“Glenmark Pharmaceuticals Limited Q1 FY23 Earnings Conference Call”

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Moderator: Good morning, ladies and gentlemen. Welcome to the Q1 FY23 Earnings Conference Call of Glenmark Pharmaceuticals 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 * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Utkarsh Gandhi – General Manager – Investor Relations for Glenmark Pharmaceuticals. Thank you, and over to you, sir.

Utkarsh Gandhi: Thank you, moderator. Good morning everyone, and a very warm welcome to the Q1 FY23 Results Conference Call of Glenmark Pharmaceuticals Limited.

Before we start the call, a review of the operations for the first quarter of FY23. Glenmark's consolidated revenues from operations for Q1 FY23 was at Rs. 27,773 million as against Rs. 29,649 million in the corresponding quarter last year, recording a decrease of 6.3%. Excluding the global sales of COVID-related products in the first quarter of FY22, the year-on-year growth in the base business in the current financial year was at 10.4%.

Let's review the performance of the formulation business starting with India. Sales from the formulation business in India for the first quarter of FY23 was at Rs. 10,352 million as against Rs. 12,250 million in the previous corresponding quarter, recording a decrease of 15.5%. This decline is mainly on account of a high base due to the sales of COVID-related products in Q1 of FY22. The India business contribution was at 37.3% of the total revenues of Glenmark in Q1 of FY23.

As per IQVIA MAT June 2022, Glenmark's India formulation business is ranked 14th with a market share of 2.17%. During the quarter, Glenmark's India business further strengthened its position in its key therapy areas such as Cardiac and Anti-diabetic in terms of market share. As per IQVIA MAT June 2022 data, Cardiac segment market share increased to 5.18% while the Anti-diabetic segment market share increased to 1.81%. As per IQVIA MAT June 2022, the company is ranked 2nd in the Derma segment, 4th in the Respiratory segment and the Company improved its ranking to 5th in the cardiac segment. The Company has nine brands in the IPM top 300 brands in the country which is up from 6 brands last year on the basis of the June data.

The company launched seven new products during the quarter, including Indamet for the treatment of uncontrolled asthma. Glenmark is the first company in India to market this innovative fixed drug combination of Indaceterol, a long acting beta-agonist and mometasone, an inhaled corticosteroid. This further increases the accessibility of quality drugs for effective asthma management in the country. The company has a healthy pipeline of differentiated products which it plans to launch in the market going forward.

The India Consumer Care business recorded revenue of Rs. 647 million with primary sales growth of 94% YoY. This was driven by strong performance in all the core brands such as Candid Powder, La Shield, and Scalpe. La Shield and Scalpe Plus registered their highest quarterly primary sales in this quarter while Candid Powder maintained its dominant market leadership status and showed sharp recovery in sales during the current quarter.

The North America business

The North America business recorded revenue of Rs. 6,628 million for the first quarter of FY23 as against revenue of Rs. 7,878 million for the previous corresponding quarter, recording a YoY decline of 15.9%. North America business contributed 23.9% to the consolidated sales in the first quarter.

In the first quarter, Glenmark was granted final approval and launched Abiraterone Acetate Tablets. In addition, Glenmark launched the previously approved product Ezetimibe Tablets. The Company also received Tentative Approval for Calcipotriene and Betamethasone Dipropionate Foam. Glenmark plans to file one application in the forthcoming quarter, as well as a PAS supplements to expand the OTC portfolio which has been complemented by the acquisition of five approved OTC ANDAs from Wockhardt. The company plans to file 12 to 15 ANDAs in FY23.

Glenmark's marketing portfolio as of June consists of 176 generic products which are authorized for distribution in the U.S. market. The Company has 48 applications pending in various stages of the approval process, of which 20 are Para IV applications.

Europe

Glenmark's Europe operations' revenue for the first quarter of FY23 was at Rs. 3,300 million as against Rs. 3,059 million recording a growth of 7.9%. Europe business contributed almost 12% to the total revenues for the first quarter.

The company witnessed steady growth in both its key markets of Western Europe as well as Central & Eastern Europe. Growth in Western Europe remained robust, led by double digit growth across key markets like the Netherlands, Spain and Nordic countries. While CE region maintained its strong growth through markets like Poland and the Czech Republic. Overall, the company launched multiple products across various markets in Europe during this quarter. And Glenmark's respiratory portfolio continues to do well across all European markets.

Glenmark has a comprehensive plan to grow its European business going ahead, including geographical expansion into new markets and expansion to leverage launches in key therapeutic segments like respiratory and dermatology.

The ROW business which consists of Asia, Middle East Africa, LATAM and Russia CIS, for the first quarter of FY23, revenue from the ROW region was at Rs. 4,226 million as against Rs. 3,360 million for the previous corresponding quarter, recording a growth of 25.8%. ROW business now contributes more than 15% to the total revenues of Glenmark as of first quarter FY23.

The challenging conditions in Russia, as a consequence of some of the economic sanctions led to erratic consumer behavior in March, which impacted the sales to an extent in the first quarter of FY23. Secondary sales actually de-grew -11% YoY in value terms during the quarter. However, the company recently has received approval for some interesting products like Dimetindene Gel, which strengthens the derma portfolio in the region. And Ryaltris also received approval for an additional indication and the overall response to Ryaltris has been very encouraging in the market. The company has various strategic initiatives to further strengthen the respiratory franchise in the Russia CIS region going forward.

Asia has continued its strong performance led by positive momentum in key markets like Philippines and Malaysia. The company has extensive plans to strengthen its respiratory franchise in the Asia markets with the launch of Ryaltris in FY23.

Middle East, Africa region recorded secondary sales growth of 19% during the quarter, and positive growth was recorded across major markets like South Africa, Saudi Arabia and the UAE. The company expects this growth momentum to continue for the rest of the year. And Latin America witnessed a steady growth of more than 30% as a region. Markets like Mexico, Colombia, Ecuador witnessed a strong momentum in the respiratory business particularly on the back of prescription-generated demand. Glenmark's Brazil business also delivered growth on the base product portfolio.

On the Respiratory side, we will give some key updates for Glenmark's global respiratory business for the first quarter. For Ryaltris, a few updates. During the first quarter, Glenmark received Marketing Authorization grants for Ryaltris in Singapore and Bahrain. The company is awaiting regulatory approvals for its filings in key markets like Canada, Brazil, Malaysia, and several other emerging markets.

Glenmark's partner in the EU, Menarini, initiated the commercial launch in Ireland, and intends to launch the product in additional European markets in the coming quarters. Ryaltris sales continued to grow in all the markets that the product has been launched over the last few quarters. Glenmark has also been working with its partner in South Korea, Yuhan Corporation, to enable commercial launch in the second quarter of FY23.

Glenmark's partner in Mainland China, Grand Pharmaceutical initiated enrollment in the Phase 3 study in China in April 2022 as well. Glenmark's exclusive partner for Ryaltris in the US, Hikma Specialty is preparing for the product launch post receiving US FDA approval.

Other key updates

The clinical trial is ongoing for the generic Flovent pMDI. We expect to file for this product in calendar year '23. We also plan to file at least one more respiratory pMDI in the US in calendar year '23 and subsequently continue our filing momentum beyond FY24.

As I mentioned before, we launched Indamet for the treatment of asthma in India and our European respiratory franchise across key products such as Salmex and Tiotropium DPI are also shaping up well in both Western Europe as well as CE markets.

Innovative R&D Pipeline

Some updates on the Innovative R&D pipeline.

GRC17536

GRC17536 is a trip A1 antagonist and the company's Spain pipeline asset being developed as an orally administered treatment in patients with painful diabetic peripheral neuropathy. GLP toxicology studies were completed last year and a phase 2B study was initiated in Q2 of FY22. This is currently ongoing and interim data for futility analysis is expected by the second quarter of FY23.

GRC54276

This is a HPK1 inhibitor and the company’s oncology pipeline asset currently being developed as an orally administered immuno oncology-adjuvant treatment for patients with solid tumors. A Phase 1 study is currently underway, and Glenmark is targeting to file for a US IND in the second half of FY23.

GBR 310

Glenmark had earlier announced successful Phase 1 results for GBR 310 that suggested similarity in pharmacokinetic, pharmacodynamic, safety and immunogenicity profiles between GBR 310 and the reference product, Omalizumab. Glenmark is in discussion with potential partners to out-license the product.

GRC 39815

This is the RORγt inhibitor and the company’s respiratory pipeline asset being developed as an inhaled therapy for the treatment of mild to moderate COPD, The product is currently under Phase 1 clinical development in the US.

Now, quick update on Glenmark Life Sciences

Consolidated revenue from operations for GLS including captive sales were at Rs. 4,899 million as against Rs. 5,249 million, recording a YoY decline of 6.7%. This was mainly due to the high base of COVID products in the sales last year. During Q1, regulated markets contribution remains stable at more than 72% while emerging markets witnessed a growth of almost 24% YoY excluding COVID products. GLS has also received Environmental Clearance for the installation of a 1,000 KL capacity greenfield manufacturing site at Solapur and construction work will begin in the current financial year.

External sales for GLS in Q1 of FY23 were at Rs. 3,251 million as against Rs. 3,040 million in Q1 of FY22, recording a growth of 6.9% YoY.

An update on ICHNOS SCIENCES

Glenmark has invested Rs. 1,682 million in the first quarter of FY23 as compared to Rs 1,617 million in the corresponding quarter last year. For further updates on the pipeline, especially for the first quarter of FY23, please visit the Ichnos website. There is an update published on the Ichnos website.

We want to just state out our key objectives for FY23 and we reiterate what we had said in the Q4 call. Our revenue growth of 6 to 8% during the year, sustaining EBITDA margin performance at similar levels to FY22, a CAPEX of Rs. 7 to 8 billion. Our strategic priority remains to enhance free cash flow generation for further debt reduction and closing out one to two out-licensing agreements in our innovation pipeline.

Some notes to the results before we open the Q&A. We had a COVID-related inventory provision of Rs. 41 crores in the first quarter of FY23. Adjusted for that our EBITDA margin for Q1 was at 17%. FOREX gain for the quarter was at Rs. 162 crores which is being recorded in other income. Gross debt for the period ended June 30th, 2022, was at Rs. 3,765 crores as against Rs. 3,670 crores in March.

Net debt for the period ended June 30th, 2022, was at Rs. 2,392 crores as against to Rs. 2,251 crores in March. The increase in net debt was primarily on account of currency movement during the quarter.

In terms of working capital inventory for the period ended June 30th was at Rs. 2,739 crores. Receivables were at Rs. 2,950 crores and payables was at Rs. 2,456 crores. There was a net working capital reduction of almost 80 crores as of June when compared to the March numbers.

Total asset addition in the quarter was at Rs. 169 crores, of which tangible asset addition for about 139 crores. R&D expenditure for the first quarter was around 298 crores, which is about 10.7% of the total net sales for the first quarter.

Before we open the floor up for Q&A, I would just like to introduce the management of Glenmark Pharmaceuticals on the call today. We have Mr. Glenn Saldanha – Chairman & Managing Director, Mr. V. S. Mani – Executive Director & Global Chief Financial Officer, and Mr. Brendan O' Grady – Chief Executive Officer – Global Formulations Business.

With that, we like to open the floor up for Q&A. Over to you, moderator.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Akshata Jain from Edelweiss Securities. Please go ahead.

Akshata Jain: Just one question on just debt reduction. Any guidance on FY23 debt reduction? So, any guidance on debt reduction for FY23? Because if I see in the last two quarters, our debt has moved up. Maybe this was because of currency, but any guidance on that?

V. S. Mani: So, obviously, during this quarter also, the rupee moved substantially. So, that's mainly the reason why there is a upward movement in the debt. Also, during this quarter, we had a, you know, the FCCBs were refinanced, okay. So, we had a one-time big premium payout. Though the accruals of the premium were done over the years, but the payout happened this time, but going forward, I see the debt kind of coming off as the year goes by. Definitely on a constant currency basis, we should see go down.

Akshata Jain: But any number that you would like to call out here?

V. S. Mani: I would not like to throw a number, but definitely it would be decent, you know, we expect this. On a constant currency basis, we certainly see it going down.

Akshata Jain: And second question is on the COVID inventory provision. So, in the last quarter, we did rupture around 38 crore. This quarter 41 crore. What is the balance inventory left in the COVID which we would look at in the future quarter?

V. S. Mani: So, during the last quarter also, we had said that in the channel we have about 80 to 90 crores. So, I think, 40 has come in. So, going forward another 40 to 50 crores is something that we could see. I mean, I don't think COVID, there is much there. So, this could definitely come back. So, that's what we look at the outer line, outer limit.

Akshata Jain: And just lastly on this Ryaltris, could you help us understand this opportunity in the U.S. market as well as in the outside U.S. market? How does this product standing? So, my question is on Ryaltris. How big this opportunity can be for you in the U.S. market as well as outside U.S.?

Glenn Saldanha: So, we are not breaking it up, but I think Ryaltris for us we think over a three-year time frame, three to four years can be, you know, $100 million, $150 million product across all markets.

Akshata Jain: Just from the U.S. Oh, across all the markets. And US would be the major chunk, 60, 70%?

Glenn Saldanha: Not necessary. US we have a partnership with Hikma. So, obviously, there, you know, we will be entitled to, you know, part of the economics, not the full. But in the other markets where we are commercializing on our own and various other markets, right, the revenues will flow through those markets.

Akshata Jain: So, how is the partnership with Ryaltris? If it's profit share or how is this? How is this structured?

Glenn Saldanha: We can't give any visibility around that. But clearly, you know, most of these deals are around, you know, royalty and the revenue royalty share and profit share.

Akshata Jain: And it should be likely in the single digit kind of royalty.

Glenn Saldanha: I can't give you any visibility. We cannot say.

Moderator: Thank you. The next question is from the line of Gaurang Sakare from Motilal Oswal. Please go ahead.

Gaurang Sakare: So, I just wanted to know that what is the update on remediation measures at Monroe facility?

Glenn Saldanha: So, I mean, we have been, you know, the remediation is currently underway, right, at Monroe. And you know, we are hoping to get back into, you know, if all goes as per plan, we are hoping to get back into commercial production around Q4 of this year.

Gaurang Sakare: And secondly, could you guide us on what were the key reasons for such a steep decline in U.S. sales, you know, during the current quarter and any outlook do you have on U.S. segment over FY23?

Brendan O' Grady: I'll take that question. So, you know, the US business is undergoing challenges. Every organization has the same ones. There is volume impact. We have had a few volume impacts just due to, you know, global supply disruption. We are recovering from that. We also continue to see price erosion in the US market. All manufacturers do and price erosion is really the amount is impacted by products that are newly approved products, products and transition in your base. So, then you take into consideration product approvals coming out of the FDA are unpredictable. So, all of those things make the US a very challenging environment where we have been impacted in Q1. So, that's basically the reason for the decline, but if you look at our business for the rest of the year, we have 10 to 13 approvals that we should see in the US this year or a total opportunity of those. Our volumes are recovering and overall, we see the outlook for the U.S. second quarter should be better and we see our business strengthening as we go throughout the year in the U.S. So, optimistic that things are moving in the right direction.

Gaurang Sakare: So, broadly, do you think we can maybe, you know, remain flat on FY22 base or do you think we can grow, let's say, mid to high single digits?

Brendan O' Grady: Yeah, so we are looking at flat to low single digit growth in the US for FY23 compared to FY22.

Gaurang Sakare: Sir, one more on, I mean, the consumer care business. It has witnessed a phenomenal 94% YOY growth in 1Q FY23. So, can you give a brief color on how sustainable is this and what should we expect for, you know, let's say, FY23, and even next year?

Glenn Saldanha: So, I think, you know, the consumer care business is growing. I mean, obviously 94% is not sustainable. But I think we will have high growth coming out of this business as we go forward because of some of the new launches, some of the new channels that we have opened up, which should drive the consumer care business.

Gaurang Sakare: But on regarding, I mean, continuing on domestic business, so in domestic formulation business, so can you guide us on the number of product launches and you know, how many of these would be first to market during FY23 and '24?

Glenn Saldanha: So, I mean, typically on the domestic business, you know, we launch 20, 30 products a year, right? And you know, given that I think we have some exciting launches in the diabetes space, respiratory also we have some good launches. I mean, these are typically some of the launches which will drive the growth this year and drive the growth next year.

Gaurang Sakare: And so what would be the, I mean, what would be the growth guidance for domestic formulation this year?

Glenn Saldanha: So, typically, you know, our base business is growing at 15, 16% minimum, right? I mean, that's the July numbers also that came out were 16% in AWACS and about 10% in IQVIA, right? So, 15, 16% is our normal growth on the base business. This is ex-COVID drugs, right? And even today we are growing at that pace, and we think we can sustain this, you know, this year and probably part of next year.

Gaurang Sakare: So, 15 to 16% ex-COVID business you think.

Glenn Saldanha: That's our current growth rate.

Gaurang Sakare: Lastly, on the contribution of Baddi facility to US sales, you know, any update on the feedback on observations faced by the USFDA in recent inspection?

Glenn Saldanha: So, we have no feedback, right? We went through multiple inspections in Q1, and we have responded, you know, adequately, and we are still awaiting feedback from the agency.

Moderator: Thank you. We will move on to the next question that is from the line of Harshita from Deloitte. Please go ahead.

Harshita: So, my question was on respiratory space. What are the upcoming milestones which we will be able to see in coming quarters for respiratory?

Glenn Saldanha: So, in the respiratory business is a global business for Glenmark, right? And we have done a lot of different things in different parts of our respiratory franchise. So, for example, in India we launched, you know, Indaceterol for the first time. Indaceterol/Mometasone as the first launch in India. We launched Vilanterol/Fluticasone higher strength for the first time in India. So, there are lots of good launches in respiratory in India, and also in the quarter we got approval for two strengths of Beclomethasone in Brazil.

Europe, we have four or five big drivers for our respiratory franchise. U.S., you know, we are running Flovent clinical trials, and we are hoping to file one more product in addition to Flovent next calendar year. So, it's truly a global franchise for us. And of course, Ryaltris, you know, there is enough visibility on the launch of Ryaltris in so many different markets, right? And hopefully, our U.S. launch also is eminent anytime. So, I think the whole respiratory franchise globally is a big franchise for us.

Harshita: Was there any specific challenges in terms of recruitment, especially in case of COPD because of COVID?

Glenn Saldanha: You mean patient recruitment?

Harshita: Yes.

Glenn Saldanha: I think, you know, it's always been a challenge, right? I mean, multiple trials ongoing across the world. Patient recruitment is always a challenge. But I see, I think we are doing okay, particularly on the Flovent trial. We are making good progress in patient recruitment.

Harshita: And in terms of biosimilars, what are the updates which we can see for CSU or maybe asthma?

Glenn Saldanha: So, we just have one biosimilar in our pipeline which is Xolair, and we just completed phase one. We are not moving forward. We are working on getting a partner on board to take the drug forward. Other than that, you know, we commercialize multiple biosimilars through partnerships, but we are not developing our own biosimilates.

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

Saion Mukherjee: No, I was, you know, wondering on your Monroe facility. After the last inspection, do you have a classification as a VAI, OAI? I am just wondering, you know, what is the status and what is the timeline?

Glenn Saldanha: So, as on today, Saion, we haven't heard back from the agency. So, we have no visibility on any timeline or classification.

Saion Mukherjee: But are you getting approval from the site at this point or those approvals are currently not coming?

Glenn Saldanha: No, currently we are not getting any approvals.

Saion Mukherjee: The second question I had was on Europe. So, the inhalers that we have launched, can you share, first, like, how large is that business, inhalation business in Europe? And what kind of market share we have been able to achieve in Europe?

Glenn Saldanha: So, there are multiple products there, right? Saion, one is, of course, Tiotropium is a big one, right, for us. Then we have got Salmex, right, which is Salmeterol/Fluticasone. These both were launched as first generic. Then we have got Baclomethazone, right, in Europe. In addition, we have Ryaltris in different markets, right? And we have a couple of more launches coming up over the next 18 months in Europe. So, it's a pretty broad portfolio.

In terms of market share across Europe, it's virtually impossible to guide, because it's different in different markets, and it's super complex, right, to guide. But it's a substantial contributor to our total revenues already, and we are expecting Europe to grow overall, you know, 15, 20% CAGR, right, going forward, given that a lot of growth is going to come out of Ryaltris and out of some of the respiratory products that they launch, and we continue launching. So, it's a big contributor going forward to the total revenues.

Saion Mukherjee: No, I was just wondering Glenn, some of the Salmets and Tiotropium that you have launched, at least in the key markets, right, in the UK, Germany, if you can share some market share in some of the larger markets typically, like how much one can expect to get in these markets?

Glenn Saldanha: My guess, Saion, is it will be in the 10 to 20% range somewhere thereabouts in terms of market share. That's only a guess, Saion, at this point. It could be higher in some of these markets. It could be lower.

Saion Mukherjee: And just on the, you know, respiratory pipeline for the US, so you talked about Flovent. Can you just share how large is the opportunity? What is the competitive dynamics there? And any other product? I think, you mentioned one more product. So, if you can, you know, share how should we think about from next year in terms of, you know, filings that you would be doing?

What kind of expenditure one would incur in developing these products and just a, you know, broader thought on the respiratory development programs that you are doing in the US?

Glenn Saldanha: So, Flovent alone is approximately a $1.6 billion product as far as I know. I think to the best of our knowledge, there is one other filer which is Teva. We are not sure about if there is anybody else running clinical trials, but to the rest of our knowledge, we are probably second in that list on Flovent. Our filing goes out next calendar year, which means we would launch 2025, right, approximately, early '25. That's our estimated timeline for Flovent. We have three products in development for the US of which as I said, two will get filed next year. One of them is Flovent. There is one more product, and then we have a third product in development.

So, basically, our view on, we will, you know, we typically have about three odd respiratory programs in development at any time to the U.S.

Saion Mukherjee: So, Glenn, I mean, from a commercialization perspective, if I look at FY25 end or FY26, there can be two commercial products including Flovent in the US if everything goes right.

Glenn Saldanha: That's correct.

Moderator: Thank you. The next question is from the line of Sham Srinivasan, an individual investor. Please go ahead.

Shyam Srinivasan: This is Shyam Srinivasan, Goldman Sachs. Just one question and I joined late. So, please apologize if it's been answered. Just on employee costs, actually, notice that we typically have a 2Q bump up, right? But this time we have seen a bump up even in 1Q. So, has there something that's changed in the way you recognize the employee costs?

V. S. Mani: Yeah, Shyam. Mani here. So, you are perfectly right. So, we decided to pay out the bonuses in two quarters. One in Q1 and another in Q2 so that it measures well over the year.

Shyam Srinivasan: So, should we assume this going forward because we always used to model like 2Q higher? 200 basis higher.

V. S. Mani: Yes. Going forward you can spread it out over the two quarters. Yeah, that will be better.

Shyam Srinivasan: First two quarters of the fiscal.

V. S. Mani: Yeah.

Shyam Srinivasan: And just in terms of, you know, just the underlying dynamics of employee costs in terms of either inflation, you know, how are you seeing things for the full year? How should we look at it?

Glenn Saldanha: I think, Shyam, it's pretty stable, I think. We are not seeing major spikes in employee costs. I think for a full year, I mean, it should be single digit growth.

V. S. Mani: Yeah. It will be normally like how we have 7 to 8%. It will be around that.

Shyam Srinivasan: And when you guide us to the EBITDA levels being same, you know, I am assuming this is the 18 to 19%, right? What's the level? Sorry, I didn't pick that up.

Glenn Saldanha: Yeah. We had earlier also guided to something closer to what we did last year or closer to 19%. So, we still believe we can reach there. I mean, obviously, the first quarter, there were some input costs increases etc., etc. But in the second quarter onwards, we feel it should be much better. And also historically, our first quarter sales are much lower compared to the other three quarters. So, I mean, in some ways as the turnover goes up in the next three quarters, we should see better numbers.

Shyam Srinivasan: My second question is on the India business, and I'm stripping out the 350 crores last year of whatever COVID and COVID allied. So, you have grown 18% if I do the math, right? Two years CAGR is some 10, 11%. Sorry, three years CAGR. So, just want to understand, you know, how should we look at it? Or should we be higher than 10? Or should we be closer to 18 when we look at the forward path? And if you can help us understand either from a new product launches or volume growth on your existing business, how things are panning out?

Glenn Saldanha: So, right now, Shyam, in July, IQVIA, I mean AVAC showed us a 16%. IMS was lower because the market also IMS was lower. So, I mean, I think, we believe on our base business, it will be like 15, 16% growth for the full year coming out of India. So, we are expecting strong growth. We have lots of good launches, particularly in respiratory, diabetes.

Diabetes we launched Sitagliptin, sita dapa, first generic on Sita, first generic on Sita dapa. We have a number of other launches coming up, right. In respiratory, we have Indamet, which is Indacaterol/Mometasone first generic, Vilanterol/Fluticasone first generic in respiratory. So, there is a ton of good launches in the space which will drive your India growth, right?

In addition, of course, our core brands continue to do very well, right, whether it's, you know, your Telma, Candid, Ascoril, Alex. So, we have very strong band franchises, right, across the space.

And then the last thing is our OTC business is doing very well. So, our consumer care business, right, and that continues to do well. So, I think there are multiple triggers to the India growth strategy for Glenmark.

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

Saion Mukherjee: So, the India business is to continue. Is there any headwind? Some of the big molecules that you have, Remo, teneligliptin, because of all the patent expiries that are happening, is that something hurting your overall growth or you think it is you are able to manage it overall 15, 16% that you are guiding?

Glenn Saldanha: So, Saion, which Remo, the mono components are not doing great, we have Remo MV which is doing well for us. The triple, right? We are the only one that has a triple combination there. Likewise, you know, teneli. Some of the erosion that we will see in some of our older products will be more than concentrated with Sitagliptin franchise, and some of the newer launches. We also have one more big launch coming up yet this quarter in the diabetes space, which again will be a first time in the country kind of a launch, right? So, that also could be a substantial contributor. So, I think, all in all, you know, whatever slight erosion we are seeing in some of the older molecules like Remo or even at teneli, right, we are more than able to compensate with the new products that we are launching.

Saion Mukherjee: And Glenn, second one is on ICHNOS space. Any further update you want to share in terms of timeline of the clinical trial outcomes that we should look forward to?

Glenn Saldanha: So, for ICHNOS, you know, the next six, seven months is very important, right? So, we are hoping to get POC on 1342. 1442 we start dosing anytime now, right, our first-in-man. We have 2001, which will enter the clinics in Q4 of this year. So, if all goes well, we should have two POCs on 1342, 1442. We should have 2001 in the clinic. So, three oncology clinical assets by the end of this year. We are hoping to close one licensing deal yet this year. So, that's on course. So, I think, given all that, right, there could be some significant value creation in ICHNOS this year. And of course, the capital raise towards the end of this year is something we still target. Once we get these three clinical assets in the, you know, going and two POCs and one licensing deal, right, on the back of that, we are hoping to do the capital raise.

Saion Mukherjee: And Glenn, another question is can you share like what's the outlook like for your market like Russia and Brazil? I was asking about the outlook for Russia and Brazil in particular.

Glenn Saldanha: So, Russia, look, Russia is doing well, okay, Saion, right? Russia, you know, despite the war and everything, we still, you know, the market growth is still good. That coupled with the fact that the Ruble remain strong, right, and we took some price increases on account of inflation, we see a good year in Russia this year.

Brazil we think has now turned the corner for us, right? And I think, you know, the next two, three, four years should be strong years for Brazil. So, we launched, you know, the other two strengths of Baclo. We are expecting Ryaltris approval in Brazil sometime this year, right? And we have a couple of good filings, which should get come through get approved either in Q4 of this year in the respiratory area or early next year. So, I think, Brazil, we think will be a strong market for us going forward.

Saion Mukherjee: And just, you know, one last question, Glenn. I just wanted to check, you know, on the profitability front, Europe and Latin America I understand, you know, historically, these geographies were struggling. Now with at least Europe scaling up and Latin America turning the corner, how should we think about let's say the EBITDA contribution from these two regions?

V. S. Mani: So, Saion, over the years, you know, Europe also with the amount of good product launches that we had with the Ryaltris, Tio and also a couple of other good respiratory products, over the years the profitability definitely is improved. I think today we can even see some other EBITDA margins much higher than what it used to be historically and some of these Latin American markets like Brazil etc., again, when we say turn the corner at least we are now better than, you know, breaking even at least during the current year. So, I don't see it, so all this should help us to, you know, get close to our overall objective of getting a decent EBITDA margin that we kind of guided to earlier.

Moderator: Thank you. The next question is from the line of Umesh Matkar from Sushil Financial Services. Please go ahead.

Umesh Matkar: I would like to know did we incur any remediation cost this quarter? And going forward, are you expecting any? And second, are you confident of launching Ryaltris with observations on certain plants?

Glenn Saldanha: So, Ryaltris, as I said, you know, we are expecting launch anytime now, right? So, we have, our manufacturing is clear right now, right? And we have got approval basis done. So, we are expecting launch anytime for Ryaltris in the U.S.

V. S. Mani: And as far as the remediation cost, obviously, I mean, previous quarter we did see a, you know, we had given one about almost 10 million or whatever. But this quarter we didn't have much, but going forward there could be some and as and when we incur some of these, we'll put that across. But a good amount has already been done. That's what I can tell you.

Umesh Matkar: And the last question, sir, I heard you mentioning single digit growth in U.S. Is it because of new launches or are you saying, are you expecting lower price erosion on your products going forward?

Brendan O' Grady: So, I think the US business is stabilizing. And I think it is, as I said earlier, we have about 10, 12 products that we can launch this year. We've had two that we have launched so far in the first quarter. We just had another approval. So, we still have a stable of 10 products that we can launch this year, and so we expect the second quarter to be better than the first, and we expect the third and the fourth quarters to be better than the first and second quarter. So, I think things in the US are trending in the right direction, and it's a matter of execution, just stabilization of our base business and any product launches.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Utkarsh Gandhi for his closing comments.

Utkarsh Gandhi: Thank you, moderator. We will read the disclaimer before we end the call. The information, statements and analysis made in this document describing the Company's or its affiliates' objectives, projections and estimates are forward-looking statements. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties, which could cause actual outcomes and results to differ materially from these statements, depending upon economic conditions, government policies and other incidental factors. No representation or warranty, either expressed or implied, is provided in relation to this document. This document should not be regarded by recipients as a substitute for the exercise of their own judgment. The Company undertakes no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise. With this, we end the call today. A big thank you to all of you for joining us on the call.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of Glenmark Pharmaceuticals Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.