Management Discussion

Utkarsh Gandhi - Senior General Manager, Investor Relations, Glenmark Pharmaceuticals Limited
Thank you, Ranjot. Good morning everyone and welcome to the Q2 FY27 earnings conference call of Glenmark Pharmaceuticals Limited. Before we begin, I would like to wish everyone a very happy Diwali. Let's review the overall business performance before we get on to the Q&A. For Q2 FY27, Glenmark's consolidated revenue from operations was at Rs 42,473 million as against Rs 60,469 million in the corresponding quarter last year. On a like-for-like basis, Glenmark's consolidated revenue, uh, in Q2 FY27 recorded YOY growth of close to 20%.

For the first half of FY27, Glenmark's consolidated revenue from operations was Rs 82,658 million as against Rs 93,113 million in the corresponding quarter last year. On a like-for-like basis, Glenmark's consolidated revenue in the first half of FY27 recorded a YOY growth of around 18%. Covering our market-wise performance, starting with India, sales in the formulation business in India for Q2 FY27 was at Rs 13,274 million, uh, as against Rs 1,651 million in the corresponding quarter last year. On a like-for-like basis, the India formulation business recorded YOY growth of close to 14% in the second quarter and close to 15% in the first half of FY27.

Glenmark continues to significantly outperform the IPM in terms of secondary sales. As per IQVIA, Glenmark's India formulation business recorded a growth of 16.7% in the second quarter and 15.7%, uh, as per MAT September, uh, 2026 data, compared to the IPM growth of 13.8% in Q2 and 12.1%, uh, in MAT September. Glenmark India business is ranked 13th with a market share of 2.4% as per IQVIA MAT September, uh, 2026. Uh, the company has 11 brands in the IPM top 300. In terms of core therapeutic areas, Glenmark is ranked second in dermatology, third in respiratory, and fourth in the cardiac segment as per IQVIA MAT September data.

Reflecting on the growing strength of its oncology franchise, Glenmark has also advanced into the top 10 of the oncology market according to the IPSOS MAT June 2026 data. In terms of our key innovative brands across therapy areas, we continue to see strong sales for both TEVIMBRA and BRUKINSA. Which are our partner products in oncology, which were launched in Q2 FY26. In the respiratory segment, we launched NEBZMART GFB and Glenmark AIRZ FB Smartules in Q3 FY26. These- this is the world's first nebulized fixed-dose triple therapy for the treatment of COPD, and they've demonstrated very strong market traction since launch, further enhancing Glenmark's leadership position in respiratory.

In terms of our GCC business, primary sales for the Glenmark Consumer Care business, uh, in Q2 FY27 were Rs 1,252 million with a Y-o-Y growth of 46.5%. GCC brands delivered a strong performance in Q2, driven by sustained momentum across all our key franchises including Candid, LA SHIELD, Scalpe, and some of the newer brands like Bontress and EPISOFT. Moving on to North America. The North America business recorded revenue of Rs 12,089 million for Q2 FY27 as against Rs 44,656 million last year. Net of the deferred out-licensing income recognition for ISB 2001, the core business Y-o-Y growth for the North America region was around 31% in Q2 and around 25% in the first half of FY27.

During the quarter, Glenmark launched four products across multiple channels. Notable launches included Sugammadex injection, Fluticasone nasal spray RX, and Nintedanib capsule. In addition to these product launches, Glenmark also launched other pack sizes for existing products, and Glenmark is also looking to begin distribution of several other in-license products in the third quarter. Glenmark has strengthened its respiratory franchise With the launch of fluticasone

propionate inhalation aerosol, the 44 mcg, which is a generic to FloVent, Glenmark was granted a CGT designation and received 180 days exclusivity upon commercialization.

We have also filed additional ANDAs for differentiated respiratory products including fluticasone FloVent 110, generic to FloVent 110, as well as for generic to ipratropium inhalation MDI. Glenmark has also initiated the end-to-end commercialization of RYALTRIS and is now leading brand strategy and market access across the United States. Our injectable facility received EIR with it from the US FDA with a B/A classification And subsequently, we relaunched fulvastatin injection out of the Monroe facility in Q1 FY27.

We are working on launching additional products from the Monroe site in the upcoming quarters. During the second quarter, our Goa plant also received EIR from the US FDA with a VAI classification. A quick litigation update. As previously disclosed, there were multiple antitrust and consumer protection lawsuits, including class action class actions are consolidated in the Eastern District of Pennsylvania against the company's subsidiary Glenmark Pharmaceuticals Inc. In connection with allegations of price fixing, market allocation, and related anti-competitive conduct.

The plaintiff included classes of direct purchases and payers and indirect purchase of generic drugs. Three complaints filed by Humana were included in the consolidated litigation. With a view to resolve this dispute and avoid uncertainty, Glenmark USA has agreed to enter into a settlement with Humana for a total amount of $15.2 million $3 million, uh, including, uh, $15.3 million US dollars including interest payable in two installments. The settlement makes clear that Glenmark USA denies each and every one of the allegations made against it, and the settlement does not constitute any concession or admission of liability, wrongdoing, or illegality on the part of Glenmark, uh, USA.

The full amount of the payments, uh, of the settlement agreements have been provided in the company's financials. Moving on to Europe. Glenmark Europe operations revenue for Q2 FY27 was Rs 7,920 million as against Rs 7,460 million, recording a growth of 6.2%. Europe delivered a mixed performance during the quarter. We saw strong momentum across several Western European markets, being partly offset by softer demand in parts of the CEE. The region continues to strengthen its strategic portfolio through successful launches and commercialization of key brands, particularly RYALTRIS and Milleli.

Which gained further market acceptance across multiple markets. Strong execution in respiratory and dermatology specialty portfolios, market access initiatives have helped sustain the business momentum. So we are continuing to remain focused on accelerating growth in the European region through our differentiated strategy around respiratory dermatology portfolios. And we expect branded respiratory and branded dermatology to keep contributing higher in Europe as we move forward. Moving on to emerging markets, for Q2 FY27, revenue from the emerging markets region was Rs 8,769 million as against Rs 6,585 million for the corresponding quarter last year, recording a YOY growth of 33.2%.

EM delivered impressive performance in the second quarter driven by robust secondary sales growth continued market outperformance, portfolio expansion, and strong execution across regions. Our Russia region recorded healthy growth led by dermatology portfolio new product launches and continued market share gains. LATAM delivered a strong Q2 as well, with growth driven mainly through the larger markets like Brazil, Mexico, and Colombia, supported by continued portfolio expansion in the respiratory segment.

RYALTRIS was launched in Brazil during the second quarter of FY27 and has received encouraging initial feedback from physicians as well as the market. The MEA business also remained resilient

amidst the geopolitical and supply chain uncertainty, with key countries outperforming several covered markets, and RYALTRIS again continues to be a successful product in the region. The APAC region was one of our fastest-growing regions in the quarter, delivering strong secondary sales growth driven by respiratory and dermatology brands.

Moving on to our global innovative portfolio, starting with RYALTRIS. As of September 2026, marketing applications for RYALTRIS have been submitted to more than 90 countries across the world. The product is now commercialized in 58 markets, and further, we are expecting RYALTRIS to be launched in additional 10 markets over the next few quarters. RYALTRIS was launched in Brazil during the second quarter, as mentioned before, and we also have initiated the end-to-end commercialization of RYALTRIS in the US, and we've seen some initial success there as well.

Winlevi, which is partnered with Cosmo, as mentioned earlier, the company has launched Winlevi in the UK in the first quarter of FY26. Since launch, the product has achieved formulary status covering 40% of the UK market, and we've seen some initial, uh, strong feedback, uh, on the product. And Glenmark's partner Cosmo also received the MA, uh, last year, and in the first quarter we have launched Winlevi in several other European markets including the Nordic, CEE, and Spain. Winlevi is also under regulatory review in South Africa where Glenmark has submitted the application earlier.

Moving on to our oncology portfolio, starting with QiNHAYO. Which is envafolimab partnered with Jiangsu Alphamab. Glenmark has filed QiNHAYO marketing authorization applications in 24 countries as of September 2026. We received our first regulatory approval in the Dominican Republic in September, and we have also initiated early access or name patient programs in nine other markets. And Glenmark has also initiated a multi-center Phase III study in neoadjuvant and/or adjuvant patients in NSCLC. Trastuzumab REZETECAN, which is partnered with Hengrui Pharma.

Glenmark advanced regulatory submissions for Trastuzumab REZETECAN, next-generation HER2-targeting ADC. As of September 2026, MA applications for Trastuzumab REZETECAN have been submitted in two markets, with additional filings to follow in subsequent quarters. As mentioned before, in June 2026, we had initiated a Phase III clinical trial in platinum-resistant ovarian cancer in India. We also received approval for initiating enrollment in other markets. Aumolertinib, which is partnered with Hansoh- in Q3, Glenmark had entered into an exclusive license collaboration and distribution agreement with Hansoh for Aumolertinib, which is a 3rd-generation EGFR tyrosine kinase inhibitor for the treatment of NSCLC.

Glenmark has submitted MA applications for Aumolertinib in 13 markets as of September 2026, with the first commercial launch anticipated during the second half of FY27. Moving on to IGI, IGI's multispecific antibody pipeline in oncology consists of four assets, ISB-2001 or ABBV-2001. To date, more than 170 subjects have been dosed in the TRIgnite Phase I study, uh, 42 in dose escalation and more than 130 in dose expansion. Safety efficacy data from all subjects continues to be promising and consistent with the data previously presented at ASCO 2025.

Updated Phase I clinical data from the TRIgnite study of ISB-2001, ABBB-2001, will be accepted- were accepted for oral presentation at the ASH conference at the upcoming ASH 2026 conference in the session Multiple Myeloma Pharmacologic Therapies: The March on Immunotherapy. ISB-2301 is the first-in-class multispecific immune cell activator which is targeting solid tumors, and IGI intends to submit an IND by the end of this year. And ISB-2302 and 2501 are the other differentiated assets, both in early preclinical development.

In terms of our immunology portfolio, ISB-880 or LAD-191, which is the anti-IL-1RAP, Almirall reported- we partnered this asset with Almirall and they reported in their H1 2026 financial results

presentation that the ongoing Phase II study in EHS is expected to read out in 2027. In addition, Phase I data for LAD-191 were also presented at the European Society for Dermatology Research 2026 meeting under the title Anti-IL-1RAP treatment shifts EHS towards non-lesional state. Subsequent to BioCryst's acquisition of Astria and BioCryst's confirmation that STAR-0310 falls out of the company's strategic focus, BioCryst will return full licensing rights to IGI effective November fourth.

IGI is currently evaluating strategic pathways for STAR-0310 going forward, including potential partnerships. Some additional, uh, notes on the results: R&D expenses for the quarter were Rs 344.9 crores, of which IGI R&D was around Rs 187 crores. Total capex, uh, during the second quarter was about Rs 262.1 crores. Of which tangible capex addition was around Rs 170 crores and intangible was around Rs 92 crores. From the Glenmark team, we have Glenn Saldanha, Chairman and Managing Director, uh, Anurag Mantri, Executive Director and Global CFO, and Purvi Shah, General Manager Investor Relations.

I'll now hand over- hand it over to Glenn for his opening comments.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
Thank you, Utkarsh. Good morning everyone and thank you for joining us today. Before we begin, on behalf of the Glenmark team, I'd like to extend our warmest wishes to all of you on the occasion of Diwali. Q2 was another strong quarter for Glenmark, reflecting the continued momentum across our business and the disciplined execution of our strategy. We delivered strong growth across key markets while continuing to strengthen our portfolio and advance our innovative programs. Our India business continued its strong performance across our core therapies.

We continue to, uh, we continue to strengthen our presence across our four therapeutic segments through a differentiated branded portfolio and superior execution-led approach. In North America, we continue to build on the momentum through our respiratory launches. We remain excited about the continued opportunities both in respiratory and injectables, as well as the initial pickup of RYALTRIS. Emerging markets delivered another healthy quarter, supported by the strength of our branded franchise and strong market execution.

We witnessed very strong secondary sales growth across our key emerging markets. In Europe, we remain focused on expanding our branded and respiratory and dermatology business. While steadily improving the overall quality and profitability of the overall business. Innovation remains a clear pillar for Glenmark's long-term strategy. During the quarter, we continue to make progress across our innovation and specialty portfolio. We believe our innovative platform at IGI is truly world-class, and we are excited about the progression of our partnership with AbbVie as well as the next assets in the IGI pipeline, starting with ISB 2301.

We believe Glenmark is well positioned for the next phase of growth, and we are excited about the opportunity ahead. Our priorities remain clear: accelerating growth in our core business, scaling up our specialty and branded portfolios, and advancing our innovative pipeline. With this, I'll hand the floor over to Anurag for his opening comments.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited
Thank you, Glenn, and good morning everyone. Wish you all a very happy Diwali and a prosperous new year ahead. As Glenn mentioned, we delivered a strong performance in Q2, supported by our execution across all our businesses and continued focus on operational discipline. This is despite

the cost pressure across the value chain due to the various geopolitical volatility. Excluding the various one-offs from the last year, as well as looking at the core- our core business P&L excluding IGI. We delivered a 20% YOY growth in revenue along with 21% EBITDA margin in Q2.

Adjusting the exceptional item, our adjusted PAT stood at Rs 485 crore with PAT margin of 11.4% for the quarter. As of September, our net working capital days were in the range of 110 to 115 days, uh, in line with our guidance of FY27. The increase in gross debt reflects the funding of certain strategic field force expansion in various markets and the multiple legal settlement payments which were front-loaded in the H1, and accordingly, uh, to meet, meet this, uh, strategic expansion, we kept the cash in the various geographies to meet our strategic growth targets.

As the operating leverage kicks in H2 FY27, we expect gross debt to be zero by end of FY27. Uh, the company remains focused on the prudent capital allocation And accordingly, we are focusing on our strategic growth target and maintaining our strong balance sheet ratios. Overall, we are pleased with the progress and we have made, made in the first half of the year and confident of second strong second half based on the operating leverage. With that, we would be happy to take our questions.

Utkarsh Gandhi - Senior General Manager, Investor Relations, Glenmark Pharmaceuticals Limited
Ranju, we can open the floor up for Q&A.

Questions & Answers

Operator
Thank you. [Operator Instructions] The first question comes from the line of Damayanti Kerai. With HSBC, please go ahead.

Damayanti Kerai - Analyst, HSBC
Hi, good morning everyone. My first question is on your provisions for litigation charges in the US. So after what you booked in first half of this fiscal, what kind of visibility you have, like how much more we can incur in coming quarters, if you have any thoughts around that?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So I think most of our big cases have been settled, right? And Um, you know, now going forward, you know, we anticipate there will be some possible small amounts which will go out as we go forward. Um, so the bulk of it, we are- is behind us in terms of settlements, legal settlements.

Damayanti Kerai - Analyst, HSBC
Okay, uh, so major ones are done, but some smaller, uh, matters might continue in coming quarters as well?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
Quarters and years, maybe.

Damayanti Kerai - Analyst, HSBC
Quarters, years. Okay. Uh, my second question is on your, uh, US, uh, buildup. So two points I want to understand. First, uh, what kind of headroom you see for FloVent franchise in terms of market share gain, etc.? And then second, if you can update us on, uh, filing and launches from the Monroe facility.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
Sure. If you look at, uh, our respiratory franchise, right, so, uh, FloVent 44 was the first product, uh, first major product that we rolled out And the product's doing as, what we anticipated. So it's doing quite well. We are the sole generic on the market, and to the best of our knowledge, we'll continue that way for a while. The second product we got was a substantial product, was fluticasone nasal spray, right, which we are currently in the process of commercializing. So some of that impact you should see in, Q3 and, beyond.

Uh, in terms of the, sales of Fluticasone nasal spray. We also have two other product launches probably towards the end of this year. Uh, one is, uh, FloVent 110 and ipratropium, right? So these are the two launches towards the end of this, fiscal year. And then next year we are hoping, uh, we should have uh, you know, we are anticipating one or two more filings this year which should come up for launch next year. So I think the respiratory franchise is very solid. Also in, this quarter, we also have, uh, axitinib getting launched, right, um, which we think is an exclusive product.

So I think that will also be a key driver to the performance, uh, in, Q3 and, beyond. So this is broadly the US trajectory. And then of course in injectables in Monroe, you know, we've now launched fulvestrant already, that's commercial. And we are waiting for some of the iron complexes, right, to start getting approved as we go forward. So next year you should see, you know, our hope is at least 3-4 products commercial from Monroe. One or two of them could be quite substantial.

Damayanti Kerai - Analyst, HSBC
Sure. And, uh, when you are doing, uh, manufacturing of some licensed product as well as from Monroe, right?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
No, not from Monroe. So Monroe, we only do our own products, but what we do is we do a lot of in-licensing of, various injectable products. So we have multiple partnerships, right, between various Indian companies and some Chinese companies, right, which has helped us get some, some excellent, uh, a good portfolio. For example, Sugammadex, which we recently launched, or in the past we have Phytonadione. We have a number of products from that franchise, right, which has helped us build a sizable institution business, right?

That coupled with the Monroe launches in injectables, right, our thinking is in the next 2-3 years we should have a substantial injectable portfolio, right, between Monroe and the in-licensed products, as well as, uh, you know, some of the in-house, uh, respiratory product launches that we are, we are doing, right, should be key drivers to our overall, uh, business in the US.

Damayanti Kerai - Analyst, HSBC
Sure, that's helpful. And my last question is, now, uh, India and US, uh, two of your largest businesses, uh, strongly back in the growth trajectory. So how should we look at the EBITDA margin trajectory from current levels?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So I think just one point. So India and US are big, but I also think emerging markets will be very, very substantial for us in the next five years. So I just want you to keep track of that too because of all the- because RYALTRIS as a product continues to do exceedingly well and of course with the launch next year should be a substantial year for our oncology franchise, right? With the launch of Anlotinib, Trastu Reze, right, starting next year onwards, right? You should see substantial uptake in some of

these products.

And the oncology, some of these should start contributing next year, so FY28 onwards. So I think the build-out is, pretty- should be pretty substantial, right, from year on every year. Um, you know, with the oncology products, with RYALTRIS continuing to grow at 30-40%, right, um, across the world, right, that should be a key driver for us over the next 3-4 years. Um, so I think emerging markets should also be a substantial play, but in terms of margins, I'll ask Anurag to comment. So,

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited
Uh, as, uh, the shift happened toward more branded innovative portfolio and India and emerging market along with the higher margin launches in North America. The margin trajectory, uh, and you will see in H2 itself, it continues to improve because we have invested in field force expansion and strategic expansion in emerging market and oncology area in H1. So therefore the expenses were front-loaded and these will start yielding results from H2 onwards. So we'll continue to see upward margin trajectory, and what we guided earlier is that in terms of a percentage improvement on a year-on-year basis, uh, that's what we are targeting on the margin front.

Damayanti Kerai - Analyst, HSBC
Sure, uh, thank you, Glenn. Uh, thank you, Anurag.

Operator
Thank you. [Operator Instructions] Next question comes on the line of Kunal Randeria with Axis Capital. Please go ahead.

Kunal Randeria - Analyst, Axis Capital
Hi, good morning and thank you for the opportunity. Glenn, first question on ISB-2001. Uh, in the press release day before yesterday, you mentioned that you will be presenting at ASH this year. Um, in your presentation, uh, there are- there's a mention of two trials. There's one Phase I/II combination also. So TRIgnite, I understand Uh, it's your, uh, you know, you probably have updated data on that, but can you just highlight what this Phase I/II combination is?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
Sure. So, uh, as you know, the ISB-2001 is being run by AbbVie now, right? Our partners AbbVie. So they are running, uh, they have full control of the development, and, while we play an active- we collaborate very closely with them. They, they, uh, they're running the trials. Um, what the, Phase I/II trial, if you look at clinicaltrial.gov, right, uh, AbbVie has started a Phase I/II trial, uh, where they've combined ISB-2001 along with, uh, I think CELMoDs, right, uh, mezigdomide and ibradomide, right?

Um, and, uh, so they're running that trial. As we speak. And it's on clinicaltrial.gov, so you can actually access it from there. The TRIgnite, of course, you're very familiar with. The 170 patients that we've dosed is coming out of the TRIgnite study. And I think a lot of- we're pretty excited about the presentation that'll go out at ASH. So you should wait till ASH to see what we're going to present there.

Kunal Randeria - Analyst, Axis Capital
Sure, sure, got that. Uh, second question is on emerging markets, you know, great quarter this time around, uh, and I think in the years ahead you do have portfolio rollout of envafolimab, Trastuzumab, and others. So I'm just wondering what kind of growth one could expect and what would be the

contribution of some of these new, you know, innovative products, uh, you know, that we can maybe see in the next two to three years?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So I, think, uh, so in terms of growth trajectory, right, EMs, you should see a, you know, a minimum 15-20% growth consistently for the next, uh, next few years, right, uh, coming out of EMs. Oncology alone, right, should start contributing next year, right, with some of these oncology products. My guess is you know, you should see, you know, next year $30-40 million coming out of the oncology franchise, and that will continue to grow significantly. Of course, the margin profile also on these oncology drugs are much higher than the regular margin profile.

So that should help from FY28 in terms of the overall margin profile. So ERM, you know, with the oncology launches alongside with RYALTRIS, continue to do well, right? Consistently, you should- my guess is you should see a 15-20% growth consistently from here on.

Kunal Randeria - Analyst, Axis Capital
Sure. And can you share how much, uh, you know, has RYALTRIS done, uh, maybe, you know, in this quarter? And, you know, what do you think, uh, you know, it could be again 2-3 years down the line? And which markets will drive the growth from here on?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So if you look at RYALTRIS as a product, right, we are currently- if, you know, if you look at the overall market, Kunal, right? It's about $3.5 billion, right, in terms of entire steroidal nasal spray market. So we are addressing a pretty substantial market, right? If you put the mono- monosteroidals like fluticasone nasal spray, Flonase, and NASONEX, and all these products, right, and the combination products. And RYALTRIS, we think, is a best-in-class product, right, in terms of efficacy and safety profile, and it's demonstrated consistently.

Many of our markets, we are already at above 20% market share, right? In almost 10 or 15 markets, we have more than 20% market share. And I mean, if we are able to broad-base that, right, this can be a substantial product for the company as we go forward. Today, as of this year, we'll be at about $130 million, $140 million dollars of sales, our sales, right? And, you can see multi-year growth coming out of RYALTRIS as we go forward.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited
So H1 itself, uh, Kunal, the RYALTRIS growth on a year-on-year basis was more than 40%.

Kunal Randeria - Analyst, Axis Capital
Okay, got it. And which markets are driving these?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So I think it's very broad-based, uh, Kunal. So virtually every market, uh, you know, we are having- we are seeing that kind of uptake, right? And, uh, and I also think, I mean, some of the newer markets we are just in the process of launching. For example, Brazil, which is a large market. Uh, China- China partners are just rolling it in China. US, you know, I think this is the first year, and I think US, you know, our goal is to continue to drive RYALTRIS sales as we go forward. So I think the next four or five years we should see substantial uptake from the US market with regards to RYALTRIS.

So this year is about $15 million to $20 million of sales, but that will grow pretty rapidly. Rapidly and as we go forward. So I think these are some of the markets which are, uh, which are contributing, but I think the, growth is broad-based. Till today, almost all our markets, we are growing at 30%, 40% consistently.

Kunal Randeria - Analyst, Axis Capital
Thanks, thanks a lot, Glenn. All the best.

Operator
Sure, thank you. Next question comes from the line of Nitin Agarwal with DAM Capital. Please go ahead.

Nitin Agarwal - Analyst, DAM Capital
Thanks, Glenn, and congratulations to you for a good set of numbers. Glenn, on the respiratory launches that we've done so far in H1, what is the market share sort of performance, uh, you know, in, both the products that we launched so far?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So, um, uh, FloVent 44, uh, as per IQVIA, it's around 22%, Uh, And growing, right? As we go forward. So I think we will, uh, we'll continue to gain share on, FloVent 44. That's our view, right? Fluticasone nasal spray, we've just launched, uh, Nitin. So it's too early to talk about market share. I mean, we had just started, we got the approval I think in September, and we're just now rolling it out as we speak.

Nitin Agarwal - Analyst, DAM Capital
And then when you look through the US now, I guess obviously you've got things lined up for the second half that you, as you mentioned, as well as a couple of launches for next year. But I mean, what's the three to five year picture of the US? I mean, have we made enough investments? Are we making investments in the US? What kind of specific therapies or categories will drive the US for us? I mean, is there enough fuel to really take us meaningfully from where we are today?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So I think so. I think the drivers will come out of both- every year if we can launch a couple of respiratory products, right? These are very large products. So that's a big driver for us. The other thing is the injectables, right? I think, uh, Monroe, you know, you should see the next three, four, five years to give you substantial growth coming out of the Monroe injectable products that we are commercializing. So on the generic side, it's, it's both these platforms. And of course, RYALTRIS, as I said, you know, should give us a substantial, uh, growth, right?

Over the next, uh, four to five years, right, in the US market itself, right? And we'll, we'll be putting resources to, drive that as we go forward.

Nitin Agarwal - Analyst, DAM Capital
So you mentioned iron sucrose complexes for next year in the US, uh, and from a respiratory perspective, beyond the, fluticasone sort of franchise, uh, how many filings are we looking to do over the next couple of years?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So we have Fluticasone franchise, then we have ipratropium, which we are expecting to get

approved. And then after that, uh, you know, we have at least a couple of filings in every year. And these are all mostly MDI, DPIs, and those kind of products

Nitin Agarwal - Analyst, DAM Capital
Begin to scale up from next year onwards. If I got it right, you mentioned a $30-40 million number for next year. I mean, how are you seeing this number sort of playing out in the next couple of years?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So look, peak sales for this franchise, right, my guess is if you just take certain timelines, right, FY30 should be in the $100 million, 150 million range and peak sales going up to almost $400 million, 500 million in FY35-'36. Kind of timeframe for the oncology franchise. This doesn't include ISB 2001, right? We're just talking about these three assets.

Nitin Agarwal - Analyst, DAM Capital
And for these three assets, have we already made the requisite investments from a marketing perspective, promotion perspective, or the incremental costs, meaningful costs which can come on this going forward?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So we've made significant investments, right? And as Anurag guided, you know, H1, we did a lot of investments on the oncology side. Putting the people, putting the teams, all the filings. So I think a bulk of it is done, but there will obviously be ongoing investments, right, as we go forward in this, in the subsequent years.

Nitin Agarwal - Analyst, DAM Capital
Okay. And lastly, on Europe, you know, given the size the business has got to now, how should we think about Europe's growth going forward?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
Europe on the generic side, you know, there's a lot of struggle, right? I think, you know, I would just anticipate it will continue to grow low single digit for the next few years, right, on the generic side. But I think in Europe, if you see what we are doing, the two assets, right, RYALTRIS- again, part of it is through Menarini and part of it is through our own sales force, right- is very strong. For example, markets like the UK, now we are adding field force and expanding our presence in the UK on our own.

In addition to RYALTRIS, of course, Winlevi is doing exceedingly well. You know, we've just launched it and we had a great, a great conference at EADV, which is the European Dermatology Conference. So I think Winlevi, these two are key drivers. Besides that, we have a couple of other derm assets, right, which are branded assets. And on the respiratory side, you know, we have some of these MDI/DPIs. Guys, right? Uh, Soprobec and, ASTHMEX and various products that we've launched on the branded respiratory side.

So I think our, goal is to continue to drive our branded performance in Europe and to, uh, you know, move beyond generics. I mean, that's the roadmap for us.

Nitin Agarwal - Analyst, DAM Capital
And the last one, you know, in the past we used to be pretty strong in the, uh, the women's

hormonal business, right? Uh, so that piece, at least in some parts, is coming back quite strongly in the US. Uh, so do we have, uh, any, uh, any play there, any, products which can, which are, can become meaningful for us, which are seeing traction?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So we have a very large, uh, OC portfolio, right, in the US even today, right? So we probably have about 20+ products in the oral contraceptive space, right? Uh, and, the big one we have is Estradiol vaginal which is also seeing a lot of uptake, right, in the US, right? That's a unique product for us. So I think the whole oral contraceptive space is, pretty substantial for us. There are no major new launches there, but we are seeing a lot of traction on the existing franchise.

Nitin Agarwal - Analyst, DAM Capital
So on the, on the HRL cream, or do you, uh, I mean, uh, what kind of pickup

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
ESTRADIOL vaginal pessaries.

Nitin Agarwal - Analyst, DAM Capital
Okay, but have you seen- are you seeing traction on that product?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
Uh, yes, we are. We are seeing a lot of offtake there.

Nitin Agarwal - Analyst, DAM Capital
Okay, thank you so much.

Operator
Thank you. [Operator Instructions] Next question comes from the line of Rahul Jivani with IIFL. Please go ahead.

Rahul Jivani - Analyst, IIFL
Yeah, hi, thanks for taking my question. Now if I see in first half we have generated around Rs 1,650 crore of EBITDA, but our operating cash generation is negative in first half. So can you comment in terms of what's happening with respect to cash generation and how do you see this trajectory playing out, let's say, in second half of the fiscal?

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited
Yeah, so Rahul, uh, as you- as I mentioned that the first half we, uh, was- that when we ever expanding our field force and we had front-loaded the investment on the growth in the first half. So that was the one growth, uh, opex which we were doing. Second is that the legal settlement which we took, uh, in the P&L earlier, those payments were there and those were largely loaded in the H1. So almost Rs 520 crore of those payments were there. Then beside that, a capex of around Rs 367 crore, and then others are normal routine payment of the interest and the dividend and working capital.

So with that, I think if you see that we were actually, uh, negative on cash generation in the first half But as we go into the second half, because, uh, our- because all these investments which we did in H1 is start yielding results in the H2. So we are expecting a strong H2, and that's what we are

expecting to go back to, almost Rs 1,200 crore of cash without any debt. So right now Rs 400 crore to almost Rs 700 to Rs 800 crore cash generation we are expecting in H2. So, uh, and that, will be the trajectory because in our business, a growing growth business, we will continue to have a right capital allocation between the growth opex and growth capex and maintaining the sufficient cash balance to- in the various geographies to keep funding our growth aspirations.

Rahul Jivani - Analyst, IIFL
Sure. So if I see, in first half we have booked this Rs 220-odd crore of litigation settlement expense. And you are talking about, uh, in the cash flow statement there is Rs 500 crore of these litigation settlements which have been paid out.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited
Yeah, so, uh, see what happens is that we book entire- as soon as the settlement happens, the entire amount gets booked in P&L on a, on an accrual basis. And whenever the cash happens- actually, the what we booked in this quarter, actually the payment of only half of the payment have happened in this, time, but the balance will go in the future. And similarly, what we booked in last year, actually some of these payments have come up in this year.

Rahul Jivani - Analyst, IIFL
Sure, okay. And some of these sales force investments which you are talking about, which has led to an, let's say, gross debt going up and net cash coming down, these look very material from the impact which it has had on cash flow. So Uh, what are really these investments about in terms of building up these rep teams?

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited
So, uh, basically we have almost added almost 1,100 people across India and emerging market and oncology franchisee. So all these investments, recruitments were done in the first half, and therefore, and if you see that first half, the operating margin was also lower. So with this, actually, uh, with growth opex and the lower operating margin compared to that, also some of these IGI expenses were also in 2301 were also uploaded in this. So if you remove that IGI and innovation part of our business, we still did a 21% margin.

But I think because the cash-wise, because we continue to fund this innovation journey as well as growth, uh, opex in emerging market in oncology. Therefore, that's why you see that cash generation was lower in the first half.

Rahul Jivani - Analyst, IIFL
Sure. And again, let's say from our next two to three year perspective, can you guide us in terms of what's a fair number to be building in with respect to our EBITDA to operating cash conversion? Because as I said The numbers have been all over the place over past two, three years.

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited
So, uh, as I said that, uh, even in H2 we are expecting around Rs 700-800 crore cash generation which will repay this entire debt and we'll be having a cash position of Rs 1,200 crore in the net cash of the- we are expecting to end up in this year at least. So this will be the trajectory, see, the-

because Expansion-wise, we will obviously- it depends on what kind of, uh, like as Glenn mentioned, that next year probably we will do invest some, some time, some amount in BioCryst US. That's to build up.

But that actually, if you see, all the opex are very high payback. In H1 we invested and within H2 we start seeing the results. So, uh, if you see that way, we are expecting a strong cash flow generation. But obviously having said that, we will continue to maintain our growth aspiration of the emerging market and oncology franchisee across India and emerging markets.

Rahul Jivani - Analyst, IIFL
Sure, that's it from my side. Thank you.

Operator
Thank you. [Operator Instructions] Next question comes from the line of Krish Mehta with Enam Holdings. Please go ahead.

Krish Mehta - Analyst, Enam Holdings
Hi, thank you for taking my questions. I just had one question on the balance sheet to confirm. If you could just confirm that the gross debt was close to, um, what number this quarter, and what is the net debt of- it's close to Rs 430 crores of net cash if I'm not wrong. So is it fair to assume it's just Rs 867 crores of gross debt?

Anurag Mantri - Executive Director & Global Chief Financial Officer, Glenmark Pharmaceuticals Limited
Yeah, Rs 867, Rs 866.5 was the gross debt, uh, in this September. And Rs 1,290 crore was the cash in the quarter. So that's how it gives the Rs 4,024 crore of the net cash.

Krish Mehta - Analyst, Enam Holdings
Thank you. And my last question was on the oncology front. Glen, you mentioned that we can expect $30 million to $40 million of incremental sales next year and the margin profile will be much better. If you could just provide some color on the gross and operating margin deltas between the oncology Um, products that we'll see coming in next year?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
I mean, again, it's- I, don't want to put a number out there, but at the EBITDA level, you know, it will be well ahead of the, company EBITDA, right? Well ahead of the, company average. So you're looking at like 30-40%, uh, at the net level, right, for all these oncology products.

Krish Mehta - Analyst, Enam Holdings
Okay, that's very helpful. Thanks so much.

Operator
Thank you. [Operator Instructions]. The next question comes from the line of Vibha Ravi with Norstella. Please go ahead.

Vibha Ravi - Analyst, Norstella
Hi, good morning. Yes, hi, good morning. Um, I just wanted to know regarding, uh, ISP 2001 outside AbbVie's territories, um, do we- do you have licensing plans outside the, uh, territories which are already covered with AbbVie?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So all I can say at this point is, you know, Glenmark, we have all the rights to India and emerging markets. Right? And we, uh, right now the entire focus is to make sure that, you know, collectively as partners we're moving the asset forward and, working as hard as possible to bring it to market. So that's where all our energies are right now, on ISB 2001.

Vibha Ravi - Analyst, Norstella
Okay. And, uh, you, had mentioned that there's going to be a presentation, uh, right at, uh, ASH? Correct.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
Correct.

Vibha Ravi - Analyst, Norstella
Yeah. So is there anything you can share with us before that, or it's like, uh, going to be totally at the presentation?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
Uh, nothing at all. I can't share any because it's all under embargo, right? So I- we cannot share anything at this point.

Vibha Ravi - Analyst, Norstella
Okay. And, uh, regarding ISB 2301, uh, is there any update? Uh, I think you, have mentioned in the- yeah, regarding that. Okay. So could you, could you tell us of this funding that has come in, how much, uh, is going to go back to Ichnos and towards innovation?

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
So that's, that's an- I mean, all this happened a year or two ago, right? So all that is done, right? So we continue to see IGI clearly is well funded, right? First of all, they have capital sitting, um, you know, till FY28 and beyond. Right, that's what we had provided, right, in terms of funding to IGI from the, from the proceeds, right. And over and above that also, they're well funded as a company.

Vibha Ravi - Analyst, Norstella
Okay, thank you.

Operator
Thank you, ladies and gentlemen. That was the last question for today. We have reached the end of question and answer session. I now hand the conference over to Mr. Utkarsh Gandhi for closing comments.

Utkarsh Gandhi - Senior General Manager, Investor Relations, Glenmark Pharmaceuticals Limited
Thanks, Ranjoo. Quick reminder to everyone that the information, statement, and analysis discussed during this call describing the company or its affiliates' objectives, projections, estimates are forward-looking statements, and these are based on current expectations, forecasts, and assumptions, and subject to risk and uncertainties which could cause actual outcomes to materially differ. No representation or warranty, either expressed or implied, provided in relation to the conversation and the documents provided.

And the company undertakes no obligation to update or revise any forward-looking statements,

whether because of new information, future events, or otherwise. With that, we can close the Q2 FY27 earnings call. Thank you everyone for joining us today.

Glenn Saldanha - Chairman & Managing Director, Glenmark Pharmaceuticals Limited
Thank you.

Operator
[Operator Closing Remarks]