“Alembic Pharmaceuticals Limited

Q2 & H1 FY27 Earnings Conference Call”

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Moderator: Ladies and gentlemen, good day, and welcome to Q2 and H1 FY27 Earnings Conference Call of Alembic Pharmaceuticals Limited. As a reminder, this conference call is only for analyst and institutional investor. All participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on a touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Isha Lamba, Head, Investor Relations and Corporate Development. Thank you, and over to you, Ms. Isha.

Isha Lamba: Thank you. Good evening, everyone. On behalf of the management of Alembic Pharmaceuticals, I welcome you to this earnings conference call for the quarter and half year ended 30th September 2026. Before we begin, please note that during this call, we may make forward-looking statements. These reflect management's current expectations and involve risks and uncertainties that could cause actual results to differ materially.

With that, let me introduce the management team present on call today. We have with us Mr. Pranav Amin, Managing Director; and Mr. G. Krishnan, Chief Financial Officer, along with a few other members of the management team.

I now hand the conference over to Mr. Pranav Amin. Over to you, sir.

Pranav Amin: Thank you, Isha. Good evening, everyone, and thank you for joining us to discuss the Alembic Pharmaceuticals performance for Q2 and for H1 FY27. I will cover the key highlights of the quarter, performance across our businesses, and a revised outlook for FY27. I will also discuss the collaboration we announced with DifGen in the U.S. market, and then Krishnan will take you through the financials in detail.

The second quarter builds decisively on the momentum of our first quarter and marks an important step up in the quality of our performance. Consolidated revenue for the quarter was at INR2,603 crores, representing a growth of 36% Y-on-Y, driven by strong performances across all the business.

Coming to the India business, it delivered a 14% year-on-year growth in the quarter, led by the Human Health, which returned to double-digit growth at 11%. The commercial interventions initiated over the past few quarters are translating into visible improvement in field force productivity and execution. Growth is being supported by chronic and specialty therapies with strong performance in gynecology, cardiology, and emerging therapies.

The specialty portfolio grew about 200 basis points ahead of the Indian pharmaceutical market during the quarter, and the overall growth gap versus the market has narrowed meaningfully. We expect the acute portfolio to improve progressively over the coming quarters as well. Animal Health maintained its strong momentum, growing 23% in Q2 FY27.

In India, our near term objective is to reach market level growth in the next 2 to 3 quarters. We expect this to be driven by sharper execution in focused brands and priority markets, stronger

presence in metros and a higher contribution from chronic and specialty therapies while broadly maintaining the current field force scale.

Moving on to the international business. The U.S. Generics delivered an exceptional quarter with revenue growing at 72% year-on-year. The performance was supported by strong volume growth in the base portfolio as well as meaningful contributions from recent launches. While the new launches, including bosutinib, provided an important uplift, the underlying business also demonstrated healthy operating momentum, growing at 23%.

During the quarter, we launched three generics, filed five ANDAs and received one approval. Our existing pipeline supports a steady cadence of more than 30 launches over the next 18 months with around a quarter of them comprising of FTF or shared day-1 opportunities. This gives us visibility beyond the current period of exclusivity-led contribution.

We are also pleased to announce the expansion of our strategic collaboration with DifGen Pharmaceuticals, a U.S.-based manufacturer of complex generics. The expanded partnership gives us access to a differentiated portfolio of over 20 products across transdermal patches, complex injectables, ophthalmics and other specialized dosage forms, including select first-to-file and day-1 opportunities.

The portfolio addresses an aggregate U.S. reference market of approximately $5 billion and also provides access to U.S. manufacturing capacity which can be reserved for us. Contributions are expected to begin from FY28 with the initial wave of launches providing near-term revenue visibility and a platform for progressively increasing contribution to the U.S. business as the portfolio is commercialized over the next few years.

Importantly, this is a capital-efficient way to deepen our complex generics pipeline, broaden our mix towards higher-value opportunities and build greater manufacturing optionality in the U.S. We believe this collaboration will strengthen both the visibility and quality of growth in our U.S. business over the medium term.

Moving to the U.S. branded business, the portfolio is now in place and commercial traction is building. Prescription trends, formulary access and physician response are progressing in line with our plan. The Alembic Therapeutics' portfolio is beginning to gather pace and contributed close to 3% of total U.S. revenue during the quarter. Our current investment in U.S. branded business is planned and focused on establishing a scalable franchise with meaningful medium-to long-term potential.

The ex-U.S. markets delivered steady growth of 12% Y-on-Y, and we continue to strengthen our direct presence in priority markets like Europe, LatAm, and select ASEAN markets. The API business benefited from the breadth of its customer and product base as it sustained a strong growth trajectory and delivered volume-led growth of 39% Y-on-Y, which includes certain CMO deliveries to its key customers during the quarter.

As we look ahead, our priorities in the international business are to sustain execution in the base business, strengthen the value and differentiation of our R&D pipeline and scale the U.S.

branded portfolio. Turning to the outlook. Our strong performance in the first half gives us greater confidence in the outlook for the second half of FY27. We now expect the U.S. business to grow up to 40% Y-on-Y for the full year, supported by base business volumes, new launches and continued scale-up of our specialty portfolio.

API business has also performed ahead of our expectations and is now expected to deliver at least high teens growth for the year. Our outlook for India and ex U.S. remains unchanged. To reiterate, we expect India branded business to grow as per the market, get close to the market to double digits and directionally aligning with the market growth. We expect the ex-U.S. to grow at mid-teens.

Reflecting the stronger outlook for the U.S. and API, we are raising our FY27 consolidated revenue growth guidance to about 20% to 25% from the mid-teens indicated last quarter. This guidance incorporates the expected normalization of exclusivity-led sales and reflects our confidence in execution across the broader portfolio.

With that, let me hand over to Krishnan, who will take you through the financials.

G. Krishnan: Thank you, Pranav, and good evening to everyone. Let me take you through the financial performance for quarter 2 and the first half of FY27. Quarter 2 was another quarter of strong growth and profitability. Consolidated revenue grew at 36% year-on-year to INR2,603 crores, supported by healthy performance across businesses. Gross margin expanded by 70 basis points year-on-year to 73.7%, benefiting from favorable product mix despite higher solvent costs and geopolitical headwinds.

We continue to operate within our guided range of 70% to 75% gross margins. R&D expenditure for the quarter was 8% of revenue. Investments during the quarter were focused on building the complex generics portfolio, ramping up regulatory filings and strengthening the pipeline of differentiated products.

Reported EBITDA grew 78%, while the EBITDA margin expanded by around 520 basis points from 17% in quarter 2 of last year to 22.2% in the current quarter. Margin expansion reflected healthy operating leverage in the core business as well as supported by new launches and disciplined growth in R&D expenditure while absorbing our planned investment in the U.S. branded business.

Profit before tax grew 95% year-on-year and effective tax rate for the quarter was approximately 24% compared with 18% in the previous year. Profit after tax grew 81% year-on-year to INR335 crores. As a reminder, we have moved to a normal tax rate of 25% in India effective from this financial year, while cash tax continues to be around 18.75% considering the available MAT credit. For the first half of the current financial year, consolidated revenue grew at 31% year-on-year to INR4,753 crores, while reported EBITDA grew at 51% and EBITDA margin improved by 255 basis points.

The first half PAT grew by about 50%. Moving on to capital expenditure for the first half. We spent about INR250 crores of capex. With major capex cycle now behind us, our focus is on

driving returns from the existing asset base through debottlenecking and incremental line additions without significant new greenfield investment. We are confident that this will drive improvement in asset turns and returns.

Net debt remains comfortable at INR1,236 crores, which is less than 1x of full year EBITDA. The current working capital is largely linked to longer collection cycles, especially on the new U.S. launches, which would unwind progressively over the next few quarters. Overall, strong performance in the first half of the year has reinforced our confidence in the direction of the business.

The U.S. Generic business has delivered exceptional growth. India branded business is showing visible improvement in commercial execution and chronic therapies and traction is building across the U.S. branded portfolio. At the same time, profitability has strengthened, working capital and net debt improved sequentially, and the balance sheet remains healthy. This gives us the flexibility in our strategic choices and capital allocation as we continue investing in R&D, focusing on differentiated products and specialty capabilities while driving better returns from the asset base already in place.

Our focus for the second half is clear, which is to sustain the execution, convert the pipeline into new launches, build the momentum in India branded and U.S. branded businesses and translate the growth into durable earnings and returns.

With that, we can now open the floor for questions.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. First question is from the line of Rashmi Shetty from Dolat Capital.

Rashmi Shetty: Congratulations on good set of numbers. Sir, on the U.S. front, we have done around $100 million plus. Ex-bosutinib, how was the overall sales?

Pranav Amin: Yes. So if you take the new launches out, so the base portfolio grew by 23% in the quarter.

Rashmi Shetty: Okay. And is it something that whatever run rate what we were expecting for bosutinib, we have surpassed that growth also, I mean, quarterly sales also?

Pranav Amin: So bosutinib has done, yes, far higher than expectations or what we expect. It's -- as you know, we have exclusivity till end of November. So we've got 2 more months, which will be October, November, we'll see. What happens after that, I don't know. Let's see what the market shapes up as. But right now, it's done pretty well, and we're pretty happy with what we've achieved in the bosutinib.

Rashmi Shetty: So the sales run rate is basically whatever is all expected, it is in that line only. So the new generic launches added the extra delta to the overall sales.

Pranav Amin: Yes, absolutely. And just to reinforce the point, the quarter 1 growth was also excluding bosutinib was also in the mid-20s, which reinforces the point that the core business, which is driven by volume growth continues.

Rashmi Shetty: And just on the India business, we were expecting that from the second half, we will be performing in line with the IPM. This guidance still holds, I mean, in the second half, would we expecting that for quarter 3 and quarter 4, it would normally recover and be in line with the IPM?

Pranav Amin: Yes, Rashmi. So I think what we're seeing in Q2 was an encouraging trend, especially we see the chronic outpaced IPM. Acute, yes, there are still some issues, but we're quite confident that hopefully, acute would also get to IPM level by the end -- in the next couple of quarters. So over the next couple of quarters, we should be at IPM or higher.

Rashmi Shetty: Okay. And just on the cost front, your other expenses and staff costs, both quarter-on-quarter has gone up significantly. If you can comment on that part also? And how should we look at EBITDA margin for the full year? And what is the drag of Pivya for this quarter on the margin?

G. Krishnan: Yes. So too many questions loaded into that. Let me take it one by one. If you look at the employee cost, it's increased year-on-year. It has a combination of 2 parts.

First is the increment that's come along. The headcount is holding as it is. So we've not increased the field force in India. So it continues to remain constant. While the other element of employee cost-related increase is about the U.S. branded expansion that we are doing in the field force. So that has also contributed to the increase in employee cost, which is all part of the plan and the guidance that we had considered at the beginning of the year. So we are in line with what we expected. On the other expenses, it's about -- the increase is primarily driven by certain promotions and marketing expenses. And again, that also has an element of U.S. branded business expansion that we are doing.

Rashmi Shetty: Yes. So I'm saying that this is the new base, right, for the subsequent quarters also, if you want to model in?

G. Krishnan: Yes. See, the other element that is included in the other expenses is also about the freight and forwarding cost, the logistics cost related to shipments from India to U.S. and other markets, which also saw a year-on-year increase from the March quarter onwards, right? So from March actually because of the shipping lines and the related costs expanding increasing. So that's also contributed to that.

So it depends on where the crude oil settles in terms of transportation costs and the availability of shipping lines. But directionally speaking, if you look at how the margins are playing out, this is not something what we didn't expect. The gross margin that we expanded in the current quarter is actually a result of absorbing these costs that we are seeing in the transportation and other elements. So we don't see and that's also flowing through to the EBITDA margin,

So I think you should look at the interplay how the gross margin to EBITDA is flowing through what we expect for the full year -- for the first half, we have about 22%EBITDA margins, which we expect to continue towards the second half as well. So we should expect the margin profile to hold for the rest of the year.

Rashmi Shetty: Okay. So for the full year, we should expect like high teens EBITDA margin?

G. Krishnan: Yes.

Rashmi Shetty: And how much would be the Pivya drag on it for the full year as well as for this quarter, how much we have seen?

G. Krishnan: Yes, we guided -- at the beginning of the year, we guided for a 150 to 200 basis points dilution in the U.S. branded business. So I think that still holds.

Moderator: Next question is from the line of Kenil Mehta from Boring AMC.

Kenil Mehta: Wanted to know do we have more products from the FTFs and Para IV side in the U.S. business over the next few quarters, which could be launched and which could lead to sustaining the margin of this product line due to bosutinib?

Pranav Amin: So it's tough to say what the margins will be because when we launch these other products, I said fourth of our portfolio of 30 products that we have in the U.S. market, they will be either shared day-1 or FTF. There are 3, 4 which are FTF, then the rest. So it really depends how the market plays out. So it's tough to give a projection on that. I think the only thing we can project is moving forward, we expect the U.S. growth to continue.

Kenil Mehta: On the product side, one is Toviaz and second is Uptravi. Can we launch Uptravi with the patent expire?

Pranav Amin: Sorry, your line is not clear.

Moderator: Please repeat your question?

Kenil Mehta: We have a few products approved, which are going to expire. One is Toviaz and second is Uptravi, which are expiring in the next few quarters. So would we take into the numbers, we can launch and have a good number similar to this bosutinib in next few quarters run rate-wise for the U.S. business?

Pranav Amin: I actually don't like to comment on individual product-wise potential because there's too many -- Uptravi is a shared exclusivity on some of the strengths and the other one, it's a sole exclusivity. So it's tough to say. I think I'd leave it to all of you. I think you all should make the forecast, but I don't like to give a forecast because there's too many variables there.

Kenil Mehta: And second question is as we are saying increasing improving growth of India business towards the IPM, as we see more growth coming, should we expect a little bump in our gross profit margin level due to it being better than the generic business over the next few quarters compared to earlier level?

G. Krishnan: Yes. So see, if you look at the gross margin, we have guided for a range of 70% to 75%, and we've been in that range for quite a few years. I think the mix of the business will have an interplay. The mix of new launches will have influence on the gross margin. I think for now we expect it to be in that same range of 70% to 75%.

Kenil Mehta: Understood. And also on the Animal business side, there has been an improving growth in the companion animal space across India and other geographies. So should we see our portfolio getting little changes from the farm and feed supplement to a little companion side, which will lead to improving business dynamics? And also, are we expecting to go into the companion animal space in the Europe market -- U.S. and Europe market going forward?

Pranav Amin: I think if you see our Animal Health business, I think it's a very well-run Animal Health business and compared to pretty much most Animal Health businesses in India. If you say CAGR, we have a CAGR of over 20% over the last 5 to 7 years. I think we're doing very well in the space that we are in.

We continue to evaluate other areas as well, including companion animals. No firm strategy as yet, but we keep evaluating that. So, let's see how it goes on. Right now, we're pretty confident about our growth with the existing business that we have.

Kenil Mehta: Understood. And sir, last few quarters, you were telling about the contract manufacturing for the U.S. business for our plants. So what's the status on that? This quarter, we have a higher contract manufacturing share for our injectable unit?

Pranav Amin: So we do pursue some contract manufacturing in some of our facilities and some of our capabilities, more so in the sterile and the oncology, and that is going on well, and I think we do have some contracts in place.

Kenil Mehta: Okay. Is it on cost plus markup basis or a little bit of profit sharing?

Pranav Amin: No, this is pure contract manufacturing. If you can just get back in line, I think, because there's quite others...

Moderator: Next question is from the line of Rahul Jeewani from IIFL Securities.

Rahul Jeewani: Congratulations in terms of the growth bounce back, which we have seen on the India business. Now just from the leadership changes which we implemented in the India business over, let's say, the past couple of quarters, do you think now we have the confidence of, let's say, sustaining this double-digit growth trajectory in the India business going forward?

G. Krishnan: I think Pranav touched upon it in the guidance, yes, Rahul. I think the commercial execution is reshaping and the intervention that's been made over the last couple of quarters is something which is playing out. And what we are happy with the performance is also about the spread of performance across the divisions

It's good to see that within the chronic segment, almost every division, all the divisions, in fact, have grown well year-on-year, which has contributed to better than IPM growth in quarter 2. And – with the execution interventions, we expect that to sustain the growth momentum over the next few quarters.

And our -- I think the immediate target for us is to bridge the gap versus the market growth, which at an overall level is really visible. Of course, the acute part is something that will take a

couple of quarters to pan out. But the chronic is something -- chronic and specialty segment is something that we are already seeing the outcome of the interventions that's made. So it should -- we expect that to sustain over the course of next few quarters as well.

Rahul Jeewani: Sure, sir. And given that our Animal Health business obviously has been delivering around 20%, 25% growth, that also should now, let's say, help us to sustain this double-digit growth trajectory on the overall India business.

G. Krishnan: Yes.

Rahul Jeewani: Sure, sir. And let's say, now with India business getting back to this track of double digit and we not meaningfully expanding the rep team, when do you think that, let's say, the improvement in the India business starts translating into a better base business profitability as well from a margin perspective?

Pranav Amin: Yes. I think that's a good question, Rahul. I think as I have mentioned in the past, our first priority is getting to the market rate at IPM, which we hope to be at in the next couple of quarters. Once that happens, you'll automatically see with the steady growth rate coming up and if we are not increasing our field force, that should lead to higher PCPM as well, and that will lead automatically to a little bit margin -- gradual margin improvement as we move around.

Rahul Jeewani: Yes, sir. And on the U.S. business, you mentioned that the branded contribution during the quarter was 3% of overall U.S. sales. So if you can qualitatively comment in terms of how that has been versus the expectations which you would have put out for Pivya. So is it tracking largely in line? Or do we still need to ramp up as far as the branded business is concerned?

Pranav Amin: I think there's still a definite ramp-up required in this part of the business. We've got about 4 products in the portfolio, and all of them are contributing. Pivya is a new one in terms of new prescriptions, NUVESSA and NUVETEST, they're already in the market. So those prescriptions have been easier to get.

But we believe that there is a lot of positivity in the market. I think -- but it's like a J-shaped curve. So it will be the prescription habits changing those will take a time, but it's as per our expectations. And I believe that we will start breaking even in the first half of next -- by the end of this year or the first half of next year is when we'll break even. But the trends are positive. I think we're seeing a month-on-month increase in the activities and prescriptions as well.

Rahul Jeewani: Sure, Pranav. And any, let's say, quantitative targets which you want to give out in terms of, let's say, 2 to 3 years out, what could potentially be the contribution from the branded business to our overall U.S. sales?

Pranav Amin: So I do have an internal target, but we haven't given a guidance on that as yet. I think let's wait until the end of the year. I think the next half will give you more confidence how the ramp-up is going on, and we'll be in a better position to give a guidance by then.

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

Damayanti Kerai: I just have one question on your U.S. branded business. So Pranav, if you can update a bit on what kind of channel access you have gained for the products which are in the market? And what kind of spend is currently ongoing? And do you need to put up more foot on the ground, like you have to do more hiring, etcetera, to achieve that breakeven in first half, next year or so? And just to clarify, this 150, 200 bps kind of drag from branded portfolio is on a full year basis, right?

Pranav Amin: Yes. So in terms of the spend, as Krishnan mentioned, the 150 to 200 basis point drag is on a full year basis. I also said that I expect that from first half of next year, this will be breakeven. So we won't see the drag in the next year, right? In FY28, we will not see the drag. In terms of feet on the ground, our goal was to get to about 40 to 45 reps. We're at about 30 or 35 right now. So we're moving on track. I think that's progressing as per what we thought. Anything else you asked about U.S.

Damayanti Kerai: Yes. So in terms of channel access also, whether -- these are branded products, right? So I assume you need to have channel access as well or these are mostly right now coming through cash like direct sales?

Pranav Amin: You're right. So we've got all the Medicaid and all the coverages, and we've got all the coverage from the insurance companies as well as the Medicaid. So we're all well covered by all of them, and it's all on track.

Moderator: Next question is from the line of Maulik from 360 ONE Capital.

Maulik: My first question is basically on the India business. You covered quite a bit, but just wanted a little bit of qualitative understanding what interventions, what commercial interventions have we done in the field, which has driven this healthy growth from the chronic and the specialty side?

Pranav Amin: Yes. Thanks, Maulik. I think, in terms of the interventions, what we've seen is broadly I think it's been more execution-led challenges, firstly. So we're just working on execution-led challenges at different territories. Number two is we're trying to see field force productivity, especially working on the chronic portfolios.

Thirdly, what we're seeing our geographical spread, we were not -- and it's still -- we're still not 100% there, is our coverage from the metros is still quite weak. So we need to improve on that in terms of geographic coverage. I think we look at portfolio again. Right now, our portfolio is fine, but in the next couple of quarters, we hope to strengthen this as well. So it's basically just been sharper execution and focused brands and priority markets.

Maulik: Understood. Sir, can you help us with the breakup of how much the growth has been from new products, volumes and pricing? Would that be possible?

G. Krishnan: See, we don't divulge that. But this quarter, we have seen volume-led growth apart from price and new products. So directionally, I would say that it is almost 50-50 between price and volume because new launches.

Maulik: Okay. Okay. And my second question is, sir, regarding the DifGen Pharmaceuticals strategic collaboration that we have done. So what is the terms? Is it like a profit sharing agreement with the partner? And can you give a little bit more understanding about how will we be benefiting from this, from the products which you mentioned?

Pranav Amin: Yes. So it's a licensing deal, but we've combined instead of a one-off like we put a lot of licensing deal, but we've just done it as a basket approach because they had a very interesting portfolio of products, and they don't have any front-end presence. So we have tied up about 20-plus products from them. This is all licensing deal where we do a profit share, and then they do the manufacturing or mostly some we do the manufacturing. And these are interesting.

I think one of the reasons why we did it is because they have some capability that we don't. So the transdermal patches, they have some complex injectables, which we are also doing. They also have a few other dosage forms, which we are not present in, which will give a good addition to our portfolio. And they have a lot of FTFs and day-1 launches as well.

Moderator: Next question is from the line of Sidharth Negandhi from CWC.

Sidharth Negandhi: Congrats on a good performance. 2, 3 things. Just wanted to understand on the U.S. business in terms of drivers of future growth and your share in some of the niche sort of therapies like derma and ophthal, where are you on your current share? How do you see those as drivers of future growth?

You also spoke of some niche capabilities that you get through the licensing deal with DifGen. So if you could help us understand that better. The second part is, could you help us understand the impact assessment in your case from crude-related raw material price hikes?

And ex of that, what steady state gross margins we would have had? And the third is, obviously, as that first-to-file portfolio sort of changes, there will be a certain normalization in margins. Do you believe that your pipeline is sort of paced enough for there to be continued replenishments on that? Yes, those are my 3 questions.

Pranav Amin: Yes. So let me take the first one first. So I said actually in my opening statement, I did say that with the U.S., what we expect over the next 18 months or so is that we have almost 30 products that are going to get launched. Out of those 30 products, roughly about a 1/4 of them will either be a shared Day 1 or a FTF opportunity. So these are interesting products that we see, and that's what we feel that they will give growth.

You asked about the existing business. In terms of derm and ophthalmic, ophthalmic is a very good business for us. This Q1 of this year, we -- actually Q4 of last year and Q1 is we had a line shutdown. We were increasing the capacity of our line. So that took a minor blip.

But on ophthalmics, I can get you the data offline to that, but I'm pretty sure we'll be the 1 or 2 in most of the ophthalmics that we are present, and we have a very strong franchise that we built on the ophthalmic side. Derm also, we managed to get good market share on the derm and it's a high EBITDA business for us. However, having said that, derm is a little more competitive

compared to the ophthalmic space. So that is existing. In terms of the second question in crude and the impact, what we've seen is that all the costs have gone up due to this volatility crude and all the volatility in the world.

It's kind of balanced out by the currency depreciation. So those have kind of balanced each other out for us during the quarter. In terms of the FTF portfolio, as I mentioned, is we have a decent pipeline moving forward, almost 30 products that we launched and about a fourth of them will be either FTF or Day 1.

Sidharth Negandhi: Very useful. And just to clarify, the DifGen one will be where they will manufacture and you will sell, right? Or are you looking at a licensing where you will also use your manufacturing capability? Sorry, just to clarify.

Pranav Amin: So this is all developed by them. Most of it is all manufactured by them. Maybe some we may do contract manufacturing, but most of it is manufactured by them as well. And all the marketing and front end will be done by us.

Moderator: Next question is from the line of Foram Parekh from BOB Capital Markets.

Foram Parekh: Congratulations on good set of numbers. My first question is on the U.S. side. If you can give us some dynamics on the Pivya, like the prescription count that we must have recorded in the quarter.

Pranav Amin: So Foram, what we have done is we've not really disclosed product-wise. We just talked about Alembic Therapeutics, which has about 4 products right now. We've not disclosed the prescription count. On Pivya, it is there. It is still, as I mentioned earlier to the earlier question from somebody that amongst the 3 of them, NUVESSA, NUVETEST, and then Pivya.

NUVESSA and NUVETEST is having faster ramp-up because those are existing products. So we've been able to get more prescriptions on those 2 products. Pivya is a new product. So there is a little bit of a J-shaped curve that we will see. But we are confident that gradually, those prescriptions are rising. And in the second half, going to the -- by the start of the next year, we should see Pivya also contributing meaningfully.

Foram Parekh: Sure. And a related question to the U.S. market. So since we have given a guidance of 18 to 24 months that on FY27 high growth, we still expect growth in FY28. So if you can give us some more clarity on the growth, whether you'll expect single-digit growth or double-digit growth in FY28?

Pranav Amin: So I think you're right, this year will be a high base growth for us. I think next year, we're still confident to grow on this. I think it will be close to mid like about 10% to 12% kind of a growth definitely we can see next year if all these launches pan out well.

Foram Parekh: Sure. That's helpful. And my third question is on margins. So in our opening remarks, we mentioned that gross margin expansion is getting cascaded to EBITDA level. So because in this

quarter, we had a high gross margin of around 74%, and that's cascaded to EBITDA margin around 21%.

And we are maintaining our guidance of around 70% to 74%. And prior to this exclusivity product, our gross margin has been around 70% to 72%, which has led to almost 16% kind of EBITDA margin. So going forward from FY28 onwards, I mean do we stay in the same range? Or is there anywhere we go back to pre-COVID levels of 77% kind of gross margin and therefore, EBITDA margin would be around 20%?

G. Krishnan: See, I think there are 2 aspects you are touching upon, right? One is gross margin, we believe it will be in the range of 70% to 75%. That's the normal range that we are working on. If there are a few products that can push up the margins, that's something that we will take it as it comes, right? But when you look at the EBITDA margin, gross margin flowing through to the EBITDA margin, I think there are a few levers that will pull us through closer to 20%.

One is, of course, the operating leverage as we have seen last quarter -- since last quarter, we've been saying that the utilization of the existing facilities are -- have ramped up already, and we have good visibility of that continuing in the near future. So that should help us add a good amount of operating leverage coming from the existing facilities.

Second is you should also remember that the current EBITDA margin profile includes a bit of drag from the U.S. branded business. And as Pranav said that beginning next year, we should be seeing that breakeven, right? And that should also start diluting the overall margin profile, which should help us get closer to the 20%.

Foram Parekh: Sure. So we do envisage 20% kind of EBITDA margin in the near term, right, FY28, '29?

Pranav Amin: Yes, we would like to go towards those kind of margins.

Moderator: Ladies and gentlemen, we'll take this as the last question for the day. I now hand the conference over to Ms. Isha Lamba for closing comments.

Isha Lamba: Thank you, everyone, for joining the call. If you have any further questions, please reach out to the IR team. Thank you.

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