

Management Discussion

Utkarsh Gandhi - Senior General Manager, Investor Relations, Glenmark Pharmaceuticals Limited

Thank you, Renju[Phonetic]. Good morning everyone and welcome to the Q1 FY27 earnings conference call of Glenmark Pharmaceuticals Limited. Before we start the Q&A, let us quickly review the performance of the business in the first quarter. So the first quarter of FY27, Glenmark consolidated revenue from operations was at INR40,185 million as against INR32,644 million in the corresponding quarter last year, recording a YoY growth of 23.1%. Quickly covering our key regions, starting with India. Sales from the formulation business in India for the first quarter of FY27 was at INR14,321 million as against INR12,399 million in the corresponding quarter last year, recording a growth of 15.5%. Glenmark continued to significantly outperform the IPM in terms of secondary sales as per IQVIA. Glenmarks India formulation business recorded a growth of 18.1% in Q1 and 14.3% as per MAT June 2026 compared to IPM growth of 12.2% and 10% respectively. Glenmark continued to sustain strong growth in its core therapy areas like dermatology, respiratory, cardiac, and oncology. Glenmark India business is ranked 13th with a market share of 2.37% as per IQVIA MAT June 2026. The company has 11 brands in the IPM top 300. In terms of core therapy areas, Glenmark is ranked 2nd in dermatology, 3rd in respiratory, and 4th in the cardiac segment as per IQVIA MAT June data. Glenmark has launched some key products in its core therapy areas in the last 12 months which have been driving growth. Some of the notable ones are Tevimbra, Brukinsa in oncology, which are partnered with BeOne. In a short period, these two brands have seen a very strong uptake in the market, and the company expects these brands to further gain momentum and meaningfully contribute to the India business growth. On the respiratory side, Glenmark launched Nebzmart GFB Smartules, or Glenmark Airz FB Smartules,, which is the world's first nebulized fixed-dose triple therapy for COPD and Glenmark strong growth in the chronic respiratory segment has been led by differentiated market, first-in-market launch of this product. In terms of the consumer care business in India, primary sales for GCC in Q1 were INR1,558 million with a YoY growth of 28%. The Company's flagship brand CANDID recorded revenue growth of upwards of 30% across all its variants, and LA SHIELD portfolio delivered mid-single digit growth in Q1. However, SCALPE and BONTRESS recorded very high growth in the first quarter. Other skin brands such as ELOVERA and EPISOFT also continued a strong growth trajectory during the quarter. North America. The North America business recorded revenue of INR10,974 million for the first quarter of FY27, which is translating into a YoY growth of 41.1%. Net of the deferred out-licensing income recognition for ISB 2001, the core business YoY growth for the North America region was 19.8% in the first quarter. During the quarter, Glenmark launched 9 products consisting a mix of prescription and OTC products. Some of the notable ones are Methylene Blue Injection, Sodium Phosphates Injection, Vancomycin Injection, clonazepam injection, Progesterone Vaginal Inserts, and Calcium Gluconate Injection. Glenmark is looking forward to several new approvals and launches in the second quarter as well. In the last 6 months, Glenmark has strengthened its generic respiratory franchise with the first ANDA approval of Fluticasone Propionate 44 mcg which is the generic to Flovent HFA. Glenmark was granted a CGT designation for this product as the first approved applicant and is eligible for 180 days exclusivity upon commercialization. Glenmark also received approval for Fluticasone Propionate Nasal Spray OTC. And during the quarter, Glenmark has also initiated end-to-end commercialization of Ryaltris, leading the brand strategy, market access, and customer engagement in the US. Glenmark filed two additional ANDAs for differentiated MDI products in the third quarter of last year, including the ANDA for Fluticasone Propionate 110 mcg, which is generic to FloVent 110 mc. and for ipratropium bromide inhalation aerosol, which is generic to ATROVENT. The company is

working on additional respiratory filings across MDIs and Nasal Sprays. On the injectable side, Glenmark has built a large portfolio of 20+ commercial injectable products through various partners. Glenmark's injectable manufacturing facility in Monroe received EIR with a VAI classification from the US FDA on November 25 and during the quarter Glenmark relaunched Fulvestrant injection out of the Monroe facility. Glenmark's marketing portfolio through 30th June 2026 consists of 225 generic products authorized for distribution in the US. The company has currently 53 applications pending at various stages of the US FDA approval process. Moving on to Europe, Glenmark's Europe operations revenue for the first quarter of FY27 was INR7,472 million as against INR6,678 million recording a growth of 11.9%. While the overall regional growth was muted during the first quarter, the branded portfolio recorded good growth across markets. The company continues to focus on sustaining the increasing contribution from the branded market/portfolio in Europe in the respiratory and dermatology therapeutic areas. Glenmark respiratory portfolio also gained momentum across multiple markets with market share increases across MDI and nasal sprays. RYALTRIS continues to gain market share across countries where the product has been launched by on our own or through partnered through our partners, through our partner Menarini. In addition, there are eight other respiratory products commercialized across various markets, and additional 2-3 launches are expected in the next 12 to 18 months. In the branded dermatology portfolio, Winlevi has gained traction since its launch in the UK during the first quarter of FY26. And Winlevi has also received MA approval in the European markets and is launched in select markets across the CEE region, Spain, and the Nordic countries. Glenmark also received approval for HILKOTATM Foam in the Nordic countries. This portfolio will be further augmented with additional products over the next 12 months.

Emerging markets for the first quarter of FY27, revenue from the emerging markets region was INR7,304 million as against INR5,721 million, recording a YoY growth of 27.7%. As per IQVIA MAT May 2026 data, Glenmark's Russia business recorded strong secondary sales growth of 12% plus. Amongst the dermatology companies, Glenmark moved up rank and is now ranked 8th as per IQVIA. Glenmark's LATAM and India regions also recorded very strong growth during this quarter on the back of continued market share gain in key therapeutic areas. Glenmark's overall respiratory portfolio continues to outperform the covered market across the EM region. RYALTRIS continues to be the leading nasal spray for allergic rhinitis in most of the markets where the product has been launched. Glenmark plans to launch RYALTRIS in Brazil in the second half of H2 FY27. In the APAC region, double-digit secondary sales growth was led by strong outperformance in key markets such as Malaysia, Vietnam, and Australia. RYALTRIS was also approved as mentioned earlier in China and Thailand in Q4 and has been launched by the company's respective regional partners, Grand Pharma and Organon. Moving on to our global innovative portfolio, starting with RYALTRIS. So I think mentioned a few of the key highlights of RYALTRIS. As of June, marketing applications for RYALTRIS have been submitted in more than 90 countries across the world, and the product has been commercialized now in 57 markets. Further, it is expected to be launched in 10 markets over the next few quarters. As mentioned earlier, China and Thailand have been some of the recent launches, and Glenmark's partner in Moldova has also launched the product. Glenmark initiated the US commercialization as well during the quarter. And as per IQVIA data, across markets, Glenmark has seen a -- RYALTRIS has seen a robust performance in terms of both value and unit market shares and continues to record global secondary sales growth of upwards of 40% YoY. Winlevi, as mentioned, the company launched Winlevi in the UK in Q1 and saw strong uptake throughout the year. Winlevi has also received approval in Europe in October. In the first quarter, Glenmark Winlevi in several European markets including the Nordic, CEE countries, and Spain. In Portugal also,

Glenmark launched the product through a strategic partner, and Winlevi also currently under regulatory review in South Africa, where Glenmark has submitted the marketing authorization application. QINHAYO, which is Envafolelimab partnered with Jiangsu Alphamab and 3D Medicines. Glenmark has filed QINHAYO marketing authorization applications in 24 countries as of June. The first commercial launch expected in FY28. The company in parallel initiated early access on inpatient programs across 7 markets including Kenya, Mauritius, Uganda, Philippines, and Tanzania for the supply of QINHAYO and Glenmark has also initiated a global multicenter Phase 3 study in in the neoadjuvant and adjuvant treatment of patients with Resectable stage IIIA and IIIB non-small cell lung cancer. Trastuzumab Rezetecan partnered with Hengrui. Glenmark has advanced preparations for the initiation of MA applications for Trastuzumab Rezetecan, which is a next-generation HER2-targeting ADC, and licensed in Q2 last year from Jiangsu Hengrui. The company expects the first wave of MA applications to begin in Q2 FY27. In June 2026, Glenmark initiated a Phase 3 clinical trial of Trastuzumab Rezetecan in platinum-resistant ovarian cancer, or PROC, in India following the approval of the DCGI. Glenmark also plans to enroll patients in Australia and South Korea, subject to regulatory approvals. Aumolertinib partnered with Hansoh, as mentioned earlier, in Q3 last year, Glenmark had in-licensed Aumolertinib, which is a third-generation EGFR-TKI for the treatment of non-small cell lung cancer. Aumolertinib is already approved in the UK in June 2025 for the first-line treatment of adult patients with locally advanced or metastatic NSCLC with activated EGFR mutations. Hansoh also received MA approval in the European markets in Feb 2026. Glenmark submitted MA application for Aumolertinib in 13 countries as of June 2026, and the first commercial launch is anticipated during the second half of FY27. Moving on to IGI, some of the key updates on our pipeline products. ISB-2001 or ABBV-2001. Today, more than 160 subjects have been dosed in the TRIgnite Phase 1 study, 42 of which were in dose escalation and more than 120 patients in dose expansion. Safety and efficacy data from all subjects continues to be promising and are consistent with the data previously presented at ASCO 2025. A multi-center Phase 1/2 multi-cohort combination study in multiple myeloma and other myeloma, anti-myeloma therapies has been initiated, and there's a clinical trials link available to view the details. ISB-2301, the next asset in the IGI pipeline is a first-in-class multi-specific immune cell activating, activator targeting solid tumors and IGI intends to submit the an IND later this year. And ISB2302, which is a bispecific immune modulator, and ISB2501, a trispecific T-cell engager, are both in early preclinical development. You can view more updates on the IGI pipeline assets on the IGI website. From the Glenmark anagement team, we have Mr. Glenn Saldanha, Chairman and Managing Director and Anurag Mantri, Executive Director and Global CFO. I now hand it over to Glenn for his opening comments.

Unidentified Participant

While the

Utkarsh Gandhi - Senior General Manager, Investor Relations, Glenmark Pharmaceuticals Limited

overall regional growth was muted during the first quarter, the branded portfolio recorded good growth across markets. The company continues to focus on sustaining the increasing contribution from the branded market portfolio in Europe in the respiratory and dermatology therapeutic areas. Glenmark Pharmaceuticals Limited's respiratory portfolio also gained momentum across multiple markets with market share increases across India is in the handspace. Ryaltris continues to gain market share across countries where the product has been launched by on our own or through partnered through our partners, through our partner Menarini.

In addition, there are 8 other respiratory products commercialized across various markets, and

additional 2-3 launches are expected in the next 12 to 18 months. In the branded dermatology portfolio, Vindivi has gained traction since its launch in the UK during the first quarter of FY26. And NSE Limited has also received the approval in the European markets and is launched in select markets across the CE region, Spain, and the Nordic countries. GLENMARK Pharmaceuticals Limited also received approval for Hilkota foam in the Nordic countries.

This portfolio will be further augmented with additional products over the next 12 months. Emerging markets for the first quarter of FY27, revenue from the emerging markets region was 7,304 million as against 5,721 million, recording a YOY growth of 27.7%. As per IQVIA MATMEET 2026 data, Glenmark's Russia business recorded strong secondary sales growth of 12+%. Amongst the dermatology companies, Glenmark moved one rank and is now ranked 8th as per IQVIA. Glenmark's LATAM and India regions also recorded very strong growth during this quarter on the back of continued market share gain in key therapeutic areas.

Glenmark's overall respiratory portfolio continues to outperform the covered market across the EM region. Ryaltris continues to be the leading nasal spray for allergic rhinitis in most of the markets where the product has been launched. Glenmark Pharmaceuticals Limited plans to launch Ryaltris in Brazil in the second half of FY27. In the APAC region, double-digit secondary sales growth was led by strong outperformance in key markets such as Malaysia, Vietnam, and Australia. Ryaltis was also approved, as mentioned earlier, in China and Thailand in Q4 and has been launched by the company's respective regional partners, Glenmark Pharmaceuticals Limited and Glenmark Pharmaceuticals Limited.

Moving on to our global innovative portfolio, starting with Ryaltis. So I think mentioned a few of the key highlights of Ryaltis. As of June, marketing applications for Ryaltis have been submitted in more than 90 countries across the world, and the product has been commercialized now in 57 markets. Further, it is expected to be launched in 10 markets over the next few quarters. As mentioned earlier, China and Thailand have been some of the recent launches, and Glenmark's partner in Moldova has also launched the product.

Glenmark initiated the US commercialization as well during the quarter. And as per IQVIA data, across markets, Glenmark has seen a robust Ryaltris has seen a robust performance in terms of both value and unit market shares. And continues to record global secondary sales growth of upwards of 40% YOY. VINDAVI, as mentioned, the company launched VINDAVI in the UK in Q1 and saw strong uptake throughout the year. VINDAVI has also received approval in Europe in October. In the first quarter, Glenmark Pharmaceuticals Limited launched VINDAVI in several European markets including the Nordic, CE countries, and Spain.

In Portugal also, Glenmark launched the product through a strategic partner, and VINDARI is also currently under regulatory review in South Africa, where Glenmark has submitted the marketing authorization application. Kynaio, which is Embafolimab, partnered with Jiangsu AlphaMed and CD Medicines. Glenmark has filed Kynaio marketing authorization applications in 24 countries as of June. The first commercial launch expected in FY28. The company in parallel initiated early access on inpatient programs across 7 markets including Kenya, Mauritius, Uganda, Philippines, and Tanzania for the supply of KyniO.

And Glenmark Pharmaceuticals Limited has also initiated a global multicenter Phase 3 study in neoadjuvant and adjuvant treatment of patients with resectable stage 3A, 3B non-small cell lung cancer. Trastuzumab Rezetekan partnered with Hengui GLENMARK has advanced preparations for the initiation of MA applications for Trastuzumab Desotecan, which is a next-generation

HER2-targeting ADC, and licensed in Q2 last year from Jiangsu Hengdu. The company expects the first wave of MA applications to begin in Q2 FY27.

In June 2026, Glenmark initiated a Phase 3 clinical trial of Trastuzumab Desotecan in platinum-resistant ovarian cancer, or PROC, in India following the approval of the DCBI. Glenmark also plans to enroll patients in Australia and South Korea, subject to regulatory approvals. Omalertamib partnered with Hanzo. As mentioned earlier, in Q3 last year, Glenmark had in-licensed Omalertamib, which is a third-generation EGFR TKI for the treatment of non-small cell lung cancer. Omalatinib is already approved in the UK in June 2025 for the first-line treatment of adult patients with locally advanced or metastatic NSCLC with activated EGFR mutations.

Hanzo also received the approval in the European markets in Feb 2026. Glenmark Pharmaceuticals Limited submitted an application for Omalatinib in 13 countries as of June 2026, and the first commercial launch is anticipated during the second half of FY27. Moving on to IGI, some of the key updates on our pipeline products. ISV-2001 or ABBV-2001. Today, more than 160 subjects have been dosed in the Trignynte Phase 1 study, 42 of which were in dose escalation and more than 120 patients in dose expansion.

Safety and efficacy data from all subjects continues to be promising and are consistent with the data from previously presented at ASCO 2025. A multi-center Phase 1/2 multi-cohort combination study in multiple myeloma and other myeloma, anti-myeloma therapies has been initiated, and there's a clinical trials link available to view the details. ILV-2301, the next asset in the IGI pipeline, is a first-in-class multi-specific immune cell activating, activator targeting solid tumors. And IGI intends to submit the an IND later this year.

And ISB2302, which is a bispecific immune modulator, and ISB2501, a trispecific T-cell engager, are both in early preclinical development. You can view more updates on the IGI pipeline assets on the IGI website. From the Glenmark Pharmaceuticals Limited management team, we have Mr. Glen Saldana, Chairman and Managing Director. And Anurag Mantri, Executive Director and Global CFO. I now hand it over to Glenn for his opening comments.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

Thank you, Utkarsh. Good morning everyone, and thank you for joining us today on the Q1 earnings call. We've begun FY27 on a very strong note, delivering consolidated YoY revenues of 23%. Even if you exclude the deferred income from 2001, the base business YoY growth is north of 18%. This performance was broad-based across all our key markets. India business sustained its continued outperformance in the core therapies as well as strong momentum in oncology through Tevimbra and Brukinsa launches. As guided earlier, our North America business reported a strong recovery on the back of respiratory launches and we expect this growth to sustain over the next few quarters. Our emerging markets business also recorded a very strong performance in the first quarter, while Europe was muted as we are transforming our presence there through expansions in the branded respiratory and dermatology segments. Our branded portfolio continues to do well across the markets. Ryaltris is growing upwards of 40% in terms of secondary sales in Q1, and we've also expanded the launch of Winlevi to other EU markets. We continue to work on our partnered innovative oncology portfolio and are expecting to launch Aumolertinib towards the end of FY27, followed by Trastuzumab rezetecan and [Indecipherable]. Innovation remains central to our long-term growth at Glenmark. ISB-2001, ABB-2001 continue to show promising safety and efficacy with more than 160 patients dosed to date and we are excited about the progress of IGI's pipeline assets, including 2301 and 2302. Overall, we remain focused on disciplined execution, strengthening

our base business, scaling up our specialty portfolio across markets, and continuing to progress the IGI pipeline forward over the course of the year. With this, I would hand it over to Anurag Mantri for his opening comments.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

Thank you, Glenn. Good morning, everyone, and thank you for joining us today. We have started FY27 with the broad-based growth across all our regions. The improved mix has also helped maintaining our gross margin in spite of the increased cost due to the ongoing geopolitical situation. As highlighted during our Investor Day, we are reinvesting in our base business as well as innovative business expansion. This, coupled with the increase in cost of shipments and overall logistics, it has impacted our overall operating margins to some extent. While, depending on the geopolitical situation and the development, some of the cost increases will continue to impact the business, but we are working on to minimizing the impact on our profitability through superior product and geographical mix.

Our working capital initiatives help generate incremental income through interest rate arbitrage. The associated interest income is clubbed under the other income in the P&L and the increase is apparent in this quarter. While gross interest costs have gone up, this is mainly on account of high, higher lease expenses, bank commitment charges, and various other interest arbitrage thing, which is the income is booked in the other income, but the interest cost comes into interest under the invest head. As a result of various measures implemented, our overall earning profile and, and visibility has improved considerably, and we remain committed to maintaining a gross debt zero position in our balance sheet. Overall, we have delivered a strong quarterly performance and are on track to achieve our guidance as a part of Glenmark 3.0 journey. Thank you.

Utkarsh Gandhi - Senior General Manager, Investor Relations, Glenmark Pharmaceuticals Limited

So with that, maybe we can open the floor up for Q&A.

Questions & Answers**Operator**

Thank you. We will now begin the question and answer session. [Operator Instructions]. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Damayanti Kerai with HSBC. Please go ahead.

Damayanti Kerai - Analyst, HSBC

Hi, good morning everyone. Thank you for the opportunity. My first question is on your R&D spend. So can you call out the spend for the quarter? And since you have planned to move ISB-23012 to clinical trials later this year, after that, what kind of incremental R&D you anticipate? That's my first question. Thank you.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

R&D spend for this quarter was around INR289 crore, and which is going forward as we guided earlier in that, when the spend is going continue to be around 7% to 8% overall. This quarter was a bit lower, but it's, actually it cannot be exactly the phasing out of the R&D spend, and it will continue as per our guidance.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

Also, on, on as we guided, right, IGI you know, the spend will be around \$70 million, right? This includes the investment in 2301 Phase 1 and all the investments in the clinical trials that we anticipate over the next 2 to 3 years. It's all included in that \$70 million that we will continue to burn in IGA.

Damayanti Kerai - Analyst, HSBC

Sure. So you have a comfortable funding position to take care of this spend which is required for moving assets to NSE [Phonetic] . Thanks for that clarification. My second question is on Europe. Can you talk a bit more like what has changed? Because I think this is the second quarter when we are seeing the trends.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

So if you look at our European business, right, we -- the last 4 years, you know, we've been among the fastest growing, our European business has contributed significantly to the company ,right, over the last 4 years. And if you remember our guidance, we said Europe will come to, you know, high single- digit this year, right? The other thing about Europe that we are doing, you know, is we are working aggressively to move, you know, to focus more on our branded products in Europe, which is mainly the products in the respiratory and we have several respiratory and derm launches, right, which will drive the growth of Europe. So I think, you know, this year we'll finish probably at high single- digit for our European business. However, I think as these branded launches start gaining scale, right, we will get back to double-digit growth from next year, right, for our European business. But again, just to remind you, we were, you know, it's been the fastest growing geography for 4 years continuously. So very strong business for us.

Damayanti Kerai - Analyst, HSBC

Sure. And if you can just, you know, say some quantitative number, what percentage of European segment sale is contributed by branded products right now, and where do you want to take it, say, a few years down the line?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

So today it is small relatively, right, around 30% of total revenues, right? But we see that number, you know, if you take a 5-year view, right, that should go to about 60 60-odd percent, right, over the next 5 years. That's the kind of focus we are bringing to the branded products across Europe.

Damayanti Kerai - Analyst, HSBC

Okay, that's helpful. And my last question is on your injectable pickup in US segment. S o you mentioned 20, 20+ products including the partner projects. So when we look at the contribution coming from the injectables, is that meaningful in the current n umbers or you think it will build up over the time?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

It will still take time. I mean, most of these are commodity injectables, right? We have some good launches and some good products, but it will still take some time to contribute to the overall revenue profile of the US business, right? The US business, if I look at the US business this year, the primary drivers are the respiratory launches. So Fluticasone 44, then Fluticasone nasal spray OTC, which we've launched. And in the second half of this year, we have at least 2 or 3 more respiratory launches. So I think which will help drive the performance of the US business this year. All in all, we

should have a good year in the US this year. Next year, I think some of the Monroe, you know, differentiated injectables will start contributing next year for the US business in addition to all the respiratory work that we're doing.

Damayanti Kerai - Analyst, HSBC

Okay, that's helpful. Thank you, Glenmark

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

which are in H2, right, which will also help the US this year.

Operator

Thank you. [Operator Instructions]. Next question comes from the line of Harshit Dutt with Diamond Asia. Please go ahead.

Harshit Dutt - Analyst, Diamond Asia

Hi, good morning and thanks for the opportunity. So maybe on this cost part, how should we understand the RM cost impact, the increase in API cost because of this ongoing world situation and supply disruption? How it can impact the gross margins and how sustainable is this impact will be? How should we understand this, the gross margin outlook, sir.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

So as I mentioned in my opening remarks, basically the geopolitical situation is impacting our gross margin, which is across the API cost as well as the logistic cost. So we are seeing the cost pressure across. We are trying to mitigate it with the through the better product mix and the better geographical mix. So that we are trying to maintain. That's the reason you can see that the margin was impacted, but not to the extent of the impact we are seeing across the API packing material as well as the logistic cost.

Going forward, it all depends on how the situation evolves in the geopolitical situation, if it subsides. But I think in the future quarter also, at least 2 quarters, we can -- we see the pressure coming up on because of this, and we'll try our best to mitigate through the product and geographical mix.

Harshit Dutt - Analyst, Diamond Asia

But sir, assuming situation remains standstill, the elevated situation remains continued, then how it will impact the margins, around 1%, 2%, can you please help qualitatively on that?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

I think the way to think of the business, right, is given the new launches and the respiratory launches in the US, right, given our strength in our India business, right, the growth in the India business, all that we are hoping will clearly offset any pressure that we are seeing on account of the elevated cost due to the war. So overall margins are pretty comfortable. I think on a full year basis, what we guided to, that 21%-22%, we will clearly be there, right, on the overall margin of the company.

Harshit Dutt - Analyst, Diamond Asia

Okay. Thank you, sir. Thank you.

Operator

Thank you. Next question comes from the line of Kunal Randeria with Axis Capital. Please go ahead.

Kunal Randeria - Analyst, Axis Capital

Yeah, hi, good morning. So first question is on the India business, quite a strong performance, and it's also mirroring the secondary data that we see in IQVIA. So Glenn, maybe, you know, like a secondary data has always been very strong, I think this time around we see that convergence. So is there any change, you know, that has happened? And going forward, would that be a good indicator on how we should model the domestic business?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

As we've always said, our domestic business is, is really a fantastic business, right, in terms of the quality of the brands, the quality of the franchise across the board, right? And even if you look at the domestic business today, I mean, most of the segments we operate cardiovascular, we are growing, you know, you know, 15-odd percent, Dermatology continues to do well for us. Respiratory, particularly chronic resp, over 25%+ growth. So all these coupled with Tevimbra and Brukinsa, we did over INR100 crores of sales in the first 12 months of launch, which is remarkable.

So India is a very strong franchise for us. And I think if you are to model it going forward, you can easily assume that we will have between 12%-15% growth on a consistent basis from here on for the entire India business.

Kunal Randeria - Analyst, Axis Capital

Right, right. Glenn, but you know, your top 3 brands still are like Telma or its extensions, so you have a very high concentration risk in some ways. So do you see any risk to its growth prospect?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

On the contrary, I think having strong brands is a positive. That's the view we have, right? So having brands like Telma, Ascoril, Alex, you know, Candid, and some of the newer products, right, our OTC franchise, Candid Powder, now with this Tevimbra, Brukinsa, I mean, there's so many, so many different, you know, the strength of the portfolio is extremely strong, right, across the board. So we don't see any risks to the performance in our India business.

Kunal Randeria - Analyst, Axis Capital

Sure, sure. And Glenn, you've also invested quite a bit of innovative products, so organically as well as in licensing. So barring R&D, other than R&D, any kind of OPEX or like marketing costs, you know, that you will have to do to market these products in Europe or emerging markets, additional cost beyond what you already do?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

So we're already doing that, right? I mean, if you see, you know, we are investing in building out our strengthening our oncology commercial capabilities, particularly in emerging markets, right? And that has, you know, that, that's why we're making some investments this year. That's, that's why our margins we are guiding to is 21% to 22%, right? Because these investments, are more for preparation of the launch of Aumolertinib, followed by Trastuzumab reza followed by Envafohimab, and these 3 brands can give us almost INR600 million over a 5-6 year time frame, right?

And then, of course, we'll use the same infrastructure to launch ISB-2001 when available. So that will give us a very strong oncology franchise particularly in India and all of emerging markets. So I think we are continuing to make these investments, which is all built into the margins that we guide to.

Kunal Randeria - Analyst, Axis Capital

All right, right, right. And one more if I can squeeze in, uh ISB-2301, it's in I think, should we expect a deal this year, or, will it be after Phase 1A, similar to what you saw in ISB-2001?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

So on, 2301 is a super exciting asset, right? I mean, we've, you know, it's a penta-specific which globally, you know, puts us at the world stage in terms of innovation, right? No one has ever bought, you know, tried to target both NK cells as well as activate T cells, right, along with these tumor antigens. So it's a very, very novel concept overall. And from a deal perspective, clearly we will wait till at least we get some data, clinical data in humans, and get some POC before we even start looking at potential partnering.

Kunal Randeria - Analyst, Axis Capital

Right, right. I have a few more questions. Thanks a lot, Glenn.

Operator

Thank you. Next question comes from the line of Tushar Manudhane with Motilal Oswal Financial Services Limited. please go ahead.

Tushar Manudhane - Analyst, Motilal Oswal Financial Services

Thanks for the opportunity, sir. So two questions, one on 110 mcg, the product being filed, where do we stand in terms of approvals or any additional queries? That's first.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

Yeah, I mean, we are, as we said, in H2, right, second half, right, we should see some of these respiratory products getting approved. We anticipate at least 2 or 3 of these getting approved, right, between 110, fluticasone nasal spray, Rx Ipratropium, all this, right, in the second half of this year, you should see. My hope is at least 2 of these 3 come through.

Tushar Manudhane - Analyst, Motilal Oswal Financial Services

Got it. And the one which is already launched, have we --in a way full quarter benefit from in terms of business, or we still to see the real meaningful impact?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

I wouldn't say full quarter. I would say half the quarter we saw some benefit, but I think this, this Q2 we'll see the full quarter benefit out of Flutie 44.

Tushar Manudhane - Analyst, Motilal Oswal Financial Services

Got it. Secondly on ISB-830 with BioCryst, is there any rethink from their side, that is as far as the agreement is concerned? And, and then subsequent extension to that, that since the product is now about to complete Phase 2, so, and is there any scope for having an agreement with alternate companies or more number of companies on this asset?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

ISB-830, you know, we, we moved a backup compound, right, called STAR-310. So it's actually in Phase 1, right? It's just completed Phase 1, right? So that's the stage at which we are at. In terms of BioCryst, we have no visibility to what they are doing in terms of further development yet, right? Because they just acquired some time ago, so we are still trying to figure out what the next steps are on that.

Kunal Randeria - Analyst, Axis Capital

Got it, sir. That's it from my side. Thanks.

Operator

Thank you. [Operator Instructions]. Next question comes from the line of Krish Mehta with Enam Holdings . Please go ahead.

Krish Mehta - Analyst, Enam Holdings

Hi, thank you for taking my questions. I had 2 questions. The first is if you could provide the current working capital and net cash position for the quarter? And the second question I had is on, you know, Glenn, you spoke about 12% to 15% growth in India. If you could just give some color on how this growth would be split in terms of volume versus value and new product launches?

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

Okay, so first question on I'll take the first question and Glenn will take the second question. So on the working capital as well as the debt position, what we guided for the year is that we will have around 115 days of net working capital, which we will continue to maintain. We are well below that and we are on track because quarter- on- quarter there could be some addition, but I think currently we are much below the 115 days. But still we maintain our guidance of the full year basis on 115 days of working net working capital.

On our debt position, as we clearly said, that we will continue to maintain gross debt zero in our balance . The cash position accordingly varies because of the various freight-related expenses and some of the pressure which we are seeing. But given that, all these are mitigated and we'll continue to maintain our gross debt zero position.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

And on the second part, right, with regards to the India growth, right, see. So India, if you see the main growth drivers for us, right, as we've discussed, Tevembra, Bruksensa INR 100 crores already in the first year, continues to do very well for us. Chronic Respiratory, GFB launch, you know, the brand is trending closer to about in the first year itself about INR70-INR80 crores of annual revenue and still growing very, very rapidly. On the cardiovascular, Telma continues to gain market share, the entire franchise right across Telma and all its variants.

On dermatology, right, it's pretty much a broad-based growth, all mostly, this is all volume growth, right? On the value side, I mean, we don't see too much of value growth in our business purely because, you know, the competitive intensity is pretty high, right? So we think the bulk of the growth is still volume growth, right? Maybe closer between volume growth will be about 6%, 7%, new products will be another 3%, and then value will be another 3%,4%, somewhere thereabouts, right?

That's the typical breakup that we are seeing in the India business, right? But, and to answer your question, we still have a lot of runway in terms of new launches. For example, Aumolertinib, we will launch in India, which is a big product we think in the non-small cell lung cancer space, very large indication. We will launch Trastuzumab Rezetecan in India, right, in the oncology space, and that will put us among the leaders in the oncology space in India, right, which, you know, with the launch of Tevembra, Bruksensa and these other two launches, right, that will take us to being among the leaders in the next 5 years in India, right, so way before we launch ISB- 2001. So that's on oncology. We talked about cardiovascular, we talked about dermatology, right. And in the respiratory, you

know, chronic resp, we still have many more exciting launches as we go forward.

The last point on India is regarding the semaglutide is not a big area of focus for us, but it will help turn around our diabetes franchise, which until last year was declining, right. And now we've been able to turn it around. Sema currently is tracking at about 20%-25%-- INR20, INR25 crores of annualized sales as we speak.

The brand is still growing. So I think overall that will help turn around our diabetes franchise. So these are all the segments that we operate in, right, in India. So I think pretty broad-based growth across all the segments that we operate in.

Krish Mehta - Analyst, Enam Holdings

That's very helpful. Thanks a lot for that.

Operator

Thank you. Next question comes from the line of Sucrit D. Patil with Eyesight FinTrade Private Limited . Please go ahead.

Sucrit Patil - Analyst, Eyesight Fintrade Private Limited

Good morning to the team. I have two questions. The first question, Mr. Glenn, is, I just want to understand the forward guidance. Beyond the regular outlook, what are the top 2 to 3 execution priorities you're focusing on in the next few quarters? And alongside that, what do you see as the biggest risk in client adoption, regulatory shifts, or compliance pressures? And how are you preparing to manage them while strengthening Glenmark's position in generic and specialty pharma? That's my first question.

I'll ask my second question after this. Thank you.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

So, so, priorities are clearly to prepare for some of these US launches, right, that we are anticipating, particularly in the respiratory side in the next, in the second half. That's on one side. The other side is preparing for the launch of Aumolertinib, right, which is a big product for us in India and all emerging markets, right, which will drive the growth in, you know, starting second half of this year, right, followed by Trastoreza [Phonetic] and some of the other launches, right. So that's probably the, the key priorities, where we are focused on, you know, driving the business, right?

India continues to do well, and Europe and the other franchises continue to do well. And we have all the building blocks in place, right, to continue to sustain the growth that we are anticipating for India, right? Also, I think field force expansions, we continue to do field force expansions both in India as well as in emerging markets to prepare for those launches. So that's another thing we are heavily focused on, right, uh, you know, from now till the end of the year. So that's -- your second question, I couldn't I mean, the second half of the question I couldn't get clearly. Can you repeat that?

Sucrit Patil - Analyst, Eyesight Fintrade Private Limited

Yes. Just want to understand, what risk you see in adoption or competition from the peers. And I just want to understand your plan of growth and how you're preparing to handle the challenges that could slow down the growth?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

So look, I mean, the growth that we are seeing, right, is a culmination of all the hard work that we've done in the past, right? So I think all the -- what we are working on right now is all which will drive

our future growth, right, basically over the, you know, particularly next year, right, as these launches start happening, as the products start commercializing, right. That should help strengthen the growth for FY28 particularly, right? But all the growth that you're seeing now, and which we hope to sustain, right, is all the work that's already been put into in terms of launches and products already there.

So from a risk perspective, we think the risk this year is relatively low, right. It's all a matter of how well we execute from here to the end of this year and that's where the primary focus is right now.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

Sucrit, as we mentioned at the beginning, that most of our growth is toward the branded and unique products. So as to answer your question on the regulatory part, which reduces the risk because we are moving towards more innovative and branded portfolio. So to that extent, going forward it will start de-risking from the regulatory risk related to the geopolitical situations.

Sucrit Patil - Analyst, Eyesight Fintrade Private Limited

Thank you. My second question to Mr. Mantri is again along the similar lines, from a financial point of view, what key risk or challenges do you anticipate in the coming quarters, and what specific measures are being taken to manage margins, cash flow, and balance sheet strength especially in areas like raw material cost volatility, receivables, or any regulatory compliance? Just want to understand your plan of action on this. Thank you.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

Yeah, so we have taken a multiple initiative to improve our working capital efficiency. As you rightly mentioned, in this situation, the key is to how to -- because see, the raw material prices are actually not completely in your control because it's related to the geopolitical situation and so is the freight and other things. So what we are trying to mitigate is through the improving the working capital optimization efficiencies toward that, reducing our debtors' days, improving the payment terms with the vendors.

And in this process, we are actually optimizing the various supply chain financing, trade-based MSME financing, global factoring, and packing credit, and all these type of instruments so that we can actually -- at the moment, we improve the working capital efficiency to free up the cash for the growth and for the future growth. So that's how we are looking at it.

Sucrit Patil - Analyst, Eyesight Fintrade Private Limited

Thank you and best wishes.

Operator

Thank you. Next question comes from the line of Parth Sodha with Trinetra Asset Management . Please go ahead.

Parth Sodha - Analyst, Trinetra Asset Management

Yes, am i audible. So first of all, good morning and thank you for the opportunity. So my question is on Ryaltris. Like, now it has become Glenmark's first successful global specialty brand. Internally, which product in the current portfolio do you believe has the highest potential to become the next global brand of similar scale?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

So I, I think post Ryaltris is the first big one, right, followed, I think, Aumolertinib has tremendous potential, right? The one we are starting to launch, you know, second half of this year in non-small cell lung cancer. So the one we licensed from Hansoh, so that, that should be a big product. Likewise that TrastuResa [Phonetic], which we licensed from Hungary, that can be a big product for us. So all these will help build a very nice, innovative respiratory -- innovative franchise right across all our markets.

And then of course the big one will be ISB- 2001 as and when it launches. So I think over the next 5 to 10 years you should see significant launches happening on the innovation side.

Parth Sodha - Analyst, Trinetra Asset Management

Got it. And my second question is like Winlevi now been launched in several European countries markets. So could you discuss physician adoption and whether the dermatology could become a meaningful growth driver in Europe?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

You're referring to Winlevi, correct?

Parth Sodha - Analyst, Trinetra Asset Management

Yes, sir.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

Winlevi, you know, is a niche product, right? It's for acn, and we think it'll be a nice product to have with the dermatologists. It's differentiated, and the adoption has just started, right? We just started commercializing it in many of our markets, so it'll take us some time to build on Winlevi, right? But along with Winlevi, we have a couple of other branded Derm products which we are also promoting, right and we are planning to promote, right, which will help drive the entire Derm franchise in Europe.

Unidentified Participant

Got it. Thank you so much and that's all from my side and best of luck.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

Thank you.

Operator

Thank you. Next question comes from the line of Saion Mukherjee with Nomura . Please go ahead.

Saion Mukherjee - Analyst, Nomura

Yeah, hi, good morning. Just one question I had on the litigations in the US. There was some news around some settlement on antitrust litigation recently. So if you can just update us on, you know, what are the pending litigations and how much we have provided for and what would be the cash flow implications? And is there anything that we need to provide for additionally this year, next year? So if you can just update us on, you know, the situations around various litigations.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

I think, Saion, most of the litigations, we've already provided, right? I mean all the, you know, all the information was around the settlement that we did with the state AGs, right, which we already took, I

think in Q4, okay, in terms of a provision, right. So that's done, right. So we've, you know, on the MDL side, right, the MDL we provided for state AGs, we provided the DPPs, we've we settled, right? These two groups we settled. We have, the EPP is to go, and we have the -- one more group to go, right? But that's pretty much it from a litigation perspective. And, outside of that, you know, we're pretty much done with most of our major litigations.

Saion Mukherjee - Analyst, Nomura

Okay. So there won't be any -- so most of the provisions are mad, and incrementally this will not be very significant, right, going forward?

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

So it will not be a very significant, that now with a smaller two litigation, what Glenn mentioned has been left. I think as in when [technical difficulty] we provide more on a conservative basis of the litigation. The cash flow will obviously go in these two years out of it. But as a P&L perspective, we have provided all the litigations as of known today.

Saion Mukherjee - Analyst, Nomura

Understood, understood. And I don't know whether I might have missed it, can you just share the net cash position as of June?

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

Saion, as we mentioned that we'll continue to maintain our gross debt zero position as well as the net working capital days of 115 days. We are well below under those working capital controls and we'll continue to maintain that position going forward. We are taking a lot of initiatives to mitigate the cost pressures and improving the working capital, especially in the current geopolitical situation, to in terms of our procurement side as well as on the sales side. And overall, we are continue to maintaining our gross debt zero position.

Saion Mukherjee - Analyst, Nomura

But sir, I was just looking at the cash number, cash and investment that you share, right, every quarter. I know gross debt has been zero for a while, but the cash position, if you can share?

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

Cash, see, I'll give you the cash number, but I think it's not going to be much of the help towards your model. I think you should, my request is that you build a model based on the balance sheet perspective dates, which are the gross debt zero. We currently have close to as we operating cash-wise, we continue to maintain our 800 to 900 cash always.

Saion Mukherjee - Analyst, Nomura

Okay. And so one last question on India. What is the MR strength that we have? And, you know, given all these oncology and, you know, launches that are happening, is there some investment that you need to do? If you can give some color on that.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

Oh, India, MRs, I think we are about 5,600, somewhere thereabouts, right, but, and every year we

add about 300, 400 MRs. I mean, that's pretty consistent in terms of our growth, right, across all the therapeutic areas that we operate in. Oncology in India doesn't need a big -- we already were in oncology, we already had a sales sales force in oncology in India. So there's no expansion required for the India oncology.

Saion Mukherjee - Analyst, Nomura

I see. Okay, okay, thanks a lot. Thank you.

Operator

Thank you. Next question comes from the line of Devansh with Anubhuti [Phonetic]. Please go ahead.

Unidentified Participant

Hi, I just wanted to ask a question regarding how much of the AbbVie deal cash flow have we gotten in so far? I understand that there was a \$700 million upfront payment and the other \$1.2 billion which was attached to the milestones. So has any of those milestone payments been activated?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

So as of now, we just got the \$700 upfront. We've not got any further milestones yet.

Unidentified Participant

So the deferred income which you say coming from the IGI deal has is part of that \$700 million? Is that right?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited

That's correct.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited

That's correct.

Unidentified Participant

Perfect. Thank you so much.

Operator

Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of question and answer session. I now hand the conference over to Mr. Utkarsh Gandhi for closing comments.

Utkarsh Gandhi - Senior General Manager, Investor Relations, Glenmark Pharmaceuticals Limited

Thanks, thanks, Renju[Phonetic].. A quick reminder to everyone that the information statements and analysis discussed during this call describing the company or its affiliates' objectives, projections, and estimates are forward-looking statements. 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 or warranty, either expressed or implied, is provided in relation to the conversation and the documents provided, and the company undertakes no obligation to revise any of the forward-looking statements because of information, future events, or otherwise.

With that, we can close the Q1 FY27 earnings call for Glenmark. Thank you everyone for joining us today.

Operator

Thank you. [Operator Closing Remarks].