Emcure

Ref: EPL/CS/SE/0038/2025 **Date:** May 28, 2025

To,

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

Dear Sir/Madam,

Subject: Transcript of Earnings Call – Q4 FY25

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further to our intimation dated May 13, 2025, please find enclosed the transcript of the Earnings Call for the Q4 FY25, held on Thursday, May 22, 2025 at 3.30 p.m. (IST).

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

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

Thanking you,

For **Emcure Pharmaceuticals Limited**

CHETAN RAJENDRA SHARMA
Digitally signed by CHETAN RAJENDRA SHARMA
Date: 2025.05.28 16:36:44 +05'30'

Chetan Sharma
Company Secretary & Compliance Officer
Membership Number: F8352

"Emcure Pharmaceuticals Limited
Q4 FY25 Earnings Conference Call"
May 22, 2025

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

Moderator: Ladies and gentlemen, good day and welcome to the Emcure Pharmaceutical Limited Q4 FY '25 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Piyush Nahar, EVP, Corporate Development and Strategy from Emcure Pharmaceuticals Limited. Thank you and over to you, sir.

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

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

Before we begin, I want to remind everyone about the safe harbor related to today's investor call. Today's discussion may include certain forward-looking statements, which must be viewed in conjunction with the risks that our business faces that could cause our future results, performance or achievements to differ significantly from what is expressed or implied by such forward-looking statements. At the end of the call, if you have any queries remaining unanswered, please feel free to contact us.

I will now request Mr. Satish Mehta to provide the opening remarks. Thank you and over to you, sir.

Satish Mehta: Thank you, Piyush. This is Satish Mehta, MD & CEO. Good afternoon to all of you. It's a pleasure and honor to speak to you while I'm speaking on the annual results for the FY '25. You have seen the results, Q4 '25 revenues grew 19.5%, led by 25% growth in domestic business and 16% in the international business, we ended FY '25 with a top line growth of 18.5% and margins of 18.6% and this is very much in line with the guidance we have given earlier.

I must say that FY '25 has been a transformational year with multiple milestones. We got listed on stock exchanges with extremely strong response from the investor community, which means a lot to all of us. In the domestic market, we successfully integrated the Sanofi cardio business into our portfolio. We sharpened our focus on derma segment with launch of our subsidiary, Emcutix. We expanded our women's health portfolio. We entered into OTC segment with product range under Arth and Galact brands. In international markets, we successfully expanded our presence in Canada with integration of Mantra subsidiary.

Let me now brief you on the key highlights of the quarter and year. Let me focus on the domestic market. In Q4, we had a strong performance from our domestic business. It was led by women's health and cardio and aided by derma.

I'm very happy to inform that as far as the organic growth for the quarter is concerned, it is 10% and if we exclude FCM, which went off patent, then the growth is 12%. Happy to inform the restructuring of our cardio-diabeto business is complete, and we saw a return to normalization during the quarter. We expect this restructuring to drive growth going forward.

Key brands saw double-digit growth in the quarter as in Orofer XT, Maxtra, Pause, Proxym, Augpen, Vylda , Tenectase and Asomex. All these key brands saw strong double-digit growth in the quarter.

As I have been telling all along, Emcure's strength is its differentiated portfolio, which again helped our Q4 growth and will drive faster than industry growth in the current year. Let me now focus on some of the key portfolio expansions that we are doing as far as the domestic market is concerned.

In women's health, we launched a portfolio of products in menopause and PCOS segment. We are for the first time, offering doctors and patients a comprehensive portfolio to address the unmet needs in these segments. I'm referring to menopause and PCOS. We are also, in the process of deepening our presence in gynaecology segment and will further have launches in FY '26.

Our derma subsidiary launched its first of differentiated products like PRX-PLUS and Flawzilo. Further pipeline of products, which will augment our basket of products over the next 12 months, including some of the first launches that we'll be doing through Emcutix, our derma division. I'm also very happy to say our that derma division chief, with his strong background at Galderma and deep understanding of the derma business, is helping us unlock collaboration opportunities which I am really excited about.

I'm also very happy to inform that our ready-to-use opthal grade Bevacizumab for wAMD with a patented technology is in Phase III and we expect in the current financial year to launch this particular product, which will be our foray into the ophthalmic segment.

We are very bullish about this particular product, which is from our Gennova subsidiary, which is dealing in biologics. We have also filed for approval R-Asparaginase in oncology, which will be the first time the product will be available in India.

Let me take a few seconds to talk about R-Asparaginase. The R-Asparaginase that we have currently is imported from China and it is coming from the natural sources. As far as this particular product is concerned, it has been developed in-house and is recombinant ensuring batch to batch quality which would prove beneficial to patients who are suffering from blood cancer.

I'm also happy to inform that we are now well on track to be in the first wave of launches post expiry for semaglutide. We are absolutely on track and we'll be in the first wave of launches post expiration of this particular product.

Having spoken about the domestic business, now let me now turn my attention to international market, which has shown strong growth in the current year. Emerging Market grew by 27% in FY '25. FY '26 should also witness strong growth led by traction in our differentiated portfolio, especially in biosimilars and Amphotericin B. Amphotericin B, as I mentioned earlier, is poised to be a game changer for us in the emerging markets.

As far as Canada is concerned, it continues to outperform. In FY '25, the growth was 35%, including full year Mantra performance. Base business continues to grow healthy double digits. We have a very healthy pipeline, and we expect this business to continue to see strong performance going ahead.

Now let me focus on European Union. As I mentioned earlier, we received approval for Amphotericin B Liposomal for the European market, and I'm pleased to inform our shareholders and analysts that this is the first generic to receive approval in the EU.

This is a significant achievement, as Amphotericin B Liposomal is a highly complex product—a challenging molecule and injectable—and this is the first generic approval in the European market. We also acquired Manx Healthcare's portfolio. This will help us to expand our product range, basket of products that we offer in U.K. and will give us a very strong pipeline going forward.

We expect growth of European Union to be driven by Amphotericin B and Manx's portfolio. I'm also pleased to share that, as far as Europe is concerned, we have a fairly robust product pipeline—similar to what I mentioned about Canada—which is expected to receive approvals in due course.

With near-term product pipeline intact, we have recently formed a Scientific Advisory Committee, which includes globally reputed scientists to help develop our long-term portfolio strategy. In fact, earlier this month, we held a meeting in New Jersey with this committee, which includes truly world-class experts in their respective fields.

Our focus area is going to be in 4 areas which I would enumerate. One is the complex injectables. Second is biosimilars, the third is new drug delivery routes for existing molecules targeting better efficacy or new indication. The key focus area will be CNS and derma, and fourth we will also be working on ADC, antibody drug conjugates.

Now having spoken about various geographies, I spoke about domestic business. I spoke about Canada. I spoke about emerging markets. I've shared my outlook on our progress in Europe and now let me turn to the broader outlook for FY '26.

Key focus area will be on execution. I am a strong believer on execution because everyone has strategies but the key to success is execution and also the focus will be on improving our profitability. We expect to see top line growth of 13% to 14% in FY '26 with around 150 bps margin improvement, which will happen over the course of the year. I know that the bottom line is required to be improved and my entire team, entire management team is committed to work in that direction.

I would also like to highlight that since everyone is speaking about the U.S. tariff and pharma pricing - as you know, that before listing the company, we demerged our American business. To that extent, we are largely insulated from the vagaries of the U.S. market. Post our demerger, the exposure to U.S. is less than 3%.

I must say that it has been a year since Emcure got listed on stock exchange. From a small family, strong family, we have grown into a larger family of investors. We have our dreams and our own responsibilities.

For me, it is Emcure 2.0, which is a new company. I started this company. I'm the founder member. Till we got listed, it was Emcure 1.0. Now it is Emcure 2.0. It's a new company and we are obviously focusing on higher growth with better margins and much, much higher ROCE target.

At Emcure, we have chartered a 5-year road map in which FY'26 will be our first year of that vision. We hope to have a reasonably strong year ahead of us with many challenges that will be announced at an appropriate time. I can only tell you that we at Emcure are very excited with the opportunities lying ahead of us and fully focused on building a strong team to execute on whatever opportunities there are.

India stands out well in global context and Emcure looks ready to seize the opportunity as far as pharma is concerned. And with focus on domestic, emerging markets, Europe and Canada, we are well poised to take the opportunities which will come our way. We hope to keep reporting stronger and better numbers as we go along year after year, and we would also like you to judge Emcure performance on an annual basis rather than every quarter.

All I can say while signing off that best of Emcure is yet to come and we are all committed, my team members of entire Emcure are committed to give great value to the shareholders.

With that, I would turn to Taj.

Tajuddin Shaikh: Good afternoon, everyone. Thank you for joining us today. I will take you through some of the key financial highlights for the fourth quarter Q4 FY '25 and full year FY '25. The fourth quarter highlights. Revenue from operations for the quarter grew by 19.5% year-over-year to INR 2,116 crores, up from INR 1,771 crores in Q4 FY '24.

The domestic business grew strongly by 25% year-over-year to INR 929 crores, driven by early benefits from division restructuring and the addition of Sanofi's portfolio despite a decline in

FCM. Excluding Sanofi, domestic growth was around 10% year-over-year and excluding FCM, impact was 12%.

International markets maintained solid momentum, growing 16% year-over-year to INR 1,187 crores led by rest of the world markets and a strong presence in Canada and Europe. ROW markets grew impressively by 39% year-over-year to INR 481 crores, with strong contributions from both ARV and non-ARV portfolios. Canada reported a 6.1% growth to INR 310 crores. Europe saw a modest growth of 2% year-over-year, reaching INR 396 crores.

Gross margins for the quarter stood at 57.8%, down from 62.1% in quarter 4 of FY '24, impacted by changes in business and product mix. EBITDA, excluding other income, grew 25.2% year-over-year to INR 390 crores, with EBITDA margins at 18.4%, supported by operating leverage and productivity gains even amid low gross margins. Depreciation and amortization were flat quarter-over-quarter at INR 97 crores. Finance cost was INR 39 crores, reflecting lower borrowings. Q-on-Q cost is higher due to onetime cost of INR 10 crores related to early payment. The effective tax rate stood at around 25%. Profit after tax came in at INR 197 crores, showing strong growth of 63% year-over-year.

Now I'll talk about the full year FY '25 highlights.

Revenue from operations grew 19% year-over-year to INR 7,896 crores. The domestic business grew 16.4% to INR 3,660 crores, supported by the Sanofi portfolio. Ex FCM and ex Sanofi, domestic growth was around 8% to 9%.

International markets grew 20% to INR 4,236 crores with strong performance from Canada and emerging markets. Canada grew to INR 1,252 crores, benefiting from robust base business performance and the Mantra acquisition. ROW markets rose 28% to INR 1,510 crores with sustained growth in both ARV and non-ARV segments. Europe grew at 4% to INR 1,474 crores solidifying its base.

Gross margins for the year were at 60.1%, a decline from 62.8% in FY '24, primarily due to Sanofi and ARV product mix. EBITDA, excluding other income, grew 19.4% year-over-year to INR 1,469 crores, with EBITDA margins remaining stable, aided by operational efficiency gains. Depreciation and amortization rose to INR 384 crores from INR 312 crores in FY '24, owing to Mantra acquisition and commissioning of a few plants. Finance costs for the year stood at INR 176 crores, reflecting lower borrowing levels, inclusive of AS 116 and Mantra related costs. The effective tax rate for FY '25 was 27%. PAT stood at INR 707 crores, a growth of 34.1% year-over-year. The Board has recommended a dividend of INR 3 per share.

On the balance sheet side, net debt was reduced to INR 488 crores, a significant improvement from INR 1,558 crores in FY '24. Our working capital days remained stable at approximately 98 days.

With that, I'll now open the floor for questions.

Moderator: Thank you very much. The first question is from the line of Amlan Jyoti from Nomura. Please go ahead.

Amlan Jyoti: My first question is regarding the margin expansion that you said in FY '26, of around 150 bps. Could you please clarify how do you plan to achieve this next year?

Vikas Thapar: Yes. I think it's a combination of factors. Obviously, we have operating leverage as the business continues to scale, higher productivity from some of the recently hired field force and in particular some of the newer divisions. Of course, some of the restructuring we did vis-a-vis the cardio-diabeto division and the Sanofi portfolio along with our own cardio products will also lead to some ongoing synergies.

And also, it's going to be driven by some of the mix of some of the newer product launches which will bring in better gross margin profile. As we highlighted, in the current year, we had a healthy mix of ARV business but obviously, that comes with a slightly lower gross margin profile.

So as some of the faster parts of the international business and non-ARV components in the emerging markets, Canada and Europe continue to scale, that will also drive margin expansion on the gross margin side as well. So, I think a combination of these efforts, which the management team is very focused on is what's going to drive that 150-basis point expansion that we have emphasized for next year.

Amlan Jyoti: Sir, regarding the restructuring that you're talking about, Sanofi has this been completed? Or do you see restructuring related costs for a couple of more quarters?

Vikas Thapar: No, the restructuring is completed. There was no cost as such. It was more a realignment of the field force and the divisions so that we can basically offer a wider basket of portfolio consisting of both Emcure's products and some of the Sanofi brands. And so, we think that with that sort of increased focus, what will happen, hopefully, is that we will see better uptake in terms of the entire basket being offered and that should lead to continued growth and productivity from that field force.

Moderator: The next question is from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: Sir, can you broadly divide the 13%, 14% year-on-year top line guidance across domestic and international?

Piyush Nahar: So, I think for what we'll be looking at, the domestic, the target is to grow 200 basis points higher than the industry. So that will be about your low double digits type of growth. I think international is where we are expecting more around a mid-teens type of growth.

Alankar Garude: Understood. And there, Piyush, would it be fair to say that the Orofer FCM LOE impact is now completely behind us?

Piyush Nahar: So, there is still some impact and as I think in the readout also, there is still about a 1% to 2% impact in the quarter. But I think that we'll be able to manage it out. So even in this quarter, if you look at it, ex FCM, we grew at 12%, including FCM, the growth was 10%. Namita, if you want to add on that.

Namita Thapar: In fact, in the FCM, the prices have stabilized and we're also seeing market share increases because there was an influx of small players and quite a few of them have exited at this point. So FCM will now have an upside.

Alankar Garude: Got it. The other question was on Sanofi. Post the restructuring, can you talk a bit about what has changed in the business? You touched upon it briefly in your opening remarks. But also, if you could quantify it, in the sense when you had acquired it, the sales were broadly around INR 500 crores, then there was this restructuring over the past 6, 7 months. So firstly, what were Sanofi sales in FY '25? And secondly, what is your expectation from the portfolio given all the changes?

Piyush Nahar: So, yes, I think this year, Sanofi sales would have been about INR 440 crores to INR 450 crores. And there was also impact what we had is because there were a few products which are in shortages. So that impacted us. I think going forward, Namita, if you can highlight what we're looking at.

Namita Thapar: So, in Sanofi, for a large period of time, they had not been spending promotional expenses on some of the legacy and key products like Cardace. And so, what we have done is we've taken a lot of our cardiologist KOLs and invested heavily in education activities, scientific meetings, which was not done for several years on Cardace.

The second thing is we've done cross-pollination as we had committed, which is some of our Emcure strong cardio portfolio, cardio products, we have now shifted to that team so that there is a cross learning and cross-pollination of products as well as we have added reps in that team and added headquarters in that team.

So overall, we started off by spending more and then shifted some of our brands and then added reps and territories. So, it's been a very calibrated and structured approach towards the Sanofi project initiative.

Alankar Garude: On that front, Namita, if you can talk about how quickly should we get back to normalized growth in the Sanofi business or it's already done, given that you spoke about restructuring having been completed, should we expect a pretty strong growth right from the current quarter, the first quarter of FY '26?

Namita Thapar: I think Piyush has already explained about how, when you compare Q4 to Q3, you already saw that growth in domestic business, which is primarily because of the restructuring efforts. And then he also gave guidance for the following year, where we said we'll be 200 points over the market. So, I think it's fair to say that these 2 numbers are representative of all the efforts that we put in.

Alanvkar Garude:

Alankar Garude: Got it. And maybe one final question before I come back in the queue. A clarification on, firstly, the margin guidance. You spoke about 150 basis points over the course of the year. So, just wanted to clarify, if you can clarify whether this is a full year guidance or the exit run rate?

Piyush Nahar: No, this will be a full year guidance.

Alankar Garude: Got it. And on gross margins, Piyush, quite low, both sequentially as well as year-on-year in this quarter. Can you help explain the reasons for the same?

Piyush Nahar: This is largely driven by our mix. So, if you look at sequentially, a big part is the Sanofi and ARV portfolio, year-over-year. Sequentially, I think it's more the product mix especially you have on the international side.

Vikas Thapar: So, if I can just chime in. So, year-over-year, I think it's about 250 basis points reduced GC compared to the prior year-over-year quarter. And like Piyush said, that's predominantly driven by the Sanofi and ARV component being relatively higher this year vis-a-vis last year. The base business gross margins are actually up slightly compared to prior year Q4.

And on a sequential basis, he's right, it's more of a mix of domestic versus international, some of the timing aspects of that. And so, I think in terms of the gross margin profile of the business, other than some of these mix issues, we feel very good about where the business is. And like I said, the pipeline is going to continue to drive that margin upwards.

Alankar Garude: Sorry to harp on this. You spoke about the sequential decline in margins, linked it to the domestic international mix. But given the sharper domestic growth in this quarter, was just a bit surprised with the sequential decline in gross margins. Was it the case that ARV sales were higher in Q4 as well?

Piyush Nahar: So not just ARV. I think what happens in some of the emerging markets, the business mix, right, there are some distribution business, some third-party business, where your GCs will be lower, but you don't have a big SG&A. So that product mix plays out in Q4.

Moderator: The next question is from the line of Gagan from ASK Investment Managers.

Gagan: So, on your Canada sales for the fourth quarter, it's dipped sequentially from INR 352 crores to INR 310 crores. Is it just a quarterly phenomenon and not much to read in it?

Piyush Nahar: Yes. So, Canada, I think we had mentioned last quarter also that last quarter was a bit heavy because there was some sales which got preponed booking. So that impacted in Q4. I think what you mentioned is, if you look at for the full year, the base business grew in mid- to high teens for us in FY '25.

Gagan: Okay. When you say base business, you mean both your entities together?

Piyush Nahar: Yes.

Gagan: Okay. All right. And is it possible to give the PCPM for the quarter and compare it with the third quarter of the year and fourth quarter of the previous year?

Piyush Nahar: Sure. For the quarter, we were at 6.3. Last quarter, it was 6.1 in Q3. Last year same quarter, we were at 5.4.

Gagan: 5.4. Right. And is it also possible to further sort of enumerate, while you mentioned higher growth in your exports, is it possible to give some flavor of how it splits up between ROW, EU and Canada in terms of growth for FY '26?

Piyush Nahar: So, I think Europe, what we'll be targeting is on the high single digits. Canada, as I said, we continue to aspire to grow in teens level. Emerging markets is where we see the substantial growth of closer to 20% odd.

Gagan: Okay. But that should be driven more by your non-ARV piece going ahead?

Piyush Nahar: Yes.

Vikas Thapar: That's correct.

Gagan: Okay. And for the year, your operating cash flows are lower compared to last year despite a fairly strong growth. Can you perhaps explain a little more there?

Tajuddin Shaikh: Yes. You see this because of Sanofi business, our working capital requirements went up and that's the reason you see the operating cash flows being a little lower.

Gagan: Okay. And going ahead, in terms of working capital you indicated it was fairly stable. So, I was just wondering?

Tajuddin Shaikh: Yes. So, it was from 96, it's going to 98 days, but the business has also grown. So, in value terms, the working capital value has gone up.

Gagan: Yes, I get that. I get the absolute value thing. Is working capital likely to remain stable or because working capital might be different in the export markets compared to the domestic markets. Are we, therefore, looking at FY '26 being a year where working capital in days would perhaps rise?

Tajuddin Shaikh: No, it would be the same or similar, about 98 to 100 days is what we're looking at.

Gagan: 98 to 100 days. Right. Thanks. I will get back in the queue. Thank you.

Moderator: Thank you. The next question is from the line of Dhawal from Jefferies Group. Please go ahead.

Dhawal: Hi, team. Thank you for taking my question. Just wanted to know what are you guys doing in the ADC area? And do we have the tech or we will be relying on some partnerships? What will be the key geographies and in next 2 years, are there key molecules that are nearing patent expiry in any of the key markets? That's my first question?

Samit Mehta: Sure. Hi, this is Samit. So, specifically talking about ADC, I think this is the first opportunity for us in terms of real collaboration between our biologics arm and the small molecules given that we started off with an antibody that will be made by Gennova and then have the linker and payload from the chemistry side.

So, in that context, we are already evaluating the landscape and doing some preliminary trial work. As and when we develop the product, it will definitely be something that we will be looking at global in the sense of India plus emerging markets because that's the kind of opportunity we see here.

And the IP landscape in this context is quite open. It's not a biosimilar we are looking at. This will be more where we will have some kind of our own IP protection through a novel linker.

Dhawal: And the development will require clinical trials, right?

Samit Mehta: Absolutely. It will require in my understanding, Phase I, II and III. And here, we are evaluating some collaboration opportunities as well and also looking at outsourcing some of the elements of the entire clinical pathway.

Dhawal: Okay. Got it. And possible to quantify our ARV sales in FY '25? And within the segment, do you see any risk in a 3- to 5-year period because of launch of new molecules coming up in emerging market?

Piyush Nahar: So, I'll just answer on the split. So about roughly half of our rest of the world sales is ARV. Samit, do you want to talk about the product type?

Samit Mehta: Sure. I think if at all, the treatment paradigm changes over the next 2 to 5 years, which is likely, I think we are best positioned because of the fact that we are one of the only 6 licensees for Lenacapavir. So, eventually, if the treatment shifts from TLD to Lenacapavir, I think we will have the opportunity to encash on both.

Vikas Thapar: Yes. And I think, obviously, we'll be vertically integrated on Lenacapavir and the fact that this may be prescribed prophylactically as well gives us a huge advantage. And so, we think we're well positioned even for the medium term on the ARV segment.

Satish Mehta: And I believe like clearly Lenacapavir should be profitable, I believe because there will not be very many players going forward.

Dhawal: Makes sense. Last question, for past 2 years, have seen a trend where Q1 is registering best gross margin. And over the quarter, it's in a declining trend. So, what's been the reason behind it? And do you expect there's some seasonality or it was because of various portfolio mix and there's no particular trend?

Vikas Thapar: Yes. I think our international business does tend to be a little bit more back-ended towards the year. And so, to that extent, particularly as Canada has continued to scale aggressively and when we look at even some of the emerging parts of the business, I think international business as a whole, vis-a-vis domestic market. And then within that, some of these segments, that's why you see a little bit of this mix issue happening as you go through the four quarters. But beyond that, nothing else.

Piyush Nahar: Yes. So, I think it depends on the product mix. So that's why we said, I think GC, if you probably look at for the full year because between quarters, depending on what product mix happens in a quarter, there will be variations there.

Dhawal: Okay. And just on the GC, oil prices have gone down quite materially. Many of the raw materials are multiple derivatives of these crude products. So, are we seeing some moderation in raw material prices or there's no impact?

Samit Mehta: No. I think, except for some of the solvents, we are not seeing crude prices impacting anything. Hopefully, it does help us with some of our logistics costs, which have really shot up over the last 4 or 5 years. But in RMs per se, barring few solvents, we're not really seeing that impact happening.

Dhawal: Okay. Thank you. That answers my questions. Thank you.

Moderator: Thank you. The next question is from the line of Girish Bakhru from OrbiMed. Please go ahead.

Girish Bakhru: Just first question was again on ADC side. Just on the ADC side, if you could elaborate, what is the like I know you talked about some IP-based linker but is there like a full library or suite of products that you are planning under Gennova and Emcure?

Samit Mehta: No, it will be a very calibrated approach. I think, at least initially, it will be a very low-risk strategy in terms of choosing an antibody and a payload, which is already tested, which is why I said the IP will come through the linker and also in terms of payload, most of the people are using derivatives of certain approved molecules. So that's the pathway we will follow as well. And once we have product in market, that's when I think we'll go a little more aggressive in creating, like you are mentioning, a library of products there.

Girish Bakhru: And you are doing conjugation yourself as well?

Samit Mehta: I'm sorry, could you just repeat that question?

Girish Bakhru: Sorry, I was asking, are you doing conjugation as well of antibody to the payload linker?

Samit Mehta: Absolutely. The entire integration will be in-house starting with the antibody, the linker, the payload as well as the conjugation and achieving the desired DAR.

Girish Bakhru: Okay. And this Asparaginase product, you mentioned last time also, the recombinant one. Is it different from PEG-Asparaginase because that is already launched, right?

Samit Mehta: Yes. So, I'll just give you some insight there. The natural product that comes from China is L-Asparaginase. Today, the product that is in the market is the PEGylated version of

L-Asparaginase. However, that is the second-line treatment in Pediatric. ALL, the first line continues to be L-asparaginase and that's the one which has severe quality issues. That's the one we have made into recombinant. So recombinant asparaginase will be the first line and second line will continue to be the Peg L-asparaginase.

Girish Bakhru: Okay. And this will be the first you will be the only player. You don't see any competition here?

Samit Mehta: Not in the recombinant. Right now, at least from whatever publicly available data on SCC or CDS, still looks like on the recombinant, we are the only filers. Of course, globally, Spectrila is the brand, which is from Medac, Germany, and our bio studies have been performed against that product.

Girish Bakhru: Given the current market -- I don't know the market, what is the market for asparaginase right now in India?

Samit Mehta: So, a couple of things. There's both Asparaginase usage happening in India, but this asparaginase API after being imported from China is being formulated and supplied to multiple countries. So totally, that market in our estimate between India and these exports could be in the range of INR 100 crores.

Satish Mehta: INR 150 crores.

Samit Mehta: INR 100 crores to INR 150 crores is the estimate that we based on export data and Indian data.

Satish Mehta: Export data. But at the same time, a lot of this formulated asparaginase is being exported to emerging markets. And that's where sending a recombinant molecule, which is technically and qualitatively much better than what is going right now should help us going forward.

Girish Bakhru: Understood. And just a bit on the domestic side. I know Emcutix is not that old a subsidiary right now. But can you talk about how many portfolios will come under it, in terms of number of products? And how much percentage is actually cosmetic derma?

Satish Mehta: No. This is a fledgling company. We started really the operations only in the month of January. but I must tell you that the Chief Executive that we have, he comes to us from great background. And to be honest with you, when I started this division, I didn't know that as far as derma market is concerned, it consists of so many things.

My understanding was that as far as derma is concerned, typically, what we promote to the dermatologists and that's where we talk about atopic dermatitis or for that matter, fungal infection, alopecia and so forth and so on. But now I understand there is something much beyond that, like cosmetology is doing fabulously well.

We also have products for geriatric or even for that matter, products which are required for antipollution. And all these areas, we are entering. And with Italian collaboration, we have very recently launched about which I spoke that is PRX-PLUS.

Just a couple of days ago, in a presentation by our Chief Executive, it was highlighted that this particular product is intended for skin tightening an area where treatments typically involves conventional Botox and other injectable procedures. And this particular product is immensely liked by the dermatologists and we launched only a month back and we have almost 290 doctors who have started prescribing this particular product.

And this is essentially coming in the field of cosmetology. So, this is just one example I'm giving you. So, to that extent, we, as a company, we are very excited about the foray in the dermatology and a lot of things, lots of things will happen going forward.

Piyush Nahar: Yes. In terms of launches, I think the number of SKUs will be much higher. But we already have about 8 brands and there will be another 6 in the pipeline, which will come over the next 12 months.

Vikas Thapar: And these 8 that we are talking have just recently been launched. So, it's a fairly robust portfolio for the next fiscal year.

Satish Mehta: One of the products that we launched that is also with new technology for acne, where the technology is microsphere. And this is a product which is significantly better than the existing products, that is for acne, the acne moisturizer, the acne spot removal, all these things that we are doing.

Piyush Nahar: Yes. And in terms of cosmoderma versus prescription, I think it will be equal split between the two.

Girish Bakhru: Equally split, okay. And just also on the split across therapies, if I see. So, 3, 4 years down the line, do you think the contribution from HIV and iron products that should significantly change, and derma and other therapies should increase?

Piyush Nahar: I think HIV will come down significantly. Iron, yes, so as I think some of the CNS, derma, Opthal do come in, iron will see a decrease. But even in iron, I think we see a significant growth potential still.

Samit Mehta: I think iron as a percent will go down because others grow but in absolute numbers, we still see huge growth potential in iron.

Satish Mehta: Would you like to say something, Namita, on iron because since you are promoting. Yes, would like to hear from you.

Namita Thapar: I mean, 57% women are anaemic and 30% men are anaemic. So, there is a huge potential in terms of just people who are not aware that they need it. So, I think the market will continue to grow. Like we mentioned earlier, we are also increasing our presence in menopause, PCOS and endometriosis which are 3 areas that are rapidly growing. So, it will be a two-pronged strategy of whatever is big, make it bigger and then also have some exciting new launches in these progressive markets.

Moderator: The next follow-up question is from the line of Gagan from ASK Investment Managers. Please go ahead.

Gagan: The first one is the debt. To what scale do we see debt reduction in FY'26? And barring inorganic, do we see becoming debt-free by close of the financial year FY'26?

Tajuddin Shaikh: Yes, we probably see being debt-free by the end of financial year FY'26.

Gagan: And in terms of your capex, is it possible to enumerate the budget for FY'26 and FY'27, if that's also possible?

Vikas Thapar: Yes. I think we've historically guided to probably in the range of about INR 350 crores. And I think we'll be somewhere in that range, give or take, INR 25-50 crores.

Gagan: Great. And also, you in the last quarter talked of quite a few in-licensing programs, which might come to fruition in a short term. Any further elaboration on any of these if they are due in FY '26 and in which areas?

Piyush Nahar: So, we have in the Emcutix, the PRX-PLUS, which we launched is one of those in-licensed products that we have. Others, I don't think there's anything we can talk about.

Moderator: The next follow-up question is from the line of Alankar Garude from Kotak Institutional Equities.

Alankar Garude: Satish bhai, you mentioned about being well on track to be in the first wave of launches for semaglutide in India. Given that you are vertically integrated here. Does it mean that this confidence is coming basis, the progress on the trials? I'm just asking this because we hear mixed feedback about the difficulty in clearing the trials even in India.

Satish Mehta: I will ask Samit to take that question.

Samit Satish Mehta: No, absolutely. I think in terms of the timelines on the trials, we are on track. We also are quite confident about the probability of success on these trials. I think one uncontrollable is the speed of regulatory clearance. And that's something we really need to make sure goes as per plan to be able to be in this first wave. But at least whatever is under our control in terms of the trial time lines as well as our probability of success, we think we have the molecule well understood.

Alankar Garude: And have we filed in Canada yet?

Samit Mehta: Not yet but that is actively on the cards.

Alankar Garude: Okay. The second question was if you look at the ex-ARV ROW sales growth, assuming ARV was half of the ROW sales in FY '25, the ex-ARV growth seems to be in low single digits. Now you spoke about strong growth in ROW in FY '26 and possibly the margin guidance also alludes to a lower ARV mix in FY '26. So one is, what drove the relatively lower growth ex ARV in ROW in FY '25? And what will change secondly in FY '26?

Piyush Nahar: So, ex ARV growth was up in teens, not in single digits for us in FY '25. I think going forward, in terms of where we have a lot more confidence in terms of the visibility for the product launch approvals that we are getting for some of our differentiated products like Amphotericin B or even some of the biosimilars. So, it is led by those approvals flowing through.

Alankar Garude: Okay. What was the ARV sales number in FY '24 in ROW?

Piyush Nahar: ARV slightly higher than 40%.

Alankar Garude: Okay. Okay. The other question was on recent acquisition of Manx. Any clarification on the size as well as the margin profile of this asset?

Tajuddin Shaikh: Yes. So, we're expecting this year to have sales close to USD 15 million to begin with. And we have a portfolio of about 100 molecules which we have acquired.

Vikas Thapar: So out of that portfolio that we acquired, there's obviously at least about 40% or so that are were already commercial molecules and approved. So that's where we're confident about the sales emanating from these ongoing sorts of molecules where we, even as part of the transaction, took on some component of inventory and then we'll continue in terms of selling those products. And then I think what's exciting is for our ability to take some of the yet to be approved molecules and be able to commercialize those as well going forward.

Alankar Garude: Understood. And what is the margin profile of Manx at the moment?

Vikas Thapar: We acquired the entire portfolio. We think that will give us reasonably good EBITDA margins in line with what we would be expecting for the overall Europe portfolio.

Alankar Garude: Got it. One final question. What has been the organic growth in Canada in FY '25?

Piyush Nahar: It would have been about mid- to high teens.

Moderator: The next question is from the line of Bharat Shah from ASK Investment Managers.

Bharat Shah: So, you talked about growing the turnover in the current year, FY '26 by about 13% to 14%, hopefully, more at the higher end. And the improvement of margins by about 150 basis points, of which about 19.5% for the year gone by to about 21%. Both on the top line as well as on the margin improvement, is the year following also we have some such ambition or this is confined only for the current year FY '25, FY '26? In other words, INR 10,000 crore FY '26, FY '27?

Vikas Thapar: So, I just want to make one small correction to your question and then I'll take the question. I think our full year EBITDA margins was closer to 18.5%, not 19.5%, as you mentioned. And if you include other income, then yes, you get closer to 19.5%. And so, you're right that the 150 basis points that we are guiding to is on top of that number. So, in that range of 20% to 21% depending on whether you include the other income or not.

When it comes to looking at more of a 2- to 3-year outlook, we fully appreciate and understand that when you look at some of the peers in the industry, we still feel that we have further room to improve on the margin aspects of the business and there's a lot of efforts, as I mentioned, being put on that.

And we firmly believe that as the business continues to grow, there's no reason why we should not continue to see enhanced margin profile even 2 to 3 years out. I think in the past, we've also guided to over a 3- to 4-year period, probably a 300, 400 basis point sort of improvement in the margin profile of the business.

While I don't want to give any specific number but suffices to say that off of our exit, if we aspire to grow 13% or 14% next year and would still have ambitions to grow double digits organically the year after. And of course, we're going to continue to look for M&A opportunities and in-licensing opportunities. So, we're very, very bullish about crossing certain milestones a couple of years out.

Bharat Shah: So, which would mean that this 13% to 14% growth that you outlined for the current year FY '26 similar journey should be expected for FY '26, FY '27. And whether margins will improve by 150 basis points or not like in the FY '26 but some further improvement in margins is what you are envisaging for the year going ahead?

Vikas Thapar: So, I think directionally, I would agree with that. However, I think let's go through the course of the year and we'll certainly continue to give updated guidance further

Satish Mehta: As I mentioned in my opening remarks, we are long-term players. We are committed to creating great value for the shareholders in the next 5 years. But now we are essentially focused on the current year.

So, to that extent, as I mentioned in my earlier remarks, the entire emphasis will be our execution to ensure that whatever guidance we are giving in terms of 13%-14% whether way of growth and 150 points increase in EBITDA, that's what we are committed to. So, it's going to be a mix of short term and midterm and long term. But long term, of course, the aspirations are there to become and get it to a big league.

Vikas Thapar: I think we have time for probably one or maximum two more questions.

Bharat Shah: Yes. Only just one last point there. Since on all key competitive factors or aspects, you would agree that Emcure is still behind some of the other firms. And therefore, we need to try harder, I would say?

Vikas Thapar: Yes. So that, as I mentioned, I think it's obviously, if you look at the various components of our business mix, the endeavour is always to maximize the potential of each of the different segments. And certainly, along with growth, the margin expansion is very much on top of the senior management's minds. I think we can move on.

Moderator: The next follow-up question is from the line of Dhawal from Jefferies Group.

Dhawal: Just one doubt. We have recently set up this Emcure Generics Private Limited. What is that? Is it about entering trade generics, or is it something else?

Vikas Thapar: Yes. So, I mean, we've made a limited beginning. But obviously, with the trade generics, the profile of that business, we feel that it's important to have that housed in a separate entity with a separate team, obviously has its own channel. And so, we'll have a very, very calibrated approach. But certainly, we are also going to be present in a limited way in the trade generics segment as well.

Moderator: As there are no further questions from the participants, I would now like to hand the conference over to Mr. Piyush Nahar for closing comments.

Piyush Nahar: Thank you all for joining today's investor call. If any of your queries still remain unanswered, please feel free to get in touch with us. Thank you and have a good day.

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