has brought down your sales for the domestic. And the base business for the quarter grew by 4%, excluding this one. And for nine months, how much would the base business have grown? Ex of Sanofi?

Piyush Nahar: About 6.5%. 6% to 7%

- Gagan Thareja:** 6% to 7%. Okay. So essentially, I mean, for the year, the incremental sales is all Sanofi linked. I mean, if I do the math roughly, 6.5% netted off from 5%, 1% - 1.5% growth on your base business, and the rest coming from Sanofi.
- Vikas Thapar:** No, I think just to clarify, we're saying our base business, Ex-FCM, is growing 6.5% year to date, and would have been higher by another 5% if not for FCM. And, of course, Sanofi for part year adds to it.
- Piyush Nahar:** Yes, so if I look at organic including FCM our growth would have been closer to about 1% to 2%, which Ex FCM would be about 6%, 6.5%
- Gagan Thareja:** All right. So I mean given that this has been, an unusually weak year for acute – I mean it's a departure from the past growth in the acute segment but is it reasonable to assume that this is the new normal in acute or do you feel that come next year we might see a recovery in the market itself? How should we then think of Emcure's portfolio in the domestic market from a growth perspective next year?
- Piyush Nahar:** So I'll start up and then Satish Sir can add up more. So I think acute this year has been a bit weaker. Our view is that we should see some pickup going forward next year and I think for us internally what we're working on are some of new initiatives and a product pipeline to drive growth. So what we have done in Derma or our Opthal launches or expanding our white spaces in women's health or in diabetes side and oncology side, all these will allow us to drive better than industry growth going forward. So that is going to be the target for us.
- Satish Mehta:** Our strategy will be the segments in which we are present we would like to have growth which is in line with industry, maybe 50-100 basis points more than the industry, but at the same time to grow more we will be focusing on areas like Derma, I'm bullish about it, ophthalmology and going forward for oncology, you would hear a lot of things from our end. So that's the way we will go about.
- So basically you know whatever base business we have, have growth which is in line with industry that needs to be fixed up that is something I told you in my initial remark and apart from that you know focus on ophthalmology, dermatology and double down on oncology. That will be the strategy that my company would be pursuing by which we'll be having growth which is better than the industry average.
- And as far as acute is concerned, I agree with Piyush, it should happen but at the same time if you look at the trends, generic-generic is possibly making inroads in acute because shifting to generic-generic in acute because the treatment is typically for five to seven days, is possibly going to happen whereas chronic once people are on a particular medication they are reluctant or hesitant to change. This is my personal observation I don't have any data to substantiate this but that's the trend you know that I have been watching from a distance.
- Gagan Thareja:** Is it also possible to bifurcate your domestic sales to your subsidiary divisions also, Gennova and the other one - and your own portfolio?

- Piyush Nahar:** Are you are asking for the bifurcation of domestic between Gennova and Zuventus?
- Gagan Thareja:** Yes, Gennova, Zuventus and Emcure separately.
- Piyush Nahar:** I don't think we're breaking that out because there's a lot of this thing in that. So when we report our annual numbers, you will have that. But I think there's a lot of interdependencies that we have in there, so not breaking that out.
- Gagan Thareja:** I mean if it's difficult to enumerate, at least qualitatively or rank order wise is it possible to give some flavor or some idea of how growth would have been for this year
- Piyush Nahar:** So I think if I look at it, Zuventus is largely an acute portfolio. Most of the semi-chronic and chronic is on the Emcure side. So Emcure is better out versus the Zuventus side. The Gennova portfolio gets mixed out where it fits in, in that sense.
- Gagan Thareja:** And for the Sanofi basket, how is the sales accounted for? Do you net off what you have to pay in terms of sourcing cost to Sanofi and then report the sales or do you report the sales at ASP and then net out everything else in the cost line?
- Piyush Nahar:** Yes, so basically the net sales is booked in our sales and then whatever we buy the products from Sanofi at, that comes as your COGS level.
- Gagan Thareja:** Okay. And sequentially, why has the gross margin come down further from Q2 to Q3?
- Piyush Nahar:** Q2 to Q3 is largely mix driven between international versus domestic and between the product itself in the international segment.
- Gagan Thareja:** And if I go back to your Q2 commentary, I think there was an indication that margins would sequentially keep improving, but from Q2 to Q3 there's a drop. How should we think of Q4 and thereafter starting from here?
- Piyush Nahar:** Yes, I think for the current quarter that was --slightly lower largely because our domestic, as we said, was a bit muted, so that led to the decline that you're seeing QOQ. I think going forward, we should see some improvement in the margins. But I think for the full year, we'll end between 18.5% to 19%.
- Gagan Thareja:** Okay. I would presume that bringing it down a notch from where you had originally pegged it, would that be a fair assessment?
- Piyush Nahar:** Just slightly. I think what we had indicated earlier was including the other income, about 20% which would have been closer to about 19% which is slightly lower, 18.5% to 19% is what we're now talking about.
- Gagan Thareja:** And other income has also come down very sharply in the quarter. Any reason for that?
- Piyush Nahar:** So that's largely because there's a forex loss about INR 7 crores, which is impacting it.

- Tajuddin Shaikh:** And last quarter, there was a sale of an asset which showed in the other income.
- Gagan Thareja:** Okay. All right. And on Semaglutide, since you are very strong in Canada and Semaglutide goes off patent in the Canadian market also just about at the time -- if I understand it correctly broadly around the time it goes off in India, would you be there in the Canadian market?
- Samit Mehta:** We're definitely going to be filing our product in the Canadian market. But at this time, the way the timelines are looking it is unlikely that we will make it in the first wave. It'll probably be in the second wave once some of the other patents have also expired.
- Gagan Thareja:** And that would be how further out from the first wave?
- Satish Mehta:** I would expect anywhere between 8 to 12 months.
- Gagan Thareja:** All right and Semaglutide, I mean while there's this talk about this being such a large market. Once generic entry is there, I'm presuming there'll be price erosion and fairly steep price erosion because it's a product where everyone is very interested to get in. Given that circumstance and given also the circumstance that from a pricing perspective it may not suit the wallet of a fairly large chunk of the Indian population, how do you think of the uptake of Semaglutide? And third obvious point is that the innovators are also now talking of pre-empting generic entry and coming in with their own product in the market sooner. So between all of these three, how do you see this market unfolding over its launch in India?
- Samit Mehta:** So, today, the price expectation is not really set because the product is though approved in India has never been made available and I'm speaking specifically of the two injectable products. So in that context, I think the price will be determined by the players who enter. It should also be said that the API is quite complex. So while there could be many brands but in terms of number of companies making and especially like Emcure being vertically integrated are likely to be limited so there we should be able to have a COGS advantage.
- We actually see the entry or the availability by the innovators as very positive because A) it will also set the price expectation and B) innovator will be able to shape and create a much larger market and also since they're getting so many additional indications approved the total market size in India should grow larger.
- And at the end of the day, like we said a couple of times earlier as well, if you have the right trained field force with the doctor connects already present, you will have a head start. So I think across these three or four parameters Emcure is quite well positioned to have a reason to win.
- Gagan Thareja:** Final two questions from my side. One is are you backward integrated on Semaglutide? Will you be doing your own API in this and second is can you also give the PCPM for the third quarter and also you know compare it Q-o-Q and Y-o-Y?
- Samit Mehta:** Semaglutide - we will be vertically integrated. In fact the API is already developed in R&D and we have given the samples to our formulation team for the development as well.

- Piyush Nahar:** On the PCPM for the quarter we are at about 6.1 versus last year about 5.6.
- Gagan Thareja:** And on Q2, I think the number was closer to 6.5, 6.6?
- Piyush Nahar:** Yes.
- Moderator:** The next question is from the line of Alankar Garude from Kotak Institutional Equities.
- Alankar Garude:** So firstly do we have a 100% stake in the derma subsidiary?
- Piyush Nahar:** Yes.
- Alankar Garude:** Okay so we are not given any equity to the management team, the new management team?
- Piyush Nahar:** No.
- Alankar Garude:** Okay. Secondly can you provide the broad breakup of the \$65-\$70 million annual ARV sales which will be doing broadly in FY25 across various agencies?
- Piyush Nahar:** So I think it's mostly going to be the South Africa business and the Global Fund.
- Satish Mehta:** And just to answer your question because I know where you are coming from Alankar, the dependence on PEPFAR fund is very, very limited. Couple of million dollars. \$2.4m or \$2.5m to be precise. So there is no dependence on the PEPFAR. So to that extent you know I think that business is not really going to be affected by whatever decisions the Trump administration is taking.
- But at the same time I am sure you must have read that this grant has been restored as far as HIV is concerned. That also you must have read. But our dependence is practically negligible.
- Alankar Garude:** Understood sir. That's helpful. And maybe a final one. You spoke about the five year plan involving R&D, M&A, in-licensing. Possible to elaborate a bit on this? What does this entail? Is this specific to India? Or exports also is a big part of this five year plan?
- Piyush Nahar:** So I think what Satish Sir has highlighted is that we are looking at a more 5-year corporate level plan which includes both India and international. As we have earlier said, for us the focus from an M&A perspective, especially large ticket, is going to be India. And similarly in-licensing, I think India remains in focus. I think on international we already do a lot of in-licensing work especially in Canada and UK markets where we have quite a strong presence. But where we are looking at more big ticket items, it's going to be India that we look at.
- Alankar Garude:** Okay. And anything you want to highlight on R&D? I mean currently we would be spending say about \$10-\$15 million dollars on biologics, biosimilars, R&D, if I am not mistaken. So any plans to increase spends on biologics, biosimilars going forward or any other differentiating areas within R&D which you would like to highlight?

- Piyush Nahar:** So our R&D spend is around 4%-5%. And I think even going forward that is what we look at. And this includes the spend which we are doing on biologics, even some of the differentiated products and all. Because if you look at it, given the type of business, R&D ideally, if you look at peers should be lower but the type of work that we do leads to about 4%-5%. And that's what we would like to maintain at.
- Moderator:** Thank you. Next question is from the line of Bharat Shah from ASK Investment Managers. Please go ahead.
- Bharat Shah:** I just wanted to understand the debt and cash levels?
- Tajuddin Shaikh:** Debt is close to INR 600 crores today, net debt. Gross is 800 and 200 is cash and net debt is 600.
- Bharat Shah:** And when do we think we will become more likely to become free of debt?
- Vikas Thapar:** So outside of any sort of M&A, we think that probably within the next couple of quarters, there should be enough free cash flow generation to pare down debt in next two to three quarters max.
- Bharat Shah:** By Mar'26, are we likely to be cleared of all the debt? Is that what you are saying?
- Vikas Thapar:** Yes. From internal cash flow generation, yes. To the extent that there is any sort of M&A opportunity, obviously that number could change.
- Bharat Shah:** Subject to M&A or any other such action. Other than that, we should be net cash balance sheet as on Mar'26?
- Management:** Yes.
- Bharat Shah:** Thank you.
- Moderator:** Thank you.
- Piyush Nahar:** If there are no more questions, we can end the call now.
- Moderator:** Sir, we have one question in the queue.
- Vikas Thapar:** Okay. We can take one last question.
- Moderator:** Yes which is from Gagan Thareja from ASK Investment. Please go ahead.
- Gagan Thareja:** Thanks for the follow-up. One question on Canada, while this year the number will look strong because of the acquisition, is it possible to give some idea of how the like-on-like growth in Canada would have been in the quarter? And how should we think of this geography, RoW, and Europe come FY26? And also, if you could talk a little on connected players, how do you see that product evolving?

Vikas Thapar: I'll take a part of your question vis-à-vis some sort of high-level guidance on the various components of the international business. So we think that Canada will continue to grow a very healthy double-digits - mid-teens sort of profile on the base business with the acquisition fully absorbed. Piyush, you may have a specific number for like-for-like for the quarter, I think that was his question.

Piyush Nahar: Like-for-like is about 25%.

Vikas Thapar: About 25%-ish for the quarter, but we think that once we have the benefit of having cross-pollinated the portfolios, a mid-teens sort of growth profile is what we're targeting for the Canadian market. For Europe as you heard, from a muted low single-digit growth, we'll be targeting a high single-digit growth for Europe.

And then for the emerging market outside of the ARV segment, we think that will obviously be relatively flattish, the non-ARVs will continue to grow fairly well for us. I think it should be in the ballpark of about aiming for 20% sort of growth profile of that business.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to the management for closing comments.

Piyush Nahar: So, thank you all for joining today's investor call. If any of your queries still remain unanswered, please feel free to get in touch with us. You can write to us at investor.relations@emcure.com. Thank you and have a good night.

Moderator: Thank you. On behalf of Emcure Pharmaceuticals Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.