SUPRIYA LIFESCIENCE LTD.
Creating true values that bind global health

August 19, 2025

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400 001
Scrip Code: 543434

National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051
NSE Symbol: SUPRIYA

Dear Sir/Madam,

Subject: Transcript of the Earnings Call for the quarter ended June 30, 2025.

Further to our Letters dated August 7,2025, August 13, 2025 and August 14, 2025, we would like to inform you that the Transcript of the Earnings Call held on August 14, 2025 with respect to Unaudited Financial Results of the Company for the quarter ended June 30, 2025 is available on the Company's website at:
https://www.supriyalifescience.com/ir-financial.php.

Kindly take the information on record.

Thanking you,

For Supriya Lifescience Limited

Prachi Suhas Sathe

Digitally signed by Prachi Suhas Sathe
Date: 2025.08.19 14:38:26 +05'30'

Prachi Sathe
Company Secretary & Compliance Officer

Corporate office *:* 207/208, Udyog Bhavan, Sonawala Road, Goregaon (East), Mumbai – 400 063. Maharashtra, India.
Tel: +91 22 40332727 / 66942507 Fax : +91 22 26860011 GSTIN: 27AALCS8686A1ZX
CIN: L51900MH2008PLC180452 E-mail: **supriya@supriyalifescience .com** Website: **www.supriyalifescience.com**

Factory *:* A-5/2, Lote Parshuram Industrial Area, M.I.D.C. Tal.– Khed, Dist. – Ratnagiri, Pin :415 722, Maharashtra, India.
Tel: +91 2356 272299 Fax: +91 2356 272178 E-mail: factory@supriyalifescience.com

SUPRIYA LIFESCIENCE LTD.

“Supriya Lifescience Limited Q1 FY26 Earnings Conference Call”

August 14, 2025

SUPRIYA LIFESCIENCE LTD.

CHORUSCALL®

MANAGEMENT: **DR. SATISH WAGH – EXECUTIVE CHAIRMAN AND 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 Supriya Lifescience Limited Q1 FY '26 Earnings Conference Call.

As a reminder, all participants' 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. Sneha Salian. Thank you, and over to you, ma'am.

Sneha Salian: Thank you, Shubham. Good morning, everyone. On behalf of Supriya Lifescience Limited, I extend a warm welcome to all participants for the Q1 FY '26 Financial Results discussion. 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 risks and uncertainties.

With this, I would like to hand over the call to Mr. Krishna Raghunathan for his opening remarks. Over to you, sir.

Krishna Raghunathan: Thank you, Sneha. Good morning, and a warm welcome to all the participants. Thank you for joining us today to discuss the Q1 FY '26 Results of Supriya Lifescience Limited.

On the call with me today are Dr. Satish Wagh – Chairman; and Dr. Saloni Wagh – Managing Director; 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 on our company website. With that, let me take you through our quarterly performance.

Revenue for the quarter stood at INR 145 crores, reflecting a 10% year-on-year decline. The drop was primarily due to a delay in the production facility campaign, following repair and maintenance work at our Lote facility. Several processes are scheduled for Module E, which require intermediates produced in blocks A, B and C.

Currently, these blocks cannot handle the load required to support Module E. The repairs are therefore critical to improving the efficiency of these older blocks as without such upgrades, fully utilizing Module E would be challenging.

During the quarter, the EBITDA stood at INR 52 crores, with EBITDA margins at 36% year-on-year, despite the dip in our revenues. Exports remained the mainstay of our business,

contributing 85% of Q1 FY '26 revenue. Within this, the European market share increased from 36% in Q1 FY '25 to 41% in Q1 FY '26. Backward integration continued to improve, rising to 81% from 69% in Q1 FY '25. This progress has strengthened our control over key inputs, reduced dependence on external sources and delivered further cost savings.

As stated in our previous call, Ambernath site has started validation campaigns and will commence production of liquid anesthetics and oral solids - a significant milestone for our CDMO strategy. We expect commercial contributions coming in from Q4 of this year.

We remain confident of delivering ~20% annual revenue growth with EBITDA margins in the range of 33% to 35%. We expect the second half of the year to outperform the first as the delays in production and sales from H1 are recovered in H2.

Our goal of reaching INR 1,000 crores in revenue by FY '27 is supported by a strong pipeline, 3 to 4 product launches planned for FY '26 and rising demand across key therapeutic areas such as anesthetics, antidiabetics, antianxiety, vitamins and ADHD treatments.

With rising customer interest and a focused strategy to grow registrations and strengthen market presence, we are well placed to capitalize on long-term opportunities and remain optimistic about the years ahead. We are on course to achieve both our short-term as well as long-term goals.

Regarding the U.S. tariff situation, while this market accounts for a small share of our revenue, we continue to track developments and assess any potential implications. Our primary focus remains on expanding in other high-potential regulated markets.

Our competitive advantages lie in strong backward integration, well-established regulatory credentials across major markets and an extensive range of distinctive products. We remain confident in our strategy as we work towards creating value for our stakeholders.

Let me all take you through the operational highlights of the quarter and full year, following which we will open the floor for questions and answers:

The company reported revenue from operations of INR 145 crores in Q1 FY '26 as against INR 161 crores in Q1 FY '25, a degrowth of 10% year-on-year.

EBITDA in Q1 FY '26 stood at INR 52 crores as against INR 63 crores in Q1 FY '25, a degrowth of 17% year-on-year. EBITDA margin stood at 36% for Q1 FY '26. PAT stood at INR 35 crores in Q1 FY '26 as against INR 45 crores in Q1 FY '25. PAT margin stood at 24%. Our CAPEX for Q1 FY '26 stood at INR 14 crores.

Going forward, we expect CAPEX to close around INR 65 crores for remaining FY '26, primarily directed towards maintenance CAPEX and certain small projects like Ribo Block and other requirements in formulations plant.

On borrowings, we would like to report that for the last 6 months, we have not utilized any working capital limits, except for letter of credits and bank guarantees.

With that, we can open the floor for question and answer.

Operator: We will now begin with the question-and-answer session. The first question comes from the line of from Rachana K from SIMPL. Please go ahead.

Rachana A: Just wanted to understand the revenue contribution from backward integrated products has increased to 81%, which is the highest till date. And this appears to be reflected in stronger gross margins as well. Going forward, if this mix normalizes back to our historical range of 65% to 75%, should we expect gross margins to normalize accordingly? Or would this be offset by better pricing and product mix as we expand further into our key regulated markets? This is my first question.

Saloni Wagh: So, our focus as a company has always been on backward integration. So, you will see that in the coming few years also, even the new product launches, what we are doing will be with fully backward integrated model. So, the backward integration percentage would sort of be maintained between the 75% to 80%.

As regards the gross margins, typically, we don't talk on gross margins. But at the EBITDA level, it is mainly a combination of, of course, the backward integration efforts that we are undertaking as well as the average selling prices what we are getting for these products in regulated markets. So, it is a mix of both.

So, moving forward, I think we would be in the same range of 75% to 80% on the backward integration. And on the EBITDA margin front, we have always guided 33% to 35% EBITDA margins, which we are confident we will be able to maintain.

Rachana A: Okay. My second question was we had filed several products with CEP approval. One of them was Bisoprolol Fumarate. And if you could provide an update on how these products have scaled in regulated markets. And these products were expected to gain traction in Europe markets as well. So, if you could guide on that, how have these products performed?

Saloni Wagh: So yes, we are getting good traction for these products in regulated markets. In fact, in terms of the volume contribution and revenue contribution from this particular product, we have seen a good growth in the last 2 to 3 years.

As far as the Europe market is concerned, customers have just started taking trial quantities for their validation. And once their validation is completed, which takes typically between 9 to 12 months, we will start seeing good commercial revenue also coming in for this product from Europe. So next year, you can expect good revenue contribution from Europe for Bisoprolol Fumarate.

Rachana A: Okay. My last question, while we have maintained our guidance of achieving INR 1,000 crores revenue by FY '27 and a good contribution from CDMO and CMO segment as well, along with healthy EBITDA margins, what would be the key drivers for us which we will be focusing beyond FY '27? Specifically, what would be our key growth drivers beyond FY '27? And would we be able to sustain momentum?

Saloni Wagh: Yes, absolutely. I think beyond FY '27, the 2 most important growth drivers for us are going to be introduction of new products in the portfolio. We are actively introducing about 3 to 4 new products every year. We are also introducing newer therapies in our product portfolio to make it more robust. So once these products start gaining traction in semi-regulated and regulated markets, the revenue from these products will really amplify the sales. So, I think the first key growth driver is going to be addition of new products.

The second thing for us is going to be in the CMO, CDMO space, both in terms of advanced intermediate API and also the finished formulation site, which we are setting up in Ambernath. So, the Ambernath site, it is already commissioned, and we will start seeing commercial revenues from this site maybe quarter 4 of this year. So, I think that also will sort of add to the revenue moving forward.

So just to summarize, new product addition and CMO, CDMO opportunities, both on the API as well as the finished formulation side.

Operator: Thank you. The next question comes from the line of Adityapal from MSA Capital Partners. Please go ahead.

Adityapal: Just wanted to understand a bit more on the decline in revenue. I was hearing CFO Sir's discussion, but didn't really catch a good hold of it. If you can help me understand a bit better, that would really be super helpful.

Saloni Wagh: So, the revenue drop was primarily due to the delay in the production facility campaign, which happened because of the repair and maintenance work that we had taken up at the Lote site. As you know, we have recently started commercial production in our Module E, which is one of our biggest production blocks with a capacity of 350 KL.

Now to support the Module E, there we are actually envisaging a good growth happening in our existing set of products as well as some of the new products we want to scale up from the Module E. So, in order to support that Module E, we had to take up a lot of maintenance work in our older blocks, which is the Module A, B and C.

And because we initiated this maintenance activity in the month of April, we actually lost a good amount of production days, which has sort of translated into the lower revenue. So this is the main reason for the dip in the sales of Quarter 1.

Adityapal: And the management was also discussing a couple of quarter con calls back that because our Module A, B, C are quite old when we compare to our newer blocks, and we were planning to either reinvest or refurbish the equipment over there. So was this the plan and now the refurbishment and the repair and maintenance work that we had envisaged earlier, this is done in A, B, C.

Saloni Wagh: Correct. So not fully. We have not fully 100% debottleneck the older blocks. But to at least sustain the output from Module E for the next 1, 1.5 years, whatever little maintenance work we had to do, that we have undertaken. You can expect maybe one year down the line; we will still have to do further debottlenecking to fully optimize those blocks, because those blocks are still not fully automated. So, once we introduce automation in those blocks, we can really optimize the capacity utilization there. But yes, some part of it to support Module E, we have undertaken in the month of April.

Adityapal: And so last quarter, I believe that we had launched our anesthetic drug, Sevoflurane, the entire Sevoflurane family. If you can help me understand, because obviously, we have launched these molecules first in our semi-regulated markets. If you can help me understand how they are doing, how they are coming up? And when do we plan on our CEP and DMF filings?

Saloni Wagh: So yes, we have launched one product from an anesthetic category in the last quarter, and we are getting very good traction for the product. We have already started some commercial supplies in domestic market. And most of the regulated customers have taken samples and now they are qualifying the product.

We are expecting maybe by quarter 3, we should be in a position to file the U.S. DMF and the CEP. But overall, we are getting very good traction for the product. And for you to see the full commercial revenue generation from this product, I think it will take at least 3 to 4 quarters, because it will take us about 9 to 12 months to get the approval on the CEP and the U.S. DMF as well.

Adityapal: Just one last question on the regulatory aspect, so there are a lot of our successive products that we have not filed in DMF with FDA. As our revenues from the U.S. geography is lower, do you think that maybe in the next couple of years, maybe, say, starting mid-FY '27, we will aggressively start expanding, looking at the U.S. geography with a keen eye. I am assuming that the tariffs don't come on API and pharma products.

Saloni Wagh: So, Europe and Latin American markets like Brazil, Mexico, they have always been the larger markets for us, mainly because of the product portfolio that we have. Of course, we have seen some improvement in our North American sales, and we are expecting that with the new product launches that would further improve. But having said that, even with that, in the next at least 3, 4 years, Europe and Latin American market would still contribute to the larger chunk of revenues.

Adityapal: Just talking about delta perspective, that is it.

Saloni Wagh: So in terms of regulatory filings, of course, any new product that we launch, we always have a global view in mind, and we definitely want to get the regulatory approvals for that product across all markets. So, for all the new products that we would be launching, we would definitely be filing the U.S. DMF as well. So, the number of U.S. DMF filings in the next 3 to 4 years will definitely be much higher than what we are doing today.

Moderator: The next question comes from the line of Krisha Kansara from Molecule Ventures. Please go ahead.

Krisha Kansara: My question is on the CDMO segment. I would like the management to provide us with the latest update regarding CDMO contracts, which are key to the company. One is the DSM contract for vitamin D, second is the Whey Protein contract, and the third is the contrast media. So, on the Whey Protein side, we were about to sign a contract with a distributor. So, is there any update on the same? And can we expect this particular product to start contributing to our volumes in H2 of FY '26? This is my question related to Whey Protein. And then I will come to the other 2 contracts.

Saloni Wagh: Yes. So, the contract that we were looking to sign, it is at a final stage. We are expecting to close this contract and sign it probably end of quarter 2, a little before that actually. Already, the validation batches and all have been supplied to this particular customer. And we are expecting some small revenue generation happening from this particular contract maybe in quarter 4 of this year. In the next 3, 4 years, this product has a good potential to give at least INR 40 crores, INR 50 crore revenue.

And maybe beyond that, let's say, if we take a 5, 6 years sort of a guidance, this can really scale up to INR 100 crores revenue as well. But everything depends on how the contract moves, because this is a very new product in the Indian market. It's the first time somebody is launching optimized Whey Protein. So, we also have to see how the market is sort of responding to this particular product. But if all goes well, these are the kind of projections we can achieve in the next 4 to 5 years.

Krisha Kansara: Right. So, in the last con call, you had mentioned that we can do a volume of 100 metric tons in this fiscal year. So, do we expect to the guidance and this kind of volume in Q4 of FY '26?

Saloni Wagh: So, 100 metric tons this year would not be possible considering the contract has taken a bit of time. But yes, about 50 tonnes, we will be able to achieve in this year. If all goes well, if the trial goes well, about 40, 50 metric ton is something that we expect to achieve this year. But of course, we will keep guiding and we will keep correcting the guidance as and when the contract is signed and we start getting the purchase order from the customer.

Krisha Kansara: And did we clock any revenue from the DSM contract in this quarter or that will be for the H2?

Saloni Wagh: Yes, we have started generating revenue from the DSM contract. In the first quarter also, we have supplied to them some small batches for their customer trials, mainly in the food and field

space. But the revenue generation is very, very miniscule at this point. However, this year, we are expecting in quarter 2, quarter 3 and quarter 4 good volumes coming in from the DSM contract.

And for this year, I think about INR 30-odd crores of revenue we are envisaging coming in from the DSM contract. So that is well on track. And already we have received our CEP for this particular product for DSM. So, Europe market has also started gaining traction. We are now waiting for the Japanese PMDA approval. Once that also comes in and the pharma customers approve the product, then the volumes will really start scaling up.

Krisha Kansara: This is my last question. So is there any update on the contrast media side? So, you mentioned that we are already in discussions with global companies.

Saloni Wagh: So for the contrast media product, we are actually launching this in quarter 2. We have not yet launched the product. We are in initial discussions with a lot of companies for some tie-ups. But I think once the product is commercially launched and all the documentation part is completed, we would be in a better position to guide on that.

Krisha Kansara: So, we can expect the launch in next month? Correct.

Saloni Wagh: Yes.

Moderator: Thank you. The next question comes from the line of Aashish Upganlawar from InvesQ PMS. Please go ahead.

Aashish Upganlawar: Yes. Thank you so much for the opportunity. If I could understand clearly from what the commentary on the call has been regarding the Q1 numbers slipping a bit, is that there was certain disruption due to kind of supply side issues at our end and no demand side issues at the customer end. So, just wanted to check on that.

And secondly, will this volume, which has not been done in Q1, is it going to be made up in Q2 and that's why Q2 can be a bit better. So, I just wanted to confirm that there is no demand side issue as such, because your commentary also said that from H2 numbers will be better. So does it mean that there is something in the macros, which is of concern to us.

Saloni Wagh: Correct. Absolutely. We are very confident that whatever we have guided, the revenue growth of 20% plus and the EBITDA margin guidance, whatever we have given, we are very confident that we will be able to achieve them in the remaining quarters.

H2 would definitely, for us this year be much stronger. In quarter 2, you will see some part of that sales getting recovered. There is absolutely no issue on the demand side. It has only got to do with the maintenance activities and the loss of production days, which has sort of translated into the lower revenue.

But if I look at the other aspect of the business, Europe sales have gone up from 34% to 41%. Even in our product portfolio, anesthetic, antihistamine, all the sales are on an upward trend. Export percentage has gone up to 85%. Our capacity utilization has gone up to 76%. So, there are all the positives which are there in the business.

Only because of this setback, because of the maintenance activities, we were not able to cater to the demand of the customer. But in the coming few quarters, you will see that we will be compensating for that. In quarter 2, we will not be able to fully compensate. So, I think the greater revenue will come in H2 of this year.

Aashish Upganlawar: Okay. Second question would be that, see, right now, I think we are all transpiring as far as demand, new products, new filings and that will be adding to our revenues over the years. So, I think all the drivers that need to be there for our business to consistently grow at a very good pace that seem to be there. But historically, what we have seen that the business of CDMOs, APIs basically is a bit cyclical in nature.

So is our story going to be intact in case there is some kind of lull in the demand side, because historically, no one has been able to time it. Inventories take shape at the customers end and then the cycle goes for a toss, margin goes for a toss. So, anything in the environment as of now to read anything like that maybe after one year or maybe immediately?

And secondly, our growth guidance of 20% plus with maybe market share gains and our new products, is it devoid of that? Are we in safe zone if anything like that happens? And are you reading anything which is of concern? There's nothing right as of now?

Saloni Wagh: So, our guidance of 20% growth is factoring in all the different risks to the business. We have a very robust portfolio between APIs. Even on the CMO, CDMO front, we are not only working in APIs, Advanced Intermediates, but also finished formulation. And most of our projects and product selection in this space is very, very niche. So, these are molecules wherein there is only one manufacturer or concentrated manufacturing where we will be able to create a lot of value for the customer by the way of backward integration and regulatory approvals.

So as such, I don't see any issues for the kind of growth what we are guiding. And that 20% growth is sort of factoring in a little bit of sales dip in one of the portfolios of the company that is already factored in. But having taken into consideration all of that, we are still confident that we will be able to maintain our growth pace of 20% plus.

Aashish Upganlawar: Just to add, is there a possibility of we going beyond 20%, can we be a bit higher because of size as such versus the opportunity that still seems to be small. So why, is it a very conservative number of 20% growth? Can it be 30%? Some guidance on that.

Saloni Wagh: We operate actually in a very regulated space. As you can see, 85% of our business is exports and in that 85%, also closer to 50% comes in from regulated markets. The regulated market business takes time to develop, regulatory approvals take time to come in. So of course, there is

a chance that we can grow beyond 20%, but keeping in mind the regulatory implications in all the business verticals that we operate in, 20% is something that we would like to guide.

Moderator: Thank you. The next question comes from the line of Karan from Invexa Capital. Please go ahead.

Karan: Just to get a sense on the pipeline beyond FY '28 for our CDMO, CMO as well as new molecules. So, can you just provide some outlook? So, what sort of therapy area are we targeting? And in terms of the market potential for those drugs, will it be very similar to what we do currently, or it will be a larger TAM that we are targeting for those molecules?

Saloni Wagh: As of now, we can guide till FY '27. Till FY '27, the molecules or the therapies what we are targeting is anesthesia, ADHD, antidiabetic, cardiovascular, these are some of the therapies where we are trying to launch products in these therapies.

For us, CMO, CDMO, like I said, not only API advanced intermediate, but it will also come from finished formulations. So, in finished formulations, we are also targeting oral solid dosage, injectables, and of course, our liquid anesthetic line. So, till FY '27, these are the 4, 5 areas that we are targeting for the new molecules and the new launches.

Karan: Okay. In the earlier call also, for the CMO, on the new molecule side, we have guided for that, that we are working on a cardiovascular drug. So where are we in terms of development and in the commercial side of that molecule?

Satish Wagh: Sir, I will tell you, this is Dr. Satish Wagh here. You see the products which we have targeted, and we are going, you must understand there is no competitor for us in India. Our chemistry is not to fight in India. Our chemistry is to crack the Chinese molecules and take the business of Chinese. So currently, when we are sitting here, the 2 products which we are already launched, they are very big volumes. Like anesthetic is almost a product of $6 billion.

Now if $6 billion, I can take a few hundreds of crores, I will definitely go for that opportunity to encash, because more of the people like multinationals and big companies would like to leave China and go to India to buy this product. So, when we are already having a vision that we will get business, a good amount of EBITDA, we will not waste our time on other things. We will concentrate to utilize the maximum capacity, which we have installed for which we have already spent money on it.

Karan: Yes. I get that. But sir, can we assume that whatever guidance we have given FY '27, this is one of the products that we have considered for that guidance?

Saloni Wagh: So, we have considered only part of that because like I explained before also, for any new product to sort of scale up in regulated market, it takes about 2 to 3 years from its launch. So, some part of it, yes, we have considered, but not to the full extent of the market size of this product.

Moderator: Thank you. The next question comes from the line of Rupesh Tatiya from Shree Rama Managers PMS. Please go ahead.

Rupesh Tatiya: One clarification on Slide #14. It says in Q1 capacity utilization is 76%, but our capacity went up from roughly 600 KL to 950 KL. So, this 76% is on the older denominator, right? Is that a correct understanding?

Saloni Wagh: Yes.

Rupesh Tatiya: So, now with the new capacity commission, the capacity utilization has significantly dropped now around 50% like that, right?

Saloni Wagh: So, in terms of capacity utilization, what has happened is Module E, which is one of our largest blocks, that utilization has gone up, because most of our large products are now scaled up there. So yes, although it is on an older denominator, minorly, it would have dropped, not to the level of 50% or something.

Rupesh Tatiya: Okay. And for both CVS product and ADHD product, can you give some timelines about launch in India, for example, when will it be filed and end product size, for both the products, CVS products and ADHD products?

Saloni Wagh: So, for the ADHD product, we are actually expecting to launch by Quarter 4 of this year. So, we are still 2 quarters away from the launch of that product. The total market size of this product at the API level would be about $90 million. For the cardiovascular drug, the advanced intermediate, what we are launching, we have already launched this in Quarter 1. And for that advanced intermediate, the global volume as of now is about $40 million.

Rupesh Tatiya: And for both these products, there is no manufacturer in India?

Saloni Wagh: No. So for both these products, like our Chairman said before, we don't have an Indian manufacturer, especially for the cardiovascular advanced intermediate, we don't have any Indian manufacturer. It would be a replacement product from China.

Rupesh Tatiya: And globally, how many manufacturers are there for both these products?

Saloni Wagh: Globally, maybe 1 or 2 manufacturers.

Rupesh Tatiya: Okay. Yes. And the contrast media product, I think last call, I think we were hoping to win 20%, 25% market share in the contrast media product. I know we are launching it in Q2. So how is the customer seeding, sampling? What gives us this confidence that we can win this market share? Is it the cost advantage? Is it the technology advantage? Is it the quality advantage? Some color around that would be helpful.

Saloni Wagh: So, it is definitely the cost and the technology advantage that we have. As you know, Supriya, we believe in having a backward integrated business model. So, we are fully backward integrated this product all the way till the key starting raw material level. Our technology is also far superior as compared to the technology available in the market. And along with that, we have already set up a very large capacity for this product in our current blocks.

We will also be going in for full regulatory approval. So, a combination of all these 3, 4 things, we are very confident that we will be able to gain good market share.

In terms of that 20% market share, what we are getting, this will take time. It will take at least 3 to 4 years. Like I explained before also that regulatory approvals take time. So any product scaling up and getting that kind of market share from its launch takes about 2 to 3 years. But we are very confident with the technology and the backward integrated model that we have, we are very confident that we will start getting good traction from the customers.

Rupesh Tatiya: This product is not an iodine chemistry, right, the contrast media product?

Saloni Wagh: So some part of it has iodine chemistry, but we have been able to develop better technology wherein we are sort of surpassing a few stages.

Rupesh Tatiya: Okay. But the end-end classification of the product is iodine-based contrast media. That's the correct understanding, with a better technology.

Saloni Wagh: Yes.

Moderator: Thank you. The next question comes from the line of Amit Agicha from H G Hawa. Please go ahead.

Amit Agicha: Is the company witnessing like market share gain or loss in near future?

Saloni Wagh: So for our existing set of products, we are definitely seeing a good traction. We are gaining market share, and we are gaining that leadership position across regulated geographies. For some of the new launches, of course, with the kind of backward integration, technology and the regulatory approvals that we are set to have, we will only gain the market share from competitors. So overall, the portfolio that we have made with the existing set of products or the new launches, we are seeing a growth trend.

Amit Agicha: And then the second question was like what will be the expected EBITDA margin? Will it be sustained for FY '26, '27?

Saloni Wagh: So the expected EBITDA margin, what we have guided is between 33% to 35%. And we are very confident that we will be able to maintain this margin in the coming few years.

Moderator: The next question comes from the line of Nirali Shah from Ashika Stock Services Limited. Please go ahead.

Nirali Shah: Just wanted to know the FY '26 CAPEX guidance that was given was INR 75 crores to INR 80 crores. Would this change of customer orders for new molecules accelerate in this year?

Krishna Raghunathan: No nothing of the sort. I don't think there is nothing which is accelerating or anything.

Nirali Shah: Got it. And just one more, with the U.S. tariff measures still uncertain, have you assessed impact scenarios on your existing and planned U.S. DMF batch products? Is there anything that would be concerning for us?

Krishna Raghunathan: No, nothing at this stage. See, it is going to be very, very complex. See, it is not going to be a straightforward stuff between India and U.S. directly. China may increase the prices for us also tomorrow. All these things, it's a complex geopolitical scenario. At this point, we haven't done anything much on the assessment side. Let final numbers come out and then we can take a learnt decision.

Moderator: Thank you. The next question comes from the line of Abhishek from Padmaja Investments. Please go ahead.

Abhishek: My first question is we were actually reporting in the first 2 weeks after the close of the quarter, like 2 quarters back, like are there any reasons like why are we actually doing it in the latter half of the quarter, the reporting part, that's my question 1.

And question 2, the Whey Protein, are we selling like only in India or throughout the world or either main input directly raw milk from which we will be producing this Whey protein, and part of it is like will we be selling it directly to the consumers or through a distribution model? I am done.

Krishna Raghunathan: It is because of the management's availability also. See, the SEBI is allowing us time till 45 days from the end of the quarter, you will have to announce the results. So, we have to look at management's availability also. There are meetings, there are international travels. All these things happen. So, with all these things, we had to fix up the calendar and then announce the results. And I think all the Board meetings are supposed to happen for any listed entity. I think we are well within the rules in doing that.

Abhishek: Okay. Did you understand my question 2?

Saloni Wagh: Question 2, I think, was if I heard it correctly, it was regarding Whey Protein. And you were asking us what is the source of Whey Protein and who is the customer? Is it directly the consumer or the distributor? Is it correct?

Abhishek: Yes, that's the question.

Saloni Wagh: Okay. So, on the Whey Protein front, basically, what we have got is an exclusive license of a technology from a U.S.-based company, wherein we will be taking the bulk Whey Protein from any distributor or any large brand, and then we will be passing that Whey Protein through our machine. And the machine basically creates hydrophilic pockets in the chain of the protein, and it sort of makes it more optimized. So better absorption, lesser side effects. So that is what we are doing in this Whey Protein technology.

So, our raw material is going to be any kind of bulk Whey Protein. The technology can also work on other forms of Whey Protein like Pea Protein, collagen. It works on all these areas as well. But for now, the first area what we are entering into is bulk Whey Protein.

And our customers will not be the direct consumers. Our customers are basically the larger brands, who will be taking this in bulk from us, and then they will be formulating it and then they would be selling the product in the end market.

Abhishek: Okay. And is it only in India or throughout the world?

Saloni Wagh: So yes, our agreement is exclusively for India, but we have also started getting a lot of inquiries from neighbouring countries like Indonesia, Malaysia. In fact, Australia, New Zealand also, we are getting a lot of inquiries. So we have now also started working on those inquiries for export market. But our agreement is predominantly for the Indian market.

Moderator: The next question comes from the line of Tushar Bohra from MK Ventures. Please go ahead.

Tushar Bohra: A couple of clarifications. First, the U.S.-China tariff issue. So since U.S. is not a major market for us at least as of now, and our dependency on China is also quite minimal from a supply chain perspective. Is it fair to assume that there is no major impact to Supriya's business at least, relative to peers in the near term?

Saloni Wagh: Yes. Absolutely. We don't see any major impact because of the tariffs for us in the short term.

Tushar Bohra: Great. So you mentioned your new R&D lab and the intention to come up with at least 3 to 4 molecules every year. In line with Dr. Wagh's earlier commentary earlier in the call, is it fair to assume that the incremental opportunities we are working are going to be commensurately larger opportunities in terms of scale given as the business scale is also going up. So are we looking at really blockbuster opportunities where the margin profile will also continue to be in line with or better than the overall average today?

Saloni Wagh: Yes, absolutely. I think some of the newer molecules, what we are selecting, they are much larger in size globally. If you were to look at the anesthetic molecule, it's about $300 million. The ADHD, like I mentioned, it is about $100 million. So the molecule sizes what we are selecting now are much larger.

And for us also to gain market share in those molecules, because of backward integration and because of better technology is much higher. So definitely, in the next 4, 5 years, you will be seeing good traction coming in from these molecules. And because we are fully backward integrated and we already will start getting the regulatory approval, on the margin front also, they will be in line with the kind of margins we are doing today.

Tushar Bohra: So ma'am, is it fair to say that when you are planning the pipeline, you are planning at least a few years ahead in time. And you are also parallelly working with the clients to ensure that the demand is largely in place by the time you are able to start supplying?

Saloni Wagh: Yes. Absolutely. So, whenever we look at any new product launches, we are working on both sides, regulatory approvals to get into regulated markets for better pricing. At the same time, the backward integration, setting up the large capacities. So on both ends, when we work, it sort of translates into better margins.

Tushar Bohra: So therefore, your, let's say, the near-term opportunities that you highlighted, whether on contrast media or the cardio intermediate, you already have visibility as to the client discussions that have taken place, or the contracted visibilities are already in place. So that's what gives you the comfort to give a projection for the near to medium term?

Saloni Wagh: Absolutely. For the anesthetic product that we have launched for the cardiovascular intermediate, what we have launched, we definitely see a lot of contracts coming through in the next couple of years. We already have a firm visibility of the volume across different geographies, new customers, even our existing set of customers. So, we already have that level of confidence that in the next 3 to 4 years, we will be able to scale up these molecules really well.

Tushar Bohra: Ma'am, just one concern that maybe or maybe just one observation that if you can clarify. While we are guiding for 20% conservatively, in case these contracts come through and some of these are large molecules, large opportunities, do we have the bandwidth, the manufacturing capacity as well as the organizational bandwidth to handle a higher growth rate, let's say, 30%, 35%, 40% kind of CAGR, in case we do get demand on those lines?

Saloni Wagh: So yes, in terms of capacity at the moment, we are well taken care of, because Module E has become operational. And we have also undergone maintenance activities for some of the older blocks. So if these products were to ramp up beyond that 20% expectation, which we know that they would, we have already taken care of those on the capacity front. We also have, as you are aware of, a land parcel near Patalganga, where we will be setting up in the near future a new site, mainly a combination of API as well as finished formulation. So that would also take care of the next leg of expansion. So on the capacity side, we are well taken care of to grow beyond that 20% range as well.

Moderator: Thank you. The next question comes from the line of Shyam Sampat with MSA Capital Partners. Please go ahead.

Shyam Sampat: So my first question is for Patalganga. When do we start investing in the new facilities there? I know it's part of the next leg of growth, but I just wanted to understand the internal thought process over here of when you plan to commence construction, and because you also need to get the plant audited, right, from regulatory authorities like EU GMP, U.S. FDA.

Satish Wagh: It just got cleared by the environment clearance, because we were not the direct taking part for EC. EC was a part of the total Maharashtra Industrial Development Corporation, which they recently got it after meeting the Environment Secretary and the Chairman of the committee. Now we are just waiting to get the things on their website.

Once on the website, they get it within the next 15, 20 days, I think by the monsoon end, we will take the possession. We already have planned what we are going to do there. We have our drawings, everything is ready. Once the possession is taken by us, we will start moving there for construction activity, and we will do it.

Shyam Sampat: Okay. Thank you. The next question is in terms of the split for backward integrated products, what does it look like across regulated and semi-regulated markets? If we can get the revenue share and the number of products also, that would be very helpful.

Krishna Raghunathan: See, we don't give a split of backward integrated products into regulated and semi-regulated. See, overall, the backward integrated share is beyond 80%. And of course, we have already specified in our speech, the share of regulated markets.

Satish Wagh: Basically, some of the old products, even our new products, I am regularly telling that our competitors are China. The people who are currently buying all over the world is coming from the non-GMP plants. because there is no source people buy, because they are hard pressed. But those products, when it comes to our facility, we say that it is a U.S. FDA, EU GMP accredited facility. So we are confident to get business and also to get better price.

Shyam Sampat: Okay. Thank you. The next question is, if you look at gross margins, is it more to do with product selection or number of backward integrated products and their revenue contribution? Or does it have to do more with geographic revenue contribution? Because if we, as and if we introduce a molecule in Europe and North America, we start getting better realizations. So by virtue of that, our gross margin increases?

Saloni Wagh: So we don't talk on gross margins, but EBITDA margin, definitely, it is a mix of the product basket as well as the geographic countries where we are selling. So it's a combination of both. It depends on the product and also the market in which we are selling the product.

Shyam Sampat: Okay. And when you say 2, 3 years down the road that you will start introducing new and new molecules in the regulated market, and our revenue contribution from those geographies in both

absolute and percentage terms, it starts going up. Do we see gross margins inching up? Not an exact number, but just a direction of how can we understand this?

Saloni Wagh: So what will happen is that, yes, you are right, once the product moves into the regulated market, definitely, the margin profile of those products would be better. But for us, because for the next 3, 4 years, we are anticipating that every year we will be introducing new products in the basket, there will always be some products which would be there in the semi-regulated markets. So that cycle for us in the next 3 to 4 years would be ongoing.

And that is the main reason why we are indicating that 33% to 35% kind of margin. While we are capable of doing even better, but because every year, the new products will come, they will be in semi-regulated markets, there will be that slight compression.

Shyam Sampat: Okay. And a bookkeeping question on the revenue from DSM Firmenich project for this quarter?

Saloni Wagh: This quarter, like I said, it was not very high, because we have just supplied to them some trial quantities for food and pharma. But in this year, you can expect about INR 30 crores, INR 35 crores of revenue coming in from DSM for the full year.

Shyam Sampat: Okay. And if you were to look at growth split across volume and value, what would it look like?

Saloni Wagh: I would say for us at this point, it would be 50%-50%.

Shyam Sampat: Okay. One last question from me. So we are saying that Europe and North America, they offer better realization. So that would mean that it would offer better gross margins, right? But the data is contradicting this narrative, because if we look from FY '22 to FY '24, the revenue contributions went up by 14%, but our gross margins actually went down.

And then FY '24 to '25, the revenue contribution from Europe and North America, it fell by 7%, and our gross margins went up. So I think it contradicts.

Krishna Raghunathan: See, there is nothing called a contradiction here. If you look at the absolute numbers, you get a clearer picture. So you cannot have a direct apple-to-apple comparison if you do like that sort of a percentage basis, it might not be giving a relevant picture.

Moderator: Thank you. The next question comes from the line of Vivek Gautam from GS Investment. Please go ahead.

Vivek Gautam: So my question is a bit about the impact, likely impact of President Trump asking the Pharma companies to reduce the pharma prices in U.S. and they have been given a deadline. So what sort of impact can it have on our CDMO and CMO sector, sir, even though we might not be having direct exposure to U.S. Because if the prices of the, U.S. is the costliest drug market in the world, which is funding a lot of R&D, a lot of new innovation. So can it have some impact on the CDMO, CMO sector for us also, sir, and for Indian pharma companies in particular, sir?

Saloni Wagh: So in general, for us, because North America is such a small percentage of our revenue today, and even on the CMO, CDMO front, most of the opportunities what we are discussing is across Europe and Latin American markets. So for us as a company, I don't see it as a big impact for the next 3 to 4 years at least.

And also in CMO, CDMO space depends on the kind of products that you are doing. So even on the API Advanced Intermediate side and also on the finished formulation side, the product selection, what we have is very niche. So for that kind of product basket, what we are offering, we are not anticipating any sort of dip in our revenue or margins, because of this current U.S. tariff situation.

Vivek Gautam: Okay. And last question is about the opportunity size for us, expected growth rate? And any differentiator for our company versus competition?

Saloni Wagh: So some of the new products what we are launching, like anesthetic has a $300 million market size. For the ADHD molecule, it's about $90 million. For the cardiovascular intermediate, it's about $100 million. So we have a large basket of products which is getting launched in the upcoming quarters and their market size is also very large.

Like our Chairman also mentioned, I think one of the biggest differentiators between us and a lot of other API companies is the backward integrated model that we have. So for all the new product launches, we have been able to crack a technology that is better than what is available in the market today, then we have been able to fully backward integrate our process.

We have also set up very large capacities for these products at our site. So with the combination of all these 3 things, I think we are well positioned to get good market share for these products in the next 3 to 4 years.

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

(This document was edited for readability purpose)