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“Supriya Lifescience Limited's Q4 FY'25 Earnings Conference Call”

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SUPRIYA LIFESCIENCE LTD.

CHORUSCALL®

MANAGEMENT: **DR. SATISH WAGH - EXECUTIVE CHAIRMAN & WHOLE-TIME DIRECTOR, SUPRIYA LIFESCIENCE LIMITED**
DR. SALONI WAGH - MANAGING DIRECTOR, SUPRIYA LIFESCIENCE LIMITED
MR. KRISHNA RAGHUNATHAN - CHIEF FINANCIAL OFFICER, SUPRIYA LIFESCIENCE LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Supriya Lifescience Limited's Q4 FY'25 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Runjhun Jain from EY. Thank you and over to you, ma'am.

Runjhun Jain: Thank you, Anushka. Good morning, everyone. On behalf of Supriya Lifescience Limited, I extend a warm welcome to all participants for the Q4 & FY'25 Financial Results Discussion Call. Today on the call we have Dr. Satish Wagh – Executive Chairman and Whole-time Director, Dr. Saloni Wagh – Managing Director and Mr. Krishna Raghunathan – Chief Financial Officer. Before we begin the call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements which are completely based upon our belief, opinion, and expectations as of today. These statements are not a guarantee of our future performance and involve unforeseen risk and uncertainties. With this, I would like to hand over the call to Dr. Satish for his opening remarks. Over to you, sir.

Satish Wagh: Good morning and a warm welcome to all participants. Thank you for joining us today to discuss the Q4 & FY '25 Results of Supriya Lifescience Limited. Joining me today are Dr. Saloni Wagh – Managing Director; Mr. Krishna Raghunathan – Chief Financial Officer and our Investor Relations Team from Ernst & Young. I hope you have had the opportunity to review our Financial Results and Investor Presentation which are available on the Stock Exchanges and our Company Website.

FY '25 has been a landmark year for us at Supriya Lifescience as we continue to deliver on our strategic roadmap and maintain strong execution across our operations. It was our strongest year yet at Supriya Lifescience as we delivered our highest ever revenue and EBITDA performance. We closed the year with revenue of Rs. 697 crores up 22% year-on-year aligned with our guidance of +20% growth. Our EBITDA for FY'25 stood at Rs. 261 crores with a robust margin of 37.4%. This performance was driven by 3 key pillars-

1. Capacity enhancement by utilization of Module E. We are successfully transitioning to regulated markets, driving stronger results despite modest volume growth.
2. Penetration in newer geographies and
3. Adding new customer base.

Our export business continues to be a major growth engine, accounting for 85% of FY'25 revenue up from 79% last year. Notably, LATAM's contribution surged to 22% from 11% in FY'24. We are also gaining traction in regulated markets like Europe and Brazil, fueled by new product registrations. Going forward, we expect Europe and LATAM to drive growth.

Additionally, we have launched a key new product in anesthetic category, which will scale up. Our strategy remains clear: drive growth through increased registrations and deeper market penetration.

Our key differentiator, backward integration, has seen substantial progress. Reaching 72% in FY '25 from 68% in FY'24, this strategic enhancement directly improves our control over vital inputs and optimize our cost structure.

We are pleased with the strong performance in our core therapies and the steady progress in other key segments, which together have strengthened our overall portfolio. What is especially encouraging is that none of our products saw a decline, reflecting strong execution across the business.

As you are aware, we signed a 10-year partnership with DSM, and I am pleased to share that it is on track. Commercial supplies have started, and we are expecting revenue contribution this year.

We are pleased to share that we have received a Certificate of Suitability, (CEP) for one of our key molecules, facilitating deeper access into the European market. Additionally, our Ambernath site has started validation campaigns and will commence production of liquid anesthetics and oral solids, a significant milestone of our CDMO strategy. Our new Module E-Block has expanded capacity by 500 KL, taking our total to over 1,020 KL with full utilization expected by FY '27.

We now operate two R&D centers, Lote, focused on life cycle management and generic APIs, and Ambernath, which drives innovation in finished formulations and NCEs. Together, they support our forward-looking product strategy across APIs and CDMO services.

Looking ahead, we reaffirm our guidance of ~20% annual revenue growth and sustained EBITDA margins in the 33% to 35% range. Our mid-term ambition to reach Rs. 1,000 crores in revenue by FY ‘27 is backed by a robust pipeline, 3-4 new product launches in FY '26, and growing traction across therapeutic areas including anesthetics, anti-diabetics, anti-anxiety, vitamins, and ADHD.

While the US has announced new tariff measures, details are yet to be finalized. For now, we are adopting a wait-and-watch approach. The US currently contributes a relatively small share to our overall business, and we remain focused on strengthening our presence in other high potential regulator markets.

Our competitive edge lies in deep backward integration, regulatory strength across key markets and a strong portfolio of differentiated products. We are confident in our long-term strategy and remain focused on creating a substantial value for all the stakeholders.

With that, I now invite our CFO – Mr. Krishna Raghunathan to take you through the detailed financial performance of Q4 & FY'25.

Krishna Raghunathan: Thank you, sir. Good morning, everyone. Let me take you all through the operational highlights of the quarter and the full year following which we will open the floor for question and answers.

The company reported revenue from operations of Rs. 184 crores in Q4 FY'25 as against Rs. 158 crores in Q4 FY'24 registering a growth of 16% year-on-year. EBITDA in Q4 FY'25 stood at Rs. 68 crores as against Rs. 56 crores in Q4 FY'24, a growth of 22% year-on-year, and EBITDA margins stood at 37% for Q4 FY'25, improved 162 bps year-on-year. PAT stood at Rs. 50 crores in Q4 FY'25 as against Rs. 37 crores in Q4 FY'24. PAT margins stood at 27%.

Moving to full year performance. Revenue from operations stood at Rs. 696 crores in FY'25, as against Rs. 570 crores in FY'24, reporting a growth of 22%. EBITDA in FY'25 stood at Rs. 261 crores, as against Rs. 173 crores in FY'24, an exceptional growth of 51% year-on-year. While EBITDA margin stood at 37% for FY'25, as against 30% in FY'24, improved 712 bps year-on-year. PAT stood at Rs. 188 crores in FY'25 as against Rs. 119 crores in FY'24. PAT margins stood at 27% in FY'25.

Our CAPEX for FY'25 stood at Rs. 162 crores. Going forward, we expect our CAPEX to close around Rs. 75 crores to Rs. 80 crores for FY'26, primarily directed towards maintenance CAPEX and certain small projects like **Rabo Block** and other requirements in formulations plant.

Our working capital days increased from 124 days to 158 days on account of the increase in inventory and receivables due to the increase in certain batch sizes in E block and the increase in receivables is due to increased business.

On borrowings, we would like to report that for the last six months, we have not replaced any working capital limits except for letter of credits and bank guarantees.

With that, we can open the floor for questions and answers. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Rachna from SIMPL. Please proceed.

Rachna: My first question is that we had launched a basket of new products across various therapies. So how have these products scaled during FY'25 and how has their contribution been to overall revenue? And do you see any opportunities further to scale for these new products in the medium to long term?

Saloni Wagh: So, in FY'25, we have actually launched only one new product coming from the anesthetic therapeutic category. And this launch has happened actually in Quarter 4. So right now, we have not seen any meaningful contribution from this particular product because typically for any product to complete the registration in regulated markets, it takes about 12 months to 18 months.

But it's a very large product category for us and we are very hopeful that in the next financial year, we can see some meaningful contribution to revenue. In the next financial year, we are expecting to launch three new products. The first would be launched somewhere end of Quarter 2, and then Quarter 3, Quarter 4 also we are expecting to launch new products. But meaningful contribution of any new product launches will only happen 12 months to 18 months from the commercial launch.

Rachna: Okay, I was wanting to understand about the products we had launched in FY'23. So, have those products seen any growth?

Saloni Wagh: So, in FY'23 as such we have not launched any new product, or we have not added any new product in our portfolio. In FY'23 the main focus of the company was penetration into more regulated markets. So, a lot of our USDMF CEP approvals have come in that year. So, the major contributors to FY'23 revenue and FY'24 revenue has come from the existing set of products which have gotten better traction in regulated markets.

Rachna: Okay. My second question is that growth in the vitamins therapy appears to be flat in FY'25. Given our exclusive contract with DSM for vitamin products, how much has this partnership contributed to revenues in this segment and has it helped drive any scale with DSM project despite the flat overall growth in the vitamin therapy segment?

Saloni Wagh: So, if I look at the growth in the vitamin segment, actually there has been a good growth in terms of revenue. In terms of percentage, you are not able to see much because obviously our base this year is much higher. But in terms of absolute sales value, there is definitely a growth in the vitamin segment. In the last financial year, DSM contract has not contributed in a big way because we have just completed the validation and we have started supplying to their customer base, which is global. And right now, the customers are actually getting our product qualified. But in the next financial year, definitely we are expecting 30 crores-35 crores of revenue coming in from the DSM contract. So, the actual meaningful scale up of DSM you will see in the next financial year.

Rachna: Okay. And one last question. We have seen strong growth in the LAC market. Is this primarily driven by APIs in the anesthetic and therapies? Beyond this do you see growing demand or scaling opportunities in other therapeutic areas within the LAC region?

Saloni Wagh: Yes, in fact, not just anesthetic, but we have seen good growth across different therapies. Our analgesic therapy has grown really well. Anti-asthmatic has grown well. Some of the newer therapies like anti-gout and anti-hypertensive, which were not contributing that much to the revenue they have also scaled up really well. So overall across all markets may it be semi regulated, regulated, emerging markets, we have seen very good growth happening across all the therapies.

Moderator: Thank you. The next question is from the line of Rupesh Tatiya from Shree Rama Managers PMS. Please proceed.

Rupesh Tatiya: So, the first question is, ketamine hydrochloride is a large product for us. And I think we have a 30%-40% market share in the world. That is my understanding. So, if you can give some idea about why, how did we achieve such a prominent market share? Is there like a new competitor coming and how has the realization been over maybe let's say last 10 years? If you can explain because that is such a big part of our business. So, I just want to understand that first.

Saloni Wagh: So, we do not disclose any product specific details. So I will not be able to comment on any one particular product; however, what I would like to highlight is, in any molecule, whenever we get a leadership position, it is actually a combination of setting up the largest capacity for that product, fully backward integrating that product, and then getting all the regulatory approvals across the globe for that product. So, once you have done all these three things, then you are in a position to get that leadership for certain molecules. And that is the same strategy that we use in our portfolio as well. That's the only thing I will be able to say product specific things, unfortunately, I will not be able to talk.

Rupesh Tatiya: But maybe just at a broad level, do you see competitive landscape in that product staying same or our position improving or our position declining, if you can give some qualitative color around that?

Saloni Wagh: Like I mentioned, there are three aspects for getting leadership position. One is building the largest capacity which happens over a few years. It cannot happen overnight. We have some of the largest capacities for our top products globally. Then the backward integrated models. We have backward integrated these products up to the KSM level which none of the other companies globally have done. And then the regulatory approvals which take a minimum of 2 to 3 years in any market. So today if you go to apply a CEP or a USDMF, it's going to take you minimum 2 to 3 years to get it. So, all these three are very high entry barriers for any competition to enter and it would take them minimum 3 to 4 years to scale up that product to the level at which we are today. So, I am not seeing any immediate competition.

Satish Wagh: The competition word comes only from India. They keep on talking about competitions. Competition comes everywhere, but you must understand any API. The Supriya model is 86% exports. In exports, nobody worries about the price. Today it is about the sustainability and the regulatory and the quality supply. That is very important. That's why Supriya share in exports is more and locally, because of competition, we take always lesser share.

Rupesh Tatiya: Just one final clarification on that. For this product, at what rate that market is growing?

Saloni Wagh: That we cannot disclose any product specific information.

Satish Wagh: Up to even one gram also all over the world, we will see that we capture that market. We will not allow to anybody to come nearby us also. That's our fundamentals.

Rupesh Tatiya: The second question is on slide #32, you have said that there is this one CMO project with a leading European company and we expect Rs. 60 crore revenue from that project in FY'27. So, this is outside of DSM vitamin, right?, which is 30-35 crore project. So, these are different?

Saloni Wagh: No, so it is the same project. So, the DSM Firmenich contract that we have signed is for vitamins supply, exclusively to them for 10 years. And at peak, this contract will generate a revenue of about Rs. 60 crores-Rs. 70 crores. But it will be a gradual scale up because this is mainly for regulated markets like Europe, US, and Japan. So as and when we keep on getting the approvals, the volume will grow. This year, because we have already received the CEP, we are hoping to tap the European market. So that is why we have said that we are going to sell about 30-40 tons which will be around Rs. 35 crores of revenue but it is the same contract.

Rupesh Tatiya: Next, we launched one product in Q4 and we're looking to launch three new products in FY'26. So, for all these four products, can you give some color around two things? What is the end market size for each of these products? Is it like a small or is it like, $1,600 million size and are you like a first manufacturer from India or some idea about the competitive positioning that there are only 2-3 manufacturers in India, like some qualitative color around these four products will be very helpful.

Saloni Wagh: So, the four new products which we are launching, first we have already launched in Quarter 4, but that particular product, the global market size is about $300 million. And the three new products what we are launching in the next financial year, one of them which is coming in the ADHD category is about 90 million, contrast media is about 500 million. And then we have some cardiovascular drugs which is about $100 million. So, if I put together all this, we are closer to $1 billion in terms of API market size. We are targeting these molecules because globally today for these particular molecules the supply dependence is there only on one manufacturer predominantly for most of these it is from China and as you know the global trend people are looking for China plus one manufacturer. I think we can benefit a lot in these molecules. We have been working on them for the past 2-3 years. We have really focused on end-to-end backward integration. So, we are very confident that globally other than China, we will be one of the first manufacturers to offer the products to the regulated market customers, not only with full backward integration, but complete regulatory support. So, we are very confident that when these products launch, they will significantly contribute to the revenue. And some of these actually have the potential of becoming the top product for the company in the next 2 to 3 years.

Moderator: Thank you. The next question is from the line of Krisha Kansara from Molecule Ventures. Please proceed.

Krisha Kansara: My question is on contrast media. You had mentioned in the previous call that we are in active discussions with certain global players for supplying APIs to them. So, have we zeroed down on any of these discussions? Also, you mentioned that this is a 500 million opportunity for us. But I wanted to understand the dynamics of this space. Do we have the required expertise for the

alternate process to which you were going to avoid the Iodine usage? If you can briefly tell us about how are things shaping up in the contrast media space? That is my first question.

Saloni Wagh: In terms of technology, yes, we do have an alternative technology, and we are very confident. We have fully backward integrated this product. So as such, we do not have any dependence on advanced intermediate from any external parties. So, we are very confident when it comes to the technology and even because we have a fully backward integrated product in terms of cost of the product also, we have a fair advantage as compared to any other player. We are discussing this with a lot of global companies, but because this product is set to launch end of Quarter 2, the discussions are at a very initial stage. So as soon as there is some progress on this, maybe in the upcoming quarters, we would be making some announcements. But we have a very good chance because like I said, the manufacturing is highly dependent on 1 or 2 players. There is a need for another source in the market. Our technology, we are very confident and with the cost of the technology that we have, definitely we see that we will have a very strong competitive advantage.

Krisha Kansara: So, we can expect the contribution from this contract media space only after 2-3 quarters, correct?

Saloni Wagh: It would be even more because we are launching this in Quarter 2 of next financial year. So, from there at least 3-4 quarters it will take because as you are aware regulated markets are very large for this particular therapy. Europe, US, in these markets registrations typically takes between 12 months to 18 months. So, for them to fully contribute for any API in fact from the time we launch it or for it to contribute meaningfully to the topline it takes minimum two years.

Krisha Kansara: My second question is on the CDMO side. So, if you can help us understand the total number of CMO and CDMO projects that we are working on as of now. And if you can break it up into two parts, let us say, one being the number of projects which are in commercial space and the other number of projects being in, let's say, early-stage development. Also, one related question to this is, do we still stick to our guidance of achieving close to Rs. 200 crores of topline from CDMO segment by FY'27? And did we kind of report any revenue from CDMO in this particular quarter?

Saloni Wagh: No, so far we have not. I mean, there is a revenue contribution from the DSM agreement, but that is very small. It's not substantial. As of now, we are working on five CMO projects, out of which three are in the commercial stage. DSM has already moved to commercial wherein we have started supplying volumes to them. And we have two other contracts wherein the validations are completed, and commercial contracts are under negotiation. Other than these, in some of the new launches what we are doing, mainly the anesthetic products, contrast media and cardiovascular products, we do have two CMO opportunities which are still under discussion. Once they move into some sort of concrete agreement, we will be announcing them. We still maintain our guidance of Rs. 200 crore contribution to Rs. 1,000 crores topline. But as and when Ambernath plant scales up, which is again CMO, but in the formulation space, there could be

some upside to that number. But once Ambernath facility has gone into commercial production, we would like to give an update on those numbers.

Krisha Kansara: So, the Ambernath formulation site, we were supposed to start in this quarter. So, you had mentioned in the PPT that it will take two more quarters to commission the site. So, what is causing the delay for that?

Saloni Wagh: So, there was just some minor delay in the civil construction of the site. So that was the only delay. The commissioning part of it has already started. I think in the next two quarters, we will start triggering the regulatory approval process for that particular site. We have started the validation campaign, but unless and until we don't get the regulatory clearance on the site, we will not be in a position to start the commercial supplies to the customers. So, validation, commissioning is in progress, commercial contribution, and the commercial scale-up batches and campaigns will start maybe in 1 or 2 quarters.

Moderator: Thank you. The next question is from the line of Nirali Shah from Ashika Institutional Equities. Please proceed.

Nirali Shah: I just wanted to follow up on the previous participants' question regarding the Ambernath finished formulations. Just need a clarity, is there any contribution that we are getting from the finished formulations in the 4th Quarter?

Saloni Wagh: No, there is no contribution because like I mentioned before also we have not yet started any commercial production from that site. We are just in the phase of validation campaign for creating the dossier, stability all of that. So, no commercial production has started.

Nirali Shah: When do we expect commercial production?

Saloni Wagh: We are expecting some commercial production to start by Quarter 3 of the next financial year.

Nirali Shah: And then any meaningful contribution we would be expecting a year to show?

Saloni Wagh: So, we are not expecting any meaningful contribution, but some small contribution in revenue we are expecting from the Ambernath site maybe in Quarter 4. This will mainly come from the non-reg market where in the regulatory approvals are not required. So, some small contribution you can expect, but nothing big or in a meaningful way. I think the Ambernath site will meaningfully contribute in FY'27 only.

Nirali Shah: So, you had earlier guided for an EBITDA margin range of 34% to 36% for FY'25. And now we have delivered a strong 37.4%, which is clearly ahead of the range. In the opening commentary, Satish sir mentioned that for FY'26, we are guiding for a range of 33 to 35%. So just trying to understand, is this more on a conservative starting point or should we not be thinking it off like a 37% as a new base?

Saloni Wagh: So, what is happening in FY'26 is that the newer products are also getting launched and typically whenever we launch a new product, the initial scale up of these products happens in the semi-regulated market where the average selling price for the product is not high as regulated markets. So, we are anticipating some compression in percentage margin. We are very confident that in terms of the absolute EBITDA value or the PAT value, you will see good growth. But if I were to put it in terms of percentage, we are expecting that 33% to 35% which our Chairman has guided, plus Ambernath will start generating revenue in this financial year. Again, the same thing, until and unless we don't get the regulatory approvals for Ambernath side, we are unable to operate in premium markets like Europe, US. So, in that sense, when we are operating more in the semi-regulated or the non-regulated market, the margin profile on those markets is not as high as the regulated one. So overall, that's why the slight compression in terms of percentage. But I repeat that in terms of the absolute EBITDA value or the PAT value you will definitely see a good growth.

Moderator: Thank you. The next question is from the line of Raghav Agarwal from Vriddhi Capital. Please go ahead.

Raghav Agarwal: I just wanted to ask you about the progress that we are making in the plasma nutrition project and oral cancer detection kits that we've been talking about. Can you just give us some ideas to what is happening in that space?

Saloni Wagh: So, the plasma nutrition we have made progress. Last quarter, we got the FSSAI certification for the optimized Whey protein, which was the starting point for us going into the market with the product. After that, we are in discussion with one of the largest distributors in the country, who is basically a large stockiest for whey protein. So, we are in discussion with them. We are very close to signing our first contract with them. The volume this year would not be very high. We are expecting somewhere to the tune of 100 metric tons because this is a completely new product for the Indian market. Nobody has launched optimized whey protein before this. So, for them also to formulate the product and then put it out into the market and see how the customers are reacting will take about 6 to 8 months. So, it is on track. We are expecting some commercial revenue from whey protein in the next financial year. But it will not be very high because the volume like I indicated is about 100 tons for next year. But if the market acceptability of the product is good, it can really scale up in the next 2 to 3 years and we are targeting at least in the next three years, it should touch about 1,000 or 1,500 metric ton.

Raghav Agarwal: Also, can you talk a little bit about the oral detection kit that you were making with Kalinga University? Is there any progress on that?

Saloni Wagh: On the cancer detection kit, I think the first focus of the company was to get it patented across different geographies. So last 6-7 months, we have been working closely with the innovator, and we have already gotten the patent for neighboring countries like Malaysia, Philippines, Korea, because in these countries we have large partners who are interested in developing the product and scaling the product in those markets. So, I think a large part of the focus was getting the

patents done for these markets. In terms of commercial contribution from the oral cancer detection kit like I have mentioned before also, it's a completely new product. So, it will go through that phase of BCGI approval and all of that. So, I think it will take at least three years for us to see any kind of commercial revenue happening from this.

Raghav Agarwal: Sure. And then just one last question is regarding our geographical contribution around The States. Like we always focus more on the regulated side. And this year, I have seen the presentation that says that the contribution from the North America is a bit low. So, are we looking forward to gaining more share in that space, that region? And how are we going to diversify more around that region?

Saloni Wagh: So historically also our market share from North America has always been less than 5%. Our major markets for the product portfolio that we have, always have been Europe and Latin American markets. The slight dip in sales what you see in North American markets is just basically rerouting of some of the business to the domestic market because we used to supply some anti-allergic and decongestant products to a CMO in the US. Now their CMO base has actually shifted to India. So that volume from US has gone to the Indian market. So that is the slight dip that you are seeing in terms of sales in North American markets. Some of the new product launches what we are doing in the anesthetic space, in the cardiovascular, ADHD space, they have a good market in the US. In the short term, I think for the next 1 or 2 years, I don't see US contribution growing very significantly. I think it would still be somewhere in the tune of 6%-7%. But after that, once these products have gotten approval in the US market, we can expect North America, let's say in the next three years, to go up to 10%. But for us, overall perspective, I think Europe, LATAM would be the larger market.

Raghav Agarwal: So, I think we will be able to maintain the share in Latin America and Europe like we have performed this year, right?

Saloni Wagh: Yes, absolutely. If not, we expect the share to grow because some of the newer products what we are launching will gain market share. Plus, even for some of the existing products, we are still gaining market share. So other than our top 4-5 products, we already have a set of 6-7 products where we have recently got CEPs and USDMF. So those products will also now start scaling up in these markets.

Moderator: Thank you. The next question is from the line of Dr. Neha Kharodia from Abakkus Asset Manager. Please proceed.

Neha Kharodia: I have few questions. First is regarding Satish sir's opening remarks wherein he mentioned that volume has been modest for the year and while regulated market deeper penetration has led to still better growth in terms of sales. So just wanted more elaboration and more clarity on how have we grown in terms of volume on an average versus realization led growth**?**

Saloni Wagh: So, by modest growth, I think what he meant is that the year before last we had produced about 841 tons. And last year in terms of tonnage, we have closed in at about 880 tons. So, in terms of

volume growth for the product, it has just been about 40-50 metric ton, if I see. However, because some of these products and some of our top products have seen significant scale up in regulated markets, it has translated to higher revenue and margin generation. I think that is what the comment meant.

Neha Kharodia: And so, going forward, like we expect more of volume-led growth or we expect further as in with the newer product, I think the volume growth should be better. So just from your end, like how should we look at that?

Saloni Wagh: So going forward, you can expect a better volume growth because also what has happened is we have partially only utilized Module E in Quarter 4. And that module E is a very large capacity. So once Module E goes into full capacity utilization, which we expect till FY'27, definitely the volume growth would be much higher plus some of the newer products what we are launching, like I mentioned before, also the global volume of these products is very large. So, I think in the next two years, you will see more on the volume.

Neha Kharodia: And also, regarding our business trends. So, if we talk about let's say the change in our business trends over the years, where we were three years back and where we are now and going forward, how are they going to change if we can maybe talk about that?

Saloni Wagh: So, I think 2-3 areas where we have shown significant improvement and real strength. One is definitely the change in the geography mix and the product mix. We have been always telling all the shareholders that we are constantly working on how we can make our portfolio more robust and how we can increase other product penetration into regulated markets. I think that is very visibly seen in the numbers this year also. If you look at my top three therapies earlier it was antihistamine, anesthetic and anti-asthmatic, but for this year we have seen very good growth happening in analgesic therapy. We have of course seen good growth happening in anti-asthmatic and anesthetic but some of the other therapies like anti-gout, anti-hypertensive, vitamin these therapies have also started contributing very well to the revenue. So, I think this is the first biggest trend that we have seen that any kind of portfolio concentration, product concentration, geographic concentration, we are now seeing it becoming more diverse. Even at the region level, if you see, Europe is one of our largest contributors, but LATAM has grown from almost 11% to 20%. Even in Southeast Asia, we have seen good growth from 11% to 16%. So definitely, newer geographies are also coming in. Backward integration is one other area which we have always focused on, and we have seen significant improvement. So, I think these are some of the key areas which have really helped us in de-risking our business model.

Neha Kharodia: Thanks for that explanation and also just one more question regarding working capital days. So, like this year because we are looking at the commercialization of the Ambernath facility, so should we expect some reduction in the inventory days or how should we look at that? Both inventory and receivable days?

Krishna Raghunathan: Dr. Neha, what will happen is that in Module E since the batch sizes are becoming larger, we might have to increase a bit on the inventory and with respect to receivables, yes, we have been pushing across all the marketing team members. There could be some reduction possible on the receivables. But I think inventory is somewhere around 170 odd days which is coming in. I think that is a good number to go. I don't think that should be a problem for us. Inventory can be managed, but receivables, we will try and push and reduce the receivables effect**.**

Neha Kharodia: So, on a blended basis, should we expect that working capital days should remain in the similar range?

Krishna Raghunathan: Yes, around 150 days to 160 days should be the number we should be looking at.

Moderator: Thank you. The next question is from the line of Abhijit from Pi Asset Management. Please proceed.

Abhijit: So, what was the reason for improvement in gross margin this quarter? And is this sustainable going forward?

Krishna Raghunathan: We don't guide on the gross margins. We only talk about EBITDA. See EBITDA I think we have already spoken about in the Chairman's speech. I think he has already given what sort of a futuristic number we should be looking at.

Abhijit: The other thing is Q4 has historically been the strongest quarter, but this was not the case this time. Can you please share the reason for the same and the trajectory going forward?

Saloni Wagh: So previously, a large contributor to our revenue was our antihistamine therapeutic category, which has some sort of a seasonality in terms of sales of the product. However, like I mentioned before, we have been trying to make our portfolio more robust. And if you see this year, analgesic, anesthetic and anti-asthmatic contribution is fairly large to our revenue. So that kind of seasonal impact what we used to have before, I don't think you will see that moving forward. So, I think moving forward, almost all the quarters you will see at a normalized level, there will not be any one particular quarter where the sales would be very high.

Abhijit: And the last question is, so what is the tax rate expected in the next fiscal? There has been a decline in tax rate in the last few quarters. So, if you can shed some more light on this?

Krishna Raghunathan: Tax rate would be around, 25.17% and I think that would be around the same number.

Moderator: Thank you. The next question is from the line of Ashish Soni from Family Office. Please proceed.

Ashish Soni: In terms of the China Plus One strategy, I think two questions I want to understand. I think your strategy is working well if I understand the South American market revenue share or revenue growth. So, I think you guys mentioned that generally what you are targeting is typically a China

Plus One product supplier, so what is your ambition to get suppose they get a revenue share of like Rs. 100, so typically based on your thing, what's your internal ambition to get to like Rs. 50 and what is actually happening on the ground? I just want to understand because your strategy seems good but on the ground what is happening? What's our ambition on that regard?

Saloni Wagh: So, most of the companies who are looking at China plus one strategy, I think for them it is not about the price per se. Like our Chairman mentioned most of them want to move away from there mainly because of the regulatory quality and the sustainability aspect. So, we don't have any strategy like that, that if we are entering into a product where there is a high China dependence, when we enter the market we will offer a product which is 10% or 20% lower than what China is offering today. Our main intention in these products is to provide the customer with a more sustainable partner who has all the regulatory approvals because that is one area where there is a lot of lacunas in the Chinese manufacturers. So, we have a USFDA approved site, we have a EU approved site, we have worked in regulated markets for more than 20 years. So, we have a very good legacy when it comes to quality and sustainability.

Ashish Soni: My question is, suppose China was supplying for a particular product, China was supplying for Rs. 100, right? So, with all these qualitative factors, but how much share are you able to gather, out of the Rs, 100 what China was supplying for a particular product? Like is it Rs. 20? Is it Rs. 50? I am just trying to understand because we hear a lot of these things, so what is actually happening on the ground is what I want to understand?

Saloni Wagh: On an immediate basis, let's say when we launch a new product within 12 months to 18 months, when the first scale up happens, we expect to gain at least 10% of the market share. We can go up to almost 20%-30% of the market share, but that would be gradual in at least 2 to 3 years' time. It is not possible immediately to get upwards of 50% market share in any product because regulated customers take their own time. So, the immediate short-term target is to gain 10% of the global market share and then eventually ramp it up to 30%-40%.

Ashish Soni: But do you think practically it's possible to get to like 50% in five years sort of thing for a particular product?

Saloni Wagh: Yes, I think in five years it is very much possible and that kind of trend we have seen in our existing portfolio also in some of the products that we manufacture our key products. The initial suppliers were Chinese manufacturers. But then we have built up large capacities. We did backward integration. We did the registration. And today we have become in fact the first suppliers for those products. So, it is very much possible. It takes time because registrations take time. But it is possible to get the leadership position in some of these molecules.

Ashish Soni: And regarding CMO space, what's our strategy compared to our Indian competitors? Because we keep on hearing that lot of projects are coming, China Plus One strategy, a lot of companies are coming. Because somehow I see compared to other Indian players, your CDMO space, fairly

number of projects what if somebody asked, it's not growing. So, what is stopping us from aggressively going after that space?

Saloni Wagh: So, we are going aggressively for those CMO-CDMO projects, but you have to understand that any CMO-CDMO project takes 2 to 3 years to commercialize because we do not focus on domestic market more. If you see our revenue today, also almost 85% is export. So, all of the CMO opportunities what we are working are in the regulated market space. Europe and Latin America are the two main geographies where we are having multiple CMO-CDMO discussions. So, we are aggressively working on that, but for it to translate into commercial revenue, it is going to take a minimum of 2 to 3 years. And we are fairly new in CMO space. We started doing CMO just about two years back. So maybe at FY'27-FY'28, you can see meaningful contributions from these opportunities.

Ashish Soni: And do you think CDMO space can be like 50% of the revenue five years down the line?

Saloni Wagh: No, I don't think 50% of revenue will come from CMO. I think 30%-35% it is possible in the next 4-5 years. But because along with CMO-CDMO, we also launch every year our own new products in our portfolio. I think that will also grow. So, I don't see 50% coming in the next at least 4 years.

Moderator: Thank you. The next question is from the line of Abhishek from Padmaja Investments. Please proceed.

Abhishek: My question was on, I checked the DMF database, like why are there no new filings for DMFs in the year 2025? That's my question one. And question two is, what will drive the growth in FY'26? Because for FY'27 in future, I think it is good. But for FY'26, Ambernath facility is also postponed**.** So, can you explain in detail or in summary, like what will drive the growth in FY'26?

Saloni Wagh: So, the major growth drivers for FY'26 would be the scale up of some of our existing products in regulated markets. Some contribution coming in from the CMO-CDMO opportunities that we have, and then the new products what we are launching, especially the anesthetic product which we launched last year in Quarter 4, some contribution from that. So, in a nutshell, scale up of existing products in more regulated markets, new product contributing to revenue, and CMO-CDMO opportunities.

Abhishek: My second question is on; I checked it in your annual report that you are also working on peptides like Semaglutide. Can you talk about that?

Saloni Wagh: Yes, we are working on this for our finished formulation division in Ambernath. But as of now, this is still in R&D. So, we have not yet even completed the R&D trials. For this product to come out of R&D and for us to commercially launch, we are at least looking at 2.5 years' time. So, on that particular chemistry we have not made fast progress. I think the first launches would be anesthetic, ADHD, cardiovascular those kinds of products.

Abhishek: And can you expect any DMF filings for the year 2025? Because I don't see any new DMFs for the year 2025 in US database?

Saloni Wagh: Yes. We are expecting to file at least 3-4 new products in the next financial year. Of course, some of the new products what we are launching, those also we will file. And there are some existing products in our portfolio. Those also we are in discussion with some customers who want us to file those DMF. So, you can expect 3-4 DMFs in the next year also.

Moderator: Thank you. The next question is from the line of Devansh Patel from Anubhuti. Please proceed.

Devansh Patel: I just had a question regarding the other OPEX slide in your financials. I think it's gone up about 33%. So, I just wanted to know on that.

Krishna Raghunathan: Basically, if you look at it, the other OPEX line also has the freight component. You know the freight costs have all increased across the corresponding commission. The increase in sale will also have a direct impact on other expenses which are directly linked to production and sales. So those are the line items which have got increased. Basically, the commissions, the freight, the stores and spares, these are the numbers which have got increased on the other OPEX line.

Devansh Patel: And my last question is just on the profit margin front, like since it has gone up to almost 70% in this quarter, for your business as well. And at the same time, the LATAM contribution has increased. So, you previously mentioned that Brazil is a regulated market. So, is this where like the greater margin is coming from, because Europe and America have come down? So, I just wanted to understand that mix.

Saloni Wagh: So, Europe actually has not come down. In terms of percentage it might look that there is a slight dip in Europe because of course our base is much larger from 570 to 696 but if I look at the actual sales value of Europe it has gone up only. So, we have seen growth in Europe, LATAM even in other markets like Southeast Asia, we have seen good growth happening.

Devansh Patel: And the margin expansion is coming from these markets, right? Like the regulated ones?

Saloni Wagh: Yes.

Moderator: Thank you. The next question is from the line of Richa from Equitymaster. Please proceed.

Richa: My question is on the formulation facility that is coming up, if you could just highlight the investment that has gone into it and what kind of revenue potential you are expecting and whether this thousand-crore guidance factors in any defined contribution from formulation facility?

Krishna Raghunathan: So, from around Rs. 130 crores have gone into the formulation facility and the revenue at the max, the potential is around Rs. 450 crores to Rs. 500 crores of revenue are possible from the

formulation facility. Most probably by Q2 or early Q3 is where we believe that we would be able to capitalize.

Richa: But within this target of Rs. 1,000 crore, what kind of revenue are you factoring in by FY'27?

Krishna Raghunathan: It will be a very minimal number around say maximum, not more than around Rs. 100 crores are what we are factoring. If at all that could be, see this depends upon how the regulatory approvals which we are expecting from the site. If everything goes well, those will be an added advantage, but which are not factored at this stage in the Rs. 1,000 crores.

Richa: And sir my second question is on the pricing scenario. Are you witnessing any kind of pricing pressure and how confident you are when it comes to this 33% to 35% kind of margin guidance?

Saloni Wagh: So as of now, we are not seeing any pricing pressure for the products that we operate in. And we are very confident that we will be able to maintain this 33%-35% margin because we have a lot of new products. We have diversified the geographies with the new launches, the formulation coming in, and plus scale up of our existing portfolio in regulated markets. I think we're very confident that we will maintain this 33% to 35% EBITDA margin.

Richa: And ma'am your margins in LATAM versus Europe market, would they be similar or LATAM would be lower than European market?

Saloni Wagh: European market is definitely slightly higher than LATAM.

Richa: Okay, and how big hat delta could be?

Saloni Wagh: That we will not be able to discuss too much into that.

Richa: And ma'am, another question is on client concentration, in the presentation it has gone up. I just wanted to know what the contribution from top three clients is. And do you perceive this as a risk or opportunity, whether you are growing with some of the largest end players, some kind of qualitative comment on this?

Saloni Wagh: So, our top 10 customers today contribute almost 50% of our revenue. But you have to understand that the top 10 customers, in that 5 or 6 are actually large distributors. So, these distributors in turn are catered to hundreds of customers. So that way itself our customer base and the top 10 customers are diversified. These large distributors have been working with us for more than 15-20 years; they are basically our representatives in those markets. Just for the ease of business and payment terms, they buy the product, and they stock it in their warehouse. And again, customer requirement, they supply it to the smaller customers. So as such, that top 10 itself is really not top 10. It is a mix of hundreds of customers.

Richa: So last clarification I needed on the capacity, is it 932 or is it 1,000 something? Or the number looks different because maybe there is some element of backward integration if you could clarify that?

Krishna Raghunathan: It's around 1,020 KL across the Lote plant here. I think that is the final number.

Richa: So why is this 932 and why there is this slight difference?

Saloni Wagh: No, actually the 932 KL is for the Lote site and 1,020KL which we have put up that also includes the Ambernath capacity. So, all put together at the company level across Lote and Ambernath it is a 1,020 KL capacity.

Moderator: Thank you. The next question is from the line of Shri Hari from PCS Securities. Please proceed.

Shri Hari: I have three questions. Firstly, if you could please help with the delta in contribution margin for integrated and non-integrated products? Secondly, for the contrast media product, what is the kind of operational market share you have in mind? And thirdly, are you planning to install inhalants in the formulation unit?

Saloni Wagh: So that, like our CFO mentioned before also that we never discuss or guide on any gross margins. However, at the EBITDA level or in general qualitatively at a profit margin level, definitely the products which are backward integrated have a much higher profit margin because we manufacture these products right from the basic stage. We don't take any kind of advanced intermediates for these. So definitely the profit margins are much higher as compared to a non backward integrated product.

Shri Hari: So would it be around 10%?

Saloni Wagh: That delta we won't be able to define.

Shri Hari: Second one was pertaining to the contrast media product. What is the kind of aspirational market share you have in mind?

Saloni Wagh: So on an immediate term, like let's say in the next two years, we are targeting at least 20% of the market share because this is a very large product across regulated markets. And we will take a little bit time to get the CEP and the USDMF in place. So I think in the next two years, the 20% market share is what we are targeting.

Shri Hari: That translates to $100 million. Is that what you are saying?

Saloni Wagh: Yes, correct.

Shri Hari: Okay, $100 million for the single product for 2-3 years?

Saloni Wagh: Yes, over the next 2 to 3 years. I mean, the current discussions what we have are to the tune of that, if we are able to get the full volumes.

Shri Hari: That's great. And finally, whether you plan to install inhalants line in the formulation division?

Krishna Raghunathan: Yes, of course.

Saloni Wagh: Are you asking that in the finished formulation, are we planning any inhalation products? Is that the question?

Shri Hari: I mean to say inhalants. Do you plan to install pumps? I am asking this because Spravato seems to be an opportunity.

Saloni Wagh: Okay, so that's what I think what Krishna said that are we expecting to put up a line for inhalation devices in our formulation plant, correct?

Shri Hari: Right.

Saloni Wagh: Yes, we are working on 2-3 very niche CMO opportunities wherein for some of our existing products we have found large companies who want to tie up on the inhalation part of it. We are expecting this to sort of take off in the next 12 months to 18 months, but yes, it is in pipeline.

Shri Hari: So you are working on it and it will take about 12 months to 18 months to commission. What is the kind of outlay you would be incurring on that, capex?

Saloni Wagh: So, the CAPEX is already done. What Krishna mentioned in the Ambernath CAPEX, what we have done, this is including that inhalation line. So Ambernath facility basically has 3-4 different lines. One line is the liquid anesthetic line that we have for bottling. The other line what we have is oral solid. The third line we have inhalation and then we also have made provision for an injectable line but that we will be doing in a phase wise manner. So, for the first three parts what I mentioned - the liquid anesthetic, the oral solids and the inhalation that is already part of the CAPEX what we have spent last year on Ambernath.

Shri Hari: So, I mean, can you share if you are working on Spravato?

Saloni Wagh: That we will not be able to discuss. It's a very product-specific information. But we are working in that area.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question for the day. Thank you, members of the management and everyone for attending. On behalf of Supriya Lifescience Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.