"Torrent Pharmaceuticals Limited Q4 FY26 Earnings Conference Call"

May 22, 2026

MANAGEMENT: **MR. SUDHIR MENON – EXECUTIVE DIRECTOR, FINANCE & CHIEF FINANCIAL OFFICER**
MR. AMAN MEHTA – MANAGING DIRECTOR
MR. SANJAY GUPTA – EXECUTIVE DIRECTOR, INTERNATIONAL BUSINESS

Moderator: Ladies and gentlemen, good day and welcome to the Q4 FY26 Earnings Conference Call of Torrent Pharma Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sudhir Menon, Executive Director of Finance and CFO. Thank you and over to you, sir.

Sudhir Menon: Thank you. Good evening and welcome to Q4 FY26 Earnings Call of Torrent Pharma. Pursuant to the acquisition of controlling stake in JB Pharma, the consolidated financial statements include the financial results of JB Pharma, its subsidiaries, and the acquisition effects from 21st January 2026.

Consolidated revenue for Q4 was INR4,197 crores, up by 42%, while operating EBITDA at INR1,356 crores was up 41%. The combined operating EBITDA margin stood at 32.3%. Excluding JB Pharma, Torrent Pharma's base business revenues grew by 16% for Q4, operating EBITDA grew by 16%, and the margins were 32.7%.

For the full year, the overall revenue grew by 15%, EBITDA margins were maintained at 32.7%, and operating EBITDA grew by 16%. Our two largest branded markets, India and Brazil, continue to deliver healthy double-digit growth. India business grew at 15% and Brazil grew at INR growth rate of 30%.

On the generic side, US business grew at 31% INR growth and Germany grew at an INR growth of 16%. A quick update on the merger process. As you are aware, we have received the requisite shareholder approval for the merger of JB Pharma with Torrent, and we are in the last stage of the process now.

The overall leverage, that is net debt to EBITDA considering JB's full year EBITDA for FY'25-'26, stands at 2.3x. Today, the board has recommended a final dividend of INR9 per equity share.

I will now hand over the call to Aman for an update on India business.

Aman Mehta: Thanks, Sudhir. The India business revenue at INR2,215 crores registered a growth of 43%. Torrent's base business ex of JB grew at 15% during the quarter versus the IPM growth of 10% as per the PharmaTrac data set.

Our base business continues to be amongst the fastest growing out of the top 10 companies in the IPM on a full-year basis. The Curatio business grew at 27% in FY26, driven by strong demand generation on account of OTC ad spends and field force expansion. We are quite hopeful that the business should continue the same strong traction in the coming year as well.

Our field force at the end of the year stands at 7,100 ex of JB. The significant organic growth acceleration seen over the past two years gives us comfort that the expansion has been executed well, and we will further continue to pursue expansion in the upcoming financial year.

An update on Semaglutide. Our launch is off to a very strong start and is ranked first out of all the generic launches. We have launched two brands, Semalix and Sembolic. Product availability in the injectable and oral formats has benefited our brand significantly, and we believe the early advantage should help sustain high market share over the coming quarters. Torrent held 38% share among generic players as per the PharmaTrac April data set, with 28% share in the injectable format and 100% share in the oral format. As of 21st May, one more competitor has entered the oral market, and hence the market share will be impacted. However, the two-month head start and early mover advantage provides adequate comfort on maintaining majority market share.

In terms of new product pipeline for the India business, we were the first to launch generic Brexpiprazole in April in the India market after conducting the clinical trials. As far as the launches in the CNS and psychiatry space go, it is off to a pretty good start. We would classify this as a moderate-sized opportunity, and it would help us improve our market share in CNS.

We are currently conducting a Phase 3 clinical trial for Resmetirom, which is approved by the USFDA for NASH. There is currently no innovator present in India, and assuming the trial completes successfully and within our projected timelines, we may be the first to launch this in the India market after the patent expires. This is currently projected to be a large-sized opportunity for us.

Several other such products are being worked on in the India market with the goal to be the first to market and gain an early mover advantage. The launch of Semaglutide, along with the promising upcoming in-house pipeline, is reflective of our ramp-up of India-based R&D pipeline and spending.

Going forward, we expect our India business to continue outperforming the market growth. The key levers that will help us outperform would be the Semaglutide launch, which will add significantly to the base business growth, continued strong traction in the Curatio business, chronic business outperformance, and the upcoming first-to-market new launches.

In absence of any demand shocks in the financial year due to geopolitical factors, we expect that our base business may potentially deliver very strong year-on-year organic growth, higher than the previous year.

I will now hand over to Mr. Sanjay Gupta for the International Business.

Sanjay Gupta: Thanks, Aman. We will start with the branded generic market of Brazil. Based on internal sales, Q4 constant currency revenue was BRL259 million, registering 11% year-on-year growth. IQVIA data shows Q4 market growth at 6% with Torrent growing at 17%. We are seeing healthy volume growth coupled with mid-single-digit price increases.

Our new launches, particularly the launch in very large markets like Rosuvastatin and Ezetimibe, is getting good traction. We have also launched our first oncology product in Brazil. Torrent has a rich pipeline of 58 molecules for which we are currently awaiting approval from ANVISA.

In Germany, our German business registered a constant currency revenue of EUR31 million, down by 1%. The growth continues to be impacted due to disruption at a third-party supplier. An important regulatory development in Germany during the recent months is the automatic substitution of biosimilars and the inclusion of biosimilars in the tender system. Torrent has launched its first biosimilar in Germany, and we will start participating in tenders for the same in the coming months.

In the US, we registered constant currency revenues of USD38 million, up by 9%. Growth is coming from our new launches where we have achieved our target market share, and we are also seeing increased purchase volume on existing products.

In case of JB Pharma, the international CDMO business was impacted due to change of control and realignment of business practices. There has also been a negative impact due to the ongoing geopolitical situation in the Middle East.

With that, I would like to conclude the opening remarks and open the call up for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Kunal Dhamesha from Macquarie. Please go ahead.

Kunal Dhamesha: Hi, good evening and thanks for taking my question. First one on the synergies front. Now that we have this asset in our hand, how should we think about phasing in of cost synergies which we have guided to be around INR400 to 450 crores? Let's say over the coming quarter, how should we target the phasing in?

Aman Mehta: So we had shared the full details on the JB call, but happy to share further here. There is no material update from the last call. Synergy execution remains on track. We had guided for up to INR450 crores synergies by year 3, and about 20% of that in year 1. It is difficult to quantify quarter-by-quarter because we implement something as an action, but the actual reflection of the saving may take some time and may vary. But our early sense is that the margin trajectory that we had expected for this year, we are tracking above that so far.

Kunal Dhamesha: Sure, thank you for that…

Moderator: Kunal, sorry to interrupt. Can you use your handset mode, please?

Kunal Dhamesha: It's on the -- okay, just give me a second. Can you hear me now?

Moderator: Yes, please go ahead.

Kunal Dhamesha: Okay, okay. So, second one on the similar aspect. Do you think anything on any updates on the revenue synergy side? Now that you've been managing this business, do you think that there could be some revenue synergies which will accrue to us over the next two to three years?

Aman Mehta: So the confidence on the revenue synergy getting delivered is certainly getting higher, but again the timeline remains the same. We had said that this year we will not see any material synergies because all the changes take time to implement. But certainly, as we spend more and more time and see the business within our own hands, it's giving more comfort for sure.

Kunal Dhamesha: Sure. And lastly, on the clarity on the INR70 crores acquisition cost, that one-off charge, and the INR19 crores one-off charge that we have. Are these both part of this quarter, or a part of the INR70 crores is in this quarter?

Sudhir Menon: So, I think as far as Torrent is concerned, the exceptional item indicates INR46 crores, and the balance is pertaining to JB, which is around INR19 crores, I believe. So this is pertaining to this quarter.

Kunal Dhamesha: Okay, so 46 is pertaining to Torrent and 19 is pertaining to JB?

Sudhir Menon: Correct.

Kunal Dhamesha: For this quarter?

Sudhir Menon: Correct.

Kunal Dhamesha: Okay, perfect. Thank you and all the best.

Moderator: Thank you. We'll take our next question from the line of Neha Manpuria from Bank of America. Please go ahead.

Neha Manpuria: Yes, thanks for taking my question. My first question is on the India business. I think we talked about some new launches which would be first to, you know, first to market. Can we flesh out this strategy a little bit more in terms of what we are thinking? And I think I also heard an increase in R&D spend as we look at more such launches.

So, could you give us some more color other than the NASH product, what are the areas that we're looking at and what kind of investment would this require, or can we leverage off our existing MR base?

Aman Mehta: Yes, I don't think it's going to lead to any real material increase in R&D spend because we are more reallocating the spends to India from some other markets. So net-net, it should not be a major increase in spending. But the objective is to increase certainly the opportunities like oral semaglutide, for example, which has worked well for us. Can we deliver as many more opportunities as possible is what the thinking is.

And these are very difficult to get. The number of opportunities, we don't get them every year. So there's no specific kind of number that we can share that, these many per year can be expected. As and when new products are approved in the USFDA by the USFDA or any other markets, we would keep a track of these and be quick to add them to our India pipeline.

Neha Manpuria: Understood. And would we be open to in-licensing, products like I think some of our peers have tried doing this from China, from other markets? Would that be something we would be open to, to sort of increase that? And for this NASH product that you mentioned, any sense on how big this opportunity can be in India?

Aman Mehta: So China, yes, we are in talks with multiple companies at the moment, but the deal terms are being worked out, so hard to say if and when they can get concluded. But the opportunity, especially in oncology products from China, is quite interesting and we're looking at a few products as we speak. What was the second question again, sorry?

Neha Manpuria: The NASH opportunity, the NASH product that you mentioned, how large do you think could it be in the next, let's say, three-four years?

Aman Mehta: So again, the market size and market share is all dependent on the time of launch and whether we finish the trial in time and what's the competition within the next few months looking like. Our objective is that any new such launch should add incrementally minimum 1% to 2% to the total India growth over the first year or two years of launch. So we think this is one product that can help achieve that.

Neha Manpuria: Understood. And sorry, what are the launch timelines for this? I think you mentioned post-patent expiry. So when should we expect this launch?

Aman Mehta: The patent expires, I believe, within the next year, but our launch timeline we cannot share at this moment, but would be in the next 12 to 18 months. Certainly not before the patent expiration, it'll be after the patent expiration.

Neha Manpuria: Understood. And sorry, my last question. The 7,100 reps that we mentioned ex-JB. There is no need for us to increase these reps, right, as we look at entering these newer products? Or do you think, the Torrent rep count would also go up, or would you look at an integrated MR base now that the JB acquisition has happened?

Aman Mehta: No, with the base of the Torrent reps plus JB reps, there is no need to add MRs.

Neha Manpuria: Understood. Okay, thank you so much.

Moderator: Thank you. Next question is from the line of Kunal Randeria from Axis Capital. Please go ahead.

Kunal Randeria: Hi, and good evening, sir. Sir, you have two GLP-1 brands in the market, Semalix and Sembolic, which have around I think INR11 crores sales as of April. So how much of it would be oral and how do you see the future of the oral form in terms of competition as well as the percentage of the total semaglutide generic market?

Aman Mehta: So the total share that we saw in the April data, and the April data is quite reflective of our internal sales as well, there was about INR17 crores total with both brands and all formats. Out of that, INR6 crores was the oral sales and INR11 crores was the injectable.

So in that sense, I think it's pretty much what we expected because the oral market would end up being maybe 20% to 30% of the injectable market, and that's how this is playing out as well. In our case, the share of oral is higher because there is right now no other player on the market. But as players enter the market as well, that should further help the market share of oral as well.

Kunal Randeria: Okay, so you see a lot more competition coming in, or will it be just one more player that's launched recently?

Aman Mehta: As of now, there's one player. There may be a few more, but the timelines are uncertain right now. We are not sure when that could be expected.

Kunal Randeria: Sure, sure. Second question on the US business. Obviously, a very strong year in FY26. So just wondering how we should look at in FY27, how many launches are planned and any niche products that we should be aware of for FY27?

Sanjay Gupta: I cannot disclose individual products, but generally we would be having a single-digit number of launches in the coming 9 months, 10 months. So hope it would give us a positive traction on the overall revenue figures.

Now, really honestly, the potential of each product depends upon the number of competitors that show up. We have a reasonable number of early launches. So I would say that single-digit growth is a good way to look at US going forward for the next couple of years before we get our own major product launch.

Kunal Randeria: Okay, but any kind of 180-day exclusivity kind of products?

Sanjay Gupta: The issue with 180-day exclusivity is you don't know how many people have exclusivity. So we don't have, let's say, single exclusive products where we are the only Day 1 filer.

Kunal Randeria: Got it, sir. Got it. Thank you, thank you, sir, and all the best.

Moderator: Thank you. Next question is from the line of Rahul Jeewani from IIFL Securities Limited. Please go ahead.

Rahul Jeewani: Yes, hi sir, thanks for taking my question. Sir, you indicated that our organic India growth in FY27 would potentially be better than what you have delivered in the past, given the drivers which you talked about, sema, chronic outperformance, etcetera. So can we expect, let's say, a mid-teens kind of a growth on your organic India business for FY27?

Aman Mehta: Yes, but we've also mentioned that this would be in absence of any external demand shocks which currently is unknown to everyone. So if there is no such situation, then yes, I think that would be realistic.

Rahul Jeewani: So, so we are talking about the India business. So what kind of, let's say, apart from API raw material cost escalation which we could see because of the Middle East war, what kind of demand shocks are you referring to?

Aman Mehta: No, within the domestic market itself, right? We don't know what the extent of the impact it may have on the GDP growth. I mean, it's very early right now, but if at all that's going to happen, then obviously there may be some impact in the domestic market as well. So it's too early to comment right now, but that's what was being referred to.

Rahul Jeewani: Okay, sure sir. And you also referred to the fact that the EBITDA margin trajectory, obviously this is only the first quarter, has been better than your expectation. So can you further clarify on that? Also, this quarter margins which we are seeing for the merged entity is post-ESOP cost.

And as there should not be any ESOP cost for JB going forward, we should see an improvement in margin levels from 1Q onwards. So is my understanding correct?

Aman Mehta: Yes, so on the first part, the margin trajectory so far, meaning the essentially the synergy plan for the first year, I think we are tracking ahead of what we had expected. Some costs we were able to take out a bit sooner than what we thought, and hence it would reflect in the margin accordingly. So that's a positive for us. On the second, maybe Sudhir can answer that.

Sudhir Menon: Yes, so Rahul, the EBITDA margin we are talking about and the improvement we are talking about is ex of ESOP charges.

Rahul Jeewani: Sudhir, I was just checking the consol margins which I think we have reported -- for the quarter, the consol margins which we have reported, that's post-ESOP?

Sudhir Menon: So, I think what we have indicated in the press release is without considering ESOP, what is the EBITDA margin.

Rahul Jeewani: Okay, sure. And just a clarification in terms of synergy. Because synergy is tracking slightly ahead of expectation, so earlier we had talked about this phasing of cost synergies over next three years, 20-60-20 over '27 to '29. So does that potentially mean that in FY27 the cost synergy benefit could be higher than this quantum of 20% which you have highlighted earlier?

Aman Mehta: That's probably difficult to say, but certainly the phasing would be kind of earlier. So what was expected next year may be delivered this year. Next year whether the actual synergy number is higher or not, that we can share maybe in a couple of more quarters.

Rahul Jeewani: Okay, sure sir. I will join back the queue. Thank you.

Moderator: Thank you. Next question is from the line of Saion Mukherjee from Nomura. Please go ahead.

Saion Mukherjee: Yes, hi. Thanks for taking my question. Just one question I had on the minority interest. There is a number of minus INR25 crores. Can you just explain that and why is it a negative number, and whether the JB minority interest is factored in this line item? Thanks.

Sudhir Menon: Absolutely. So I think, Saion, as per the accounting standard 103 on business combination, basically you have two methods, okay? So one is fair value as far as non-controlling interest is concerned, the other is proportionate interest method.

So basically, if you see, there is an amortization charge of 257, right, which we've given in the press release, which is pertaining to the fair valuation of intangibles which have come into the balance sheet, right? Minus there is a deferred tax liability reversal of roughly 62-63.

Therefore, net negative is minus 195. And the PAT indicated in the press release by us for JB for the stub period is 143. So basically, the balance 52 is allocated in the ratio of 51.2%, which is NCI and 48.8% for owners' equity.

Saion Mukherjee: I see. Okay, so it is not the JB profit, but the adjusted profit after amortization?

Sudhir Menon: Correct.

Saion Mukherjee: And the other one I don't know whether you already talked about it, but this depreciation amortization charges that you have, this would sustain? I mean, this is the number we should work with for the quarters ahead?

Sudhir Menon: Correct. So this number which has come is with effect from 21st of January. So that's the number you should work for the full year.

Saion Mukherjee: Yes, okay. Got it. Thank you. I'll join back. Thanks.

Moderator: Thank you. Next question is from the line of Rupesh Tatiya from Long Equity Partners. Please go ahead.

Rupesh Tatiya: Hello sir, thank you for the opportunity. My question is on Semaglutide for Brazil market. So I mean, in general, can you tell us where we are? Is our file under review now? When can we expect the launch? How do you see market formation? Do you expect to launch both Ozempic and Wegovy or it'll be one form, entire colour around it would be very helpful?

Sanjay Gupta: Sure. So roughly the market is USD 1 billion for Semaglutide, and you can divide it into the injectable is 75% and for the oral is roughly 25%. Now, there are two products here you're talking about, Ozempic and Wegovy. Ozempic is going declining very fast and Wegovy is growing very fast.

So initially all the companies so there's no launches in Brazil as of today. So it's been off-patent for a few months, for a month, two months and there's no launches. ANVISA has rejected files, but it has not approved any files. And so all the companies so far that have filed have filed Ozempic. There have been no filers of Wegovy.

And we are in the same boat, so our Ozempic file is under review. So we don't know when it'll get approved, so I won't hazard a guess. But suffice it to say that we expect to be amongst the first five players on the Ozempic side, but it's a rapidly declining market because of the transfer of patients to Wegovy. We have not yet filed a Wegovy in Brazil, we are working towards it. So I don't have an update on that to share today.

Rupesh Tatiya: Okay just one or two follow-up. So Ozempic and Wegovy, it's not like India, right? I mean, many people in India use Ozempic for weight loss, so you can't do that in Brazil, is what I'm assuming. You can correct me if I'm wrong on that. That is one.

And second question is my understanding is there is a 28% duty if your manufacturing is not local. I mean, I don't know how they define local manufacturing in terms of value addition and all that. So is that a big hurdle for you and other Indian generic players to gain market share in Brazil?

Sanjay Gupta: No, I think customs duties have never been a hurdle for us and I don't expect this to be a hurdle for importing products.

Sudhir Menon: Custom duty is 8 percentage.

Sanjay Gupta: Correct 8% in Brazil, but we are able to absorb that given that it's a branded generic market with sufficiently high gross margins. So we don't have an issue with the customs duty.

Rupesh Tatiya: But duty is there. There are local manufacturers who are compliant with their laws and we will face a duty or everybody will face a duty? I mean, how is the market formation?

Sanjay Gupta: Local manufacturers will face a duty on the APIs, but not on the finished products and then we are importing finished products, we pay the duty on the finished product.

Rupesh Tatiya: I see. Okay. And Ozempic cannot be used for weight loss, that is a correct understanding, right?

Sanjay Gupta: Historically, Novo had not launched Wegovy in Brazil until about a year ago, so everybody was using Ozempic for everything. But since Wegovy has been launched, the ANVISA has become very strict and there is not possibility to substitute one for the other. So hence you see the market trend where Ozempic is declining very rapidly and Wegovy is picking up because all the off-label use of Ozempic in weight loss is going away.

Rupesh Tatiya: I see. And can you just give some color about other markets? Canada, Turkey, Saudi Arabia, some other major markets, where how are we placed in those markets?

Sanjay Gupta: So our disclosure has not been very high on the other markets. I would just say that in some smaller markets, I would say that we are ahead of the curve compared to our peers. So would these markets be material at the level of Torrent? I don't I'm not sure, but I would say that about four-five markets we've already filed Ozempic.

And we are in the Wave 1 of launches or if not sometimes we are also the first one that will come to the market. In other markets, we've kind of not got on the leadership board and we would be probably Wave 2 or Wave 3. So we are across the board, but Yes, we have five markets where we would be in Wave 1.

Rupesh Tatiya: And any volume guidance would you like to give for 27, 28, 29 in terms of number of drug devices?

Sanjay Gupta: No, not for market outside not for any market, no, we won't give volume projection.

Rupesh Tatiya: Total, I'm not asking market specific, total number of pens or injectors?

Sanjay Gupta: It depends what the competition dynamics are and then we'll determine what the volumes would be because it's hard to give volumes in a vacuum.

Rupesh Tatiya: Okay. Thank you for answering my questions. All the best.

Moderator: Thank you. Next question is from the line of Tushar Manudhane from Motilal Oswal. Please go ahead.

Tushar Manudhane: Yes, thanks for the opportunity.

Moderator: Tushar may I request you to use your handset mode, please.

Tushar Manudhane: Is this better?

Moderator: Yes, please go ahead.

Tushar Manudhane: Sir, as far as Brazil market is concerned the reported growth of 12%, but the IQVIA reports of 17%. So this disconnect, as in if you could explain and how to think about the growth outlook for say FY27-28 for Brazil market?

Sanjay Gupta: So I would suggest that you look more at the annual trend and don't get swayed by too much by the quarterly variations in IQVIA or even in our internal sales because internal sales also has action transferring the stock to wholesalers and retail warehouses.

So I think a good bet is the annual numbers that we report as well as IQVIA numbers over a longer period of time and you'll find that both the trends do match. So I would guide you towards a double-digit growth for Torrent in the coming years. I will not give guidance by quarter because it can be anywhere, but over the course of 26-27, we should be between 10% to 15% of top-line growth.

Tushar Manudhane: Understood. And how much of at least as far as FY26 is concerned, could be driven by new launches? I suppose there were pretty decent number of launches in Brazil for FY26?

Sanjay Gupta: Correct. It's basically driven by a lot of new launches and particularly launches in huge markets. And in my opening remarks, I'd referenced one market which is Rosuvastatin and Ezetimibe, which has become one of the largest markets where we play and where we currently have about 8.5% market share and we're working towards building that share. So that market is roughly trending towards 850 million Reals per year, which is amongst the largest single markets that we operate in Brazil.

Tushar Manudhane: So if I combine all the product launches, like the way we sort of look at India in terms of price, volume, new launches, is there any way to break this 12% constant currency FY26 growth into price, volume and new launches for Brazil for Torrent?

Sanjay Gupta: Yes, I can give you that. So essentially we have -- so what we have is a volume.

Moderator: I'm sorry sir, there was some disturbance. Can you just repeat the answer again?

Sanjay Gupta: So I can give you the numbers for Q4, and the volume growth is actually flat, slightly negative. Price increase is 5% and NI is about roughly 7%.

Tushar Manudhane: Got it.

Sanjay Gupta: So NI is the main driving force in our business.

Tushar Manudhane: Sure sir. And given the 58 products under ANVISA review, how many products do you expect to get approved like in the upcoming year?

Sanjay Gupta: It's primarily the capacity launch is constrained by the teams we have. So we would launch in three teams, and ideally we'll launch about maybe two products per team per year.

Tushar Manudhane: Okay, if I heard you correctly, you'd be launching three teams, right?

Sanjay Gupta: We have, we have. Historically we have three teams.

Tushar Manudhane: Okay. And sir, one more on Germany side, Germany we have seen stable business even in CC terms. Given the tenders currently, you know, in terms of tenders you've participated, what kind of outlook is there for Germany business?

Sanjay Gupta: Low single-digit growth for next year. Below 5%. In constant currency.

Tushar Manudhane: And lastly, if I may, on US. Given the kind of run rate we have made, like 38 million per quarter, is this business sort of, if you could share what kind of gross margins we're making in this business?

Sanjay Gupta: So we don't reveal margins by business, but I can share with you that the business is profitable before R&D expenses, which was our objective, and we are working towards make it profitable everything, all costs included.

Tushar Manudhane: Right. That's it from my side. Thank you.

Moderator: Thank you. Next question is from the line of Abdulkader Puranwala from ICICI Securities. Please go ahead.

Abdulkader Puranwala: Yes, thank you for the opportunity. Sir, my first question is with regards to the JB deal. So now that we have a complete hold on this asset, sir, if you look at JB's numbers, there were certain businesses which have been discontinued. So is that already there into the base, or you know, there are few more businesses which you're still evaluating whether to continue or not?

Aman Mehta: No, the discontinuation that was done in Q4, that in fact would remain in the rest of the financial year, which is what we had shared in the JB earnings call as well. I don't think we're planning to discontinue anything further at this stage.

Abdulkader Puranwala: Okay. Okay. And sir, on the INR 450 crore synergy, so 20% would be in the first year. How should we think about the balance? Would it be Year 2 or a slight spill over to the third year as well?

Aman Mehta: We had shared 20% in the first year followed by 60% cumulative and then rest, sorry, 60% to 80% cumulative in the next year and then the last 20% in the third year.

Abdulkader Puranwala: Understood. And sir, just last one from my end on the India business for Semaglutide. So with the kind of success what we have seen in the injectable space, sir, are we also looking onto, you know, any other different form of the drug in the sense, you know, as compared to the pen format what we have, are we also looking in the, you know, on the vial side or any other different form to launch?

Aman Mehta: We are looking at vials, but it's not a big priority at the moment. We believe the bigger market opportunity will remain in the pens and the oral. The vial will have its own niche set of opportunity, but we are not too, I mean, we're not in really any advanced stage to launch the vial right now.

Abdulkader Puranwala: Okay. Got it. Thank you.

Moderator: Thank you. We'll take our next question from the line of Damayanti Kerai from HSBC. Please go ahead.

Damayanti Kerai: Hi, thank you for the opportunity. My first question is on your R&D focus. So looking at this quarter's number, how should we look for R&D as percentage of sales on an annualized basis and where are these spend going?

Aman Mehta: So we're at about 5% this year in FY26. Maybe incremental 0.5% is what could be expected in the upcoming year. And it would be largely going to India and US.

Damayanti Kerai: Okay. So for both India, US, major of the cost and in the existing business lines, right?

Aman Mehta: That's correct.

Damayanti Kerai: Okay. And on India, you have now over 7,000 MR, which is in line with your earlier indicated number. So looking at 27 plan, do you have plan to add on or expand your team again, or do you think this is the right size and now you'll just focus on merging with JB and then that will be the MR strength which is there for the combined portfolio?

Aman Mehta: So I believe last quarter we had mentioned that we anyway had a plan to go up to 7,500 in FY27. That plan continues, that will be executed as per plan. And after that once we have the full JB MR strength merged as well, then we don't really have any plans to expand further.

Damayanti Kerai: Okay. So after reaching 7,500 head count in Torrent's team, then JB will be added and that will be your team size to continue?

Aman Mehta: That's correct.

Damayanti Kerai: Okay. And my last question is if you can give the split of the base India business in terms of the drivers volume, price, and new launches for fourth quarter and then for the full year.

Aman Mehta: Yes, so for the Torrent base business, the PharmaTrac data shows 14% growth for Torrent. Breakup of the 14% is 3.8% volume versus 1.7% of the market, 6.7% price versus 5.5% of the market, 3.4% new products versus 3.3% of the market. And I believe the full year could be something similar. I don't have it with me right now, but it's not too different.

Damayanti Kerai: Okay. And this volume number which we are seeing, Semaglutide should be sizeable or driver there, right, in terms of the pickup which we saw?

Aman Mehta: No, in these numbers there is no Semaglutide reflection. It was only the last 9 or 10 days of the March month and so the Q4 that we launched Semaglutide, or rather everyone launched Semaglutide. So there is negligible reflection of Semaglutide in this breakup.

Damayanti Kerai: Sure, thanks. And just I think before I get back in the queue, for the JB merger, only the NCLT approval is remaining, right? Or correct me if I'm not correct.

Aman Mehta: That's right.

Damayanti Kerai: Only the NCLT part. Okay thanks.

Sudhir Menon: There's a final hearing which will happen with NCLT.

Damayanti Kerai: When is that sir?

Sudhir Menon: It's in the next month.

Damayanti Kerai: Next month. Okay, thank you.

Moderator: Thank you. Next question is from the line of Bansi Desai from JP Morgan. Please go ahead.

Bansi Desai: Yes, thanks for the opportunity. Just one from my side. So, on Semaglutide injectable in India, given, we are getting this manufactured from our partner, how should we think about the profitability here and should we assume the margins to improve as the product scales?

Aman Mehta: Yes, so as any new launch goes in the India market, you start off with lower gross margins because largely the API prices are higher during the launch time and progressively every year, they start increasing and eventually in most products it reaches the overall base business level of profitability or rather gross margin level. So, this is a partner product, so maybe there could be slightly lower gross margins here, but it's not materially lower. We expect the similar trajectory to follow in Semaglutide injection as well.

Bansi Desai: But on EBITDA margins, how should we think about it? Will it reach corporate average at some point in time as product reaches a particular critical mass?

Aman Mehta: Yes, absolutely. So given the lower gross margin at launch and the higher spends at launch, margin, EBITDA margin of the Semaglutide franchise would obviously be much, much lower. But our approach has anyway been to look at market share first and profitability later, and hopefully by next year I think it should start reversing.

Bansi Desai: And for any reason if the product really scales to a sizeable, opportunity for us in India, do we consider, having this manufactured in-house, maybe parts of it?

Aman Mehta: Yes, absolutely.

Bansi Desai: Okay. And my second question is on oral. Again, if you can highlight, is this product manufactured in-house for us, at least the formulations, and how is the profitability there?

Aman Mehta: So, the product is manufactured in-house, developed in-house as well. The API is outsourced; we don't make API. The gross margins currently are lower than the injectable, but we are already seeing the overall Semaglutide API prices dropping significantly, so this should also come up to a reasonably high level in the next maybe 6 to 12 months.

Bansi Desai: Okay. And both for injectables and orals, pricing for you and for industry, how should we think about the price trend? Will it follow the usual IPM trends of 4%-5% increase every year or with competition you, you believe that there is room for prices to even go down before it stabilizes?

Aman Mehta: No, I think already there are products which are launched, the competing products which are launched at varying price points. So, each company may have decided a different approach to the GTM - go-to-market approach for pricing. In our case, we think this would follow the normal kind of price trajectory of the IPM.

Bansi Desai: Got it. Thank you.

Moderator: Thank you. Next question is from the line of Kunal Dhamesha from Macquarie. Please go ahead.

Kunal Dhamesha: Hi, thank you for the opportunity again. If you could highlight how is the attrition level in JB Pharma sales force now versus their own historical track record and relative to Torrent's attrition rate?

Aman Mehta: JB's attrition was higher than industry average pre-acquisition. It's come down to below industry average in April, so last month, and it's still a long way away from Torrent's base business attrition, but I think by next year it should be somewhere there. Our base business is somewhere high single-digit attrition.

Kunal Dhamesha: Sure, sir. And second one on the Semaglutide. The supply of pen because you're getting it from partner, let's say if we continue to hold the market share that we have initially and if the market continues to explode, would we have enough supply from the partner or do you think it can become a challenge at some point in time?

Aman Mehta: So, on most SKUs we don't foresee a challenge. Maybe some SKUs there could be a challenge because a) market size is still unknown, it's very early days, so we don't know how strongly this trajectory may continue for the generics to take away share from the innovator. And second, our own market share is higher than what we anticipated. So I don't see a major issue, but maybe on a few SKUs there could be a temporary challenge there. We can share an update on that maybe by next quarter.

Kunal Dhamesha: And this SKUs would be mostly higher dosage strength SKU where we might face some challenges?

Aman Mehta: No, the higher dosage is still picking up in the market because patients start with the lower dose and move up to the higher dose. So more likely the lower dose, but the contribution to the overall sales in the SKUs that we project where there could be a challenge is pretty low. So we don't foresee any real market share loss because of it.

Kunal Dhamesha: Sure. And lastly on Europe business. I believe we have launched one biosimilar already. Is that the correct understanding I have?

Sanjay Gupta: Correct.

Kunal Dhamesha: So is it a partner, partner product and if you can elaborate, you know, what is our strategy there in Europe and from the biosimilar perspective and how the biosimilar business economics are compared to let's say our current, you know, business economic which is primarily small molecules, is it accretive from profitability perspective, from return on capital perspective, that would be helpful.

Sanjay Gupta: So firstly, let me just share with you the landscape is changing very fast. So historically companies selling biosimilar had large promotional teams and the products were non-substitutable and they were not part of the tender process. So hence companies were building up equity with doctors.

So that has changed and is going to change further. So it is becoming like any other generic product because the products are made substitutable and moreover, more importantly, the procurement is going to be done in the channel in which we operate, which is through tenders. So those two changes just happened in April of this year. So hence it makes sense for us to be in this area because it's part of our core business which is to supply products through tenders and the substitutable products.

So it's early days, we just launched one product, so far the sales are not material. But we find that our partners are good, good partners in the sense they understand the market and they will accompany us as the prices keep coming down in the tender system. So I won't comment before that because it's still very early and we have not yet even quoted in one tender. The tenders are expected, the first ones in the June-July timeframe.

Kunal Dhamesha: And sir, these partners are from let's say Asian countries, the manufacturing partner?

Sanjay Gupta: So the first one is our European partner.

Kunal Dhamesha: Okay, okay. But would you eventually look at Asian partners?

Sanjay Gupta: Yes, Yes. Our goal is to build a portfolio as this market becomes more and more like the generic market. So we are open to partnerships around the world and we are looking at them.

Kunal Dhamesha: Sure, thank you and all the best.

Moderator: Thank you. Next question is from the line of Saion Mukherjee from Nomura. Please go ahead.

Saion Mukherjee: Yes, hi. Thanks for the follow-up. Aman, since, Torrent has emerged as the largest player in Sema and you have all the formulations in place. So can, you know, like two months have passed, what is your sense how large this market would be let's say four-five years down the line?

And if you can talk about, you know, the dynamics that's there between different formulations that you are selling, you know, someone where you have to change the cartridge, the other one, you know, where it's more of a use and throw. There are pluses and minuses. If you can share what's been the experience, which is the kind of formulation which is gaining more traction and obviously, you know, how big this Sema market can be let's say four-five years down the line?

Aman Mehta: It's anyone's guess what the market size could be in three, four, five years, but certainly it's looking to be significantly larger than any product launch that we've seen. Our own launch we can talk about more, which is in all three formats. The general reception from prescribers has been that the closer the product is in terms of convenience and usage to the innovator, that's received higher acceptance because it's less education involved and more ease of educating the patients as well. So that's been the trend that has been seen.

In terms of our own market or our own sales expectations for Semaglutide, they are faring higher than what we had internally projected. Just to give a kind of comparison, the previous kind of high market share launch that we had was Sitagliptin in ‘23. That did about INR 70 to 75 crores in the first year and that was probably amongst our best launches, you know, in the last decade.

That's again in the diabetes space. We had about 20% - 22% market share out of generics. In comparison, I think we may be looking at something like a INR 200 crore to 250 crore for Semaglutide at this stage. It could vary, we can share an update in the next coming quarters.

But that's the difference in the opportunity size that we're seeing. So we don't want to comment on how big the market will be in two-three years because things can change a lot and there's a lot more innovator pipeline also coming in in the next one-two years. So the preference of prescribers will keep changing.

There's more oral innovation also happening, those products may come in the market in the next one-two years. So everything is still very dynamic, but in the overall scheme of things, this is still, you know, by multiple factors the biggest launch that we have seen and probably the biggest opportunity for the industry.

Saion Mukherjee: Understood. Just one follow-up, you know, on pricing comment that you made, you know, where you expect the pricing to be similar to any other product, which means it would be inflationary. But I understand that in oral for instance, you know, Dr. Reddy's launched at a materially lower price. Is that true and like how would that work out? Or do you think that's an exception and most of the launches going forward would be closer to the price point that you have?

Aman Mehta: No, I think in the injectable that is not really the case. I think the price once you launch it, at least we are sticking to it, we have no plans to reduce it. In terms of the oral, you're right that Dr. Reddy's did launch at a lower price, but we have also reduced our price to INR109 per tablet compared to INR149.

The reason for the higher price initially was that we had a much higher API that we procured, much higher price API that we procured prior to the launching it. So the first two months we didn't have an option but to launch it at that higher price. Now as the API prices are reducing, even the oral we've taken the reduction, but I don't foresee any further reduction in pricing for the oral from here on.

Saion Mukherjee: Okay, understood. Thanks a lot.

Moderator: Thank you. As there are no further questions, I now hand the conference over to management for closing comments. Over to you.

Sanjay Gupta: Thank you very much for your interest in Torrent, and we look forward to being in touch with you soon. Thank you.

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