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Dear Sirs,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find transcript of our Conference Call which was held on **Thursday, 13th November, 2025** to discuss the Company's Q2 FY26 earnings and business update.

Thanking you

Yours faithfully
For Ipca Laboratories Limited

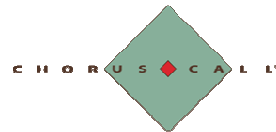
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**“Ipca Laboratories Limited
Q2 FY '26 Earnings Conference Call”
November 13, 2025**



**MANAGEMENT: Mr. A.K. JAIN – MANAGING DIRECTOR – IPCA
LABORATORIES LIMITED
Mr. HARISH KAMATH – CORPORATE COUNSEL AND
COMPANY SECRETARY – IPCA LABORATORIES
LIMITED**

**MODERATOR: Mr. NITIN AGARWAL – DAM CAPITAL ADVISORS
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Ipca Laboratories Earnings Conference Call Q2 FY '26 hosted by DAM Capital. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand over the call to Mr. Nitin Agarwal. Thank you, and over to you, sir.

Nitin Agarwal: Thank you. Hi, good afternoon, everyone, and a very warm welcome to Ipca Labs Q2 FY '26 Earnings Call hosted by DAM Capital Advisors Limited. On the call today, we have representing Ipca Lab management: Mr. A.K. Jain, Managing Director; and Mr. Harish Kamath, Corporate Counsel and Company Secretary.

I will hand over the call to Mr. Jain to make the opening comments, and we will open the floor for questions subsequently. Please go ahead, sir.

A.K. Jain: Thank you. Thanks, Nitin, and DAM Capital for organizing this call. Today's hearing call and discussions and answer given may include some forward-looking statements based on our current business expectations. This must be viewed in conjunction with risks that pharmaceutical business faces. Our actual financial performance may differ from what is projected and perceived. You may use your own judgment on the information given during the call.

Domestic formulation business for Q2 FY '26 has delivered a growth of around 8% for the quarter. Business of the quarter has impacted due to GST rate rationalizations, rate structure correction made during the month of September 2025. And we have seen that subsequent to that in October month, we had a very good business recovering on domestic market.

Ipca's MAT September 2025, rank continued to remain around 16 as per IQVIA. Compared to MAT-September 2024, market share of Ipca has improved from 2.3% to 2.8% in MAT September 2025. Both on acute and chronic segment, we have outpaced the IPM as per IQVIA data for the quarter. Overall market growth in this period has been around 7.8% and Ipca has grown in Q2 around 11.6%.

On acute side, market has grown by around 6.2%. Ipca's growth was around 8.2%. On chronic side, market has grown by around 10.3% and Ipca growth tracked by IPI is around 14.2%. Both chronic and acute business both has delivered better growth.

And overall share of chronic business in overall Ipca business has moved up from 34% in last quarter to around 35% now. For market, it is around 40%. So we are continuously now increasing our business share from chronic business now.

On export formulation business for the quarter is around INR493 crores as against INR541 crores in last financial year. That has declined by around -- almost around 9% for the quarter. And for H1, it is around INR941 crores as against INR937 crores in H1 '25, almost flat. But

we are expecting a business growth of around almost around 8% to 9% on generic formulations in H2 '26.

On API front, for API business, Q2 FY '26 has delivered a growth of around 28% from INR319 crores to around INR408 crores on back of better business from Europe and Latin America. Overall API business of current financial year is expected to grow around 14% to 15%.

For Q2 FY '26, R&D spend has increased to around 3.91% of the turnover from 2.7% for Q2 FY '25. Higher R&D spend of around 4% of turnover will continue in the for the current financial year.

On margin front, our stand-alone EBITDA margin has improved to around 25.46% for Q2 FY '26 as against 22.89% in Q2 FY '25, an improvement of almost around 2.57%. Consolidated EBITDA margin for Q2 FY '26 is at around 21.68% as against 19.1% for Q2 FY '25. That consolidated EBITDA margin for the quarter has also improved by almost around 2.58%.

And looking at overall the margin improvements in the Q2 of the current financial year, we see that from our guidance of around 20% consolidated margin, the margin are expected to be better by almost around 1% in the second half, and that improvement will be there.

Having given the broad numbers, now I request participants to ask the questions.

Moderator: Thank you. We will now begin the question and answer session. First question is from the line of Saion Mukherjee from Nomura Securities.

Saion Mukherjee: I just wanted to know, sir, your comments on GST impact. If you can quantify and also if you can throw some light around various therapy dynamics in India, how those are growing in the secondary market, please?

A.K. Jain: Overall, let's say, the pain is our biggest segment that continue to grow around 10% to 11% kind of growth is there on that segment. In Q2, we have around 10% growth. And for H1 '26, we have 11% growth.

As far as cardiovascular segment is concerned, as we have talked earlier that in first half -- in the first quarter of current year, we had a major restructuring in cardiovascular business because we have added two more divisions and that the first quarter business was impacted because of that.

But in second quarter, we see good recovery around -- this business has grown by around 11%. And for consolidated for H1, the growth is around 10% on cardiovascular business. Overall, antimalarials has seen decline in this quarter also and the H1 '26. This quarter, it has declined by around 8% and overall decline is around 2%. Antibacterial in this quarter, the business growth was around 4%.

Overall for the half year, it is around 5%. CNS segment, we had around 18% kind of growth and for H1, it is around 14%. Cough and cold, there is a recovery now. And this quarter, it has

grown by almost around 17% and for first half, it has grown by around 18%. Derma business in this quarter has grown by around 11%, and urology business was also around 11%. This is in spite of -- there is an impact in the month of September because that growth was very, very low for us.

Saion Mukherjee: So, sir, what was the impact? And what is your guidance for the full year for India growth now?

A.K. Jain: Let's say, overall, our guidance was around 10% to 11%. And broadly, we will be in that line.

Saion Mukherjee: Okay. And the other question I would like to understand from you is on Unichem. So if you can just take us through what we should expect? You talked about synergies before, part is realized, part will be. So if you can talk about the time lines and the quantum there? And what is your guidance on EBITDA margin for Unichem this year or next year, please?

A.K. Jain: Let's say, as far as Unichem is concerned, let's say, we were talking about whatever cost reductions we need to work to do as far as their shipping, logistics and that was already done. Their energy cost reductions was already done. In last financial year itself, that was done.

As far as the business issues are concerned, number one was that we should extend their product to the various markets. So that work has started. And I think around 12 product dossiers are filed in European market and other markets, that filing has started. So that work and after this filing, probably approval may take around 1 year to 1.5 years. That's the time. And then we'll start extending their product businesses to the other markets. So that work is going on.

As far as qualifying whatever API they are buying from outside and there the Ipca is one of the major source. That qualification applications are already say data are generated and fed with regulatory authorities once, let's say, that's clear. So far, no sourcing has started from Ipca. So once that approvals come, so that there is some -- maybe around six months to nine months kind of delay may happen.

But thereafter, probably from next financial year, some of our major APIs, we should start supplying to them after the regulatory approvals are there. So that's the overall journey, which is currently happening.

As far as Unichem margins are concerned, first quarter was largely impacted because of some restructuring, which has happened in Europe because one of their facility manufacturing facilities which was there in Europe, there we had handshake with people, and we were closing that facility. That business is transferred to their Baddi.

So overall, they were incurring around EUR3.5 million to EUR4 million every year, the expenditure. So that expenditure will be cut now. And that manufacturing and all the sources and all approvals has received. And I think the normal business has already started from their Baddi facility, which has all those kind of approvals and all customers and all regulatory approvals and everything is in place.

So Ireland facility is being -- getting closed down. And so these are the major changes which were there. And I think that cost has settled their first quarter account.

On European Union kind of penalties and all that payments were made. And I think since euro has moved adversely, so that provision was also there in the first quarter of exchange difference of around INR10 crores to INR12 crores, which has also impacted the first quarter. Second quarter was normal.

They had a good business growth in U.S. around 12%, and their European business has also done well. And therefore, I think over INR60 crores kind of EBITDA margins they have, which is around 11% or so of the second quarter.

So more improvements will start coming in once, let's say, dossier filing, which has happened and there their approvals start coming in from the various markets and we start extending their product to the other markets. So that advantage will still going to take some more time.

So, I think overall, their business margins are expected to remain around what is in line with the second quarter, but larger improvement may take place only after the various approvals, what we are expecting.

Saion Mukherjee: And then, sir, we could get to what, 15%, 20% kind of levels? What would be after all these approvals and benefits?

A.K. Jain: The business also has to mature because business starts, so it will take time. So, let's say, I would say it may -- for that margins to go up, it may be around 1.5 to 2 years.

Moderator: The next question is from the line of Aanchal from Lotus Wealth.

Aanchal: Yes. So I just wanted some clarity around the synergies from Unichem. So we see that the R&D has increased in this quarter. But say, going ahead, if, for example, the R&D from Ipca is around INR200 crores, while the R&D from Unichem is around INR100 crores. This at the consol level comes to around INR300 crores, correct? So going ahead in the next year, can we say that this expense from INR300 crores can come to around INR150 crores or INR200 crores?

A.K. Jain: No, that expenditure reduction will not happen because Unichem has to do a lot of work in terms of, let's say, extending their dossier to the various markets. And a lot of places, there are repeat bioequivalent study need to be done for filing in other markets like Australia, New Zealand, Canada, all those markets, Europe filing and all -- and so those bioequivalent studies and all are required, then somewhere trade dress needs to be matched because somewhere colors of the tablet may be different and other size shapes are different.

So a lot of those kind of work or incremental work need to be done in order to align the product portfolio and getting those kind of approvals. So, in fact, those expenditures are going to remain. What we have eliminated is that both the teams will not work on a common product. So there will be no duplication. But as far as work is concerned, in fact, that cost has already

increased and will keep on remain at that level because a lot of incremental work needs to be done in order to get better certification of their product range from other markets.

Aanchal: Okay, sir. And also around the ANDA synergies. So say, if Unichem already has an approved ANDA, can Ipca use the same molecule ANDA and gain any synergy around here?

A.K. Jain: Let's say, Unichem is marketing all Ipca products. So Unichem, if it is producing, they have ANDA, they will continue to produce. Ipca will not disturb that part. Only thing what will happen that future development, it will all depend on whether Unichem -- if Unichem has API, Unichem will develop that product.

If Ipca has API, Ipca will develop the product. There will not be a common product development at both the places. But both the team will continue to work on new product development. So both the teams will be working on their respective range, yes.

Aanchal: Okay, sir. Understood. And just one last thing. I just wanted to understand your pipeline for the 505(b)(2) in Ipca as well as for Unichem?

A.K. Jain: We don't have any pipeline of that nature.

Moderator: The next question is from the line of Tushar from Motilal Oswal Financial Services.

Tushar: Sir, just on the generics exports, while you have guided for 8% to 9% growth in the second half, what is it that will drive this? Do we having certain product approvals or traction? Because first half has been pretty flat for generics?

A.K. Jain: First half, basically, it was basically on account of one product because in the market, there was a good amount of higher inventories were there, and there was no production of that. So, otherwise, the European business has -- if I look from the ranges point of view and all that has done well.

And overall, the kind of orders we have and kind of whatever interaction with customer and our business expectations suggest that we should be able to have around 8% to 9% kind of growth on generics in H2 '26, yes.

Tushar: Got it. And similarly, on the branded export side as well, I mean, the first half, again has been pretty soft?

A.K. Jain: First quarter, we had a good growth. I think it's only second quarter and quarter-to-quarter, there could be variation. That business also will have around 9% to 10% kind of growth on the full financial year basis. So -- and quarter-to-quarter in this kind of business, always some fluctuations happens on ROW market and all. But overall, for the year, I have no doubt that, that kind of growth will not be achieved.

Tushar: Got it, sir. And just lastly, on the API side, while this quarter was pretty strong, but we are sort of guiding for a little lower growth rate for the full year. So does it mean that we had certain business which is not going to sort of recur in the subsequent quarters?

A.K. Jain: Let's say, some of our APIs, which we were selling, but on which our volumes were low, certain APIs has gone to European customers and there, I think there was a bulk procurement was there for their businesses and all, which was also at a higher margins was there.

And that business will continue, but there may not be third quarter buying to an extent. So once they consume, and then again, they come up. So looking at all those kind of things, API business overall guidance we have given is around 14% to 15% kind of growth overall.

Tushar: Got it. And just lastly, if I may, progress on the U.S. business from Ipca side?

A.K. Jain: More or less, business is spreading very well. I think last quarter also, we have said that the current businesses which are happening is translating into almost around INR14 crores to INR15 crores. And I think we have shipped around 6 products there and almost around five to six products are under manufacturing.

So once those product goes, probably the business may start on the fourth quarter of the current year or maybe some business maturing may take a little longer time. It's -- we were not there in the market for such a long time. It is taking some time to cover up those kind of business. And overall, that's why we are more conservative on that part.

Tushar: Got it. So, this 2Q, we made INR14 crores, INR15 crores is what you highlighted?

Management: Overall, H1, we have made about INR55 crores.

Moderator: The next question is from the line of Rajakumar from RK Invest.

Rajakumar: Sir, my question is on the cash situation in Unichem. After this payment of this penalty, would you need any cash infusion in Unichem?

A.K. Jain: No, Unichem doesn't require cash. In fact, they have surplus right now also. And current quarter also, they have generated cash from business, and they will continue to do that. So I don't think -- and we already sold their Jogeshwari land. And I think overall proceeds of that after, I think this overall -- this payment also will leave some surplus with Unichem. And after payment of tax also, there will be surplus.

Rajakumar: Okay. And that money is already realized Jogeshwari sale?

A.K. Jain: Jogeshwari sales, yes, money is realized, yes. That is realized in the third quarter.

Rajakumar: Sorry, we are in second quarter, right?

Management: Transaction happened in the month of October. So it will get reflected in the third quarter.

A.K. Jain: Third quarter. That's what I said.

Rajakumar: Okay. Okay. Got it. Got it. Sir, and also why there is a huge inventory situation in Unichem compared to -- if the business between Ipca and Unichem is similar, the inventory levels are very high in Unichem as compared to Ipca?

A.K. Jain: Unichem business is more or less U.S. business, almost around 80% is U.S. business. And their cycle is such that they need to keep around three months inventory at the U.S. and transit inventories and all that kind of thing. And since there are a lot of their products is also from their own API basket.

So there are API inventories and all. We are working also on reduction of those kind of inventory. You will notice that in this quarter, we have reduced overall inventory by almost around INR150 crores in the system.

Rajakumar: Okay. Sir, Lastly, can you comment on your other listed subsidiary, Lyka Labs, even there is some deterioration in that performance?

A.K. Jain: Lyka Labs as such, let's say, they do a lot of P2P business because of this GST rationalizations, all that, a lot of customers have said because you don't produce now in the month of September because that will be -- once the price is changed, then only they wanted production, and they can't take batches and hold. So I think that business got impacted.

And I think they had some kind of some rejections and that impact was there of around INR5 crores, INR7 crores on their overall numbers. So that has impacted the business, yes. But otherwise, their critical care business, which they are building up and also their animal health care business, what they are building up, that journey is going on as planned, yes.

Rajakumar: So the last story is impacting Lyka, right?

A.K. Jain: Yes.

Moderator: The next question is from the line of Kunal from Axis Capital.

Kunal: Sir, my question is on R&D. Sir, you have around seven biosimilar projects in the pipeline, three of which are expected to go to clinical trials next year. So as it is your R&D has gone up slightly this year. So should we assume that even next year, the R&D increase will be even sharper than this?

A.K. Jain: I think overall, the R&D spend in the current financial year is going to remain around 4% of our turnover because a lot of filing and bioequivalence studies and our filing in various markets is also getting -- that pipeline is also becoming very strong. So those expenditures are also increasing. And also your biosimilar expenditures are there. Once the clinical trials start, that cost will be extra. So this 4% may go to around 4.5% or 4.75% in next financial year.

Kunal: Got it, sir. And sir, secondly, if I were to look at your opex, which includes R&D, that's gone up by only mid-single digits and the fact that R&D has gone up quite a bit. Is it some deferment of some costs? Or there's some cost optimization you have done, if you can just throw some light?

A.K. Jain: It's basically all other costs remain in control. So there are -- as far as the manufacturing overheads are concerned, let's say, your fuel cost is down. My power cost has gone up by just

1% because we have a lot of renewal power, power project installation, so that savings are coming.

And overall other costs, by and large, except the testing cost, which has moved up, other costs, by and large, remains same. So there are not much of escalation in the manufacturing costs. Marketing cost has moved up by almost around 6% to 7% in this quarter.

Kunal: Got it, sir. And is it -- are you kind of have stopped expanding the sales force because last couple of years expanding. So that was also kind of hitting your P&L. Now it's more of a steady-state growth number. Is that what we should assume going forward too?

A.K. Jain: Let's say, this year also, we have expanded the field force. And overall, if you look, we have almost around 7,000 now medical reps. So two more cardiac divisions was added in the current financial year. And in time to come, we will add one more division on cosmetic dermatology and -- so some kind of those expenditures were there is likely to be there.

And also one division was added about one division named Flexicare was added to extend our equity on, let's say, on pain management because we are very strong with orthos and we have leadership there. But we have only pain products. So we have launched a range of products. So that division right now, last year, it has started. It is still incurring the losses. So in time to come, that productivity will also build up.

So we have almost around 7,000 people and now additions are not going to be much, maybe around 400 to 500 people annually can be added. But beyond that number addition is not going to be there in next two, three years' time.

Kunal: Got it, sir. That is helpful. And just one more, if you don't mind. On the margin front. So, in this quarter, the growth was driven by AI and the subsidiaries -- the top line growth that is, which I assume are lower gross margin businesses, while your Indian branded was slightly softer. Despite that, the gross margin is very robust. So I just want to understand how you have been managed to have like 69%, 70% gross margin?

A.K. Jain: Let's say, in the -- if you look at the current quarter numbers, the overall, let's say, top line has moved up by around 7%. But at the same time, the material cost is down by almost around 3% to 4% kind of reduction there in material cost. So what we are finding that there is no increase in material cost as such, procurement cost.

But since our product mix is improving, let's say, my chronic product mix is improving, my other product mix is improving, where we have higher margins. So that is resulting in the overall margin. And also on the API side, certain businesses have started happening, which are also at a higher margin level.

So that margin has also improved, and that has resulted in almost around EBITDA margin improvement in -- in spite of lower growth in the quarter, we have almost around 2.57% improvement in the stand-alone EBITDA margin from 22.89% to almost around 25.46%.

And in consolidated margin for the quarter has also improved to around 21.68% from 19.1%. By and large, it's largely driven by Ipca margins here. And that trend will continue. The trend will continue.

- Kunal:** Right. So you are saying there's more headroom to 25.2% stand-alone EBITDA margin?
- A.K. Jain:** So margins are improving, I would say that. And this quarter is a peak quarter. Next quarter, some businesses are domestic businesses comes down and fourth quarter domestic business is low. So depending on the mix, but I would say that margin will continue to improve compared to last financial year.
- Moderator:** The next question is from the line of Dharmil Shah from Dalmus Capital.
- Dharmil Shah:** My questions are more on Unichem with regards to the generic business. So we keep hearing about the other Indian generic companies about the price erosion in the U.S. market. So what has been the trend for us for our molecules for last two to three years with regards to price erosion, what is the current situation? And how do you expect to pan out in the next two to three years?
- Management:** Actually, during our Q1 con call, we had said Unichem has lost market share in certain of its products. That is also because of the lower prices for that product and increase in the competition. At the same time, they have also gained market share in a few other products, but that convert into business will take some time.
- So going forward, we are confident two, three new products will also get added each year and their U.S. business should grow on a stand-alone basis about 8% to 10%. In addition to that, they will be also marketing Ipca products.
- Dharmil Shah:** Understood. So 8% to 10% growth is considering all the factors that you had considered.
- Management:** That is correct, yes. This year, the growth has been slightly lower because, as I said, they lost certain market share in two of their major products. That is the reason, nothing else.
- Dharmil Shah:** And what was the reason for losing the market share? Is it purely based on price?
- Management:** It was that the competition increased and people quoted lower prices and they took a certain market share.
- Dharmil Shah:** Understood. So is it more like a tendering business for us where each year the tenders.
- Management:** It is not exactly a tendering business. When there is a concentration of market share in a few companies, other companies also come into business, and it happens. Whatever they have lost, they may recover in the next cycle. So it's a routine thing in generic business.
- Dharmil Shah:** Understood. But do you expect the price erosion to continue maybe -- I mean, if you can quantify single digit, lower single digit...

- Management:** It all depends product to product. If competition increases, price reduction will happen. Otherwise, there could be a chance price may also increase also. So it is a cycle. So nobody can guess that correctly. It all depends on competition. How many new players come into that molecule.
- A.K. Jain:** Currently, we are not seeing any kind of shortages in U.S. market. So pricing pressures are definitely there. So onetime buying opportunities are a little lower currently. So that used to translate into more margins, but that business opportunity, we are not seeing to that an extent in current year.
- Dharmil Shah:** Understood. So, 8% to 10% growth for the U.S. business. But how do you expect for the rest of the market, I mean, the other geographies you mentioned that you would be marketing?
- Management:** That we also explained, we have started filing dossiers of Unichem in rest of the market. The dossier registration process takes anywhere between 12 to 18 months. Once the dossiers are registered, we will be taking their product in so many other markets where they are not present today, Europe, Australia, New Zealand and Canada. and also ROW market. So that process is on. But because there is a regulatory involvement, there is a two to three years period, all these processes take.
- Dharmil Shah:** Understood. Yes, I understand that it's a very long process to get the approvals and start marketing the new products. But just to understand more on that, currently, the U.S. contribution to the Unichem business is around 60%, 65% of...
- Management:** Almost 70% you can say.
- Dharmil Shah:** Yes. Yes. So assuming, I mean, these new products and newer geographies, what do you expect -- I mean, U.S. contribution to come down to what levels maybe next three to five years later?
- Management:** Then it will also come down gradually. Once you get registration, you start marketing, then gain market share. So it is a slow and gradual process. But once that process starts, you will continuously grow quarter after quarter. That only we can say. But it is a gradual process. You can't expect something to happen drastically in shorter period of time.
- Dharmil Shah:** Understood. And gross margins for last three quarters has been around 54%, 55%. So is this purely based on the market share loss you mentioned in the key products? Or is it something...
- Management:** Yes, the gross margin has come down mainly because of that loss of market share.
- Dharmil Shah:** Okay. It has nothing to do with the contract manufacturing business, right?
- Management:** No, no, no, nothing to do with that. And unfortunately, the products where they lost market share, it was also huge volume. So because of the reduction in volume, their overhead recovery has also impacted to some extent.

- Dharmil Shah:** Understood. And right now, I mean, given that we have added so much capacities in Munich and both in formulation...
- Moderator:** Should you have any follow-up questions please join the queue. The next question is from the line of Surya Narayan Patra from PhillipCapital.
- Surya Narayan Patra:** The first question is that the growth for us, which has been kind of relatively muted in the recent past, obviously, because of the kind of underperformance in the export side. While we have seen that Europe as a market, it has emerged as one of the best performing market for many of the larger players also.
- And we have seen some price appreciation there that has been helping people. But despite Europe being one of the largest market for us, the growth has not been in any manner supported. So what could be impacting our Europe growth for us, sir?
- Management:** No, Mr. Jain has already explained, it is because of one single product. Excluding that product, the sales in all other products are good. And the products where sales were good were having better margins. So margin did not got impacted. Only that particular product, ex that product, everything is fine. Plus we are doing so many other things to expand our European footprint.
- Many products are registered, getting registration also in Germany, where going forward, we shall also participate in tender. We have already incorporated a subsidiary. So Europe is a focused market, and we are hopeful our growth should be good going ahead in the European market. Plus we are also started filing Unichem dossiers in the European market. So basket will also increase.
- Surya Narayan Patra:** Okay. Okay. So we have so far not been seeing the cross-selling benefit. That is what you mentioned.
- Management:** No, no, nothing so far. So far, nothing. Okay. Only two dossiers are registered for which now we are in the market started talking to customers.
- Surya Narayan Patra:** Okay. Regards to the domestic market, sir, see, we have always been outpacing with big margin in terms of growth compared to the IPM. Now we are kind of started tracking almost similar to the market growth momentum, slightly better though. Going ahead, see, there are two -- obviously, two trends are emerging for the domestic market. One is some moderation in the growth generally. That is one.
- And secondly, a bigger growth trigger like GLP that is upcoming. So considering these two aspects, what is our expectation? And what is our preparedness and thought process about the GLP opportunity also? And beyond this, how should one think about the domestic overall growth for Unichem -- sorry, Ipca?
- Management:** So we are very confident our growth will be higher than the market growth. There is no doubt on that. So we are also addressing the therapies where earlier growth was not good like cardiac and all of which we have now started seeing the result. So we are now beating market as far as

cardiac therapy is also concerned. So we are very confident our growth will be better than the market growth.

Surya Narayan Patra: Okay. About GLP, anything that you can talk about, sir? What is your preparedness? When do you think that it will be there in the market?

A.K. Jain: See as far as GLP is concerned, we didn't have R&D of that kind for GLP. So E. coli-based R&D, we didn't have. So now we have already in process of putting the facility for R&D, biotech R&D for E. coli-based product. But it's going to take time. So we will not be there in that kind of race for -- in the current phase of the product. But next phase of product, whenever it comes, we'll be there. We are already synthesizing the clones and other things are already going on.

And as far as market opportunities are concerned, we are also looking to buy the product from other manufacturers and that. So that opportunity we are evaluating. Nothing is finalized right now, but we are -- that process is going on.

Surya Narayan Patra: Okay. Just last one bit from my side, sir. In fact, can you talk about your R&D pipeline, whether it is for U.S. market or whichever emerging market opportunities? See, what is the core focus of the R&D currently and which way that we are thinking at this moment?

A.K. Jain: R&D has current capacity of filing almost around 30 to 35 products. So it will include of the same product, there are different markets, and this is -- each filing is taken as number one number. So current capacity is around that kind of things.

And earlier, we were not, let's say, utilizing that to the fullest extent because we were not there in the U.S. market. So U.S. filing has also started. I think the two filings has already happened and their pipeline is there of around five, six products are in pipeline.

So -- and we have also expedited now a lot of developments for Europe and Australia, New Zealand, Canada market. So that's also happening. And you will notice that R&D cost is also moving up, not only in the biotech, but also on the bioequivalence and formulation development. So we are building a very strong pipeline for future growth.

Moderator: The next follow-up question is from the line of Saion Mukherjee from Nomura Securities.

Saion Mukherjee: Sir, just following up on this filing question. So you made two filings already and you have 5 to 6 which are under development. If you can take us through from a slightly longer-term perspective, let's say, over the next five years, how should we think about the U.S. business in terms of filing, the characteristics of those files, the products? And how should we think about the U.S. business sort of scaling up over the next five years?

A.K. Jain: We are not a company which will be doing too much of filing based on somebody else API. By and large, what is there in our pipeline, either current pipeline or expected to be there in the pipeline. Only those products are being developed and filed for the U.S. market.

So our -- compared to other companies, our filings are, by and large, likely to remain low only, but it all depends on our API capacity because ultimately, unless you have API, you cannot be a long-term player because you all depend on the price given by other parties and that limits your ability to compete in the market and all. So that's the business philosophy and that business philosophy will remain for longer term.

Saion Mukherjee: So, I ask, how many -- so these -- so you would be developing new APIs, right, for this?

A.K. Jain: Yes, yes.

Saion Mukherjee: Right. And so these APIs would be like -- is there a number? I mean, how should, we think about the kind of product...

A.K. Jain: Current capacity is around five to six APIs we can develop. So it's only those development would happen on formulation side. Some API, we can outsource and also file, but it's not going to be a significant number. If API is constituting a very small part of overall product cost, then we may outsource or maybe it's a general type of API with so many products people are producing, then those kind of API we may not take up. So that's the overall thinking.

Moderator: The next question is from the line of Rajakumar from RK Invest.

Rajakumar: Sir, the first question is, can you comment on the monetization opportunity with reference to the tech transfer deal that you did with biosimilars Puerto Rico?

A.K. Jain: It's one of the old product and still having very relevance and U.S. business of government is also bigger and the party wanted to take kind of, let's say, our technology for your drug substance as well as the drug product, both.

So we have milestone-based payment and royalty-based system. At the same time, that party is expert on and is filing -- it's a regulatory consultant to so many companies on biosimilar development and all. So collaborating with him will also help us in your qualification of that plant from U.S. FDA and other markets and all.

So his assistance would be available to us because he's already consulting a large number of companies in India, China and Europe also on the biosimilar kind of development and all. So very experienced person.

So -- and -- on that particular product, he will also, let's say, his focus more and more is likely to be the government business and other. We will also do some private business. And simultaneously, we will also have -- we will also be participating in clinical trial with him and both the facilities will have an approval. That's the kind of working we are doing.

And on that, we will also get the market share in U.S. So from whatever business he does, almost around 25% is the market share, which will come to us on that particular. So that's the broad understanding we have with the party.

Rajakumar: Okay. And no monetization opportunity in this financial year with respect to the deal?

- A.K. Jain:** No, it's not our focus to do the technology transfer, but we want U.S. approvals and experience of that person for the -- because he has very -- practically each and every company in India, almost all companies, is a consultant. Very, very rich experience. So -- and we wanted to utilize that also. It's not our focus that we keep on transferring those technologies and monitoring. We will be utilizing those technologies for building up our pipeline.
- Rajakumar:** Okay. Got it, sir. Sir, and second thing is on the clarification on the margin guidance. So the last quarter, you said your margin will be down by 25 basis points. And now you are telling with a better Q2 performance, you're upping your margin by 100 basis points. Is that correct understanding?
- A.K. Jain:** Yes, because the product mix is improving, and that's giving the better margin. So we are giving that guideline. And around that time, first quarter result of Unichem was not that good. Their business is also improving. So hit which was there in first quarter is not likely to be there in third and fourth quarter.
- So that is also taken into consideration while giving the margin. So Ipca's margins are improving. Unichem's performance is also improving as far as EBITDA is concerned compared to the first quarter. And overall Ipca margins, we have seen the better margins in this quarter. And overall, looking into all that, we are increasing the overall margin guideline.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. We have reached to the end of the question-and-answer session. On behalf -- now I would like to hand the conference over to the management for the closing comments.
- Management:** Madam, we can conclude the con call. I don't think there is any more questions, so we will conclude. Thank you, everyone, for participating in this con call. Thank you.
- Moderator:** Thank you. On behalf of Ipca Laboratories and DAM Capital, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.