Operator: Ladies and gentlemen, good day and welcome to the Emcure Pharmaceuticals Ltd. Q2 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this conference is being recorded. I now hand the conference over to Mr. Saurabh Paliwal, Head of Investor Relations. Thank you, and over to you, sir.

Saurabh Paliwal – Head of Investor Relations: Thank you, Danish. Good afternoon, everyone. I welcome you to Emcure's Q2 FY27 earnings conference call. Thank you for joining us today. Today on the call with me are Mr. Satish Mehta, our Chairman, Managing Director and CEO; Mr. Samit Mehta, Whole-time Director and Chief Operating Officer; Mr. Tajeshwar Singh, Chief Financial Officer; Mr. Vik Thapar, President, Corporate Development Strategy and Finance; and Mr. Piyush Nahar, Executive Vice President, Corporate Development and Strategy. The quarterly financial results were published earlier today. They are available on the NSE and BSE, and also on our website. We will begin today's call with brief opening remarks from management, followed by a Q&A session. I would like to remind everyone that the safe harbor provisions detailed in the results presentation and the press release released earlier today apply to this conference call. Please note that this call is being recorded, and both the call audio and the transcript will be made available on our website in due course. With that, I will now hand the call over to Mr. Mehta to begin with his opening remarks. Over to you, sir.

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

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

Now let me focus on financial performance for the current quarter. Our revenue grew by 24% year-on-year to INR 2,820 crores, supported by growth across all geographies. It has increased 9% sequentially. Profitability outpaced revenue growth. EBITDA rose 31% to INR 575 crores, and the EBITDA margins expanded by about 100 basis points to 20.4%, driven by productivity gains and operating leverage. Profit after tax increased 29% to INR 325 crores.

With that, let me turn to our business performance. I would now first focus on the domestic market, that is, India, which is very close to my heart, as I have been saying in all the calls. In India, our business grew by 12% year-on-year to INR 1,155 crores, INR 1,155 crores in Q2. It was also the second consecutive quarter of double-digit growth, with growth improving from 10% in Q1. Organic growth for the quarter was 10% versus 6% that we had seen in quarter one. We expect to build upon this improvement in the second half of the current fiscal year.

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Women's health, cardiometabolic and CNS portfolios were the primary growth drivers during the quarter. Zuventus' performance improved sequentially, with key brands showing good traction. Beyond prescription medicines, our consumer health business is also gaining traction, with brands such as Betterdrops and Calac building scale. Over time, we see this business becoming an additional growth engine. We remain focused on making our big brands bigger, improving our field force productivity and building scale in chronic and specialty therapies.

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

After having spoken about our domestic business, now let me focus on our international business. Our international business delivered another strong quarter, complementing our performance in India. Revenue in the international market grew by 34.5% year-on-year to INR 1,665 crores and accounted for 59% of our total revenue. Continued expansion of our base business and contribution from new launches helped this performance.

As far as Europe is concerned, Europe for us grew by 36% to INR 604 crores, supported by strong delivery across both the UK and Continental Europe. Growth was broad-based, led by our base portfolio, new launches and continued scale-up of Liposomal Amphotericin B. Business momentum is expected to continue in the second half as well.

As far as Canada is concerned, Canada grew by 24% to INR 431 crores, driven by continued growth in our base business and recent launches. We expect further launches in the second half, and we continue to build a very strong pipeline for the Canadian market.

After having spoken about Europe and Canada, let me now focus on the rest of the world, which we call emerging markets. The rest of the business grew by 41% to INR 630 crores. The ARV business continued with strong performance, while non-ARV growth accelerated with the support of new launches and expansion of the portfolio in key markets such as Latin America, CIS, Asia and Africa.

We are very bullish about the emerging markets. We are dealing in a lot of countries across the continents that I mentioned, and we do expect our rest-of-world business to continue to grow over the year. That is going to be backed by science, technology and innovation, about which I have been speaking in all the investor calls. So we will have a good pipeline as far as the emerging markets are concerned.

Having spoken about Europe, Canada and the rest of the world, now let me focus on R&D and the pipeline. R&D investments during the quarter were INR 111 crores, or about 4% of revenue from operations. This investment will step up in the second half as per plan.

During the quarter, we received over 20 product approvals, including Liposomal Amphotericin B in Brazil and Mexico, and Bevacizumab for wet AMD, which is age-related macular degeneration, in India. We also received a positive recommendation from India's Subject Expert Committee for

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Lenacapavir injection for the PrEP indication. As part of bringing Lenacapavir to patients in rest-of-the-world markets, we filed our dossier with WHO and USFDA and look forward to progressing the reviews over the next few quarters. These approvals and filings strengthen our launch pipeline and also give us visibility on sustained growth across markets.

Now let me focus on the outlook as far as the balance of the year is concerned. In summary, Q2 delivered strong, broad-based and profitable growth. The strength and resilience of the Emcure business, as I mentioned some time back, are evident in our first-half FY27 performance. This foundation gives us confidence that the momentum will continue in the second half of FY27 and to raise our full-year FY27 revenue growth outlook. We now expect revenue growth to exceed 20% compared with the mid-teens that we mentioned earlier. I repeat, we now expect revenue growth to exceed 20% compared with the mid-teens that we indicated earlier.

EBITDA margin improvement for the year is now expected to be at the upper end of our guidance range of 75 to 100 basis points. Let me repeat, EBITDA margin improvement for the full year is now expected to be near the upper end of our guidance range of 75 to 100 basis points. Our first-half 27 performance also reinforces our confidence in achieving the 5-year goals that we have defined for ourselves and creating long-term value.

Satish Mehta – MD & CEO: Before I close, I would like to thank all of our employees, partners and shareholders for their continued, unstinted support to all of us. With that, I will now request Taj, our CFO, to review the financials before we open the floor to questions. Thank you very much once again. Over to you, Taj.

Taj – CFO: Thank you, Satish. Good afternoon, everyone. I will take you through our financial performance for the second quarter and first half of FY27. All comparisons are year-on-year unless stated otherwise. All the numbers are in INR.

Revenue from operations for Q2 was 2,820 crores, up 24.3% year-on-year and 9.3% sequentially. India grew 12% to 1,155 crores, and our international business grew 34.5% to 1,665 crores, accounting for 59% of our consolidated revenues. Europe and the UK grew 36% to 604 crores, Canada grew 24% to 431 crores, and the rest of the world grew 41% to 630 crores.

On profitability, gross margin for the quarter was 59.5%. Our QoQ gross margin improved by about 110 basis points, driven by business and product mix. Employee costs were 435 crores, up 13%. Other expenses were 669 crores, up 20%, primarily on account of higher sales and higher R&D expenditure. R&D spend was 4% of revenue.

As a result, EBITDA excluding other income was 575 crores, up 31%. EBITDA margins expanded by about 100 basis points year-on-year and about 70 basis points sequentially to 20.4%. Other income was 16 crores compared to 39 crores last year, primarily on account of lower foreign exchange gains. Depreciation and amortization was 110 crores, in line with Q1. Finance cost was 36 crores, reflecting the increase in borrowings. The increase in borrowings was to fund acquisition-related payouts. Profit before tax was 446 crores, up 31%. The effective tax rate was 27%. Profit after tax was 325 crores, up 29%, with a PAT margin of 11.5%, an improvement of 45 basis points.

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For the first half of FY27, revenue was 5,401 crores, up 23.6%. EBITDA was 1,083 crores, up 28.6%, with a margin of 20%, an expansion of about 80 basis points. Profit after tax was 618 crores, up 33%, with a PAT margin of 11.4% and an expansion of 75 basis points.

Coming to net debt, net debt as of September stood at 1,317 crores, an increase of 263 crores over March 2026. During the first half, we also made acquisition-related payouts of 551 crores. These primarily included the final payout for the Canada acquisition, the acquisition of a minority stake in Gennova and payment towards the UK product portfolio. We remain committed to our objective of becoming net cash by the end of FY28.

With that, I request the moderator to open the line for questions.

Operator: Thank you so much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you wish to ask a question, please use the raise hand feature available on the dashboard. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Our first question comes from the line of Tushar Manudhane. Please go ahead.

Tushar Manudhane: Thanks for the opportunity, and congratulations on a good set of numbers. On Amphotericin, how much would that be contributing to the Europe segment?

Sumit: Thanks, Tushar. We do not break it out by product, but as I think Satish had mentioned in his readout, Amphotericin is one of the growth drivers. It is a key growth driver for Europe growth, but it is not the only one. So we are seeing growth even in our base portfolio.

Tushar Manudhane: Okay. Is there any other product worth calling out, if not in the base business, but perhaps over the next 12 months, which would also contribute like Amphotericin for Europe and for the other geographies?

Sumit: Yes, Tushar, this is Sumit. The other product that we think will contribute significantly in Europe is Treprostinil.

Tushar Manudhane: Okay. If you could elaborate on the market size and competitive factors.

Sumit: I think there is limited competition. I will not have the exact number of players there, but we see this as an attractive market, probably not a very large-volume product, but in terms of value as well as margins, it is a very strong product for us.

Tushar Manudhane: Understood. Lastly, with respect to the increased guidance of 20%, if you could provide a little further detail in terms of which geography has growth prospects that have improved further compared to the earlier guidance?

Sumit: I think there are 2 factors. First, domestically, we are seeing good traction. I think it is growing in line with what we have been talking about, and we see further acceleration in the second half versus the numbers we have. A big part is also international, especially ROW and Europe, which are scaling up much better. Some of the product approvals that we were expecting have come through, and they are ramping up, so that gives us good confidence.

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Vic: I think even on the ARV side of the rest-of-world business, we have seen a strong order book, so we are confident of some of the revenue recognition related to that continuing in the second half of the year as well.

Tushar Manudhane: Understood, sir. That is it from me.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one. Reminder to all participants, if you wish to ask a question, please use the raise hand feature. Thank you. Our next question comes from the line of Alankar Garude. Please go ahead.

Alankar Garude: Hi, thank you for the opportunity, and congratulations to the team on the good performance as well as the increase in guidance. My first question is on domestic growth. You have spoken about Zuventus' performance improving sequentially. There has also been an increase in year-on-year organic growth if we compare it with the first quarter. How long do you think it will take for Zuventus' growth and our overall organic domestic growth to be, say, at par with market growth? Will it take 1 quarter, 2 quarters, or more than that? Any color on that would be helpful.

Vic: Hi Alankar, this is Vic here. What we have been seeing even with Zuventus is that for the last couple of quarters we have seen robust growth and stabilization within the team and the operation. If you look at some of the exits and some of the attrition that happened in Zuventus, that was predominantly in the second half of last year. Given where we stand relative to that, we expect the second half of this year to be strong relative to the prior year. So we think that the growth and acceleration for Zuventus certainly will continue in the second half of this year versus the second half of the prior year.

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

Vic: Yes.

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

Satish Mehta – MD & CEO: Alankar, this is Satish Mehta. Povitra is getting traction month after month. As far as IQVIA is concerned, in the last month, we were the number 4 brand, I believe. Based on the numbers that we had for the month of October, we should probably improve our rank by at least 1.

The other thing that is happening is that the story of rDNA, this being a biological, seems to be resonating with the medical profession. As far as this obesity market is concerned, we are shaping that market along with Novo Nordisk, and we are also fortunate to get a lot of data from Novo Nordisk. To that extent, it is a great investment that Emcure has made because this market is only going to grow, but at the same time it requires patience and understanding of the market. It is not really going to happen in a day.

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

Alankar Garude: Understood. The second set of questions is on the international business. International business in this quarter is almost 59% of sales. Given that you do not have a US business per se or a B2C business, just to help understand and get some color on the international business, broadly, what would be the contribution of, say, the top 3 or top 5 molecules to overall sales within international?

Vic: It is quite well spread out. When you look at individual segments such as Europe, Canada or ROW, they are all contributing in the mid-teens or more. Within each of those markets, there is hardly any product concentration. In fact, Canada and the rest of the world are quite broadly spread out. Europe is also a fairly well-spread portfolio, despite having Liposomal Amphotericin in it.

So we really do not have a large product concentration in the context of that 59% of the business. In terms of the type of products, as we have been highlighting, it is really led by a number of complex injectables that are having good traction across markets.

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

Vic: For sure. In fact, as we have been highlighting, we continue to get approvals in some of the key ROW markets, and we have yet to commercialize the product in a number of those markets. To that extent, the contribution from the ROW markets may go up over time.

In Europe, we anticipate that at some point we will face some competition. We are fairly well placed in terms of our in-house capacities being able to cater to what we think is going to be the overall demand between Europe, Canada and the emerging markets for that product. Even despite that, I think there will not be overdependence on that product per se.

Satish Mehta – MD & CEO: As Vic said, I completely echo what you are saying. As of now, Alankar, we are not selling anything in the Canadian market. As far as the emerging markets are concerned, although we have just started getting approvals, as I mentioned in my address, we just got approval in Brazil and Colombia, and perhaps Mexico is around the corner.

It is only Europe that is contributing. To that extent, whatever performance we have had in the second quarter, yes, Amphotericin has helped. At the same time, I would like to make one thing very clear: it is very broad-based.

Alankar Garude: That is very helpful. My final question before I come back into the queue: what would be the constant-currency growth in this quarter?

Vic: I think the currency impact on the international business was about 10% of the top line. So, constant-currency growth for international was about 24%, and overall it was 18.5%.

Alankar Garude: Understood. That is it from my side. Thank you, and all the best.

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Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question can use the raise hand feature on the dashboard. Thank you. Reminder to all participants, if you wish to ask a question, please use the raise hand feature. Thank you.

Saurabh Paliwal: I request the participants to please use the Zoom audio to ask the question. We will not be taking questions over chat.

Operator: Thank you. We request all participants to please use the raise hand feature available on your dashboard. Thank you. Our next question comes from the line of Alankar Garude. Please go ahead.

Operator: The next question comes from the line of Nitin Jain. Please go ahead.

Operator: Nitin Jain, please introduce yourself, your company name and proceed with the question.

Operator: Mr. Nitin Jain, please go ahead and introduce yourself.

Management {? Vik ?}: Hello?

Operator: Yes, Mr. Jain, we can hear you now. Please introduce yourself and proceed with the question.

Nitin Jain – Fair Value Equity Advisory: Good afternoon. This is Nitin Jain from Fair Value Equity Advisory. Congratulations to the management on a great set of results and the guidance raise. I am not really looking for an exact number, but will management be able to provide guidance on how they see FY28 shaping up? Do you think you will be able to replicate this year's numbers next year as well? Thank you. That is all from me.

Vik: [pause] Yes, this is Vik. I will take a stab. While we are not putting out any specific guidance for FY28 just yet, at the same time, management obviously feels very good about the business and is bullish heading into the second half. We certainly hope that some of the momentum carrying over into the second half will continue to build into FY28.

Previously, we have provided guidance on what we think each of the different verticals is capable of growing at on a medium-term basis. Management continues to remain confident in that assumption.

Nitin Jain – Fair Value Equity Advisory: Do you think this will be driven more by international business, or will domestic business also rebound?

Vik: On the domestic side, what we have highlighted is that if you look at our last couple of quarters, growth, including organic growth specifically, has been accelerating. On the Zuventus side, I have already talked about the second half being strong relative to where we were in the second half of last year.

We definitely see ourselves growing in line with or slightly above the industry on an organic basis. We also continue to look for in-licensing opportunities. Overall, we feel good about the domestic business.

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Nitin Jain – Fair Value Equity Advisory: That is all from me. Thank you, and congratulations once again.

Operator: Thank you so much. Our next question comes from the line of Bansi Desai. Please introduce yourself and proceed with the question.

Bansi Desai – JP Morgan: Hi, this is Bansi from JP Morgan. My first question is on domestic growth. You alluded to our returning to industry growth shortly. What is going to drive that, and in what timeframe should we expect Emcure to beat industry growth?

Piyush: Thanks, Bansi. What we are seeing is that, as we have mentioned, the base business excluding Zuventus continues to do very well. With Zuventus, we are seeing quarter-on-quarter improvement. As we head into the second half, we think we will be more in line with the industry.

For the full year, I think we should probably end up closer to low-teens growth overall. By the exit of FY27, we should be at or above industry growth.

Bansi Desai – JP Morgan: And what would Zuventus be in terms of growth for the first half?

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

Bansi Desai – JP Morgan: No, in terms of growth.

Piyush: We do not break it out by Zuventus in that manner, but, as we have been talking about sequentially from Q4, we have seen a significant improvement in Zuventus.

Bansi Desai – JP Morgan: Okay, but then it means that it remains substantially below the acute category or IPM category? I am assuming that chronic continues to do well for us.

Piyush: Yes, that would be a fair reflection, but we are not giving out exact numbers. As I said, our business excluding Zuventus is growing faster than the industry.

Bansi Desai – JP Morgan: What will bridge that? Is it more volume growth in Zuventus that will help us get there, or will it be a combination of new launches and volume growth, in your view?

Satish Mehta: This is Satish Mehta. Basically, as I mentioned some time back, as far as Zuventus is concerned, we had a massive exodus last year. There are 3 things that I keep saying: stability, consolidation and acceleration.

As far as Zuventus is concerned, it took us some time to regain stability and bring in new people, so consolidation was very important. I believe these 2 things are behind us, and now we are in the process of accelerating the business.

I will essentially stick to what Piyush and Vik mentioned. I think it has taken time. Brand building in the pharma industry is not easy, but at the same time, there is every reason to believe that the worst is behind us and we are on the right track.

Bansi Desai – JP Morgan: Understood, sir. Secondly, my question is around profitability across our businesses. Without quantifying, if you could help us understand the hierarchy of profitability and

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where India sits in the overall mix. From our past conversation, I do recall that businesses such as Canada are extremely profitable for us. We also now have complex launches in markets such as Europe. If you could provide us with a hierarchy, it would be helpful.

Vik: I will take a stab at that. This is Vik. I think India continues to be our number 1 vertical in terms of profitability. Having said that, we have always highlighted that a component of the India business also includes the in-licensing relationships we have with some of our multinational partners. That part of the business obviously has a lower standalone margin profile.

On a blended basis, therefore, you have to look at India in that context. On the international side, Europe and Canada continue to be very strong, profitable businesses, as is the ROW non-ARV component. On the ARV side, the margin profile is lower than the overall corporate margins.

Having said that, on the R&D front, we have always been guiding to 4% to 5% overall spend on revenues. That is probably tilted more towards a larger component of R&D spend being on the international parts of the business. Post-R&D, that also plays into the overall profitability of those businesses, especially as we continue to invest in a number of these more complex opportunities for those markets.

Bansi Desai - JP Morgan: That is helpful, Vik. From an ROW standpoint, while ARV margins would probably be lower, as you highlighted, growth has been quite solid this year. Given that these are tender businesses, what kind of visibility do we have if we think slightly medium-term about the tender business, particularly in ROW?

Vik: At least from what we have been seeing, the traction continues to be strong. Also, as you know, we are one of the few players that have the opportunity in Lenacapavir, for which we have also filed our product. I think in the medium term, Lenacapavir will be an important part of the ARV portfolio. We believe that it will come in and be margin-accretive compared with where we stand on the portfolio today.

Overall, we feel good about the ARV segment continuing to show strength over the short to medium term.

Bansi Desai - JP Morgan: All right, that is helpful.

Operator: Thank you so much. Our next question comes from the line of Forum Parekh. Please introduce yourself and proceed with the question.

Forum Parekh: Thanks for the opportunity. My first question is on the Europe market. On Amphotericin B, could you provide some color? Have we penetrated all the geographies, or are there any incremental geographies remaining to be penetrated?

Management: [pause] There are a few geographies where we have just received approval, so we have penetrated to {? 50% ?} of the market, and there are a few geographies still pending where we have just received approvals.

Forum Parekh: If you could provide some count for this 50% penetration, such as how many geographies and what the count is?

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Management: [hesitates] About 20 countries, probably, where we still have to enter.

Forum Parekh: My second question is on the ROW side. Could you provide the breakup between ARV and non-ARV? Last quarter, the ARV share was around 67%. Are we still on the same trajectory now?

Piyush: Forum, this is Piyush here. This quarter it will be roughly 50%, half-and-half.

Forum Parekh: We have received approval for Amphotericin B on the non-ARV side in a couple of markets. When can we launch in those markets?

Management: For many of the markets, the batches are already under production, especially in the markets where we have recently received approval. Across the next half, we should be launching in at least a couple of markets.

Forum Parekh: My third question is on the R&D side. In our opening remarks, we mentioned that R&D costs would go up in the second half, while I also hear that R&D contribution would be around 4% to 5%. Will the increased R&D be within the same bandwidth, or how should we look at it?

Management: [pause] Yes, the first-half R&D was at 4%, and we have guided for the full year to be anywhere between 4% and 5%. [hesitates] It will continue to remain within that bracket itself.

Forum Parekh: Those were my questions. Thank you.

Operator: Thank you. Our next question comes from the line of Dr. Kartik Bane. Please introduce yourself and proceed with the question.

Operator: Dr. Kartik Bane, please unmute yourself and speak. Thank you.

Dr. Kartik Bane – Bajaj Life: Can you hear me?

Operator: Yes, we can hear you.

Dr. Kartik Bane – Bajaj Life: Thank you for the opportunity, and congratulations on a good set of numbers. This is Dr. Kartik Bane from Bajaj Life. I missed the name of the molecule, the second molecule that you mentioned apart from Liposomal Amphotericin B. Could you spell it out?

Management: You are talking about the Europe opportunity?

Dr. Kartik Bane – Bajaj Life: Yes.

Management: Treprostinil.

Dr. Kartik Bane – Bajaj Life: Sorry, could you repeat that?

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

Dr. Kartik Bane – Bajaj Life: Thank you. My second question is on the Amphotericin manufacturing sites. How many sites do we have at this point in time? When was the last inspection, when is the next inspection planned, and do we have any diversification in the manufacturing of that product?

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Management: Very good question. We have already diversified. We have 2 different manufacturing sites, and each one is allocated by the market it caters to. Depending on the market, most of the regulatory agency audits are very recent, and they have also been closed. We expect that at least over the next 18-24 months, we should have the facilities able to cater without any restriction.

Satish Mehta: One more thing I would like to add. An important country like the UK has approval at both sites. Europe is also another important market for us, so it will also have approval in due course of time at both sites. To that extent, in terms of risk management, we are fairly well covered.

Dr. Kartik Bane – Bajaj Life: Thank you very much. That is it from my side.

Operator: Thank you. Our next question comes from the line of Alankar Garude. Please proceed with the question.

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

Vic: [pause] Alankar, this is Vik here, and I will let others also add their views. You are absolutely right. We have obviously seen very robust growth for the entire industry, with a number of peers also putting up good numbers.

My own view is that there are 2-3 key factors contributing to it. One is overall access to healthcare and the awareness that is causing this slight uptick in volumes. Secondly, all said and done, there was a push towards generic generics, but I believe that we are seeing continued demand for quality branded generics.

Finally, to some extent, possibly because of the whole GLP-1 category and a lot of noise around that, there are also possibly additional diagnostics taking place that are feeding into this as well. Overall, I think there are a number of contributing factors. Perhaps a year ago, the volume growth for the industry seemed a little more mixed, whereas this time around it seems to be much more robust.

Satish Mehta: I will provide some color as well. You have made a very interesting point because, as far as the obesity market is concerned, Mounjaro is a brand of almost 1,300-1,400 crores, and it does more than 110 crores per month. If you put all the brands of semaglutide together, they should be contributing around 50-60 crores.

If you add this 150 crores to a market of, say, 25,000 crores, which is the current size of the market, at least 4% or 5% is being contributed by obesity. That is also one of the reasons.

Management: The reason why you are seeing an uptick is something that one has to study, but I am just trying to tell you what is going on. The other thing that I have seen, Alankar, in my 30 years of association with the domestic market is that once economic growth picks up, normally I have seen the growth of the pharma industry is 1.5 times that of the economic growth that we have.

If we are growing at 8%, 12% is guaranteed. It is going to happen: 11-12%. Add to that the new product launches and the new concept of obesity that has emerged. That is how, by and large, the

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industry is showing 14-15% growth. It is a very qualitative assessment. One has to conduct a deeper analysis, go into the numbers and see how sustainable it is.

Alankar Garude: Understood. Those are very interesting points. Most of the reasons that you outlined seem to suggest that this could possibly continue, perhaps not to the same extent, if we look at FY28 as well. Would that be a fair assessment?

Management: [hesitates] I do not know. It is very difficult to say because another factor is how the geopolitical situation plays out, which you would not know. Suppose tomorrow the Iran war flares up, the oil price reaches $120 or $130 per barrel, and the situation turns into much lower growth. So it is very, very difficult to say in which direction it will go.

As of today, it looks good, but at the same time one would not like to hazard a guess about the future. One has to look quarter by quarter. Let us move on, and then we will see what happens.

Alankar Garude: Understood. That brings me to my second question. We have not really seen any impact of higher raw material costs as far as this quarter is concerned. Of course, there are other factors that are also driving gross margins. Would you like to highlight where you are in terms of any raw material impact? Could you discuss the second quarter and also the second half? Is the situation relatively comfortable?

Management: Alankar, for us, there has definitely been some impact on account of input raw material costs. I also think that freight costs and insurance costs, as well as transit times, have increased across the board.

On the one hand, we have benefited from some favorable currency impact. On the other hand, some of these costs are wiping out a big chunk, if not most, of those gains. That is why I think the overall gross margin impact has been relatively muted, but certainly we have been seeing rising input costs in many cases.

Alankar Garude: Understood. What was the share of ARV in this quarter compared to 65% in the first quarter?

Piyush: Roughly half of the ROW sales was ARV.

Alankar Garude: Broadly, Piyush, would you like to maintain the earlier number of 50-55% ARV contribution in FY27?

Piyush: Yes, we will end up there.

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

Piyush: I think we are waiting for the supplies. [pause] Depending on when we receive the supplies, we will be ready to launch. I think Reddy's has talked about sometime in November, but we will direct you to them.

Alankar Garude: Understood. All right, that is it from my side. Thank you.

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Operator: Thank you so much. Ladies and gentlemen, anyone who wishes to ask a question can use the raise hand feature on your dashboard. Thank you. A reminder to all participants: if you wish to ask a question, please use the raise hand option on your dashboard. Thank you. The next question comes from the line of Tushar Manudhane. Please introduce yourself and then proceed with the question.

Tushar Manudhane: Thanks for the opportunity again. This is Tushar Manudhane. On the OpEx side, could you share anything meaningful that could come up, either in terms of capacity, scaling up or marketing, that would lead to higher other expenses compared with revenue growth?

Piyush: No, nothing on that side right now. Tushar, what we have always talked about is that a lot of the margin improvement that you will see is going to come from operating leverage. You will see our SG&A growth be slower than revenue growth.

Tushar Manudhane: Understood. With the significant improvement in domestic formulation growth, could you refresh us on the number of MRs and the MR count that you intend to take on over the next 12–18 months?

Piyush: I think the MR count remains similar, at about 4,100, or 4,100 to 4,200. We are not looking to add any new MRs in the near term.

Tushar Manudhane: Conceptually or strategically, has there been any change in the incentive scheme, with which the same MR team has been able to improve growth reasonably well in line with the industry, and we believe that we can grow better than the industry? Could you shed some light on that aspect?

Piyush: There has been no change in the incentives that we have made. If you look at the last 2–3 quarters, the focus has been much more on execution: whether we are reaching out to the right doctors, how we are engaging with the doctors and the amount of scientific promotion. That is what is driving us.

If you look at some of our top brands, the differentiator for us is that many of our top brands have something different and innovative to talk about. If you take Orofer XT, where we have the {? anemia ?} franchise, or even our chiral molecules such as Asomex and Metpure, all of those are seeing good growth for us.

Management: I think [hesitates] what I would say is that from time to time, we keep tweaking the incentive scheme marginally to try to ensure that a greater percentage or overall population of the MRs are qualifying. With the right incentive structure and the focus that Piyush talked about, we feel confident that without significantly increasing our MR headcount, we can continue to grow. In fact, even in the current quarter, we have seen an uptick in productivity per representative compared with the prior quarter.

Tushar Manudhane: Understood. Lastly, while we do get to understand brand-specific information from certain data such as IQVIA, could you provide more color on the hospital side within domestic formulations? How much does that contribute, and what has been the growth in that particular segment?

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Piyush: I will not have the figures for the hospital side offhand, but it would be somewhere in the single digits. It is not going to be very large.

Management: Just to add, as far as we are concerned, our focus is more on generating prescriptions in the trade and meeting doctors. As far as hospitals are concerned, typically most of the products are injectables. To that extent, we are very well placed because all our solid dosage formulations are doing exceedingly well, such as Orofer XT, Pause and Metpure, which Piyush just mentioned.

Tushar Manudhane: Understood, sir. That is it from us. Thank you.

Operator: Thank you. The next question comes from the line of Alok Dalal. Please introduce yourself and proceed with the question.

Alok Dalal: Good afternoon. Thank you for taking my questions. I have a few quick ones. Any update on your filing for semaglutide in Canada?

Piyush: Filing in this fiscal year, probably in the next few months.

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

Piyush: It is somewhere in the high teens.

Alok Dalal: High-teens range. Okay. Could you provide a similar number for biosimilars for India and overseas?

Piyush: For biosimilars, India overall would be about 10%. International would be lower than that because internationally we are only selling in the emerging markets.

Alok Dalal: All right. That is it from my side. Thank you.

Operator: Thank you. The next question comes from the line of Forum Parekh. Please go ahead.

Forum Parekh: Thank you for the opportunity again. My question is on the domestic side. Could you help us with the OTC contribution to domestic sales?

Piyush: Forum, it is still scaling up, so we would not want to break it out right now. Once it reaches a meaningful size, we will probably discuss it separately.

Management: We are obviously seeing green shoots, and the response is very good, but it is still early days.

Forum Parekh: Would it be fair to assume that it would be in the mid-single digits, or would it be lower than that?

Piyush: We do not want to break that out for now.

Forum Parekh: No problem. My second question is on the international front. For both Europe and Canada, could you help us with the split between organic and inorganic sales?

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Piyush: Europe and Canada are both organic. There is nothing inorganic right now in either of them.

Forum Parekh: The base portfolio would therefore be contributing what percentage?

Piyush: The entire business? The growth is largely driven by the base business plus new launches. We have not had any acquisitions in Europe or Canada. There is one small {? Cutimed ?} acquisition, but that is at quite a small scale. There has been nothing in the last 12 months that we have [trails off].

Management: In Europe, the {? Menarini ?} acquisition happened more than 1.5 years ago, and there was a very tiny acquisition of {? Cutimed ?} in Canada. But by and large, it is the base business that is growing.

Forum Parekh: If you could provide the contribution from new product launches, would it be fair to assume around 10% for both geographies?

Piyush: We have not broken that out, but yes, a significant part of the growth is going to come from new launches.

Forum Parekh: That is helpful. Thank you.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question, please use the raise hand feature on your dashboard. Thank you. Ladies and gentlemen, as there are no questions from the participants, I would now like to hand the conference over to Mr. Saurabh Paliwal for closing comments. Thank you, and over to you, sir.

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

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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