



Eris Lifesciences Limited
Q2 and H1 FY26 Earnings Conference Call
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MANAGEMENT

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Mr. V. Krishnakumar
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Mr. Sachin Shah
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Ms. Kruti Raval
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Moderator

Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY26 Earnings Conference Call of Eris Lifesciences Limited. Today, we have with us on the call, Mr. Amit Bakshi, Chairman and Managing Director; Mr. V. Krishnakumar, Chief Operating Officer and Executive Director; Mr. Sachin Shah, Chief Financial Officer and Ms. Kruti Raval, VP, M&A and Investor Relations. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note, this call is being recorded.

I would now like to hand over the conference to Mr. V. Krishnakumar, Chief Operating Officer and Executive Director of the company.

Thank you, and over to you, sir.

V. Krishnakumar

Good afternoon, everybody. Welcome to our Q2 investor presentation. We'll structure it in three parts. We'll first talk about the domestic branded formulations business. So, here are the business highlights for the quarter. We saw a Q2 domestic formulations revenue growth of 10% YoY, which is 30% over the PM growth of 7.7%; H1 domestic formulations revenue growth was 11%, which is stood at 42% over IPM growth. There were a couple of key misses in respect of delivering 50% growth over market, one being the delay in gSaxenda approval, which resulted in our decision to cancel the launch. There was also a delay in taking price increases in H1, which k gives us a tailwind for H2 because the full impact of the price increases will come in H2, along with the monetisation of the RHI cartridge opportunity, which we expect to see starting December 25.

In terms of EBITDA, we saw an 11% yoy growth in Q2 and a 13% growth yoy in H1 with margin expansion in Q2 as well as H1. Q2 also saw an EBITDA hit of INR ~5 crores on account of the ramp down of Trade Generics. We have continued good news on the Biocon front, with a Q2 EBITDA margin of 32%, up from 30% in Q1 and 19% at the time of acquisition. In-house manufacturing of insulin will lead to further margin expansion.

In terms of key numbers for DBF, revenue was INR 708 crores for the quarter and 1,410 crores for the first half. EBITDA was INR 266 crores for the quarter, INR 527 crores for the first half. Basis H1 run rate, we have a visibility of 12% revenue growth for this year, which will be 50% over the expected market growth, and we expect EBITDA growth to be in the range of 15%. Any upside from the RHI cartridges opportunity in H2 will be over and above these numbers.

Coming to the insulins segment, we are well positioned for success in this market. We will talk about this in two parts, firstly size of the opportunity and secondly our capability to leverage the opportunity. In the table, we've outlined the various segments of the market showing RHI, Glargine, Aspart, etc.. It is an INR 3,700-crore market in totality, which has traditionally been dominated by innovators and now is opening up for Indian companies.

In terms of our capability to leverage this opportunity, our vial production is already operational and stable. We went live in August, and we have produced ~2 million vials since then. And post commissioning of cart manufacturing, we would be one of the very few Indian Insulin players having fully interchangeable products as well as domestic backward integration in DS as well as DP. We see the RHI vials business as something that offers the potential for quick scalability because there is significant inpatient usage in institutional setups for shorter durations. So, this gives us a better opportunity to switch usage from competing brands. As far as Glargine is concerned, given its interchangeability credentials from the USFDA and the current growth momentum, we expect to double our market share in the next few years.

We are also adding Aspart to the Biocon insulin partnership and I will talk more about that later.

We are expanding the Biocon partnership on three fronts. Firstly, we are adding Aspart to the scope of the collaboration which presently consists of RHI and Glargine. This product was recently approved by the USFDA as the first and only interchangeable biosimilar.

Secondly, Biocon is assigning select ROW markets to Eris for direct marketing of RHI, Glargine and Aspart by leveraging the global distribution of Swiss Parenterals. And thirdly, Biocon seeks to expand its own ROW footprint in select markets by leveraging the Insulin capacity at our Bhopal facility, which we had acquired in November last year and upgraded at a capex of INR 80+ crores.

With these developments, the installed insulin capacity at Bhopal will be fully utilized, and hence we have greenlighted a project to double the insulin capacity both in vials and cartridges. The expected capex is ~150 crores, and we see an additional EBITDA potential of at least INR 50 crores per annum from this opportunity.

GLP continues to be an exciting market opportunity for us. It is good to see that our early hypothesis of a large and fast emerging GLP market is being validated now. There are close to 100,000 active GLP users today, and once the cheaper generic alternatives become available, we will see exponential growth in the segment. We are highly optimistic about the market opportunity as well as our capability to leverage this opportunity. All key workstreams for first-wave launch readiness remain on track. Our Insulin market share has grown from 10% to 15% in the last 18 months. And we are confident that as a dominant Insulin company, we have a logical "right-to-win" in the GLP segment as evident from the global examples of Eli Lilly and Novo Nordisk.

Our Diabetes product pipeline remains on track both on the Insulin analogues front and on the Semaglutide Synthetic and Recombinant.

Moving on to the international business, I wanted to revisit our thesis of why we got into Swiss Parenterals in the first place. There were four key value drivers that we saw. It was a pure-play injectables business with very strong regulatory accreditations namely from the EU and PIC/s authorities. It came in with the widest dosage forms in steriles and a very large dossier bank. Most importantly we saw that Swiss was the only ROW-focused Indian pharma company with this kind of operating margins and 60%+ ROCE with a strong reputation for quality.

It was and remains a predominantly tender-driven business but is well diversified across more than 80 markets. Most importantly for us, we saw this as a viable platform for "moving up the pyramid" in the international markets, which we've spoken to you earlier.

So, in the last 18 months, we have been taking focused action to expand capabilities on the technology front, on the manufacturing front, and on the go-to-market front. On the Technology front we recently we onboarded a new Head-R&D from a Top 10 Indian Pharmaco and expanded our R&D team from 50 to 80 FTEs. Most importantly we developed centres of excellence in key segments because this is something that every company aspires for - to be known for certain products or certain technologies. Our emerging Centres of Excellence in Injectables are in the segments of Corticosteroids, Monobactams, Complex Carbohydrates, Controlled Substances and Anaesthetics.

On the manufacturing side, we got the EU-GMP approval for both sites for the second time, got the Brazilian Anvisa approvals for the first time. Now Swiss ranks among the very few Indian Injectable companies to have received both EU and ANVISA regulatory approvals. We

also onboarded a Head-Quality Assurance from a Top 10 Indian pharma to strengthen the team.

On the go-to-market side, our efforts were focused on strengthening our customer facing teams with several senior lateral hires in Business Development and Regulatory. Thereby expanding momentum on customer outreach and business building in "higher entry barrier" markets including Europe, Canada, Australia/New Zealand, South Africa and Latin America.

We see significant impact and revenue visibility from these actions. We received our first Purchase Order from a European client on an Injectable CDMO project. I am happy to share that Swiss will exclusively manufacture for the innovator brand of the product. The first leg of this project covers only 6 countries in Europe. Based on this, we have a revenue visibility of INR 125-150 crores in the next financial year with EBITDA margins similar to the business average and we have discussions underway to expand the scope to 17 countries.

In addition, we have discussions underway with a handful of marquee Gx companies on some of our COEs both for innovator brands and loss of exclusivity opportunities which would imply that we would support the early generic entrants to the market. The total book of business in EU-CDMO has also expanded manifold. We have been guiding for a while that this business will see significant inflection starting FY27. So, happy to share that we have the visibility now.

In terms of overall business transformation, the EU-CDMO book stood at INR 100 crores at the end of Q1, and now we are at INR 700 - 800 crores at the end of Q2. In terms of what it does to the quality of the business and stickiness of the revenue, we have a details laid out on this slide.

- In FY27, we expect that percentage of revenue from Regulated markets will be close to 30%, up from less than 2% in FY24.
- We expect that the private market component of the business will go up to 50% in FY27 starting with 30% at present
- And starting from a business which was doing 100% generics, we expect start to having a reasonable exposure in RLDs starting with a 20% revenue composition in FY27

Accordingly, as previously updated, we have initiated the expansion for a Unit-3 at a Capex of INR 130 crores for general injectables and we are targeting commercial production from FY28.

In terms of financial highlights of the international business, we clocked INR 83 crores of revenue in Q2 and INR 152 crores in H1. We saw a revenue dip in both Q1 and Q2 compared to last year because of dry powder capacity being occupied for validation batches for EU-CDMO projects. Notwithstanding that, H2 is looking better compared to H1 and we have good visibility to deliver on revenue guidance of Rs. 375-390 Cr for FY26. The Eris Ahmedabad unit, which received Anvisa approval for one block in August is again planning to host the Anvisa team in January for the remainder of the facility.

Moving on to the consolidated business, consol revenue for the quarter was INR 792 crores and for the half year was INR 1,565 crores. Consol EBITDA for the quarter was INR 288 crores and EBITDA for the first half was INR 565 crores. EPS acceleration continues as guided. So, Q2 PAT was INR 134 crores, up 39% and H1 PAT was INR 260 crores with a growth of 40%. Net debt stood at INR 2,278 crores at the end of Q2.

Putting all of this together, there are lucrative market opportunities which are driving the front loading of our capex plans. We had guided you to a total capex of INR 750 crores to INR 800 crores over FY26 to FY28, a three-year period. There is no change in this guidance. There is a change in the timing because there is a Bhopal Phase 2 expansion of INR 150 crores, there

is a Unit-3 for Swiss which will take up INR 130 crores and our Diabesity pipeline and DS manufacturing at Levim also requires a second round of investment of Rs. 100 cr. So, we see the capex outlay over the next three quarters to be at around INR 380-400 crores. Consequently, the debt-to-EBITDA guidance that we had given gets pushed out slightly.

In the last 18 months, the net debt-to-EBITDA ratio has reduced from 4x to 2x and without any change in our total 3yr capex guidance, now we expect to get to the Net debt-to-EBITDA ratio of less than 1.5x by December 2026.

Other highlights of the consolidated financials - we had a capex of INR 50 crores in Q2, largely towards insulin and general injectables, bringing up H1 capex to INR 117 crore. We had a book tax rate of 22% in Q2. OCF to EBITDA ratio stood at 47% in Q2. It was predominantly because of an increase in GST receivables which took about 25% points off the ratio. EPS for the quarter stood at INR 10 and cash EPS at INR 13.

This brings us to the end of the presentation, and we can open up for Q&A.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Participants who wish to ask questions may do so by clicking the raise-hand icon on the bottom of your screen and wait for your turn to speak. When prompted, you can accept the prompt on your screen, unmute your audio, introduce the firm you represent, and ask your questions. We'll wait for a moment while the question queue assembles. Participants who wish to ask questions may do so by clicking the raise-hand icon on the bottom of your screen and wait for your turn to speak. We'll wait for a moment while the question queue assembles.

We have the first question from the line of Devang Shah. I request you to accept the prompt on your screen, unmute your audio, introduce the firm you represent and ask your questions.

Devang Shah: Devang Shah. My firm name is DD Enterprise. I have only one question to the management regarding what are the key triggers to look into the company for the next three-four quarters? Is it going to come from Biocon JV or it is from Semaglutide, or from which product line or from which of the things we can consider, the next three-four quarters can be looked at?

Amit Bakshi: Devang, we divide this into three things. DBF is the largest business as of now and also has the largest opportunity. Within DBF, there is insulins and GLP. GLP will start hopefully by the end of this fiscal year. And insulins we are seeing traction because of the withdrawal of the innovator. So, clearly insulins and GLPs in the DBF will be the front runners.

And the second trigger is going to come from the Bhopal plant which is the biotech plant. This will help us in two ways. One would be by decreasing the cost of our production substantially. You saw that the Biocon business now is at 32% Ebitda margin. Within this Biocon, insulin margins would be higher. And when the manufacturing of insulins is fully stabilised in our own manufacturing unit, we see a substantial reduction in COGS there.

The international business which you see is at a point of inflection. Now, we have a good visibility on revenue of INR 125-150 Cr from CDMO that we have guided. The remaining revenue from the book INR 700- 800 crore will accrue over a period of time, say over the next three to four years.

So these are typically the three, four key growth drivers that we look at.

Devang Shah: Okay. So now, there would be no raising of debt in the next two, three years, by acquisitions or is there any plan to do some acquisitions also?

Amit Bakshi: No. We don't have a plan as such. But, what I can tell you for sure is that we will be mindful about the debt-to-EBITDA ratio. But if there is an opportunity, which is a good opportunity, but also doesn't really take away from our EBITDA-debt ratio, then we might do it. But if you're asking a straight question today about acquisitions, the answer is no.

Moderator: Thank you. The next question comes from the line of Harith Ahamed. I request you to accept the prompt on your screen, unmute your audio, introduce the firm you represent and ask your question.

Harith Ahamed: Hi. Good evening. Thanks for the opportunity. So, my first question is on the insulin aspart product which you mentioned is a targeted launch for the second half of FY26. So, trying to understand the status of this product from a regulatory standpoint, has it been filed? When are we expecting the approval? And is this an exclusive arrangement that Biocon will have with Eris for the Indian market?

Amit Bakshi: Hi Harith, the second question is an easy one – yes, it is an exclusive arrangement with Biocon for Indian markets. As for the first question – the work has just started on the filing etc, but since this is an interchangeable product as per its USFDA approval, hence as per the guidelines, this project should move faster which gives us visibility on second half of this year. But Harith, you know regulatory timelines are unpredictable so I would not like to put a finger on that, but that's where we stand.

Harith Ahamed: Okay. And the Cartridge capacity expansion at Bhopal, what is the status there, and what are the timelines that we're looking at now?

Amit Bakshi: So, we have started Vials production in August and we just told you in the slides that we already have ~2 million production done. We have not pushed it into market yet. Going through the stability once again. Our first round of commercial production of Cartridges now shifts to say April-May next year. Then the new line of vials will come onstream about September-October next year. The cartridges will go to the first quarter of CY27 or somewhere in that zone.

Harith Ahamed: And how does this impact, there's a bit of a delay there. How does this impact the providers to capture this opportunity when the exit happen?

Amit Bakshi: Harith, that is something that you already have from a production point. Because I mis-anticipated this thinking that the Novo opportunity will start from more like August. And it is now looks to be in the month of November that we are starting to see the real thing happening on the ground. So, the disadvantage what that the revenue opportunity got shifted as our initial estimate went wrong. But the advantage is we were able to build up a lot of inventory in the meantime. So whatever we are expecting out of that vacated market to be captured – we seem to be good for now. Plus from our own plant, the production will start in April-May.

Harith Ahamed: Okay. And the last one, this INR 100 crore investment in Levim, so what will be our stake in this entity after this additional investment? Will it become entity that's controlled by Eris?

Amit Bakshi: Harith, shall we talk about this next time, please? We don't have any clarity at this point. Yeah. Right now, we are 30% equity stake with an agreement to enhance it to 49%. But how will it exactly work is something we'll tell you later.

Harith Ahamed: Sure. Thanks for taking my questions.

Moderator: Thank you. The next question comes from the line of Umesh Laddha. I request you to accept the prompt on your screen, unmute your audio, introduce the firm you represent and ask your questions.

Umesh Laddha: Hi. Thank you for the opportunity. Sir, I just wanted to know in our domestic branded business, what is our base business growth excluding the Biocon insulin products and also if you could just bifurcate the growth in volume, price and maybe new launches?

Amit Bakshi: Okay. So, I'll do the second one. The first one we will not do because now we are completely integrated. So, the second piece is we had a very small price revision in the first half. We missed the price revision impact in H1 and generally we expect it to be better in the second half. So, we are expecting a large part of price revision to happen in the second half. And as for the volume growth, it is around 2.1%.

Umesh Laddha: Okay, and the rest 5% is majorly because of new launches or how should I look at it?

Amit Bakshi: So, you look at it, it's more like 2% from volume, 2.5% from price and rest from the new launches.

Umesh Laddha: Okay, and also sir, are we having a few products in the pipeline for the domestic branded business to be launched in second half like excluding the insulin ones?

Amit Bakshi: Yeah, we have a couple of big products. So, those are due to launch I think in the third quarter or early fourth quarter.

Umesh Laddha: Okay, got it sir. And also sir, coming to our insulin opportunity, like Novo is exiting. So, do we have enough supply? Sorry, I missed that part. So, do we have enough supplies promised from Biocon to suffice this demand?

Amit Bakshi: Yeah. We have looked at the possible demand number, and our existing inventory and potential additional supplies and overall it looks good. And as I explained earlier, I had estimated this to happen a little early in this year. But though the monetisation is a little delayed, it has given us the opportunity to build up the inventory. So right now, the numbers which we have for ourselves, the stocks look sufficient.

Umesh Laddha: Got it sir. And so just a last one on the EBITDA guidance. So, it's at the consol level or only for the domestic branded business, 36% for this year?

Amit Bakshi: So, we've guided to 37% plus for the domestic base and the Swiss Parenterals is in the 34% zone which is a current number.

Umesh Laddha: Okay. Got it, sir. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, if you have a question, you may please click on the raise-hand icon on the bottom of your screen and wait for your turn to speak. When prompted, you can accept the prompt on your screen, unmute your audio, introduce a firm you represent and ask your questions. Ladies and gentlemen, if you wish to ask a question, you may do so by clicking the raise-hand icon on the bottom of your screen.

The next question comes from Karan Surana. I request you to accept the prompt on your screen, unmute your audio and ask a question. Mr. Karan, I request you to unmute and speak. So, there seems to be no response.

The next question comes from the line of Kunal Randeria. I request you to accept the prompt on your screen, unmute your audio and ask your question, Mr. Kunal.

Kunal Randeria: Hi. Good evening. Thank you for the opportunity. Sir, I understand you're not giving that Biocon business growth and all, but would it be kind of fair to assume that the insulin business growth would be slightly lower than the 10% growth that you did in the overall DBF business?

Amit Bakshi: No. It's the other way around.

Kunal Randeria: Okay.

Amit Bakshi: Yeah.

Kunal Randeria: All right. And so but the market is not growing. I mean, from volume perspective, the market growth is actually very muted. So, just want to understand how you are growing faster?

Amit Bakshi: So, this is all shift which is happening. Please don't look at the market volume growth indicated, this is my view. This is more of a shift which is happening from one brand to the other brand. And the shift, we see the whole gain for Eris coming from shift, not from the expansion of the market. And any which ways now just to add up on that point, we feel that the human insulin's reflection/ consumption is going more into hospitals. Right? Hospitals, nursing homes. I made two points, Kunal. One was that, the growth which you see, for people like us, would be from the shift rather from the expansion of the market. Number two is the expansion of the market will not be very visible in the data set. This is my view. Because more and more human insulin is being shifting to short-term usages also. So, institution, hospitals. That has always been a little bit challenge to pick up from a data point of view.

Kunal Randeria: Right. And Amit sir, is this the institutional opportunity that KK earlier spoke of, that you wish to tap in future? And how big would this potentially be?

Amit Bakshi: Yeah. So, that's a very big opportunity. I will not be able to size it, but I can give you some colour on that. The public health spend is growing. Right? And most of the people who have diabetes, the highest spend in public spending is happening in cardiology and oncology. So, we are talking of the adult population, relatively adult population. And relatively adult population, at least 25% to 30% of them do have diabetes. And these people at any stressed times have to be taken out of OAHs and have to be put on insulins, maybe for a couple of months, I don't know that. So, that side of the market is showing a very good traction. So, that is why we pointed it out that we see INR 500 crores in the public market. Right? This is our estimate, but relatively logical. And then comes the large institutes, large hospital chains. So, these two represent a very strong opportunity.

Kunal Randeria: Got it. So, that's helpful. And just, do you see a risk of, let's say, GLP ones picking up, having any impact on insulin business or it will be used more than adjunct to insulin in future?

Amit Bakshi: Yeah. I think that is out already because US has been selling both of them from the last ten years. And technically, if you look at it, insulin is very different from GLP. GLP only works when there is insulin present in that case. So, there's no problem.

Kunal Randeria: Right. And just one more if, if I may. Sometime back, you had shared some FY28 aspirational numbers. Just want to understand of that number, how much have you baked in GLP1s?

Amit Bakshi: I will not be able to answer. One thing what has happened is it's changing very rapidly. So, two things have happened. The good thing is well, Kunal, if you remember, I was probably one of the few first people to say this is a very big opportunity. I said this is like a billion dollar in first year. And at that point of time, we were kind of, wrapping our head around that. So the good news is that, the size which I was thinking, this will cross that. Right? The estimation that I am now rethinking is that I thought that post LOE, 80%, 90% of the market would shift to generics. But now when I look at the market, the way people are responding, I think that the Indian players are looking more like 50%, 60% of the market. My view today is that, 30%, 40% of the market will be with the MNCs.

So, on one level, the market size has gone up it was, I call it a billion dollar. It seems to be going ahead of that. On the other side, we see the Indian players have a 60% kind of headroom available. So, that's how it is changing. So, let's see what we are talking about. What happens? But we would be a significant player. That is something which we are working towards.

Kunal Randeria: Well, that's a very interesting point, sir, but I didn't perhaps didn't catch. Why do you think the generics or Indian players will have a lower share?

Amit Bakshi: Okay. So, two things. Well, you see that there has been a price decrease in some of the data. And I don't think this is the final. My estimate is this is not the final thing. It might go down. So, at the end of the day, the difference will be huge, but relatively it would be less, number one. Number two, tirzepatide now has a position of its own. So, my calculation earlier was that the most of it will be kind of eaten away with generics. Now, I feel that it established itself as one of the strong anti-obesity drug.

Amit Bakshi: Yeah, Kunal, we'll discuss a bit more next time. The opportunity is still big. Lately, I'm just telling how I think -- how I see the market changing.

Moderator: Thank you. Next question comes from the line of Madhav Marda. I request you to accept the prompt on the screen, unmute your audio and ask your question.

Madhav Marda: Hi. Good evening. My name is Madhav. I am from Fidelity International. Am I audible?

Amit Bakshi: Yes, you are audible.

Madhav Marda: Sir, I wanted to understand on similar lines on the GLP-1 opportunity. I wanted to -- first question was, what do you think will determine right to win once the generic semaglutide products start coming in the market? Like, who do you think has best right to win in India? Is it going to be more distribution and doctor access? Is it going to be supply-chain? Or what will determine who kind of gets more market share versus the other? That was one part. And second thing I want to understand is, do you think this market will be more dominated by the larger players like yourself who have a good positioning in, let's say, with the specialty doctors? Like, will they have a better share or do you see a lot of smaller players also getting a good toehold in this market?

Amit Bakshi: Look, Madhav, I'll try and answer this but, a lot of things are still up in the air. So, what is the clarity which we have till this point of time, right? So, initially, when we were all talking, I don't want to blabber, but just to make a point that I was the person who raised my hand saying that in the long term this is diabetes first and weight loss next. And today, when you look at prescription, 66% is coming from diabetes, right? So, that is one thing, which kinds of makes a point and the dominance of endocrinologist, diabetologist is quite if you look at the prescription share between these two categories is very high. So, that means it will start from the top of the pyramid. And by the way, we have always seen in India's context, a drug peaking at four to fifth year. It is not like US where it changes overnight once the data comes in because

there is no insurance. Here, people are careful kind of shifting and then taking them along. So, the real peak happens between three years to five years, whether it was dapagliflozin or any other product for that matter. So, number one is it will start from top of the top of the pyramid. By the time everybody kinds of gets comfortable with it and uses it, the way it is indicated, it is like three years to five years. Therefore, people who have a better access and a better positioning among the specialists initially should be more benefited and here the insulin selling experience comes in very handy because there is a lot of hand-holding which is done to the patient. So, again the same thing, which we've been speaking from the last couple of quarters. Nothing major changes. Only, it's getting more clear now.

Madhav Marda: Got it. And so, when you mentioned that, if I understood right, you said the market opportunity can be more than a billion dollars. That is in, like, certain number of years you're saying, right?

Amit Bakshi: First year, Madhav.

Madhav Marda: First year, \$1 billion GLP-1 opportunity in India?

Amit Bakshi: Yeah. I think so.

Madhav Marda: Sir, reason I just trying to understand because once the generics come in, the price point itself should be much lower, right? Like, I mean, it's public news that Tirzepatide is selling for, let's say, INR 16,000, INR 17,000 per month. And they are tracking may be INR 1,200 crores odd sale if my data is right. So, I'm just trying to understand the price point if it's gets cut by a decent percent. So, you're saying volumes can really explode basically?

Amit Bakshi: Yeah. So what I'm doing now, I am only talking about 1 million stable patients, Madhav. Right? Right now, we think we have 100,000 patients whatever data we can get hold of. We are taking 100,000 patients. And you look at the month-on-month growth that is what we call, adoption in our markets. Our markets have always been -- it will adopt slowly. That is why you see the peak happening in third or fifth year. So right now, have 100,000 patients. And while it is good to say it is INR 16,000, INR 17,000, but a lot of patients are on a higher dosage also. It should be more than that. And thirdly, 1 million stable patients is easy thing. Look at the data which is coming in. Look at the indications which are coming in. And there's a lot of enthusiasm. So, my calculation is more like a million patients and that is where my numbers come.

Madhav Marda: So, you're saying to arrive at the \$1 billion market, you're assuming 1 million as the patients in that. So, that's the broad approximation.

Amit Bakshi: Yeah. One million patients, right, on the generic piece and the multinational piece will continue to grow. You can see that happening. Both put together, I see it more like a billion dollar. INR 6,000 crores, we said INR 6,000 crores. So, give and take.

Madhav Marda: INR 6,000 crores. Okay. Understood. And sir, just a second question was on our guidance for FY26. Is there any change to our revenue and EBITDA guidance for FY26? Yeah. Thank you.

Amit Bakshi: I don't know the numbers, but we have broadly guided for 50% ahead of the market. Kruti will, of course, tell you the numbers. 50% ahead of the market and our assumption was 9% to 10% market. The market is more like 8%. So, I think that is where it is tracking at this point. If the market catches up and the insulin catches up, we might be a tad good. But as of now, that's the visibility.

Madhav Marda: Okay. All right. Thank you.

Amit Bakshi: Thank you.

Moderator: Thank you. We have the next question from the line of Neelam Punjabi. I request you to accept the prompt on your screen, introduce the firm you represent and ask your question.

Neelam Punjabi: Thanks for the opportunity. So, my first question is on the insulin opportunities. For the RHI cartridge market, what is the market share that we are targeting once the innovator is out?

Amit Bakshi: Neelam, look if we just multiply our current market share into the opportunity, which is getting available, means, we basically look at around INR 200 crores of additional sales. So, that is what we are thinking. It's a very technical answer which I'm giving you. I'm just extrapolating our current market share to the available opportunities.

Neelam Punjabi: Got it. Okay. And the second question is, you all have mentioned that the lower OCF to EBITDA ratio on account of an increase in GST receivables and statutory liabilities. So, could you please provide some more clarity on this?

V. Krishnakumar: Yeah. Okay. Good. Sachin, would you like to chip in?

Sachin Shah: Yeah. So, these are basically intercompany transactions that happen because of the change in distribution structure. So, because one X company was selling to the Y company within the group.

Neelam Punjabi: Can't hear you at all.

Kruti Raval: Neelam, part of the GST is because of what Sachin explained the intercompany, but a large part of it is also because of the GST-related disruptions. So, we have seen some GST receivables go up. If you want more details, of course, let's talk next time on this. There's also a statutory liability piece to the OCF, which has contributed, OCF being lower.

Neelam Punjabi: All right. I'll connect next time. Thank you.

Moderator: Thank you. The next question comes from the line of Rahul Agarwal. I request you to accept the prompt on your screen, unmute your audio, introduce the firm you represent and ask your question.

Rahul Agarwal: Thanks for the opportunity. This is Rahul Agarwal from Everflow Capital. On the international business, you mentioned that the EU-CDMO order book is going from INR 100 crores to INR 700 crores to INR 800 crores. Is this the total cumulative number or is this an annualized number you are targeting over the next few years? And what sort of scale do you see in the international business over the next three years to four years?

V. Krishnakumar: Okay. To answer your first question, INR 700 crores to INR 800 crores is the annualized revenue potential from the order book. And as Amit explained earlier, it will ramp up over a period of time depending on which dossier gets approved at what time. And second question was, what is the kind of outlook for the international business? So, we had outlined two aspirations a few months. - INR 700 crores revenue by FY28 and INR 1,000 crores revenue by FY30. So, we retain those aspirations. And from the current momentum, it looks like we are well on our way.

Rahul Agarwal: Got it. We seem to have made significant investments on GLP-1 manufacturing and now making more with Levim, which is a different route. For GLP-1, will we

look at manufacturing only for India or are we also potentially going to use the manufacturing base for international markets?

Amit Bakshi: Right now, we have only permission for India. So, we don't have permission for outside. But over a period of time, can it happen? Yes. Of course. But not at this point. That's all the GLP-1. And the investment in GLP haven't been very high, the investment for Levim is for the entire pipeline, which we showed you in the slide. So, these products are on the line. These investments are needed and these investments are going in the infrastructure largely. Almost 70% of it is going into infrastructure. So, once the infrastructure is spent, it serves you for a long period of time. So, that's where the idea is.

Rahul Agarwal: Got it. And one last question on the insulin bit. You mentioned that there's been a bit of a delay in the estimates, but you'd expect the numbers to start coming in from November. Did we hear that right? And so the full impact should be visible in Q4 with the innovator locating that market?

Amit Bakshi: Yeah. So, I can now tell you with more confidence that the market intelligence tells us that, the shortage has started building up. So, you will see from November -- we feel there'll be a little uptick in November. And then December onwards, it will start peaking, and we expect the peak to happen between April to June.

Rahul Agarwal: Got it. Thank you so much for those. Those were the questions. Thank you.

Amit Bakshi: Thank you.

Moderator: Thank you. Participants who wish to ask questions may do so by clicking the raise-hand icon on the bottom of your screen and wait for your turn to speak. As there are no further questions, I would now like to hand the conference over to Mr. V. Krishnakumar for the closing comments.

Over to you, sir.

V. Krishnakumar: Thank you all for your participation today. In summary, we delivered a 10% domestic formulations revenue growth in Q2, outperforming the market by over 30%. EBITDA margin stood at 37.5% in Q2 with 11% YoY growth. The turnaround in the Biocon segment continues with a Q2 margin of 32% versus 30% in Q1. We are significantly expanding our collaboration with Biocon in India and overseas and adding Aspart to the scope of the partnership.

We remain excited about the GLP opportunity and are tracking well on first wave launch readiness and profitable scale up thereafter. The international business delivered a revenue of INR 83 crores in Q2 and INR 152 crores in H1 with a 33% margin. We've made significant strides in building our European CDMO business with a INR 700 crore to INR 800 crore order book at the end of Q2.

Our international business is on the threshold of an inflection point starting FY27 with good revenue visibility from our first set of European orders. Interest expense was down 17% YoY in Q2 with a book tax rate of 22.2%. EPS acceleration has kicked in as guided with a 39% growth in Q2 and a 40% growth in H1. On the back of lucrative market opportunities in diabetes and injectables, we have front loaded all our capex plans and we'll invest INR 380 to INR 400 crores over the next three quarters. This will be funded from internal accruals. Net debt stands at INR 2,278 crores with the net debt-to-EBITDA ratio having declined from 4x to 2x in the last 18 months. We expect to get this ratio down to 1.3x by December '26. We remain on track to execute our strategic priorities across all segments of our business. Thank you, and wish you all a good evening.

Moderator: Thank you very much, sir, and thank you, members of the management. Ladies and gentlemen, on behalf of Eris Lifesciences Limited, that concludes this conference. Thank you for joining us and you may now exit the meeting.

Note: This document has been edited to improve readability