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16th February, 2026

To,

The Corporate Relationship Department **BSE Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. ***Scrip Code: 539523***	**National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. ***Scrip Symbol: ALKEM***

Sub: Q3 FY26 - Earnings Conference Call Transcript

Dear Sir(s) / Madam,

We enclose herewith the transcript of "Q3 FY26 Earnings Conference Call" which was hosted by the Company on Friday, 13th February, 2026.

The said transcript shall also be made available on the website of the Company.

Kindly take the same on record.

Sincerely,
For **Alkem Laboratories Limited**

MANISH NARANG
Digitally signed by MANISH NARANG
Date: 2026.02.16 17:08:09 +05'30'

Manish Narang
President - Legal, Company Secretary & Compliance Officer

Encl.: a/a

"Alkem Laboratories Limited
Q3 FY '26 Results Call"
February 13, 2026

MANAGEMENT: **MR. SANDEEP SINGH – MANAGING DIRECTOR – ALKEM LABORATORIES LIMITED**
MR. VIKAS GUPTA – CHIEF EXECUTIVE OFFICER – ALKEM LABORATORIES LIMITED
MR. NITIN AGRAWAL – CHIEF FINANCIAL OFFICER – ALKEM LABORATORIES LIMITED
MR. KAUSTAV BANERJEE – CHIEF EXECUTIVE OFFICER AND PRESIDENT OF ALKEM MEDTECH – ALKEM LABORATORIES LIMITED
MS. PURVI SHAH – HEAD OF INVESTOR RELATIONS – ALKEM LABORATORIES LIMITED

MODERATOR: **MR. TUSHAR MANUDHANE – MOTILAL OSWAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Alkem Labs Q3 FY '26 Results Call hosted by Motilal Oswal Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Tushar Manudhane from Motilal Oswal Financial Services Limited. Thank you, and over to you, sir.

Tushar Manudhane: Thanks, Iqra. Good evening, and warm welcome for third quarter FY '26 Earnings Call of Alkem Laboratories. From the management side, we have Mr. Sandeep Singh, Managing Director; Dr. Vikas Gupta, CEO; Mr. Nitin Agarwal, CFO; Mr. Kaustav Banerjee, CEO, Alkem MedTech; and Ms. Purvi Shah, Head of Investor Relations. Over to you, Purvi.

Purvi Shah: Thank you, Tushar. Good evening, everyone. On behalf of Alkem, we welcome you all to today's Q3 FY '26 Results Call. Earlier today, we released our financial results, press release and results presentation, all of which are available on our website and have also been filed with the stock exchanges. We hope you've had a chance to review them. Before we begin the call, please note that this call is being recorded, and the audio transcript will be made available on the exchanges and on our website shortly after the call concludes. Also, today's discussion may include certain forward-looking statements. So, this should be viewed in the context of the risks and the uncertainties associated with our business. Since we have made a major acquisition announcement today for Alkem Medtech, we also have our MD, Mr. Sandeep Singh, with us on the call, who will throw some light on the same. And all the questions pertaining to the Medtech business will be answered by Mr. Sandeep Singh, along with Alkem Medtech's CEO, Mr. Kaustav Banerjee. So, with this, I now hand over the call to Mr. Sandeep Singh. Over to you sir.

Sandeep Singh: Thank you, Purvi. So, guys, it's great news that we have got into medical devices. I think after biotech, this could be one very valuable subsidiary that we will create in the long-term. I would just like to share some facts about this market and then, of course, Vikas will talk about the business operations, and then we can go through Q&A.

So largely, MedTech in India is a $10 billion market with significant headroom for growth. And India is still an underpenetrated market per capita $7 for India. It's $50 for China. And even Brazil is at $40. So we all know there's large headroom left in India. There are technology advances leading to proliferation of in-use cases across disease areas. And there's low competitive intensity, historically smaller value pools, limited tech know-how and lack of at-scale domestic players even yet. And let's not forget, MedTech can be like generic version 2. And India can become a supplier globally to the best parts of the world, to the most advanced countries in the times to come. So shift towards localized manufacturing and emergence of Indian players will happen, and we are very sure of it. The two areas which you want to focus is ortho and cardio. And though we -- I spoke about India, but our play is global. I believe Enzene and Alkem MedTech both can be value accretive, not just in valuation, but even on pure EBITDA margins. In 4-5 years, both businesses will have an EBITDA margin of 25%.

And with this, I'll pass it on to Vikas, and I'm happy to take questions later on. Thank you.

Vikas Gupta: Thank you so much, Mr. Sandeep. Good evening, everyone, and thank you for joining us for Q3 FY '26 earnings call. In Q3, we delivered a stable performance in a dynamic operating environment, supported by strong fundamentals in our domestic business and consistent execution across our international businesses. We remain bullish on the growth opportunities in domestic as well as in the international businesses and are on track to deliver our full year guidance. We are seeing good revenue growth across our core markets. So, in domestic market, if we look at our YTD numbers, we have grown at close to 10%. During Q3 of last year, we undertook measured adjustment to our distribution setup in certain areas, which was aimed at strengthening the channel effectiveness and improving the service levels and supporting overall long-term growth. So we had realized certain sales in Q3 FY '25, which led to a high base for that quarter. So if we adjust the base effect, there has been a still strong double-digit growth of domestic business that continues even in Q3 of FY '26.

Our chronic business is seeing very strong growth trajectory, both YTD as well as quarter for this year. We also have carved out our Alkem Wellness business as a separate entity, which is seeing certain headwinds. However, our prescription business is growing at a strong rate, which is reflected in IQVIA data as well. We continue to gain market share across specialties as reflected by the prescription research data as well.

I will now present some of the key highlights for Q3 FY '26 financial performance.

The total revenue is at INR37,368 million with a Y-o-Y growth of 10.7%. International sales were at INR12,157 million with a Y-o-Y growth of 26.6%, while India sales, like I mentioned, is looking at Y-o-Y growth of 5.5% with INR24,959 million. EBITDA margin of 22.2% and EBITDA stands at INR8,280 million with a 9% Y-o-Y growth. R&D expenses for the quarter were INR1,390 million, which is 3.7% of the total revenue from our operations. PBT was INR7,812 million with a Y-o-Y growth of 7% and net profit at INR6,360 million with a Y-o-Y growth of 1.6%. There is an exceptional item for the quarter, which includes the impact of INR528 million on a preliminary basis related to the notification by the Government of India regarding the Labour Codes.

According to IQVIA data, we have outperformed IPM in six therapies, which is anti-infectives, which is our core, we are growing 1.4x. Vitamins and minerals, we are growing 2x of the market. Pain at 1.4x. Antidiabetic is 1.2x. But if I adjust for the GLP-1, it is more than 2x of the market. Respiratory 1.2x, and derma 1.8x. So we are seeing a very strong trajectory, both in IQVIA as well as internal business performance. We are encouraged by the opportunities ahead, supported by our expanding portfolio, upcoming launches and investments in the new growth areas. We will continue to navigate the evolving operating environment with agility.

Thank you for your continued trust and support. I would now like to hand over the call to the moderator so that we can open the session for questions.

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

Damayanti Kerai: My question is on MedTech to Sandeep. So, Sandeep, you clearly mentioned this could be generic too in terms of growth opportunities which are available. And from Alkem's perspective, I just want to understand what kind of scale you want to build over the next 3 to 5 years? And then what kind of investment or cost will be required to build that scale?

Sandeep Singh: Sure. Thank you. So yes, I do believe in that. So in the next 3 to 5 years, revenue could be around INR1,000 crores and EBITDA would be around, say, 20%, 22%, 25% would take higher. But since your question was 2 to 5 years, I've answered that. And Kaustav, you can give more color to it, please.

Kaustav Banerjee: Yes. So if you look at from the business of ortho and cardio, our ortho business is more like organically growing, and we just introduced and the tech transfer product that we did last year, that is under manufacturing, and we expect to launch it in the end of June next year. If I give you a volume perspective, we should be around 10% of the market by -- in the next 5 years' time. And if you ask me in terms of numbers, that would be around 250,000 implant. -- in five-year cumulative numbers. So it will be a very strong growth. And we have already launched the product, the Indian brand manufactured product in the second quarter of this year. And if you look at the -- sequentially, we are growing at a number which is 50% quarter-on-quarter. And if I look at the overall EBITDA, I think, which Sandeep already mentioned.

Sandeep Singh: And your question was on incremental cost. So, I think, more or less, maybe overall medtech .will take INR200 crores to INR300 crores more of investment in the next 3 to 4 years. Significant investment, I would say, is almost done. Yes, thank you.

Damayanti Kerai: Sorry. So out of that INR200 crores, INR300 crores expected spend, majority are already done. That's what you're saying?

Sandeep Singh: Yes, yes, yes.

Damayanti Kerai: Okay. Just continuing with that, we understand, MedTech is very different than pharma, right? So what gives you so much of confidence that you can really scale up big in just a matter of, say, 3 to 5 years? And what could be the major challenges, if you can just talk on this business?

Sandeep Singh: Yes. So, Kaustav, maybe you can go ahead, but I'll just say this that, of course, it's different. Therefore, we have a different team. We have a different company. And that's why we acquired this company because those skill sets, we don't have it. So we are very clear about it. We will run it independently. And it is different, but it falls in the health care. Yes, Kaustav, please.

Kaustav Banerjee: Yes. So, if you look at Medtech, we are in the process of building the team. And with the ortho, we have already built the team. And the people we have brought in are from large global companies with significant experiences, anything between 15 to 20 years. And if you look at -- look through my background, you will see that I have grown in the medtech sector before joining Alkem, and I was hired to build this portfolio, I have spent around 26 years into MedTech. Starting with large three global companies, Medtronic, St. Jude, Abbott and then Zimmer Biomet. So it has been -- and I have worked through cardiology and orthopedic all through my 26 years before Alkem.

Moderator: The next question is from the line of Saion Mukerji from Nomura.

Saion Mukerji: If you can provide some more color on this acquisition of Occlutech, if you can give some history about the company, the product segment, geography, any concentration risk? And then -- and beyond the profile, if you can just talk through the strategic rationale for this particular deal as to how this will sort of help in your long-term aspiration? And then the financial metric, how does it make sense that it is -- what's the EBITDA margin for the company, whether it will be earnings accretive or not? If you can give color on that? And any breakeven time line for these?

Kaustav Banerjee: Good questions. Actually from your side. So let me start with the rationale and what the company is about. Very briefly, this is a research-oriented company, which has solved one of the biggest medtech problem in the world, which is being in high entry barrier markets. I mean, entry barrier markets, which is -- which include United States and Western Europe as well as Japan and Australia. And this segment is a very niche segment of cardiology. So, for us, it's more like a platform. So, if you look at interventional cardiology, this is a subsegment of that intervention cardiology, where the occluders, which is basically treating the septal defects of the heart and the three primary areas is definitely number one is atrial septal defects. Number two is the treatment of heart failure. And number three is prevention of stroke. So that's the therapeutic area. Now why this is important to us?

This is -- in this particular segment, they are the third largest company in the world. And given their revenue coming from Western Europe and U.S. to the tune of 85% of their total revenue, it's a very, very strong portfolio, which is waiting to be expanded across the globe. And in Europe, this company is already holding a number 2 position. Apart from this, this company has a very strong R&D setup with their own research lab, multiple research lab, own clean room and own testing facility, which is not very commonly seen in any of the other companies that you come across in the segment. And as a result of this, this company has a very strong product pipeline.

And one of this product pipeline is another occluder, which is left atrial appendage, where the revenue in the -- I mean the global market size is $1.4 billion and which is an oligopolistic market today, I would still say duopoly being shared by Abbott and Boston Scientific. These are two companies which are leading this occluder segment, and this is a product which is in the pipeline, we will be very soon getting approval.

Another important thing you need to recognize, while they have got into U.S. just in the last 1.5 years. And within this -- with one product, they have already achieved 5% market share. PFO is about to be launched, and we are expecting a market share -- I mean, we are expecting approval by 2027. That can significantly help us scale up in a high-value market.

Now coming to your question on EBITDA. First, this company is already EBITDA positive in the present year, which is financial year -- sorry, calendar year 2026. And our estimate is to have 10% EBITDA by FY '27, which will take us to around 23% to 24% in 3 years' time. And our market share, if you see in Europe already is 23%, and we expect to replicate the same experience in the United States. And given the company do not have significant presence in emerging markets, that's a huge opportunity for us to grow. So if you have more financial question you can ask I think to answer, Nitin please go ahead.

Saion Mukerji: I just wanted to -- like you've got 55%. So who owns the company? And why not owning 100%? Is there a plan to own 100% at some point in time?

Nitin Agarwal: So if you look at the shareholding, there are around more than 150 shareholders currently in the company and majority around 32% is held by the founder himself. And so the reason why we are buying 55% because the balance shareholders, they want to retain their shareholding and again is part of the, say, value creation, which we are going to do in the next 5 years together. So, the current management will also continue. The current promoters will also grow the company along with us. And maybe over years, over, say, next 4 to 5 years, they may look for an exit. But as on date, there is no such plan and they want to grow the company with us. So that's the reason that we are buying 55% stake. But yes, maybe after 3, 4 years, we can again look at buying the balance stake from them.

Saion Mukerji: So 30%-odd for the promoter, the promoter is still owning that much stake?

Nitin Agarwal: No, he will sell some part of it. But definitely, he will own significant stake after we take control.

Saion Mukerji: Okay. Can you share like how much stake he would own after the transaction?

Nitin Agarwal: So we will share once we sign the SPA, still in the discussion process. But yes, but we will -- overall, we'll acquire 55% stake that has been decided. In terms of the promoter stake, how much they will continue, that exact number we'll come to know once we reach the signing of SPA stage.

Saion Mukerji: And the promoter will continue as the CEO of the entity. Is that like already decided?

Nitin Agarwal: Yes. So the plan is that the same management will continue. And definitely, we have taken a commitment from him to continue at least for a year. And even for the other management, say, senior management staff also, the commitment has been taken. So, the plan is that this company will run as it is because of the strength we have bought this company, their R&D and manufacturing capabilities. And as Kaustav said, that there are a lot of opportunities to use the brand name of Occlutech and launch more number of products in the structural heart and other similar, say, cardiovascular segment. So definitely, this is a big, big brand which we have bought, and we want to retain the brand image as it.

Moderator: The next question is from the line of Neha M from BofA.

Neha M: Sorry, I missed the number for what is the incremental investment that we are planning on growing the assets?

Nitin Agarwal: So the initial investment will be of around INR1,100 crores. But yes, over 2 years, since we want to also accelerate a few of the R&D projects, as Kaustav spoke that they have LA, which is a great product in this segment. And we want to definitely accelerate launch of LA in -- at least in Europe market over the next 3 years. So, we will maybe invest INR100 crores to INR200 crores more over next 2 years to fund their R&D program. But definitely -- I think at operations level, they will be cash flow positive. And I don't see any challenge from operating cash flow.

Neha M: And this INR100 crores to INR200 crores is largely R&D?

Nitin Agarwal: Yes, mostly to fund or accelerate their R&D program. Otherwise, they are EBITDA positive. I think there are some concerns on the PAT numbers because they have a loan also in their books of around INR450 crores to INR500 crores. The loan is currently at 10%. But yes, definitely, we have plans to reduce the interest loan since Alkem has such, say, cash equity in the market. So definitely, the PAT will also improve once the loan is supported by the corporate guarantee.

Neha M: And the plan to launch more, I think the product that you mentioned in '27 in U.S. and expanding in other markets, that wouldn't require too much investment or that would be over above INR100 crores, INR200 crores?

Nitin Agarwal: No. So, as Kaustav spoke about PFO launch in U.S., that will be June '27. So most of the R&D spend or investment on that project is already done. So we are just waiting for the approval to come, and we will most probably launch that in June -- from June '27 onwards, we will start marketing that product.

Neha M: Okay. So what I'm trying to understand is this INR200 crores number includes all marketing spend as well?

Nitin Agarwal: Yes, yes. As we said that we are already, say, if you look at cash flow at the operating level, we are already -- we have positive cash flow. So we don't need to invest further in sales and marketing. The current business can manage its own sales and marketing expenses. But for R&D program and to accelerate the R&D program, definitely, there will be some amount of investment which we do in the clinical trials and also the clinical program.

Neha M: And what would be the payback period for this acquisition based on your initial assessment?

Nitin Agarwal: See, as we said that this will be more -- for us, this will be a platform to access developed markets like Japan, U.S. and Western Europe. And there is a plan to also launch more number of, say, products in cardiovascular using this platform. But if you don't consider the additional portfolio, which we are going to launch or you don't consider LA, which is a big opportunity, the payback is around 10 years on this asset. But after considering LA or, say, a new set of products which can be launched under this platform, the payback will significantly be lower. As I said, it's 10 years, it can be significantly reduced. But it's very difficult to predict as of now.

Neha M: Okay. And sorry, my last question, the additional cardiology assets that you're mentioning, are we looking at more acquisitions, asset acquisitions to add on to this portfolio? Is that the eventual idea other than what's there in the pipeline for this asset?

Kaustav Banerjee: The idea is not about acquisition. See, when we get -- if you understand the business, and this company is very well manufacturing a simple scaffold kind of technology, which is based on nitinol. There are many adjacent technology to that, which can be very easily manufactured by them doesn't require an inorganic acquisition, but product can be developed and manufactured through the same organization because they have already mastered one of the most difficult scale of delivery system. And given that they have already done it, I feel that whatever investments in R&D Nitin mentioned, that should help us and suffice to introduce our newer products.

Moderator: The next question is from the line of Kunal Dhamesha from Macquarie.

Kunal Dhamesha: The first question on the -- our domestic formulation business. Dr. Vikas alluded that we had some higher base last year same quarter. But if I can see last year same quarter also, we had kind of mid-single-digit growth, right? And if I look at the 2-year CAGR, removing that whatever restructuring we did, we are still at mid-single-digit growth, right? So what is happening in our domestic formulation business that it continues to grow at a lower level, much lower than the IPM level?

Vikas Gupta: So I would disagree here because if you look at our YTD numbers, I think we are close to 10%. And if I split that out even further, like I mentioned, we have this year some headwinds in the generic business, and we carved it out as a separate entity. So, if you remove that, we are actually close to around 11% or 12% in that range. Now in a market which is growing at around 7.5% to 8%, YTD numbers are looking at around early double-digit kind of numbers. So, in fact, we are seeing very good traction across segments within our domestic business. In chronic, which always has been a question that people have asked or whether you look at IQVIA numbers, whether you look at our internal performance numbers, I think it's -- the growth story is at its high. We have a high teens kind of growth that we are registering in our overall chronic segment.

Kunal Dhamesha: On YTD basis, on YTD basis, we also have Adroit adding the inorganic growth and Bombay also getting added, right?

Vikas Gupta: That's hardly -- if you ask me the number for YTD for Adroit it's hardly INR40 crores. So that's not a very big number, which is -- even otherwise, if you look at our prescription business is seeing a very strong growth. And you can see even it in IQVIA. So we have -- I think we do not have any challenges. In fact, our growth is very good. We are very bullish on the same. In fact, now with we're all getting ready for semaglutide launch also, which will be -- we are also geared up for day one entry into semaglutide. So -- and in fact, that would require addition of some people. But even in other therapies, looking at our growth trajectory, we are very bullish on our domestic market, and we will add some more manpower to drive the growth further in the coming years as well.

Kunal Dhamesha: Sure, sir. The second one on the Occlutech business. How is the gross margin profile of the business? And when we say that we improve the EBITDA margin from around 4% to more like 25% over the next 3 to 5 years. Is it more driven by operating leverage, gross margin improvement? And does the company have manufacturing facility? If yes, where is it? And what kind of utilization it is currently working?

Kaustav Banerjee: Yes. So, first of all, the gross margin of the company is as of now close to 73%. There are multiple things that will be driving our margins going forward. Definitely, one of them is operating leverage. And number two is there is a lot of opportunities to optimize cost, utilizing the significant back office that Alkem already has, including the GCC. And also, one of the things we need to recognize that there are certain new products that will be introduced in very high ASP market. For example, when we launch our PFO in U.S., the ASP is almost to the tune of $9,500.

And number four, that is going to drive the margin going forward. While we recognize the fact anything that is labour-oriented or that can help us build labour arbitrage or anything which is labour-intensive process, we will move to India, but we still want to retain the organization's international DNA. So we will continue to make investment on optimization, but ASP, increased coverage, operating leverage and utilizing Alkem's strong back end to reduce operating costs.

Kunal Dhamesha: And sir, regarding the manufacturing facility?

Kaustav Banerjee: Yes. The manufacturing facility, as I said, it will take time because it is also regulated. And already currently, it is in Germany and Turkey as well. And this manufacturing facility will continue to operate. And eventually, we will see opportunities to utilize or optimize.

Kunal Dhamesha: Sure, sir. And lastly, the INR450 crores, INR500 crores debt on the balance sheet, which is at a high interest rate. So is there a plan to kind of provide loan from the Alkem balance sheet at a lower percentage point? Or you would refinance from the market? How should we think about it?

Nitin Agarwal: So we will not provide loans from Alkem India, but definitely, we will get it refinanced with help of quarter guarantee, the rate can be reduced from current 10% to 5% to 6% easily and this is the way we pay for our other subsidiaries also for working capital loans. I guess to answer your question, it will not be from Alkem, but it will be a refinancing.

Moderator: The next question is from the line of Nikhil Mathur from HDFC Mutual Fund.

Nikhil Mathur: I wanted to understand the India numbers a bit better. So there is a divergence what you were suggesting between the primary sales and the secondary sales. So, 1Q, 2Q were much better possibly on the secondary side and -- so on the primary side and this quarter, the primary is worse off than secondary. So any particular reason for this divergence between the two? And when do you see this anomaly getting corrected in the business?

Vikas Gupta: So let me clarify it once again. There is no divergence or no anomaly in this number. If you see, it is just a cutoff adjustment. When we had changed our distribution setup in last year Q3, there were certain markets where we could realize the -- it is just the spillover impact, which already got corrected in Q3. So, there is no divergence. It is looking at like a 5% growth. But if you see YTD, this year numbers, there is no divergence in primary and secondary. And YTD numbers are 10% kind of growth, which is overall domestic. And as you know, in our overall domestic, there is a large component of the generic business as well. Now that generic business this year has been more flattish. So if you look at only the core business, the branded generic business, then the growth trajectory is strong. It is early double-digit kind of growth, and we are also bullish of ending this whole year also at that number only.

So just to clarify, there is no divergence in any primary or secondary. It is just because last year, because of the cutoff -- more of a base impact in the last year Q3 because of which only this quarter is looking a little sluggish. Otherwise, there is no -- I hope it is clear, Nikhil.

Nikhil Mathur: So you will be back to a 10% growth level from 4Q. Is that correct understanding?

Vikas Gupta: So, we are already at YTD also, we are at that number and Q4 also will be that number because that base was only for Q3. which got corrected. Now after that, it has been the same cutoff principle that we have followed. So, even in Q4, you will see touch wood if everything goes well, a similar trend.

Nitin Agarwal: To add what Dr. Gupta said, if you look at billing to billing growth for the quarter, it was 10% plus for the prescription business. So it was just because of the cutoff adjustment that the reported growth looks lower. But billing to billing, if you look -- if you compare the growth, it is 10% plus for quarter 3 also.

Nikhil Mathur: Understood. And so slightly medium term, let's say, FY '27, FY '28, now this generics business, I don't know, I mean, if you want to grow this business or not, would it drag your overall growth in FY '27, '28, if you?

Vikas Gupta: No, it won't. See, it's -- as I said, it's a large business for us, and we would definitely want to grow it. Of course, because we had carved it out as a separate entity, whenever you do that, we have seen that in the short-term business goes through certain headwinds. And even in the market, you know that it has become a highly competitive market. I think we will be back to our high single-digit to early double-digit kind of growth even in generic business from next year. So this year, we have taken certain conscious calls also in the interest of keeping the margins intact from that business. So we are very hopeful.

So, overall, if I have to give you a domestic story picture, then we are very bullish on this. I have always maintained that we will continue to grow at 100 to 150 basis points more than the IPM growth. In the recent months, we have seen even IPM growth getting recovered. So -- and similar trajectory, we are seeing actually in the recent months in our overall domestic business as well. So I think this kind of growth would persist and continue even in the coming year.

Nikhil Mathur: Got it. And I wanted some -- I have a question on Occlutech as well. Before that, just final question on the core business. So you are at 66% gross margin now. If I look at 9 months, somewhere around 65%, 66%. So any particular guidance on the gross margin going into FY '27, '28, especially in light of the MIP that has been announced for PenG and its derivatives. Does that create some sort of a headwind?

Vikas Gupta: So see, of course, MIP is a very recent event. We are just waiting and seeing how the market pricing would unfold. If the India players increase their supply, then clearly, the cost impact would be lesser on our balance sheet. But as of now, the way it looks like, it looks like overall close to, say, INR80 crores to INR100 crores impact, but some of this would get -- should get nullified by some of the market pricing because even our trade generic business, we have a big portfolio on that front. So we can pass it on to the customer.

So we will try and see how we minimize that impact. And then there will be certain other products as well where we are working on improving our overall procurement. So I think put together, as of now, we are looking at, say, a similar guidance on the gross margin, maybe 0.5 to 1 percentage basis points here and there. But we'll try and -- we will actually get to see it closer to how the market unfolds in the coming quarters.

Nikhil Mathur: And how many months of inventory do you usually hold of these derivatives, PenG derivatives?

Vikas Gupta: We have close to 4 to 5 months of inventory with regards to the number of days.

Nikhil Mathur: Got it. I have a set of question on Occlutech as well. Sandeep, sir, historically, Alkem has been very conservative with regards to capital allocation. On the offtake, we are seeing these acquisitions. What gives you confidence on these acquisitions, especially this one, given your conservative nature and the company is loss-making, it seems a bit departure from your past practices?

Sandeep Singh: So you said many acquisitions. So I think this is the first one, not many. You can't count Bombay and all that. That's a sneeze. Don't even bring it up. This is the first one. And many times, you all kept asking that you should acquire and acquire. So maybe we listen to you. Now what gives me confidence is what we answered in the first question. I think we believe in people. I think we have the best people in the medical devices. We have acquired a company, which I'm kind of repeating. So this is not an in-house development or in-house management. This is an acquisition, not only of company, but of talent. And yes -- and Kaustav, you can add on that if you want anything.

Kaustav Banerjee: No, I think we have said enough.

Moderator: Sorry to interrupt Mr. Mathur. Please rejoin the queue for follow-up questions. The next question is from the line of Chirag Dagli from DSP Mutual Fund.

Chirag Dagli: Sir, when you think about the acquisition in 3 years, this incremental growth that is going to come, is it a lot products in similar markets or similar products in newer markets? If you can just flesh out some details here, that will be helpful? And the second one was that as and when you get comfortable with the share purchase agreement, we need a lot more color around how the balance sheet looks like, what you've paid and what the historic financials of this company look like and maybe some literature around what product approvals they have, etcetera, that will really help because this is a fairly large acquisition, large capital allocation, but a lot more details required the feedback I just wanted to sort of get clarity.

Kaustav Banerjee: Yes. So your -- I'll take the first question. First, that is your question on how are we going to grow, right? So fundamentally, there are three things that will drive our growth. One is definitely newer products that will be introduced, which are awaiting regulatory approvals. For example, PFO in the United States, which is a very large opportunity. Similarly, increasing the footprint in emerging markets. That's the second large opportunity that we have with this product. And third thing is we will -- it's about going deep into markets where we just have a little bit of presence where we have low market share because Western Europe, we already have a very good and very high market share. Thereafter, APAC and EMEA are the markets where we have the headroom to grow. So multiple factors. And you said the PFO launch and the deeper penetration with ASD.

Chirag Dagli: Did you flesh out any guidance on these numbers on the next 3 years kind of growth?

Kaustav Banerjee: Yes, probably around INR600 crores, we are estimating in the calendar year '26. And then subsequently, we will grow that number up to INR780 crores in -- yes, approximately 14% CAGR about -- for the next 5 years. Excluding the newer launches.

Chirag Dagli: Correct. And this 15%, 14%, 15% growth equally split across all the three aspects that you talked about, geographic expansion, newer markets and of course, existing markets, higher penetration. Almost equally is how we should think about it?

Kaustav Banerjee: It would be very difficult to say equally because in certain markets, you will drive higher volume, may not be at the very high ASP. And certain markets like U.S. where you will have very high ASP may not be at the same volume. So it would be distributed. But largely, our estimate is we'll grow at 14% CAGR over the next 5 years.

Nitin Agarwal: Just to add on what Kaustav said that this 14% CAGR is without any new product as we have LA also in our product pipeline and also without adding any portfolio -- any addition to the portfolio like we can add TA or other products also going forward. So 14% CAGR is only from the existing products.

Kaustav Banerjee: So it's a conservative estimate.

Chirag Dagli: I understand. So the reason I'm deliberating on this point so much is that the execution hurdles across these three buckets is very, very different, right, getting new products in developed markets versus developed product markets India versus all of these are very different execution hurdles, right? So -- and I get the point that you're bullish about the business. But when you think about this, we have to spend at least time, get some sense on how you are thinking about these three verticals in terms of the contribution to growth.

Kaustav Banerjee: We are already having a full-blown team with Occlutech, we're just acquiring 55%, the team remains the management continues. And we would like to continue with the DNA of our international company.

Moderator: The next question is from the line of Bharat Celly from Equirus Securities Private Limited.

Bharat Celly: Just wanted to understand on Occlutech. So we are doing this acquisition. From a company's perspective, what do they expect, what we will be adding as a value to them overall?

Kaustav Banerjee: What we are going to add as a value?

Bharat Celly: Right.

Kaustav Banerjee: Yes. So definitely, number one is we are going to put muscles into the company by making investments. We are a strategic investor into it. Number two, we are going to add is in terms of the Alkem strength in building organizations across the globe. And third is Alkem's large infrastructure and GCC to reduce the SG&A.

Bharat Celly: When we say to reduce SG&A, what exactly we are doing there per se because we don't have a manufacturing facility. What exactly we are pursuing there?

Kaustav Banerjee: SG&A is outside manufacturing, we are talking about cost of sales, so cost of sales, eventually, we will look at optimizing by moving some of the labour-intensive activity. But SG&A I'm talking about is more on the expenses side, admin expenses side for the support function.

Nitin Agarwal: For the support function.

Bharat Celly: Right, right. And when it comes to the future acquisitions, are we geared up to even further invest into MedTech any longer or the future investments are going to be in different areas? If you could explain that?

Sandeep Singh: No, I think -- so first, I mean, we will look at investments. But as you know, somebody said we have been conservative. So we are very selective. So coming to MedTech, I think more or less is done. We might look at something small, but nothing significant, for sure. I think a large part is done. Yes, we will look into our core business as well, obviously, like pharmaceuticals. At a reasonable valuation, something is reasonable, we will look at it. But we continue to be a company which doesn't have acquisition as its main thing. So don't look at it as we'll do some big-ticket acquisitions.

Bharat Celly: Right. And what will be the ROIC expectation if we go for future acquisition in the pharma side?

Sandeep Singh: I think on a business which generates 20% is great return on equity.

Bharat Celly: And that will be a threshold for us as well when we are investing?

Sandeep Singh: Yes. But just theoretical, if it's a great growth, we can compromise our return on capital. It depends, right? I mean.

Bharat Celly: Sure. And Vikas, sir, since you were mentioning about trade generics, are you giving any absolute number what was our trade generic business during this quarter?

Vikas Gupta: So I think that we will -- we've not called out that. But we know that our percentages in terms of our overall business, I think you know how it has been. I can say that it has been flattish for this year.

Bharat Celly: So, you are saying YTD, right?

Vikas Gupta: Sorry? Yes.

Bharat Celly: You are saying YTD. On a quarterly basis?

Nitin Agarwal: For the quarter, it was flat. For the YTD at YTD level, it was lower single-digit.

Sandeep Singh: Yeah, lower single-digit.

Moderator: The next question is from the line of Sandeep from Cilbas.

Sandeep: Could you please provide some insights about the denosumab biosimilars in the U.S.? I know it was recently submitted. And as well as like what is the recent status in the Europe region? And when will the Xgeva biosimilar be submitted?

Sandeep Singh: Great. So I mean, denosumab, we have both Xgeva and Prolia both. Number one answer is that. U.S., we are undergoing FDA inspection as we speak. And our entry date would -- maybe it would be later on, not during this year because of litigation with Amgen. Even though there are many players, Amgen still litigates on it. So U.S. entry is going to be '26 end, hopefully. And Europe, we'll be entering very, very soon in the next couple of months.

Moderator: The next question is from the line of Kunal Dhamesha from Macquarie.

Kunal Dhamesha: Mr. Kaustav, the PDA approved device, which is currently under filing. So is it already filed? Or is it under clinical trial and we are yet to file? And June '27 is the approval date? So June, does it refer to calendar year '27?

Kaustav Banerjee: Yes. So your question is PDA or PFO. PDA is already an approved product. If you are talking about PFO, the not only filing, even the clinical trials are being conducted. The results will be shared with the U.S. FDA. And we are expecting by mid of June 2027. And when I say June '27, it's specific like is around calendar.

Kunal Dhamesha: So that's the target action date we have already received or it's a clinical trial is still going on?

Kaustav Banerjee: Clinical trial is done.

Kunal Dhamesha: Okay. Okay. And on the -- some of the antibiotic portfolio we have where Dr. Gupta alluded that we can pass on some of the increases, MIP-related increases to customers. But my understanding is a lot of these products are under NLEM, right? And the price increases are linked to the WPI index?

Vikas Gupta: Yes. Let me clarify. I didn't mention on MRP. What I said is in the trade generic business, where it is sold at, say, a higher discount, right, to MRP is where we can look at increasing the pricing. So that is where I mentioned we can pass on some of the cost to the customer, but I don't know. We will see how it goes and how it plays out in the market.

Kunal Dhamesha: So sir, of our anti-infective portfolio, how much is in the generic division and how much is in the prescription division, if you can share the percentages?

Vikas Gupta: On our large brands, that's a branded generic market, say, Clavam, say, Taxim - O, the injectable range, Xone etcetera. So it's a mix. The breakup of the same, we have not shared, but we'll have to look at overall, yeah, if we get to dig up.

Nitin Agarwal: I can say the IQVIA numbers, which you get is only for the prescription. So for generic, I think trade generic, the IQVIA numbers, they don't cover it. So you can make IQVIA number, what is our prescription size of anti-infective.

Kunal Dhamesha: My understanding is IQVIA do capture some of the trade generic, but we can take that offline?

Sandeep Singh: It doesn't matter. Some doesn't make it representative.

Kunal Dhamesha: I agree. But some gets captured?

Sandeep Singh: Yes, that's good. Yes.

Moderator: The next question is from the line of Chirag Dagli from DSP Mutual Fund.

Chirag Dagli: Sir, the trade generic business 9 months, the margin on that just given that we've been flattish, would the percentage margin on the trade generic business be better this year versus last year at EBITDA level?

Nitin Agarwal: Chirag, I think we mentioned that the growth was flat for the quarter. And at YTD level, the sales growth for trade generic was in lower single digit. If you look at EBITDA, as we have given or shared in previous calls also that the EBITDA for generic business is 2% or 3% lower than our corporate EBITDA, but not very much -- it's not very different from our corporate EBITDA. Spanning from quarter-to-quarter, but it's on the same line as corporate EBITDA.

Chirag Dagli: Understood, sir. And just the second one, sir, on the antibiotics business or basically the PenG volume-wise, would the branded business be larger than the trade generic business, just whatever is dependent on trade generics business?

Vikas Gupta: I think we will have to do that calculation, but it's more or less similar.

Nitin Agarwal: Because trade generic and anti-infective are effectively big. So the impact will be almost similar because the volumes are higher in trade generics.

Chirag Dagli: Understood. And this INR100 crores is the total number?

Vikas Gupta : Total number.

Chirag Dagli: It's the total. Part of that gets offset by YTD? Understood.

Management: Always higher as compared to prescription. So the impact will be overall generics business.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to the management for closing comments.

Purvi Shah: Thank you, everyone, for joining us today and for your thoughtful questions and active participation. I'd like to inform all the participants that we have organized an Investor Meet on the 18th of February, that's Wednesday, to outline the strategic direction of the Alkem MedTech, and the invite will be shortly shared on the exchanges with the registration link.

So kindly register yourself, and we wish to see you in person. We look forward to engaging further with you there. The venue is St. Regis. So, you have all the details on the registration form. And please feel free to connect with us in case if you need any further help. And should you have any follow-up question, you can reach out to us. We appreciate your continued interest and support. Have a pleasant evening and a happy weekend. Thank you.

Moderator: Thank you very much. On behalf of Motilal Oswal Financial Services Limited, that concludes this conference. Thank you all for joining us today, and you may now disconnect your lines.