“Glenmark Pharmaceuticals Limited

Q3 FY ‘26 Earnings Conference Call”

February 02, 2026

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Moderator: Good morning, ladies and gentlemen. Welcome to the Q3 FY '26 Earnings Conference Call of Glenmark Pharmaceuticals Limited. 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. Utkarsh Gandhi, Senior General Manager, Investor Relations for Glenmark Pharmaceuticals Limited. Thank you, and over to you, sir.

Utkarsh Gandhi: Thank you, Lizanne. Good morning, everyone, and welcome to the Q3 FY '26 Earnings Conference Call of Glenmark Pharmaceuticals Limited. Before we start the Q&A, let's review the performance for the quarter.

For the third quarter of FY '26, Glenmark's consolidated revenue from operations was at INR39,006 million as against INR33,876 million in the corresponding quarter last year, recording overall Y-o-Y growth of 15.1%. For the 9 months of FY '26, Glenmark's consolidated revenue was at INR132,119 million as against INR100,655 million, recording a Y-o-Y growth of 31.3%.

In terms of our regional performance, starting with India. Sales for the formulation business in India for the third quarter of FY '26 was INR12,986 million as against INR10,637 million in the corresponding quarter last year, recording a Y-o-Y growth of 22.1%.

In terms of secondary sales, Glenmark continues to significantly outperform the IPM in terms of Y-o-Y growth. As per IQVIA, Glenmark's India formulation business recorded a growth of 15.8% in the third quarter and 13% as per MAT December 2025 compared to the overall market growth of 10.9% in the third quarter and 8.3% as per MAT December.

Glenmark continues to outperform the overall market in its key therapeutic areas like dermatology, respiratory and cardiac. Glenmark's India business is ranked 13th with a market share of 2.32%. The company has 11 brands in the IPM, top 300 brands as per MAT December data. And in terms of its key therapeutic areas, Glenmark is ranked second in terms of dermatology, second in respiratory and fourth in the cardiac segment as per IQVIA third quarter data.

In terms of new product launches. So in Q3, Glenmark announced the launch of Nebzmart GFB Smartules and Glenmark Airz FB Smartules, the world's first nebulized fixed-dose triple therapy for the treatment of chronic obstructive pulmonary disease or COPD. Both products combined 3 proven medicines, Glycopyrronium, formoterol and budesonide to reduce airway obstruction inflammation and improve lung function.

In a clinical study conducted in India, this triple -- nebulized triple therapy demonstrated rapid improvement in lung function and better control of breathlessness among patients. The treatment was well tolerated and demonstrated a good safety profile, offering patients a simpler and more effective way to manage COPD.

In terms of some of our other key products, particularly on the innovation/specialty front, TEVIMBRA, BRUKINSA, which we partnered with BeOne and launched in the first quarter. In a short period of time, these 2 brands have seen a very strong uptake in the market as a differentiated treatment option for patients across multiple solid tumors as well as hematological tumors. The company expects these 2 brands to meaningfully contribute to the India business growth over the next 2 to 3 years.

Lirafit, the company was the first to launch the biosimilar of Lirafit. It continues to hold a clear market leadership position in the liraglutide market and gives a good segue for the company to launch other GLP-1 agonist also. And JABRYUS, which Glenmark partnered with Pfizer and launched in January 2024, this continues to be well received by dermatologists as a novel treatment for moderate to severe atopic dermatitis with improved efficacy as well as oral convenience to patients.

In terms of the Consumer Care business in India, the GCC business delivered sales growth of 21.5% Y-o-Y. The flagship brand, Candid Powder, delivered a strong revenue growth of around 17% in the third quarter and has -- now holds more than 56% market share as per the IQVIA data. Scalp portfolio also delivered strong revenue growth of 50-plus percent in the third quarter, and some of the other brands like Bontress, Aloevera, Episoft also delivered high double-digit growth during the third quarter.

Moving on to North America. The North America business recorded revenues of INR9,706 million for the third quarter of FY '26 as against revenue of INR7,813 million for the third quarter. This includes the out-licensing income for ISB 2001. Net of that, the core business Y-o-Y growth for the North America region was 4.1% in the third quarter.

Glenmark launched 4 products in Q3, all injectable products, which included sodium bicarbonate injection, ropivacaine injection, epinephrine injection and Leucovorin calcium injection. Two ANDAs were filed during the quarter. Glenmark plans to file 3 ANDAs in the upcoming quarter.

In terms of our respiratory portfolio for the U.S., Glenmark has filed 2 ANDAs for generic nasal spray and the rating approval for the same. The company has already filed the ANDA for generic Flovent 44mcg in May 2024. And in Q3, we also filed the ANDA for generic Flovent 110. And the company is also working on other respiratory products, which are in the pipeline and will be filed over the upcoming quarters. Glenmark's marketing portfolio consists of 214 generic products and currently has 53 applications pending at various stages of the approval process.

In November 2025, Glenmark announced that it had received the EIR from the U.S. FDA for its foundation manufacturing facility in Monroe, North Carolina, with a voluntary action indicated, or VAI status. With this positive development, the company will restart manufacturing at the Monroe site.

Moving on to Europe. Glenmark's Europe operations for the third quarter of FY '26 were at INR7,963 million as against INR7,297 million, recording growth of 9.1%. There was a recovery in the European business during the third quarter, particularly due to the onset of the winter season, which aided the growth of the respiratory portfolio.

As per the secondary sales data, Glenmark continues to outperform its covered market in CEE countries such as Czech Republic, Poland and Slovakia. There were 5 new product launches in that region, which also aided the growth. In the generic markets of Western Europe, Glenmark's performance remained stable with strong achievement in Germany and the Netherlands.

The branded respiratory portfolio in Western Europe also sustained its momentum. Glenmark continues to focus on increasing contribution from branded markets and portfolio in Europe. Glenmark announced the launch of WINLEVI in the U.K. market earlier this year, and the brand has seen a strong uptick throughout the year in the U.K.

In October 2025, Glenmark's partner Cosmo received marketing authorization approval for WINLEVI in the European Union as well and Glenmark is now planning to initiate the commercial launch in its licensed European territories by Q1 FY '27.

Moving on to emerging markets. For the third quarter of FY '26, revenue from the emerging markets region was INR8,119 million as against INR7,491 million for the corresponding quarter last year, recording a growth of 8.4%. Our Russia business continues to perform well. As per the IQVIA secondary sales data, our Glenmark's Russia business reported growth of 15.1% in Q3 and MAT December.

In its core therapeutic areas of dermatology, Glenmark recorded faster secondary sales growth than the overall market, and Glenmark continues to rank ninth in dermatology and second in the expectorant market. RYALTRIS as one of the key brands in Russia continues to gain share.

The Latin America region delivered high double-digit growth in the third quarter. Key markets, which are Brazil, Mexico witnessed a strong recovery on the back of multiple differentiated product launches in the respiratory segment. RYALTRIS, again, is a key brand here, particularly in Mexico, and is awaiting approval in Brazil and is expected to help sustain the high growth in the region.

In the Middle East/Africa region, our secondary sales growth remains subdued in key markets, mainly on account of some new product launch delays. RYALTRIS, however, continues to see strong pickup post its launch in key markets in the region such as Saudi Arabia and in the leading energy product in South Africa. The region is expected to show gradual recovery towards growth starting in the fourth quarter.

Key markets in the APAC region, such as Malaysia, Australia, recorded double-digit secondary sales growth during the third quarter. The overall region is expected to maintain strong performance in the forthcoming quarters. Glenmark continues to remain one of the leading dermatology and respiratory companies in the APAC region.

A quick update on our global innovative portfolio. RYALTRIS -- starting with RYALTRIS. So as of December 2025, marketing applications for RYALTRIS have been submitted in -- to more than 90 countries across the world. The product has been commercialized in 52 markets and is expected to be launched in additional 10 to 12 markets over the next few quarters.In Q3, we launched RYALTRIS in 3 additional markets, including Colombia.

As per the IQVIA data, RYALTRIS continues to see a robust performance both in terms of value and unit market share and has recorded global secondary sales growth of 50% plus Y-o-Y. Glenmark's partner companies across Europe and emerging markets continue to witness a steady increase in its market share in all licensed markets.

Glenmark and its partner in Mainland China, Grand Pharmaceuticals, secured approval for RYALTRIS in October 2025. The product is expected to be launched by Q1 of FY '27. And Glenmark's partner in Thailand, Organon, is also planning to launch RYALTRIS in Q4 of this year.

WINLEVI, as mentioned earlier, company launched WINLEVI in the U.K. market in Q1 and saw a strong uptake throughout the year. Glenmark's partner received marketing approval for WINLEVI in Europe, and Glenmark is planning to initiate commercial launch in a licensed European territories by Q1 of FY '27. And WINLEVI is currently under regulatory review in South Africa as well, where Glenmark has the rights -- commercial rights.

QiNHAYO or Envafolimab, Glenmark has filed QiNHAYO marketing applications in 18 markets till date, the first commercial launch is expected in FY '27. Other companies received authorization from regulatory authority in Kenya, Mauritius, and Uganda for supply of QiNHAYO via early access programs or named patient programs. And as announced earlier, Glenmark also initiated a global multicenter Phase III study in resectable Stage III neo-adjuvant or adjuvant non-small cell lung cancer.

Trastuzumab Rezetecan, partnered with Hengrui in Q3. Glenmark advanced its preparations for the initiation of marketing applications for Trastuzumab Rezetecan, a next-generation HER2-targeting antibody drug conjugate, which was in-licensed in the second quarter from Jiangsu Hengrui Pharmaceuticals for several emerging markets. The company expects the first wave of MA applications to begin in Q1 of FY '27.

Lastly, Aumolertinib partnered with Hansoh in the third quarter of FY '26, Glenmark entered into exclusive license and collaboration and distribution agreement with Hansoh Pharmaceutical Group for Aumolertinib, a third-generation EGFR tyrosine kinase inhibitor for the treatment of non-small cell lung cancer.

Glenmark gained rights to develop, register and commercialize Aumolertinib across Middle East, Africa, Southeast Asia. Australia, New Zealand, Russia/CIS and a few selected Caribbean countries. Aumolertinib was approved in the U.K. in June 2025 for the first-line treatment of adult patients with locally advanced or metastatic non-small cell lung cancer with activated EGFR mutations and the treatment of adult patients of locally advanced metastatic EGFR T790 mutation positive NSCLC.

Hansoh has also received positive CHMP opinion in the third quarter with an MA approval expected in the fourth quarter. And Aumolertinib is approved for 4 indications in China and is already marketed in China. Glenmark is preparing to initiate marketing authorization applications for Aumolertinib in the first half of CY2026 and commercial launch anticipated during the second half of FY '27.

Lastly, on IGI. So Glenmark's -- IGI features a robust pipeline of innovative oncology molecules targeting multiple myeloma and solid tumors. And IGI also has 2 autoimmune assets which have been out-licensed to leading companies and are in clinical development. For ISB 2001, IGI is currently executing the Phase I study in Australia, United States and several European countries. The study continued to dose expansion in April and is continuing to rapidly enroll patients.

Our next clinical molecule in oncology, which is ISB 2301, part of the IMMUNITE platform. This is a first-in-class multi-specific NK-cell engager developed for solid tumors in the first program from IGI's IMMUNITE platform. As mentioned earlier, a clinical candidate was selected in October 2025. The program has now entered IND-enabling stage, and we are expecting to file the IND before the end of calendar year 2026.

In terms of our immunology portfolio, ISB 880, which is partnered with Almirall -- so Almirall's Phase II clinical study in Hidradenitis Suppurativa continues to advance with ongoing patient recruitment and dosing, reinforcing the program's strong operational progress. Almirall also plans to initiate POC for adult additional inflammatory skin diseases for the -- for ISB 880, And ISB 830 Phase I trial was initiated in the first quarter of calendar year 2025. Astria presented initial data at the EADV conference in September 2025. And now we are working to actively evaluate the most promising path forward for this molecule to accelerate development.

From the Glenmark management team, we have Glenn Saldanha, Chairman and Managing Director; and Anurag Mantri, Executive Director and Global CFO. I'll now hand it over to Glenn for his opening comments.

Glenn Saldanha: Thank you, Utkarsh, and good morning, everyone, and welcome to the Q3 earnings call. If I look at the third quarter, Glenmark, we delivered strong growth in the third quarter with a broad-based growth across most of our markets. While the overall geopolitical uncertainty remains prevalent, depreciating global currencies helped our overall performance during the third quarter.

In the third quarter, we continue to launch some very exciting innovative products in our core therapeutic areas such as GFB nebulizer in India in the chronic respiratory segment. Also some of the products that we launched earlier TEVIMBRA and BRUKINSA continue to drive our India performance.

The positive outcome at Monroe has long-term strategic value for our U.S. business. In this quarter, we also partnered with Hansoh for Aumolertinib, which is the third-generation novel EGFR. We're pretty excited about this asset because it will come to market in the second half of FY '27 and can significantly enhance our overall innovative franchise.

If you look at innovative franchise, we have about 7, 8 products, innovative-led global assets, which will drive our sales growth over the next 5 years, primarily in the areas of oncology, dermatology and respiratory medicine.

IGI. On the back of 2001, we continue to do exceedingly well with our IGI platform. 2001 is progressing well in terms of the dose expansion study, and we're expecting 2301 filing by the end of this calendar year, which we're pretty excited about.

Going forward, we expect a strong finish to FY '26 with good growth, particularly in the U.S., where some of our respiratory launches that we are anticipating in the fourth quarter of this year. Our India business continues to outperform the market, and we see good long-term growth levers, especially in chronic respiratory and our oncology franchise.

We think TEVIMBRA, BRUKINSA is the first launches, we will also launch eventually Aumolertinib and the Hengrui asset and various other assets in India, which will drive the sales of our India franchise. So we see very strong growth coming out of India over the next 5 years.

We will also launch Aumolertinib in the second half of FY '27, and we'll keep scaling up RYALTRIS and WINLEVI going forward. RYALTRIS will be a $100 million product for us this year and continue to scale as we go forward.

So in summary, the next 5 years, continue to remain pretty exciting for Glenmark in terms of growth performance across all the parameters, and we continue to move up the value chain in -- especially with our innovative franchise over the next 5 years through the 7, 8 launches, which will clearly define the company and the future as we go forward. We clearly remain on track to achieve our overall objectives that we laid out as part of Glenmark 3.0. With this, I'll hand it over to Anurag to give his opening comments, and then we can take Q&A.

Anurag Mantri: Thank you, Glenn. Good morning, everybody. We delivered on our near-term guidance with a strong revenue performance and the margin profile of 23% in this quarter. The business growth was helped in part by the currency depreciation across our key geographies. However, our base business performance continues to remain strong, especially in key branded markets.

With our gross margin in current quarter was impacted by the product mix. However, we saw a good operating leverage, which helped overall margin. We continue to remain net cash positive and are on track to beat the target that goes debt 0 by March '26. Multiple initiatives are ongoing to help normalize working capital movement to remain around 115 days of net working capital days, in line with our guidance by March '26. We remain confident of closing FY '26 on a strong note and foresee a good start to our next growth journey of Glenmark 3.0 from 2027 onwards. Thank you.

Utkarsh Gandhi: Thanks, Anurag. So with that, I think we can open the floor up for Q&A. Lizanne, over to you.

Moderator: Thank you. We will now begin for the question-and-answer session. The first question is from the line of Damayanti Kerai from HSBC.

Damayanti Kerai: My first question is on your comment around gain from currency depreciation during the quarter. So if you can just quantify how much was that? And excluding that, what kind of growth you would have recorded?

Anurag Mantri: So Damayanti, currency depreciation sits in the -- goes into the multiple part of the P&L. So in a normal business case, whatever the revenue and in terms of the changes converting that revenue from that geography into the rupee term, that goes and sits in the normal EBITDA side. And if you see on an exceptional item, there is a currency difference of INR7.3 crores which is only on exceptional items. So out of exceptional item, INR177.8 crores is due to the labor court

and balance INR77 -- sorry, INR7 crores is because of the exceptional item. And so it sits into the multiple part of the businesses, and it's difficult to actually quantify that.

Damayanti Kerai: Okay. My second question is on the Flovent status from the FDA. So since your last communication, have you heard anything incremental? And when do you expect the agency to come back with its decision?

Glenn Saldanha: So all I can say is we've had multiple discussions with the agency, and we are very close to -- we're hoping we'll get an approval very quickly on Flovent 44.

Damayanti Kerai: Glenn, you mentioned respiratory will be significant in the fourth quarter. So Flovent will be part of that?

Glenn Saldanha: We are hoping that Flovent is part of it, but we also have the nasal spray and various other products in the respiratory franchise, which could get approved in Q4.

Damayanti Kerai: Okay. And my last question is on your working capital management. You mentioned 115 days is something which you are targeting by March '26. So in terms of key changes and progress if we can walk like what are the key initiatives and how things are shaping since last quarter when we had some write-offs, et cetera. So if you can just and talk a bit about your working capital management part?

Anurag Mantri: Yes. So Damayanti, we have initiated multiple options basically. So one was on the sales side, basically to get the debtors reduced and that is through the factoring and some of the other instruments. So including the other market like Europe and LatAm, which we were not doing again, and which obviously at a -- we will be very cost conscious on this part.

So that's one on the sales side. And similarly, on MSME and vendor side also, we are trying to elongate the payment cycle. So the RBI-related legitimate channels, which include vendor financing and some of the vendor bill discounting sort of thing, which will help us to move both on the sales side as well as on the purchase side to reduce the working capital cycle.

Damayanti Kerai: Okay. Against December, where do you stand against this target of 115 days?

Anurag Mantri: Right now, we are actually, again, lower than 115 days. But as the business activities increase, that's why we are keeping. But right now, we are close to 110 days.

Moderator: The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services.

Tushar Manudhane: Sir, on Monroe now that U.S. FDA issues are behind. So how do we -- what would be the sort of trajectory in terms of business? I guess, product approvals are still not come. So how do we start the commercial products?

Glenn Saldanha: So I think we will start commercial production in this quarter. And we have 1 or 2 approved products, so we will start commercializing that next year, you can anticipate we will sell about 3 products with a number of filings, right, next year. And I think the way to think about Monroe is it's -- it will take some time, right, for the site to be fully -- in full flow, right, in terms of

commercial production. And at the operating level about, I would say, about 4 years, right, from today, we will breakeven at the operating level.

Tushar Manudhane: And also, how do you intend to increase the number of filings from this side maybe over the next 12 to 15 months?

Glenn Saldanha: I think every year, we will have at least 3-odd filings, right, from the site. And we are working specifically on very complex injectables, right? So we're not doing any run-of-the-mill products. So that will further enhance the filings.

Tushar Manudhane: Got it sir. And sir, secondly RYALTRIS you highlighted it's $100 million product now, major geographies and their contribution, let's say any geography which is contributing more than 10%, 15%. If you could just rephrase that?

Glenn Saldanha: It's pretty broad-based. So Europe, obviously, is a big driver, along with some leading emerging markets like Russia, Australia and multiple other countries, right, which -- where the bulk of the sales are coming from. But I think it's pretty broad-based overall. So there's no country which is more than -- no geography, which is more than 20%, 25% of sales, somewhere thereabouts.

Tushar Manudhane: Got it, sir. And lastly, on gross margin, like if I exclude the out-licensing income, the gross margin, while its highlighted that it's a product mix, but is there anything further because without the out-licensing income, the gross margin is much lower at 65%?

Anurag Mantri: So it's largely because of the product mix and geographical mix because of that. I think -- but I think we are on track. I think we should be on -- I think you will see a recovery on this. And what we see our guidance is the overall at EBITDA level, we are on track to deliver our guidance of 23% on a sustainable basis.

Glenn Saldanha: Also just one point on gross margin. If we get these new product approvals, right, in Q4, you will see a definite uptick in the gross margin.

Tushar Manudhane: Got it sir. And sir, just a request and a suggestion that if you could put the R&D expense in the presentation or the press release itself, given that it's a core sort of for Glenmark Pharma, it would if you are putting it in the opening commentary in the presentation.

Glenn Saldanha: Sure, Tushar. And just to reiterate to R&D for this quarter was INR290 crores, total R&D.

Moderator: The next question is from the line of Kunal Randeria from Axis Capital.

Kunal Randeria: Glenn, in Europe, you have shown a rupee growth of around 9%. But I think the currency appreciation. I mean -- sorry, rupee depreciation would be around 15%? So do you decline in constant currency in Europe?

Glenn Saldanha: See, I think Europe, the way to think about Europe is we've had a phenomenal last 3 years or 4 years, right? I mean, the business has done exceedingly well, if you look at our European business, right? Given that the first half, we've had some challenges in terms of growth, right, in the first half. Going forward, I think Europe, you should expect like a single-digit to low-double-digit growth from here, right, given that we've grown our 25% CAGR over the last 3, 4 years.

Kunal Randeria: Sure. But I think you had earlier mentioned that maybe in the medium term, it can grow in double digits. So is it because launches are a bit slow. See, '26, I can understand from a base of '25, but about FY '27, '28. Can you still grow in double digits?

Glenn Saldanha: I think we can grow double digit in Europe. I mean the key is we are waiting for some new product approvals, right? I mean, for example, in F '27, we should have at least a couple of respiratory product launches, right, which should drive Europe. Also, RYALTRIS, we should see some incremental growth coming in Europe in F '27 and beyond.

So overall, the business and WINLEVI also will contribute, right? I mean we're just launching WINLEVI in U.K. and in Europe. So overall, the business should continue to do well, right? But I mean, just to be conservative, we are seeing high single digit to low double digit, right, growth for Europe going forward.

Anurag Mantri: Increasing contribution of branded market will aid to this actually.

Kunal Randeria: Fair enough, fair enough. Sir, secondly, on the ISB product at 830 and 880, and I see both products are progressing well now. So can you share what can lead to milestone payments for you?

Glenn Saldanha: We don't give any visibility to specific milestones, right, as a company. I mean, we've stayed away from that. So I think look, I think the takeaway message is we have 3 innovative assets all progressing well in the clinics, right? So 2001 continues to do well for us. Additionally, 880 with Almirall starting the Phase II, that's an exciting asset.

And then, of course, 830, right? So I mean, we have these 3 assets in the clinics. And hopefully, this year, by the end of this calendar year, we'll have 2301 also going into the clinics, right? And we have a good pipeline of innovative assets from here on, right?

But I think from a commercial perspective, the way to think about it is the next 5 years, right, will highly -- will be contributed by these 7, 8 innovative assets, right? The Hansoh, Hengrui, envafolimab, Ryaltris, WINLEVI, TEVIMBRA, BRUKINSA, I mean these are the next 5 years. And then post that, the following 5 years, will be all about 2001 and some of these immunology assets and some of the rest of our portfolio. So I think that's the next 10-year journey right for the company, right, on the innovation side.

Kunal Randeria: Sure. And just one more if I can. You have increased your filing pace in the U.S. So can I ask for which plants are you doing the filings? Because Indore, Baddi, Goa still I think in the regulatory scanner?

Glenn Saldanha: So I think the way to think about our U.S. business is there are 2 plants, Aurangabad and Monroe, right, where the bulk of our filings are coming out of. Goa and Indore are under warning letter. So we've tech transferred some of the products to some U.S. CMOs. And I mean we got a sucralfate suspension approved which was from one of the warning letter sites. And likewise, we have some other products which are tech transferred to U.S. CMOs. Baddi, we have completely discontinued U.S. commercialization and filings.

Moderator: The next question is from the line of Saion Mukherjee from Nomura.

Saion Mukherjee: Just some numbers. This INR290 crores of R&D, if you can split between Ichnos and the rest of the business?

Anurag Mantri: So around 50% was out this was IGI-related.

Saion Mukherjee: Okay. Okay. The second one was regarding your other expenses, which seem to have come off on a year-on-year basis despite currency depreciating impacting costs in many of your international markets. So if you can give some color on why the other expense is coming down? And how should we think about that going forward?

Anurag Mantri: So other expenses broadly remains in line, but you see on a quarter-on-quarter basis sometimes because of approval and the phasing of the expenses sometimes it goes lower. But I think, overall, we should see inflationary related impact on the other expenses. So this quarter, it looks lower, but I think it's more a phasing and booking issues.

Saion Mukherjee: Okay. And then final, sir, if I can ask on -- if you can share the net cash number and also the capex that you have done for this year, both tangible addition and intangible addition fees?

Anurag Mantri: So capex in this quarter was around INR215 crores, and YTD capex was INR715 crores. And on this quarter, capex, around 55% was on intangible and 45% was tangible. So that's what the broadly capex number was. On net cash, if you see, we remain net cash positive.

And in fact, the gross debt was close to around INR100 crores, and net cash was also close to INR600 crores. In fact, we had a large payment in this quarter of around INR125 crores, which includes IGI tax, dividend, we have paid -- we had a capex amount. So that's -- despite that, actually, we remain on cash -- overall net cash positive.

Saion Mukherjee: So sir, what is the number, sir, sorry? Net cash number is it?

Anurag Mantri: Around INR600 crores.

Saion Mukherjee: Net cash is INR600 crores?

Glenn Saldanha: Saion, gross debt is about INR600 crores. And the net cash is...

Anurag Mantri: Net cash is also INR600 crores, around INR1200 crores of cash.

Saion Mukherjee: Okay. Okay. And just in terms of your future liabilities, if you can, what should we sort of pencil in because some of the licensing deals that you've done from various companies in the recent past and also some liabilities related to litigation, if you can have some visibility for this year, next year, how should we think about payouts that if we have to factor in?

Glenn Saldanha: So I think just a couple of things, right? On the legal settlements, obviously, Saion, we can't give too much of visibilit,right. However, if you look at the MDL, right, we have done a settlement with the DPPs. That's public information, right? And we still have some of the other classes to

go, right, which is mainly the AGs and the EPPs, right, on the MDL, which is probably the largest right now in terms of legal cases. So that's on that side.

On the innovation side, with us doing these 3 transactions, right, the Hengrui transaction, obviously, some of it is built into the intangible number that Anurag mentioned. And Aumolertinib, we are still in the process of paying that. I think that is the...

Anurag Mantri: So timing-wise, it could be this quarter or it could be early next quarter. I think because it's difficult to actually give you that specific because it depends on the commercial progression of the deal. But I think it could be somewhere at the end of this quarter, early next quarter accordingly.

Glenn Saldanha: And then going forward, beyond that, Saion, the next big milestones are all linked to the launches of these products, but we don't anticipate any big amounts being paid on any 3 of these assets, right? So I think that's kind of where we stand. It's more back ended, royalty-based and sales-linked milestones and -- which are the drivers to the numbers.

Moderator: The next question is from the line of Krish Mehta from Enam Holdings.

Krish Mehta: I have 2 questions. The first is on your specialty business. The 7, 8 innovative assets which Glenn mentioned earlier. So if you could just broadly directionally tell us in terms of how the gross margin level would differentiate from the rest of our portfolio in these 7, 8 innovative assets, including the ramp-up you see in RYALTRIS and where you can see the gross margin eventually settle as we scale up these 7, 8 assets?

Glenn Saldanha: I think that's a very good question. Look, see, oncology assets, the gross margins are significantly higher than where we are today, right, the core business, right? So I think more than the gross margin is also the EBITDA margins will be significantly higher. So there will be a definite margin uplift, right? I would anticipate a lot of this will start playing up from FY '28, not '27.

By '28, you'll have Aumolertinib fully commercialized in many, many markets as well as the Hengrui assets starting to commercialize in some of the markets by F '28. So I think the real uplift in the margin profile of the company will happen from the current 23-odd levels, right, will happen from F '28 onwards.

Krish Mehta: Okay. No, that's helpful, Glenn. And if you could throw some light on how the Ichnos quarterly revenue and cost will be accounted for going forward in terms of how we're recognizing the AbbVie payments. If you could just explain on the accounting for the next few quarters, revenue and cost, both?

Anurag Mantri: So on the revenue side, whatever, as you recall, the upfront payment, which we got, we booked INR525 million last quarter -- last quarter, and now there will be equalized run rate of $17.5 million every quarter. On expenses side, we get a reimbursement, but which -- reimbursement be netted off and goes into the other expenses. So that does not impact the top line and bottom line simultaneously. So that actually gets netted out as per the reimbursement part and the other expenses.

Krish Mehta: That's very helpful. And my last question was what will be the number for this Ichnos quarterly revenue? I mean, the Ichnos quarterly cost that we spend going forward for the next 3 to 5 years?

Glenn Saldanha: So we've guided to a $70 million run rate, right, in terms of bond for IGI, right. Annualized $70 million, so we'll stay within that.

Anurag Mantri: And we are booking the exactly $17.5 million per quarter, which is again $70 million every year. So that's how we are booking the revenue also. On expenses...

Moderator: The next question is from the line of Sucrit Patil from Eyesight Fintrade Pvt Ltd.

Sucrit Patil: I have 2 questions. My first question is to Mr. Glenn, is across Glenmark's core business. You have spoken extensively about the portfolio focus and therapeutic priorities. Just want to understand the key trade-offs you are currently making between investing behind scale in established markets versus nurturing newer therapies in newer areas? And what integral -- internal signals would you lead to rebalance the capital or the management attention between these 2 sectors? That's my first question. I'll ask my second question after this.

Glenn Saldanha: So I mean, Glenmark, we've always been therapy focused, right? Unlike many of our peer companies, we are focused on these 3 areas, right, derm, respiratory, oncology. And I don't think it's that easy to switch areas, at least for us, because we have built deep expertise starting from R&D right up to commercialization in these 3 areas, right, which actually is a competitive advantage for us.

That's the way we view it. So I think given that our -- given the expertise that we've built in these 3 areas, we are now expanding our EM franchise, right, India and emerging markets in terms of commercialization with a clear view that longer term, as we get more innovative assets, we could continue to move up the value chain into much some of the developed markets as we go forward.

So I mean, the capital allocation between the therapy areas versus getting into newer areas doesn't exist for Glenmark because we built our business basis that, at least for now, right? And that's the next 5 to 10 years, we will continue to focus on the areas that we have defined for ourselves.

Sucrit Patil: My second question to Mr. Mantri. Beyond high level margins and cost commentary, what are the key early indicators you track internally across pricing, product mix and working capital that give you confidence on profitability and cash flow sustainability before these trends reflecting the reported results?

Anurag Mantri: So good question, basically, what we track, and this is very critical for us because especially when we are operating in emerging markets and across the markets. So we track closely our working capital one is that on a debtors and inventory side because these market consumes a large working capital requirement and also on the purchase side. So actually, how to bring the working capital cycle more efficient and reduce this cycle.

So if you see industry has been maintaining almost operating at 125, 130 days, but we are targeting 115 days this year, and then we will continue to improve -- work on the improvement

further. So this is what we closely track, debtors, inventory, creditors days and how to actually improve with the -- with the various instruments, but at a more sufficient cost manner.

Sucrit Patil: Thank you and best of luck for the next quarter.

Moderator: The next question is from the line of [Zahid Kirani 0:45:32] from Khandwala Securities.

Zahid Kirani: I would like to ask that what is the planned capex for the next fiscal year? And what are the strategic motives behind it?

Glenn Saldanha: I think the capex typically is around running at around INR700 crores, INR800 crores a year.

Anurag Mantri: You should see the same INR800 crores is the capex for next year. Actually next year, we should see.

Glenn Saldanha: So that's the way to think about it. And I think the investment is all going into, one, is ongoing capex, right, in terms of plants, expanding our current lines and various facilities, right? That's the bulk of it.

Anurag Mantri: And Hengrui...

Glenn Saldanha: And some of the in-licensing product.

Moderator: The next question is from the line of Tarang from Old Bridge Capital. Sorry to interrupt, Tarang, we are not able to hear you. Can you speak a bit louder?

Tarang Agrawal Just a bookkeeping clarification. The net cash as on 31st December '25, is over and above what you've reserved at Ichnos or this is on a consolidated basis?

Anurag Mantri: So cash is at a consolidated basis. Basically, Ichnos money we actually keep utilizing as per their phasing requirement. So it's not that we keep that cash separately. So it's a consolidated number, which I told you on that INR600 crores of net cash.

Moderator: The next question is from the line of Tushar Manudhane from Motilal Oswal Financial Services.

Tushar Manudhane: Just one question. Sir, any of the assets now where there is a further scope of the deal, at least from the current assets or probably any new asset that can come up, let's say, over the next 6 to 9 months?

Glenn Saldanha: So Tushar, I can't give you any visibility to further partnering right now. But all I can say is the [inaudible 0:48:06] yes, go ahead.

Tushar Manudhane: No, I meant to ask that at least the products which are already sort of out-licensed to the partner. So is there a scope for getting more partners for such product firstly?

Glenn Saldanha: Look, there is always scope, Tushar, right? I mean, on each of these assets, right? We can always look for some regional partnerships, some smaller partnerships. I mean it can go on and on,

right? But I think it's not right to give any visibility around partnering, right, on each of the assets.

One is that we already have and even subsequent assets, right, that we are developing, like 2301 and beyond, right? All of them can be partnered at any point in time. Our bigger challenge for us is that what is the optimal time to do any of these partnerships? And do we really need to do it? Because otherwise, we end up giving up too much if we do it too early.

Moderator: The next question is from the line of Damayanti Kerai from HSBC.

Damayanti Kerai: Glenn, I have a question on this ISB 2001 asset. So you're still conducting and enrolling patients for TRIgnite studies, right? So just want to understand when this R&D and clinical trial responsibility will be going to the partner? Or you will complete the TRIgnite and like how things work there?

Glenn Saldanha: So unfortunately, I can't give you too much visibility on our relationship with AbbVie, right? But all we're saying is the dose expansion will end, and we will -- we've made significant progress with the dose expansion. And I think any further information you will see in some public communications as and when we are ready to put it out.

Damayanti Kerai: Sure. And my second question is again, yesterday, during the budget speech, I guess there was emphasis on biomanufacturing production in India by the finance investor. Any initial thoughts because I guess you were emphasizing on oncology and other FCD treatments, et cetera. Since you are, I think, focused in these segments, so any thoughts here?

Glenn Saldanha: So currently, we don't do any manufacturing of biologics within Glenmark, right, in-house. We continue to outsource a lot of our -even a lot of our biologic manufacturing, right? However, I mean we never know how things play out in the future. So it's definitely a positive for the industry.

Moderator: The next question is from the line of Nitin Agarwal from DAM Capital.

Nitin Agarwal: Glenn, on 2 businesses, one is in the U.S. U.S., obviously, with a couple of recipe approvals you talked about likely coming through this year in the next few quarters. And you talked about some of the first to files, which will probably come towards the end of the year. So that probably give us decent visibility on '27, '28 growth in the U.S. Now how should we think about U.S. subsequently? I mean, are these sort of one-off drivers which come in and business gets to a base, a relatively high base? And then how should we think about U.S. subsequently from here on? I mean, after these are sort of drivers in the business?

Glenn Saldanha: So I think the way to think about it is '27 is all about Flovent -- Flovent 44 and maybe one more strength of Flovent and the 3 -- out of the 3, at least 2 sole FTFs right, coming on to the market in the second half of F '27. '28 and beyond, we will see some of the Monroe approvals, injectable approvals starting coming through as well as the additional respiratory filings that we're doing over the next 12 to 18 months, right, which, again, are super complex and difficult, right? So I think these are the 2 main drivers to the U.S. business from '28 and beyond, right, as we go forward.

Nitin Agarwal: And Glenn, on the recipe filings, when you say these are complex filings. So by when do you think you'll be probably able to be the first of these filings beyond Flovent?

Glenn Saldanha: It's probably happening in the next 3 to 6 months.

Nitin Agarwal: Okay. Okay. And secondly, on the emerging market business. There has been some slowdown this year. But how -- you talked about Europe being a slightly slower sustainable growth from here on? How should we going about the emerging market piece?

Glenn Saldanha: So emerging markets next year should be a strong year for EM, okay? And the core business, we see some significant growth plus, of course, with the launch of this Aumolertinib, right, in the second half of next year, right, starting from then EM should be a significant driver, right, over the next 5 years for the company.

Nitin Agarwal: So this is what like a 15%, 20% growth business on a compounding basis or like a 10%, 15% compounding business? How do you...

Glenn Saldanha: If you see on a 5-year basis, it's north of 20%, very clearly, CAGR.

Nitin Agarwal: Going forward. Okay. Okay. Okay. And lastly, Glenn, on the specialty business. So RYALTRIS obviously scaled up to close to $100 million as you talked about. Ex of RYALTRIS, when do you -- how meaningful -- when do you see the other launches start to become meaningful for us, say, $50 million to $100 million bracket collectively when do they get there?

Glenn Saldanha: See, RYALTRIS is currently growing at 25%, 30%, right, top line. So it's still -- the growth numbers are still very strong in the existing markets. Over and above that, we're still waiting for the Chinese launch to happen coming up. We're expecting a Brazilian approval coming through. So there are still a number of markets where it's still not commercialized, right? So I think getting up to $200 million, $250 million is not going to be a huge challenge for us, right, over the next 3 to 5 years.

Nitin Agarwal: And on the ex RYALTRIS portfolio, when do you think it starts to become meaningful?

Glenn Saldanha: Sorry, say that again?

Anurag Mantri: Ex RYALTRIS.

Glenn Saldanha: Ex RYALTRIS innovative portfolio. Is that what you're talking about?

Nitin Agarwal: Yes. I mean, when does this start to become meaningful? Is it $50 million plus thereabouts in the range overall?

Glenn Saldanha: I think F '28, you'll see a big, big upswing, right? Because F '28, as I said, you'll have this Aumolertinib plus you'll have some of the Hengrui, some markets of Hengrui. Plus of course, India will be really meaningful. I mean starting F '27 itself in the second half with Aumolertinib being launched, right, and in India, right?

Then TEVIMBRA, BRUKINSA are doing well. The run rate already is massive for TEVIMBRA, BRUKINSA. And then F '28, we'll have these other -- the Hengrui asset also launching. So I think the build-out is very solid, right? And you'll see some good growth numbers. F '28 for sure, you'll be ahead of $50 million, right, collectively ex RYALTRIS.

Nitin Agarwal: That's nice. And if I take a last one, Anurag -- on the -- when you think about, again, EBITDA margins for the business over the last couple of next 2 to 3 years. I mean, do you see operating leverage? So what will drive business from here on? It is gross margin improvement or this is -- you see also operating leverage inherent in the business, which can drive both -- which probably add to the margin improvement as we go forward?

Anurag Mantri: So basically, if you could see, as Glenn pointed out, is that all these new innovative assets coming in, more branded mix share increasing in our overall mix, emerging market playing very strong for us. I think all this put together, you will see a margin expansion northward of what our guidance is there. But our guidance is right now mostly for this year, next say for 3 to 4 quarters.

But as Glenn mentioned, FY '28, we see all these newer in-licensing assets coming up and all these things playing out, we should see a good positive consolidation in our gross -- in our EBITDA margins. Because it will be operating leverage after this actually because our base expenses have been built out. So it will be costs remain fixed and then you can build it on the platform, which we have built across geographies.

Moderator: The next question is from the line of Harshit Dhoot from Dymon Asia Capital.

Harshit Dhoot: One question from my side on domestic sales. We have clocked a very good performance during the quarter at clocking at around INR1300 crores out of sales. So is it fair to assume that I think is normalized and this run rate is sustainable in the domestic business?

Glenn Saldanha: As I said, see, India is a very strong market for us, right? We are among the fastest-growing companies in India. I mean if you look at December also, we grew at 19% when the market grew at 10%, 11%, right? So very strong numbers, right, coming out of India. And I think for the next 3 to 5 years, India will be a strong growth market for us.

And especially when we launch these oncology products, right, that will further give a good flip to the India growth, right? So both chronic respiratory and oncology will drive India. So you should see this run rate remain more or less at this level or keep growing from here, right, as we go forward in the quarters ahead.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to Mr. Utkarsh Gandhi for his closing comments.

Utkarsh Gandhi: Yes. Thank you. A quick reminder to everyone that the information statement and analysis discussed during this call describing the company or its affiliates, objectives, projections and estimates are forward-looking statements, and these are based on current expectations, forecasts and assumptions and are subject to risks and uncertainties, which could cause actual outcomes to materially differ.

No representation of warranty, either expressed or implied, is provided in relation to the conversation and the documents provided. And the company undertakes no obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise. With that, we can close the Q3 earnings call. Thank you, everyone, for joining us today. Thank you.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Glenmark Pharmaceuticals Limited, that concludes today's conference call. We thank you for joining us, and you may now disconnect your lines. Thank you.