"Lupin Limited Q3 FY2026 Earnings Conference Call"

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MANAGEMENT:

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- **MR. NILESH GUPTA – MANAGING DIRECTOR, LUPIN LIMITED**
- **MR. RAMESH SWAMINATHAN – EXECUTIVE DIRECTOR, GLOBAL CFO & HEAD OF IT AND API PLUS SBU, LUPIN LIMITED**
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Moderator: Good evening & welcome to Lupin Ltd. Q3FY26 Earnings call. Thank you, for your participation in the call today. Please note that all participants line will be in listen-only mode. And there will be an opportunity for you to ask questions, after the opening remarks. Please also note that this conference is on recording mode.

I now hand over the conference to the management. Thank you, and over to you.

Vinita Gupta: Good evening, everyone, and thank you for joining us. I am pleased to welcome you to our Q3 FY26 earnings call. Joining today, I have with me our MD, Nilesh; CFO, Ramesh; and our Head of Investor Relations, Ravi. We look forward to sharing our Q3 performance and outlook for the year ahead. We are pleased to report another quarter of strong execution with revenue surpassing last quarter's record performance. This marks our 14th consecutive quarter of YoY growth. While the US continued to perform well, I would like to highlight that growth this quarter was broad-based. Most of our regions, including India prescription business, Europe, LATAM and Other Emerging Markets delivered double-digit YoY growth.

Turning to individual business segments, this quarter was a particularly strong one for us in the US., where we recorded the highest sales in the region so far. Growth was driven by new products such as Tolvaptan, where we benefited from being the only generic on the market. We also launched generic Risperdal Consta® with CGT exclusivity, first product from our proprietary Nanomi long-acting injectable platform.

Our base business also grew, supported by higher volumes and seasonal tailwinds, more than offsetting low single-digit price erosion. An important milestone this quarter was the successful US FDA inspection of our biologics facility in Pune, followed by the approval of Pegfilgrastim, our first biosimilar for the US Market. We have entered into an exclusive licensing agreement with Valorum to commercialize the product with an expected launch before the end of this quarter. We see meaningful tailwinds in this segment, driven by favourable regulatory and commercial developments.

As mentioned earlier, we remain focused on doubling the share of complex products in our US Business over the next few years, while continuing to expand our specialty portfolio through a mix of organic initiatives and targeted acquisitions.

Moving to India. Revenues grew 5.6% YoY, with the core prescription business growing 10.9% partially offset by lower local tender sales in our Global Institutional Business. On a nine-month basis, prescription growth stood at 9.4%, broadly in line with IPM growth of 9.3%. Excluding the impact of loss of exclusivity on products such as Gibtulio® and Ajaduo®, Domestic growth was 11.2% YoY for nine months. Volume growth remained strong at 5.6% and the Chronic segment now accounts for 67% of our portfolio, up from 65% last quarter.

Both Cardiac and Respiratory therapies continued their strong momentum, growing at 1.3 times and 1.6 times their respective market growth. During the

quarter, we also launched two new divisions including one focused on obesity. This division will engage diabetologists, cardiologists, and gastroenterologists ahead of the planned day one launch of injectable Semaglutide, while we continue parallel development of the oral formulation.

In addition, we entered into a strategic partnership with Gan & Lee of China for Bofanglutide, a novel fortnightly GLP-1 agonist, further strengthening our Diabetes and Obesity portfolio in India. We remain confident that our India formulations business will continue to outperform IPM by 1.2 - 1.3 times, supported by our strong sales force of over 11,000 people and pipeline of more than 80 new product launches over the coming years, including innovative in-house and in-license products.

Our Other Developed markets, Europe, Canada and Australia, accounted for 11% of our total sales and delivered 11% YoY growth this quarter. We expect this contribution to increase as we roll out a pipeline of complex products and complete the acquisition of VISUfarma, which we expect to close this quarter.

Emerging markets delivered an impressive 42% YoY growth, led by Brazil, Mexico and Philippines. Brazil in particular maintained strong momentum post the turnaround last quarter, growing 99% YoY in local currency, driven by successful commercialization of Dapagliflozin.

On R&D, spend was 7.5% of sales this quarter, among the highest in the Indian Pharma sector, reflecting our continued focus on Complex and Specialty platforms. We have over 50 active products in the pipeline, with near-term emphasis on Respiratory, Complex Injectables and Biosimilars.

Over time, we expect a growing share of R&D investment to flow into specialty programs and value-added medicines, including long-acting injectables, green propellant products and 505(b)(2) assets. We are also strengthening our India innovation portfolio through both in-house development and in-licensing of late-stage assets.

On the compliance front, we received NAI status with zero observations for our Nagpur Unit - 1 facility along with EIRs for Nagpur Unit - 2 injectables and the Aurangabad facility. We remain fully committed to maintaining the highest global quality and regulatory standards across all our sites.

Before I hand it over to Ramesh, I would like to reiterate that we remain optimistic about our growth prospects. We have clear strategic drivers in place to deliver sustainable, long-term growth across our businesses. Innovation will be a key differentiator, supported by continued investments in technology, including AI, to make the company future ready and resilient as we navigate opportunities and challenges ahead.

With that, I'll now hand it over to Ramesh to walk you through a detailed review of our financial performance.

Ramesh Swaminathan: Thank you, Vinita. Friends, I welcome you all to our Q3FY26 earnings call. As you may have seen from the results, we have again delivered a very strong quarter, continuing the momentum of the last few quarters. Revenue from

operations and EBITDA scaled a new high, exceeding the record performance we had delivered last quarter.

EBITDA margins reached 31.1%, 681 bps higher than the similar period last year.

Sales

Diving to the numbers, total revenues from operations in the quarter came in at INR 7,168 crores, as compared to INR 5,768 crores in Q3FY25 last year, a growth of 24% YoY.

Amongst the key markets, the U.S grew by 46% YoY. India grew 5.6% YoY. Other Developed markets have grown 11% YoY and Emerging Markets have grown 42% YoY during this quarter. Our GIB business grew by 7% YoY.

US Business

Coming to the US. Business. This quarter the US. business recorded sales of USD 350 million, a growth of 46% YoY and 11% QoQ on constant currency basis, the highest sales ever recorded for this business. This growth has been due to new product launches, including Tolvaptan, and growth in the base business led by higher volumes and seasonality, offset by low single-digit price declines.

We are pleased with the recent approval of Pegfilgrastim, our first biosimilar approval for the US., which we expect to launch shortly. We have a very exciting pipeline of products in this segment which reinforces our growth prospects in the US going forward.

India

Turning to India. The India region business grew by 5.6% YoY during the year. I'd like to highlight that the core prescription business grew by 10.9% YoY during Q3 FY26. For nine-month period, our prescription business has grown 9.4% against IPM growth of 9.3%. In fact, if you normalize the loss of exclusivity on some of our Diabetes products, the growth would have been 11.2% in the nine-month period. Key segments like Respiratory and Cardiovascular grew 1.6 times and 1.3 times IPM, respectively, during the nine-month period.

Chronic share has increased to 67% from the 65% levels in Q2 and share of in-licensed products is only 6% as compared to around 12% in FY25, which also has a positive impact on our profitability going ahead.

Other Developed Markets

As far as Other Developed markets are concerned, which includes markets in Europe, Canada and Australia, revenues in these geographies was INR 812 crores, representing a growth of 11% YoY. Other Developed markets constitute around 11% of our total sales and their share is expected to increase going ahead with the anticipated closure of the acquisition of VISUfarma during this quarter.

Emerging Markets

Emerging markets grew 42% YoY with strong growth in Brazil, Mexico and Philippines, offsetting tempered performance in South Africa. Brazil has another strong quarter growing at 99% YoY in local currency terms.

Getting onto the P&L.

Other Operating Income

Other operating income for the quarter was at INR 67 crores as against INR 149 crores in Q3FY25 and INR 216 crores in Q2FY26, largely impacted by lower export benefits from the PLI scheme during the quarter.

Gross Margins

Gross margins continued upward trajectory during the quarter at 73.5%, up from 69.4% in Q3FY25 last year and up from 73.3% in Q2FY26. This 420-basis points YoY improvement is driven by multiple factors which includes better product mix, lower share of in-licensed products including higher profitability and loss of exclusivity products in India, increased volumes and other cost improvements and efficiencies which have undertaken over the last several quarters.

Employee Benefit Expenses

Employee benefit expenses, this stood at INR 1,143 crores, an increase of 16.1% YoY from INR 984 crores in Q3FY25, translating to 16.1% of sales as compared to 17.5% in Q3 last year. This change is largely attributable to higher cost due to regular annual increments and business growth during the period.

Manufacturing & Other Expenses

Q3FY26 Manufacturing and Other Expenses came in at INR 1,037 crores, increasing 14.2% YoY from INR 1,696 crores in Q3FY25, translating to 27.3% of sales vis-a-vis 30.2% last year. The expenses were higher mainly due to higher volumes in the normal course of business.

R&D

R&D at INR 535 crores is 7.5% of sales as compared to INR 441 crores in Q3 last year, with almost 70% of our R&D directed towards complex portfolio. For the nine months FY26, R&D spent at INR 1,555 crores is 7.7% of sales. For the full year, as indicated, we expect R&D to be around 7.5% - 8.5%

EBITDA

EBITDA excluding Forex and other income during the quarter was INR 2,210 crores vis-a-vis INR 1,366 crores in the same period last year, an increase of 62% YoY with a margin of 31.1% vis-a-vis 24.3% last year in the same period, an increase of 681 basis points over the last year. On a nine-month basis, EBITDA was INR 5,988 crores, an increase of 50% YoY with margins of 29.8% vis-a-vis 24% over the same period last year. We expect full-year EBITDA margins to be in the range of 27% to 28%, higher than our earlier guidance of 25% to 26%.

Whilst we expect business to continue to exhibit robust performance, overall margins in Q4 would be tempered by higher R&D expenditure and a lower PLI income.

ETR

Turning to the tax rate, ETR is 21.4% for the 9MFY26. For the full year, we expect ETR to be about 21% - 22%.

Operating Working capital

Operating Working Capital which stands at INR 7,948 crores as of 31st December against INR 6,821 crores as of 31st March'25, which translates to 101 days of working capital against 102 days in the previous quarter.

Net Cash

Net Cash stood at INR 2,879 crores as against INR 310 crores as of 31st March 2025. Whilst we focus on increased cash generation for our business, we

would like to highlight that we continue to explore strategic allocation of our capital to ensure the long-term mission of the company, including on the speciality front.

ESG

On the sustainability front, Lupin has achieved the highest A-leadership rating from CDP for both climate change and water security, placing us amongst the select group of global companies recognized for excellence in sustainability performance and transparency of disclosures.

In addition, Lupin's green-house gas emissions reduction targets have been formally approved by the SBTi, reinforcing the scientific rigor and credibility of our climate ambitions.

Together, these recognitions reflect the strength of our climate strategy, disciplined execution, and our unwavering commitment to creating long-term sustainable value for all our stakeholders. With this, we open the floor for discussions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session.

The first question is from Nikhil Mathur.

Nikhil Mathur: First and foremost, congrats on the continued great performance. My first question is on the US outlook, let's say, going into FY29 as well. Now, obviously, with the Mirabegron settlement, it seems that Mirabegron should continue into FY27 and certain part of FY28 as well. But can you highlight what will be the drivers of the US business once Tolvaptan and Mirabegron start tapering off? You have Pegfilgrastim approval, we have talked about other respiratory assets. So, any help on how should we look at meaningful launches over the next two years, so that once Mirabegron and Tolvaptan come off, and you go back to a growth part in the US any colour on this?

Vinita Gupta: We're very pleased that we have Mirabegron as a material contributor in the next two years, as well as hopefully Tolvaptan also continues, just given the size of the product, and the share we have so far, maybe we have 35% share of that market, given that it's a specialty product. So, we continue to build share on Tolvaptan. Having said that we have multiple new product launches planned over the next couple of years. In particular, on the Injectables front, some on the Respiratory front as well as the Biosimilars front. So, as I look at the last couple of quarters, we've got approvals for injectable products like Glucagon, Liraglutide, Risperdal Consta®, and with the Pegfilgrastim approval getting into the biosimilars market as well, to build the institutional business. The institutional business will be a material build over the next three years. And we see it really ramping up very nicely over the next three to five years to be a material contributor to the US business. Likewise, the biosimilar business in particular will also be a material contributor to the US. With

Pegfilgrastim, then Ranibizumab that we hopefully will be able to launch in FY27. Then the On-body Pegfilgrastim, which is making good progress, and then Aflibercept and Etanercept in CY29, that will be actually FY30. We have other products that we have planned as well, like Mepolizumab, that are in the pipeline. So pretty rich pipeline of biosimilars that we believe given the current momentum in the marketplace, access into the market will be a material growth driver for the organization.

Additional growth driver, which so far has not featured into our business is 505(b)(2)s. The company has been working on 505(b)(2)s for the past couple of years, especially on the injectable front. In fiscal year FY27, we will start our first 505(b)(2), and that's going to ramp up in the next couple of years as a material contributor as well. So, we have multiple growth drivers at this point for the organization and feel fairly confident that we can one, sustain this billion plus revenue level over the next couple of years and build from there as we bring material biosimilars, respiratory products, as well as injectables, including the other first to files that we have in our portfolio to market.

Nikhil Mathur: If I look at the three biosimilars that we've talked about in the more near term, which are Pegfilgrastim, Ranibizumab, Aflibercept. Now, assuming that approvals come through in FY27, FY28 and FY29, these three combined products, can they contribute, let's say, USD 100 million or round about that kind of a number in next two, three years, the combined basket of these three products?

Vinita Gupta: Yes. The potential is there.

Nikhil Mathur: You have tentative approval for this product, Xywav. I guess the litigation is ongoing. Any probabilistic launch timing of this product? And I suppose Lupin could be sole FTF in this product?

Vinita Gupta: Yes. We are exclusive first to file on that product. The launch date is FY29, if I'm not mistaken.

Nikhil Mathur: One final question I have on the India business. I think the Jan IQVIA data is showing good growth. Also, last quarter, ex - tender business, I think the growth has come in good. So, are we in a good, 12%-13% growth environment for the company? And with all the IL issues in the base now, and insulin tailwinds?

Nilesh Gupta: So, I think 20% - 30% ahead of the market is what we would see ourselves at. The market is growing strong, so double-digit growth is assured. And I think not just for the next couple of quarters, but I think for the next couple of years we would expect to continue growth. I think a lot of the exclusivities are behind us. The insulin opportunity is there. Semaglutide will come in as well. So, lots of positive growth drivers for India.

Moderator: We'll take the next question from Tushar Manudhane.

Tushar Manudhane: On your comments on use of AI, if you could elaborate which geography or which divisions have started implementing the use of AI and how fast or

difficult whichever way, the use of AI has been on the development side, on the manufacturing side?

Ramesh Swaminathan: We have made some good progress on AI, and this is across the entire company. We started off with sales and marketing but clearly, we are looking at other divisions also. Manufacturing and maintenance is one such case. The other is of course quality. We're working with multiple consultants. The first most important thing is the fact that we need to bring all of this data together. Over time we've actually created several repositories and it's important to bring everything together under one architectural roof.

That's exactly what we're trying to do at this stage. We have set our eyes on AI for all our functions including finance, HR, legal and procurement and we expect a lot of these pilot projects that we've been working on to be implemented over the next nine months to twelve months.

Tushar Manudhane: Secondly, the opening remarks also alluded to forming a new division for Semaglutide with respect to catering to diabetologists, cardiologists, gastroenterologists. So how many MRs, is sort of getting focused for this particular product?

Nilesh Gupta: It's about 200 people but I think we'll scale it up as needed.

Tushar Manudhane: How do you see this because given that there are going to be multiple players, there will be a pricing impact but volumes scaling up again how the demand is expected to shape up that is something really interesting to watch out. But if you could throw your insights on this opportunity for India?

Nilesh Gupta: I think many companies are going to launch it. But the fact that we are a large Cardio - Metabolic player will make sure that we are able to get the right kind of prescription share in this product. There's a lot planned. Again, what we're saying is not unique, everybody else is planning extra bells and whistles from that perspective. But I think we have a very deep patient support program that we intend to engage into this as well. We believe that we'll be there on day one. And again, as a large Cardio - Metabolic player, it should be a nice opportunity. While we've created this division, we have the ability to scale up, we have the ability to add it into other divisions as well. So, I think it would be interesting. I think it's just a month away.

Moderator: The next question is from Bino Pathiparampil.

Bino Pathiparampil: Just a follow up on Mirabegron settlement. From your notes, I see that you have taken a provision of USD 15 million, whereas the total pay-out is USD 90 million. So why only USD 15 million provision?

Ramesh Swaminathan: Yes. USD 15 million is essentially what relates to the past, whilst USD 75 million is linked to, in fact, the future and we being in the market that's the reason why it's only USD 15 million at this stage. The balance USD 75 million will be spread over to September '27.

Bino Pathiparampil: So that will come in other expenses later on in quarters?

Ramesh Swaminathan: It actually would not impact the EBITDA because it's actually a license that we need to kind of amortize over a period of time.

Bino Pathiparampil: Now that we have a license in place, is there room to improve our Mirabegron market share? Because I believe we were selling much lower quantity than the other generic competitor. Is there a chance to equalize this?

Vinita Gupta: Well, so we have a 40% generic share between us and Zydus, we also have 40% of the overall molecule. So, we'll see what makes sense. It's a really good contributor to our P&L and we'll determine if it makes sense to take on additional share.

Bino Pathiparampil: Why this end date of September'27? Because the next Orange Book patent of Mirabegron expires only in 2030. So, what prevents you from being exclusive in the market till then?

Vinita Gupta: We believe majority of the settlements that the brand has entered with other companies are till September '27.

Bino Pathiparampil: Last question on Tolvaptan. How do you see the competitive scenario panning out? Why hasn't Apotex launched till now and do you expect more approvals?

Vinita Gupta: We're not certain why they haven't launched. We know that IP is certainly a hurdle that we have crossed and the others haven't. So that could be a consideration. It's not the easiest product to manufacture. That could be another consideration. We don't have any intelligence on Teva's approval and then we know that other competitors have November'26, 30 months stay date and into '27. So we think that it, if competition comes in it's likely going to be staggered.

Bino Pathiparampil: Any update on Breo Ellipta in your pipeline?

Vinita Gupta: We're still making progress with the development we were hoping to have it filed by now, but I'd say that it's still actively in our Respiratory pipeline. We hope to really make material progress this calendar year.

Moderator: We'll take the next question from Kunal Dhamesha.

Kunal Dhamesha: First one, just trying to understand the Mirabegron settlement little more. We have this licensing outgo of USD 75 million, plus we have a per unit licensing fees that we will pay. So, are those separate, are those the same thing? How to think about that?

Vinita Gupta: They're separate.

Kunal Dhamesha: So basically, the prepaid per unit licensing fee, how will we account for that? Will it be offset from the revenue or will it be recognized in COGS? Or how to think about that?

Ramesh Swaminathan: There are two portions as we were just mentioning. There is a smaller portion which must be knocked off from the overall operating profit, and there's an element which will get amortized over a period. So, both will actually hit the P&L.

Kunal Dhamesha: Okay. One above EBITDA, one below EBITDA?

Ramesh Swaminathan: Yes.

Kunal Dhamesha: And then would you say that with this settlement, the profitability of this product changes materially? If we just look at from an above EBITDA perspective?

Ramesh Swaminathan: The fact of the matter is it will impact profits, but we still think it's still going to be attractive enough.

Kunal Dhamesha: And second question on the overall profitability outlook, let's say, beyond FY26. I think earlier we had suggested for FY27 EBITDA margin range of around 24% to 25%. So, how do we think that is going to play out now with the kind of products that we have in U.S and India, etcetera.

Ramesh Swaminathan: Clearly the top-line buoyancy would continue, and we just mentioned about the fact that Mirabegron will have a fresh lease of life. Tolvaptan, we are not seeing competition, though, we do expect some to enter at some point of time. And Vinita alluded to a number of new product launches that could potentially happen next year, and there's Semaglutide opportunity, and of course, there are opportunities in Emerging Markets. So clearly, we are very bullish about, in fact, keeping the top-line buoyancy going. There is tremendous focus on costs as well, there are a number of initiatives that we've taken up in recent times. All of this would also help us to kind of maintain the gross margins and thereafter the EBITDA margins. Whilst there would be a dip in terms of margins vis-a-vis the current year because of sheer competition for some of the products, we still believe that we would be good for looking at 24% - 25% next year.

Kunal Dhamesha: And last one for Nilesh sir on the Semaglutide generic launch. What is your expectation, let's say, from a year one market perspective, how much it can grow? And did we allude to potential revenue size in year one in one of the media interviews, if I heard it correctly?

Nilesh Gupta: Yes, we did. I think the internal modelling that we have at this point of time seems to suggest that this will be a INR 1,500 crore odd opportunity in the first year, and we talked about maybe doing INR 50 - 60 crores something like that in the first year. But we'll see. I think there's just too many variables right now, how much is the pricing going to go down, how much is the pent-up demand. I mean, you've seen how Mounjaro went in the first five months since launch, right, so when this happens, the price point, what it means. And we want to be responsible; we want to do this the right way. We don't want to just sell this for the heck of it. And so, I think the intent would be to do it in as responsible a manner, but I think it should be a nice opportunity.

Kunal Dhamesha: And sir, supply wouldn't be an issue, let's say, if you think about equitable market share or whatever we are currently having in cardio diabetic space, if we want to achieve that kind of market share, we have good enough supplies, right, for the market?

Nilesh Gupta: Yes. We don't see a concern at this point.

Moderator: We'll take the next question from Neha Manpuria.

Neha Manpuria: On the 25% margin that you've mentioned for FY27, given that we have a fair bit of visibility on Mirabegron and also Tolvaptan at least for the next few quarters, how should I think about the cost other than the investment in the field force expansion that you talked about? What should be the R&D increase or investments in other areas that you're looking at?

Ramesh Swaminathan: There is a lot of focus on costs, and whilst that will certainly continue, there would also be spends for R&D, which may increase, given the fact that we are focusing on a number of things out there. So combined with the fact that there will be some tapering off of top-line products and the fact that you might have to provide for extra expenditure on the R&D, we've just been conservative in saying about 24% to 25% would be par for the course.

Neha Manpuria: So, the R&D next year would be in the 7.5% - 8.5% range, or would it be lower as a percentage of sales?

Ramesh Swaminathan: I think 7.5% - 8.5% is a good number to look at this stage.

Neha Manpuria: You called out seasonality as one of the factors for the strong growth that we saw in the U.S. Was that a meaningful contributor to the QoQ improvement in the U.S sales? Or was a large part of that driven by Tolvaptan, Mirabegron?

Vinita Gupta: No, Tolvaptan, Mirabegron certainly were the larger contributors, but even products like Albuterol, Tiotropium, Oseltamivir have grown QoQ because of the seasonality.

Neha Manpuria: So that should normalize a little bit, right, as we go into the next two quarters?

Vinita Gupta: Yes.

Moderator: Can we have the next question from Shashank Krishnakumar?

Shashank Krishnakumar: Just to get your thoughts around some of the recent regulations that we've seen around PBMs in the U.S. My understanding is a large part of the benefit will probably flow down to the end customers, the payer. And this is largely neutral from a generic manufacturer standpoint. Now, is that how you also probably look at it? And could there be any change in terms of the industry mix, the rating levels, etcetera, which you probably foresee?

Vinita Gupta: So, the new administration has been focusing hard on the PBM's, and the Trump Rx has gone live in the past couple of days that really nets out the pricing for a number of the brand companies as they've committed, the agreements that they have signed with the administration. For the most part, as we understand it, the companies have really given the benefit of the rebates to PBMs, to the government, so that benefit can be offered to the patients and consumers. So, we really don't see a material change in pricing.

Shashank Krishnakumar: Just a second one, you typically call out the growth figure for Europe. So, if you could just share that for this quarter?

Vinita Gupta: It was 11% growth.

Moderator: Can we have the next question from Nikhil Mathur?

Nikhil Mathur: Just wanted to understand the injectable strategy, let's say, from a two - three-year perspective. It is great to have products like Glucagon and Risperdal Consta®, Victoza® approvals and having been launched. But I mean, none of these products would be big enough to kind of move the needle so much as far as the overall injectable sales is concerned. So, how far are we from a big material launch on the injectable side? Can you talk about what products have been filed? What are you looking at? And which sort of products can give you, let's say, USD 100 million - 200 million kind of a sales base on the injectables? And over what time period can you achieve that?

Vinita Gupta: So apart from the products I mentioned, we also have Dalbavancin that we have filed, both the injectable, the generic version, as well as a 505(b)(2) version of the product. We have Eribulin, a smaller product, just looking through the major products, Iron Sucrose will be a material one for us. And more 505(b)(2)s that we haven't announced. We really see the injectables portfolio ramping up in the next three years to USD 100 million plus with tens of millions of dollars in individual products and then biosimilars adding to it.

Nikhil Mathur: And on Pegfilgrastim, while it's great to have the approval in place, but can it be a meaningful revenue driver because there is competition there. I mean, some of the biosimilars are well-established for a number of years now. So, what's the go-to-market strategy on Pegfilgrastim? And when do we start numbers showing up for Lupin in this product?

Vinita Gupta: We would launch this quarter, but you'll start seeing numbers really in the next fiscal year. And we are very encouraged with what we are hearing from the marketplace. We have tied up with this company with strong experts across the biosimilars market from the McKesson and AmerisourceBergen, other specialty distribution groups. And we see a real place for a new Pegfilgrastim in the marketplace. I'd say a couple of years ago, we were not very gung-ho on biosimilars, but today we see significant potential with Pegfilgrastim to start with, but also the other biosimilars that we have in our pipeline.

Nikhil Mathur: With so many biosimilars and this product being already there, why would a ABC or a McKesson tie-up with Lupin? I mean, is the cost going to be the proposition here? But if the cost comes off, would the margins be lucrative enough for you to make money on this product?

Vinita Gupta: Typically, a new product is attractive from a reimbursement standpoint to the payers. So that itself will drive the initial uptake. And beyond that, you've seen a number of companies that have driven the price down actually get out of the market and potentially they will relaunch with a different pricing strategy into the marketplace. We really see the market for biosimilars and for Pegfilgrastim shifting.

Also, we are the only truly integrated player with the India cost advantage, having our own API, our own finished product. The other companies don't have the advantage that we do.

Moderator: Can we have the next question from Kunal Randeria?

Kunal Randeria: My question is on R&D spends. In the last couple of years, your R&D budget has gone from around INR 1,400 crores - 1,500 crores to around almost INR 2,100 crores now. So, if you would like to share which area that you're spending in, how much of this would be on biosimilars that you have budgeted? Because some of these spends would come up also in the years ahead. So, is there a chance that maybe after FY26 or FY27, your R&D starts going down also?

Ramesh Swaminathan: No, I wouldn't think so. We are spending on the more complex stuff, which includes the injectables piece, the inhalations piece, any drug device combination always costs a lot of money with clinical trials. And of course we have biosimilars. We've also always spoken about specialty ambitions. So, the spends would keep going up but if a turnover keeps going up also, as a percentage of sales, it might stagnate at a particular point. But in absolute value terms, it would certainly keep going up.

Kunal Randeria: If I understand correctly, you're not adding more projects, it's just that you're expanding into a bit more-high value, high-cost projects?

Vinita Gupta: So, it is adding more projects overall.

Ramesh Swaminathan: We are pivoting to more complex stuff.

Kunal Randeria: Is your budget on generics, the usual Para-IIIs and the Para-IVs, I mean, the oral solids and all, is that same or even that is going up?

Ramesh Swaminathan: In absolute terms and percentage terms, it would be going down.

Kunal Randeria: Second question, you have now a healthy cash balance, you are generating cash. So, is specialty on your radar? And exactly which therapies in which markets would you be targeting?

Vinita Gupta: So, it has been on our radar, as we have shared in the past. And the therapy areas also, we've been pretty vocal. The respiratory being an area that we would like to build given our current position. As well as neurology, where we have NaMuscla® to start with. We are planning to bring NaMuscla® into the U.S and would like to get other products in the therapy area. And third now is ophthalmology, maybe have a start in Europe with VISUfarma, but we would like to get additional assets, both in Europe as well as ideally U.S, Europe and Other Developed markets.

Kunal Randeria: Would you be more comfortable buying assets, which have been approved? Or ones where you perhaps have to do a Phase III trial, file it and then commercialize it?

Vinita Gupta: We've been looking across the board. Of course, commercialized assets would be very lucrative, but they are far and few, because companies don't part with them easily. So, we are also looking at assets that are in Phase III or have completed Phase II successfully and are ready to go into Phase III.

Kunal Randeria: Last year, you had announced that for Tiotropium, you had tied up with a company in China. Do you think that's a meaningful opportunity for you?

Nilesh Gupta: You mean for the Chinese market? Yes, I think it continues, not very meaningful.

Kunal Randeria: Is it not meaningful now or you don't expect it to be meaningful in the future, too?

Nilesh Gupta: It's not in the market right now.

Vinita Gupta: It's not approved.

Moderator: We'll take the next question from Bansi Desai.

Bansi Desai: The first question is on the overall biosimilar landscape in the U.S. We see recent developments, which are all aimed at improving affordability and accessibility, which is good, structurally positive for us as well. But at the same time, it is also going to make market more competitive. So, how should we think about what will be those key factors which will determine our success? You mentioned about having that cost advantage, but I'm assuming a lot of Indian companies would have that. So that's number one.

And the second is we also see PBMs having their own brands or bringing their own labels in the space. That adds to the competition, right? How do you think about that relationship?

Vinita Gupta: I'll maybe take the second question first.

When it comes to the private labels, that's actually an avenue for us as well to gain share. When we see the Cordavis' label, for example, for Humira®, that really drove significant share for Sandoz, we certainly see that as a positive for a biosimilar. What we are starting to see is the block of the PBMs is going down. PBMs are partnering now with biosimilars to really bring access to biosimilars in the marketplace. So, that is one.

Second, we are very mindful of the fact that with the market opening up, the regulatory requirements are becoming less burdensome, competition can increase. So, we are very selective in our portfolio shortlist, in our selection process of our pipeline. We are selectively going after programs that we believe we can be in the first wave. We believe we can be one of few based on technology advantage or otherwise.

And third, we also have a lens of the three therapy areas that we want to build in the specialty front, because we also are building commercial front-end for the three areas that we can leverage across biosimilars as well as branded specialty products. So, we're kind of carving our own therapeutic area strategy as well on the biosimilars front. All of those give us the confidence that we we're not going after everything under the sun, from a portfolio standpoint, we're being very selective around areas where we can truly make a difference.

The other thing I will say is, while you hear about the cost advantage of India across the generic drug companies, just look at how many biosimilars companies are out there. I mean, there are a handful of biosimilar companies at scale across the world between India, Europe as well as Korea. It's not the

same level of competition as you see in the small molecule generic industry, which also makes biosimilars a more attractive area overall.

Bansi Desai: And just a second question, which is a clarification on Mirabegron. If I think about USD 90 million of payment, is it more or less what we have earned so far on this product or much lower than what we'd have made? That's number one.

Second, with the settlement until September '27, does it mean that we should not anticipate any generic players to come in this period, or they could come and settle with similar terms, that is paying royalty, etcetera, on the sales that they could do?

Vinita Gupta: It's hard to predict what other generics will do. For us, it's given us certainty. We have no litigation burden anymore, no risk, and no impediment to sell the product in the marketplace. And we still look at it as a very attractive contributor to our P&L.

Moderator: We'll take the next question from Vivek Agrawal.

Vivek Agrawal: A couple of years back, you highlighted that you are developing a product, it's a drug-device combination called Nexplanon®. So just want to understand where the product is. Is it still in the development? Or have you filed this product? Any status regarding this product?

Vinita Gupta: It is in clinical development right now.

Vivek Agrawal: But don't you think that's quite long that it's still there in the clinical development? So, when you expect to file this product?

Vinita Gupta: I believe it is planned to be filed in FY28. It is a long development cycle, also pretty complex development.

Vivek Agrawal: And second question is related to India business where I think you have done the business quite well in the last couple of years and Rx business is doing phenomenally well, right, and the confidence is also there. Just to understand like the next three to four years, how to look at the growth trends of India Rx business? And if you can outline, for example, the kind of initiatives that you are taking in terms of product launches, in terms of market penetration, salesforce, etcetera, so that what gives you the confidence that you could continue to grow this business?

Nilesh Gupta: So, our aspiration would be to continue to grow double-digit. We believe that the market will grow 7% - 8%, and therefore we will grow double-digit in this segment. That is linked with the fact that our focus is on chronic therapy areas. As you know, 65% of our revenues come from chronic side. We're doubling down. We had added 900 people to our salesforce in the last six months. So, we're doubling down on the market.

We have expanded into newer divisions, into newer therapy areas as well, and we haven't even done the innovation pipeline yet. I think that's something which has just started. In the next three - four years, you'll start seeing more innovative products coming from our portfolio as well. So, I think

a combination of the need for the market, expanding our reach, expanding the breadth of our offering as well. All these together will drive it. We've talked in the past about other things like patient support. I think all of these together will help deliver this growth.

Vivek Agrawal: In terms of capital allocation, right, apart from R&D investments that you are making, and you are generating significant cash. So, if you can prioritize, let's say, a couple of, I think, top three areas where you want to spend money, in the next three to four years?

Ramesh Swaminathan: We have the ability to borrow about USD 1.5 billion - 1.6 billion, so to speak, apart from of course what we have on our balance sheet in terms of cash already. From a purchase perspective, we would be looking at specialty assets. Hither to, we have been looking at, in fact, something in the range of sweet spot about USD 250 million - 300 million. We might up it a little more based again on the proposition on the table. So that's the most important part for us.

We have also defined the threshold limits when it comes to in fact the adjacencies and so on. So, we would then invest only as much as the initial estimates were. So that's again a threshold limit. And of course, we would be interested in actually looking at assets in India. The sweet spot here, again, being about USD 250 million to USD 300 million.

Vivek Agrawal: So, when you talk about specialty assets, right, is it mainly related to U.S? Or are you also comfortable buying some assets, for example, which might be making losses initially and can turn profitable over a period of time?

Vinita Gupta: We are looking at U.S, Europe, Developed markets, like the VISUfarma was Europe, right, and U.S. as well. And as we mentioned earlier, we are looking at clinical stage assets, too, that will require investment before we bring it to the market.

Moderator: We'll take the next question from Shyam Srinivasan.

Shyam Srinivasan: Just one on VISUfarma. Is the transaction now closed? When are we starting to consolidate it? I remember 57 or 60 products, EUR 50 million – EUR 55 million was the annual expectation. So, if you could just refresh those numbers, please?

Vinita Gupta: We expect to close it in the next few weeks of this quarter, basically. So, we'll start consolidating next quarter onwards. And the revenue is still on track, I believe, EUR 60 million plus.

Ramesh Swaminathan: A little more for the next fiscal, but really for the numbers that you spoke about for this year.

Shyam Srinivasan: Ramesh, euros or dollars?

Ramesh Swaminathan: All of this is euros.

Shyam Srinivasan: And margin, I remember, was also high, 25% or 30%, if I remember right?

Ramesh Swaminathan: Based on our cost synergies and all of that, we'll actually get to that level. A little, actually more.

Vinita Gupta: But 25% to start.

Shyam Srinivasan: Second question on Emerging Markets. Is there a base effect or we had like 40% plus growth. Any geographies to call out?

Vinita Gupta: Brazil that we called out, Brazil has almost doubled in the quarter.

Ramesh Swaminathan: Thanks to Dapagliflozin that we introduced out there, and of course, the lineup that we have for the future will kind of continue for some time.

Shyam Srinivasan: Maybe constant currency growth, like 40% seems odd. So, is it like local currencies? What are these growing at?

Ramesh Swaminathan: It doubled in terms of turnover, given the fact that this product is big hitter out there.

Shyam Srinivasan: And lastly, on India growth, I know the 5.6% volume growth is nine months. So, what's the 11%?

Vinita Gupta: Nine-month volume growth.

Shyam Srinivasan: Nine-month volume growth. But I'm just looking at, say, Q3 in this 11% prescription growth, what is the price - volume split and how has chronic done?

Vinita Gupta: Chronic has done extremely well.

Nilesh Gupta: Chronic has done well. I want to say it's similar on a volume in Q3 as well.

Vinita Gupta: Actually, the share of chronic has gone up to 67%.

Nilesh Gupta: Volume growth for 6.5% for Q3 and it was 5.6% for nine months. And new products gave us 1.5%.

Moderator: Thank you so much, Shyam. Thank you very much for all your participation. I now hand the conference over to the management for the closing comments.

Vinita Gupta: Thank you all. Hopefully we were able to respond to all your questions. We are very optimistic at this point to close the year on a very strong note, and equally the year ahead looks pretty strong. We continue to work around our strategic growth drivers to build up specialty and complex platforms to enable us to grow sustainably over the next few years.

So, thank you again for joining us, and we look forward to interacting with you in the next couple of months.

Moderator: Thank you, ma'am. On behalf of Lupin Limited, that concludes this conference. Thank you for joining us, and you may now exit the webinar. Thank you.